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Shahul plans O&G SPAC



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SHAHUL Hamid [Mohd Ismail](#) (*below*), who is currently a director in the Daya group of companies, is in the midst of planning an oil and gas SPAC. Notably, if successful, this would make it the country's fourth oil and gas SPAC after the first three that were approved.

Having more than 30 years of experience in the oil and gas industry working in senior roles for [ExxonMobil](#), Shell and other companies in the exploration and production sector (E&P), he was also formerly the managing director of [Shell Refining Co Bhd](#).

He thinks the reason why only the oil and gas SPACs have been successful in getting their approvals is because the opportunities for these SPACs are very clear.

"There are a lot of good acquisition opportunities and assets, especially in the Asia-Pacific region. There are many big oil and gas players who are leaving behind the smaller assets because their cost base is very high. It is simply not viable for them to develop these assets, unlike the smaller players who can do it," he says.

"For our SPAC, the plan would be to get a qualified acquisition (QA) that would be ready for development and production quickly. Our target would be to get the QA to first oil or gas as soon as possible. I think a two-year

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period is reasonable. Once the first QA is done and producing, then we would look at both exploration and production assets for a more balanced portfolio for future growth," he explained.

He says that there is room for more oil and gas SPACS to list on Bursa Malaysia considering abundance of existing opportunities.

"Right now, in Bursa Malaysia, we have many oil and gas service support companies, not E&P players. This is unlike Australia, Indonesia and other countries where they have many independent E&P players," he says.

StarBizWeek spoke at length with Shahul on his SPAC idea and here are excerpts from that interview:

What inspired you to want to start a SPAC?

I saw a stark lack of E&P companies in the Malaysian market. The opportunities to acquire good assets are there, so I thought why not we tap into this to create greater value for all.

Furthermore, my team and I are all experienced people who have previously worked for many years with oil majors. Why not put our skills to good use?

What is it that attracted you to the SPAC model?

First of all, investors are well protected. By now, we are all familiar with the good protective mechanism SC has

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put in place for the investors.

On our side, it is a great way of raising required funds. Under conventional means, banks won't lend you money on this basis. They will fund service support companies, for example, if a company needs money to charter a rig or do some hook up services. Money for an E&P asset? No, banks typically are not comfortable with that.

So in fact, the SPAC has created a venue for E&P companies to list and deliver value to investors! There is a gap in our market, we don't have many E&P companies. So yes, we are glad that the SPAC concept came about.

Do you foresee difficulties in getting SC approval?

Now that the SC has made the rules clearer and more stringent, I don't see why a SPAC cannot be listed if it follows all the guidelines and commits to deliver revenue from production. In the case of an oil and gas SPAC, if a company has a strong and experienced hands-on team, very clear strategy and focus in how it is going to hit its first oil and also the upside potentials for growth as a long term oil and gas player, then it should not be impossible to obtain approval and investor confidence.

Tell us about the SPAC you would like to list

We would target a QA which is in the development and or production stage. We would be looking at assets with appreciable reserves that can produce well. Good assets don't come cheap, they would be in the range of RM500mil to RM800mil at least That is why the funding

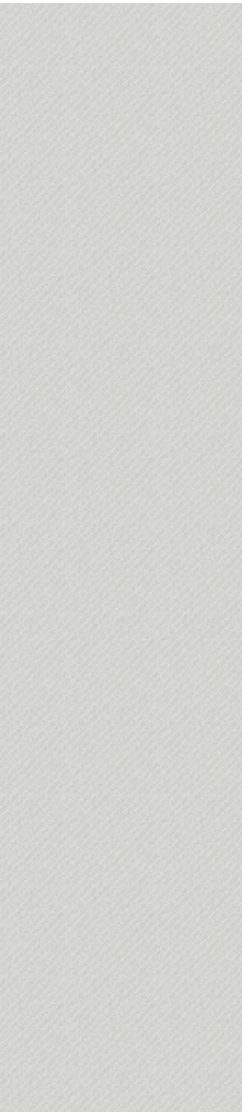
target is also vital.

Typically, such assets would have good daily production like 10,000 barrels per day or have reserves in excess of 30 million barrels.

Our aim would be to look for QA in concession or production sharing contract fiscal regimes with host governments.


So far, the market has been quite receptive to the whole SPAC idea. It really depends greatly on the people who will make it happen.

I know I have a well-balanced management team and board of about 10 oil industry veterans, Malaysians and other nationalities, all of whom have worked with a mixture of big and small oil and gas companies and very results-oriented. I feel that the directors for the SPAC play an equally important role. They must have intimate knowledge of the industry and governance and must play an active role. My wish is to put a full-fledged independent Malaysian oil and gas company in the global arena within the next few years.



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