



INDONESIAN PETROLEUM ASSOCIATION

2011 ANNUAL REPORT

FORTIETH GENERAL MEETING

7th DECEMBER 2011

TABLE OF CONTENTS

<u>SECTION</u>	<u>DESCRIPTION</u>
1	President's Report
2	Financial Report
3	Associate Members Committee Report
4	Communications Committee Report
5	Convention Committee Report
6	Data Management Committee Report
7	Environment & Safety Committee Report
8	Exploration Committee Report
9	Finance & Tax Committee Report
10	Human Resources Committee Report
11	LNG & Gas Committee Report
12	Professional Division Committee Report
13	Regulatory Affairs Committee Report
14	Security Committee Report
15	Supply Chain Management Improvement Committee Report
16	Unconventional Gas Committee Report
17	List of Companies & Associates

SECTION 1

INDONESIAN PETROLEUM ASSOCIATION

PRESIDENT'S REPORT - 2011

by

Jim Taylor

On behalf of

IPA Board of Directors

December 2011

www.ipa.or.id



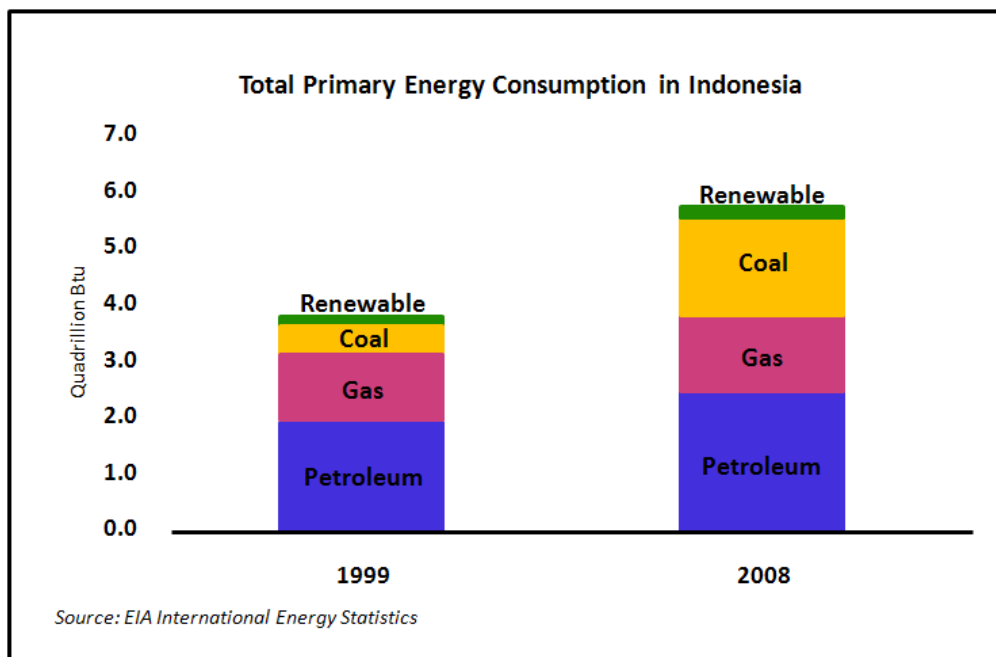
INDONESIAN PETROLEUM ASSOCIATION

President's Report for 2011

INTRODUCTION

The impact of the US and European financial crisis this year on Indonesia's economy was relatively contained and short lived. The economy exhibited strong growth in the second quarter riding on strong exports, household consumption and investment. The reported GDP growth forecasts for the rest of the year are expected to be equally strong, resulting in an overall annual growth rate of 6.5 %.¹

Sustainable energy supplies are essential to fuel this growth (Indonesia ranks as the world's third-fastest growing economy). Total primary energy consumption grew in Indonesia by nearly 50% between 1999 and 2008, with oil continuing to account for the most significant share of Indonesia's energy mix, at 44% in 2009. Coal consumption has tripled over the decade, accounting for 29% of total energy consumption in 2008, surpassing gas as the second most consumed fuel.²



A sustainable, growing energy supply is a prerequisite to achieving the sustained economic growth that is targeted by the government. With proven and potential reserves of over 8 billion barrels of oil, 170 TSCF of gas and 450 TSCF of CBM, Indonesia has abundant natural resources available to supply this critical energy to the growing economy.

¹ Deloitte, "Asia Pacific Economic Outlook: Indonesia, September 2011."

² EIA, "Country Analysis Briefs: Indonesia, May 2011."

FOSSIL ENERGY	RESOURCES	PROVEN RESERVES	PROBABLE AND POSSIBLE RESERVES	PRODUCTION PER YEAR - 2010
OIL	56.6 Billion barrels	3.7 Billion barrels	4.5 Billion barrels	357 Million barrels
GAS	334.5 TSCF	112.4 TSCF	57.6 TSCF	2.7 TSCF
COAL	104.5 Billion Tons	5.5 Billion Tons	13.3 Billion Tons	229.2 Million Tons
COAL BED METHANE	453 TSCF	-	-	-

Source: Ministry of Energy and Mineral Resources - 2011

However, to secure Indonesia's future energy supply, aggressive efforts and major new investment are essential. For this reason, the 35th IPA Convention and Exhibition in 2011 was built around that common theme: **"Indonesia Energy: Growth, Security and Sustainability."**

To grow, secure and sustain future production, it is evident that there needs to be a substantial increase in wildcat exploration activity. To achieve the Government's production target of 1 million bopd, it is estimated that over 100 wildcat wells per year need to be drilled, double the current total. According to an independent assessment by the Boston Consulting Group, a tripling in upstream investment to 23 billion dollars is required between 2011 and 2025. **To secure these levels of investment and remain competitive in the global marketplace, Indonesia needs to maintain a positive investment climate.** Indonesia needs to compete for funds on a global scale, provide incentives, encourage exploration and develop the infrastructure to exploit conventional oil and gas, non-conventional gas, CBM, shale gas and new and renewable energy. In addition, there needs to be improved coordination between ministries and early consultation with the industry to assess the impact of new or proposed legislation.

