

MINISTER FOR PETROLEUM **Office of the Minister**

PAPUA NEW GUINEA PETROLEUM & ENERGY CONFERENCE 2025

MINISTERIAL KEYNOTE ADDRESS BY HON. JIMMY MALADINA, LLB, LLM, MP, MINISTER FOR PETROLEUM

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Introduction

Prime Minister.

Ministers of State.

Distinguished leaders, industry colleagues, partners, ladies and gentlemen.

It is an honour to address you at this milestone conference under the theme
"The Next 50."

As Papua New Guinea celebrates 50 years of independence, we must look ahead with clarity and purpose.

The decisions we take today will define the petroleum sector's contribution to our nation in the next half century.

Historical Context - Lessons from the First 50 Years

For over three decades, petroleum has been a key contributor to our economy.

Since Kutubu oil first flowed in 1992, and PNG LNG exports began in 2014, hydrocarbons have powered our growth and linked PNG to global markets.

Petroleum exports have made up more than one third of total export earnings.

Billions of kina have been earned through taxes, royalties, and dividends.

But the current oil and gas fiscal and regulatory regime, has not always met expectations.

The State's share of revenues from projects were well below 50% and are diluted through deductions that prolong during project life.

Revenue to Government for budgetary purposes have seldom experienced delays and is backloaded.

Project Impacted Landowner, Provincial Government and Local Level Governments have also their revenue benefits below expected levels, due to deductions allowed for by our current petroleum regime.

State equity participation in petroleum projects have caused the State to commit to sovereign debt and risk. This must not continue.

The regulatory and fiscal regime has to be optimized to produce more positive outcomes for the State and Industry proponents.

Shortfalls in our current regulatory framework have been identified and assessed.

These lessons drive our reform agenda today.

I will further elaborate on this in the later part of my speech under industry reforms.

The Current Landscape

Our petroleum sector stands at a critical point.
Mature oil fields such as Kutubu, Moran, and Gobe are declining.
But a new generation of gas projects is emerging.

Papua LNG is progressing toward final investment decision.

P'nyang Gas Project in Western Province remains under active discussion with the developer consortium.

Wildebeest Prospect represents a major new frontier prospect in the Western foreland.

It has the potential to reshape PNG's upstream profile over the next decade.

Pasca A Project, our first offshore gas and condensate project, has entered the development phase following final clearances.

Mailu Prospect in the Gulf of Papua is under appraisal.

Early results are promising, with potential to add new reserves. Oil discovery is anticipated.

The **Stanley Gas Project** is part of the Western Energy Project, led by TWL Energy Ltd.

Together, these projects represent billions of kina in potential investment. They will redefine PNG's production capacity and create a strong foundation for the next 50 years.

The Reform Agenda

The Government has responded with decisive reforms to ensure the next phase delivers stronger, fairer, and more transparent outcomes.

Our agenda rests on three pillars.

1. Institutional Reform

The National Petroleum Authority, or NPA, has been established to professionally oversee and administer the sector.

It combines regulatory, policy, and commercial functions under one accountable body consistent with best practice.

This replaces the fragmented model that has limited performance for decades.

2. Fiscal and Regulatory Reform

The core of our reform is the Production Sharing Contract regime.

This framework will replace the tax and royalty model with a fairer, clearer, and globally recognized system.

It will apply to new projects going forward.

The PSC aligns the interests of the State and investors through shared production, early revenue, transparent cost oversight and enable effective and efficient regulatory functions.

3. Transparency and Local Participation

PNG remains committed to the Extractive Industries Transparency Initiative.

The new framework enhances reporting, strengthens governance, and expands opportunities for landowners, provincial governments, and local enterprises.

The Production Sharing Contract Framework

In July of this year, at the PNG CORE Conference, I outlined the Production Sharing Contract framework that was under consideration by the government.

I now confirm that the Government has approved the PSC Policy White Paper.

This policy will now form the basis for industry consultation towards drafting the PSC legislation.

The NEC has approved and directed a State Working Team, led by the National Petroleum Authority, to undertake this process.

