

# **1<sup>st</sup> AAPG/EAGE PNG PETROLEUM GEOSCIENCE CONFERENCE & EXHIBITION**

***Theme :PNG's Oil and Gas Industry: Maturing Through Exploration, Development and Production***

## **Introduction/Welcome remarks**

American Association of Petroleum Geologists and European Association of Geoscientists and Engineers' representatives, members, esteemed Oil and Gas professionals, geoscientists, engineers, academics, students, potential investors, ladies and gentlemen; On behalf of the Prime Minister, Honorable James Marape, the Minister for Petroleum and Energy, Honorable Kerenga Kua, the Department of Petroleum and Energy and myself, I welcome you all to this historic event in Port Moresby, Papua New Guinea.

We hope your time here for this conference will be enjoyable and fruitful and we will do our best to make that happen in any way possible.

AAPG and EAGE, I thank you for bringing this significant conference to our shore. I understand around 40 papers will be presented with 20 static posters on display, all to do with geoscience, new and improved techniques, information, knowledge and the oil and gas potential of Papua New Guinea.

I thank you all scientists, researchers and the Industry for doing your valuable work on PNG. On behalf of the PNG Government and its people, I thank you.

I would like to thank and acknowledge the PNG Chamber of Mines and Petroleum for your continued support in such events. I acknowledge SEAPEX (South East Asia Petroleum Exploration Society) for your support as well for this conference.

To the Industry sponsors of this event, it would not have eventuated without your backing. Kumul Petroleum Holdings Limited, Exxon Mobil, Total SA, Searcher Seismic, Oil Search Ltd, Santos, High Artic, JX Nippon and CGG Veritas. Thank you.

## **PNG Country Introduction & Geology**

I believe most of you are familiar with Papua New Guinea, while a good number of you; this is your first time in the country.

As you may have read or have been informed, PNG consists of 21 Provinces. We are here in Port Moresby, the Nation's capital within the National Capital District. Our official languages are English, pidgin and motu. English is widely spoken and is the official business language. Apart from these three main ones, we have around 800 other local dialects spoken by many distinct tribes all around the country.

Our population stands at around 8 million and we are identified as belonging to the Melanesian race, similar to Vanuatu, Solomon Islands, New Caledonia and Fiji.

Papua New Guinea geology, as you all will know better than me, is complex and quite interesting. The island being formed through collision of major tectonic plates, the Australian and Pacific plates. All elements of petroleum system were formed and exist in various degrees in the established petroleum basins over millions of years of geological evolution.

I am sure the studies you all have contributed and will present throughout these three days will further advance the information and knowledge we have of the amazing geology and petroleum potential of Papua New Guinea.

## **DPE brief introduction & History – organization and policies/legislations**

I was officially made the Department of Petroleum and Energy Secretary on the 3<sup>rd</sup> of February this year, so this is my third week on the job. However I have been working for the Department for a number of years in various capacities and senior roles. It is my great pleasure to address you industry experts in this world class event early on in my new posting as the Secretary.

The Department comprises of two main divisions, the Petroleum Division and the Energy Division with a support Corporate Services Division. The Petroleum

Division's mandate as the sole regulator for upstream and downstream oil and gas sector, is to promote, monitor and regulate the petroleum industry in PNG.

The key legislations are the Oil and Gas Act and the Oil and Gas Regulation. Please do visit the Petroleum Division booth outside for more information. (I'd like to thank the conference host, AAPG & EAGE for arranging the booth for my Department; much appreciated.)

Our Energy Division takes charge of policies and oversees the non-fossil energy sources and renewable energy sector. This also covers the retailing and distribution of petroleum products for electricity generation and transmission.

### **Fiscal Regime**

Our Fiscal Regime is concessional (tax/royalty). We welcome exploration and development of our petroleum resources and the primary instruments of the State's gain are taxes, royalty, development levies and a right to purchase and participate up to 22.5% of all petroleum development projects.

There are some reforms that will come about as part of the Government's vision to adjust to these changing times and circumstances. However, we want to assure all genuine investors, explorers, developers and partners, that you are our valuable stakeholders and the State's policy and fiscal shift will be cautious and gradually done, to achieve the most equitable scenario for all parties.

PNG still remains competitive in the region for Oil and Gas investment and it is our wish to maintain and improve.

Considering the frontier status of our hydrocarbon basins and the high cost and risks of exploring in Papua New Guinea, incentives have been given in the past to encourage exploration, discoveries and development and we will continue to take that into account in our policies and reforms, only when and where necessary and appropriate.

The last fiscal incentives given was in 2003 and the years after up until today, we have seen an exponential increase of the number of prospecting licences in the country. From an average of 28 licences in the ten years pre-2003 to over a hundred PPLs ten years post-2003 and has maintained that plateau to date.

