



# **Accounting for Depletion of Oil and Gas Resources in Malaysia**

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**Provides an assessment of the changes in the availability of oil and gas resources in Malaysia**

**Constructed physical and monetary balance sheets for crude oil and natural gas for 2000- 2007**

**Important implication on GDP accounting**

# METHODOLOGY

Calculate the NPV of expected future incomes to reflect the value of resource change

Resource rent = gross operating surplus - user cost of produced capital

Gross operating surplus -> subtract the value of consumption of employees and net taxes on production cost from the value added of petroleum domestic products

**Figure 1: Malaysia Natural Reserves Depletion in Crude Oil and Natural Gas and Total Reserves**

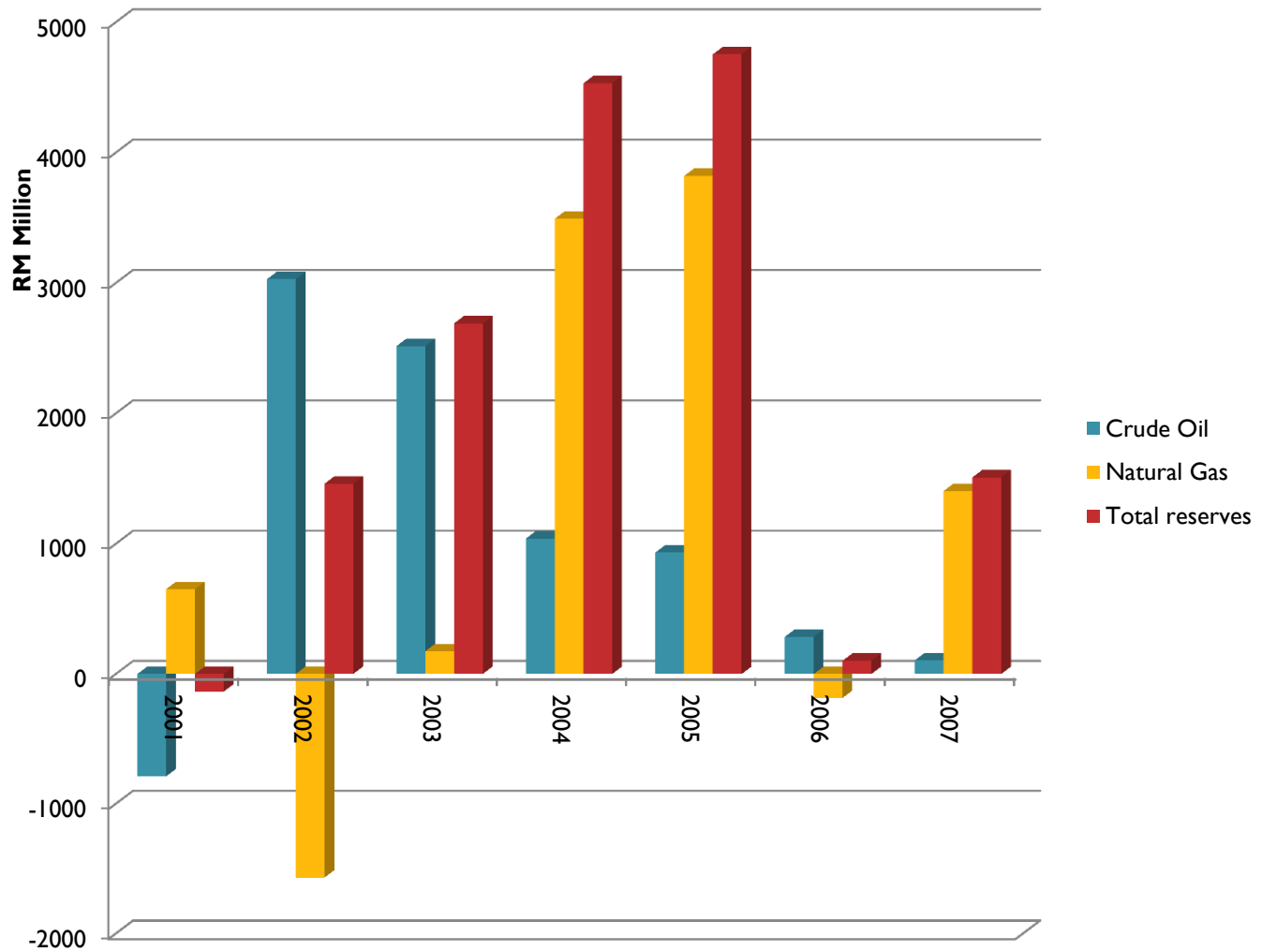


Figure2: Closing Stock value of Natural Gas reserves for Alternative Discount Rates

