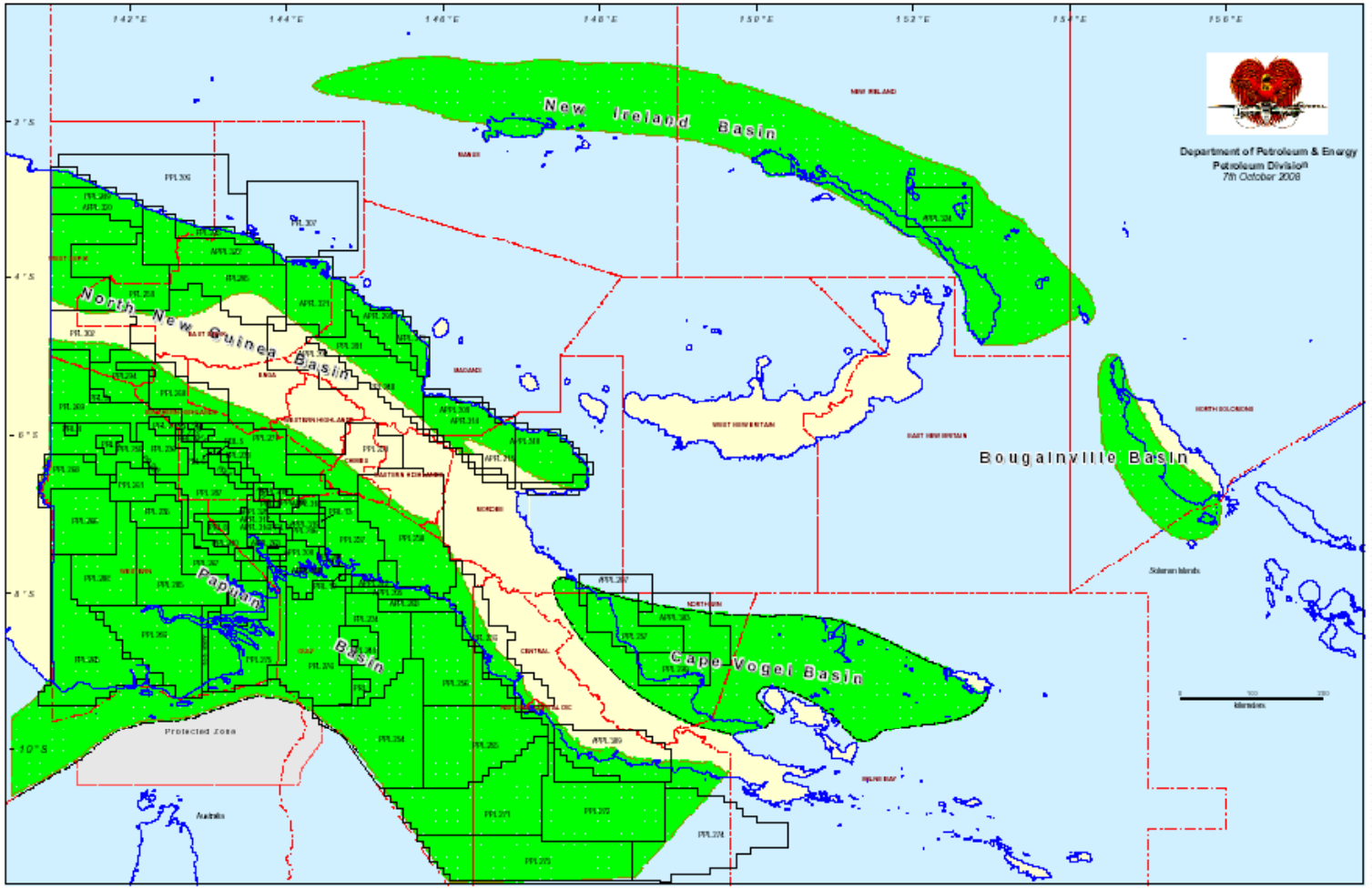
PETROLEUM INDUSTRY

2009

Papua New Guinea

- PNG is a democracy with a population of more than 5 million
- Government is based on the Westminster system
- PNG lies on the northern margin of the Australian Continental plate
  - Land area of 462,243 km²
    Total 3,120,000 km² (EEZ inclusive)
  - 5 sedimentary basins with total area of 594,260 km²
  - Diverse tectonic settings from passive margin continental shelf, thrust belts, back arc to rift basins
  - Current 2P reserves are 500 mmbo & 15 Tcf Gas
- Very supportive Government focused on encouraging activity in the country
  - World class oil and gas fiscal terms

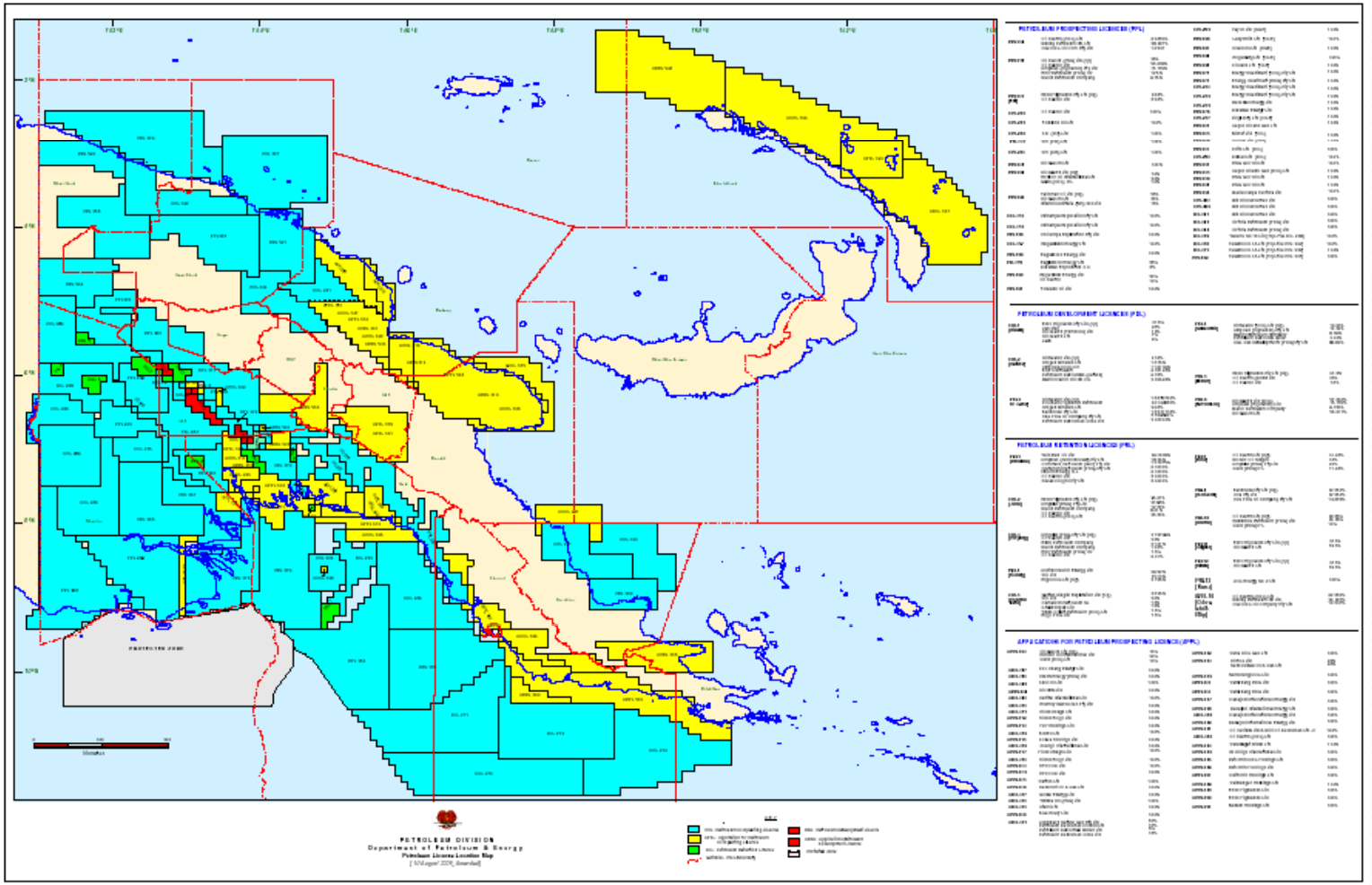
1. Location (map of oil & gas activities)

