

PTTEP keeps plan to leave Australia

Indonesia drops suit against subsidiary

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SET-listed PTT Exploration and Production Plc (PTTEP) is maintaining its plan to dilute ownership and sell assets of any projects in Australia in the near future, even though the company was cleared of allegations of harm to a marine environment in Indonesia's territorial waters.

On March 7, PTTEP announced the Indonesia government has withdrawn prosecution of the company's wholly-owned subsidiary, PTTEP Australasia (Ashmore Cartier) Pty, sued last May for US\$2.1 billion for alleged damages to the environment from an oil spill in the Timor Sea eight years ago.

Pannalin Mahawongtikul, executive vice-president for finance and accounting, said Indonesia's Environment and Forestry Ministry revoked the lawsuit last Tuesday at the Central Jakarta District Court.

PTTEP Australasia operated the Montara wellhead in 2009 when it caught fire

from leaking many hundreds of thousands of litres in the Timor Sea, off the northern coast of Western Australia. It was fined A\$510,000 by the Darwin Court.

The company's outlook for crude oil production is a depletion period, averaging 10,000 barrels per day.

Somporn Vongvuthipornchai, PTTEP's president and chief executive, has not responded to the case.

PTTEP has suspended all investment for oil and gas drilling in Indonesia since the spill. Moreover, it revised its overseas plan early this year concerning deep sea and nontraditional resources, including

ownership dilution of the Montara oil field.

The plan also affects other resources such as the Cash Maple project in Australia and oil sands in Canada, two fields that have not started production.

"Although the Cash Maple project has high gas reserves, market demand and distance from the gas resources require us to revise the plan," said Mr Somporn.

The Cash Maple project is located in an offshore area west of Australia, while demand is on the east coast. Moreover, development of a floating liquefied natural gas production facility was not viable.

In addition, oil prices have collapsed

to below \$70 per barrel from above \$100 in 2014. The production cost of oil and gas have not been competitive with other traditional resources during that period.

Mr Somporn said PTTEP plans to shift resources to Asean and the Middle East by joining auctions for drilling licences and acquiring assets in those regions, allotting \$9 billion for 2018-2022.

"A couple of units, assets or licences will see deals concluded by the first half this year," he said.

PTTEP shares closed yesterday on the SET at 112.50 baht, up one baht, in trade worth 1.26 billion baht.