



OFFICE OF THE MANAGING DIRECTOR

19th September 2024

Mr Paulus Ain
Commissioner and CEO
Independent Consumer and Competition Commission
PO BOX 6394
BOROKO
National Capital District

Dear Commissioner,

SUBJECT : CLEARANCE APPLICATION BY PETRONAS ENERGY PNG SDN.BHD FOR THE PROPOSED ACQUISITION OF 50% PARTICIPATING INTEREST IN PPL NO. 576 FROM TOTALENERGIES EP PNG 2 B.V LTD

We thank ICCC for inviting KCH to make submissions on the proposed acquisition by Petronas subsidiary in PNG, referred to as PEPNG, to acquire 50% interest in PPL No. 576. We note this license is currently held by TotalEnergies through TE PNG 2 and TEP PNG collectively.

The subject of the acquisition is a petroleum prospecting license (PPL), which is granted to the holder consistent with the requirements of the *Oil & Gas Act 1998*. We note from DPE website that in 2021, there were 73 Active PPLs, with 13 surrendered to the State.

As ICCC is aware, PPL is a high-risk business with large sunk costs. This proposed acquisition could also signify the need for PNG to aggressively promote investment into this segment.

Despite that, the entry of Petronas via its local subsidiary PEPNG presents an excellent opportunity for PNG given its vast experience in this industry in other countries. This new entry will signal to the global market the opportunities in PNG's petroleum industry, and potentially create competition in that market segment.

Accordingly, KCH submits that the proposed acquisition does not have the effect, or likely effect of substantially lessening competition in the PPL market or any other markets, therefore the ICCC should grant approval to the parties to proceed with the transaction.

Yours sincerely,


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DAVID KAVANAMUR, Ph.D
Managing Director