“Pressespiegel: Mining in the South Pacific“
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Abbreviations:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PNG: Papua New Guinea

Landowners shut down ExxonMobile camp **Post-Courier 29.10.2009**

By MOHAMMAD BASHIR

Maraga is a young man from Papa village but he was not able to explain why they called the village Frog Camp. He pointed to the hill overlooking Frog Camp and said that place has also been named Condom Hill because there is always heaps of used condoms lying about there. Frog Camp was tense all day yesterday. At about 9am, about 200 villagers from Boera, Porebada, Rearea and Papa converged to the ExxonMobil camp and shut it. ExxonMobil executives were locked inside the gate as villagers demanded to speak to them. About four police units and contract security were called in to man the camp.

WHILE ExxonMobil executives refused to speak to the land owners, they conveyed through policemen to get the locals to put their grievances on paper for them to consider.Frustrated by the refusal, the locals blocked the gate into the camp with rocks, logs and any other heavy scrapmetal they could lay their hands on. The landowners led by Papa village chief Nao Nao demanded to speak to the executives but would not be allowed by the police. Women, children and men of all ages walked around the perimeter fence and shouted in to address them. The villagers braved the scotching heat and demanded to know why Laba Holdings was recognised as the umbrella company.

Successive speakers in the crowd shouted into the camp saying, Laba Holdings did not represent the genuine landowners of the former portion 152, which is now 2456, 2457 which was originally an agriculture lease and 2458 which is under water.Mary Cedrick of Papa village collected rocks in the bushes and heaped them across the road. “You are not coming out. You can stay in that camp and die if you can,” she shouted. Spokesman Arthur Joseph Baeau, who is the chairman of Vanemata Incorporated Land Group (ILG) which is the biggest landowning group of the plant site, said he was not afraid to send ExxonMobil out. “I have chased the Chinese out of here and I will not hesitate to do the same to you,” he shouted from a loudhailer, referring to the defunct Lealea salt factory project. Young Madam Mea walked several kilometres to Frog Camp to join her folks to protest against ExxonMobil.

The landowners demanded that the contract with Laba Holdings be reviewed as it did not represent the rightful landowners of the plant site. They said former politician Sir Moi Avei who was from Boera village was behind Laba Holdings and was using his connections to get ExxonMobil to recognise it as umbrella company. “We know there is a conspiracy between the developers and Sir Moi because all the executives of Laba are his relatives and connections,” Mr Baeau said. The villagers brought in food and utensils to the camp site and vowed to camp there until ExxonMobil listened to them and addressed their concerns.

PNG COULD BECOME MAJOR NATURAL GAS HUB

Demand for cleaner energy rapidly increasing

PORT MORESBY, Papua New Guinea (The National, Oct. 28, 2009) - PNG is strategically positioned to benefit tremendously from the discoveries of liquefied natural gas as the demand for clean energy increases the world over, according to Petroleum and Energy Minister William Duma. Opening the 2009 annual PNG Chamber of Mines and Petroleum seminar in Port Moresby yesterday, Mr. Duma said not only was PNG perfectly located in the Asia-Pacific region to be a major supplier, it met all the requirements of becoming "a principal supplier". "PNG is perfectly located in what I believe will become a new LNG hub, supplying the products to the Asia-Pacific region. "While the meltdown was happening around the world, our country continued to grow, and we are now at the stage where we are about to enter the biggest and most rapid growth phases that we have ever experienced," Duma told his international audience.

He also told his audience that recent statistics had revealed that there was a growing demand for LNG throughout Asia and the world, forcing the LNG trade to become more competitive and market driven. He said a recent estimate calculated that more than US$250 billion of new investment, in all parts of the LNG chain, would be required to meet demand until 2030. This included more than US$67 billion to be spent during the period 2006 to 2010. He said it was also widely predicted that global LNG trade would grow by at least 10 percent to 15 percent over the next few years. Duma said in PNG, the ExxonMobil-led PNG proposed facility, which, based on figures recently released, indicated a project value of US$15 billion and was expected to supply first gas in late 2013 or early 2014.

The company is expected to make a financial investment decision on Dec. 8 and the project is targeting a 6.6 million metric ton per annum supply. This project would be for an initial LNG two-train facility, which may increase to three-train over time. The second project, he said, was the InterOil joint venture which would operate through Liquid Niugini Gas limited. Duma said this project was going through a checklist with LNG ironing out the various elements of the contract agreement. "Nothing would please us more than to see the first LNG project in PNG up and running because these investments transform nations.

"These investments provide opportunities for countries to advance, for living standards to improve and for value to be added to gas resources that, otherwise, would have remained in the ground with little benefit to anyone," he said. "Things are becoming very exciting as we move closer and closer towards finalizing all things necessary to enable ExxonMobil and its partners to make their final investment decision early December. "The PNG Government supports this nation-transforming project, and I remain confident that we will complete this process on time," Duma said.

Hundreds of Freeport workers go on strike to lament shootings

Markus Makur , The Jakarta Post , Timika | Tue, 10/27/2009 12:51 PM | The Archipelago

Hundreds of employees at PT Freeport Indonesia refused to resume work Monday in protest at the deteriorating security situation on road from Timika to Tembagapura in Papua. The strike follows a spate of shootings by unknown gunmen on Freeport convoys along the road. The employees, along with their wives, walked from the Gorong-Gorong bus terminal to the Mimika Legislative Council building to demand the company, police and the government to solve the security problem.

The women carried banners expressing their concerns about the safety of their husbands, and to urge the authorities to immediately address the issue. The Freeport employees said they would not resume work at the company's giant Grasberg gold and copper mine in Tembagapura unless their demands for a guarantee of safety were met. "We can't go back to work because our safety is not guaranteed yet," said workers' representative Bosko Magai.

Elisabeth Rumere, coordinator of the employees' wives' and children's forum, urged the Freeport management not to cut the striking workers' salaries. Mimika Legislative Council speaker Yopi Kilangin also echoed the call for leniency and understanding for the striking workers. He said police and Freeport security guards should ensure the safety of their employees. Yopi also called on the community to provide information on the gunmen shooting at company buses. "Whoever is carrying out these crimes should be arrested as soon as possible," he said.

Dozens of police officers stood guard outside the legislature and asked the crowd to wait for the hearing with the councilors, which has been scheduled to take place at 2 p.m. local time. Deputy Mimika Police chief Comr. Jeremias Rontini said the rally was illegal, as the workers had failed to notify the police 24 hours beforehand. In the end, though, the police did not disperse the crowd.

Separately, Papua Police announced they had met with rebel leader Kelly Kwalik in connection with the series of armed attacks targeting US-based gold miner Freeport in Mimika. Papua Police chief Insp. Gen. F.X. Bagus Ekodanto told Antara on Monday the encounter took place earlier this month at an undisclosed location. He added the police were represented by officers from the counterterrorism squad. "*The meeting* was held in the vicinity of Timika, but the place and the officers present cannot be publicly disclosed," he said, adding the encounter was legitimate. During the talks, Kelly claimed he was not responsible for the attacks that have killed four people and injured dozens of others since they first began on July 11. Bagus denied allegations the police had set up the talk to justify their findings that local people were behind the violence. At least seven Mimika residents face trial in Jayapura for the attacks.

PNG GAS PROJECT DRIVES FOREIGN INVESTMENT SURGE

Economic stability credited for increased interest

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Oct. 27, 2009) - The booming business prospects of the multi-billion kina PNG LNG project has triggered an unprecedented level of interest from foreign investors.

It has prompted the Investment Promotion Authority (IPA) to take steps in harnessing its regulatory framework for a smooth flow of foreign direct investments into the country.

Its immediate challenge has increased facilitation and regulation activities coming on stream as a result of increased business activities from major foreign direct investments.

Investment statistics obtained from the IPA's Certification Database show that there has been an increase in the investment activities in 2008 over 2007.

Of the various types of approvals in 2008, certification approvals were the highest with those investors also showing interest in the resource and other economic sectors.

PNG's economy since 2003 has been continuously experiencing positive growth rates which have had direct impact on the investment growth and business boom.

Domestic investment has been strengthened by favorable world commodity prices and investment incentives offered by the Government.

The sectors that have attracted investors include, new mines, LNG, bio-fuel in agribusiness, downstream value-added products in forestry and fisheries and broad based manufacturing products for domestic and international markets. A total of 339 new investors have been approved in 2008 and have ventured into the country to conduct business in various sectors of the economy.

This figure compared to 2007 has seen an increase of 135 new investors which is substantial due to the interest triggered in the booming sectors of the economy. Over the last six years (2003 to 2008), a total of 1,433 investors from all over the world have come to PNG to conduct business.

Managing director of IPA Ivan Pomaleu said the increase in the number of investor approvals was a clear indication of the booming investment climate with favorable investment incentives established as a result of the stability instilled within the economy.

He said with growth came opportunities, challenges and with the boom in business activities, Papua New Guineans were faced with substantial spin off benefits.

While the boom is good news for the economy, the IPA believes the government needed to be aware of the negative consequences of the boom and be prepared to reallocate resources to other sectors.

Papua New Guinea Post-Courier: www.postcourier.com.pg/

FUEL SPILL AT NEW CALEDONIA NICKEL PLANT 'MINOR'
Goro plant leaks 2,0 liters of diesel fuel

WELLINGTON, New Zealand (Radio New Zealand International, October 26, 2009) –

The operator of New Caledonia's Goro nickel plant, Vale-Inco, says last week's diesel spill at a power unit near its main site caused only minor pollution.

The territory's daily newspaper says an equipment malfunction saw 2,000 litres of fuel leak out but it was contained in a retention area apart from some 50 litres that flowed onto the ground.

The company says the incident, which has had no impact on the flora and fauna, was immediately reported to the authorities.

In April, there was a serious acid leak at the plant which caused concern over the enterprise's impact on the environment.

The Goro plant, which is to start nickel production next year, is next to a lagoon that has been declared a UNESCO World Heritage Site.

Radio New Zealand International: www.rnzi.com

OTML in trial project **Post-Courier 23.10.2009**

MINING giant Ok Tedi Mining Limited has partnered with Mineral Resources Authority (MRA), the PNG Sustainable Development Program Limited (PNGSDPL), the Fly River Provincial Government and local communities to start an alluvial small scale mining pilot program in Western Province. The program will be trialed in the North Fly district, the area where the giant Ok Tedi mine and the Ok Tedi river are located, before it is rolled out to other parts of the country. It is expected the project will start after various studies are completed.

Kutubu leaders bashed in courthouse **National 22.10.2009**

TWO Kutubu leaders were bashed allegedly by rival landowners in the precincts of the National and Supreme courthouse in Waigani yesterday. The two leaders, Sese Vege and Asi Ibusubu, of the Foe tribe, had flown in from their village and gone to court to stop any development funds (memorandum of agreement and special support grant funds) being paid to a group led by former Southern Highlands governor Hami Yawari. The duo maintained that Mr Yawari was no longer in charge of the Foe Resources Association, and could not lay claim to any funds paid on orders by the court. But Mr Vege and Mr Ibusubu were beaten up by angry tribesmen armed with knives and stones at the Waigani courthouse. Mr Yawari had gone to court seeking outstanding payments of MoA and SSG funds, which the court had already given directions for the State to settle.

The State through the Department of Petroleum and Energy was in court again yesterday, where the court directed that outstanding funds be paid before any development forum in Kutubu.Angry Kutubu landowners and hangers-on, who were aligned with Mr Yawari, attacked the two men. Police and security personnel had to be called in to restore order. Mr Yawari said after the melee that the landowners supported his move to seek outstanding MoA and SSG funds before the development forum took place. "Why do you want to disturb? "

There will be no forum in Kutubu until all outstanding monies are paid," Mr Yawari said. "These two people are trying to stop that and the people are calling murder. "The Government must pay instead of using divide and rule game against its own people." Mr Yawari said he was happy that the court had realised the aspirations of long suffering landowners and had directed that they be paid. The court yesterday said that the State should pay outstanding funds because the gas project was important and landowners must be happy.

LNG relationship good Post-Courier 21.10.2009

By eric tapakau

THE PNG LNG Project is the single largest investment that the country could not afford to lose and all stakeholders including the joint venture partners, the State and the landowners are working together to ensure first gas is delivered on schedule. Petroleum and Energy Minister William Duma said the relationship between himself and operator ExxonMobil was good and he was "not at odds" with the company over the National Content Plan for the PNG LNG Project. He said the report in the other daily yesterday was misleading as it implied that there was a rift between ExxonMobil and the Government.

He said since signing the gas agreement in May last year, ExxonMobil became an important partner of PNG as it would develop the vast gas resources of the country when the country had no big companies that would develop these resources. "We signed the gas agreement with ExxonMobil and we will cooperate with ExxonMobil," Mr Duma said. He said ExxonMobil gave a working National Content Plan to the State which the Department of Petroleum and Energy had a look at, reviewed it and made comments which ExxonMobil would have to amend and present back to the State.

The National Content Plan is basically a list of contracts that ExxonMobil as operator would either engage local contractors or overseas contractors depending on the magnitude of the jobs. "The Department of Petroleum and Energy has commented on the contents and scope of the NCP and conveyed its views to ExxonMobil and we are awaiting further steps ExxonMobil may wish to take including the lodging of the final National Content Plan," Minister Duma said. "It is therefore not true to suggest that there is no National Content Plan." He said: "As minister responsible, I support the programs and initiatives taken by ExxonMobil in relation to developing the NCP which will ensure that local businesses meaningfully participate all levels."

Govt blamed for problem Post-Courier 23.10.2009

SOUTHERN Highlands MP, Francis Awesa (Imbongu) has laid the blame for the current tense and confrontational situation over the LNG project on ministerial and bureaucratic incompetency.
He claimed yesterday that the real landowners of the project areas have not yet been identified, causing continued frustrations.
Mr Awesa said this at a news conference called by the Opposition singling out Petroleum Minister William Duma and asking him to get his department to quickly solve the escalating tensions.
Mr Awesa said while the assault of an ExxonMobil executive and bashing up of innocent people was "regrettable", it occurred under mishandled circumstances.
He said ExxonMobil was trying its best to operate in a business environment "but the problem is with the minister and the bureaucracy because they were not doing their job."

PNG MINISTER PAYS CLAN LANDOWNERS $786,000
First installment on $16.5 million promised for gas project

PORT MORESBY, Papua New Guinea (PNG Post-Courier, October 22, 2009) – Petroleum and Energy Minister William Duma made a commitment of K42 million [US$16.5 million] to landowners of which he has met K2 million [US$786, 000] .