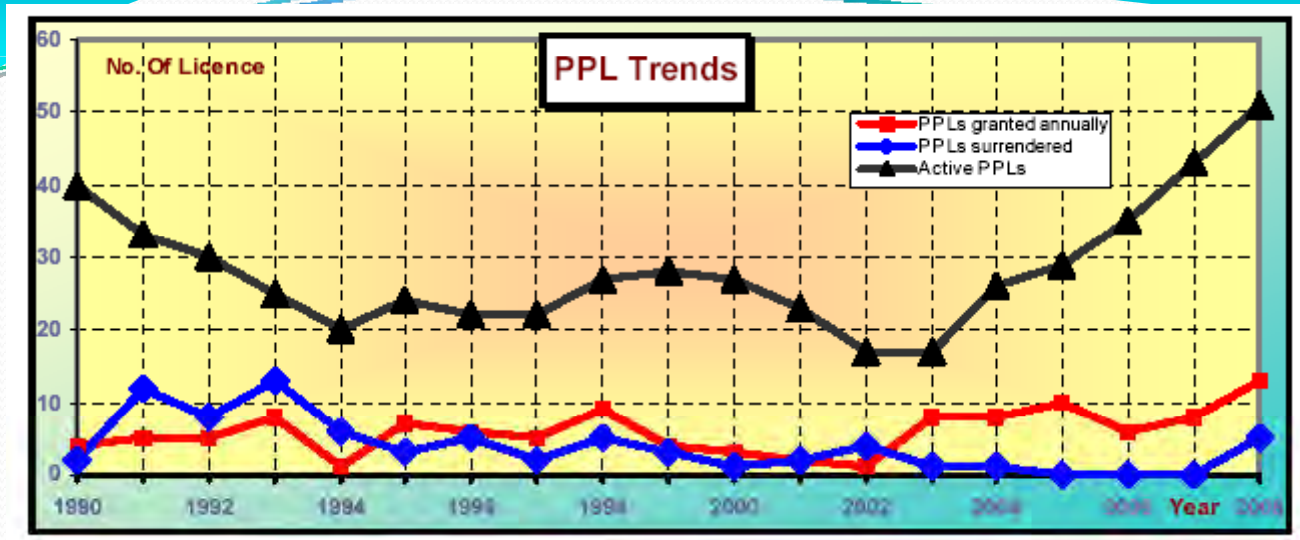


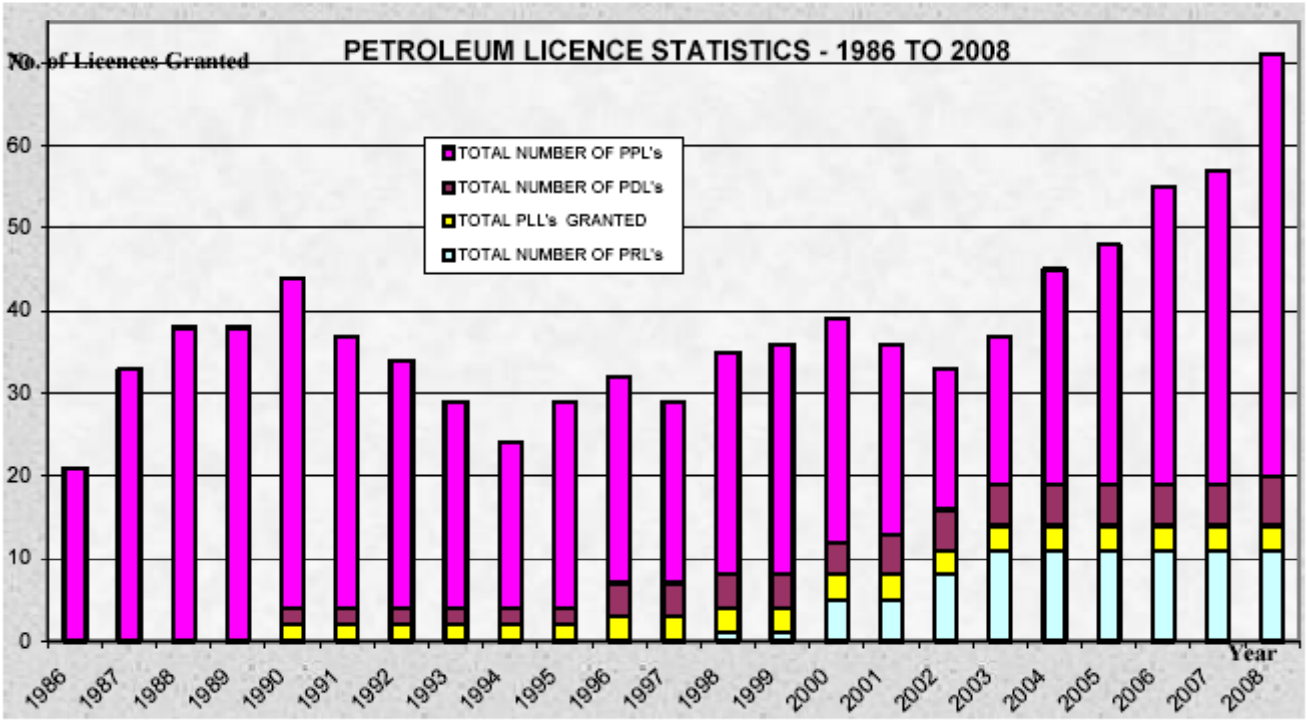
PNG Petroleum Basin Map

PNG Petroleum Tenements Map

- 43 APPLs
- 50 PPLs
- ?APRLs
- 11 PRLs
- ?APDLs
- 6 PDLs
- PLs



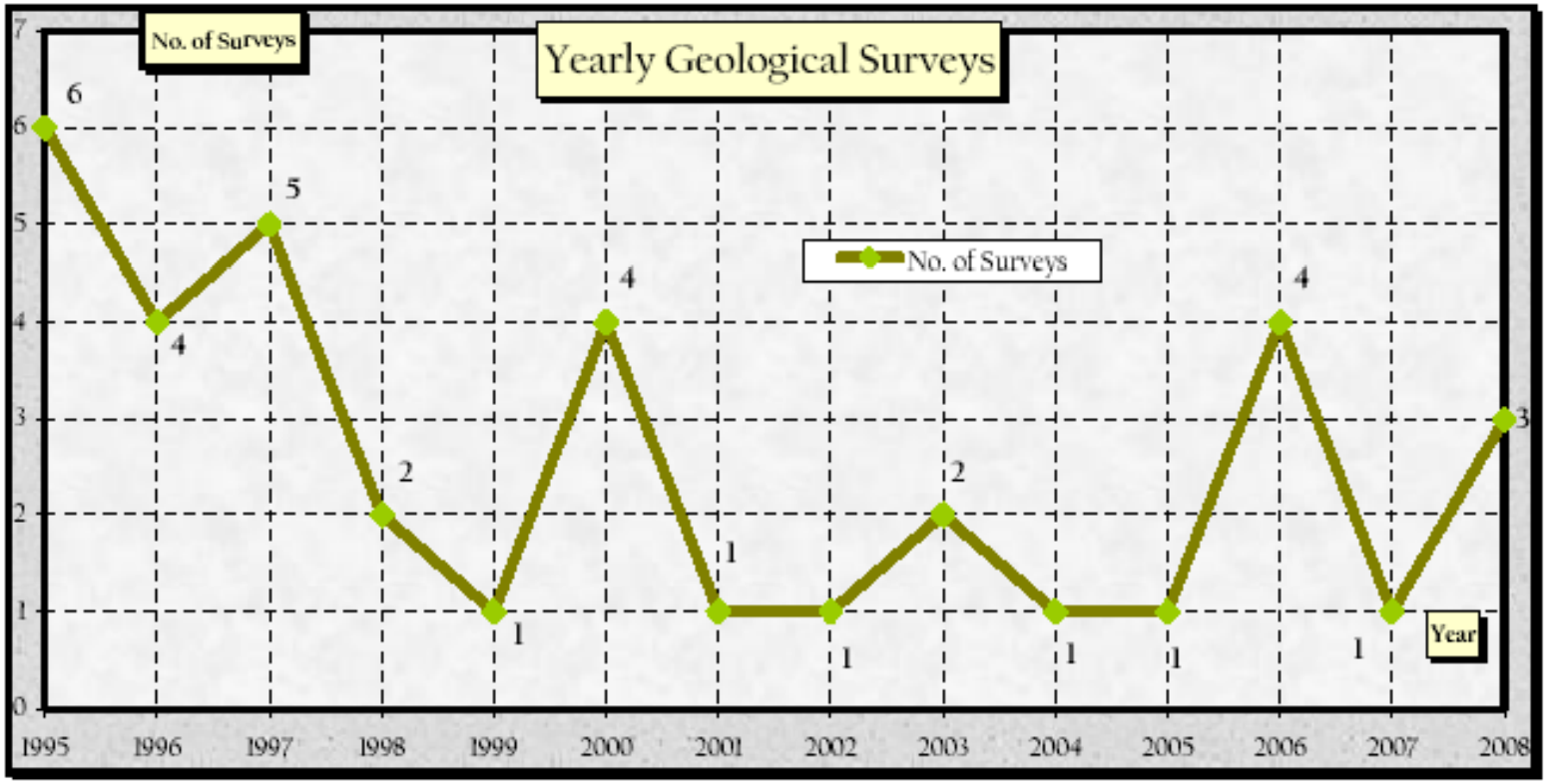

PPL Trends
No. Of Licence
PPLs granted annually
PPLs surrendered
Active PPLs
60
50
40
30
20
10
0
1990
1992
1994
Year


PETROLEUM LICENCE STATISTICS - 1986 TO 2008
No. of Licences Granted
TOTAL NUMBER OF PPL's
TOTAL NUMBER OF PDL's
TOTAL PLL's GRANTED
TOTAL NUMBER OF PRL's
60
50
40
30
20
10
0
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
Year