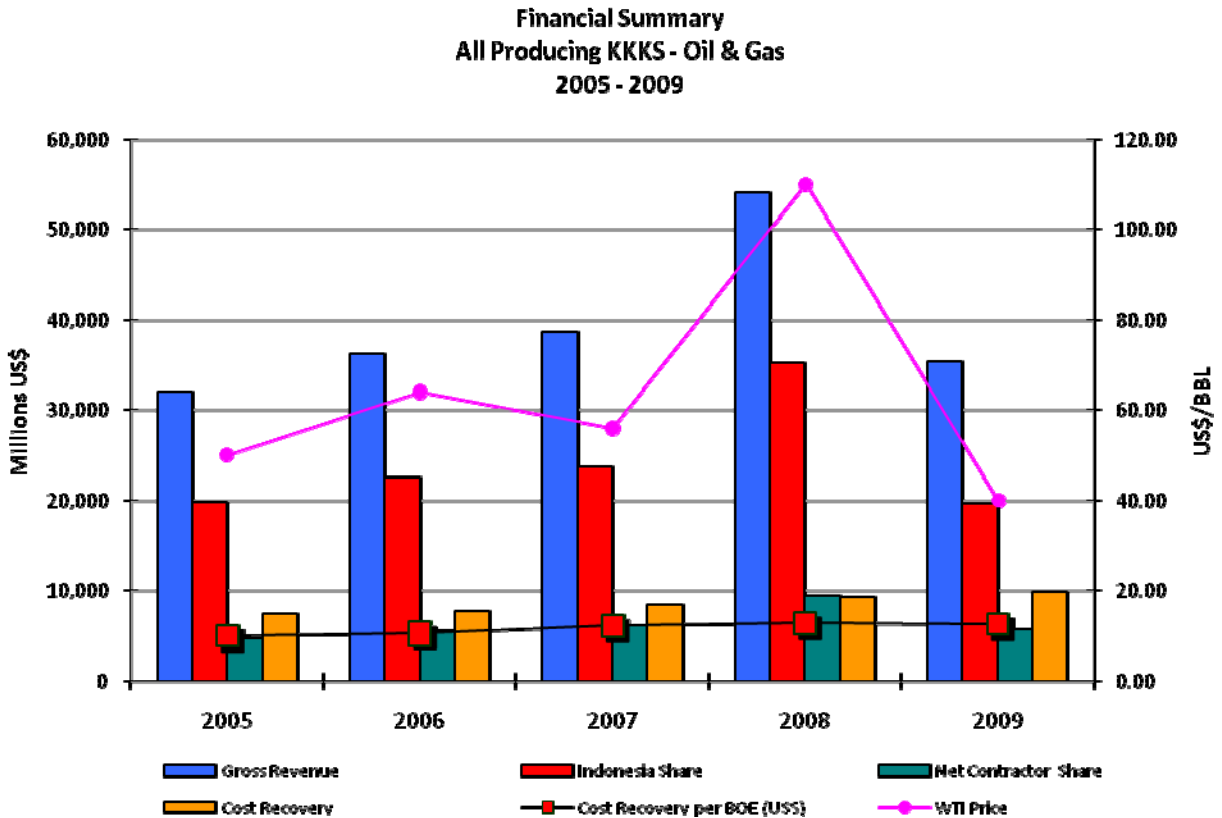
Without further significant investment, exploration activity will continue to decline and Indonesia's oil and gas potential will not bring any additional value and benefits to the State and its people.

The Government recognizes this and is working hard with industry to ensure this is the case, however uncertainty has returned to the sector in the eyes of the investor in the form of new government regulations such as GR 79/2010 on cost recovery and income tax, the BI regulation on foreign export proceeds, taxation issues, etc.

The Government's priority has shifted from "Managing Oil and Gas Production" to "Managing the Cost". Costs and investment levels are the crucial factors in increasing future oil and gas production. Overly-managing and scrutinizing the related costs will result in slowing down or even halting the activities which are required to increase production and government revenue, potentially resulting in a direct reversal of the government's objective.

There should be a fundamental recognition that cost recovery does not require the government to provide an incentive, but rather to provide its share of the necessary investment as agreed in the production sharing contract. Cost recovery should not be included in the state budget as this is the government's shares of investment and not expenditure.

As illustrated in the chart below covering the period 2005-2009, the government share of revenue has increased substantially as a result of the windfall profits from the global rise in the oil price over this period, whilst the cost recovery has remained relatively constant. The Contractor's share of revenue has also remained relatively constant during the same period, while the government has profited substantially from the price increases.



Source : BPMIGAS

The role and principal objective of the IPA in addressing these issues is to work with the government to remove the level of uncertainty for this much needed future investment and to fully realize Indonesia's hydrocarbon potential for the benefit of all stakeholders.

The time to act is NOW to establish the regulatory framework and pricing policies that will encourage investment in these technically challenging areas to achieve the objectives of all stakeholders – to increase production and also ensure that the country's renewable and unconventional resources can also take their place alongside conventional resources in Indonesia's future energy mix.

In the Commentary section we highlight the current areas of concern for the association in this regard.

GENERAL COMMENTARY

In order to provide existing and potential investors with an economic environment conducive to achieving long term production growth in Indonesia, the IPA has highlighted several principal issues which need to be addressed.

A. Contract Sanctity

Existing Production Sharing Contracts (PSC's) must be honored - commitment is required from the Ministry of Energy and Mineral Resources, BPMIGAS, the Ministry of Finance and other government ministries and agencies on the sanctity of existing contracts to support the capital intensive long-life nature of oil and gas projects.

- Existing PSC's are steadily being eroded by the introduction of new rules and regulations that impact the economics of the contracts that are already established.
- New government laws and regulations being drafted should not be in contradiction with Art. 63.c of Oil and Gas Law No. 22/2001 which provides the legal basis for the preservation of existing contracts.

B. Government Regulation No. 79 / 2010 on Cost Recovery and Income Tax In The Upstream Business Sector (GR79)

- GR79 contradicts several superior laws and regulations, such as the Oil and Gas Law, the Income Tax Law, the Indonesian Civil Code (KUHPer and the Law on Formation of Laws and Regulations). The GR could potentially be applied retroactively and changes the principle of the existing PSC unilaterally which is protected under the Indonesian Civil Code and the Oil and Gas Law and is critical to investor confidence (this is mainly referring to Art. 38 (b)).
- GR79 also creates uncertainties for future PSCs since it potentially allows the government to change the PSC terms from time to time after a PSC has been signed.
- After long consideration and consultation with various stakeholders and experts, on 16 June 2011, the IPA filed a Judicial Review (Permohonan Uji Materiil) on GR79 to the Supreme Court as our last resort in obtaining the clarity and certainty that is required for existing PSCs as well as for the future PSCs.
- The IPA requests that the GR79 be revoked, since it will potentially cause a negative impact to the oil and gas investment climate in Indonesia and could reduce investment by as much as 20% and a production decline of 150,000 BOEPD.
- Cost Recovery should be taken out from the State Budget Law.
- On 18 October 2011 IPA's petition for Judicial Review on GR 79/2010 was denied by the Supreme Court. The basis of the denial is not yet known as the judgment is not expected for another one to three months. Despite this disappointing news the IPA will continue to advocate the revocation of GR 79.

