

Energy Firms Look to Tap Sumatra Methane Gas

The Jakarta Globe | Ririn Radiawati Kusuma | April 05, 2011

Perusahaan Tambang Batubara Bukit Asam said on Tuesday that it and its consortium partners planned to extract 50 million standard cubic feet per day of coal-bed methane gas from the Tanjung Enim block in South Sumatra by 2013.

Sudharta, PTBA's corporate secretary, said the block was slated to come online next year. "The production will increase in stages until it meet its maximum capacity of 50 mmscfd by 2013," he said.

PTBA subsidiary Bukit Asam Metana and Pertamina Hulu Energi Metanan Sumatera Tanjung Enim, a unit of the state oil and gas company, each hold a 27.5 percent stake in the project. The remainder is held by Australia's Dart Energy. Executives have declined to disclose the total investment for the project.

"We need approximately \$2 million to \$5 million in funds to drill one well," Pertamina spokesman Mochammad Harun said.

There are 134 wells planned for the project.

Coal-bed methane is natural gas trapped in seams of coal. Indonesia has been struggling to reverse declines in oil output, and hopes to tap CBM as an alternative to expensive crude to fuel factories and power plants. The nation's reserves of coal-bed methane are estimated at 453 trillion cubic feet, more than double the amount for natural gas, according to the Energy Ministry.

Most of the nation's CBM blocks are located on Sumatra and Kalimantan islands, both rich in coal reserves.

Consortium partner Dart Energy said the Tanjung Enim block was in a prime location near a gas pipeline that serves Sumatra and Java. The consortium has entered sales agreements with customers including state utility Perusahaan Listrik Negara.

"We have signed a deal with PLN to supply gas to its South Sumatra power plant," Pertamina's Harun said.

Drilling at the block began in the second quarter. "We are using technology from Dart Energy, and it will operate the gas exploration," Sudharta of PTBA said.

According to Dart Energy, the project will produce a total of 13 billion cubic feet in 2013, with a total 310 billion cubic feet of estimated recoverable reserves.

Besides the Tanjung Enim project, PTBA is also partnering with Inti Gas Energi to develop the Sinjunjung CBM block in West Sumatra, which has an estimated trillion cubic feet of reserves.

Local oil and gas producer Ephindo and General Electric are expected to produce the country's first CBM in the second half of this year in Sangatta, East Kalimantan. There will be seven CBM blocks producing a total of 9.25 mmscfd in 2012, according to Energy Ministry data.