2. Production data

Exploration data – total seismic, well drilled, etc

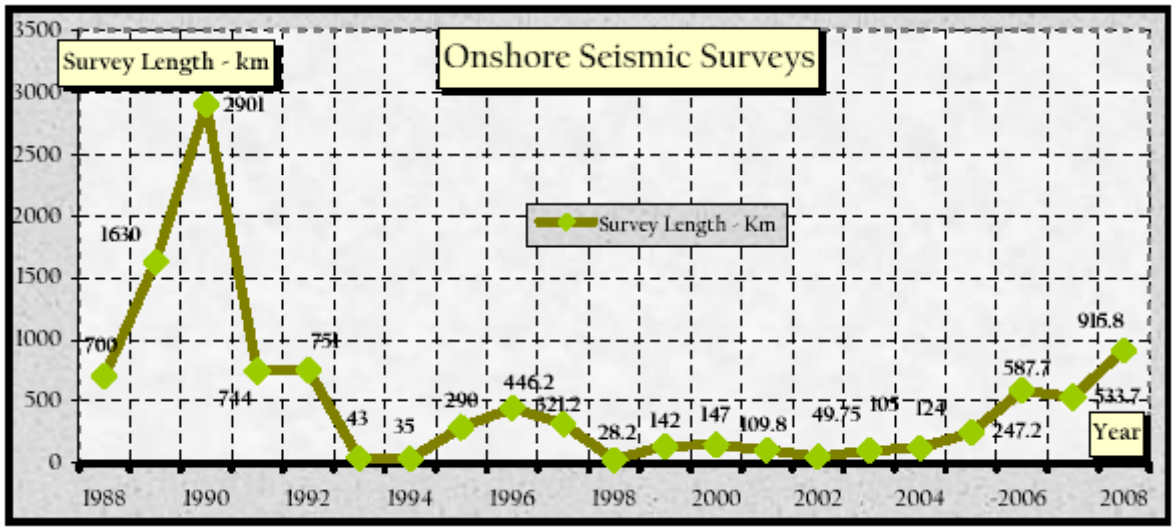
a. Geological surveys since 1995



- expended USD 534,078
- total line kilometres 87.2km

b. Geophysical Surveys: Seismic & Gravity-Magnetic

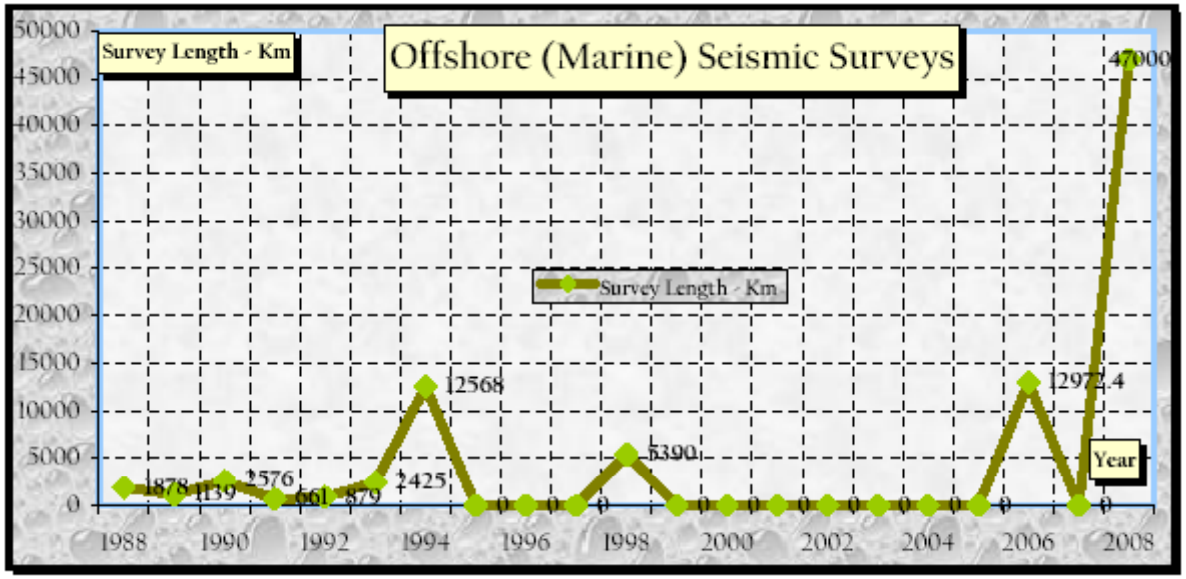
i.



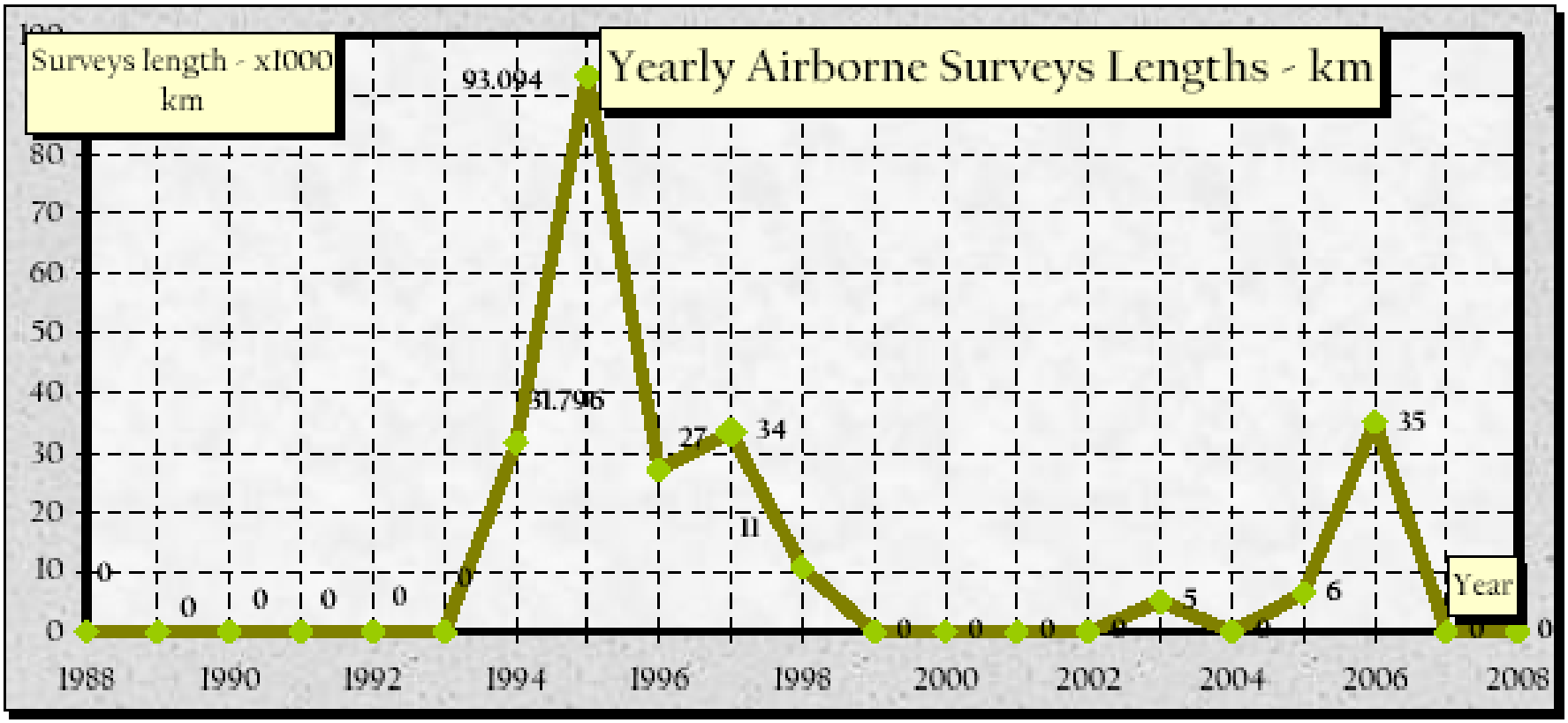
2008 stats:

- 5 seismic surveys @ total expenditure of USD 36.47
- x4 2D and x1 3D seismic – offshore
- total line kilometres – 4161.66km

ii.

