

# Indonesia's Texas? Rural Java braces for oil boom

BOJONEGORO, Indonesia, (Reuters) – Few things seem to happen at speed in this sleepy Java town where rickshaws ply the streets. But this rural area of rice fields and teak forests is set to be transformed by Indonesia's biggest oil find in years. Oil production could start to flow from the huge Cepu field straddling East and Central Java later this month and eventually add millions of dollars to the coffers of local governments, as well as an influx of workers and a wave of new expectations.

The head of the Bojonegoro district, where most of the Cepu field lies, wants people to keep their feet on the ground.

"I don't want my people to have false dreams. Yes maybe it will be like Texas here, but my people can't get access to that," regency head Suyoto said in an interview in his modest offices. Southeast Asia's biggest new oil field is estimated to contain 350 million barrels of crude, currently worth more than £14.6 billion on global markets. It also has big reserves of gas.

"They imagine that they will become rich with the oil and gas," said Suyoto, 44, who like many Indonesians goes by one name and was previously the rector of a local university.

The Bojonegoro regency, which has a population of about 1.2 million, is currently the fourth poorest district in East Java, relying on a rural economy based on rice, corn and tobacco.

Suyoto wants to prioritise using the district's share of oil revenue, which is due to hit an annual peak of 2 trillion rupiah (about £125 million) in the next few years, to develop its pot-holed roads and upgrade

agriculture through irrigation and greater use of livestock such as cattle and sheep.

"Why agriculture? Why husbandry? Because most people can do that," he added, noting many of the oil and gas jobs would be far too skilled for local workers.

Cepu was discovered by US oil giant Exxon Mobil in 2001, but then faced hurdles ranging from land disputes to rows over revenue sharing and the routing of pipelines. The arguments raged despite a dire need for Indonesia to raise flagging oil output.

A deal was finally struck with state oil firm Pertamina in 2006 to jointly develop Cepu with Exxon as operator. Both firms hold 45 per cent in the project and the remaining 10 per cent is held by four local governments in Central and East Java.

**Sensitive resources**  
Exploiting natural resources in Indonesia, particularly when it involves foreign companies, can often be sensitive.

The huge Grasberg copper and gold mine in Papua, operated by Freeport McMoRan Copper & Gold Inc, has been a frequent source of friction over its environmental impact and the share of revenue going to Papuans. Exxon has also faced pressure over alleged abuses by the Indonesian military guarding its gas project in Aceh on the far northern tip of Sumatra.

Cepu is in the heart of densely populated Java and there have been some protests calling for more local jobs in the project.

The early stages of the project have not required much labour, but when the



**SLICK:** A worker carries containers of crude oil to be processed into fuel at a well on December 22nd, 2008 in Bojonegoro, Indonesia. Nearby, big corporations are pumping from Asia's biggest new oil field, thought to contain over 350 million barrels of crude oil

project cranks up towards full production then the numbers should jump, said Dedy Afidick, a spokesman for Mobil Cepu Ltd, a unit of Exxon Mobil.

"When we start full production we are going to have five major contractors, it will involve hundreds, probably, of sub contractors and other local contractors also," said Afidick, adding that thousands of workers might need to be hired.

The firm, which has set up an information office in Bojonegoro, had started programmes such as vocational training to ensure host communities benefited from the project, he added.

The project would not be cut off from the local community in the way that some Indonesian resource projects have, pledged Maman Budiman, senior vice president at

Exxon Mobil Indonesia. Some resource projects involving foreign firms in more remote areas like Papua are basically self-contained guarded enclaves with on-site housing and other facilities.

Right now Bojonegoro and Cepu, the other main town near the field, only have a handful of fairly basic hotels between them to cater for growing numbers of visitors related to the project.

The Griya Dharma Kusuma in Bojonegoro has only 15 rooms and while perfectly comfortable the hotel does not exactly have the full set of amenities that some expatriate workers might expect.

The city has no shopping malls and few Western brands, while only a handful of restaurants offer non-local dishes.

But closer to the oil field there are signs of a building

boom in some villages with new homes emerging and a recently opened combined hotel and restaurant offering rooms and food.

District head Suyoto said he had given permits to build more hotels and was also looking at ways of promoting tourism including building a waterpark and even oil tourism.

**Traditional miners**  
This part of Java has had a long association with oil and the Dutch, Indonesia's former colonial rulers, operated oil fields in the area although never realised the potential of Cepu.

Indonesian cities such as Balikpapan on the eastern coast of Borneo and Pangkalan Brandan in Sumatra saw earlier oil booms often led by the operations of the Royal Dutch Shell company, which

has strong roots in Indonesia. A short drive out of Bojonegoro and farm labourers toil in fields building irrigation trenches to grow rice, appearing oblivious to a huge oil drilling site being operated by Pertamina and Petrochina, which also has operations in the area.

In the Tuban area nearby towering flare stacks burn off gas as a by-product from pumping oil. The billowing flames emit heat that can be felt from the road, while artificially illuminating the night sky as villagers pray at a mosque besides the site.

In other parts of Bojonegoro, nodding donkey-style oil pumps dot the landscape, while in the Woncolo area traditional "oil miners" work in messy tar-stained camps reeking of oil.

Reminiscent of Texas oil prospectors of a century ago,

these freelancer oil men use rickety wooden frames with pulleys, a few still operated by hand, to retrieve oil in wells up to 400 metres (1,300 ft) deep. They then heat the oil on wood fires to burn off water.

At one well, the miners, some puffing away on cigarettes, said they got enough oil to fill two car tanks a day. Other miners said they could earn from 200,000 rupiah (£12) a day shared between a team of at least three.

The work can be dangerous with three killed so far this year after rigs collapsed, but one 67-year-old worker said authorities should not try to regulate them and be content with the wealth from the Cepu field.

"The small wells should be for people like me," said Soeroso. "The government should be happy because it has the deep well."

# New Zealand bid to ban mobiles on the road

continued from front

NZ\$50 is a sufficiently harsh penalty to stop drivers texting and making or receiving calls while driving.

Penalties in other countries range from £13.50 in Austria to £1,761 or a two-week prison sentence in the Netherlands.

Waikato University road safety expert, Dr Samuel Charlton, has conducted research on the apparently distracting effects of mobile phone use and believes education is the answer. Unless people understand why they should not use their mobiles in cars, they may believe that it is just revenue gathering, he says.

"I do it by saying there are all kinds of places you should turn your cell phone off. You're going to a movie. You're going to your kid's recital. Getting in your car should be one of those places you just turn your cell phone off. It's at least as important as your enjoyment of a movie... you live through it."

At this stage it appears the ban will not cover hands-free phones despite research both in New Zealand and overseas suggesting that hands-free communication is also unsafe. "We've done a lot of different kinds of research. Some of the older stuff showed that hands-free and hand-held are no different in terms of their risk," said Dr Charlton.

His research has disproved claims that hands-free mobile phone conversations are the same as normal conversations.

"Cell phone conversations produced significantly slower reactions to traffic and hazards," according to research on driver behaviour carried out by Dr Charlton.

A normal conversation will stop when the driver approaches a potential hazard. The passenger may also yell out a warning.

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