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MEDCOENERGI

Press Release **PT Medco Energi Internasional Tbk**		
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MEDCOENERGI COMMENCES DEVELOPMENT OF BLOCK A GAS, ACEH

Jakarta, 27 January 2015 - PT Medco Energi Internasional Tbk through its subsidiary PT Medco E&P Malaka ("Medco E&P") (together as "MedcoEnergi" or the "Company") opened the year of 2015 with the important signing of Gas Sales and Purchase Agreement (GSPA) Block A, Aceh and Amendment GSPA South Sumatera Block. The total gas volume is over 200 Trillion British Thermal Unit (TBTU), equivalent to the total gas sales value of over US$ 2 billion. The signing was held today at the 2015 Indogas Conference and Exhibition. Both GSPAs demonstrate the Company's commitment to continuously develop the Indonesian gas market by supplying gas to Aceh, North Sumatera and South Sumatera areas.

The GSPA with Pertamina for Block A will be used to supply gas demand in Aceh and North Sumatera provinces, especially for fertilizer and local industry. The final investment decision (FID) is targeted by mid 2015 and the gas supply is slated to commence by 2017 for the contract period of 13 years, with a total gas volume of 198 TBTU and a daily gas supply of 58 BBTU per day. The agreed gas price is **US$ 9.45 per Million Metric British Thermal Unit (MMBTU)** at the tie-in point of Arun Belawan gas pipeline. In addition to Pertamina, the Company will sign a GSPA with PT PLN (a state-owned electricity company) for a volume 5 to15 BBTU per day by mid 2015.

The participating interest in this Block A PSC is MedcoEnergi 41.67% (as the operator), KrisEnergy 41.66%, dan Japex 16.67%. The Block A gas development is one of the Company's major projects. The GSPA is expected to bring revenues of US$ 2 billion to the Government of Indonesia and PSC Contractors with the distribution to the Government of US$ 492 million, to the PSC contractors of US$ 209 million and also the cost recovery of US$ 1.3 billion.

The Company also signed the GSPA amendment with Perusahaan Daerah Mura Energi to fulfill the gas needs for electricity in Musi Rawas Regency, South Sumatera. Medco E&P will supply gas from South Sumatera Block with a total contract volume of 8,750 Billion British Thermal Unit (BBTU) for 11 years with a daily gas supply of 2.5 BBTU per day. MedcoEnergi has successfully increased the gas price from US$ 3.00 per MMBTU to US$ 6.50 per MMBTU with an escalation factor of 2.5% per year. This GSPA is expected to bring revenues of US$ 66 million to the Government and PSC contractors.

Lukman Mahfoedz, Presiden Director & CEO MedcoEnergi, cited, "With the above signed gas sales contract, MedcoEnergi's revenues will be less dependent to the global oil price fluctuation since the gas price is not linked to oil price. As Senoro Gas and Block A Gas projects complete in 2015 and 2017 respectively, the ratio of the Company's revenues from oil and gas sales will be around 50:50." Lukman also added, "The commencement of Block A project will provide a significant contribution to local government and also expanding the employment opportunity in the surrounding community."

MedcoEnergi is a publicly listed integrated energy company with a focus on exploration and production of oil and gas. MedcoEnergi has operations in Indonesia, including operating 9 oil and gas blocks and having an economic participating interest in an exploration field. Overseas, MedcoEnergi operates in Libya, Oman, Papua New Guinea, Tunisia, Yemen and the Gulf of Mexico in the United States of America. In addition MedcoEnergi operates several gas-fired and coal power plants, supplying electricity to the Indonesian State-Owned Electricity Company (Perusahaan Listrik Negara/PLN), and also coal mining and gas distribution businesses

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