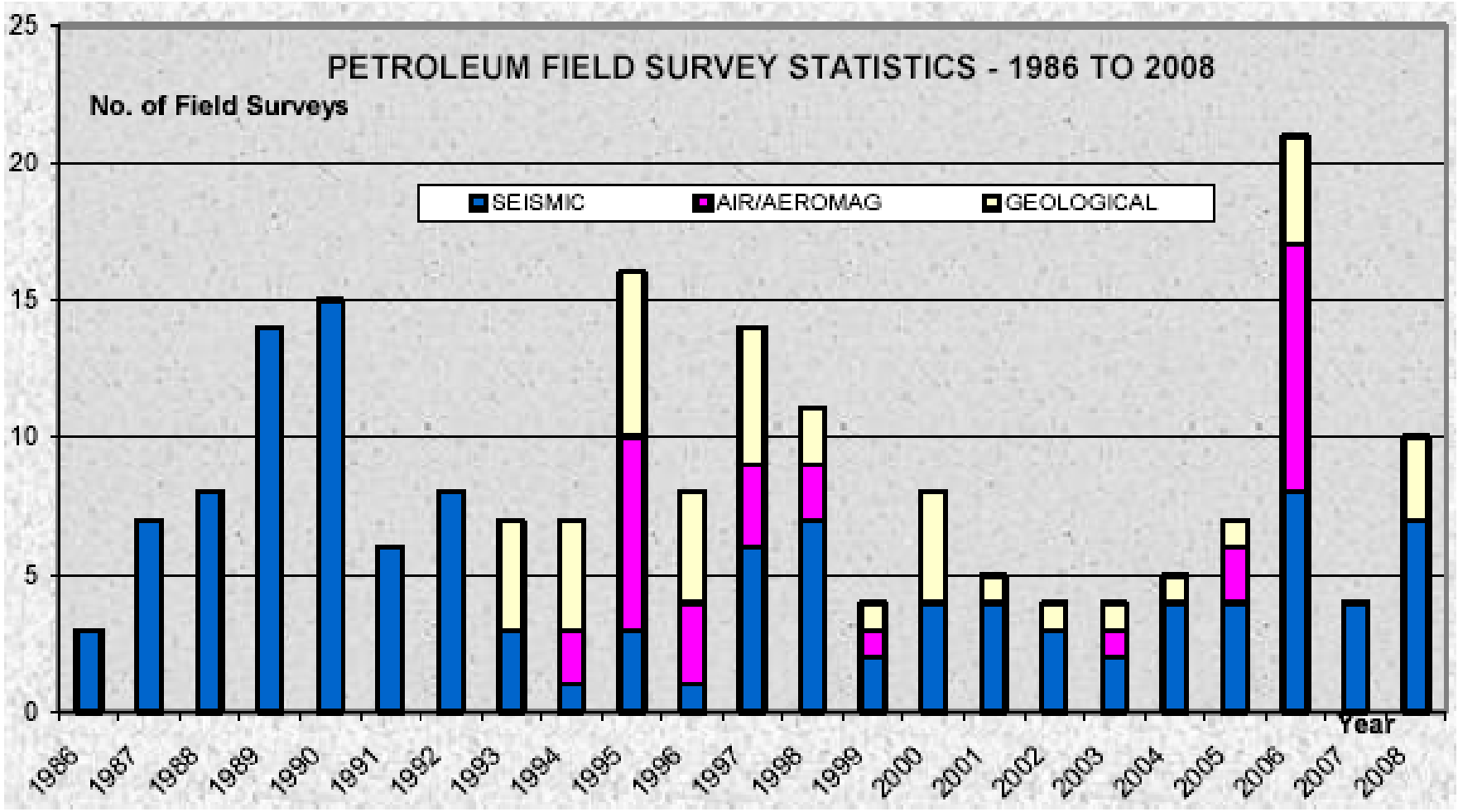


ii. Magnetic & gravity

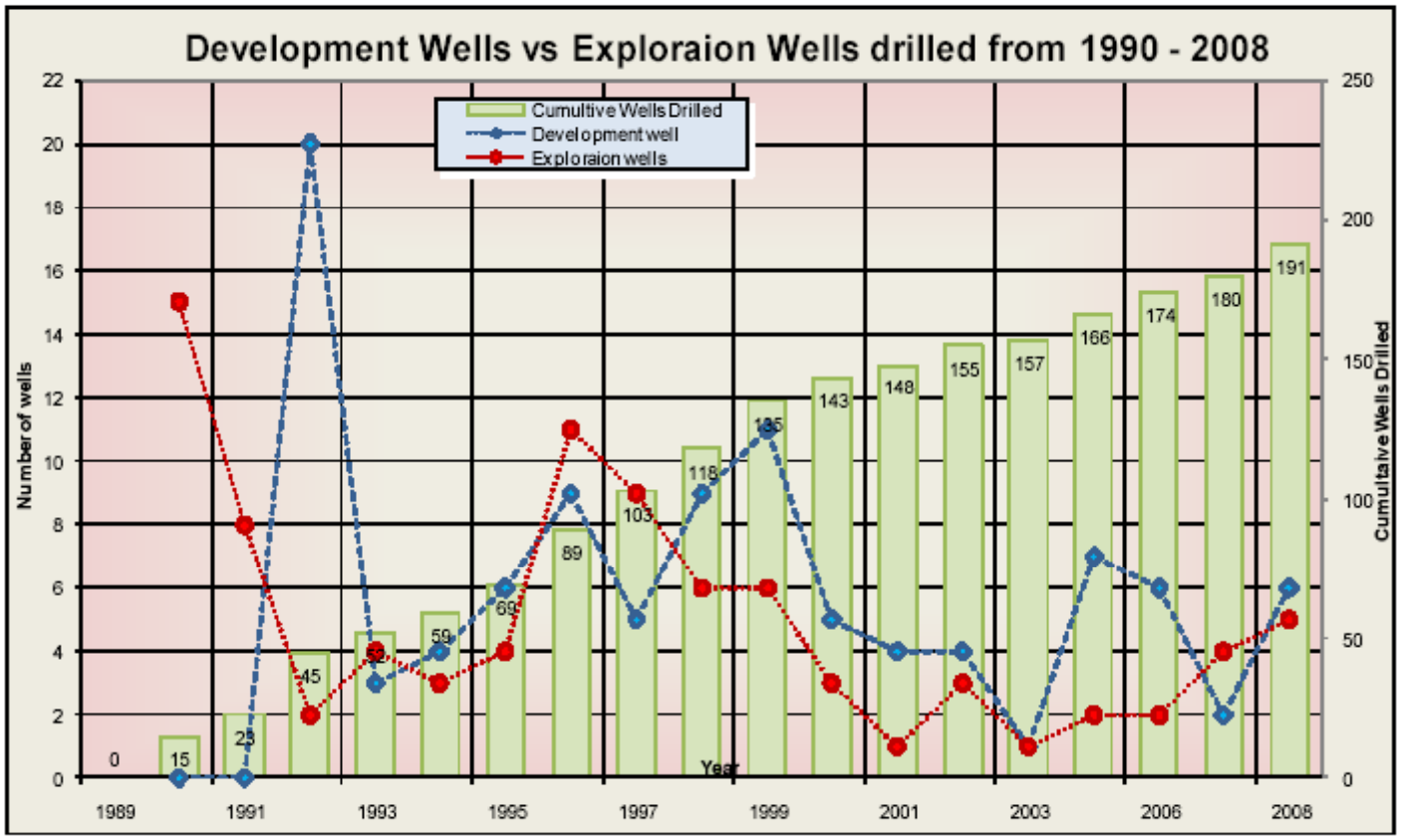


- USD 607,117.63 expended
- 1 major survey conducted by IOL
- total line kilometres, 129.4 km