C. Amendment to Law No. 22/2001 on Oil and Gas

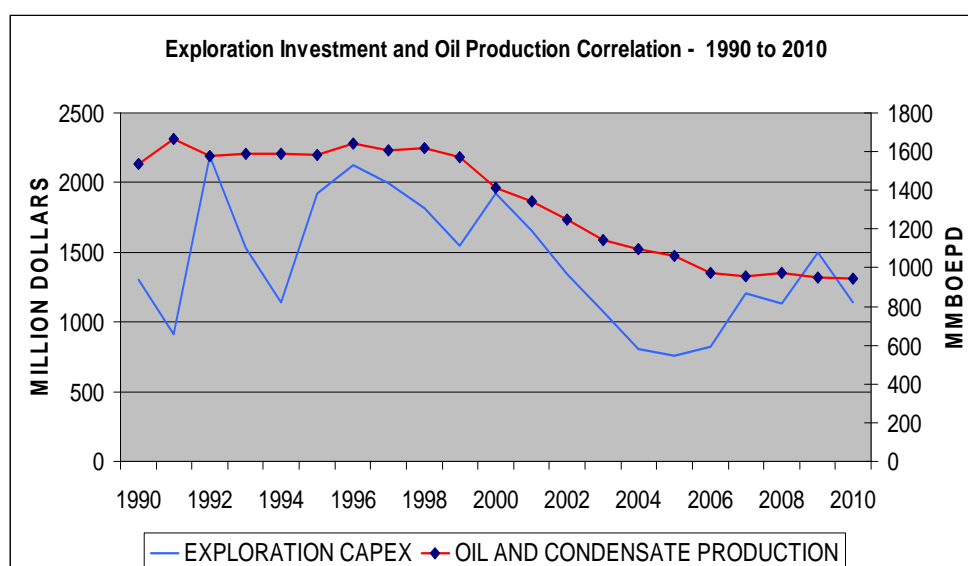
The IPA believes that the existing Oil and Gas Law has been relatively successful and any substantive amendment to the Law at this time will cause further uncertainty for those considering investments in Indonesia.

- We support the importance of amending the Oil and Gas Law to conform with the decision of the Constitutional Court. However, it is our view that any changes should be limited to amending those articles that have been deemed unconstitutional by the

Constitutional Court. This is because current issues surrounding the oil and gas industry can be addressed without changing the existing Oil and Gas Law.

- Indonesia's economic growth relies heavily on the petroleum industry. Legal certainty is a key principle in assuring the sustained long term investment that needs to be maintained to keep the investment climate competitive.
- Exploration investment took a downturn after the current Oil and Gas Law was introduced and only started to recover after the effects of its implementation became clearer. The same trend is expected to happen if the Oil and Gas Law is amended again as investors will reconsider their investment plans if they see that there will be consequences due to the amendment which is illustrated as per Slide below.

The Impact of Exploration Investment Levels on Production



SOURCE:    US ENERGY INFORMATION ADMINISTRATION (EIA)

D. Regulatory Environment

- The approval and regulatory process for all stages (GSA, POD, WP&B and AFE) needs to be accelerated and provide more facilitation and less bureaucracy and micro-management. This would accelerate production projects.
- Greater coordination at the highest levels between Ministries/ Departments and Regional Governments is needed to avoid problems which may have an adverse impact on oil and gas activities (Environmental Law, Forestry Law etc)

E. Bank Indonesia Regulation on Foreign Exchange Export proceeds

The IPA believes that its member companies should not be subject to the provisions of the Bank Indonesia regulation No. 13/20/PBI/2011 as the members companies are Contractors to BPMIGAS and not Exporters. Contractors are responsible for the execution and conduct of all aspects of Petroleum Operations under the terms of the Production Sharing Contract

and the PSC provides the right for the Contractors to freely lift, dispose of and export their share of petroleum and retain abroad the resulting proceeds. In addition;

- The Contractors right to dispose of and export their share of Petroleum should be distinguished from the Governments' share. It is the governments' share that contributes to the Indonesian economy as foreign exchange. The Contractors' share of Petroleum does not constitute foreign exchange revenue deriving from export.
- The explicit nature of the Contractors' rights under the PSC to freely lift, dispose of and export their share has always been recognized and honored since the inception of the first generation of the PSC under Law no. 44 of 1960, then under the Pertamina Law No.8 of 1971 and presently under the Oil and gas Law No.22 of 2001. The clear intention of the existing PSC agreements allow the Contractors to retain proceeds abroad and is an important fiscal incentive upon which the original investment was made.

F. Gas Pricing

Competitive market prices should dictate regional and domestic gas prices

- The era of "cheap" Indonesian produced gas is over - Future developments will largely depend on higher cost, complex and technologically challenging new frontiers (e.g. Deep water and CBM). These higher cost frontier developments have the potential to supply large volumes of Indonesian gas, but need higher gas prices to be viable. In the meantime, a significant gap between domestic gas prices and international gas prices exists (current Asia Pacific LNG price is around \$15/MMBTU while Indonesia domestic gas pricing is averaging around \$6/MMBTU).
- Limited gas infrastructure exists to connect gas sources to markets and existing regulations do not attract investors to develop gas infrastructure

To overcome these challenges, the Government should :

- Improve domestic gas pricing, particularly in the negotiation and approval of gas prices which are linked to international market prices or indexed to the alternative commodity such as crude oil.
- Provide incentives to attract investment in the areas of gas infrastructure, unconventional oil and gas (CBM/shale) and deep water exploration and development.
- Depending on project economics, size, availability of demand and infrastructure, allow both export and domestic markets to co-exist to provide acceptable market risk and reward to attract and retain investors and at the same time develop a robust domestic gas business
- Defining gas infrastructure as eminent domain

In the medium term, it is imperative that regional and domestic gas prices must be recognized as competitive and market driven to attract the level of investment required to develop new gas fields in increasingly remote and challenging environments

G. PSC Extension Process

The PSC Extension process should be transparent - with an increasing number of existing production sharing contracts approaching their end dates, clear and transparent processes governing favorable PSC contract extensions must be in place to allow for the

extended timeframes required by PSC's to plan and develop major new discoveries, particularly for gas related projects.

- There is a clear necessity for a timely resolution of extension negotiations to ensure the last decade of a contracts life does not suffer from uncertainty and under-investment that will neither enhance production nor asset integrity. Government has the option to terminate or extend on terms more favorable to the state but must recognize the capital and technology requirements to optimize production and development of remaining reserves and resources.
- The Government should consider establishing a clear and transparent process to extend the PSC by issuing a Government or Ministerial Regulation.

