



MINISTER FOR PETROLEUM Office of the Minister

Media Release

Thursday 5 March 2020

KUA DIRECTS DEPARTMENT TO MOVE FORWARD ON PASCA CONDENSATE AND GAS PROJECT

The Minister for Petroleum and Energy, Hon Kerenga Kua today directed his Department to focus on the Pasca condensate and gas field project situated almost 100kms off shore in the Gulf of Papua to ensure a gas agreement is in place towards the middle of this year.

Mr Kua said, "The developer Twinza has already complied with many requirements under the Oil and Gas Act which enabled me to sign off on a ministerial determination last August so they could proceed to the next phase of commercialising the project.

"With the instructions now from Prime Minister Hon James Marape, my team at the Department of Petroleum has set the timetable with milestones to ensure further legal and regulatory requirements are satisfied before a PDL (Petroleum Development License) can be granted. In compliance with the Oil and Gas Act a development forum will still take place between the Provincial and National Government. We anticipate this to take place once arrangements such as finance are in place.

"This off shore project is the first of its kind due firstly to it being 95kms out at sea and secondly the fact that it is beyond the fishing grounds of Landowners therefore it will be the first project in the country not to have any landowners. An example of the comparative 95km distance would be a straight line from Port Moresby (NCD) to just outside of Hood Lagoon (Central Province).

"While the Project Developer, Twinza, is a family owned company it has previous experience operating in Myanmar, Thailand and Australia and its other partners and financiers have supported projects in the North Sea, Israel and Africa.

"Twinza has operated in PNG since 2011 and with this determination I am confident that Twinza can convert the Pasca gas to LPG (Liquified Petroleum Gas) for our domestic and regional market making it another first for our country," said Minister Kua.

According to an ACIL Allen Economic Impact Report of 2018 the project can be expected to generate a range of positive economic impacts at national, regional and local levels.

9th Floor, MRDC Haus, Cnr Musgrave Street & Champion Parade, Port Moresby.

PO National Parliament
Waigani, NCD
Papua New Guinea
Telephone: (675) 327 7505
Facsimile: (675) 327 7480

PO Box 1993
Port Moresby, NCD
Papua New Guinea
Telephone: (675) 320 2310
(675) 303 8105

It would increase national gross domestic product (GDP) and export earnings and would provide a long-term boost to government revenues while creating minor short-term employment opportunities during the construction phase and long-term opportunities during the production phase.

It should also provide a catalyst for further resource development in the Gulf Province by providing third- party access to stranded gas resources for processing and export via the Pasca A platform.

The report also suggests the Pasca A platform could facilitate further projects by providing a hub to provide a lower entry cost for other undeveloped fields and importantly would provide a source of local supply of Liquefied Petroleum Gas (LPG), potentially reducing reliance on LPG imports and increasing levels of competition in domestic LPG supply. There may be opportunities to grow the LPG market in PNG by offering a more competitive alternative to diesel fuel for power generation for delivery into the power grid and for off-grid mining and manufacturing sites.

The report further states the potential direct benefits offered by the project are expected to flow from:

- capital investment and recurrent expenditure in drilling operations, gas/liquid processing and support facilities
- construction and operations employment
- direct cash flows to governments in the form of taxes, royalties and other charges, and returns on equity participation

The direct impact of the project is projected to deliver capital investment of US\$624 million (K1.8 billion) in real terms over the life of the project.

Recurrent operating expenditure, including a significant level of local spending on support services, is expected to average US\$41 million (K116 million) per year over the life of the project.

Further returns to government may arise from equity participation in the project.

As the first offshore petroleum development in PNG, the project could provide a focus for ongoing involvement by international players in offshore oil and gas developments that would help to attract investment and development in years to come.

“This is all very encouraging for our country and I look forward to a close working relationship with the developer Twinza and the Gulf Provincial Government,” said Mr Kua.



Kerenga Kua MP
Minister for Petroleum and Energy