Mr. Duma said he would meet his commitment through disbursement of business development grants and seed capital for the landowners to start up their own companies.

Under this commitment the Department of Petroleum and Energy paid K2 million to the Pina clan landowners from the Hides gas project area.

The group thanked the Minister for standing up to his commitment while stressing that the money would be used to meet the welfare of the people in the village and meet school fees for their kids.

Duma on August 20 made the commitment of K42 million to the Pina Clan landowners.

"This money is our benefit which we have not received for the last 18 years since the Hides gas project started," Councillor and Pina clan leader Peter Pureni said.

"We have been pursuing these funds for the last 17 years and we thank the Government for making the payment after some intense negotiations."

Mr. Pureni said that the multibillion-kina PNG LNG project was under way.

He said they needed the funds to get involved in spin-off businesses, start companies and get themselves organised to participate and benefit from the big project.

In a letter dated August 20, Mr Duma made a commitment of K42 million to the Pina clan landowners.

This money included MoA funds, land compensation and business development grants.

Papua New Guinea Post-Courier: www.postcourier.com.pg/

CLEANUP BEGINS AT DEFUNCT SOLOMONS MINE
Aussie owner plans to reopen Gold Ridge Mine

HONIARA, Solomon Islands (Solomon Star, October 21, 2009) – The first step towards the redevelopment of Gold Ridge Mine is underway, with Gold Ridge Mining Limited (GRML) beginning its programme to dewater the site's tailings storage facility.

This facility has been slowly filling with rainwater run-off since the mine closed in June, 2000, and must be released before operations resume, enabling the facility to once again store the tailings produced during ore processing.

[*PIR editor's note: The Gold Ridge Mine, closed since political instability and lawlessness reached a peak in 2000, is located on the island of Guadalcanal.*]

GRML has committed to achieving stringent water quality guidelines and process control standards and the program has been fully approved by the Solomon Islands Government and its independent consultants Knight Piesold.

Australian Solomons Gold Limited CEO David Roach said the Solomon Islands Mines Department recently toured the site to ensure that all conditions and associated guidelines were met.

The dewatering process involves treatment of the stored water to drinking water standards of purity and then pumping the treated water through a pipeline into the Tinahulu River.

"The pipeline has been completed, while construction of the water treatment plant is well advanced and an independent Environmental Auditor has been appointed," Mr. Roach said.

He said the first round of awareness programs with landowners and downstream communities has already occurred, with another program planned for the next few weeks.

"Solomon Islands Government representatives have been invited to observe and monitor the dewatering program," he said.

The process will begin with the commissioning of the water treatment plant, scheduled for October 25.

"Pumping will occur a few days later once all of the quality guidelines for the discharged water are satisfied," Roach said.

"Due to the volumes of water currently stored in the facility, the pumping program will likely continue for six to seven months."

Solomon Star: http://www.solomonstarnews.com/

Alluvial gold mining starts soon in Western National 21.10.2009

A PILOT small-scale alluvial gold mining project will soon begin in Western province to prop the local economy even after the closure of Ok Tedi Mining Ltd (OTML) some time in 2013. This project is being made possible through the OTML's partnership with the PNG Sustainable Development Program Ltd (PNGSDP), the Fly River provincial government and local communities in the mining camp's vicinity. The programme will be trialled in the North Fly district, the area where the giant Ok Tedi mine and the Ok Tedi river are located, before it is rolled out to other parts of the country. It is expected the project would start after various studies have been completed.
OTML managing director Alan Breen said OTML supported the pilot project because it could sustain the people's economic livelihood after the mine closed in 2013.

Mr Breen spoke at a meeting organised by MRA in Tabubil last week to discuss the pilot programme. "Small scale mining along the Ok Tedi river is something that will continue for many years after the mine closes, bringing opportunities to landowners and the people of the North Fly region," he said. However, Mr Breen pointed out that while small-scale mining could be economically viable, it could create problems if unregulated. He said over the years, illegal settlers migrated into Tabubil from other parts of the country to pan for gold in the Ok Tedi River, consequently causing a population boom in Tabubil and putting a lot of stress on services provided by the mining company.

He added that a regulated small-scale alluvial gold mining programme would help bring some improved management of the developing health, safety and social issues relating to illegal gold panning can be effectively managed. MRA executive manager for regulatory operations Nicholas Powrie said the aim of the programme was to support the economic livelihood of the local people.

While thanking OTML for its support, Mr Powrie said with the mine expected to close in 2013, it was critical that the programme be implemented as an alternate income-generating activity for the people. “This is a critical part (alluvial small scale mining programme) of the closure process and we don’t want to see the people losing their livelihood and we don’t want to see the people having a cut in their standard of living. “We know that Ok Tedi has had a huge benefit to the communities here and all over PNG,” he said. “We want to make this (mine closure) a positive outcome and not just a dead end. “This is part of the realisation that Ok Tedi will shut, so we are putting in place a programme to support the communities and give them an alternative means of income,” Mr Powrie said.

Final investment decision on Dec 8

Source: BARNABAS ORERE PONDROS National 21.10.2009

PNG LNG gas project developer ExxonMobil is firm on making a final investment decision come Dec 8, and says it will discuss landowner issues that have erupted in the last few days in Port Moresby with groups from the Southern Highlands province. The firm’s land and community affairs officials will meet with key representatives from the Juha and Angore landowner groups later this week. The aim was take the discussion forward and resolve the issues, ExxonMobil said.

On Monday, and last Friday, more than 500 disgruntled landowners believed to be from Juha, Angore, Komo and Hides 4 gas fields in Tari, Southern Highlands province, converged on the ExxonMobil office in downtown Port Moresby. They swamped the Credit Corporation building that houses the giant American company’s office, demanding an explanation over a recent “service agreement” signed between ExxonMobil subsidiary Esso Highlands Ltd and Hides Gas Development Corporation (HGDC).

ExxonMobil told The National yesterday afternoon that these issues would be best discussed in the Southern Highlands and not in Port Moresby, with all landowners at the community level. “It is appropriate that this consultation and decision-making process is conducted at village level, and not in Port Moresby, to ensure decisions represent the views of the community,” Stuart Symons, senior public and Government affairs adviser for PNG LNG, said.
He said the project was not under threat and remained “on track to make a final investment decision before the end of 2009”.

Mr Symons also said ExxonMobil strived to ensure its undertakings were done “according to the principles of inclusive, proper representation of landowners throughout the project-impacted area”. He said HGDC “is the umbrella company representing the Juha, Hides, PDL 1, PDL 2, Angore, Komo Airstrip and Penaria pipeline landowners in Western and Southern Highlands provinces”.

OK Tedi to laugh should price go up Post-Courier 21.10.2009

By eric tapakau

WORLD class copper and gold miner Ok Tedi Mining Limited will be laughing to the banks if the price of gold keeps on the upward trend. The company based in the Western Province produced 600,000 ounces of gold last year which contributed up to K1 billion or 30 per cent of the miner’s revenue for the year. Corporate communications manager Jane Mills said yesterday that Gold accounts for around 30% of OTML net revenue annually at current gold and copper prices. “A higher gold price adds value to our product but because of the weaker US dollar, and as most of Ok Tedi’s costs are in kina or Australian dollars, the value from the increase in gold price is offset by the higher operating costs resulting from the unfavourable exchange rate," Ms Mills said. "We have been experiencing drier weather which has had resulted in some delays of shipment of copper concentrates to smelters, however we expect to meet all of our shipping commitments."

Ms Mills said Ok Tedi's primary focus was on copper production however the operation continues to focus on improving production and copper/gold recoveries as part of its business improvement programme. In assessing a Mine Life Extension at Ok Tedi, she said the most important considerations would be the impact on the environment, the socio-economic impacts on mine affected communities and the volume and grade of ore processed. "Generally speaking, a higher gold price is good news for our employees, the community and the country as it will help to ensure the continued life of our business," he said.

More compensation claim for DPE Post-Courier 21.10.2009

By MOHAMMAD BASHIR

The Department of Petroleum and Energy will be slammed with another massive compensation claim over the use of the land on which the Hides Gas electricity plant sits. The Hiwa Koma tribe have resolved to pursue the claim saying they have been complacent long enough, resulting in the DPE paying K2 million of a K42 million compensation to the Pina clan which was a settler group of people. "While they have user rights, they do not own the land and DPE must compensate us accordingly for the use of the land," Hiwa Koma Peoples Association Chairman Andagali Kurubugo and Chief Taiya Polomogo said yesterday.

The Hiwa Koma tribe hold customary title over the disputed Kalube Tangi power plant site while the Pina clan have 'user rights', according to a 'permanent court order' issued by the Port Moresby district court on May 19 1999 which also declared Hiwa Koma tribe's ownership rights. The Lands Title Commission Order dated March 9 1999 whereby The J. Amet sitting as Special Lands Titles Commissioner also declared that Hiwa Koma owned all customary rights over the land referred to as portion 168cMilinch of Karius, Fourmil of Wabag, Cat 10/373 known as Kalubu Tangi.

By a consensus between Pina clan and the Hiwa Koma clan through a statuary declaration on April 19 1996, executed in the presence of then Member for Koroba Lake Kopiago Herowa Hagiwa also stated that all customary land rights were owned by Hiwa Koma clan. Acting Regional Lands Officer based in Mendi, John Salaiau wrote to the Lands Secretary on July 30 1998 acknowledging that Hiwa Koma was the traditional landowners. As a result of that, a subsequent payment of K33,560.20 was paid to the Hiwa Koma tribe for both land and improvements.

Landowners attack Post-Courier 21.10.2009

By Pearson Kolo

An ExxonMobil executive was brutally bashed up by angry landowners from Southern Highlands as the argument over the Services Outline Agreement (SOA) turned nasty yesterday in Port Moresby. The business development officer Noel Wright was brutally beaten by landowners and this attack could derail further progress on the PNG LNg project. Mr Wright was admitted to a private hospital for treatment after he was severely punched on the face then kicked and stepped on while he was on the pavement in front of a hotel in Port Moresby. The landowners, all from project areas in the Southern Highlands Province, picked him up and tried to haul him into a waiting vehicle but police stopped them. The violent attack on Mr Wright was witnessed by Post-Courier.

The attack was believed to be related to the tense confrontations with landowners and ExxonMobil executives over the signing of a SOA with Hides Gas Development Corporation Ltd, a landowner company last week. The Landowners, about 50 of them from Angore, Juha, Hides 4 and several other project areas confronted Mr Wright in front of the hotel and asked him to review the SOA agreement but he said the decision was already made. The response sparked off the attack on him. “All we wanted was for ExxonMobil and its subsidiary company ESCO Highlands to review the SOA agreement signed with HGDC and sign it again with a company that will be endorsed by the landowners,” landowner leaders, Eric Ayule, Chris Payabe, Hangebe Haluya said.

“We are saying this because HGDC is not recognised and endorsed by all the landowners of the LNG project areas.” The leaders said ExxonMobil was killing the project by signing secret agreements in Port Moresby with certain individuals without consulting the affected landowners. They said the Government and landowners were on the ground at the project sites while ExxonMobil was making deals with landowners in Port Moresby. They said the landowners of Hides 4, Angore, Juha and Komo have not identified their umbrella company yet.

LNG under threat Post-Courier 20.10.2009

By Pearson Kolo

MORE than 200 angry landowners from Southern Highlands fronted up at the ExxonMobil head office in Port Moresby last Friday and smashed glasses and ordered executives to address them. And yesterday truck loads of landowners swarmed the Credit Corporation building again and ordered ExxonMobil executives l, developer of the PNG LNG project to address them. Landowners warned ExxonMobil executives that they were creating another crisis in PNG, worse than the Bougainville crisis. The landowners also ordered the ExxonMobil executives to give back the Benefit Sharing Agreement agreements signed in Kokopo so that they would burn them. All these tensions started after the landowners discovered that ESCO Highlands, a subsidiary of ExxonMobil, had signed the service outline agreement (SOA) with a landowner company.

But the landowners said they did not know the existence of the company concerned, namely Hides Gas Development Corporation. “We do not know who owns this company, who are the shareholders and who are the executives,” landowner leaders Thomas Kamu from Angore Oil and Gas Limited, Eric Ayule from Hides 4 and Stanley Hogga from Juha jointly told the executives. “We the landowners will come together and appoint our own umbrella company and take it to the developer.” The leaders said it was suspicious for ExxonMobil to secretly sign agreements with certain landowner companies without the knowledge of the affected landowners.

“We want this SOA agreement thrown out and a new one signed for the benefit of the landowners,” Mr Kamu said. Noel Wright, ExxonMobil’s Business Development Officer assured the landowners that he would meet with them to discuss the issue. But that meeting has not eventuated.
The landowners said Hides Development Corporation is owner by a family and it would not serve the interest of all the landowners. The landowners assured that they would protest in front of the ExxonMobil office until a new SOA agreement was signed in their favour.

Fiji investors offered LNG slots in Gulf National 19.10.2009

A DELEGATION representing the Gulf provincial administration in Papua New Guinea is offering Fiji investors a chance to be part of a F$20 million (K27.66 million) development project after discovering the positive potential of natural gas reserves. The multi-million dollar development plans for the province include a deep sea port, liquefied natural gas power plants, petroleum processing plants, an international airport, real estate, shipping and industrial city concepts.

Gulf province Governor Havila Kavo said an assessment of the province last month revealed its potential to become a major LNG producer. "The LNG will produce between 15 trillion cubic feet and more than 50 trillion cubic feet of gas, making it the biggest in the southern hemisphere," he said. He added that one oil field could generate 400 million cubic feet of gas per day and 5,000 barrels of condensate. "Several companies have been doing exploration work in the country for more than 10 years and they've joined our project to turn Gulf province into a hub.

"We already have gas ready to be piped down to the coastline and the work is in its final stages. "I have travelled outside PNG to source keen investors for some of the major infrastructure developments that I want to put in place first," he said. Mr Kavo said the tourism and hospitality industry in Fiji was the ideal model for development in his province. He said even though Fiji had gone through tough economic times, there was still money in the country that could be invested to bring back more returns. "If the hospitality service is interested in setting up a hotel in my province, then there will be an influx of people and money will be there," he said. "There is still money and business opportunities and I'd rather give the invitation to my Melanesian brothers in Fiji first before extending it to other investors ." The development projects are expected to generate employment opportunities for more than 20,000 people. Gulf province is located on the southern coast. The province is dominated by mountains, lowland river deltas, and grassland flood plains. The Kikori, Turama, Purari and Vaiala rivers all meet the sea known as the Papuan Gulf. – www.fijitimes.com

Gas landowners protest against `exclusion´

Source: ANDREW ALPHONSE National 19.10.2009

ANGRY landowners of the Hides and Angore gas fields in Tari, Southern Highlands province, last week staged peaceful protests at two separate sites along the Tari to Hides access road. The landowners from the Eliminated Resources Owners Association (EROA) and Hides Resources Owners Association (HROA) staged the two separate sit-in protests on the road last Thursday at Manapa and Hapono villages in the Hayapuga LLG area. They gave the State, through the Department of Petroleum and Energy (DPE) and PNG LNG developer ExxonMobil, until this Thursday to respond favourably to some of their demands before the developer and the State proceed with the licence-based benefits sharing forums (LBBS) that get underway this week. The landowners said if the developer and the State failed to address their grievances, they would force the closure of the Hides access road.

