

Indonesia starts delivering gas to Malaysia

JAKARTA: Indonesia has made its first pipeline delivery of natural gas to Malaysia as part of a 20-year, US\$2.9bil contract, joint venture partners Pertamina and Petroliam Nasional Bhd (Petronas) said in a statement.

The delivery followed a ceremony in Bali officiated by Indonesian President Megawati Sukarnoputri and Prime Minister Datuk Seri Dr Mahathir Mohamad.

Some 100 million cubic feet of gas per day (cfd) will travel via a 96 km-long pipeline from West Natuna to an offshore receiving terminal in Malaysia, increasing to 250 million cfd by 2007 under a deal signed in May last year.

By the 20th year, Malaysia is expected to have bought more than 1.5 trillion cubic feet of gas from the West Natuna block, which is operated by Conoco Indonesia Inc Ltd under a production sharing contract with state-owned Pertamina.

“For Indonesia, this sale of natural gas will generate revenue of approximately US\$2.9bil,” the statement said.

“Indonesia is already receiving revenues from the sale of the gas in Block B (West Natuna) to Singapore. In total, Block B is expected to generate some US\$6.2bil to the Indonesian government.”

The system has a design life of 30 years and Conoco has been appointed pipeline operator.

It helped Pertamina build the 70-km section of the pipeline in Indonesian waters, while Petronas built the portion in Malaysian waters.

The link between West Natuna and Malaysia is the latest step towards realising the US\$7bil Trans-Asean gas pipeline network, first mooted in 1995 to ensure a secure supply of natural gas among Asean members. The West Natuna-Singapore pipeline will eventually be connected to Thailand, which is already linked to Myanmar.

Conoco holds a 40% stake in the operating contract with Pertamina for Block B West Natuna. Inpex Natuna Ltd holds 35% and Chevron Texaco the remaining 25%. - AFX