

Medco teams up with Pusri in acquiring ExxonMobil's Arun assets

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Indonesian-listed oil and gas company PT Medco Energi Internasional Tbk teams up with fertilizer plant PT Pupuk Sriwijaya (Pusri) in South Sumatera in acquiring assets of ExxonMobil Indonesia in Block B Arun, North Sumatera Offshore fields and ownership in PT Arun Natural Gas Liquefaction (Arun NGL) in Naggroe Aceh Darussalam.

“Commercial assessment of the bidding is still on going. Medco is partnering with PT Pusri in this deal. Hopefully, the partnership will help the development of industries in Aceh,” Lukman Mahfoedz, President Director of Medco Energi, told Petromindo.com.

Lukman said Pusri intends to hold 25 percent interest in the consortium. If the consortium won the assets, both will jointly market the gas from the former ExxonMobil gas fields.

“There will be a good synergy between Medco as gas producers with gas buyers such as fertilizer plants and industries. We hope the government will support this synergy,” Lukman said.

The goal of Medco is to develop Block A, replicating the success of Block B development. Block A, however, is lacking processing facilities. “Block A offers untapped resources that have not been explored. Based on seismic survey, its potentials could be as big as Arun field,” Medco Energi President Director, Hilmi Panigoro, said earlier.

Medco is competing with other bidders, state oil and gas company PT Pertamina, PT Intera Arun Energi which is jointly bidding the assets with PT Ratu Prabu Energy Tbk, and PT Energi Mega Persada Tbk (EMP), a member of Bakrie group of companies.

Exxon’s oil, gas operations in North Aceh has been exporting gas since 1978 in the form of LNG that was processed at Arun NGL. Exxon has also been supplying gas to local fertilizer plant. It decided to sell the assets after productions have consistently declined due to depletion of reserves.

At its peak in 1994, the Arun Field produced about 3.4 BCFD of gas and about 130,000 barrels of condensate per day (1989).