



PAPUA NEW GUINEA

PNG CHAMBER OF ENERGY AND RESOURCERS
COMMUNITY AFFAIRS & NATIONAL CONTENT CONFERENCE & EXPO

“PNG Resources – Building PNG for 50 Years and Beyond”

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“Petroleum Sector National Content Update for 2025”



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OUTLINE

- 1. Introduction**
- 2. Overview of Petroleum Activities in PNG**
- 3. Legal, Policy and Regulatory Framework in the Petroleum Sector in PNG**
- 4. Petroleum Sector National Content Policy and Implementation**
- 5. Reflections/Way Forward**
- 6. Conclusions**



Overview of Petroleum Activities in PNG





Legal, Policy & Regulatory Framework

- **Pre- Independence 1975**
 - Before Independence, Petroleum activities in PNG was under Commonwealth of Australia laws. There were no National Content provisions.
- **Post Independence to 1998**
 - **Constitution Preamble**
 - National Content required in the 5 National Goals & Directive Principles
 - **Government Statement on Petroleum Policy & Legislation White Paper (1976)**
 - National Content emphasized
 - **Petroleum Act Chapter 198 of the Revised Laws (enacted in 1976), Standard Petroleum Agreement and Petroleum Regulation 1989.**
 - There were no mention on National Content provisions in the Petroleum Act. however can be included on a project by project basis in agreements using the Standard Petroleum Agreement template.



Legal, Policy & Regulatory Framework

- 1998 Oil & Gas Act to currently
 - As opposed to Petroleum Act 1986, OGA 1998 had provisions pertaining to National Content in the following sections;
 - Section 67 OGA – Domestic Market Obligation
 - Section 129 OGA – Local Purchase Obligation
 - OGA 1998 also included Project Area Landowner Benefits with Provincial Govts and LLGs



Past & Current Oil & Gas projects

◆ Kutubu Oil Project

- ◆ Kutubu Oil project PDL 2 granted in 1991 and first oil production in 1992.
- ◆ No provisions on National Content in the Petroleum Act 1976
- ◆ PPL 100 (Kutubu) Project Agreement Clauses 14 & 15 on Local Business Development and Training & Localization Program and employment.
- ◆ National Content Provisions of OGA 1998 apply post 1998.
- ◆ Kutubu Oil fields are still producing but at a very reduced rate; the fields are depleted.
- ◆ The associated gas from the oil fields around 1 TCF are producing and contributing to the PNG LNG Project.



■ Gobe Oil Project

- **Gobe Oil Project commenced production of oil in 1998.**
- **National Content Provisions in Project Agreement and the Oil & Gas Act 1998.**
- **Gobe Fields have been depleted and are going into decommissioning . They have contributed some associated gas to the PNG LNG Project.**



■ Moran Oil Project

- Commenced in 1998.
- National Content Provisions in Project Agreement and the Oil & Gas Act 1998.
- Production is reducing; fields are getting depleted.



■ PNG LNG Project

- Project Agreement signed on 22nd May 2008.
- National Content captured in Section E of the agreement on Social Mapping, Training & Employment, Local Supplies and business development.
- Captured also in OGA 1998.
- PNG LNG fields (Hides, Angore, Juha) will be still producing for the next 10 to 20 years.
- We have seen an increase in Employment, Training and Business success stories as a result of the PNG LNG Project.



4. New Projects Update

Stanley Gas Project (2014)

- Gas Agreement and PDL granted in 2014.
- National Content provisions in the agreement however the project never commenced due to its commercial viability amidst oil price plummeting in 2015.
- It is a small field with a challenging commercial outlook.



P'nyang Gas Project

- Gas field in Western Province and Hela Province border.
- Best estimate 4 TCF volume.
- Gas Agreement signed in 2022; PDL pending. Planned to be developed following Papua LNG in 2030.
- Improved National Content aspects from OGA 1998, National Content Policy 2023 and the development proposals.



▪Papua LNG Project

- Currently in revised FDP in June 2025 and is being reviewed for compliance.
- FID is expected in December 2025 and construction anticipated thereafter with first production and sales in early 2030.
- Improved National Content aspects from OGA 1998, National Content Policy 2023 and the development proposals.



