



PAPUA NEW GUINEA

Development on Oil & Gas

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INTRODUCTION

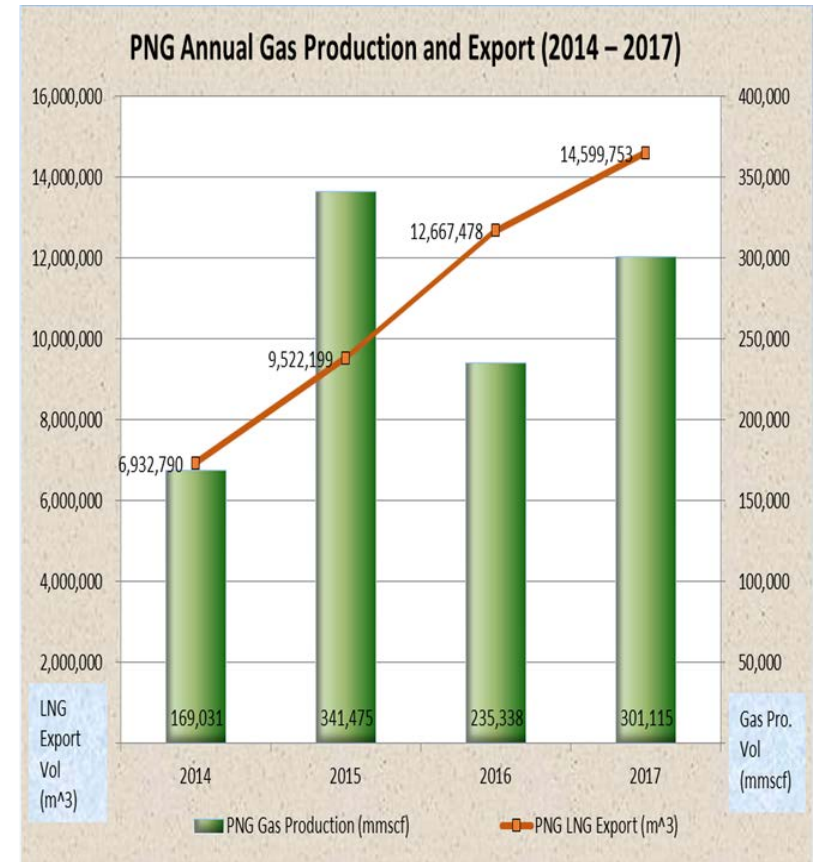
- Papua New Guinea (PNG) is a developing nation made up of over 8 Million people with over 700 different languages and culture, with majority of the populace living in rural areas.
- As a developing country, it lacks the infrastructure to support the energy sector thus more than 80% of the population have limited or no electricity at all. Thus development of the energy sector is minimal
- The country depends heavily on the export of Non Renewable Resources, with the Mining and Petroleum sector contributing more than half the country's revenue.
- The country exports all its Gas and most of it's Crude Oil.
- The country has only 1 refinery which imports most of its crude oil and takes in less domestic crude oil.
- 65% of the country's petroleum product needs is met by the single refinery while the other 35% is imported.



Highlights of Recent Changes in Demand and Supply on Oil and Gas

PAPUA NEW
GUINEA

- Crude Oil production and export in PNG began in 1991. Oil production from the maturing fields declining from **120 000 stbo/d in 1991** to **35 000 stbo/d in 2017 (latest 2017, Oil Search)**.
- LNG production and export started in 2014 by Exxon Mobil. And LNG exports have increased annually from 9 Million m³ in 2015 to over 14 Million m³ in 2017.
- In 2017, the only refinery in the country which imports most of it's crude oil, increased domestic crude intake. This was due to shortage in foreign reserves faced by the country in 2017.
- Developments and good road network in the country recently has seen an increase in heavy machinery and motor vehicles, thus an increase in Petroleum product needs.
- Recently, import of LPG (liquid petroleum gas) is steadily **increasing at 5% rate**. It is only consumed by **3% of the 8 Million population**





- Gas to electricity is an attractive and environmentally clean option to meet future domestic demands, however, there are no clear government policy for the use of gas for electricity generation.
- Companies (KPHL/MRDC and KPHL/PNG Pawa) have negotiated separate agreements with the major gas supplier (Exxon) to supply gas for electricity, to meet the local demand.
- 4 major Gas/Condensate projects are awaiting Government approval for development.
 - Papua LNG (Total Operated) – Elk/Antelope; (approx. 9 tcf gas)
 - P'nyang Fields (Exxon & Oil Search) (2.5 tcf gas)
 - Western LNG (Repsol & Horizon) – Ketu/Elevala; Stanley Gas; etc, (approx. 4 tcf)
 - Pasca Offshore Project (Twinza) – (aprox 2 tcf gas)
- Considerable condensate have been processed in the PNG LNG project and added to the Crude Oil Export,
- The Associated Gas from the existing oil fields have also been added to the PNG LNG Project thus extending the life of the maturing oil field.



Policies & Potential Developments in PNG

○ POLICIES:

- There are no clear policy for the gas / energy sector. Also there are constraints in the formulation of the draft policy.
- Lack of government support and attention towards formulation of key policies.

○ POTENTIAL DEVELOPMENTS:

- Institutional capacity – Building the capacity of the Institutions
- The relevant government authorities (e.g.: Department of Petroleum & Energy) have inadequate trained staff to undertake all its intended functions and plans.
 - Lack of capacity
 - Lack of capacity in terms of human and physical resources
 - Management Support and Commitment



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