Producing natural gas from coal bed methane - a pioneer in cleaner alternative energy.

Indonesian CBM: Opportunities & Challenges

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First mover and local partner of choice in the Indonesian CBM sector
CBM: Prerequisites for Success

Indonesian CBM

CBM versus conventional

Path to Success

Ephindo Overview
Prerequisites for CBM Success

Gas Reserves

Efficient regulation

Gas Market

Specialised skills

Infrastructure

Stakeholder support
Indonesian CBM potential is world class

Indonesia’s has the 5th largest potential CBM resources in the world, almost double those of Australia

Source: Tri-Zen presentation to CSG 2010, Brisbane Conference March 2010
“Unconventional” for a reason

- Shallow low-pressure gas
- Large surface footprint (10-20x)
- Significant volumes of associated water
- Progressive reserves certification
- Slow ramp-up to full production
- Lower exploration costs, but high development costs over an extended period of time
- No two CBM fields are the same => experimentation
Indonesian CBM: the path to success

The Positives

- World scale resource potential
- Strong domestic and regional gas demand
- Increasing gas prices
- Existing oil and gas infrastructure
- Government support

The Challenges

- CBM requires its own regulatory model
- Intrusive regulation increases costs and slows the pace of work
- Approvals hampered by numerous levels of Government
- Lack of “built for purpose” rigs and other services
- Must compete with subsidised fuels, including electricity

Conclusion: Government and Contractors working together to set a road map will attract significantly more investment and appreciably accelerate the development of CBM in accordance with the Government’s goals.
Ephindo’s CBM Portfolio

- South Sumatra Basin 180 TCF
- Kutai Basin 90 TCF
A pioneer in Indonesian CBM

- A partner in Indonesia’s first CBM PSC
- Operator of 3 PSC’s and joint-operator of 2 more
- A participant in 3 of only 6 CBM PSC’s where drilling has occurred
- Assembled a leading team of CBM professionals
- Two PSC’s have signed MoU’s for future gas sales
- On track to be the first PSC to book reserves
- A substantial commitment to ongoing exploration
Actual View of SW - CBM Pilot Well Site