In the coming weeks, the NPA will inform industry participants and the public of the specific details of the consultation process.

The PSC Policy White Paper is the centrepiece of PNG's petroleum reform. It represents the most significant fiscal and regulatory shift since independence.

The PSC model provides early revenue for the State and landowners, ensures transparency in cost recovery, and maintains investor competitiveness.

Key Features of the PSC

1. First Revenue Share

Landowners and provinces receive 2% of gross revenue. That is 2% each from Royalty and Development Levy.

This is similar to current arrangements; however, it will be from the gross and not from wellhead value which allows for deductions. All deductions will be covered in Cost Recovery.

The State receives a minimum of 10% of gross revenue from the start of production.

This ensures early and predictable income, for Government's budgetary purposes and expenditure.

2. Cost Recovery

Investors recover capital and operating costs including exploration costs, from cost recovery after first petroleum.

The NPA will ensure recoverable costs are visible, fair, and transparent.

3. Profit Petroleum Sharing

After cost recovery, the remaining petroleum revenue is shared between the State and contractors based on the project's profitability. The developer's acceptable Internal Rate of Return will be maintained and sustained.

4. Taxation

Contractors continue to pay income tax on their profit share.

The State's share flows directly into consolidated revenue fund.

5. National Petroleum Levy

A 0.5% levy on gross revenue will fund NPA operations, data systems, and technical capacity.

6. Equity and Participation

Landowners receive 2% free carried equity by the State. Costs to be recovered in Cost Recovery

The State has the option and first right of refusal, to acquire up to 20.5% equity through its nominee, on commercial terms.

7. Ownership of Infrastructure

The State will own all the infrastructure used for extraction, transportation, processing and sale of petroleum. Strategic infrastructure and development is encouraged.

Balancing State and Investor Interests

The PSC framework strikes a balance between national interest and investor confidence.

For the State, it secures early and reliable revenue.

For landowners and provinces, it delivers guaranteed participation and visible benefits.

For investors, it offers contractual certainty, transparent fiscal terms, and competitive returns.

Existing projects such as PNG LNG, Papua LNG, P'nyang, Stanley Gas Project and Pasca A will be grandfathered under the Oil and Gas Act 1998.

They will not be subject to the PSC legislation.

Positioning PNG in the Asia-Pacific Region

This reform positions PNG as a modern and credible petroleum jurisdiction.

As global LNG competition intensifies and the energy transition accelerates, investors seek predictable and transparent environments.

The PSC regime aligns PNG with models in Indonesia, Malaysia, and Brunei. It signals to the market that PNG is open, reliable, and reform-driven.

Our policy direction emphasizes low-carbon competitiveness, downstream value creation, and local content.

These will ensure long-term resilience in a changing energy landscape.

The Next 50 Years

Petroleum will remain central to PNG's economy.

But it must become the foundation for diversification to create wealth and anchor economic growth and development.

Over the next five decades, we will:

- Channel petroleum revenues into national wealth creation;
- Create a conducive environment to increase exploration;
- Expand downstream processing and petrochemical industries;
- Drive the efforts in energy security for PNG and the region.
- Drive the efforts in cleaner and alternative energies.
- Promote sustainable development for PNG
- Build strong institutions that outlast political cycles; and
- Grow and maintain PNG's position as a trusted and reliable Oil and Gas hub in the region.

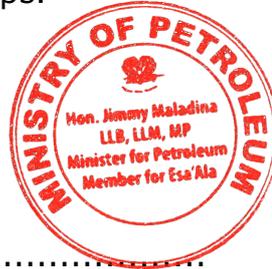
Conclusion

The Production Sharing Contract framework marks a historic shift. It embodies the Marape-Rosso Government's determination to reform, modernize, and secure fair outcomes for the nation.

When PNG celebrates 100 years of independence in 2075, let future generations look back and say:

This policy was the catalyst that anchored our growth and prosperity, built on fairness, transparency, and enduring partnerships.

Thank you.



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HON. JIMMY MALADINA, LLB, LL.M, MP
Minister for Petroleum