

PRESS RELEASE



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PGN's Role in the Fulfillment of Natural Gas for Industries

(Jakarta, May, 20th, 2009) The Minister of Industry held a breakfast meeting entitled "Natural Gas Fulfillment for Industries" on Wednesday, May 20, 2009 at the Garuda Room, 2nd Floor, Ministry of Industry Building. The meeting was hosted by the Director General of Agricultural and Chemical Industries, and attended by Government Senior Officials including the State Minister for State Owned Enterprise, Sofyan Djalil, the Director General of Oil and Gas, Evita Legowo, Chairman of BP Migas, Priyono and representatives from industries associations. PT Perusahaan Gas Negara (Persero) Tbk and PT Pertamina were invited to represent the supplier of natural gas.

In the occasion, the Minister of Industry presented the 2009 natural gas requirement for industry which amounted to 1,863 MMSCFD and this will increase to 2,585 MMSCFD by 2015, inline with the development and growth of domestic industries. He also presented a number of concerns raised by the industries, mainly regarding the certainty and availability of natural gas supplies.

Commenting on the presentation, the Director General of Oil and Gas and the Chairman of BP Migas elaborated the efforts taken to fulfill the natural gas demands for domestic industries. This included the effort to explore non-conventional sources, such as Coal-Bed Methane which has shown promising initial results. On the matter of the selling price of natural gas, which comprises US\$ component, the Director General of Oil and Gas and the Chairman of BP Migas, explained that it related to the price set at the gas source and the large amount of investment required denominated in US\$.

PGN, which was represented by the Division Head of Marketing, Hendi Kusnadi, presented various efforts taken by PGN to increase the delivery of natural gas. The results are reflected in the 37% increase in the distribution volume to 721 MMSCFD for the first quarter of 2009 compared to volume for the same period in 2008.

The completion of the South Sumatera to West Java pipeline Project, which deliver gas from the sources in South Sumatera to the industrial area in West Java, enabled PGN to achieve this impressive result. To increase the availability of gas supply, PGN continues its efforts to secure new gas supplies and plans to

develop a LNG Receiving Terminal to obtain access to LNG supplies. PGN has solicited support from all parties to ensure that the infrastructure development and access to gas supplies can proceed successfully.

PGN has not changed the selling price of natural gas since July 2007. During the surge in the price of crude oil and other fuels, such as diesel, in mid 2008, PGN's selling price for natural gas remained the same. At the current exchange rate, the selling price of PGN natural gas is approximately Rp 2,038 per diesel equivalent liter, or very competitive when compared with other sources of energy.

PGN fully supports the effort to identify industries' demand for natural gas since this assists in the development of the national natural gas balance and the nationwide efforts to develop natural gas infrastructure and supplies.

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