

PRESS RELEASE



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INSTALLATION OF THE 23 KM SECTION OF OFFSHORE PIPELINE AT KUALA TUNGKAL – PANARAN OF THE GRISSIK TO SINGAPORE TRANSMISSION PIPELINE

(Jakarta, March 13, 2009) PT Perusahaan Gas Negara (Persero) Tbk. (“PGN” or “Company”) announced that its subsidiary, PT Transportasi Gas Indonesia (“Transgasindo”), will commence the installation of a new 23 km section of the offshore pipeline to replace a section of the 28” Grissik to Singapore transmission pipeline (“the Project”) in mid March 2009. The condition of this section of the transmission pipeline has been reported and published since December 2007.

A pipelay barge assisted by additional support vessels will be used to install the new 23 km section at Kuala Tungkal – Panaran. The Project also includes eight hot tap installations to tie the new pipeline to the existing pipeline. This work is expected to be carried out without any interruption to the gas flow (zero down time). The pipeline is of strategic importance to both Indonesia and Singapore as it is a major source of gas supply to Batam Island and Singapore.

Transgasindo expects to be able to pressure up the pipeline in the second quarter of 2009.

The completion of the Project, together with the commissioning of the newly installed gas compressor at Jabung, will allow Transgasindo to increase gas pressure in the Grissik to Singapore transmission pipeline in 2009. This increased capacity is required to meet contractual gas delivery and reserved capacity in 2009. The cost of the offshore pipeline replacement project has been included in the 2009 capital expenditure budget.

“The Project demonstrates Transgasindo’s commitment to deliver the committed contractual volume for its valued customers,” stated Hendi Prio Santoso, President Director of PGN, “there are risks associated with this Project; therefore, Transgasindo’s shareholders support the decision to engage a world-class contractor to carry out this important Project”.

About PGN

PGN is a leader in the transmission and distribution of natural gas in Indonesia with more than 5,600 km of transmission and distribution pipelines. It directly and indirectly owns and operates more than 2,100 km of transmission pipelines

connecting Sumatera with Batam, Singapore and Java, while its distribution networks cover major cities and industrial centers, including North Sumatera, South Sumatera, Batam, Banten, West Java, and East Java. PGN shares are listed on the Indonesia Stock Exchange (IDX : PGAS, Bloomberg : PGAS.IJ, Reuters : PGAS.JK)

Transgasindo, which operates the Grissik to Singapore transmission pipelines, is a 60% owned subsidiary of PGN.

This press release may contain forward-looking information based on current information and expectations of the Company that involve a number of risks, uncertainties and assumptions. Among the factors that could cause the actual results to differ materially are industry conditions, prices of crude oil and natural gas, the Company's ability to obtain and the timing of new projects, and changes in competitive factors. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual outcomes could vary materially from those indicated.

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