Since the protest last Thursday, all vehicles belonging to resource developers Oil Search Ltd (OSL), ExxonMobil, Porgera Joint Venture (PJV) and other landowner companies were barred from entering and leaving Hides gas field. When The National visited Manapa village last Thursday afternoon, EROA men, women and children had dug up the road as they braved the afternoon downpour and sat with huge banners across the road. Their spokesman, Ezekiel Togola, presented deputy Tari district administrator James Herepa their notice paper dated Oct 13, 2009. It was addressed to Petroleum and Energy Minister William Duma with copies to National Planning, Finance and Treasury, local Hela MPs, OSL, PJV, ExxonMobil and police.

Mr Togola said their protest was over the exclusion of five of their council wards of Telabo 1 and 2, Hiwanda, Yumu, Linapini and Akau-Wayaka in Hayapuga LLG in Angore Petroleum Retention Licence (PRL) 11 border map. He said according to the mapping issued on June 12 last year for the Angore PRL 11 structure, they were included and allocated block 1643 but in the new proposed PDL boundary for Angore dated Jan 23 this year, they were omitted. He said instead, DPE and ExxonMobil had seen fit to include and recognise Pureni block 1642 in South Koroba and Dauli block in Hulia LLG areas which are located kilometres away from Angore field as beneficiaries with respective block numbers. Mr Togola said that their wards were located only a few kilometres away from Angore gas field and they were surprised and angry as their block 1643 had not been included in the latest PRL 11 boundaries. Mr Togola warned that OSL, ExxonMobil and DPE must be prepared to fly over and not trespass their territory if they did not respond to their demand.

Japan becomes PNG's No.1 friend
K11b LNG deal!

By ERIC TAPAKAU Post-Courier 19.10.2009

Japan has now become Papua New Guinea's number one friend after a funding agreement sealed last week. The funding placed Japan Bank of International Cooperation as the single largest financier with $US3 billion (K11 billion) of the State's equity in the PNG LNG project. MANAGING director Kohei Naka-nishi gave a "thumbs up" for new developments on the part of the national Government through its agencies like the Department of Petroleum and Energy to ensure that the project was on schedule and was supported by all stakeholders including the State.
Oil Search Limited managing director Peter Botten described the funding by the bank as "the single largest financier of the project and a long term partner in the development of the country". State Enterprises Minister Arthur Somare said the agreement between the State and JBIC marked a "new prosperity of the country". "In the wake of the PNG LNG project the potential for increased investment flows will provide major opportunities for improved agricultural productivity and other value-adding investments that can, and will, contribute to higher levels of prosperity throughout rural PNG," Mr Somare said. "These private sector investments are crucial to the ability of this country to generate tens of thousands of jobs needed every year to improve employment prospects and living standards."

Agreements to maximise landowner participation National 16.10.2009

AN important step towards maximising landowner participation in the multi-billion kina PNG LNG project was concluded yesterday with the signing of agreements between two landowner firms and the operator in Port Moresby. The Service Outline Agreements (SOAs) set out the commercial terms under which the project's engineering, procurement and construction (EPC) contractors will engage landowner companies to provide services. The signing of the SOA was between the PNG LNG project and two landowner companies – Hides Gas Development Company Ltd and Laba Holdings Ltd.

Signatories to the SOAs are the landowner firms, Esso Highlands Limited, an ExxonMobil Corporation subsidiary, and PNG LNG project operator, on behalf of the project partners which include the PNG Government. These SOAs document the terms and pricing structure under which each landowner company and the PNG LNG project agree to do business during the next five years.
The agreements cover the services, such as labour, equipment hire, catering and freight, which each landowner company can perform in their respective geographic location.

Hides Gas Development Corporation is the umbrella company representing the Juha, Hides, PDL 1, PDL 2, Angore, Komo Airstrip and Penaria Pipeline landowners in Western and Southern Highlands provinces. Laba Holdings Ltd represents the villages of Papa, Boera, Lea Lea and Porebada near the LNG plant site near Port Moresby. “These service agreements are an important step towards landowner companies securing business opportunities with the PNG LNG project,” Peter Graham, managing director of Esso Highlands Limited, said. “The agreements set out the commercial terms with which the project’s EPC contractors will engage landowner companies to provide services,” he said.

There was a positive, cooperative atmosphere among the landowners and the PNG LNG project representatives at the signing that took place at Esso Highlands Limited’s office in Port Moresby. Representatives from both landowner companies spoke of the importance of the PNG LNG project moving forward. The project has now completed eight of 11 such agreements planned. Eight SOAs have already been signed with Gobe Freight Services, Kikori Oil Investments, Gobe Field Engineering, Kutubu Security Services, Kutubu Catering Ltd, Maka Investment Corporation Ltd, Laba Holdings Ltd, and Hides Gas Development Company. Overseas contractors have been invited to bid for five competitive EPC contracts. EPC1 is for telecommunications, EPC2 is for the offshore pipeline, EPC3 is for the LNG plant, EPC4 is for upstream facilities (including the Hides gas conditioning plant), and EPC5 is for the upstream infrastructure and onshore pipeline. Each of these contracts includes provisions for subcontracting work to landowner companies, and the PNG LNG project will work closely with the selected EPC contract firms to help them achieve this objective.

Canada´s LNG execs coming National 16.10.2009

A HIGH level delegation from LNG Energy Ltd of Canada is expected in the country later this month. Visiting will be president and chief executive Dave Afseth, vice-president operations Richard Scherer and Kenneth Jones. The three men will be in the country on a familiarisation visit and to attend the mining and petroleum seminar at Crowne Plaza hotel from Oct 27-30. Liquefied Natural Gas (LNG) Energy Ltd is an exploration company with four petroleum licences and one petroleum retention licence (PRL). Its three PPL licences, namely 320, 321 and 322 are in the North New Guinea basins and PPL 319 and PRL 13 are in Papuan basin, Kikori, in Gulf province.
LNG Energy is exploring for oil and natural gas in the country.

Govt told to organise itself Post-Courier 16.10.2009

By MOHAMMAD BASHIR

Hides Gas Development Corporation (HGDC), which signed a service outline agreement with Esso Highlands yesterday, wants the Government to align itself to speed up the licence based development forum. HGDC chairman Libe Parindali said every one involved in the lead up to the signing deserved credit and called on all stakeholders to do likewise to deliver the LBSA in three weeks. “Government departments such as Finance, Planning, Petroleum and Energy, and IPBC appear to be working in isolation. They need to align themselves and work cohesively,” Mr Parindali said. He particularly thanked Tengdui and Associates for preparing and ensuring the statuary require-ments were met. Mr Parindali said the Government must deliver its commitments at the Kokopo umbrella BSA forum by giving 50 per cent of business development grants to the umbrella company and the other 50 per cent to registered landowner companies.

HGDC and Laba Holdings Ltd signed the agreements with Esso Highlands which documents the terms and pricing structure under which each landowner companies and the PNG LNG project agree to do business during the next five years. The PNG LNG project has now completed eight of 11 such agreements planned. The agreements cover services such as labor, equipment hire, catering and freight, which each landowner company can perform in their respective geographic locations. HGDC is the umbrella company representing the Juha, Hides, PDL 1, PDL 2, Angore, Komo Airstrip and Penaria Pipeline landowners in Western and Southern Highlands provinces. Laba Holdings Ltd is the umbrella company representing the villages of Papa, Boera, Lea Lea and Porebada near the LNG plant site near Port Moresby.

Managing director of Esso Highlands Limited Peter Graham said: “These service agreements are an important step towards landowner companies securing business opportunities with the PNG LNG project. “The agreements set out the commercial terms with which the project’s EPC contractors will engage landowner companies to provide services.” Laba Holdings Ltd is the umbrella company formed from the four landholder companies representing the four villages of Papa, Boera, Lea Lea and Porebada near the LNG plant site near Port Moresby.They are Papa Resource Development Cy Ltd, Boera Holdings Ltd, Buria-Rearea Caution Bay Ltd and Porebada Holdings Ltd. HGDC is the umbrella company representing the Juha, Hides, PDL 1, PDL 2, Angore, Komo Airstrip and Penaria Pipeline landowners in Western and Southern Highlands provinces.

The landowner companies and shareholders of HGDC are Tuguba Development Corporation Ltd, Kewapa Development Corpo-ration Ltd, Gigira Development Corporation Ltd, JP Karai Hides Ltd, Tugu Tapira Ltd, Hides 4 Holdings Ltd, Timalia Kangulu Hahai Construction Ltd, Komo Umbrella JV Ltd, Angore Corpo-ration Ltd, Bebahoya Limited, Juha Joint Venture Ltd, Kobalu Camp Joint Venture Ltd and JV Wako Hides 1,2,3 and Hiwa Group and Tuguba Holdings Ltd. Mr Parindali hailed the signing as a vote of confidence in the leadership of the company. “The signing is a win for all our people including shareholders, directors and contractors involved in the LNG Project,” he said.

Somare warned Post-Courier 15.10.2009

STATE Enterprises Minister Arthur Somare has to live up to his words if he thinks the Government needs to stay in power, Southern Highlands landowners say. Landowner leaders from Hides, Juha, Angore, Kutubu and others, where oil and gas are produed said the current Government was making a lot of commitments which were yet to be met. They were responding to Mr Somare’s comments in the media yesterday about the NA-led government remaining in power. “We agree with Arthur Somare that the multibillion-kina PNG LNG project is the single biggest project in the country but the current Cabinet must not make empty promises,” they said.

Landowner leaders Eric Ayule and Chris Payabe lashed out at Mr Somare, Finance Minister Patrick Pruaitch, Planning Minister Paul Tiensten and Petroleum and Energy Minister William Duma in particular. “If Mr Somare wants the ruling NA-led Government to remain, he should successfully and effectively guide the PNG LNG project to progress without disturbances,” Mr Ayule said. “These four ministers publicly made the commitment of more than K120 million as seed capital or business development grants for the landowners but nothing has been released,” Mr Payabe said.

Editorial

CRIME, SLIME COME TO PNG’S SLEEPY MADANG

PNG Post-Courier

PORT MORESBY, Papua New Guinea (October 14, 2009) – There was a time when Madang was a peaceful, idyllic sleepy hollow, where time seemed to stand still. No longer. The charming tourism mecca is fast being stapled with the grimier aspects of "modernisation’’. Indeed, the coastal town is almost a microcosm of the sort of development happening in various parts of our nation. It is a form of development that appears to go in two phases: One, where the red carpet is laid out for investors of all kinds to come in with bucket loads of money to pump up our economy and create jobs, development and "spinoffs’’.

Stage two comes years down the track, when the development has become embedded and the rest of society is paying the price of such development. Old hands can look at Port Moresby before the 1970s and reflect on such rapid change. Lae has a similar pattern, changing from a sedate, well-ordered community of various ethnic groupings into a city bursting at the seams with settlements, crime and social disorder. Goroka and Mt Hagen, the two pinnacle centres of the Highlands, have fallen for similar traps. These were places that, in former decades, were portrayed as examples of good urban planning and were held up as an example for the other regional towns with aspirations to catch up.

Each of these major towns and cities have gone through boom and bust cycles of development and been left with much bigger populations, worrying unemployment, surging crime and a degraded quality of life. Now lovely Madang appears to be on that rollercoaster ride of development and decadence. How else can we explain the sort of news coming from the seaside town as an upsurge in prostitution, criminals trying to hijack the provincial police chief’s car and ethnic violence breaking out in town squatter camps.

Madang is still a lot better to live in than Port Moresby and Lae, but the warning signs are appearing. The town is now destined to be the venue of a major maritime industrial park, with the Government going to bed with Asian investors for hundreds of millions of kina investment to take advantage of the deep sea tuna industry. It is projected to produce 30,000 jobs for Papua New Guineans, directly and indirectly. We need jobs for all the masses of unemployed. We also need some assurance from our leaders that they are also doing something about quality of life for the workers, the local villagers and town residents.

Development comes at a price. Can we afford to pay the price?

Papua New Guinea Post-Courier: www.postcourier.com.pg/

Life gets better **Post-Courier 14.10.2009**

By PEARSON KOLO

A clan in the Southern Highlands Province is improving the livelihood of its people with money it got recently from the Government for the exploitation of its resources. They have sponsored some of their children to school, engaged in businesses where clan members are participating and have improved the welfare of their women and children. The Pina clan of Hides where the gas electricity plant which powers the giant Porgera gold mine and the Hides gas project itself are located, has done this with the K2 million the Government gave them. This money is part of the payment of a K42 million commitment made by the Petroleum and Energy Minister William Duma.

Pina clan leader and Komo LLG vice-president Peter Pureni said funds received as benefits from the gas and oil projects should not be misused in cities and towns. “There are real needs for services and development back in the villages where the people need them,” Cr Pureni said. “The livelihood of the people back in the villages should be improved from the benefits of the projects.” Cr Pureni said it had been more than 17 years where his people of Pina clan had not seen any huge fund benefit from the government until now and they were planning to make use of the money wisely for the benefit of the whole people. He urged the Government to meet the outstanding K40 million so that they can positively participate and benefit from the PNG LNG project. “I urge other landowner groups to use the money wisely for the benefit of their people and develop their villages back in their project areas.” Pureni added.

Four villages sign agreement **Post-Courier 13.10.2009**

By PHILBERT AISAISA

MORE than 2000 people from the four Motuan villages of Papa, Boera, Rearea and Porebada located close to the petroleum processing facility licence (PPFL) area witnessed the historical signing of the first licence based benefit sharing agreement (LBSA) last Friday. The landowners of PPFL site where the proposed multi-billion-dollar LNG plant will be built finally put pen to paper at 11:46pm last Friday, paving the way for the plant to be built and agreeing to receive benefits from the project starting 2014. The atmosphere during the signing ceremony was full of excitement as the 257 signatories were called up in order of preference to sign the agreement. Some danced, and cheered while some showed disagreement and remorse.