### **PNG Oil and Gas Industry Brief**

The Oil and Gas Industry in PNG is relatively young with the first gas production from Hides as Gas to Electricity which came online in 1991 followed by the Kutubu Oil Fields production in 1992. Later on Gobe and Moran Oil projects followed suit in 1998 and 2001 respectively. These projects are located in the highlands region of PNG. Other marginal gas discoveries have sat idle for decades awaiting appraisals, development options and opportunities.

The theme for this event very much reflects the petroleum industry in PNG. That is 'PNG's Oil and Gas Industry: Maturing through Exploration, Development and Production'. PNG is gradually maturing over the decades.

Through exploration activities, new data, information and knowledge have been derived with various magnitudes of discoveries and appraisals being made, the notable one being the discovery of the Elk and Antelope gas fields by InterOil in the 2000s, which now are the foundation fields for the Papua LNG Project led by Total S.A.

Through development and production, our Industry has grown from the oil from the Kutubu and Moran fields to the world class PNG LNG Project which has increased its output to over 8 million tonnes per annum, currently.

We have upcoming development projects in the country. They are the Papua LNG Project, the Pnyang Gas Project, the Pasca A Gas Project, the Ketu/Elevala gas project and the Stanley Gas Project.

The Papua LNG Project is led by Total S.A with Exxon Mobil and Oil Search Ltd as major partners. A Gas Agreement was executed in April 2019.

The Pnyang Gas Project as you may be aware has gone through negotiations for a Gas Agreement.

The Pasca A Gas Project, has approach the final stages of APDL review and the Petroleum & Energy Minister may initiate and advise of the Gas Agreement negotiations in the coming months.

Pasca is an important project for the State as the proposed first offshore production. With the platforms, infrastructure and production in the Gulf of Papua, we hope to open up the area for more discoveries and development.

The Ketu/Elevala Gas Project, has had its APDL lodged in 2014. Review processes have progressed however it has been stalled due to some circumstances but the aim of the current government is bring to fruition fields that are in APDL stages. It is in my Department's work plan this year to revisit and pick on from where it was left.

The same can be said for the Stanley Gas Project which has an existing development license (PDL 10) since 2015 and no development and production to date. Again, it is in my Department's work plan this year to review and progress.

Apart from those, we have a number of marginal gas resource fields held under retention licences all over the Papuan Basin. The Department would like to see a strategic development option for all these stranded gas resources. It is in our work plan to review and address various approaches and development options going forward.

The Department is also concerned about encouraging and seeing more commercial discoveries being made. Our oil fields are declining and our gas resources needs to increase to make us competitive in this LNG era. All discoveries and activities are focused in the Papuan Basin, but we want to open up our frontier basins as well. The Cape Vogel, New Ireland, Bougainville and North New Guinea Basins. And that is why this conference now and all the work you have done is very important. We will do our part in policy and that is something we will work together on this year and onwards.

**DPE & Govt Plans going forward for the Industry**

Adding on from remarks I made earlier, we have seen an exponential growth in exploration licences since 2003 after some incentive policies were made, however I would like to see more commercial discoveries to coincide with that growth. Our chance of success has to be increased by now, especially in the Papuan Basin.

It is on that note that in my term as Secretary, I will work with my relevant branches to review licensing systems and surrounding policies to come up with an exploration action plan and strategy that will ultimately assist in making more discoveries and open up our frontier basins.

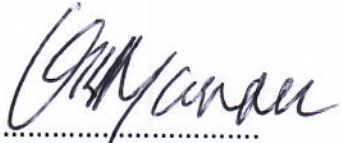
Before I conclude, I would like to make few announcements as per my Department's 2020 work plan and priorities.

- ✓ Fees and Charges review: We are adjusting our administrative fees and charges which have been the same for the last 20 years. Our drive to be a Petroleum Resources Authority to better serve the Industry, needs appropriate revenue generation, hence we see this as a give and take thing.
- ✓ Petroleum Resources Authority: This plan for the Department of Petroleum and Energy has been around for quite a while. With this Government, we aim to accomplish this transition. It will enable us to be more efficient and effective in administering the petroleum industry in PNG.
- ✓ Department of Petroleum and Energy Web site: The Department has had no web site for over a decade due to various reasons and/or lack of initiative. However work has been slowly progressing on that project over the years in the background. It is my pleasure to announce that just an hour ago our website came online. You can type in the address [www.petroleum.gov.pg](http://www.petroleum.gov.pg) and have a look. All our updates and information will be put on the site regularly. We will keep on improving it and it is our goal to load a map portal and added products on that medium as well so watch this space for updates.

## **Conclusion**

Once again, the convener, Michael McWalter, the AAPG and EAGE, thank you for giving me this opportunity to address this esteemed audience. I wish you all the very best and good health.

Thank you

A handwritten signature in black ink, appearing to read "David Manau", written in a cursive style. The signature is positioned above a dotted line.

**David Manau**

**Secretary**

**Petroleum & Energy Department**