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# Commercialising gas resources in PNG

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## Media release

Monday, 3 December 2018

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Papua New Guinea has built a reputation for reliable LNG delivery to markets and offers competitive advantages to further investment and development.

Oil Search Managing Director, Peter Botten, spoke openly on PNG gas commercialisation pathways and delivering optimal value to stakeholders during his address to delegates at the PNG Mining and Petroleum Investment Conference yesterday.

He said development characterised by cooperation and efficient use of capital could deliver highly competitive outcomes.

“PNG has established an excellent reputation for financing, delivery and operation of a world class LNG project and the country can more than double LNG production over the next five years,” he said.

“Successful future developments must provide a value balance between investors, the State and communities’ growing social challenges. New partnerships between developers, government and communities are necessary to address these challenges.

“PNG offers competitive advantages such as globally competitive production costs, high heating value gas, proximity to Asian markets and top tier operators being augmented with local in-country experience.”

Mr Botten went on to outline Oil Search’s gas strategy, saying there is a strong investment case and compelling economic reasons for further exploration in PNG with the company having a strong infrastructure footprint that requires future investment.

“A 2015 study concluded that 30tcf still remains to be found in the Western, Eastern and Deepwater areas in PNG with more than 100tcf of gross mean un-risked gas in our current exploration portfolio,” he said.

“Exploration in PNG offers future production and capability growth capability for us with future growth potential, competitive returns and our ongoing drilling and seismic activities.

“This is supported by others who agree that PNG remains a prospective area for exploration.”

Mr Botten also said while LNG has been an outstanding success putting the country on the LNG map and building international financing and investment sentiment, that new partnerships and new ways of working were also necessary.

“Lessons on project structure, benefits distribution, taxation balance and full stakeholder involvement have been learnt and reflected in the recent MOU for Papua LNG,” he said.

“A dynamic environment remains and new ways of addressing social challenges are needed. Government, the private sector and other stakeholders must develop new partnerships to leverage respective skills and address social sensitivities.

Although a lot has been done in the last 12 months, we must improve efficiency and transparency of benefits sharing, partner with governments to deliver important infrastructure, and facilitate local participation in new industries such as power, refining and downstream developments.

“It’s also important that we facilitate sustainable non-project activities and skills training in areas like agriculture and trades.”

Mr Botten concluded his address encouraging PNG to meet its development timing objectives or miss out.

“The world LNG supply competition is very strong, and PNG has substantial discovered gas resources and material further exploration upside,” he said

“We need to refocus efforts on addressing important social inclusion issues: new partnerships with governments, development partners and communities; new programmes; and new ways to engage communities to focus on young people.”

Ends.