Petroleum and Energy Minister William Duma in his closing speech said: “This is history in the making and a milestone because for the first time coastal people from SP 2456,2457 and 2458 will benefit directly from the petroleum resources. “I applaud you for the peaceful negotiation that will now set a bench mark for the other licence areas to follow suit. “I also commend the people of Papa, Boera, Rearea and Porebada for the support you have shown in the past two weeks. It was a tiring job to negotiate but we have achieved the objective today. “The signing signals to the 6.3 million people of PNG that you have agreed to shoulder the social burden for the lifetime of the project,” he said. Mr Duma also commended the project area landowners of SHP for agreeing to share their benefits with the coastal landowners (plant site and pipeline segment). The State will now move on to the next LBSA but has not indicated which licence area.

Gulf signs contract **Post-Courier 12.10.2009**

By CALDRON LAEPA

THE Gulf Provincial Government has taken a huge step forward by signing an agreement last Thursday with its development partner Energy World Corporation to develop a sea port at Orokolo Bay. Energy World Corporation (EWC) does exploration, development and production of oil and gas, processing plants and gas pipeline. EWC handles development, design construction, operation and maintenance of power stations, of processing plants and gas pipelines. It also develops and produces liquefied natural gas (LNG) energy products. EWC‘s activities are located across Australia, Indonesia and India. Gulf Governor Haivila Kavo and EWC managing director Stuart Elliot signed the shareholders partnership agreement.

The Gulf provincial government through its business arm, Gulf Oil and Gas Company, started negotiations with EWC early this year which led to the EWC team visiting the province. Governor Kavo said with his vision of making Gulf the model province in the country, he wanted to put in infrastructure that would enable proper service and make the environment conducive for bigger projects under the LNG projects. “I believe in Gulf Province being the model province,” Kavo said. He said Gulf Province shared borders with Southern Highlands, Central, Morobe, Western, Eastern Highlands and Simbu provinces therefore it would be strategic to have a sea port in Gulf so it would better serve the provinces that share borders with Gulf. Mr Kavo said the sea port was in the first project that he wanted to get off the ground because he would create a conducive environment for other big projects such as a cement factory, LNG processing plants and other goods and services.

Landowners welcome BCL visit Post-Courier 9.10.2009

By Eric tapakau

THE Panguna Landowners Association has welcomed the invitation of Bougainville Copper Limited executive Paul Coleman into the Autonomous Region of Bougainville. Spokesman Lawrence Daveona said the visit by Mr Coleman was not only timely but long overdue. Mr Coleman visited Bougainville at the invitation of Autonomous Bougainville Government President James Tanis who wanted to bring together all stakeholders of the Panguna mine for a forum.

“As head of the Government of the people of Bougainville Mr Tanis has taken the issue of BCL head on instead of putting it on the side burner and on behalf of the PLA executive and the people of Panguna in general I have already congratulated him,” Mr Daveona said. He said the Mr Tanis should be given the support of all Bougainvilleans on the way he is approaching the issue of BCL and what had transpired with respect to the major players that resulted in the crisis. Mr Tanis’ invitation of BCL’s representative to the island must be seen as the beginning to get all major stakeholders together to try and deal with outstanding issues. A major one that concerns the Panguna landowners is that of their outstanding compensation payments for 1989 to 1990. Mr Daveona said executives from the association, including chairman Michael Pariu and ex-combatants knew of Mr Coleman’s visit except for landowners including his cousin brother Peter Kove.

He said Mr Kove had no right to speak for the landowners as he did not have direct ownership to land in the Panguna mining lease area. “It is important to note here that our people must not conclude from his (Mr Coleman) visit that the ABG and Panguna landowners are planning on talking about the resumption of mining in Panguna,” Mr Daveona said. “The issue of resuming any mining activity anywhere on Bougainville is covered under our ABG Constitution.”

Oilfield business booms Post-Courier 9.10.2009

DESPITE oil prices dropping to half what they were the oil fields at Kutubu and Gobe have continued to produce some of the local landowner service companies associated with these Oil Search operations have flourished. In recent weeks two companies owned by landowners from Fasu villages in the Kutubu area have held their annual general meetings and used the occasions to declare and pay K1 million in dividends from the profit generated in the first half of this year.

Kutubu Security Services (KSS), a wholly owned subsidiary of Hekari Holdings, that provides security services and Kutubu Catering Services (KCS), a subsidiary of Yasuku Oil & Gas Investment Ltd, that manages catering and camp management each paid out K500,000 to their shareholders. Run by managing director John Kapi Natto, Hekari Holdings is a successful enterprise, employing 233 trained security staff in KSS, that has also used its profits over the years to diversify into other business ventures such as Hekari Properties Ltd and Hekari Security Services, both operating in Port Moresby. The dividend payment to the 33 Incorporated Land Groups (ILGs) of the Hekari region, who are the company shareholders and consist of people from three main villages - Iorogobaiu, Ubogo and Hebaiya – was made by their eight directors in a ceremony at Waro village.

The Yasuku dividend payment to its 27 ILG and 136 individual shareholders was made at Ai'io village. The dividend was declared from the results of operations in the first six months of 2009, after the repayment, in December 2008, of loan finance that had enabled the companys' 2007 buy-out of the remaining shareholding interest in KCL held by Eurest PNG, who are still engaged to manage the KCL contract with Oil Search.

Gulf bats for oil-inspired development project National 9.10.2009

Source: MADELEINE AREK

THE Gulf provincial administration has sealed a 20-year oil-based infrastructure development deal with a Singaporean company. The Havila Kavo administration and Energy World International yesterday signed an agreement that would benefit the province from millions of dollars' worth of projects to be carried out over a 20-year period.

Energy World managing director Stewart Elliot was Mr Kavo's counterpart at the signing ceremony in Port Moresby. The deal gives Energy World 80% stake in the project for a 20-year period, while the provincial government owns 20%. During this period, the company will build infrastructure at no cost to the provincial administration. After the 20-year period expires, the company will transfer 40% of its shareholding interest to the Gulf administration. The company's remaining interest would allow it to continue managing the project. Over the 20-year period, Energy World plans to develop the Orokolo Bay area into a petroleum park to host a liquefied natural gas (NLD) terminal, petroleum refinery, deepwater port, a cement plant and housing and industrial estates.

"International support for the project is amazing," Mr Elliot told a news briefing in Port Moresby yesterday. He said international financiers and large companies had shown interest in the project, adding that it would officially be launched before the end of the year. "We are serious about these developments. We have been criticised for too long," Mr Kavo said. Saying he was serious about development for his people, Mr Kavo believed the project would drastically change their lives for the better.

Gold sets new record high Post-Courier 8.10.2009

GOLD surged to a record high above $1040 per ounce on Tuesday, as investors piled into the metal to preserve the value of their dollar-denominated assets against erosion by a weakening dollar and inflation. Both spot gold prices and U.S. gold futures have benefited from a convergence of factors, including technical buying, a report that some oil producers could switch to other currencies to price their crude and worries about the potential inflation impact of unprecedented global fiscal stimulus. "In an environment where interest rates are virtually zero, the incremental cost of moving into gold is nil. It stands to reason for investors that gold is more desirable," said Jack Ablin, chief investment officer at Harris private bank in Chicago.

Spot gold hit a historic $1043.45 per ounce on Tuesday. Bullion surpassed its previous record $1,030.80 set in March 2008. Year to date, the metal has gained 18 percent. However, Tuesday's all-time high was still sharply below the inflation-adjusted record pinpointed by analysts. Metals consultancy GFMS put that figure as high as $2,079 an ounce.

Editorial

GIVE BOUGANVILLE'S PANGUNA MINE A CHANCE

PNG Post-Courier

PORT MORESBY, Papua New Guinea (October 8, 2009) – The visit of one man to Buka Island for a day or two has agitated talk about the future of the once-busy Panguna mountaintop gold and copper mine. Paul Coleman, the longtime company secretary of the Bougainville Copper Limited, visited Buka for talks with the Autonomous Bougainville Government and other "interested parties''. His visit was welcomed by the ABG President James Tanis who described it as timely. The visit was at Mr. Tanis's invitation and showed a willingness by BCL to talk the issues out in an "open and friendly fashion''.

Already a prominent group's voice has been raised in anger over the visit, that of a landowners group, who claim that they had not been informed about the Coleman visit. Peter Kove, son of a Panguna landowner chief, said the invitation to Mr. Coleman to discuss Panguna showed no respect for the many lives lost during the crisis. We beg to differ. In such a convoluted problem as the future of the Panguna mine, it is plain that the issues will not be solved overnight. The President, as the overall elected ruler of the Autonomous Region, surely has the right to make the first move to a rapprochement with the developers of the massive mine.

In some ways, it would have been nice to have landowner representatives at those talks but it could also have clouded issues and bogged things down at this preliminary stage. We would imagine that Tanis is trying to get an idea of BCL's intentions on broad topics at this stage and that if the two parties can see eye to eye, then it would be the task of the ABG to consult the landowners and other parties involved with a potential redevelopment of the mine and get down to more detailed issues.

There is no sign so far that Tanis has any personal or parochial axe to grind. He has been chosen to lead and he should be allowed to lead these talks and to be given a chance to show that he can involve all the right parties to a discussion on the future of Panguna. So many lives have been lost because of the mine and arguments over its riches and the sharing of it. Many more have seen their lives irrevocably changed because of the crisis that ensued. Give the current generation and the following ones a chance at a new life, we say.

Papua New Guinea Post-Courier

ANZ chief upbeat on oil, LNG news **National 8.10.2009**

Source: SHARON E. BARNABAS

PAPUA New Guinea is poised for greater economic growth and business development because of its lucrative mineral and petroleum resource developments, Australia and New Zealand Banking (ANZ) Group chief executive officer Mike Smith said. "PNG has huge optimism in business because of the great opportunities with the natural resources it's tapping into," Mr Smith said during a dinner on Monday night at the Crowne Plaza. Mr Smith said despite a backdrop of struggling global trade and with the world economy "in poor shape", PNG was faring exceptionally well. He credited these development to two major developments – the multi-billion LNG project that is expected to have a final investment decision in December and the Ramu nickel project that is set to start operations next year.

With regional economies like China and India increasingly growing, Mr Smith predicted a greater demand for mineral and petroleum products. As such, PNG would be in a position for breaks in direct foreign investments in business. On that note, Mr Smith gave assurance that "ANZ is cautiously optimistic" in the development and would continue to brace for business development in PNG. "My second visit here is a reflection of how important PNG is to ANZ and our strong commitment to business here in PNG," he said. "ANZ has seen an optimistic future for PNG to be the engine room of growth for the next decade," he said. This is manifested in the opening of the bank's head office at Harbour City in Port Moresby.

The CEO also announced that as proof of its commitment, it will undertake ongoing changes to the branches, including customer service systems nationwide. "ANZ is an important contributor to business and our visit is a sign of our commitment to support business," he said. After pointing out the positives, he waved a piece of advice for the Government to appreciate the currency carefully because it is still "difficult to deal with the exchange rates". Mr Smith and his entourage left the country yesterday afternoon, after holding talks in Port Moresby with the Government and various stakeholders. He also visited the Moro project site in Southern Highlands because "there will be financing placed in the liquefied natural gas (LNG) project (and) it is necessary to see the project site, first hand".

LNG project timetable at the mercy of Kutubu landowners National 8.10.2009

ANY delay in the signing of Benefit Sharing Agreement (BSA) by the Kutubu landowners in the Southern Highlands province could affect the timetable of the LNG project, industry sources have warned. The National Court has issued an injunction stopping the development forum for Kutubu, or PDL 2, from going ahead. The court has directed parties involved in this action – Kutubu landowners and the Department of Petroleum and Energy – to resolve their disputes using the Alternative Dispute Resolution (ADR). The parties are to use ADR and inform the court of their progress next Friday.

But industry sources say it appears the court has not been made fully aware of facts relating to the Kutubu project. The source said landowner identification and social mapping were done when the Kutubu project started in its early days. But landowner leader Hami Yawari produced letters which showed that the Prime Minister had taken their concern seriously, and had asked Minister for Petroleum to resolve this quickly. Sir Michael Somare's letter to William Duma was dated Sept 4. Sir Michael asked Mr Duma to "please liaise directly with them and update me on the progress". Mr Yawari maintained that there had not been a full scale social mapping and landowner demarcation studies conducted in the Kutubu petroleum project. "The benefits for Kutubu are not delivered to rightful landowners. Non PDL 2 landowners are receiving benefits which they are illegally collecting."

He said although PDL 2 was a project covered under the existing Kutubu Petroleum Development Agreement (KPDA), that had to be reviewed first before a new development agreement. He said KPDA talks about special support grants (SSG) and memorandum of agreement (MoA) funds which his Digimu and Foe landowners had been pursuing, now ended up in court. He said the State owed landowners a total of K774 million in SSG and K1.4 billion in outstanding MoA funds.

"These are the issues that we have put to court and that the National Court says these issues must be sorted out first before a development forum."

Bass in PNG treatment plant deal with Nautilus National 7.10.2009

BASS Metals has struck a deal that could result in its Hellyer treatment plant in Tasmania's north-west processing base and precious metals mineralisation spewed from volcanic vents on to the sea-bed offshore from Papua New Guinea, Melbourne's The Age newspaper reported on its online edition on Monday. Bass said its non-binding toll treatment deal with Toronto-listed Nautilus Minerals aimed for Hellyer to process up to one million tonnes a year of mineralisation – scraped from the seabed by Nautilus – for five years.

A Nautilus subsidiary would pay Bass A$1 million (K2.5 million) for the first two years, A$750,000 (K1.89 million) in the third year and two payments of A$250,000 (K632,000) in years four and five. Bass said work by Nautilus had delineated a seabed "mineral resource" at its Solwara 1 project that contained "'high-grade copper and gold along with silver and zinc".

Effort to educate on LNG Post-Courier 7.10.2009

By Pearson Kolo

SOUTHERN Highlands students from the University of Papua New Guinea will be organising a forum to educate the landowners from the project areas to fully equip them before they sign any further agreements. The students during a press conference yesterday at the Waigani campus said their people back in the villages were not adequately educated and informed on the multi-billion-kina PNG LNG project and were making decisions on an adhoc basis.

