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Medco takes over block E from CNPA in Cambodia

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ANTARA (Indonesia)

Jakarta (ANTARA News) - Indonesia's publicly-listed oil and gas company PT Medco Energi Internasional (MEDC) through its subsidiary, **Medco International Petroleum Limited (MIPL)**, and its partner **JHL Petroleum Limited had taken over exploration and exploitation fields in Block E off the Cambodian coast from the Cambodian National Petroleum Authority (CNPA)**, an official said.

"MEDC and JHL are appointed contractors with working interests of 90 percent and 10 percent respectively. MEDC will act as a operator of the block," Medco director Hilmi Panigoro said in a report to the Jakarta Stock Exchange (JSX) here Thursday.

Block E which covers an area of **5,000 square km is located in Khmer Basin off Cambodia's northwestern coast.**

The first phase of exploration would cover a period of three years which can be extended for the second and third periods of two years respectively with prior consent from CNPA, Hilmi said.

Under the agreement, 12.5 percent of production in the first phase of exploitation would go to the Cambodian kingdom as government royalties, he said.

"Yet, the contractor still has the rights to get 90 percent of the remaining production," he said.

Based on the agreement, the remaining production would be shared by the contractor and the Cambodian government, he said adding that the contractor was required to pay 30 percent corporate income tax to the government.

After the first commercial production, he said, CNPA would be given option to have 5 percent of working interests in Block E.

"The option will not compel CNPA to reimburse the contractor for the petroleum fund," he said.

Hilmi said MEDC had already paid US\$4.5 million worth of social development project fund to the Cambodian kingdom.

"Although it is the first time for the corporate to engage in the energy sector in Cambodia, we are optimistic that this acquisition **will increase our oil and gas reserves.**" he said.

Heng Soy at 10:41 PM

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