Photo: The Jakarta Post

Major Indo O&G prospects in East Kalimantan

JAKARTA: Indonesia has appointed several firms to conduct exploration of three oil and gas blocks, including one off East Kalimantan where the new national capital Nusantara will be located.

According to a Reuters report of Feb 22, the firms include units of Indonesia's energy company Pertamina and Italy's Eni (ENI.MI), the energy ministry said.

The blocks are namely Peri Mahakam, Sangkar and Bunga.

Of particular interests to parties in Malaysia, especially to the Borneo states of Sabah and Sarawak, is the Peri Mahakam block largely because it being located to Nusantara whose development is expected t have major impact on the economy and geopolitics of the area.

Sabah is the major O&G state of Melaysia but it has a complicated history in terms of stewardship of the resources, which come under the federal government. The state was recently granted control over its gas but the mechanics are still being speculated. The gas exploration in East Kalimantan is expect to be part of the conversation this side of the border.

Peri Mahakam covers over 7,400 square km (2,857 square miles) onshore and off East Kalimantan province which is south of the border of Sabah.

Indonesia plans to offer 10 oil and gas working areas to contractors this year, including a block in the South China Sea, amid efforts to make new discoveries and reach one million barrels of oil per day by 2030.

For Bunga, located north of East Java, a consortium of PT Pertamina Hulu Energi and South Korea's POSCO International Corporation (047050.KS) , senior energy ministry official Tutuka Aridaji told a briefing.

The block has an estimated oil and gas resource of 1.3 billion barrels of oil equivalent, similar to Peri Mahakam, which he said would be explored jointly by a consortium of Pertamina Hulu Energi and Eni Indonesia.

Exploration of Sangkar block, which has an estimated 130 million barrels of oil and 300 billion cubic feet of natural gas, was awarded to PT Saka Eksplorasi Timur, Tutuka said.