

**PETROKIMIA GRESIK SIGNS MOU FOR PURCHASE OF GAS WITH
KANGEAN ENERGY INDONESIA FOR THE AMMONIA-UREA FACTORY**

Number : 36/SP/PG/VI/2021

Petrokimia Gresik is an Agroindustry Solutions company and member of the Pupuk Indonesia holding, signed a Memorandum of Understanding (MoU) on the sale and purchase of natural gas with Kangean Energy Indonesia (KEI). The signing of the agreement was carried out by the President Director of Petrokimia Gresik, Dwi Satriyo Annurogo with the President Director of KEI Ltd., Minoru Kuniyasu at the event "Oil & Gas Investment Day" in Jakarta, Thursday (17/6), witnessed by the President Director of Pupuk Indonesia, Bakir Pasaman and Minister of Energy and Mineral Resources, Arifin Tasrif.

President Director of Petrokimia Gresik, Dwi Satriyo Annurogo explained that, through this agreement, Petrokimia Gresik plans to purchase natural gas from the Kangean Gas Field Work Area, which is estimated to be onstream in 2027, with the amount to be determined later.

The gas from KEI will later be used to meet the gas needs of the existing Ammonia-Urea (Amurea) fertilizer factory, or other factories. As is known, natural gas is an important raw material for producing subsidized fertilizers of the types Urea, NPK, and ZA.

"For this reason, it is necessary to guarantee a sustainable supply of natural gas so that the fertilizer production target is not disturbed, so that national food security can be maintained," said Dwi Satriyo.

Currently, Petrokimia Gresik's natural gas demand reaches 144 MMSCFD, which is met by several Cooperation Contract Contractors (KKKS). The gas is used to meet subsidized and commercial fertilizer production in the company.

Furthermore, Dwi Satriyo explained that the need for natural gas for Petrokimia Gresik is increasingly important to support programs related diversified industry or continue product down streaming. One of them is the plan to build a Soda Ash factory, which will utilize of CO₂ gas 174 thousand tons side product from the Ammonia factory. This program is one of the company's strategies to increase added value or profitability.

"We really appreciate the government's support for the fulfilment of gas for Petrokimia Gresik. This fulfilment is not only felt by companies, but also agriculture in Indonesia," he said.

Meanwhile, the President Director of Pupuk Indonesia, Bakir Pasaman, stated that natural gas is a very important component for the fertilizer industry. So that the certainty of supply and availability will determine the sustainability and development of the company.

Therefore, Bakir also greatly appreciates the support of the government, especially the Ministry of Energy and Mineral Resources (ESDM), which has issued the Decree of the Minister of Energy and Mineral Resources Number 89 of 2020 concerning Users and Prices of Certain Natural Gas in the Industrial Sector.

"Through the decree, Pupuk Indonesia can obtain competitive gas prices so as to increase efficiency and competitiveness," said Bakir.

PT Petrokimia Gresik

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