H. Exploration Investment

Exploration Activity should be encouraged, incentivized and accelerated - To compete for exploration capital in a global marketplace, the government must recognize that deepwater exploration is a high-cost, high technology and time consuming process that is more or less limited to a small number of multi-national companies. Exploration investment is the key to future production.

The government therefore needs to consider:

- Providing incentives to encourage exploration in remote, deepwater offshore areas
- Improving data access, minimum signature bonuses, reviewing relinquishment rules, size of commitments, size of licence areas, frequency of tender rounds, transparency in the awards system, fiscal splits and improved terms for deepwater exploration
- The current level of regulatory monitoring of Exploration PSC's is seen as excessive and counter-productive, resulting in unnecessary delays in the overall exploration and production process. The IPA recommends that the government simplifies the management processes for PSC's which are in the exploration phase, resulting in speeding up the drilling of much needed exploration wells and reducing costs..

Summary

The above outline the areas of principal concern to the investor who constantly looks for **Clarity, Consistency, Certainty and Competitiveness** in the investment environment to make an informed decision. The vast majority of new investment in the energy sector needs to come from the existing PSC contractors who in turn act as ambassadors for attracting new investors. It is essential to recognize this and ensure that existing contractors are treated well and encouraged to increase their future investment.

The request from the industry is for early engagement in policy formulation and ongoing collaboration in the regulatory process and the IPA is well positioned to facilitate this for the benefit of all stakeholders.

IPA MEMBERSHIP, OBJECTIVES AND ACTIVITIES

Currently the IPA membership stands at 50 Company Members (Multinational and National Oil and Gas Companies), 106 Associate Members and about 2,179 individual members. As you are aware, the IPA is predominantly a volunteer based organization whose members contribute their time and resources focused on the principle objective of promoting the



petroleum industry in Indonesia. This personal commitment is critical to the success of the IPA particularly during these challenging times for our industry. The IPA Mission is simply stated:

“To maximize the hydrocarbon potential of Indonesia for the benefit of all stakeholders; the contractors, the Government and the people of Indonesia”

The way we go about delivering our mission is through dialogue and engagement.

- The IPA provides a Forum for members and future investors to exchange knowledge, ideas and experiences about the Oil & Gas Industry in Indonesia and worldwide;
- The IPA is the industry’s “partner of choice” with the Governmental Institutions by facilitating dialogue and communication between the industry and the Government of Indonesia.
- The IPA promotes education and knowledge transfer, primarily through our Professional Division via luncheon talks, short courses, field trips, workshops, technical symposiums and interaction with various Indonesian universities and institutions

The IPA Board of Directors, comprised of 13 representatives from Member Companies, continues to meet on a monthly basis. Included in those meetings are selected Committee members who periodically update the Board on their committee activities and seek Board input as and when necessary on specific Committee activities and undertakings. The Committee Chairman Reports, some of which will be presented at the Annual General Meeting, are enclosed for your review.

In 21st January 2011, a “Brainstorming session” with the Committee Chairpersons and Member Company representatives was conducted. Board Members, 7 Company Members and 6 Associate members were in attendance, along with a delegation from BPMIGAS headed by Pak Hardiono. The results of the meeting were as follows:

- 1. Improving Advocacy with the Government**
- 2. Greater Engagement of Associate Members**
- 3. Optimizing Contribution of the IPA Committees**
- 4. Continuing Evolution of Secretariat Capabilities**

In response to these results the Board of the IPA has launched two measures to meet the requirements of its members:

- (i)** Three Associate Members have been elected from a formal annual election process to perform as Advisors to the IPA Board on 28th January 2011 as follows :
 - 1. Robert Harvey Weatherford Indonesia**
 - 2. Anthony Anderson PricewaterhouseCoopers**
 - 3. Ahmad Yuniarto Schlumberger Geophysics Nusantara**
- (ii)** Adjustment of IPA Membership Dues to further develop the capability of the IPA Executive Office and to support the increasing IPA activities in facing critical issues impacting the industry.



Membership Type	Tier	Tier Criteria	New Annual Fee
Company	Tier 1	Producing	US \$ 15,000
Company	Tier 2	Non-Producing	US \$ 5,000
Associate		Activities associated with industry	US \$ 1,000

These two measures are aimed at increasing the analytical capability of the IPA in its advocacy role with the Government and to strengthen the voice of the industry by ensuring the service sector has appropriate representation in the IPA.

IPA ACTIVITIES

This has been a year of extraordinary events in the IPA.

- **Judicial Review of Government Regulation No. 79/2010**

For the first time in the lifespan of the association, after very careful consideration and following consultations with its external Legal Counsel and reputable experts, the IPA submitted a petition to the Supreme Court for a Judicial Review of Government Regulation No. 79/2010 concerning “Recoverable Operating Costs and Income Tax Treatment in the Upstream Oil and Gas Business Sector.”

- **Media Engagement**

An assertive public engagement approach was launched by the IPA this year through several media briefings with selected editors and journalists to brief them on current industry issues, positions and concerns including the filling of the Judicial Review of GR 79 and Taxation Issues. The IPA President and Vice President also performed several interviews with Journalists to convey the industry’s consistent message.

- **Government Advocacy and Engagement**

The IPA Board continues to maintain an active and open dialogue with the Government authorities. This year, issues of concern for the industry have been presented to senior government officials including the Vice President of RI, Commission VII of the DPR, the Coordinating Minister for the Economy, the new Minister of Energy and Mineral Resources, the Minister of Finance, the Presidential Working Unit for Development Supervision and Control (UKP4), the Director of Economic Research & Monetary Policy of Bank Indonesia, DEN (National Energy Council), KEN (National Economic Committee), the Ministry of Environment as well as MIGAS and BPMIGAS.

It is very encouraging to note that input from the IPA is now actively being sought by the Government, however it is essential that this input is provided at the ‘concept’ stage when laws & regulations are being drafted that may affect the industry and not when the regulations are already formalized.

The IPA has continuously held regular monthly meetings with BPMIGAS which it is hoped will contribute greatly to improving communications and working relations between the two bodies. It is a very positive step forward that a regular working dialogue has been institutionalized in this way.

- **Establishment of New IPA Committee and Reorganization**

- **Reorganization**

Following the decision taken by the Board on January 26, 2011 the LNG, Gas and CBM Committee was reorganized as follows to focus on specific issues and concerns:

1. **LNG & Gas Committee:** To focus on issues, studies and regulations being developed regarding natural gas.