President of Southern Highlands Students Association Sylvester Komba said it was the duty of every student to inform their people of this huge project as part of their contribution to their communities. "Right now our people are paying hefty fees to consultants who seem to be misleading the people because every one is saying and doing different things as evident in the media," Mr Komba said. "So we have done our research and have adequately educated ourselves to go back to our villages and educated our people through the forum," he said.

First effort to plug oil leak fails Post-Courier 7.10.2009

PERTH: A first attempt to plug a well that has been leaking oil for six weeks in the Timor Sea off Australia's northwest coastline has failed. The spill at PTTEP Australasia's Montara well-head platform, more than 200km off the Kimberley coast, began on August 21. A spokeswoman for PTTEP Australasia said the attempt to pump heavy mud into the leaking well yesterday had failed. "The process now is they have to attempt another pass but that sequence takes about another four days," she said. Using surveys, a drilling team aboard the West Triton relief drilling rig aimed to intersect a piece of steel casing about 25cm in diameter, 2.6km below the seabed. PTTEP Australasia chief financial officer Jose Martins on Monday said the relief well operation was "very complex".

"The drilling team is trying to locate and intersect a piece of steel casing about 25cm in diameter, 2.6km below the sea bed," Mr Martins said. "The intercept operation may involve several passes and complex calculations using sophisticated equipment and software to narrow down the exact location of the leaking well casing. “Each pass narrows that zone of uncertainty.

“If the first approach did not succeed, each successive pass sequence takes up to four days to complete. “This would mean a second pass being able to be undertaken on Friday or Saturday.” Australian Greens senator Rachel Siewert said it was not surprising the company had failed in its first attempt. “As I understand it, they have entered the really tricky phase of the recovery operation, which is actually finding the leak itself and injecting,” she said. “They said it would take eight weeks at the beginning and that must have been allowing for a margin for error, as we’re now approaching seven weeks since the spill began.” Senator Siewert said she was concerned about the cause of the leak.

Private resource ownership ‘bad’ Post-Courier 7.10.2009

By MOHAMMAD BASHIR

THE PNG Chamber of Mines and Petroleum believes strongly that private ownership of resources is “grossly misleading and simplistic” and will stop any future development in PNG. It has written to all Members of Parliament expressing its concern, except the man who is seeking amendments to the Resource Owners Act to give ownership to landowners. However, North Fly MP Boga Kondra is adamant the chamber’s letter is an interference of parliamentary democracy. Chamber executive director Greg Anderson wrote to the MPs on August 13, saying State ownership of minerals was vital to the country’s development.

“State control of resources allows them to be developed for the benefit of all citizens as required by the Constitution. The resources are managed in an effective and orderly manner that is recognised internationally and accepted by investors,” Mr Anderson wrote. “PNG cannot develop as a nation under these conditions, it would splinter into groups driven by self interest. It would lead to a completely inequitable and unworkable system, a nightmare of greed and selfishness.” He said an exploration tenement gave the holder the right to explore for minerals, oil or gas which was expensive and highly risky.

Explorers’ only security was the tenement and the guarantees provided by the State that the explorer would have the right to develop any discoveries made on tenements. If potential explorers believed that the State could not provided guarantee with an acceptable risk profile then the explorer would not invest exploration money, Mr Anderson said. “The simple fact is that if change is made to the mineral ownership, exploration will die and there will be no new resource developments as the risk profile will be unacceptable to potential developers.” He added that there would be a complete breakdown in well established, internationally recognised systems that underpinned resource development in PNG.

Mr Anderson said companies would not risk enormous upfront investment required in exploration and development on the basis that the resource owners may or may not agree to reasonable terms for development of the resources. He said PNG had one of the most equitable benefit sharing systems for resources developments and a formula which was unique. The North Fly MP however maintained that Papua New Guineans were capable of handling their own resources and development. “Investors do not have the money but they come here and are licensed to explore. As soon as they make discoveries, they go out on the open market looking for financiers,” Mr Kondra said. “The laws are there and we can enter into agreements with investors on contract basis and the State can provide the guarantee as a witness to any agreement.”

President slammed on BCL boss's visit Post-Courier 7.10.2009

By eric tapakau

DESPITE global gold prices shooting to over $US1000 (K2732.24) an ounce, Panguna landowners are yet to be convinced on reopening the copper and gold mine. Inviting Bougainville Copper Limited company secretary Paul Coleman to Buka Town in the Autonomous Region of Bougainville over the weekend would in no way be an indication that plans to reopen the mine are in sight anytime soon. This is from Peter Kove, the son of murdered principal landowner of Panguna, Mathew Kove, after learning Mr Coleman slipped into Buka over the weekend at the invitation of Autonomous Bougainville Government President James Tanis. He said the landowners would take their usual hardline stand and ensure it remained closed for as many years as possible.

Mr Tanis should have had the courtesy to inform landowners on Mr Coleman's arrival but had failed miserably. "James Tanis is not a Panguna landowner and for him to invite Mr Coleman to discuss issues relating to the Panguna mine showed Mr Tanis had no respect for the many lives that were lost during the Bougainville Crisis that started because BCL showed no respect for indigenous landowners from Panguna and all the way down the lower tailings areas,'' Mr Kove said. "I am also struggling to bring together my people for a reconciliation ceremony for my father's death, and hearing of politicians with their own interests talking about the mine does not go down well with me and my people."

He said the ABG should be answerable for so much money allegedly spent on reconciliations in Panguna and other parts of Bougainville. "Where is all that money?" he asked. "Is BCL here to give some more money to the ABG?" President Tanis said yesterday he invited Mr Coleman to Buka to ensure steps were taken to bring the parties together for a review of the Bougainville Copper Agreement.

At last, BCL [Bougainville Copper Ltd.] listens National 6.10.2009

AFTER more than 20 years, the management of the Bougainville Copper Ltd (BCL), would finally be hearing first hand how the people on Bougainville island feel about the 10-year crisis that led to the closure of the gold mine in May 1989. A BCL representative, company secretary Paul D Coleman, was in Bougainville last week “to see and hear for himself how the people on the ground felt about the 10-year-crisis”. Mr Coleman was in Buka at the invitation of Autonomous Region of Bougainville President James Tanis. “The conflict (Bougainville) must end where it started … at Panguna,”

Mr Tanis declared in a statement released to the media yesterday. He said he sees his role only as a mediator between the different factions with great stakes at the idled gold mine. “It arose out of disputes between landowners, members of the North Solomons provincial government, the Government of Papua New Guinea, and BCL and multinational company CRA. “Therefore, it is these stakeholders who need to be assisted to come together to end the Panguna conflict.” Mr Tanis told Mr Coleman that as president, “my role is to ensure that these parties come together to solve the problem once and for all”. Mr Coleman’s visit was the first for the company, after 20 years. In his talks with Mr Tanis, the BCL official noted the willingness of the people of the region to discuss issues in an open and friendly manner.

In a statement released yesterday, Mr Coleman said he was “very pleased” to visit Bougainville at the invitation of Mr Tanis, and the people of the Autonomous Region. “Bougainville Copper Ltd has had a long standing relationship with the people of Bougainville, and although it has been 20 years since we have been here officially, it is well known that BCL has always had an open door and a friendly welcome to anyone from Bougainville who wants to talk to us about issues of mutual interest,” Mr Coleman said. “The Bougainville Copper Foundation has also helped to keep us in touch, through the programmes of education and other assistance which have been maintained at all times since the crisis. “BCL has a natural interest in viewing the state of its assets in the region, and hearing from the people first hand, on the matters that concern them.

“There are many things to discuss, and it is very pleasing to be making a start on these talks, here in the Autonomous Bougainville Region, among the people. “I thank President Tanis for having the vision and the concern for his people to initiate this meeting,” Mr Coleman said. He also told the people there that the World Bank would be sending a representative to the island to further discuss the capacity building programme for administration of the mining industry on Bougainville. The gold industry might be funded by the bank, which Mr Coleman said could help facilitate the draw down of mining powers under the peace agreement. He said this could lead all stakeholders towards the renegotiation of the Bougainville copper agreement.

“Many of the issues of interest to the people of Bougainville, and their future as an economically independent region, might well be discussed under the terms of such renegotiation,” Mr Coleman said. “For the moment, it is pleasing to be here, and I extend my thanks to the people of Bougainville for making me welcome,” he said. Started in 1972, the Panguna gold mine was billed as the world’s fourth largest copper mine in 1985, producing 46.5 million tonnes of ore the year before (1984). The mine was closed by the Bougainville Revolutionary Army (BRA) in 1989, followed by a civil war.

$2 billion Sino Gold takeover gets okay Post-Courier 6.10.2009

PERTH: The $2 billion plus all-scrip takeover of China-focused Sino Gold Mining Ltd by Canada’s Eldorado Gold Corporation is a step closer to fruition after Australian regulators approved the proposed tie-up. The Foreign Investment Review Board (FIRB) has given the green light to the $2.12 billion deal, which has been backed by Sino Gold’s board but requires approval by the target’s shareholders. Sino Gold announced the FIRB's unconditional approval in a statement on Monday, saying it satisfied a condition of the scheme implementation deed between the two companies. The parties aim to complete the transaction in early December.

Toronto Stock Exchange-listed Eldorado launched the bid in August, offering 0.55 of its shares for each Sino Gold share, saying this valued the target at about $C2 billion ($A2.12 billion). This compares to Sino Gold's market capitalisation on Monday of $A1.94 billion based on its closing price of $6.66 a share, which was up 11 cents from Friday's close. The companies say the deal will create a gold miner with a market value of about $C6.4 billion ($A6.8 billion). It would hold 12.7 million ounces of gold reserves in the "proven and probable" categories of both Australia's and Canada's mineral reporting code and 5.3 million ounces of additional resources in the "inferred" category. Eldorado is Sino Gold's largest shareholder with a 19.83 per cent stake, and operates the Tanjianshan mine in China's Qinghai province as well as Turkey's largest gold mine, Kisladag.

The mines produced 308,802 ounces of gold in 2008 and Eldorado aims to produce more than 800,000 ounces of the precious metal per year starting 2013. Eldorado wants to add to its portfolio Sino Gold's two mines in China, Jinfeng in Guizhou province and White Mountain in Jilin province, and one under development, Eastern Dragon in Heilongjian province.

Yandera future bleak: Marengo National 6.10.2009

THE future of Marengo Mining Ltd's Yandera project in Madang province looks bleak after the company posted an operating net loss of A$15.3 million (K36.5 million) for the year ending June 30, 2009. The miner has announced that while it tries to secure funds to develop its Yandera project and develop newly-discovered deposits, it is also concerned about the fluctuating price of copper and molybdenum in the world market.

In an analysis of the company's operations for the June quarter, it determined that the fluctuating mineral price is having detrimental effects on the company's operations. The Australian-based company, whose only project in the country is the Yandera copper and molybdenum project in Madang, said while it intended to raise development funds through debt and/or equity financing, there could be no assurance that additional financing would be available at all or on terms acceptable to the company. "In particular, commodity price fluctuations may significantly affect the ability of the company to fund the development of the Yandera project and the company's forecasts and expectations regarding the economic viability of developing its mineral deposit," the company said.

"Fluctuations in commodity prices may also impact the results of operations once mining begins … the monitoring of price movements and trends for the company's target mineral is essential to understand and monitor the viability of the company's assets," it further added. Marengo began the financial year ending June 30 with cash reserves of A$23.4 million (K55.83 million). No additional funds were raised during the financial year and those that were spent were used to actively advance the company's Yandera project. During the financial year ending June 30, the company incurred exploration spending of A$16 million (K38 million) as against A$14.6 million (K34.84 million) last year.

NOTHING TO SHOW FOR OIL-RICH PNG PROVINCE

Kutubu landowners empty-handed, services languish

PORT MORESBY, Papua New Guinea (PNG Post-Courier, October 5, 2009) – There is nothing to show on the ground that the people of Kutubu have meaningfully benefitted from the oil project in the past 17 years, says a business from the resource rich area. Kossy Sosoro, the managing director of service company Kawaso Limited, said that in that period, no Kutubu child had achieved university education as a result of oil development. He said the the board of the company tasked with managing landowners business and social interest in the oil fields, Petroleum Resources Kutubu Ltd (PRK), had been "globe-trotting and holding board meetings overseas".

Mr. Sosoro, a shareholder of PRK, said while board meetings were being habitually conducted abroad, schools were falling apart in Kutubu. "School fees are not paid, forcing kids out of school. Basic services like aid posts and roads are in dire need of repair while PRK directors are globe-trotting and holding meetings in fancy hotels," he said. Kawaso Ltd is a camp service company owned by the people of the Morosoro region and is a shareholder in PRK. Other shareholders are Kutubu Security Services (KSS) owned by Hekari, Kutubu Catering (KCS) owned by Yasugu and Maka Investment owned by Aporo Urri people.

Namaporo Association is the umbrella body that represents the people of those areas. Sosoro said that provisions should be made under the Future Generation Fund to fully or partly subsidise school fees. "While we have those obvious disparities and injustices right under our nose, I do not see any rationale for PRK directors to continuously hold board meetings overseas," he said. Sosoro said money spent on extravant overseas trips could be used for school fees, aid post services, infrastructure development and other services for the people. He said due to the the PRK board’s failure to provide education services for the Kutubu people, he had decided to help parents by paying school fees for all grade 9 and 10 students at Kutubu High School over the next two years.

Papua New Guinea Post-Courier: www.postcourier.com.pg/

Editorial

Prepare for the influx of foreigners National 1.10.2009

PAPUA New Guinea, to many outsiders, is a no-go zone. The US state department and Australian department of foreign affairs and trade periodically update their citizens on the dangers of visiting and travelling to PNG. There is a risk index which they choose to increase or lower as they deem fit. It directly reflects the attitude of their staff on the ground. They live and work behind high security fences and rarely visit outside the capital unless it is absolutely essential and then it is almost always on duty. It is a fact that foreigners as well as Papua New Guineans live on the edge here. This is the land of the unexpected, they say. We hasten to add that it is also the land of paradoxes. One such paradox is that in this thriving democracy, the peace-loving citizens live behind barbed wires and triple padlocked doors while the criminal kind roam free day and night to ply their trade. End result: Fear.

Another is that the politicians have decided they will be civil servants while the civil servants sit wondering what role will be designed for them. End result no productivity and corruption. And the list grows. But they will come we mean the overseas visitors. They will flock into this country and love it or hate it, they will throw away their passports and find a nice little Papua New Guinean lass or a virile male in order to claim legitimacy for a prolonged stay here. PNG grows on you. If you have lived here for any length of time and if you have thumbed your nose at the warnings and dangers and wandered freely around the country, you begin to love this place. That class of PNG lovers remain both here and abroad and they are a wonder, especially when you run into them in a pub in a country town, and they get started on the subject of PNG. It becomes far more interesting and even rowdy if there is a voice raised against their rantings.

