



State ready to negotiate a gas agreement for Pasca A Project

Approved for Release – Friday, 15th May, 2020

The Prime Minister Honourable James Marape today announced that NEC has endorsed the Pasca Offshore Gas/Condensate Project submission and is ready for the negotiation to take place to complete a Gas Agreement with its partner Twinza Limited.

Mr Marape said, "The National Executive Council (NEC) has agreed that the composition of the State Negotiating Team led by the Minister for Petroleum Kerenga Kua remains the same as that of the Papua LNG & P'nyang Project and comprises of the following members;

1. Chairman – Chief Secretary to Government
2. Deputy Chairman – Department of Petroleum & Energy Secretary
3. Department of Treasury Secretary
4. Managing Director of Kumul Petroleum Holdings
5. Office of the State Solicitor - State Solicitor
6. Managing Director of Mineral Resource Development Corporation
7. Governor of Bank of Papua New Guinea
8. Commerce and Industry Secretary
9. Internal Revenue Commission – Commissioner General

Prime Minister said, "The NEC has approved a funding allocation for the operations of the SNT and direct the State Negotiating Team (SNT) to commence and conclude negotiations for the signing of a Gas Agreement over the next couple of weeks.

"Cabinet recognises and approves for Kumul Petroleum Holdings Limited (KPHL) to be nominated as the State Nominee, and KPHL is at liberty to decide whether to take up to the statutory equity of 22.5% in the Pasca A project.

"Based on the Open Book Economic Model the Pasca A Project cost projection ranges between US\$2.5 to US\$3.0 billion to commercialize the Gas resources with a provisional exploration expenditure (or sunk cost) of US\$87.8 million.

"The project is expected to provide better overall returns for the 10 to 12 years project production life span and while it is (relative to the PNG LNG and Papua) a small project it is expected to contribute significantly to our economy over the life of the project.

"For consistency purposes, the Gas Agreement must be signed before a PDL is granted.

"NEC is pleased that CEPA has issued an environmental permit after the developer Twinza Ltd had satisfied all its environmental requirements. This permit is valid for 25 years from March 2017.

"The Social Mapping and Landowner Identification Studies (SMLIS) were also completed some years ago and as previously stated Pasca A acreage is located 95km offshore, beyond the 3 nautical miles artisanal fishing zone and the 12 nautical miles commercial fishing zone but within the Gulf Provincial Government waters. Pasca A is the first of its kind where due to the distance from traditional fishing zone, there are no landowners.

Finally, in view of the impact of COVID19 this government is working hard to ensure that once everything returns to normal projects such as the Papua LNG, P'nyang, Barrick and Wafi Golpu are lined up and ready to foster much needed growth and development in our economy. I am pleased that Pasca A Offshore Gas and Condensate Project is one such project among them.

Friday, 15th May 2020

Approved for Release:



Hon James Marape MP
Prime Minister

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