Chairman: Larry Marks (Vico)

Vice Chairman : Muhsin Assegaf (Chevron)

2. **Unconventional Gas Committee:** To focus on issues, studies and regulations being developed regarding CBM, shale gas and other unconventional gas resources.

Chairman : Soeryo Wibowo (BP)

Vice Chairman : Nurman Djumiril (Total)

- **Establishment of New Committees**

3. On 30th March 2011, the Board decided to establish an **Exploration Committee** to focus on enhancing the exploration climate in Indonesia, including formulating specific recommendations to the Government to encourage and accelerate exploration activities, as well as exchanging information and creating synergy among the PSC's.

4. The Board also decided to re-activate the Service Companies Committee on 4th May 2011 and to rename it **the Associate Members Committee** which will provide a forum to identify, analyse and discuss multi-disciplinary issues affecting Associate Members from the service company sector, as well as to communicate and exchange relevant information for its members.

Chairman : Bob Harvey (Weatherford)

Vice Chairman : Tanu Wijaya (Imeco)

- **IPA Breaking the Fast Event**

For the first time, the IPA organized a "Breaking the Fast" event during the holy month of Ramadhan as an informal engagement with its members and the Government including members of the Parliament, DEN, ESDM, MIGAS and BPMIGAS.

- **IPA Public Engagement**

The IPA significantly enhanced its profile and is constantly being asked to participate in seminars and discussion forums and workshops organized by the Government as well as by universities and the media, both locally and abroad. To accommodate the need to convey the industry's consistent messages on a variety of topics, an IPA Standard Presentation was prepared and endorsed by the Board.

- **IPA CSR Efforts**

This year, as part of the Associations' continued efforts to develop its CSR initiatives for the benefit of the Indonesian people, the IPA provided scholarships amounting to nearly 100 million rupiah to 25 disadvantaged high school students majoring in science in the Jakarta area through its cooperation with YKAI (Indonesia Child Welfare Foundation). Each scholarship recipient is entitled to tuition fees for 1 (one) year and textbooks.

- **The 35th IPA Convention & Exhibition 2011: the biggest in its history.**

As in previous years, the IPA held its 35th Annual IPA Convention and Exhibition during May 18-20, 2011 at the JCC which was the biggest IPA Convention & Exhibition ever held in its 34 years of history. It has set several records as follows:

- 150 companies exhibiting in 4,200 square meters of space compared to 120 companies in 3,300 sqm last year.
- The visitors this year also almost doubled to more than 7,000 people compared to 4,000 last year.
- The new feature in the IPA Convex, the Energy Edutainment Corner, also recorded an additional 1,420 visitors to the event.

The large numbers of visitors this year has also reflected the strong enthusiasm and hope from within the industry for the development of the oil and gas industry in Indonesia.

CONCLUSION

The PSC fiscal regime has served the industry well in Indonesia for more than forty years and has provided a stable framework that investors understood and were comfortable with, while at the same time providing much benefit to the country. Over recent years however, investor's perception of the stability of the PSC has been slowly eroding and investors are becoming very concerned about uncertainty over cost recovery.

The Government's priority and concern should be moved from managing cost recovery to managing and creation of new supplies of oil and gas to benefit the Indonesian economic growth for the people of Indonesia.

It is essential that current and prospective future investors operating in Indonesia be reassured as to the principle of contract sanctity. It is also important that the Government recognizes the extraordinary challenges that investors face as we experience the ongoing global economic crisis and that it enacts policies aimed at establishing a sufficient level of incentives to promote investment in an industry which contributes over 30% of the Government budget revenues and is so very critical to the Indonesian economy.

In this respect, the IPA remains committed to its Mission of **working collaboratively with all stakeholders to enhance the future of the petroleum industry in this country.** Developing mutual trust and respect amongst stakeholders, recognizing the highly competitive and changing business environment and fostering a high level of investor confidence will ensure achievement of that objective.

On a personal note, I am honoured to have been elected to serve as the President of IPA since 28th July 2011. I would like to thank my colleagues on the IPA Board, the Executive Office, the Committees and the General Membership for all their work and support and also to industry colleagues in ESDM, MIGAS and BPMIGAS for their continued cooperation throughout the year as we pursue our common goals and objectives.

Jim Taylor
President IPA

December 2011



SECTION 2

FINANCIAL REPORT

2011

by

**Dipnala Tamzil
Executive Director**

INDONESIAN PETROLEUM ASSOCIATION



Financial Executive Summary For the Year 2010 and Highlights 2011

The IPA's audited Statements of Revenues and Expenditures for the year ending December 31, 2010 shows deficit of Rp 1.4 billion before Corporate Income Tax (CIT) of Rp 0.03 billion. Total 2010 deficit after CIT is Rp 1.4 billion.

2010 deficit is primarily due to projects related to computerization of IPA accounting system and procedures, legal fees related to VAT-entrepreneur case at the Tax Court, legal memorandum on Government Regulation on cost recovery, and increase of annual audit fee.

The opening balance of cash flow for the year 2010 was Rp 4.8 billion. During the year 2010, adjustments made for depreciation and other changes in assets and liabilities resulted in a net decrease in cash and cash equivalent of Rp 1.5 billion. Such adjustments contributed to a decrease of cash and cash equivalent ending balance to Rp 3.3 billion as indicated in the audited cash flow.

Financial Highlights 2011

YTD October 31, 2011 indicates surplus of Rp 3.5 billion. Latest estimate per December 31, 2011 shows a surplus of Rp 2.4 billion mainly due to increase of annual membership fees for company and associate members, increase activities of Professional Division, and Convention Surplus.

Indonesian Petroleum Association
2010 Net Surplus/ (Deficit)
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	11,941	12,302	(361)
Expenses	13,349	14,141	(792)
Operating Surplus / (Deficit)	(1,409)	(1,839)	430
Corporate Income Tax	(32)	0	(32)
Net Surplus/ (Deficit) After CIT	(1,441)	(1,839)	398

Indonesian Petroleum Association

2010 Cash Flow (in million Rp)

Balance per January 1, 2010		4,843
Operating Surplus/ (Deficit) before Corporate Income Tax		(1,409)
Allowance for impairment losses		138
Depreciation		312
Net (Decrease) / Increase in cash and cash equivalent	1)	(531)
Balance per December 31 , 2010		3,353

Notes : 1) - Account Receivables and Prepayments	(188)
- Employee service entitlement expenses	188
- Employee loans receivables	5
- Inventory	24
- Deposits	8
- Account Payables and accrued liabilities	(424)
- Tax payables	89
- Payment for employee service entitlements	(188)
- Corporate income tax paid	(32)
- Purchase of fixed assets	(12)
	<hr/>
	(531)