They are a lovely bunch but we want to talk of another class of people. The class that see PNG for the opportunities it presents, for the wealth they are likely to make and for the space, and the natural beauty with a small population of mostly innocent, shy and sometimes violent people. It is starting already. The opportunists, the crooks, the scalawags, the thieves and their kindred are coming. In the 1970s, there was a mass exodus of mostly Caucasians when it became clear that the “bois” were about to become “mastas”. This continued for almost a decade after independence. Then the exodus stopped and a small trickle started in the reverse direction back to PNG. That was because Ok Tedi mine went into production, followed by Porgera, Misima, Kainantu, Lihir and Tolokuma gold mines. PNG joined the exclusive club of oil producing nations in 1989 with first oil out of Kutubu. Nearby fields in Gobe and Moran joined. Gas out of Hides was commercially developed to supply electricity to Porgera.

PNG’s rainforest and its rich marine resources became commercial concerns that quickly grew into multi-million kina businesses. More mines, including Ramu nickel came into operation. Many more are promised. And now the mother of them all – in liquefied natural gas – is entering front end engineering and design. Tomorrow the biggest yet, carbon trading using PNG’s large rainforest, will provide multi-billion kina opportunities. This world revolves around money. Money will drive men into the deepest, darkest ocean beds of the world and to mine active volcanic craters. PNG’s reputation is nothing. It is not a dictatorship such as that of Stalin or Lenin or Saddam Hussein. Yet, even in the bloody regimes of these men, companies and individuals invested, driven by the lure of money. So never you fret. They are coming and soon the trickle will turn into a flood and the flood into a tsunami.

As Southern Highlands Governor Anderson Agiru said after the signing of the Benefits Sharing Agreement in Kokopo: “PNG LNG will provide the platform, the catalyst, the launchpad for PNG accountants, lawyers, insurance brokers, plant and equipment companies, construction industries and all manner of other businesses to take off. “At the same time, con-businesses and fly-by-night spivs will also flourish, so we must ensure we guard against the negative spin-offs and maximise positive benefits.” Yes indeed. How, is the next and most important question?

PNG LANDOWNERS IN FOR MAJOR PAYDAY

Lawmaker urges benefits to villages as a whole

PORT MORESBY, Papua New Guinea (PNG Post-Courier, September 30, 2009) – Landowners in the planned PNG liquid natural gas project affected areas are in for a major cash boom when the project gets off the ground. But warning bells are already echoing as landowners from mining and petroleum projects throughout PNG have a bad track record of managing cash benefits paid from the projects. Petroleum and Energy Minister William Duma warned that the licence-based forums will provide the opportunity to negotiate how much cash benefits the landowners will get but no forums were organised for landowners to decide how they spend the cash. "This is left entirely to you and I urge you to spend and invest wisely for yourselves, your children and your grandchildren. This is a toksave tasol (warning only) because the story on cash management by the majority of landowners from our existing mining and petroleum projects is not a good one," Mr. Duma said.

Landowners from former Portion 152 which covers Central province villages of Papa, Lealea, Boera and Porebada were told this week during the first licence based forum that all landowners affected by the US$11 billion project would start getting benefits from day one. The rest of PNG will see benefits flowing in after the project starts shipping out its first cargo by 2014 but indirect benefits such as taxes and infrastructure developments are already being seen in terms of early works where bridges and roads are already being built in preparation for the final investment decision by December 8. "This is a 30-years plus project. The cash benefits that will flow to your villages will be huge over the life of the project. Where there is plenty of cash, there will be plenty of problems related to how you spend your cash," Duma said.

He said on Monday that a final investment decision would not be made by partners in the project led by operator ExxonMobil until all licence based agreements were signed and sealed. Other partners in the project are Oil Search Ltd, Mineral Resources Development Company, Santos and Nippon Oil. After the forum which is expected to end next month in 10 project affected areas, a final investment decision will be made by project partners to commit more than $US11 billion in investment to the project.

Papua New Guinea Post-Courier: www.postcourier.com.pg/

Deal with the LNG politics

Source: The National 25.9.2009

Except controlled experiments in a scientific laboratory, nothing in this world happens in total isolation. We cannot afford to ignore what is happening in the rest of the world because, sooner or later, it will impact here. That should be sound advice for policy and decision makers in politics or business. The present confusion surrounding the liquefied natural gas project (or projects) warrants a bird’s eye view of what is happening in the region and how it might impact PNG’s prospects.
But first, a quick look at the PNG prospects for LNG.

The PNG LNG project, the first one to get the nod from the Government in May 2007 has entered front end engineering and design (FEED) stage. FEED does not indicate any firm commitment by developers that the project can proceed. We need only to remember the gas pipeline to Queensland project and the fact that it too entered FEED before the Australia Gas & Light (AGL) company pulled out. And PNG hopes were gone with the wind. The PNG LNG FEED works were halted by a court injunction taken out last Aug 10 by Hides gas field landowners claiming there was no National Government environmental policy in place. A decision will be handed down today as to whether or not the injunction will be extended.

While PNG LNG has been progressing along that stop-go train, a second LNG project by the InterOil-led Liquid Niugini Gas is also being promoted by the Government. It is not certain that a Gas Agreement is in place with this project. Sill Liquid Niugini Gas appears to be a serious contender and while there are more than adequate gas reserves in PNG to support two or more LNG projects, the same cannot be said of project financing – particularly in light of other projects within the region. Australia is now promoting gas as one of its biggest future resource projects – beating both coal and iron ore – the long-time profit lifelines of Australian giants like BHP, Rio Tinto, Fortescue and Macarthur Coal.

Australia has two LNG plants already – one at Karratha to service the Northwest Shelf off Western Australia and the other is a ConocoPhillips facility in Darwin. There are talk of at least four new LNG terminals in the Queensland port town of Gladstone. Australia plans to increase its LNG production from the current 16 million tonnes per annum to 60 million tonnes by 2020. Given that scenario in Australia with all the trappings of a first world nation, scarce investment finance is likely to flow down that way rather than to PNG. Already, US energy giant, ConocoPhillips has invested US$5 billion in the CSG deal in joint venture with Origin. A A$5.6 billion takeover bid has been made for Queensland Gas by UK-based BG Group. These are very real indications that the investment dollar can very easily bypass PNG to Australia, Indonesia or Malaysia, which are all looking at expanding their LNG industry as demand for gas energy increases worldwide. When AGL pulled out of the pipeline to Queensland deal, it simply said: “Too expensive.” No other explanation was necessary or offered.

The pipe dreams evaporated and PNG ended up back at the start – with trillions of cubic feet of gas in the ground and nothing to show for the thousands of man hours wasted in negotiations, millions of kina spent in preparatory work going up in a puff. We must learn from that lesson. And it pays to be conscious of what is going on in the region, particularly in this industry. The market for LNG is opening up and it can only increase throughout Asia and the world. And while PNG reserves are sufficient to support two or three projects to supply that market, the problem is whether or not PNG can attract the billions of kina required to build LNG plants and then whether or not it can secure the market.

In this business, they say you have to have a market before you can secure development finance. Every legal battle that halts progress, every political uncertainty or contradiction will surely impact PNG’s chances. A couple of the big companies involved in PNG, ExxonMobil for instance, are astute enough not to place all their eggs in one basket. It has interests in Gorgon and Scarborough LNG projects in Australia too. Santos has interests in Darwin LNG, Queensland LNG as well as here. If these companies feel their shareholders’ interests are not served well here and might be served better elsewhere, they will cut their losses and run. PNG decision makers and landowners must be conscious of that.

Kina 60 million for forum The National 25.9.2009

Source: ISAAC NICHOLAS

TAXPAYERS will fork out K60 million for the Department of Petroleum and Energy to hold the licence-based development forums involving project landowners of the LNG project. These development forums will begin at various selected project sites next Monday, Minister for Petroleum and Energy William Duma announced on Wednesday. He said K60 million had been budgeted to carry out Licence-Based Sharing Agreement (LBSA) in nine areas starting with portion 152 – the LNG plant landowners of Central province. This will be followed by other licenced areas including Gobe, Kutubu, Moran, Angore, Juha, Hides PDL 1, PRL 11 and Hides PRL 12 and the pipeline segment. The successful completion of the LBSA will pave the way for ExxonMobil and its partners to proceed to the final investment decision by Dec 8.

Mr Duma said the LBSA followed the umbrella BSA forum held in Kokopo in May. He said in Kokopo, the National Government offered 7% equity to landowners, provincial governments and LLGs, and agreed to provide K120 million Business Development Grant or “seed capital” and further agreed to fund infrastructure projects to the tune of K1.2 billion over the next 10 years.” He said the Kokopo forum had set the perimeters and the LBSA would go into specific details of benefit sharing. “Hides PDL 1 and PRL 12 landowners will now discuss how they share the portion of equity between provincial government and local level governments.”

On the touchy subject of MoA funds, Mr Duma said the department was doing an ongoing audit on MoA funds being paid out and which landowners had missed out. "We have to do a thorough audit because of numerous complaints raised and when we go to the LBSA we will know where we stand." He said the LBSA locations would depend on funding, logistics and in some areas like Komo and Angore, it was not possible to hold LBSA there because of on-going tribal fights.
He said the Oil and Gas Act was not specific but stated that forums be held at site or near the site and that could be in Mt Hagen or Port Moresby if landowners agree.

`2nd LNG plan just a proposal´ The National 25.9.2009

THE second PNG liquefied natural gas (LNG) project headed by InterOil Corp is still at the proposal stage, Department of Petroleum and Energy Minister William Duma said yesterday. A final draft of the project agreement drawn up by InterOil's subsidiary Liquid Niugini Gas Ltd (LNGL) is with DPE and stakeholders of the second LNG project. InterOil, together with joint venture partners Petromin PNG Holdings Ltd and Pacific LNG Operations Ltd, submitted the agreement for the construction of the proposed LNG plant in Port Moresby. Mr Duma said the Government acknowledged the amount of work InterOil had put in to the proposed project.

He added the State and its appropriate agencies would look into the draft agreement before the Government decided its next course of action. Mr Duma said this when asked if the 10% equity being offered to the State of PNG at the plant was appropriate as experts had stated the LNG plant would generate more income during the course of the venture than any other part of the project. The Government's upstream equity participation is 22.5% (State 20.5% and landowners 2%) and the pipeline-plant project participation (12%) is subject to favourable terms and conditions. It has a 10% stake at the LNG production facility. "Its all part of the negotiation process," Mr Duma said, adding the 10% proposed equity interest had increased, but could not elaborate.

He said the proposed equity of the Government, particularly at the plant, was based on commercial reasons, adding the Government would look at this alongside other items in the draft agreement. The proposed LNG project targets a US$6 billion (K16.5 billion) two-train LNG facility, with each train capable of producing about four million tonnes of LNG per year. Meanwhile, InterOil has found more limestone at its Antelope 2 well in Gulf province. It stated this was more than its pre-drill estimates. It said it had drilled into the top of the reservoir and intersected at 6,007 feet (1,831m measured depth) which was 345ft (105m) higher than the pre-drill estimates.

Mine ops not shut: Lihir Gold Ltd. National 24.9.2009

Source: SHARON E. BARNABAS

LIHIR Gold Ltd (LGL) has refuted media reports that operations at its flagship mine in New Ireland province have remained shut since the previous Monday. The disruption, according to LGL's spokesperson who wished anonymity, was only temporary and confined to mining activities in one part of the pit. "The mine was not shut," the spokesperson said as reported in the Post-Courier yesterday and that operations were normal and with prospects of reaching production targets for the year. The spokesperson confirmed that there was a dispute among local landowner groups on Lihir Island, especially in the vicinity of the mine. "But the dispute has reached a conclusion and the gorger has been lifted. "Work (at a confined part of the pit) has resumed and the operation is in full production."

LGL recorded a loss in the first-half of this year although its underlying profit rose by massive 130% from the same period last year. The loss in profit of US$300.9 million (K822.1 million) was incurred when it paid US$409 million (K1.117 billion) after tax towards write down of Ballarat mine's operations in Queensland, Australia. The first-half to June 30, LGL group posted US$154.9 million (K423.2 million) in underlying profit. LGL aimed for solid production in the second-half of this year with full output targeted between one million ounces to 1.2 million ounces. The spokes-person said: "While the dispute did temporarily impact work at the mine, the impact was not mate-rial and would not affect our production target for the year." Media reports said that Kapit landown-ers had shut down the mine since the previous Monday due to disagreements with the LGL.

The report said Penias Tadak, a Kapit leader, declared "that his people will not accept anything less than their demands". It was reported that the landowners placed gorgors, a traditional plant, signify-ing protest or disagreement. The spokesperson said the mine was not shut and the nature of the dis-pute was known to the two groups involved. However, claims that Kapit beach was the only nesting area for the endangered leatherback turtles on the Island have been challenged by the company. "Independent studies on nesting turtle species on Lihir Island have shown that the island only spo-radically attracts nesting turtles as the majority of beaches at Lihir are too narrow … and if nesting were to occur at Kapit beach, eggs would be unlikely to hatch due to high geothermal temperature," the spokesperson said.

Bid to squash land hearing Post-Courier 24.9.2009

By FRANK RAI

Landowners from the Wafi Golpu Exploration site in the Bulolo district of Morobe Province have filed a notice of motion and a submission to quash the Special Lands Title Commission hearing into the Wafi Golpu land. In both documents, the landowners claimed that the commission had no pow-ers to hear disputes in relation to the area known as Wafi Golpu within the 50,000 hectares of the current Gold Exploration project. When the Wafi Golpu Special Lands Tile Com-mission convened yesterday at the Lae Technical Collage, lawyers representing the Hengabu and Yanta clans of Wafi Landowners

Association moved a notice of motion to disqualify the hearing. Through their lawyer David Poka of Pryke and Janson Lawyers, the Hengabu and Yanta clans argued that the 50,000 hectares Wafi Golpu land has been the subject of hearings at the Morobe Provincial Land Court and the National Court since 2005. Mr Poka also submitted that the land, entitled in the commission hearing as Piu, was annulled by a Supreme Court order dated September 2 of 2005. "…it is submitted that the cus-tomary land, being subject of this proceeding, known or described as 'Piu' is improper and misno-mer," the submission read.

