

Upstream oil and gas regulator BPMigas on Friday blamed an administrative delay for questioning on Wednesday the validity of a natural gas contract between state energy firm PT Pertamina and a Japanese buyer, saying it had received the necessary approval and the contract was valid.

BPMigas chief Raden Priyono blamed a delay in communication between the Energy Ministry and his agency for the confusion.

On Wednesday, Raden and BPMigas deputy chief Budi Indianto both said the regulator had not been informed of the Energy Ministry's approval of Pertamina's sale of almost 1.9 million metric tons of liquefied natural gas from the BP-led Tangguh project in West Papua to Tohoku Electric Power. Pertamina is a minority partner in the Tangguh project.

"We do not acknowledge the validity of the agreement," Budi said on Wednesday.

On Friday, however, Energy Minister Darwin Zahedy Saleh said he had approved the agreement on Tuesday.

"It was just a misunderstanding," Darwin explained.

"I had approved the agreement but the information reached BPMigas late."

On Wednesday morning, Karen Agustawan, PT Pertamina's president director, signed a gas sales agreement with Tohoku Electric Power to supply 125,000 tons of LNG per year over 15 years starting in 2010.

The \$5 billion Tangguh plant is located in West Papua's Bintuni Bay, which holds 14.4 trillion cubic feet of proven gas reserves.