

## エネ鉱省大臣の日本訪日結果～マセラガスプロジェクト～

(Thursday, October 19, 2017)

### Result of Working Visit of ESDM Minister to Japan, Continuation of Gas Masela Project

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MINISTRY OF ENERGY AND MINERAL RESOURCES

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Result of Working Visit of ESDM Minister to Japan, Continuation of Gas Masela Project

Minister of Energy and Mineral Resources (ESDM) to Japan has completed a working visit to Japan from Monday (16/10) to Wednesday (18/10). One important result is the continuation of the

development of the Masela Block which was the result of discussions with Inpex Corp. CEO Toshiaki Kitamura in Tokyo, Japan, Tuesday (17/10).

The results of the discussion led to 3 decisions, namely the first, the Government still asks Inpex to develop LNG on land in accordance with the instructions of President Joko Widodo. Secondly, the Government will grant a 20 year extension to Inpex plus 7 years as compensation for the change of LNG plant development from floating scheme to land. And thirdly, the Government gives the Inpex the privilege to choose the location of the landfill.

"This Inpex-related decree will give Inpex a 20-year extension due to its contract termination, plus 7 years as compensation to change the floating refinery scheme to become a refinery," he said after meeting with Toshiaki Kitamura.

Currently, Inpex is conducting pre-project or pre-end engineering studies design (pre-FEED) after receiving a work order from SKK Migas. After the ESDM Minister's visit to Japan on May 16, 2017, it was agreed that pre-FEED was conducted with one production capacity option and one island. Meanwhile, the warrant stated that the LNG plant capacity is 9.5 mtpa and pipe gas production is 150 mmscfd. Pre-FEED will be an important step to formulate revision of field development plan (PoD). As previously known, the PoD revision was made to increase LNG production capacity while still using the floating refinery scheme.

The Masela Block, signed in 1998, is administered by Inpex as operator with 65% share ownership and Shell Upstream Overseas Services of 35%. The Indonesian government hopes that Inpex can immediately start the gas field project.

#### Other agendas

In a meeting with LNG Japan Corporation (16/10), Minister Jonan said that Indonesia's gas purchasing policy is mainly with longer-term contract period with fixed volume. "The minister said that we should avoid the spot cargo, Pertamina is asked to have more detailed dialogue related to the purchase of this gas and the main policy of Indonesia gas is prioritized for domestic fulfillment, the rest for new export," said Dadan Kusdiana, Head of Communications Bureau, Information Services and Cooperation of the Ministry of Energy and Mineral Resources.

Still related to the meeting with LNG Japan Corporation, the ESDM Minister requested that a more detailed discussion with SKK Migas be conducted to reduce the cost of the Tangguh LNG project. Likewise for Benoa LNG, that the price for shipment is currently very expensive, so that the price reduction effort will do immediately.

Upon meeting with Tokyo Gas on Tuesday (17/10), Tokyo Gas requested the Government of Indonesia's support for LNG study in Sulawesi, including support for Indonesian law to encourage the gas business. Currently Tokyo Gas, is conducting a study on the development of LNG in Sulawesi and is committed to accelerate the completion of the study.

"Tokyo Gas is planning to build LNG in Indonesia, is currently undergoing a study in Sulawesi with Pertamina currently running a Bojonegara LNG development project in Banten." At the meeting with Tokyo Gas, Minister again stressed the importance of efficiency, "added Dadan.

Minister Jonan also conveyed to Tokyo Gas that LNG trading on gas should be a long-term contract. In addition, gas business should not only build gas infrastructure, but also power plant construction. "The challenge is costly transportation cost for the eastern part of Indonesia. In order for more efficient and cheaper cost, the Minister requested that power plant development be done near its energy source, at the mouth of the well. Garna policy is prioritized for domestic compliance, the rest for export," said Dadan.

On Wednesday (18/10), the agenda of the Minister of Energy and Mineral Resources is to attend and convey key messages in the LNG Producer Consumer Conference 2017. Minister Jonan presents material on sustainable LNG development in Indonesia. The 2017 LNG Producer Consumer Conference is hosted by the Ministry of Commerce and Industry (METI) and the Asia Pacific Energy Research Center (APEREC). Taking the theme of 'Opportunities in LNG Market Driven by Innovation', the conference aims to deepen the mutual understanding of market trends and the development of a global LNG market. The conference attended by more than a thousand participants by Government Representatives, Business and Research Institutions.