Indonesian Petroleum Association
2010 Revenues
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Company and Associate Company Dues	2,253	2,550	(297)
Professional Division Revenues	6,335	6,440	(105)
Sale of Publications	130	0	130
Bank Interest, Other	123	112	11
Convention Surplus	3,100	3,200	(100)
	11,941	12,302	(361)

Indonesian Petroleum Association
2010 Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Division Committee	4,727	5,350	(623)
Communication Committee	42	50	(8)
Environmental Affairs Committee	54	75	(21)
Finance Committee	21	75	(54)
Human Resource	2	70	(68)
University Assistance Committee	65	300	(235)
Supply Chain Management Committee	4	40	(36)
LNG and Gas Sales Committee	1	0	1
Regulatory Affair Committee	88	50	38
Downstream Committee	0	0	0
Security Committee	24	85	(61)
Service Company Committee	0	0	0
Data Management Committee	0	0	0
Special Projects	339	846	(507)
General and Administrative	4,407	3,436	971
Salaries and Benefits	3,575	3,764	(189)
	13,349	14,141	(792)

Indonesian Petroleum Association
2010 General & Administrative Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Office Rent	883	900	(17)
Office Maintenance and Repairs	36	30	6
Telephone and Facsimile	34	45	(11)
Photocopy Machine	54	55	(1)
Stationaries and Other Supplies	63	120	(57)
Printings and Reproductions	267	50	217
Postages and Mailings	17	9	8
Transportations	39	45	(6)
Meetings	650	260	390
Information Technology	141	80	61
Bank Charges	30	20	10
(Gain) or Loss on Exchange Rate	142	342	(200)
Audit and Tax Service Fees	448	380	68
Legal Services	297	400	(103)
Accounting Systems Dev	405	400	5
Tax	8	7	1
Depreciation	312	270	42
Other Expenses	581	23	558
Sub -T o t a l G & A	4,407	3,436	971
Sub-Total Salary & Benefit	3,575	3,764	(189)
Total G & A and Salary Expenses	7,982	7,200	782

Indonesian Petroleum Association

CASH FLOW

December 31, 2010 and YTD October 31, 2011

	Dec. 31, 2010		YTD Oct. 31, 2011	
	Actual		Actual	
	Rp	US\$	Rp	US\$
	(million)	('000)	(million)	('000)
CASH FLOW FROM OPERATING ACTIVITIES				
Excess revenue over expenditure before Corporate Income Tax	(1,409)	(157)	3,482	394
Allowance for impairment losses	138	15	0	0
Depreciation expenses	312	35	225	25
Employee entitlement expenses	188	21	114	13
<u>Changes in assets and liabilities</u>				
Account Receivables	(188)	(21)	(1,458)	(165)
Employee loan receivables	5	1	47	5
Prepayments	0	0	0	0
Inventory	24	3	26	3
Account Payables and accrued liabilities	(424)	(47)	(993)	(112)
Deposits	8	1	(7)	(1)
Liability for severance payments	(188)	(21)	(114)	(13)
Tax payables	89	10	(1)	(0)
Corporate Income Tax paid	(32)	(4)	(7)	(1)
<u>NET CASH PROVIDED BY (used In) OPERATING ACTIVITIES</u>	(1,477)	(157)	1,313	148
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(12)	(1)	(18)	(2)
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	(12)	(1)	(18)	(2)
Increase (decrease) in cash and cash equivalent	(1,490)	(166)	1,295	146
Cash and Cash Equivalent at Beginning of Period	4,843	539	3,353	379
Cash and Cash Equivalent at End of Period	3,353	373	4,648	525

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES

October 31, 2011

(in million Rp)

	YTD OCT 31, 2011 ACTUAL	AVG. YTD 2011 BUDGET	FULL YEAR 2011 BUDGET
<u>REVENUES</u>			
Company and Associate Company Dues	5,086	4,401	5,281
Professional Division Revenues	6,147	5,492	6,590
Other Revenues	103	92	110
TOTAL REVENUE	11,336	9,984	11,981
<u>EXPENDITURES</u>			
Professional Division Committee	3,969	3,833	4,600
Communication Committee	54	422	506
Environmental Affairs Committee	19	63	75
Finance and Tax Committee	17	63	75
Human Resources Committee	12	63	75
University Assistance Committee	82	230	276
Supply Chain Mngmt Improvement	4	63	75
LNG and Gas Committee	6	0	46
Regulatory Affair Committee	12	63	75
Downstream	0	38	45
Security Committee	0	63	75
Service Company Committee	0	38	45
Data Management	0	4	5
Unconventional Gas Committee	3	0	0
Exploration Committee	1	0	0
Special Projects	1,124	1,150	1,380
General and Administration	2,289	2,303	2,764
Salaries and Benefits	3,439	3,837	4,604
TOTAL EXPENDITURES	11,030	12,229	14,721
Running Surplus / (Deficit)	306	(2,245)	(2,740)
Convention Surplus / (Deficit)	3,205	3,333	4,000
Corporate Income Tax	(29)	0	0
Net Surplus / (Deficit)	3,482	1,088	1,260

2010 Rate : 1 US\$ = IDR 8.991

2011 Rate : 1 US\$ = IDR 9.000



Indonesian Petroleum Association
STATEMENT OF REVENUES AND EXPENDITURES

L.E. DECEMBER 31, 2011

(in million Rp)

	OCT 31, 2011 YTD ACTUAL	DEC. 31, 2011 L.E.	FULL YEAR 2011 BUDGET
<u>REVENUES</u>			
Company and Associate Company Dues	5,086	5,402	5,281
Professional Division Revenues	6,147	8,070	6,590
Other Revenues	103	104	110
TOTAL REVENUE	11,336	13,576	11,981
<u>EXPENDITURES</u>			
Professional Division Committee	3,969	5,140	4,600
Communication Committee	54	66	506
Environmental Affairs Committee	19	25	75
Finance and Tax Committee	17	23	75
Human Resources Committee	12	22	75
University Assistance Committee	82	82	276
Supply Chain Management Improvement	4	8	75
LNG and Gas Committee	6	9	46
Regulatory Affair Committee	12	16	75
Downstream Committee	0	0	45
Security Committee	0	0	75
Service Company Committee	0	0	45
Data Management	0	0	5
Unconventional Gas Committee	3	0	0
Exploration Committee	1	0	0
Special Projects	1,124	2,174	1,380
General and Administration	2,289	2,728	2,764
Salaries and Benefits	3,439	4,065	4,604
TOTAL EXPENDITURES	11,030	14,357	14,721
Running Surplus / (Deficit)	306	(781)	(2,740)
Convention Surplus / (Deficit)	3,205	3,205	4,000
Corporate Income Tax	(29)	(31)	0
Net Surplus / (Deficit)	3,482	2,393	1,260