Mr Poka argued that the Wafi Golpu landowner-ship issue had been the subject of all legal avenues and the current Special Commission hearing was improper because of existing Supreme and Na-tional Court orders. However, the other 28 claimants submitted through their lawyers that the Spe-cial Lands Title Commission into the Wafi Golpu land was valid and the disputes should continue to be heard by the commission. The 28 claimants are from Mumeng, Markham, Watut and Wampar areas. Lands Title Commissioners Lawrence Titimur, Richard Chirake and Robert Irung agreed that the submissions would be screened and a judgment made when the hearing reconvenes on October 5. Mr Titimur told the hearing that those who had presented their submissions must wait for a judgment on October 5 on whether or not to continue the hearing.

Govt plans to involve landowners Post-Courier 24.9.2009

By eric tapakau

THE National Government through its agencies will ensure that all landowners participate in the upcoming licence based forums leading up to granting of licences for the PNG LNG [Liquefied Natural Gas] project. Sixty million kina has been allo-cated to undertake this massive task that will cover nine licence areas. Minister for Petroleum and Energy William Duma said LBSA teams from the Department of Petroleum and Energy started planning for the LBSA development forum process on July 2 and were ready to go out to the field to start the process. Mr Duma said all LBSA development forums will be held in or near the project areas as provided for in the Oil and Gas Act. He announced yesterday that the first licence based forum will be held at the LNG project plant site at portion 2456, just outside Port Moresby city in the Central Province.

This will be followed by other licence areas development for-ums at Gobe, Kutubu, Moran, Angore, Juha, Hides petroleum development licence (PDL) 1, petroleum retention licence 11 and Hides PRL 12, all in the Southern Highlands Province and the pipeline segments. Mr Duma said the licence based forum would end by October 31 to allow him to issue various petroleum licences and petroleum processing facilities licences which will lead to the final investment decision made by the developer ExxonMobil and its partners by December 9.

The Department of Petroleum and Energy has been ready since July 2 to start the licence based development forum process soon after the signing of the umbrella Benefit Sharing Agreement in Kokopo, but the forums had slightly been delayed to enable State agencies to complete thorough audits of outstanding memorandum of agreement com-mitments, business development grant commitments, to secure funding arrangements for the numerous development for-ums and to finalise logistics arrangements.

“I wish to inform the public and the stakeholders that my department haS completed the planning aspects of the LBSA process. We were ready to commence the LBSA process during July and August 2009, however funding was one of our biggest obstacles which contributed to the delay in commencing the process,” Mr Duma said. He said the DPE had submitted to the FEED committee the LBSA budget and the work programs, however, it was advised to review the budget, which it had done. “Respective LBSA teams from DPE were then required to make a presentation to the FEED committee to justify the budget in line with their work program,” he said.

He said initially the DPE focused on addressing issues such as social mapping and landowner identification, outstanding MoA commitments, LBSA benefit sharing mechanism and awareness amongst other outstanding matters identified in the UBSA. “This process was scheduled to be undertaken in July/August 2009 followed by LBSA development forums commencing in September 2009 for the nine respective licence areas,” Mr Duma said. “These activities were delayed due to funding constraints. We only received initial funding in early September 2009, however, those funds were not sufficient to fund the entire nine LBSA development forums,” said Mr Duma. The departments of Treasury and Finance, National Planning and the Independent Public Business Corporation are working with DPE to ensure that the nine LBSA Forums proceed smoothly.

Queensland blueprint maps bright prospects for LNG industry National 21.9.2009

BRISBANE: The Queensland government is weighing up how to secure enough gas for its future energy needs while fostering a new liquefied natural gas (LNG) industry. There are eight LNG projects proposed in Queensland, representing a total capital expenditure of more than A$40 billion

(K96.5 billion). If all these projects proceed, more than 50 million tonnes of LNG could be produced from the Surat and Bowen basins each year and piped to the coast for export. The industry would thus have the potential to add more than A$3 billion (K7.2 billion), or around one per cent, to the gross state product and create up to 18,000 direct and indirect jobs. The government yesterday released a document spelling out how it intends to work with industry proponents and the community as LNG development gets under way.

The blueprint for Queensland's LNG industry discusses potential effects on groundwater and the environment, as well as the royalty regime, which would see the government collect around A$850 million (K2 billion) a year from a mid-scale industry exporting 28 million tonnes a year. Also released was a consultation paper on the security of gas supply for the domestic market. Based on known gas reserves, there is enough gas to supply Queensland's power stations and a mid-scale LNG export industry for at least the next 50 years. But the availability of gas may not ensure supply to the domestic market, because of the difficulty of domestic gas-fired electricity generators to secure long-term contracts.

"Potential supply constraints are particularly problematic because gas is the most likely interim fuel for electricity generation as the economy transitions to low-emission power generation," it says. The consultation paper looks at a gas reservation policy, where gas producers are required to sell 10% or 20% of gas production to the domestic market. An alternative is a prospective gas production land reserve, where prospective gas fields would be held back to secure supply for future domestic use. – **AAP**

Australia: Contractors vie for Gorgon train **Post-Courier 21.9.2009**

MELBOURNE: It is Australia's all time biggest resources project, ushering in the nation's largest trade deal, and now Gorgon will see an unprecedented cash splurge on local contractors. The Gorgon liquefied natural gas (LNG) project, at Barrow Island about 130km off Western Australia's north west coast, has been tipped to transform the region. Contractors are lining up for a slice of the $43 billion it is expected to cost to build. From caterers and transport companies, accommodation houses and tradespeople, everyone is vying for a piece of the biggest pie since the Northwest shelf. One of them is food and support service group Compass Australia, which has won a $150 million three-year contract to feed workers on the gas project, and to maintain the accommodation that is to be built. George Mifsud, the Compass human resources director, said the contract was a highlight for the company. "It is definitely a contract we are proud to be part of," Mr Mifsud told AAP. Compass plans to hire 1000 people in WA during the next eight months, a big boost for the company, which currently employs about 12,000 nationwide.

The sheer numbers alone give an idea of the scale of the works needed to unlock the 40 trillion cubic feet of liquified natural gas at the Gorgon fields. It is expected the project will generate $33 billion in spending on Australian goods and services during the next 30 years. Chevron Australia, one of the joint venture partners in Gorgon, and the operator of the massive project has promised to use local suppliers wherever possible. Already $2 billion has been signed-off and about 1400 people given jobs. Another $10 billion has been set aside for contractors and these jobs are expected to be awarded during the next few months.

It is forecast to boost Australia's gross domestic product (GDP) by $65 billion and generate $300 billion in Australian export earnings in its first 30 years. During peak construction, expected to last up to three years from the end of next year, 10,000 direct and indirect jobs will be created. All the job ads generated have been tipped to give local newspapers a boost. Gorgon will also create the world's largest geosequestration project, to pump unwanted carbon dioxide deep below the ground, estimated to cost more than $1 billion. Although many environmentalists remain sceptical of the claims, it is said it will cut potential emissions from the project by 40 per cent. All going well, Gorgon will start producing gas for sale in 2014.

The amount of gas in Gorgon is said to be enough to power a city of one million people for 800 years, although the huge sales it generates will probably mean it produces for only 30-60 years. And what sales they are. Although the figures may be a little rubbery, the Rudd government last week claimed supply deals worth about $145 billion have already been agreed. The largest deal is a $50 billion deal to supply PetroChina with LNG over a 20-year period. Since then, Korea Gas Corporation has signed an agreement for 1.5 million tonnes of LNG annually for 15 years from the Gorgon project - and more contracts are expected.

PNG TO GUARANTEE SUPPLY FOR GAS PROJECT

Oil companies want verification of gas reserves

PORT MORESBY, Papua New Guinea (The National, September 17, 2009) – The National Government would be required under the proposed project agreement on the second liquefied natural gas (LNG) project to help obtain additional gas supply if gas reserves in the upstream project proved inadequate. It was also suggested that the Government should also consider as one of the options to invite a strategic partner (possibly an oil/gas major) to lead the funding arrangements for the State’s upstream equity participation of 22.5 percent (State 20.5 percent and landowners 2 percent) and pipeline/plant project participation (12 percent) subject to favourable terms and conditions. The Government is being offered 10 percent interest in the LNG plant. This was disclosed in the final draft of the project agreement submitted to the Department of Petroleum and Energy recently by developer InterOil Corp through its subsidiary Liquid Niugini Gas Ltd (LNGL). The draft agreement also disclosed that the front-end engineering and design (FEED) would start 30 days after a project agreement has been signed.

The project shareholders have committed US$400 million (about K1.1 billion) to fund the FEED. LNGL negotiated the FEED with Bechtel in December 2007 and has been ready to start FEED since January last year. "LNGL will execute a FEED contract within 30 days of an executed project agreement with the State. "The State is not required to fund the FEED phase until it assesses the project at the end of FEED stage," LNGL said in the draft agreement. It was learnt from the draft agreement that there was an absence of independent verification of potential gas reserves, the very thing that DPE had requested for the developer to provide before a project agreement could be signed. LNGL had also scrapped a proposal to request for a 10-year tax holiday, as this was not offered to Esso Highlands Ltd, subsidiary of ExxonMobil, which is developing the first LNG project.

The National: www.thenational.com.pg/

AUSSIE MINER TARGETS HIGH GRADE PNG GOLD

Frontier Resources has ambitious plans

PORT MORESBY, Papua New Guinea (PNG Post-Courier, September 15, 2009) –Australian miner Frontier Resources may be laughing to the bank if its target of hitting high grade gold in PNG succeeds. With the gold price hovering near the US$2,000 [per ounce] mark, Frontier yesterday announced that an exploration program had been initiated targeting the very high grade gold known at the Bulago exploration licence (EL). Chairman and chief executive officer Peter McNeil said a highly experienced Papua New Guinean consultant geologist had evaluated the logistic and exploration requirements related to undertaking an extensive hand trenching program on the multiple very high-grade gold targets at Bulago, to locate and define the mineralised horizons and future drilling targets. A team has been engaged to undertake this work likely early next month following identification and discussions with landowners.

The Bulago EL is located in PNG between the world class Ok Tedi porphyry copper-gold and the Porgera epithermal/intrusive related gold deposits. Targets are very high-grade epithermal and skarn gold, bulk mineable intrusive related gold deposits Mr. McNeil said the Suguma prospect was located to the north of a large copper and disjointed gold in soil anomaly; it has very high gold grades in structures to seven metres wide in both the intrusives and the contact aureole sediments. Suguma outcrop channel samples of sulphidic breccia and intrusive (analysed by previous explorers) include 15 metres of 57.4 grams per tonne gold, six metres of 72.2 grams per tonne gold, 0.85 metres of 754 grams per tonne gold, two metres of 188 grams per tonne gold and 1.1 metres of 55 grams per tonne gold (true widths are unknown). "The skarn potential of the Bulago region has never been evaluated and further investigation is strongly warranted,"McNeil said. "Four kilometres to the south east of Suguma is the Funutu prospect, where very high grade precious and base metal intrusive / breccia rock samples were collected from outcrop by previous explorers, which have never been mapped, soil sampled, trenched or drilled," he said.

Papua New Guinea Post-Courier: www.postcourier.com.pg/

InterOil LNG project on track

By ERIC TAPAKAU Post-Courier 8.9.2009

THE second liquefied natural gas (LNG) project for Papua New Guinea is on track as InterOil Corporation confirms it will develop the project in PNG soon. Its aim is to underpin its commitment as a long-haul investment and development partner. InterOil and its joint venture partners, Petromin PNG Holdings Limited and Pacific LNG Operations Ltd., have submitted a project agreement to the Government for the construction of a LNG plant in Port Moresby. Prime Minister Sir Michael Somare and the Minister for Petroleum and Energy, William Duma, have stated their support for the proposed project and associated agreement. As previously announced, the proposed project targets a $US6.0 billion two-train LNG facility, with each train capable of producing about four million tonnes of LNG a year.

Current plans call for first production by the end of 2014 or beginning of 2015. “We are pleased with the support that our proposed project and associated agreement have received from key government officials,” said InterOil chief executive officer Phil Mulacek. “By creating thousands of new jobs and other economic benefits, InterOil’s project has the potential to provide significant prosperity to the people of Papua New Guinea for years to come.” The proposed LNG project is expected to have competitive investment returns compared to other projects under consideration in the region. In particular, the high total volume of liquid content of the hydrocarbon resources estimated at the Elk/Antelope field as well as existing infrastructure in place, including the 99-year lease on government owned land for the LNG facility, deep-water harbour rights, jetty system with two berths for loading and off-loading ships, electricity, housing and roadways support the cost-competitiveness of the project and are expected to enhance investment returns when compared with other projects under consideration in the region.

Additionally, InterOil's wells in the Elk/Antelope field are located in moderate foothills terrain, close to the coast and LNG plant site at Port Moresby, low in contaminants, and geographically protected from most weather disruptions. At least 5000 jobs are expected to be created at peak construction of the InterOil facility. Economic returns from the project are expected to help fund public infrastructure and community services in Papua New Guinea, such as education and health, and provide income to land owners.

The proposed project and associated agreement are also supported by other key members of the Papua New Guinea Government. To support the project agreement, InterOil has recently provided two separate independent resource evaluations, one developed by GLJ Petroleum Consultants Ltd. and one developed by Knowledge Reservoir. "Based on two separate independent resource evaluations prepared for InterOil and recently provided to Papua New Guinea officials, as well as the company's own results attained to date, InterOil believes that the likelihood of further successful exploration efforts for more gas and gas condensate, and for the potential discovery of oil in commercial quantities, have increased," Mr Mulacek said. "Like the Prime Minister, we recognise how important this project is to the development and reputation of Papua New Guinea. We remain committed to moving forward with this project and support the Prime Minister's recent call for two projects to be developed at the same time."

MP [Member of Parliament] told to provide services

By FRANK RAI Post-Courier 8.9.2009

Bulolo MP Sam Basil has for the first time come under fire from local landowners in his own electorate. Landowners from the giant Hidden Valley Gold mine in Morobe Province have lashed out at their MP for not addressing law and order problems at the mining townships of Wau and Bulolo. Nakuwi Landowners Association president Rex Mauri said yesterday the MP was barking up the wrong tree when he was supposed to carry out his mandated responsibilities at the district. Mr Mauri said this in response to some media attacks on Morobe Mining Joint Venture (MMJV), the developer of Hidden Valley Gold mine relating to environmental impacts in the Watut river.

