



*Briefing Paper*

**Yetagun: The Japanese Government’s Involvement  
in Natural Gas Development in Myanmar**

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80% of the natural gas produced in Myanmar is exported (75% to Thailand and 25% to China as of 2016) [1]. Four large-scale offshore fields (Shwe, Yadana, Yetagun, and Zawtika) have played a significant role in earning foreign currency for the government. Among them, the Yetagun field has been closely connected to Japanese government and corporations since its development.

Nippon Oil Exploration (Myanmar), a Japanese company, acquired working interests in the M13 and M14 blocks in 1991 and M12 block in 1992 [2]. The company developed the Yetagun field located in these blocks through exploration, assessment, and construction of production and shipping facilities including pipeline.

The Yetagun field, which began production in 2000, also produces light liquid hydrocarbon (liquid natural gas similar in nature to oil) called condensate, a byproduct of natural gas. The shareholders of the field are Malaysia’s state-owned Petronas Carigali, the operator (40.9%); Myanma Oil Gas Enterprise (MOGE) (20.5%); Nippon Oil Exploration (Myanmar) (19.3%) , and Thailand’s PTT Exploration and Production (PTTEP) which is a subsidiary of state-owned PTT (19.3%)[3].

Table: Shareholders in the Four Large-scale Offshore Gas Production Projects in Myanmar

Project	Percentage of shares (*operator)	Country
Shwe	*POSCO International 51% ONGC Videsh 17% MOGE 15% GAIL 8.5% KOGAS 8.5%	Korea India Myanmar India Korea
Yadana	*TOTAL E&P Myanmar (Subsidiary of Total) 31.2% Unocal Myanmar Offshore Co., Ltd. (UMOCL) (Chevron’s affiliate) 28.3% PTTEP 25.5% MOGE 15%	France US  Thailand Myanmar
Yetagun	*PC Myanmar (Hong Kong) Ltd. (PCML) (Subsidiary of Petronas) 40.9% MOGE 20.5% Nippon Oil Exploration (Myanmar), Ltd. 19.3% PTTEP 19.3%	Malaysia  Myanmar Japan Thailand
Zawtika	*PTTEP 80% MOGE 20%	Thailand Myanmar

Compiled by Mekong Watch based on information published by the shareholders

In Myanmar, a production sharing contract for offshore natural gas development [4] may allocate as much as 60% to 90% for the Myanmar government [5]. Further, there are numerous payments to be made to the government under such a contract, including a surface fee, signature bonus, production bonus, 12.5% royalty, 25% corporate tax, and 8% special goods tax [6]. Because MOGE is currently under control of the military that staged the coup d’état in February 2021, payments made now would benefit the military.

All of the natural gas from the Yetagun field is sold to Thailand’s state-owned PTT and exported to Thailand, but it has been used for electricity projects implemented by and have generated profit for Japanese companies in Thailand. The gas is supplied to the Ratchaburi and Wangnoi power plants as fuel for generating electricity [7]. The Ratchaburi power plant is an independent power producer (IPP) in which JERA (a Japanese joint venture by Tokyo Electric Power Corporation and Chubu Electric Power Corporation) and Toyota Tsusho Corporation hold shares along with PTT and other corporations [8]. This plant was originally planned as Hin Krut Coal-fired Power Plant, but the plan was scrapped due to strong opposition by local residents. Under guidance from the Thai government, fuel was changed from coal to natural gas, and the controversial plant was finally built after the project site was also changed from Prachuap Khiri Khan to Ratchaburi [9].

Japanese entities have long been interested in natural gas development in Myanmar. The Overseas Technical Cooperation Agency, the predecessor organization to the Japan International Cooperation Agency (JICA), conducted a study on natural gas development in Myanmar in 1963 [10]. The study was commissioned by the government in Burma (Myanmar) at the time for the purpose of using the gas for fertilizer and cement production,

but the records of detailed geographical surveys contained in the study suggest that Japan has long been involved in resource development in Myanmar.

Nippon Oil Exploration (Myanmar) is jointly held by the Japanese government (50%), JX Nippon Oil & Gas Exploration Corporation (40%), and Mitsubishi Corporation (10%). Shares now held by the Japanese government were previously held by the Japan National Oil Corporation (JNOC), but after JNOC received much criticism for incurring huge losses and was reorganized into the Japan Oil, Gas and Metals National Corporation (JOGMEC), the Ministry of Economy, Trade and Industry (METI) took over the shares held by JNOC [11].