2011 Rate : 1 US\$ = IDR 9.000



INDONESIAN PETROLEUM ASSOCIATION
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009
(in million Rp)

	Audited	Audited
	Dec. 31, 2010	Dec. 31, 2009
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalent	3,353	4,843
Account Receivable and Prepayments	846	796
Employee Loans Receivable	97	102
Inventory	114	138
	<hr/>	<hr/>
Total Current Assets	4,411	5,879
Non Current Assets		
Fixed Assets, net	714	1,014
Deposits	202	211
	<hr/>	<hr/>
Total Non Current Assets	916	1,225
	<hr/>	<hr/>
TOTAL ASSETS	5,327	7,104
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
LIABILITIES		
Current Liabilities :		
Account Payable and Accrued Liabilities	2,103	2,522
Tax Payables	94	1
	<hr/>	<hr/>
Total Current Liabilities	2,197	2,523
Non Current Liabilities		
Deferred tax liability	0	9
	<hr/>	<hr/>
Total Non Current Liabilities	0	9
	<hr/>	<hr/>
TOTAL LIABILITIES	2,197	2,532
Accumulated Surplus	3,131	4,572
	<hr/>	<hr/>
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	5,327	7,104
	<hr/> <hr/>	<hr/> <hr/>

INDONESIAN PETROLEUM ASSOCIATION
BALANCE SHEETS
OCTOBER 31, 2011 AND DECEMBER 31, 2010
(in million Rp)

	Unaudited Oct.31, 2011	Unaudited Sep. 30, 2011	Audited Dec. 31, 2010
<u>ASSETS</u>			
Current Assets :			
Cash and Cash Equivalent	4,648	3,102	3,353
Account Receivable and Prepayments	2,492	4,428	846
Employee Loan Receivables	69	70	97
Inventory	88	88	114
Total Current Assets	7,297	7,687	4,411
Non Current Assets			
Fixed Assets, net	550	564	714
Deposits	218	218	202
Total Non Current Assets	767	782	916
TOTAL ASSETS	8,064	8,469	5,327
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>			
<u>LIABILITIES</u>			
Current Liabilities			
Account Payables and Accrued Liabilities	1,223	1,259	2,103
Tax Payable	0	0	94
Total Current Liabilities	1,223	1,259	2,197
Non Current Liabilities			
Deferred Tax Liability	9	9	0
Total Non Current Liabilities	9	9	0
TOTAL LIABILITIES	1,232	1,268	2,197
Accumulated Surplus	6,833	7,201	3,131
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	8,064	8,469	5,327

SECTION 3

ASSOCIATE MEMBERS COMMITTEE

CHAIRMAN

Robert Harvey

(PT Weatherford Indonesia)

Note:

The Associate Members Committee was established in July 2011

No activities to be reported.

SECTION 4

COMMUNICATIONS COMMITTEE

REPORT ON 2011 ACTIVITIES AND 2012 WORK PROGRAM

CHAIRMAN

Paul E. Mustakim

(Chevron Indonesia Company)

COMMUNICATIONS COMMITTEE

2011 Activities Report and 2012 Work Program

2011 Highlight

The first quarter of 2011 was marked with a significant achievement in securing a legal solution from the government in ensuring operational continuity for off-shore oil & gas activities in using foreign specialized vessels. The Minister of Transportation Regulation PMK 48 / 2011, 18 April 2011, despite only providing a temporary solution on cabotage issue, has at least recognized the complexity of the oil & gas off-shore operations, the nature of globally operated and technologically advanced service ships, and the fact that the local capacity (Indonesian-flagged vessels) is not ready for supporting the oil & gas requirements. The 2011 goals and programs of Communication Committee (CCom) were intended for two directions, external and internal communications. Focuses were on:

- **Stakeholder Awareness and Reputation Management**
 - Building public awareness of the IPA organization
 - Enhancing reputation of the IPA as a reliable partner of the Government of Indonesia and stakeholders in the oil and gas industry
- **Facilitate External Communication to Achieve IPA's Vision and Objectives**
 - Building trust and understanding between the IPA, Government and Media as well as other strategic stakeholders
 - Supporting key-issues advocacy
 - Outreaching through community engagement programs
- **Facilitate Internal Communication**
 - Feeding the Board with industry news and media briefing materials
 - Leveraging expertise within the IPA to provide knowledge contribution to universities, media and other stakeholders
 - Assisting in databank improvement, IPA website content and communication to members

However, not all of the intended goals and programs were eventually implemented. Most of the implemented programs and activities were focused on issues advocacy and media communications. The advocacy efforts on a number of industry's key issues were conducted either solely by CCom or through coordination with other IPA Committees, and by supporting IPA Boards. Outreaching programs and increasing public awareness activities were incorporated into the 35th IPA Convention and Exhibition Event.

Key Activities in 2011

Significant collaborations among IPA committees were demonstrated through the IPA Convention program and advocacy process of a number of industry issues. CCom has conducted a series of activities to meet the objectives of the IPA, such as:

-
- **Supporting the 35th IPA Convention & Exhibition:**
 - Media interview (Jakarta Post, Metro TV)
 - Media partnership (TEMPO, Jakarta Post, Newsweek, Petromindo, Petrominer, Upstream)
 - Engagement with NGO (NIE – News Information Education)
 - Media briefing pre-IPA Convention
 - Press Release Pre-IPA Convention, Opening and Post IPA Convention
 - **Issues Advocacy and IPA Board Communications:**
 - Cabotage, Cost Recovery - GR79, Tax Exemption, New Oil and Gas Law, Explosive Permit, Bank Central Regulation on Export Transactions
 - **Engagement and Communications with Governments and Institutions:**
 - BPMIGAS, DPR, Minister of EMR, MoF, UKP4, KADIN, Universities
 - **Public Awareness and Outreach**
 - IPA Care for Education Program – IPA Scholarship amounting to nearly 100 million rupiah to 25 disadvantaged high school students in the Jakarta Areas in association with YKAI (Indonesian Child Welfare Foundation). The IPA President at that time, Ron Aston, symbolically awarded the IPA scholarships to the representatives group of scholarship recipients at the closing of the 35th IPA Convention & Exhibition in May 20, 2011.
 - **Media Relations and Educations**
 - Media education events
 - IPA Judicial Review on GR 79 on 27 June 2011 to Editors
 - IPA Judicial Review on GR 79 on 1 July 2011 to Journalists
 - TAXATION issues on 19 August 2011
 - **Internal Communications**
 - Daily Media Clippings and Monitoring to the IPA Board and concerned committees
 - Captured potential issues for the attention of the IPA Board

With the increasing challenges faced by the O&G industry, the IPA are called upon to be more active and pro-actively contributing through interactive and productive engagements with the government of Indonesia agencies, BPMIGAS, MIGAS, and other related ministries.

