
Responsible sustainable development is critical as PNG approaches threshold of major new infrastructure projects

Media Release

Tuesday, 19 March 2019

PNG is on the threshold of substantial new investment that could double its LNG production in the coming years.

Oil Search Managing Director, Peter Botten, made this forecast whilst advocating major new infrastructure must be developed in a responsible and sustainable way.

Speaking at the PNG Petroleum and Energy Summit in Port Moresby, Mr Botten said the global LNG market is highly competitive with other major new projects already moving to final investment decision.

“Consequently, the next phase in PNG’s gas development and related project milestones must move forward in a timely and responsible way and must consider lessons learnt on optimising a sustainable, responsible process,” he said.

“Good progress was made in 2018 on downstream pre-FEED studies to support new LNG capacity (3 x 2.7mtpa trains) with upstream pre-FEED on Elk-Antelope (PRL15) already well advanced.

“Development concepts for our Associated Gas Expansion (AGX) project planned for 2019 were also completed.”

In 2018, an MOU was signed between Papua LNG and the PNG government, setting key terms and conditions for a gas agreement, including the equitable split of value between State and developers, Domestic Market Obligation and National Content.

“The Papua LNG Gas Agreement is on track to be finalised by late March and signed in early April 2019 with a gas agreement between the State and P’nyang (PRL3) joint venture to be finalised soon after,” Mr Botten said.

“Additionally, JV partners are progressing commercial agreements supporting integration, including site and facility access.”

Global LNG demand grew 6% in 2018 with further growth of 4.5% per annum forecast to 2030. This is driven by government policies and north-east Asia markets prioritising gas over coal and nuclear power. This means that by 2030, a further 120mtpa of new supply will be required.

This has seen renewed global interest to fill the supply-demand gap into the next decade and buyers seeking to diversify LNG sources from new countries and new sellers.

Mr Botten said Oil Search would be prioritising its exploration and appraisal activities to ensure optimal use of capital.

“In the north-west Foldbelt, we are continuing to pursue opportunities for PNG LNG backfill and optimal gas field phasing to create value; whilst in the Forelands, we are investigating optimal commercialisation routes for Kimu, Barikewa and Uramu,” he said.

“The onshore Gulf remains an attractive proposition, with many tcf-structures close to planned Papua LNG infrastructure.”

Balancing this, Mr Botten emphasised the importance of maintaining operational stability through social initiatives and responsibility.

“Whilst our core business may be oil and gas exploration and production, we operate in a socially responsible manner with strong values and high standards guiding our work. Our vision and values make this clear,” he said.

“Respectful, open relationships with local landowners and all levels of government are at the heart of our current and future success. We invest in, and deliver, ongoing social programmes including: support of Hela Provincial Hospital and health authority; and continued earthquake recovery, especially in public health and infrastructure.

“We are also promoting new partnerships targeting education and training, women's empowerment and gender-based violence, and youth engagement.

“Power projects, like the new Port Moresby power station, are aligned to the government's development aims as is our support on equitable benefits distribution to land owners.”

In 2018, Oil Search released its Climate Change Resilience Report which demonstrates its resilience under range of scenarios, including 2°C pathway, and will release a progress report on the Voluntary Principles on Security and Human Rights (VPSHR) in late-March.

In closing, Mr Botten reiterated responsible development, with balanced value sharing, is necessary to realise PNG's substantial LNG potential.

See Mr Botten's full presentation [HERE](#).

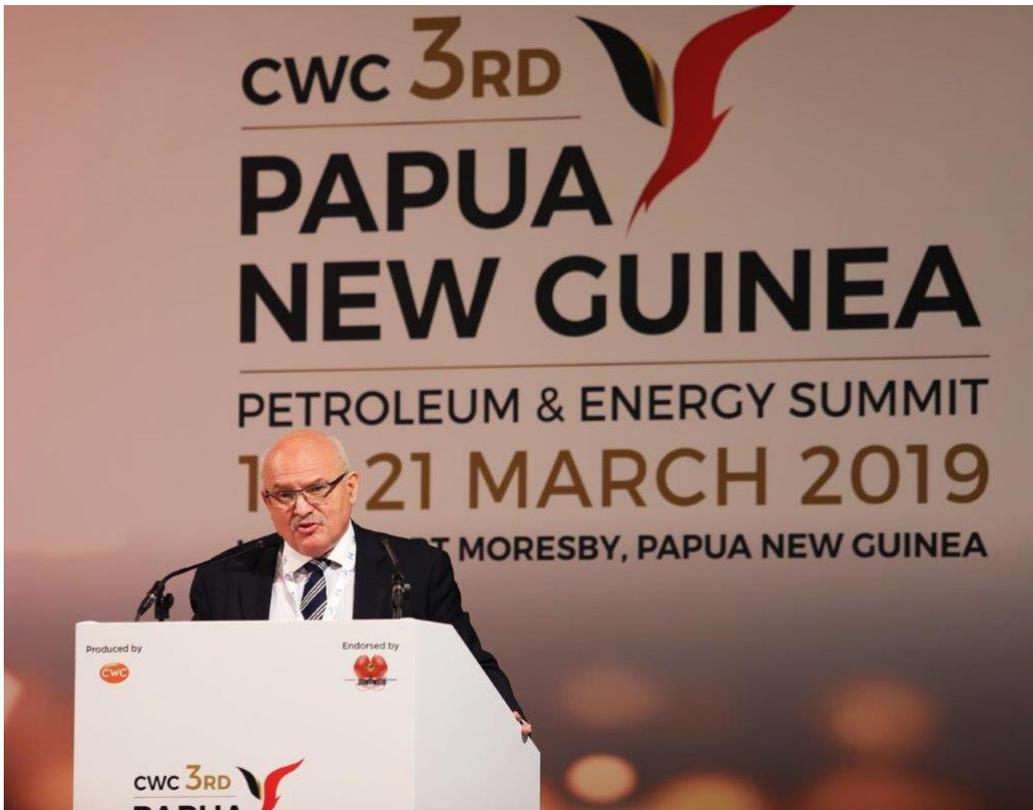
End.

For further information, please contact:

Ann Diamant
General Manager, Investor Relations & Communications
ann.diamant@oilsearch.com

+61 407 483 128

Photos



Oil Search Managing Director, Peter Botten, speaks at the 2019 PNG Petroleum and Energy Summit in Port Moresby.



Oil Search maintained a significant presence at the 2019 PNG Petroleum and Energy Summit in Port Moresby to discuss its approach to sustainable development as PNG approaches threshold of major new infrastructure projects.

Photos courtesy of Oil Search