

HISTORY OF MYANMA OIL INDUSTRY

(1962-2002)

Ph.D. (DISSERTATION)

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ABSTRACT

Petroleum is one of the most valuable and important natural resources in Myanmar. The early records of oil extraction in Myanmar were lost in antiquity. However, the historical evidence of *Yenangyaung* was a prosperous commercial centre in the eleventh century during the time of *Bagan* Dynasty. Since that time, oil mining has been a means of livelihood for twenty four heads of families known as *Twinyoes* and *Twinzas*. Our ancestors used a simple system of hand-dug, wells which were quite a shallow at first. Because of our ancestors, earth oil of *Yenangyaung*, attracted western countries. After the British annexation of the whole of Myanmar, modern development of the industry of Myanmar began with the founding of Burmah Oil Company. Burmah Oil Company started to introduce machine drill system. At the outbreak of Second World War in the west, the position however, was suddenly disrupted by the entry into the war of Japan. The property of the Burmah Oil Company and other oil companies were of course a tremendous potential value to the Japanese forces. To prevent them from falling into the hands of the advancing Japanese forces the British destroyed the oil wells. After the Japanese were driven out, the oil fields were run for a short time by the rehabilitation unit. The Revolutionary Council, government totally abrogated all the shares owned by foreign oil companies in the joint venture with the Union Party government and all the belongings of *Twinyoes*, *twinzars* were made state owned and transferred to the People's Oil Industry. In March 1970, it was renamed Myanma Oil Corporation. Later, when natural gas was discovered and became more widely used, the name of the company

was changed to Myanma Oil and Gas Enterprise. Following the nationalization, all the technical and management posts occupied by foreigners were replaced by Myanmar nationals. After the pro democracy demonstrations and riots in 1988, the Burma Socialist Programme Party collapsed and the military took over power and they formed the State Law and Order Restoration Council (SLORC). SLORC formulated new economic policies in line with market oriented economy in which plans for foreign investments were envisaged. After the promulgation of the Myanmar Foreign Investment Law (FIL) and its related provisions, private sectors were expanded and opened up for foreign direct investment and joint venture arrangements in the industrial sector. Because of private sector participation in all these manufacturing and service enterprises there occurred a great demand for more supply of energy. To be able to fulfill the increasing need of oil and gas the Myanma Oil and Gas Enterprise explored for new oil fields and to redevelop existing oil fields for higher production of crude oil using the country's own resources. Natural gas was also produced in abundance and thus Myanmar obtained the "energy security" to a large extent.

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