c. Survey Statistic



d. Well drilled



- 191 cumulative wells drilled since 1990
- 528 wells including sidetracks

ORIGINAL LICENCE/ PERMIT	ORIGINAL OPERATOR	FIELD	DISCOVERY YEAR	CURRENT LICENCE/ PERMIT	CURRENT OPERATOR	TYPE OF DISCOVERY	EXISTING WELLS IN FIELD	PROVINCE
Permit 37	Island Exploration	Barikewa	1958	PRL 9	Barracuda	Gas	Barikewa1, Barikewa2, = 2 wells P&A	Gulf
Permit 37	APC	Bwata	1960	PPL 237	InterOil	Gas/ Condensate	Bwata 1x = 1 well P&A	Gulf
Permit 12	APC	Iehi	1960	PPL 189	Barracuda	Gas	Iehu1X = 1 well P&A	Gulf
Permit 39	Phillips	Uramu	1968	PPL 188	Oil Search	Gas	Uramu1X,Uramu1A = 2 wells. P&A	Gulf
Permit 42	Phillips	Pasca	1968	PPL 234	Oil Search	Gas/ Condensate	PascaA1,A2, = 2 wells P&A	Gulf
PPL 18	Niugini Gulf Oil	Juha	1983	PRL 2	Esso	Gas/ Condensate	Juha1x,2x, 3XST1,3x 4X,4XST1 = 6 wells Shut In	Western
PPL 17	Chevron	Iagifu – Hedinia	1986	PDL 2	Oil Search	Oil / Gas	IDT1,IDT2,IDT3,IDT4ST1,IDT5,IDT6,IDT12,IDT14,IDT15,IDT16,IDT18,IDT20, IDT22,IDT23,IHT1A,IDT11,UDT3AST1,UDT7ST1,UDT8,UDT9,IDD1,IDD2,IDD3,IDD4, IDT10WO1 = 26 wells producing oil	SHP
PPL 27	BP	Hides	1987	PDL 1/PRL 12	Esso	Gas/ Condensate	Hides1, 2, 3,&4 = 4 wells	SHP / Western
PPL 100	Chevron	SE Hedinia	1987	PDL 2	Oil Search	Gas	5	SHP
PPL 82	IPC	Pandora	1988	PRL 1	Talisman	Gas	Pandora 1,2 ,= 2 wells P&A	Gulf
PPL 100	Chevron	Usano	1989	PDL 2	Oil Search	Oil	UDT4A, 3AST1, 7ST1, 8, & 9 = 5 Wells producing	SHP
PPL 100	Chevron	Agogo	1989	PDL 2Wells	Oil Search	Oil	ADD1,ADD2, ADD3,ADD4, ADT1,ADT2, ADT3B, ADD3, AHT1 = 9 wells producing	SHP
PPL 27	BP	Angore	1990	PRL 3	Esso	Gas/ Condensate	Angore1A = 1 well SI	SHP
PPL 81	BP	Elevala	1990	PRL 5	Santos	Gas/ Condensate	Santos 1X = 1 Well P&A	Western
PPL 101	Chevron	P'nyang	1990	PRL 3	Esso	Gas/ Condensate	P'ngang1X, 2XST3 = 2 wells P&A	Western
PPL 81	BP	Ketu	1991	PRL 5	Santos	Gas/ Condensate	Ket1 = 1 well P&A	Western
PPL 56	Command	SE Gobe	1991	PDL 3	Oil Search	Oil / Gas	G7XST3,SEG2,SEG4, SEG5ST1,SEG8, SEG9ST1, = 6 wells flowing	SHP / Gulf
PDL 2	Chevron	SE Mananda	1991	PDL 2	Oil Search	Oil / Gas	SEM1X, SEM4, SEM5, SEM3 = 4 wells flowing	SHP
PPL 82	Mobil	Pandora B	1992	PRL 1	Talisman	Gas	Pandora 1 =1 well P&A	Gulf
PPL 100	Chevron	Gobe Main	1993	PDL 4	Oil Search	Oil / Gas	GM4ST3, GM5ST3, GM4ST3, G2XST1	SHP
PPL 138	BP	Paua	1995	PPL 233	Esso	Oil	NWPaua1ST3 = 1 well P&A	SHP
PDL 2, /PPL161/138	Chevron	Moran	1996	PDL 2, /PDL 5	Oil Search /Esso	Oil	M2XST4, M1XST4, M7ST1, M11ST1, M6ST2, M10ST1, M9ST4, M9ST4, M12, M13, NWMoran1 = 10 wells producing oil	SHP
PPL 157	Santos	Stanley 1	1999	PRL 4	Horizon Oil	Gas	Stanley 1 = 1 well Suspended	Western
PPL 193	Oil Search	Kimu	1999	PRL 8	Oil Search	Gas	Kimu1, Kimu$t1 = 2 ells Suspended	Western
PDL 4	Chevron	Saunders	2002	PDL 4	Oil Search	Oil	Saunders 1 = 1 well Producing	Gulf
PPL 160	Santos	Bilip	2002	PPL 190	Oil Search	Oil	Bilip1,Bilip1ST1 =2 wells Suspended	Gulf
PPL 235	Rift Oil	Douglas	2006	PPL 235	Rift Oil	Gas/ Condensate	Douglas1ST1 = well P&A	Gulf
PPL 238	InterOil	Elk 1	2006	PPL 238	Interoil	Gas/ Condensate	Elk1,Elk1ST1, Elk2 = 3 Wells Plugged and suspended	Gulf
PPL 238	InterOil	Elk 4	2008	PPl 238	Interoil	Gas/ Condensate	Elk4 = 1 well Suspended	Gulf
PPL 235	Rift Oil	Puk Puk 1	2008	PPL235	Rift Oil	Gas/ Condensate	PukPuk 1 = 1 well Suspended	Western

Summary of discoveries in Papuan Basin

3. Fiscal Regimes

Papua New Guinea fiscal regime provides equitable sharing of revenue between the state and the developers. It

- includes provisions of fair and reasonable return on capital in the event of commercialization of a discovery;
- provides stable and predictable fiscal framework for potential O&G companies to invest in PNG;
- recognizes the high cost and risks of exploring for petroleum in PNG; and
- is flexible enough to make less profitable but still economically desirable projects attractive to the private investors

