

Saturday 4 October 2003

## **Petroleum Development Associates completes purchase of the entire issued share capital of Amerada Hess (Lematang-Indonesia) Limited**

On 4 October 2002, *petroleum development associates (Asia) Ltd*, a part of the *petroleum development associates* group of companies ("*pda*") completed the purchase of the entire issued share capital of Amerada Hess (Indonesia-Lematang) Ltd ("AHILL") for an undisclosed sum. This company holds a 70% operating interest in the South Sumatra Lematang PSC. *pda (Asia) Ltd* has renamed AHILL as *pda (Lematang) Ltd*. Subsequent to this deal a 60% interest in the PSC was assigned to *pda (South Sumatra) Ltd*, a wholly owned subsidiary of *pda (Asia) Ltd*.

On 5 October 2002, PT Medco Energi Internasional Tbk acquired 100% of the issued share capital of *pda (South Sumatra) Ltd* for US\$ 6.26 million and the company was renamed Medco Lematang Ltd. *Medco/pda* have received verbal, in principle approval from MPS/Balak to transfer the operatorship of the Lematang PSC to Medco Lematang Ltd, and these operations will be conducted by 100% owned subsidiary PT Exspan Nusantara. The new ownership in the PSC from 5 October 2002 is thus: PT Exspan Nusantara (60%, operator), Coparex Lematang BV (15%), Novus Lematang Co (15%) and *pda (Lematang) Ltd* (10%)

The Lematang PSC has current production of approximately 100 bo/d and 3 MMcf/d from the Harimau field. Previous abandonment plans for this field have now been suspended and a multidisciplinary study will commence shortly to assess both infill drill potential and the development of the Siamang 1 discovery to the south. The PSC is of interest in that it contains what is most probably the largest undrilled four-way dip structure in the South Sumatra Basin. This feature, known as the Banteng Prospect, is located within the Lematang Deep Tertiary rift source kitchen and is surrounded on all sides by a large number of producing oil and gas fields. Reservoir horizons under closure exist at four different levels within the section and a deep exploration well is planned to be drilled in early 2003 on the prospect. *pda* has stated that in addition to the Banteng Prospect there are several shallow seismic anomalies in the PSC which could indicate "low cost" oil potential in the Air Benakat Formation.

The Lematang PSC was originally awarded to Enim Oil Co Ltd (100%) on 6 April 1987 upon payment of bonuses totalling US\$ 3 million and commitment to a 10 year work programme of US\$ 120 million. The second wildcat drilled in the first drilling campaign in the PSC, Harimau 1, flowed a cumulative 2,038 bo/d, 4.1 MMcf/d, plus 1,965 bw/d from Lower Miocene Batu Raja Formation carbonates in January 1990. Although later appraisal drilling was successful and the Harimau field brought on stream quickly, the field size is small (5.4 MMbo in place, 1.3 MMbo recoverable). Other wildcats drilled in the early years of the PSC included Gajah Besar 1 (gas) in 1989 (this field now held by Energy Equity under a TAC), Kijang 1 (dry) and Tupai 1 (oil) in 1990, Siamang 1 (oil and gas) in 1991 and Tapir 1 (dry) in 1994. Two seismic surveys were also undertaken, the first a 541km 2D survey between October 1988 and April 1989, and the second a 694km 2D survey over the Harimau field between September and December 1990. The latter was accompanied by a gravity survey which was completed in April 1991.

Following several changes of interest, Amerada Hess became operator of the block in September 1997. Relinquishments in 1991, 1992 and 1994 have reduced the block to its current 391 sq km.

Wildcat Singa 1 was suspended as a gas discovery on 25 July 1997. The well is located in the central part of the contract area, 10km south of the Belimbing oil field on the prolific Limau Trend. Singa 1 was a gas test of a reefal anomaly identified at Batu Raja level. The

prospect was located within 40km of the proposed gas transmission pipeline from South Sumatra to West Java and was, therefore, well located to access that pipeline. The well was tested successfully, with three of four DSTs in the objective carbonates being successful, flowing at a cumulative 55 MMcf/d, the gas containing 30% CO<sub>2</sub> and 110 ppm H<sub>2</sub>S.

New operator Amerada Hess acquired 188.5 sq km of 3D seismic, 311km of 2D data and a gravity survey over Singa and also the 1 Tcf Banteng Prospect between January and July 1998.

On 8 June 1999, Amerada Hess spudded the Singa 2 appraisal well. Elevated gas readings were recorded while drilling the Batu Raja, indicating that the reservoir is gas bearing. Based on gas readings, the gas-water contact appears to lie about 11m below the interpreted contact in Singa 1. The well was not tested as reasonable log correlations were established with Singa 1. Singa 2 was suspended as a future gas producer on 1 September 1999. Gas from the Singa structure is expected to be purchased by Pertamina for a fertiliser plant at Palembang and other potential markets are being pursued. As a commercial discovery, the PSC automatically entered its production phase on 6 April 1991 following a previous four year extension to the exploration phase. Gas reserves of 500 Bcf for the Singa field have been quoted.