Basis for Petroleum Sector National Content Policy

- **Second National Goal and Directive Principles on Equality and Participation**
- **Section 129 of the Oil and Gas Act 1998 mandates Petroleum Project operators to prioritize local procurement of goods and services. Historically, Petroleum Projects operated without a centralized National Content oversight framework, with local procurement efforts largely led by project operators.**
- **The NPA with Department of Commerce & Industry and relevant State Agencies have taken the initiative with the support of the NEC to draft a National Content Policy for the Petroleum Sector.**
- **The Policy was approved by the NEC in July 2023**
- **An Office of the PSNCP was created and will certainly increase manpower and resources once the NPA is fully operational**
- **The establishment of the Petroleum Sector National Content Office in October 2023 marked a significant policy shift, providing formal structures to monitor, regulate, and drive national participation in the Petroleum Sector through implementation of the Petroleum Sector National Content (PSNC) Policy. This report outlines historical practices, current progress, challenges, and proposed actions to strengthen national content implementation across the sector.**
- **The ultimate aim of the policy is to have all activities in the petroleum value chain from exploration to development, to production & processing to transportation & storage in PNG to utilize domestic resources, in labour, business & also to benefit in training and technology transfer.**
- **The Policy allows the State to enforce and monitor.**
- **Apart from Taxes, Royalties and other monetary benefits stemming from economic projects, National Content is the 'tip of the spear' where we can gain positive impact from the exploitation of our mineral and petroleum resources.**
- **In fact full participation in National Content will certainly create wealth and realise the slogan "Take Back PNG"**



Petroleum Sector National Content Policy Implementation Status

- **Legacy Projects (Kutubu, Gobe, Moran):**
- **In earlier petroleum developments, including the Kutubu, Gobe, and Moran projects, local content requirements under Section 129 were applied but lacked consistent oversight due to the absence of a dedicated national content office. Key features of this period included:**
- **There was no dedicated national content oversight office.**
- **Local procurement was managed directly by project operators.**
- **Landowner company (LANCOS) participation was managed informally.**
- **Limited or no centralized supplier or workforce database existed.**



Petroleum Sector National Content Policy Implementation Status

- **Current Proposed Projects (Papua LNG, P'nyang, Pasca):**
- **Papua LNG Project:**
- **Adoption of the LANCOS Business Model in May 2025 by Total Energies Papua LNG enabling local clans to form joint ventures, partnerships, or standalone businesses to participate directly in project supply chains.**
- **Focused efforts to train and build capacity of LANCOS, positioning them for long-term national and international supply opportunities.**
 - **Implementation of supplier development programs, including training, mentoring, and business support to improve LANCOS competitiveness.**
 - **Community consultations and employment-focused initiatives targeting landowners and impacted communities at large.**
- **Active embedding of local content strategies through supplier identification, skills training, certification initiatives, and equitable employment policies.**
- **Development of apprenticeships and employment programs targeted at landowner youth and communities.**



Petroleum Sector National Content Policy Implementation Status

- **Workforce Development Across All Projects:**
- **Requirement for operators to maintain a minimum 83% Papua New Guinean workforce.**
- **Establishment of partnerships with TVET institutions, MRDC, and HGDC to support skills development.**
- **Fifteen (15) technical colleges identified as training hubs for petroleum sector workforce development.**
- **Ongoing negotiations with the International Competency Training Institute Board (ICTIB) of England to accredit local training programs, aligning them with international standards.**
- **Pilot workforce programs underway at Lae Technical College, Mt Hagen Technical College, and Don Bosco Technical College (Simbu).**
- **Equity Participation**
- **Monitoring and Oversight:**
- **Development of a centralized National Content Database System to record and monitor landowner companies (LANCOS), supplier performance, workforce data, and contract participation across all petroleum projects.**



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Petroleum Sector National Content Policy Implementation Status

Challenges

- Despite notable progress, several challenges continue to affect national content implementation:
- Capacity Gaps:** Many LANCOS remain underprepared to meet project requirements due to financial, managerial, and technical constraints.
- Absence of Real-Time Monitoring:** The National Content Database System is still under development, limiting real-time oversight.
- Policy Misalignment:** Fragmentation between the PSNC Policy and the overarching National Content Policy administered by the Department of Commerce and Industry (DCI).
- Skilled Workforce Shortages:** Continued reliance on expatriates in technical roles due to gaps in certified local workforce availability.



Reflections – Way Forward

- **Operationalize the National Content Database:** Finalize and implement the system for tracking LANCOS participation, workforce development, and contract awards.
- **Expand Technical Training Programs:** Accelerate ICTIB accreditation and scale up training programs through the 15 identified technical colleges.
- **Mandatory Supplier Development:** Enforce structured supplier development programs in all projects, with operator accountability for capacity-building initiatives.
- **Strengthen Institutional Coordination:** Clarify roles and responsibilities between the National Content Office, DCI, MRDC, HGDC, and project operators.
- **Regular Reporting and Audits:** Establish quarterly reporting cycles from all operators to the National Content Office to Minister and overarching to Department of Commerce and Industry



Conclusion

- Apart from tax, royalty and equities, National Content and sustainable developments are what the Government should embark on as a requirement and a tool for impact measurement on oil and gas development projects in PNG.
- We have more Gas projects and Exploration prospects to discover, develop and bring online to support PNG's development agendas in the coming years.
- The future looks bright but we have to work on it to bring to realization.