

Indonesia's national oil company aims for world-class status



INTERVIEW WITH KAREN AGUSTIAWAN
PRESIDENT DIRECTOR AND CEO, PERTAMINA

Although rich in petroleum and other fossil-fuel resources, Indonesia is currently a net importer of crude oil. What is your view of the prospects for discovering new oil and gas reserves in the country?

My belief is that Indonesia has considerable potential for finding new oil and gas reserves as well as other energy sources, and as Gita Wirjawan, Chairman of Indonesia's Investment Coordinating Board said recently, the country is focusing on increasing its exploration activities in the short term. As Mr Wirjawan also noted, the government has re-crafted the business plan for Pertamina to set higher ambitions for the company, both from an upstream standpoint and also from a downstream point of view. The government realises that it must work together with Pertamina if there is going to be a long-term future for the oil and gas sector in our country.

Pertamina is planning to increase production to one million bbl/d by 2015 – a target linked to our aspirations to be a world-class National Oil Company (NOC), hence the focus on upstream production. US\$4.6 billion is being allocated for investment, with 60 per cent of this set aside for upstream business, including acquisition activities. Pertamina's production has increased steadily over the past three years. In 2009, the company was the only Indonesian oil and gas company to do so; its competitors' production figures are all decreasing.

Does Pertamina have plans to convert the country's substantial coal reserves into petroleum liquids?

Coal Bed Methane (CBM) is a new form of alternative energy but further studies need to be made to ascertain its full

commercial viability. We are currently sharing risk with various partners to study its potential and, if it is workable, it would help to offset our sizable domestic gas demand.

South Sumatera and East Kalimantan are both considered to have considerable coal resources and consequently, potential CBM sources. Pertamina has four blocks in Indonesia and three of them are currently producing: Blok PSC CBM Sangatta I, Kalimantan Timur; Blok PSC CBM Sangatta II, Kalimantan Timur; and Blok PSC CBM Tanjung Enim, in Sumatera Selatan.

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To what extent will Pertamina need to partner with other international oil companies and NOCs to bring these, and other projects to fruition?

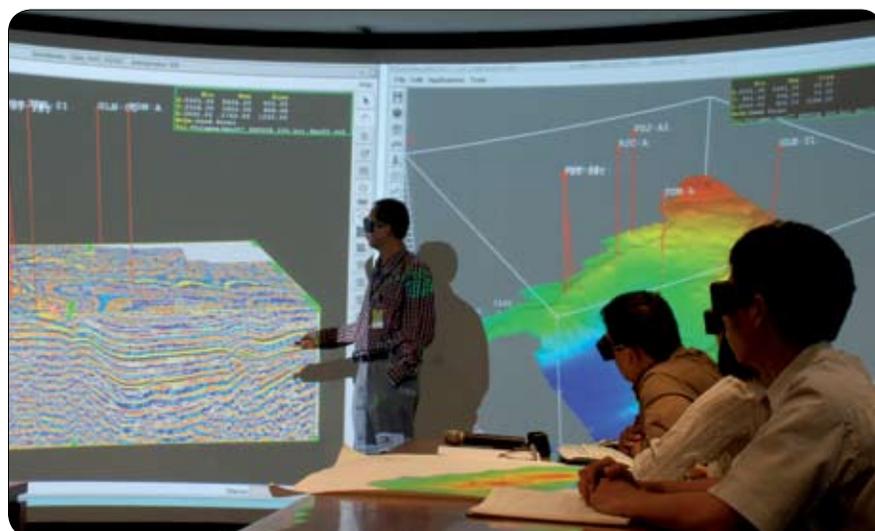
Pertamina is keen to foster partnerships with other companies that are mutually beneficial. Naturally, technological input is important to the company, as is promoting an improved working culture as part of our investment in human resources.

Primary energy demand is increasing in Indonesia and some forecast that electricity consumption will show an annual increase of around 8 per cent in the run-up to 2020. What is Pertamina's strategic role, alongside State electricity company PLN, in meeting this demand?

The Indonesian electricity sector's energy resources requirements are primarily coal, followed by fuel oil, gas, water and finally geothermal. Pertamina provides PLN's energy resources, supplying the company with fuel oil, gas and geothermal energy. The government is planning to reduce the use of fuel oil in stages, from 26 per cent to 1 per cent of total supply by 2018, and gas from 17 per cent to 10 per cent of total supply. Coal and geothermal energy sources will replace them.

In support of this programme, Pertamina is planning to have a coal-fired production capacity of 1.342 MW by 2014 and will, in addition, concentrate on promoting clean and renewable energy – in other words, geothermal. It is one of our core businesses and is growing exponentially. We have 15 of our own operational areas, five joint

3d visual dome modeling of geologic structures





Night view of a Pertamina oil refinery, Java, Indonesia: the company is bullish on its growth prospects, both upstream and downstream

contract geothermal areas and two joint venture geothermal areas, nationwide.

Three areas where we are currently operating are Kamojang, Lahendong and Sibayak, which have been producing since 2007, with impressive figures of 15.8 million tonnes of steam and 2.088 GWs of electricity. It is planned to start production at Ulubelu Unit 1 (1 X 55 MW), Ulubelu Unit 2 (1 X 55 MW), Sungai Penuh (1 X 55 MW), Lumut Balai (1 X 55 MW), Hululais (1 X 55 MW), Kotamobagu (2 X 20 MW) and Karaha (1 X 30 MW) in 2011. Once these programmes are fully operational, all that has to be done is to increase their production output.

You are the head of a major oil company in an industry that has traditionally been male-dominated. Do you feel any additional responsibility as a role model?

Gender equality has never been an issue at Pertamina: women work just as hard as men and take the same responsibility for their work, and as such are given every opportunity to contribute to the company as professionals. My appointment demonstrates that.

How would you describe Pertamina's business today and what is your vision for the future of the company?

Pertamina, as a State Owned Enterprise, delivers the biggest profit to the government of any company in Indonesia, and in 2009 found itself in 30th position among the world's top oil and gas companies (Source: Energy Intelligence Group).

Pertamina is an integrated oil and gas company, operating in both the upstream and downstream sectors. We are the pioneers of Indonesia's LNG business. Our downstream businesses include refining, distribution, marketing and trading. Although we have the leading market share nationally in fuel products, aviation and lubricants, we are continuing to expand our markets abroad.

Our vision is to be a world-class company and we are confident that we are getting close to it. Pertamina has a clear roadmap setting out a 15-year development agenda. Five years' work has already been done and our next task is to be a regional leader in Southeast Asia between 2011 and 2016. In the final five years of our plan we aim to be a world-class NOC. □