Description of Taxation Regime

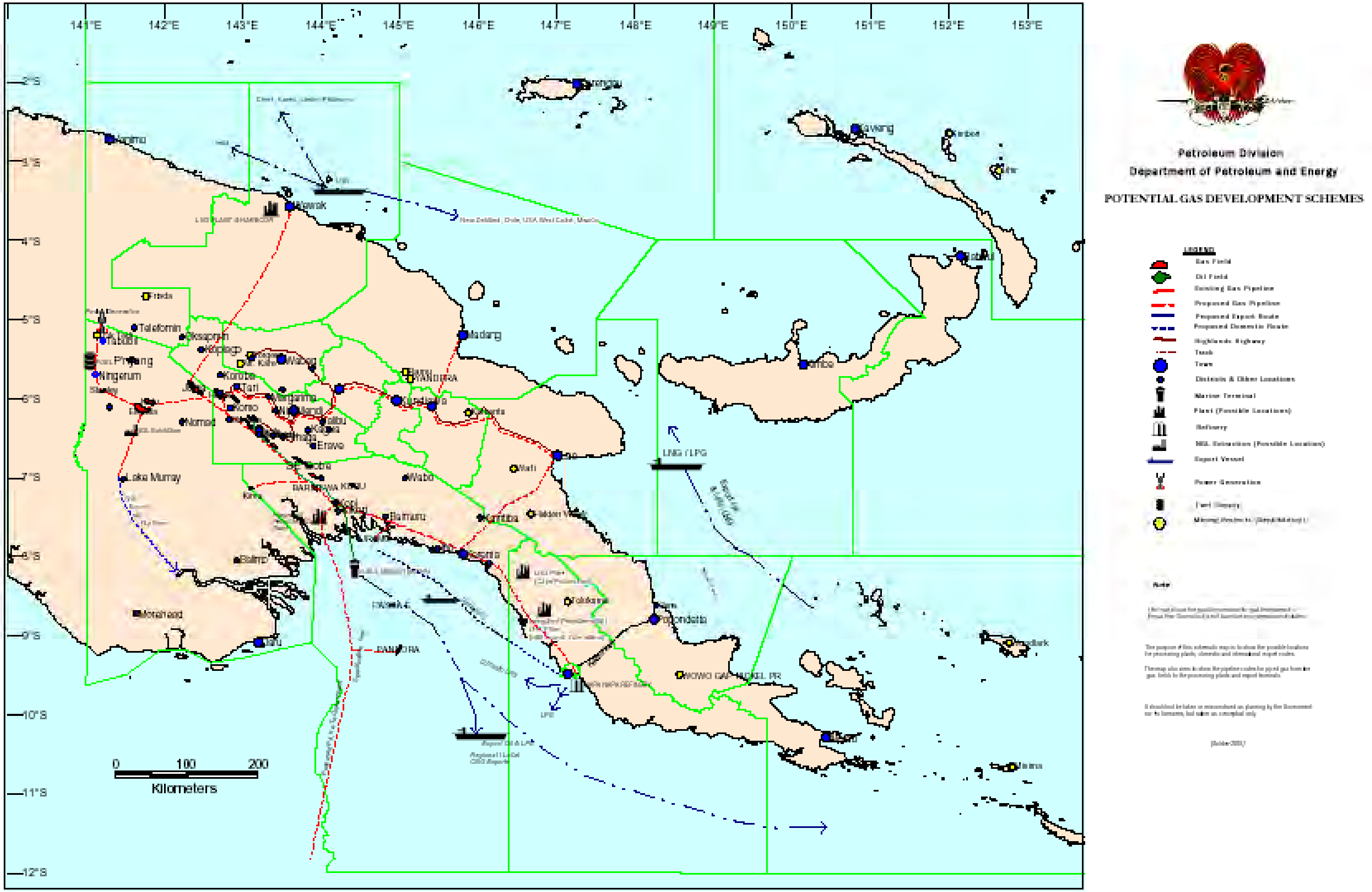
Income Tax

i. 50 % - all existing petroleum projects (pre – 2000),
ii. 45 % - due to yr 2000 tax review recommendation,
iii. (Gas project subject to income tax of 30%), then
iv. Reduced from 45% - 30% under new fiscal incentive in 2003.
v. Incentive based on designated period, 1st January 2003 – 31st December 2007.
vi. Any PDLs evolving from PPLs granted in this period are still qualify for this incentive rate.

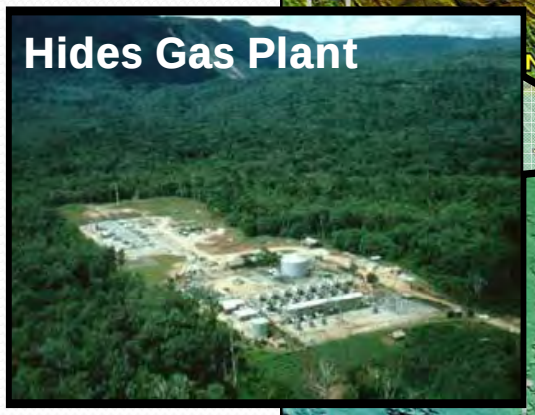
4. Investment campaign – areas currently being promoted by your country

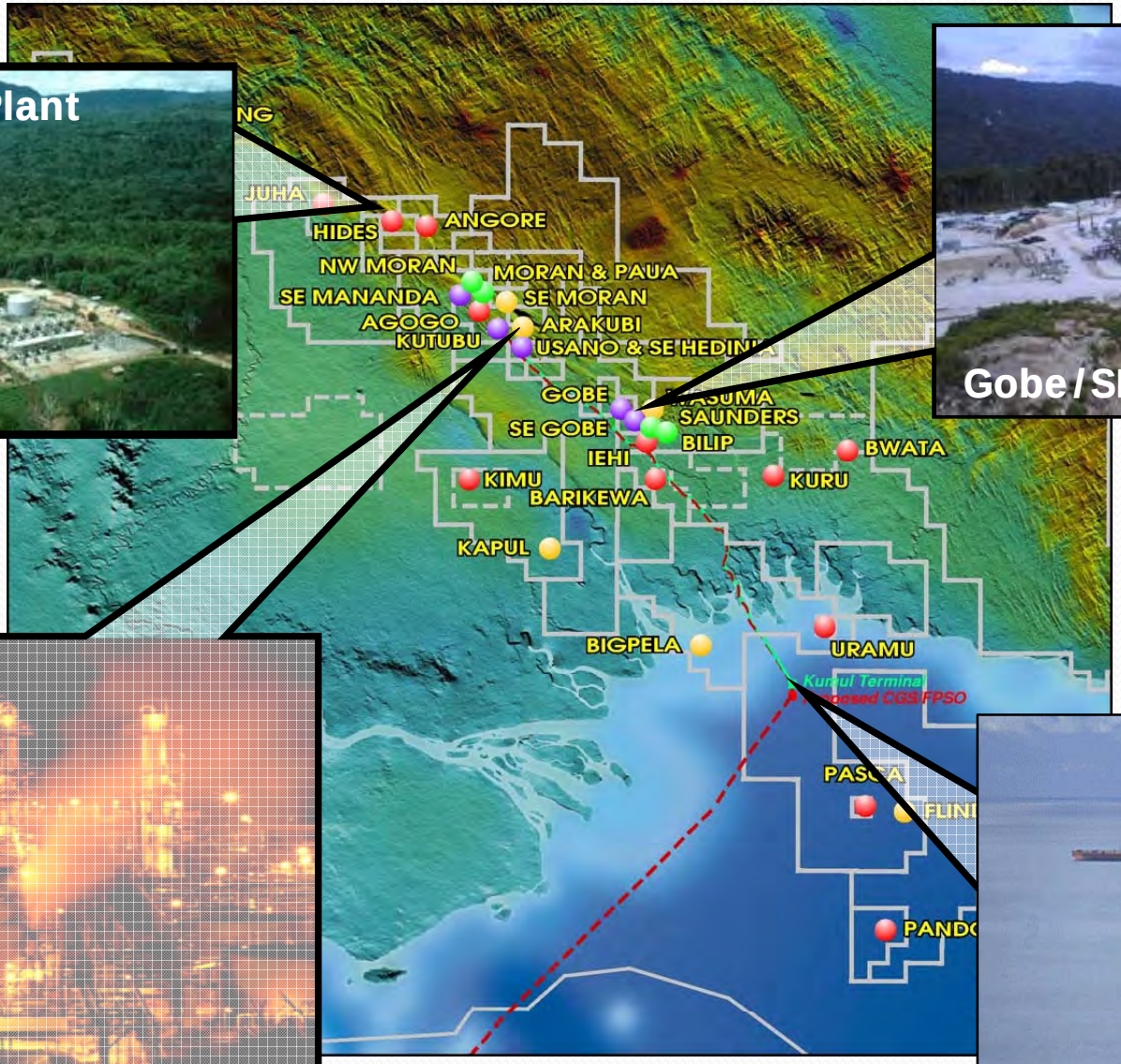
- What incentives are waiting for investors?

