

PRESS RELEASE



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PGN to Build LNG Receiving Terminal and Duri – Dumai – Medan Transmission Pipeline

(Jakarta, 16/03/2008), In order to meet the domestic gas demand, especially for the power and industrial sectors in Western and Eastern Java, and Northern Sumatra, it is necessary to build infrastructure that will link the gas sources to the gas users by both pipeline and non pipeline infrastructure and facilities.

On 6th March, 2008, the government held a meeting chaired by the Vice President of Indonesia, and attended by Minister of Energy and Mineral Resources, State Minister for State Owned Enterprises, BPMIGAS' Chairman, President Director of PGN, President Director of Pertamina and President Director of PLN, and as a result the following has been decided:

1. LNG Receiving Terminals will be built to meet the gas demand in Western and Eastern Java. Initially a consortium of PGN, PLN and Pertamina will build an LNG Receiving Terminal in Western Java. PGN has been appointed as the consortium leader for both the arranging the gas purchases from producers and construction of the LNG Receiving Terminal.

The LNG Receiving Terminal in Western Java, with a capacity of 3 million tons per year (3 MPTA) or 400 million million cubic feet per day (MMScfd) will be supplied with LNG from Total (Bontang) and BP (Tangguh). The LNG Receiving Terminal Project is scheduled for completion by the end of 2011 at the earliest.

The LNG Receiving Terminal in Eastern Java will be built later, after assessing the availability of gas supply and gas utilization priorities.

2. In order to meet the gas demand in Northern Sumatra, PGN has been directed to build the 664 km Duri-Dumai-Medan gas pipeline with a capacity of 250-300 MMScfd. The gas supply will come from well heads

(ConocoPhillips and others) in South Sumatra. The project is scheduled to start in 2009 and be completed in 2011.

According to President Director of PGN, Sutikno, the gap between gas demand and the available supplies in those three regions is huge. The demand of the industrial sector in West Java at present is 1,112 MMScfd, while the available gas supply is only 731 MMScfd. In East Java, the gas demand is 400 MMScfd while the available supply is only 170 MMScfd, and the gas demand in North Sumatra is 169 MMScfd while the available supply is only 15 MMScfd.

For this reason, Sutikno said that building of the gas infrastructure as stated above is very important to accelerate the growth of the real sector. As a state owned enterprise in gas transmission and distribution, PGN is ready to carry out the program set out by the government. PGN has been carrying out land acquisition planning, AMDAL study, and engineering studies over the last two years as preparation activities. It is expected that the realization of LNG Receiving Terminal will happen as soon as possible, for the project is to be conducted by the consortium of Pertamina and PLN and PGN, three experienced state owned enterprises.

PGN is presently formulating cooperation strategies and action plans for the project, including an inventory of all activities carried out previously by PGN and PLN, said Enik Indriastuti on behalf of PGN's Corporate Secretary.

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Corporate Secretary

Enik Indriastuti