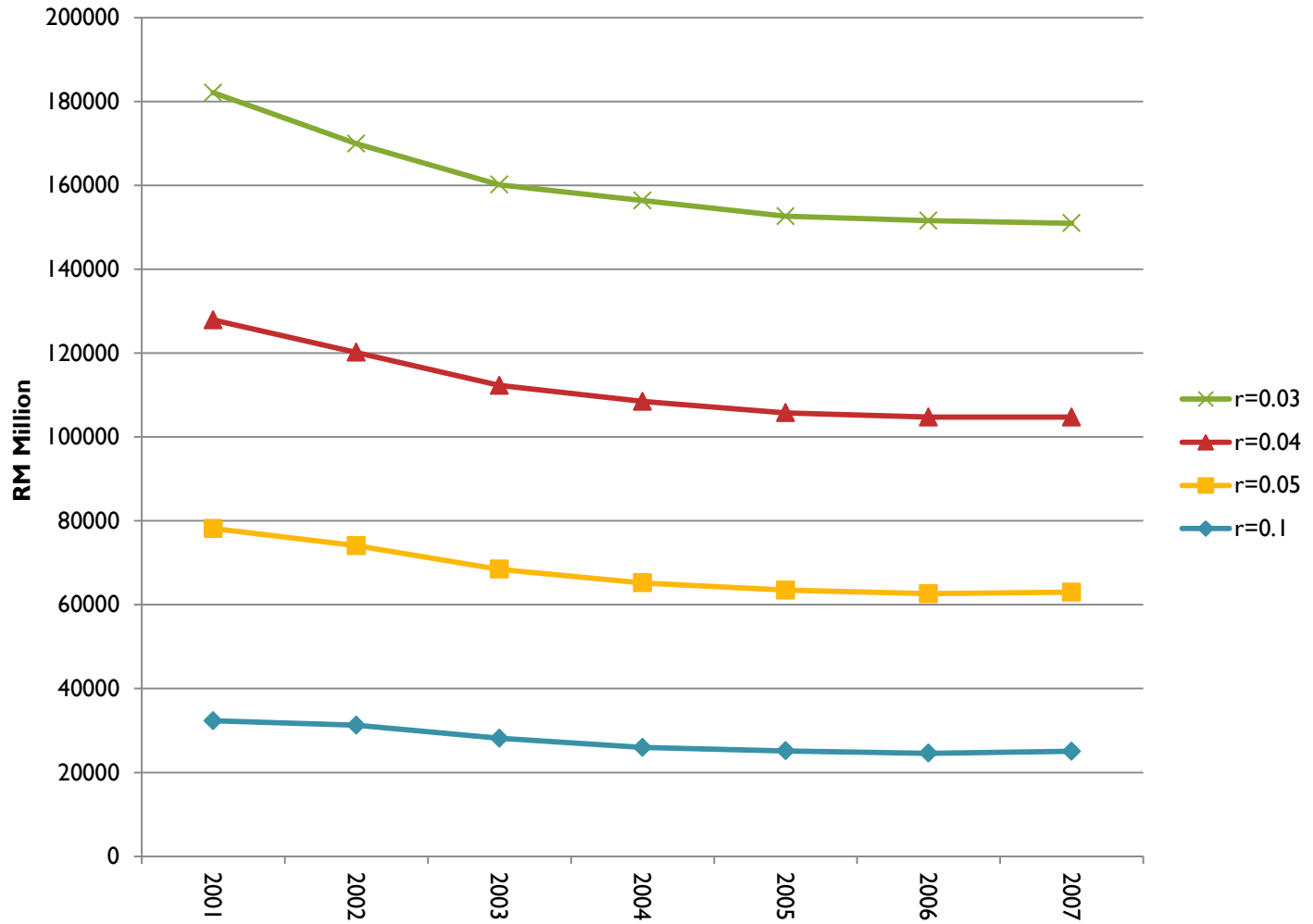
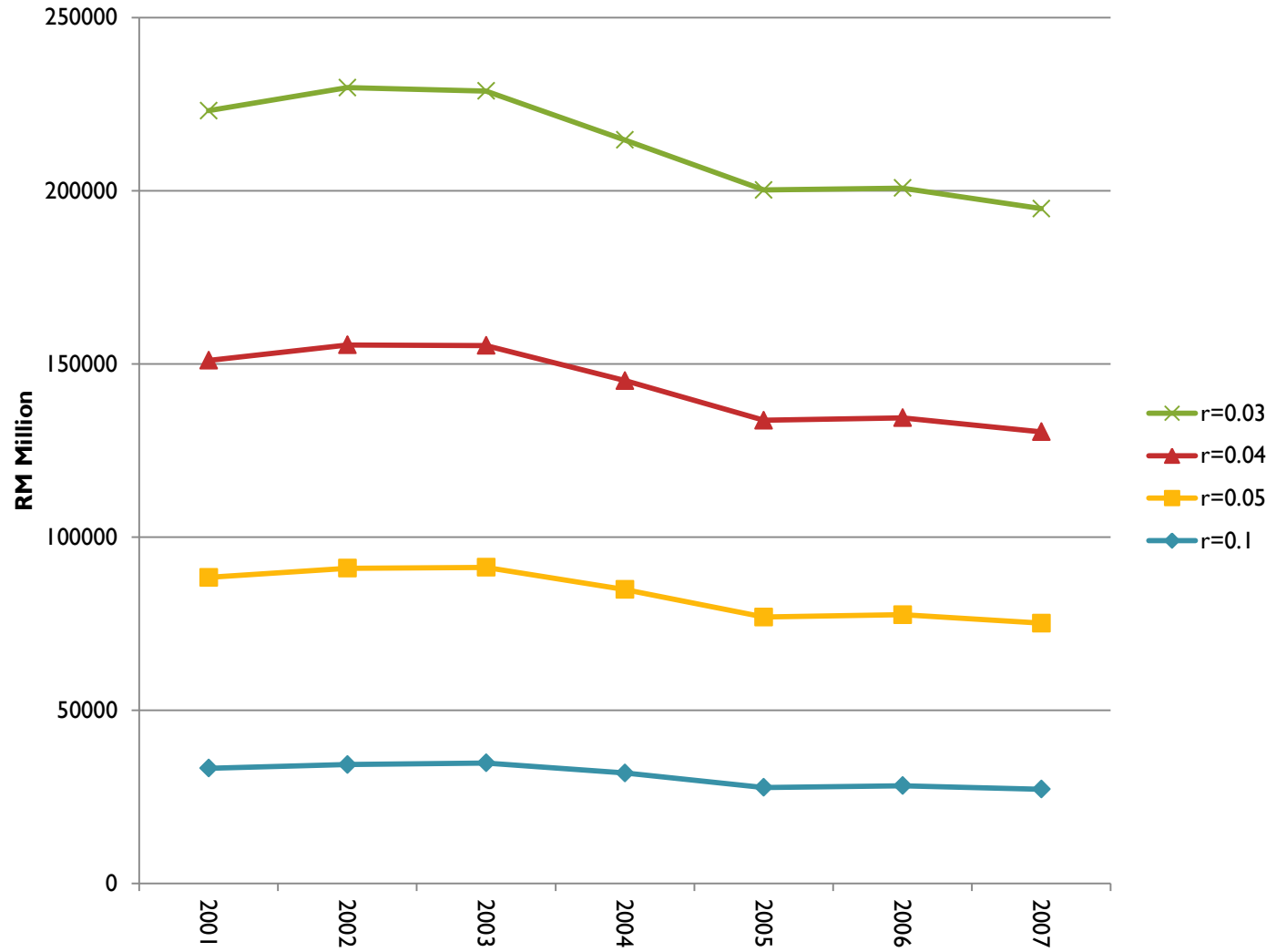


Figure 3: Closing Stock Value of Crude oil Reserve for Alternative Discount rates



**Royalty rate calculated at 7.8 percent**

**Contribution of non-produced capital at 18 percent**

## **IMPLICATION**

- **Scope for increases in royalty rates**
- **Extent of Genuine Savings?**
- **Adequate re-investments of proceeds?**