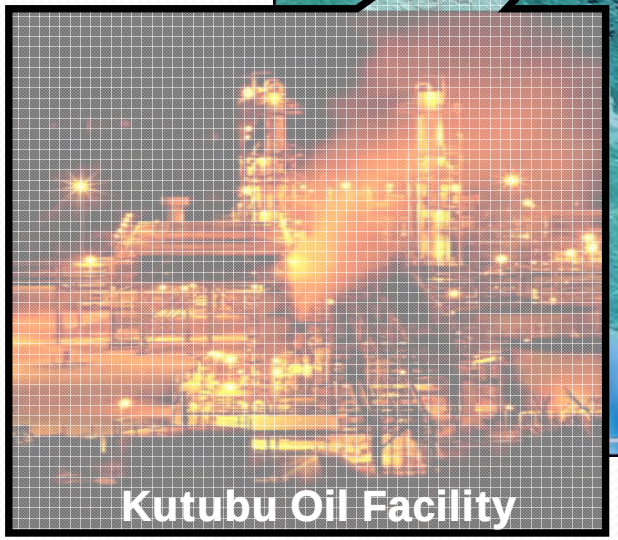
Existing Pipeline and Production Facilities



INFRASTRUCTURE







Impressive exploration success rate

- Commercial Success rate 1 in 7 in Fold belt
- More than 20 wells drilled in Foreland. 5 gas/condensate well discoveries & 1 oil discovery

Sparsely explored and restricted focus of activity

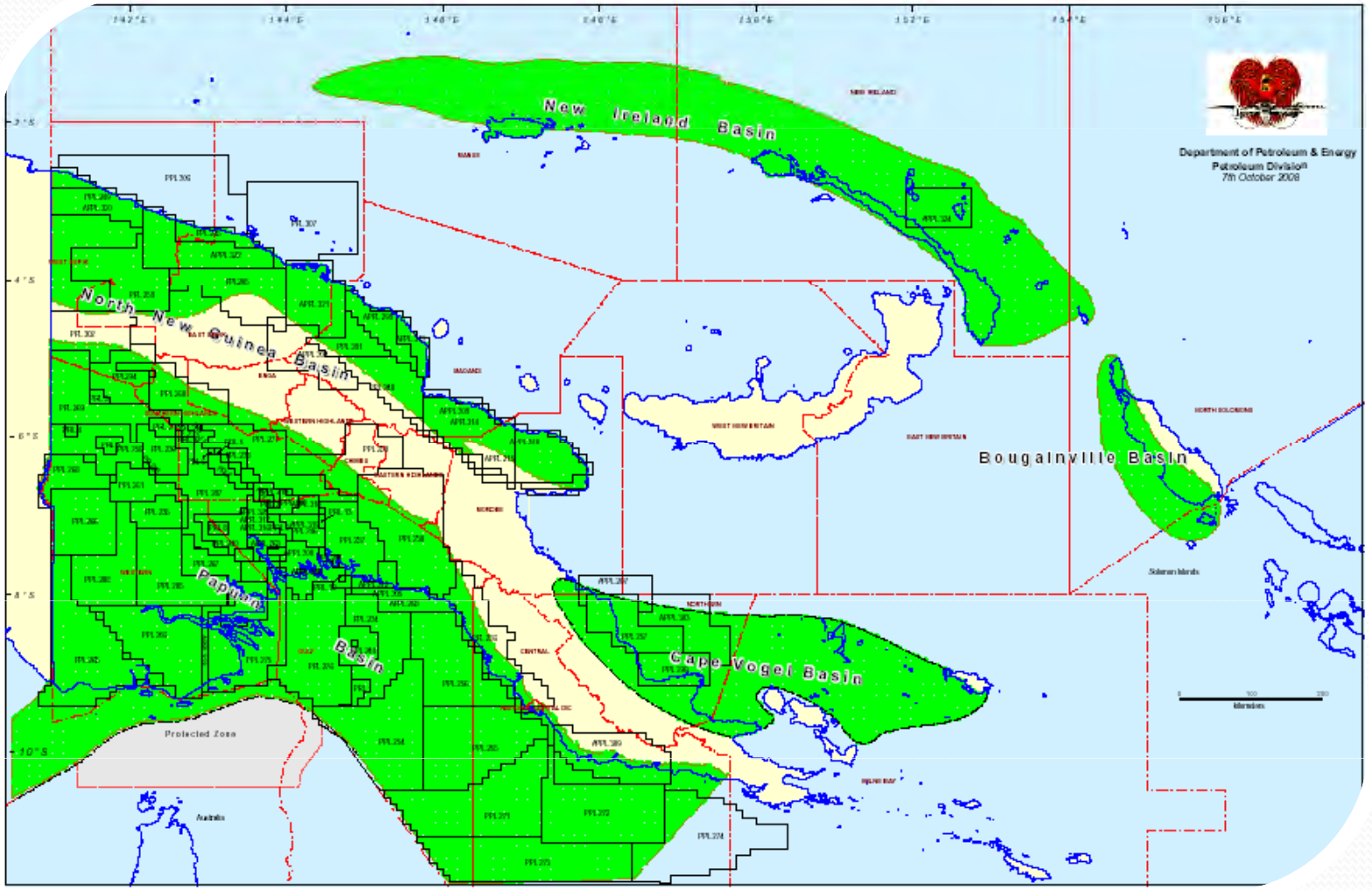
- 96 exploration wells in an area 280,000 km²
- Focus of activity dominantly on the fold belt "drilling the bumps"
  - Seismic now opening up new areas
  - Fiscal terms encouraging activity in foreland and frontier areas

Exploration potential ranks high in the region

- oil prospects generally >100mmbo
- large gas prospects untested with focus on options for developing gas

- What data are available & how these data can be accessed

- 528 wells including sidetracks
- 267 seismic surveys with more than 9,000 lines
- 81,500 data from DPE archive that can be readily access
- request of data can be made via written notice to the Director, Oil & Gas Act, ie the head of the Department of Petroleum & Energy


New Ireland Basin
North New Guinea Basin
Papuan Basin
Cape Vogel Basin
Bougainville Basin
Protected Zone
Australia
Department of Petroleum & Energy
Petroleum Division
7th October 2008

THANK YOU