

## Government threatens to ban PTTEP subsidiaries

The government has set a deadline for Thai-based oil rig operator PTTEP to make a final say on Indonesia's claims over an oil spill polluting the Timor Sea by the end of February at the latest. Transportation Minister Freddy Numberi, heading the emergency response team on the oil spill, outlined two options the government could take if PTTEP Australasia failed to meet the deadline.

"We can take the case to an international court or close down PTTEP's subsidiaries in Indonesia," Freddy told The Jakarta Post on Friday, but he did not elaborate on the details of either option.

PTTEP Australasia's oil platform in the Montara field off Australia's north coast exploded in August 2009, leaking 2,000 barrels of oil a day before the spill was halted in November 2009. Indonesia began negotiations for financial damage in July 2010.

"Since the first negotiations, the company has not indicated with any certainty if it would pay compensation," Freddy said.

He added that Indonesia had proven its good attentions by allowing the company time to verify the damage done to the environment and the losses claimed by fishermen. Government negotiators said the company had several subsidiaries in Indonesia, in which it owned more than half the shares in each company. Negotiators told the Post that these companies would be targeted by the government should PTTEP refuse to compensate for the oil spill. PTTEP is scheduled to gather data in the Timor Sea for verification next week. Environment Minister Gusti Muhammad Hatta agreed that the government should take stronger measures if negotiations proved fruitless this month.

"The company has so far agreed to pay all the Indonesian government's costs during negotiations, but we passed on this offer as we are prioritizing the losses suffered by local fishermen," he told the Post.

"If the company makes [no final say on the claim] we will take tougher actions in March," Gusti added.

Environmentalists are urging the government to take legal action and to lobby Australia — where the company operated — to also pressure PTTEP for financial compensation. PTTEP in a statement made available Friday to the Post said the company was still in discussions with the Indonesian government to seek evidence on the oil spill.

"Regarding the Indonesian government's claim, PTTEP [Australasia] is in discussions with [the] Indonesian government team to seek verifiable evidence proving the oil spill damage," the statement read.

"No conclusion has been reached," it continued.

The statement said PTTEP hailed the announcement by Australian Minister for Resources and Energy Martin Ferguson that the company could continue operations in Australia.

It claimed the Australian decision recognized PTTEP's commitment to delivering standards of oil field practice and safety in its operation.

"We are pleased with this announcement and confident of restoring the Australian government's trust in PTTEP's capability as a prudent operator with international E&P [exploration and production] best practices," PTTEP president and CEO Anon Sirisaengtaksin said.

"The ongoing Montara development is expected to lead to first oil production in the fourth quarter this year. The construction of the wellhead platform topside is expected to be completed this month."