Between 2000 and 2011, profit from the sale of gas from the Yetagun field was an important source of income enabling the Myanmar military to exert control. Ordinary expenses by the Myanmar military increased threefold between 1995 and 2007 [12]. A significant increase is seen in 2001, and the trend continued after 2004. Given this, it can be assumed that the increase in expenses is due to the increase in income from export of natural gas including that from the Yetagun field.

Petronas Caligari, the operator of the Yetagun project, declared force majeure on the Yetagun field and ceased production in April 2021 due to the production rate dropping below the technical threshold [13]. METI has indicated that production resumed on July 21, but that it was suspended again due to multiple workers having contracted Covid-19. Production was still suspended as of August 31 [14].

Gas production at the Yetagun field had been estimated to be near depletion even before the recent cease in production [15]. Even so, in the past, gas from the Yetagun field was an important source of income for the Myanmar military regime. It is unclear whether royalties, tax and other payments have been made to Myanmar after the coup or whether such payments, if they had been suspended due to the production cease, will resume in the future.

#### Notes

[1] Report on Myanmar, p.12 (in Japanese). (2017). Information Center for Petroleum Exploration and Production.

[http://www.icep.or.jp/02\\_zigyuu/jinzai\\_link/icep290131.pdf](http://www.icep.or.jp/02_zigyuu/jinzai_link/icep290131.pdf)

[2] Webpage on Myanmar. JX Nippon Oil & Gas Exploration Corporation.

[https://www.nex.jx-group.co.jp/english/project/southeast\\_asia/myanmar.html](https://www.nex.jx-group.co.jp/english/project/southeast_asia/myanmar.html)

[3] *Ibid.*

[4] Under a production sharing contract, the government of the producing country awards the rights to an oil and natural gas development company, the contractor, to explore and develop a specified area at its own expense. The contractor recovers the costs and receives compensation through oil and gas produced.

[5] N. Kato. Report on the decrease of natural gas production in Myanmar (in Japanese). (2018). JOGMEC.

[https://oilgas-info.jogmec.go.jp/info\\_reports/1004762/1007564.html](https://oilgas-info.jogmec.go.jp/info_reports/1004762/1007564.html)

[6] *Ibid.*

[7] M. Takagi. Report on deepwater exploration in Myanmar (in Japanese). (21 July 2017). JOGMEC.

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[8] Ratchaburi Gas Thermal IPP Project. JERA.

<https://www.jera.co.jp/english/business/projects/ratchaburi>

[9] Email newsletter on the Hin Krut coal-fired power plant project (2 March 2004). Mekong Watch and FOE Japan (in Japanese).

[http://www.mekongwatch.org/report/thailand/hinkrut\\_shb16.html](http://www.mekongwatch.org/report/thailand/hinkrut_shb16.html)

[10] Report of surveys for natural gas exploration in Burma. (September 1963). Overseas Technical Cooperation Agency.

[https://openjicareport.jica.go.jp/668/668\\_104.html](https://openjicareport.jica.go.jp/668/668_104.html)

[11] Report on Japan's development of oil and natural gas (in Japanese). 2020. Japan Petroleum Development Association.

[https://www.sekkoren.jp/pdf/oil\\_naturalgas\\_2020.pdf](https://www.sekkoren.jp/pdf/oil_naturalgas_2020.pdf)

[12] Chapter on the Myanmar military by Y. Nakanishi in a book on Myanmar politics (in Japanese), p. 81. (2012). Institute of Developing Economies.

[13] Petronas' Upstream Operations in Myanmar Declares Force Majeure On Its Yetagun Field. (2 April 2021). Petronas Media Release.

<https://www.petronas.com/media/press-release/petronas-upstream-operations-myanmar-declares-force-majeure-its-yetagan-field>

[14] Response from METI to inquiry by Michihiro Ishibashi, a member of the House of Councilors. (31 August 2021). On file with Mekong Watch.

[15] Yetagun gas production to cease in 2023. (17 December 2019). The Myanmar Times.

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