"The company (MMJV) had briefed all stakeholders, including Mr Basil in July at the Melanesian Hotel that the sentiment build up in Watut river was caused by debris from the construction phase. MMJV admitted that it will compensate villagers along the river from Watut down to Lake Luu but why is the MP making too much noise on this issue," Mr Mauri said. He said Mr Basil's attack on MMJV was not going down well with the landowners from the project area and the MP's continuous attack was unwarranted because it was allegedly provoked for hidden motives. Mr Mauri said the law and order issue regarding mobile squad (MS) 15 accommodation, the Watut and Biangai's ethnic clash and the escalating lawlessness at the two townships were supposed to be addressed by the MP.

The Nakuwi president also emphasized that all the six local level government (LLG) councils in the district included Waria, Wau Rural, Wau Bulolo Urban, Watut, Mumeng and Buang were recognised for royalty payments. Mr Mauri said the Hidden Valley memorandum of agreement (MoA) had allotted royalties for all the LLGs while the Morobe provincial government shared its 36 per cent royalty with Bulolo district. "What else does the MP want? "Is he fighting for the best interest of the people? "You cannot bite the hands that feeds you and we want development and services which the government for many years could not provide," the Nakuwi president said. Mr Mauri said Mr Basil was still young and he was willing to work closely with him by providing him with good advise so that development plans and services were brough to change the lives of people of Bulolo and Wau districts.

Investors´ warned The National 4.9.2009

THE Government is under pressure to address long delays associated with petroleum licensing in PNG, which industry players warn could threaten big investments in the country. Frustration has been building up for some time about delays in the processing of petroleum licences. The industry had hoped the Government would resolve this after it raised the concern two years ago, but the situation had deteriorated rather than improved. This has prompted the industry's representative, the PNG Chamber of Mines and Petroleum, to write to the Prime Minister seeking his intervention. The concerns about the licensing delays were highlighted in the letter dated last Aug 26 to the Prime Minister.

It comes at a time when the spotlight is on the Department of Petroleum and Energy about the handling of millions of kina in project funds and the upcoming licenced-based development forums for the LNG project. The Prime Minister's Media Unit said yesterday the Prime Minister and Petroleum Minister William Duma had not yet met to discuss the letter. But a spokesperson said Mr Duma was preparing a brief for the Prime Minister on the issue. The chamber considered the petroleum licensing management issues serious enough to write to the Prime Minister to intervene. "The situation has been progressively deteriorating in recent years to the present stage where very significant investment is now threatened by the issue," executive director of the chamber Greg Anderson said in the letter. "Papua New Guinea is gaining a reputation in the international oil and gas industry for inconsistent, irregular, and non-transparent management and administration of petroleum licences, categorised by inordinate delays and hindrances," the letter said.

"There is a lot of talk about what lies behind this and enormous bad feeling and frustrations exists in the industry which is totally counterproductive to the promotion and development of a reputable internationally recognised industry in PNG," it added. The industry was very concerned about the operations of the Petroleum advisory board and the office of the Petroleum Registrar, especially when applications for new licences, applications for extension of licences and work programme approvals submitted to the Department of Petroleum and Energy "often take an inordinate time to be processed".

A number of Cabinet ministers contacted said they were aware of the issues raised by the chamber. "It's a matter for the Prime Minister to resolve. I hope such behaviour at the Petroleum Department does not affect the LNG project led by ExxonMobil. "The country's long-term economic future depends on this," one minister said.

InterOil LNG project may be put on hold **Post-Courier 4.9.2009**

By NEHEMIAH ISAAC

THE Government is at loggerheads over the proposed InterOil-led liquefied natural gas (LNG) project. And it is likely the country's second LNG project, which is in its infant stages, will be put on hold until the first project gets off the ground early next year. The Post-Courier has been reliably informed that most members of powerful Ministerial Economic Sector Committee are gravely concerned about the "wrong signals" being sent to potential LNG buyers in the huge Asian market. Committee member and Petroleum Minister William Duma is pushing for Cabinet to fast-track the project agreement. He has the avid support of Prime Minister Sir Michael Somare.

However, they are facing stiff opposition from the rest of the ministerial committee, including Patrick Pruaitch (Treasury & Finance), Arthur Somare (Public Enterprises), Puka Temu (Mining) and Job Pomat (Inter-Government Relations). A government insider, who spoke on the condition of anonymity, said the disagreement had further delayed Cabinet's decision on the project agreement. He said the economic committee was adamant that the ExxonMobil-led PNG LNG project "become a reality" before the Liquid Niugini Gas project is given the green light. "The committee feels the current juggling over the two projects, especially the push for the second project, is sending the wrong signals to the huge Asian LNG market and confusing potential buyers," the official said. "Therefore, the committee wants the PNG LNG project to get off the ground before the Government considers and approves the second LNG project." The official said that in the meantime project operator InterOil and its partners were required to provide more information on their marketing strategy and other issues.

He added that InterOil was also required to prove up the resources at its Antelope/Elk discoveries in the Gulf Province hinterland to ensure the gas wells were commercially viable to support the proposed $US4 billion LNG project. InterOil recently denied claims that it was pushing for lucrative concessions in the project agreement, including a 50-year term, a 10-year tax holiday and no additional benefits tax. Meanwhile, ExxonMobil and its partners expect to make a final investment decision on the multi-billion-dollar PNG LNG project by December. The decision will pave the way for the 30-year project, currently in the FEED (front end engineering and design) stage, to proceed to the main construction stage next year. Project partner Oil Search Ltd indicated this week that negotiations were at an advanced stage with global financiers, mostly export credit agencies and commercial banks.

ExxonMobil confirmed on Wednesday that the project partners were seeking to raise a total of $US11 billion (K30 billion) in debt financing. The project proposes to commercialise the undeveloped petroleum resources in the Hides, Angore and Juha fields and associated gas resources in the currently operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern and Western provinces. The gas will be conditioned for transportation by pipeline to an LNG facility 20 kilometres northwest of Port Moresby where it will be liquefied and the resulting LNG product loaded onto tankers and shipped to overseas markets. The PNG LNG project plans to start exporting about 6.3 million tonnes of LNG a year starting in late 2013 or early 2014.

Talks on financing for LNG project **National 2.9.09**

Source: SHEILA LASIBORI

THE key financing terms for the PNG liquefied natural gas (LNG) project are being negotiated between the project's financing team and a number of export credit agencies (ECA). Oil Search Ltd, the global oil explorer and owner of most operating oil fields in PNG, disclosed this in its report to the Australian Securities Exchange (ASX) yesterday. The agreed terms would include the 70% debt and 30% equity gearing ratio. Oil Search is now focused on appraisal and exploration before the PNG LNG project start production in 2013 or early 2014 after its own review identified further growth potentials for the company.

"The PNG LNG project is seeking to raise about US$11 billion (K30 billion) in debt financing and work with potential lenders is progressing," Stuart Symons, Esso Highlands Ltd's senior public affairs adviser for the project, said. Esso Highlands Ltd is the operator of the project and is a subsidiary of ExxonMobil Corp. Oil Search also said detailed discussions were underway with commercial banks, based on ECA's term sheet. The ECAs are expected to be the cornerstone for project financing while the balance would come from banks, partner co-lending and potentially bond markets.

Offers from ECAs and banks are expected by last quarter of this year. The company added it was in an excellent cash position of US$411 million (K1,129 million), with an undrawn facility for US$391 million (K1,074 million), plus likely sales proceeds from oil and LNG interests.

We will fight for what is rightfully ours Post-Courier 2.9.2009

THE letter by Kali Walu of Kagua Erave "Agiru gave Hela what they wanted" in last week's Post-Courier has prompted me to respond. Mr Agiru's commitment in ensuring Southern Highlands and Hela get better deals in the LNG deal is appreciated by all Hela; that is why Hela and Southern Highlands mandated him to be the governor. Hela landowners who signed the BSA agreement in Kokopo are from the Hela region. When the legal and technical framework of Hela Province is fulfilled and subsequent declaration, Hela is still part and parcel of Southern Highlands. Foreseeing the complications that will result when Hela will not benefit directly through its provincial government but through the Southern Highlands Provincial Government,

Hela elites are crying for the BSA deal to be rescinded to ensure Hela and Southern Highlands negotiate from different ends to eliminate the legal and technical implications that can arise when Hela is granted a province officially. Kali Walu thinks that the Government gave Hela so we can sign the BSA. However, the battle for Hela started back in the 1970's and did not just pop up yesterday. With or without our gas, Hela province was always coming. The writer seems to be undermining the intelligence of Hela. We will fight with the developers, MPs, Governor Agiru, Government, DPE, etc to get the best deal out of our gas. It is embarrassing that an educated person from Kagua Erave who does not have the guts to challenge the exploitation of Gobe sees fit to come and challenge the intelligence of Hela. Helas have learned from the Kutubu and Gobe failure and will fight for what is rightfully ours.

Australia to become global gas giant Post-Courier 2.9.2009

MELBOURNE: Australia is increasingly becoming seen as a major gas player, with record production in the past financial year, a new report shows. The EnergyQuest Quarterly Report on Australia's oil and gas industry found production of all petroleum products rose 3.5 per cent to a record 482.61 million barrels of oil equivalent (boe) for the year to June 30. The result was underpinned by a record 1779 petajoules of combined liquified natural gas (LNG) and coal seam gas produced, up from 1697 petajoules in 2007/08. "There was a record total petroleum (product) production ... the reason for that was the record gas production," said EnergyQuest chief Dr Graeme Bethune.

The report said increasing LNG production from the North West Shelf offshore from Western Australia was the primary source of growth. Oil production was flat, with the number of new start-ups only just compensating for a decline in mature fields. Dr Graeme Bethune said Australia had the potential to be one of the world's major gas producers. "We expect that Australia, in the very near future, will be among the top 10 countries globally measured by the size of its gas reserves," Dr Bethune said in a statement. Australia has the 14th largest known gas reserves in the world and is now number 20 in terms of gas production. "The size of Australia's gas reserves means that further strong growth in this country's LNG exports is assured," Dr Bethune said. About 62 per cent of Australia's production of oil equivalents was from the North West Shelf and in WA's Carnarvon basin.

Annual production from the North West Shelf increased by 7.4 per cent and its June quarter production rose by 15.4 per cent compared to the same period a year earlier. About 16.1 per cent of oil equivalent produced in the last financial year came from the Gippsland region of Victoria, with a further 7.2 per cent from the Cooper Basin near the border of Queensland and South Australia, the report said. Australia has signed some major energy deals during the past year, the most notable being an agreement for China to annually buy 2.25 million tonnes of gas from the Gorgon field. Meanwhile, Prime Minister Kevin Rudd flew to Barrow Island yesterday to inspect the site of the $50 billion liquefied natural gas joint venture project.

Environment Minister Peter Garrett last week gave the final tick of environmental approval to the development following the signing of a $50 billion gas supply contract to China. This was Australia's largest single trade deal and completed the sale of all of ExxonMobil's 25 per cent share of LNG from the Gorgon project, following its earlier $25 billion deal with India's Petronet. Industry observers have suggested the total value of the project's sales contracts could reach $300 billion, based on the value of ExxonMobil's two contracts." If the partners formally sign off on the project, work is expected to begin on the development before Christmas.

CONFLICTING LAND OWNERSHIP CLAIMS AT PNG SITE

One clan negotiated $765,000 compensation

PORT MORESBY, Papua New Guinea (PNG Post-Courier, September 1, 2009) – New information obtained by the Post-Courier suggests that the Pina clan that last week shut the Hides gas power plant and later opened it after an offer of K2 million [US$765, 000] compensation was made - are not the rightful landowners. Another group that claims to be the genuine landowner of the site of the power plant that powers the giant Porgera mine also want K2 million if the Pina clan was to be paid K2 million by the Government. The Hiwa Koma Land Group Inc. (ILG No.9025) say the land is theirs and not the Pina clan who have resettled on the land.

In a letter dated yesterday to the Petroleum and Energy Secretary Rendell Rimua, the group's chairman, Andagali Kurubgo, said: "We say if the Pina clan is paid any money, the Hiwa Koma should be paid the same. We understand the Minister is paying K2 million as reported in the two dailies so we request for payment as customary land title owners of the said land." On July 21 1991, the Special Land titles Commissioner, Arnold Amet named Pina clan as owners of the land in question under the principle of "adverse possession" in the absence of the Hiwa Koma tribe which did not take part in the Hiwa versus Tuguba court battle.

"Adverse possession' means ownership without lawful right in the absence of the rightful owners. The first Lands Department report put down Hiwa Koma as the owner of the power plant site. Mr Kurubugo said the Pina clan refused to go to a Tari local land court to endorse or dispute the land mediator's reports resulting in the Port Moresby District Court making a permanent order that Hiwa Koma was the rightful customary titleholder of the Hides Gas project area land on the July 7, 1993. On April 22, 1999, land mediators reconfirmed the decision and paid Hiwa Koma K33,220. *Papua New Guinea Post-Courier: www.postcourier.com.pg/*

Bougainville Copper hit by $22m tax bill

ILYA GRIDNEFF *August 28, 2009*

A Papua New Guinea court has found Rio Tinto majority owned Bougainville Copper Limited (BCL) must pay the PNG tax office 50 million kina (A$22 million) in taxes, penalties and interest under 'pay now, litigate later' tax laws. A BCL spokesman told AAP it would appeal the decision handed down earlier this month that retrospectively assessed BCL's tax bill since the forced closure of their mine during an armed insurrection in 1989.

BCL operated the world's largest gold and copper mine in Bougainville's Panguna region that sparked a decade-long civil war between local landowners and the PNG defence force. Now BCL has another fight on its hands with the PNG Internal Revenue Commission (IRC) seeking tax compensation, penalties and interest after changing several tax laws. The court action was launched after a 2002 IRC audit found BCL was not entitled to claim depreciation and capital expenditure each year.

A clause under the new law requires BCL to pay tax deemed to be owed before launching any court challenge. But BCL claimed this was 'unfair' and is vigorously defending its case on various grounds. "What BCL considers particularly unjust are the penalties which at this time exceed the tax claimed, when it is the IRC that has changed its mind about the long accepted interpretation of the tax law," the spokesman said. "If BCL had been made aware of the IRC's current view 10 years ago, it would have taken steps as it now has to ensure a more tax-effective investment policy.

"The IRC has been very aggressive and uncompromising in pursuing its claim." Betty Palaso, IRC commissioner-general, did not respond to AAP's emails or phone calls. Greg Anderson, PNG's Chamber of Mining and Petroleum executive director, said it was concerned the judgment would deter investors. Another mining source with projects in PNG, who wished to remain anonymous, said more companies could be hurt. "A taxpayer is deemed guilty and must pay before a court decides the merits of the case, which has the potential consequence of making an innocent investor bankrupt," he said.