2012 Focus Areas

The IPA is now faced with the increasing challenge of increasing investment and thereby increasing future production outlook while at least maintaining the current production level i.e. how to work hand-in-hand with the government of Indonesia. This requires the need for the organization to enter into the next level of strategic communication.

Inevitably, the IPA needs to continue positioning itself as an organization that brings benefits to the government, the people of Indonesia and the environment, while equally representing the interests of the investors.

As a partner of the Government of Indonesia, the IPA is well positioned as the industry organization that recognizes the national interests of Indonesia that will continue to actively and constructively contribute to the improvement of the energy industry's investment climate, particularly in the oil & gas sector.

Along with the external engagement objectives, CCom will improve the internal communication to benefit its members.

Consequently, CCom will continue championing the objectives and the efforts of the IPA organization by facilitating effective communication that provides a clear positioning; re-emphasizing the IPA position as;

- a reliable partner to the Government of Indonesia in promoting the investment climate, recognizing the best interest of the people and the country of Indonesia
- as the association of investors representing the enablers of investments to meet the country's growth, security and sustainability objectives of its energy sector
- as the government's counterpart for a two-way communication with a constructive and collaborative approach
- prepared to engage at all levels and with a broad range of stakeholders (government institutions, policy makers, media, community groups, NGOs, etc)

Therefore, CCom will continue to focus on the following areas in 2012:

External Communication

- Stakeholder relationship engagements
- Issue advocacy – constructive engagement with government
- Media industry education
- Media engagements for industry issues communication
- Articles and advertorial
- Communication tools (position papers, talking points, web contents, database, etc)

Internal Communication

- Regular feedback, inputs to Board/ Officers and executive Office
- Communication to members, particularly on issue updates
- Continued collaboration among committees
- Structured issues management process and preparation and issue of position papers,
- Media tracking and reporting

Information System

- Support executive office in IPA database management, including regular web content updates.

Communications Committee Members

Chairman	:	Paul E. Mustakim	Chevron
Members	:	Ferita Kanter	IPA Executive Office
		Hendi Kiswanto	Marathon Oil
		Joang Laksanto	Medco Energi
		Jacob Kastanja	ConocoPhillips Indonesia
		Ratna Novanti	StatOil Indonesia
		Ivan A. Sebayang	Chevron
		Dany Surjalesmana	CNOOC
	Secretary	:	Adelina Novianti

SECTION 5

CONVENTION COMMITTEE
REPORT ON 2011 ACTIVITIES

CHAIRMAN

Vincent Soetedja

(Eni Indonesia Ltd.)

CONVENTION COMMITTEE

Report on the Organization and the Implementation of the 35th Annual IPA Convention and Exhibition Jakarta Convention Center, 18th May to 20th May 2011

Indonesia was able to survive the global financial crisis pretty well in 2009, and grew even stronger in 2010 and 2011, amidst the slow global economic recovery. During that time, Petroleum industry played a significant role as an “economic enabler”, thus become one of the prime-mover for the economy of Indonesia to move forward. The 35th Annual IPA Convention and Exhibition is a statement of relentless effort from the Indonesian Petroleum industry in supporting and pacing the country’s growth and prosperity.

The overall organisation of the convention and exhibition was deemed very successful. There were 3 Plenary Sessions led by prominent industry’s player, numerous high quality technical papers and posters presented, many innovative booth design and display animations, and the brand new Energy Edutainment Corner.

The theme of this year’s convention was:

Indonesia Energy: Growth, Security and Sustainability”

The opening ceremony was held at the JCC Plenary Hall, attended by HE Vice President DR. Boediono, HE Minister of Energy and Natural Resources DR. Darwin Zahedi Saleh, Director General of MIGAS, Member of 7th Commission DPR, IPA President and Board of Directors, VIP invitees and distinguish guests, and IPA members.

In addition to the opening by the HE Vice President DR. Budiono, the following distinguished speakers and panellists participated in the event:

Opening Ceremony

- Minister of Energy & Mineral Resources HE DR. Darwin Zahedi Saleh
- Ron Aston (President of IPA)

Plenary Session 1

- Mr. M.S. Hidayat (Ministry of Industry)
- Mr. Satya Yudha (Commission VII DPR)
- Ms. Evita Legowo (Director General of MIGAS)
- Ms. Karen Agustiawan (President and CEO Pertamina)
- Mr. Herman D. Ibrahim (National Energy Council – DEN)
- Mr. Pri Agung Rahmanto (Reforminer Institute)
- Mr. Sammy Hamzah (IPA Board Member)
- Mr. Philip Whittaker (Boston Consulting Group)

Plenary Session 2

- Mr. R. Priyono (Chairman of BPMIGAS)
- Mr. Airlangga Hartarto (Chairman of Commission VI DPR)
- Mr. Nur Pamuji (Director of Primary Energy, PT PLN (Persero))
- Mr. Hendi Prio Santoso (President Director of PT PGN (Persero) Tbk)



- Mr. Achmad Wijaya (Forum for Industrial User of Natural Gas – FIPGB)

Plenary Session 3

- Mr. Luluk Sumiarso (Director General of New Energy, Renewable and Energy Conservation)
- Mr. A. Edy Hermantoro (Director of Upstream Development - MIGAS)
- Mr. Hilmi Panigoro (Chairman of METI – Indonesian Renewable Energy Community)
- Mr. Supramu Santosa (CEO Supreme Energy)
- Mr. Maurice Burke (Herbert Smith LLP)
- Mr. John C. Harris (Cambridge Energy Research Associates - CERA)
- Mr. Philip Whittaker (Boston Consulting Group)
- Mr. Ahmad Yuniarto (IPA Board Member)

Exhibition

Number of exhibition booths this year amounts to 168 with surface of 3,707 sqm sold. These are significant increase of ca. 22% in term of number of booth, and ca. 7% for sqm sold compare to last year.

Delegates and Participation

Registered delegates including convention participants, exhibitors and compliments amount to **7421**, which marked a 120% increase compares to previous year. There was also a report that lanyard usage for convention participants was ca. 10,000 pcs.

Technical Papers

Professional Oral and Poster presentations amount to **91**

Student Oral and Poster Presentations amount to **35**

The numbers above for the professional is similar to last year however there is an increase of 67% from the student presentation.

35th IPA Convention & Exhibition Committee

General Chairman	:	Vincent Soetedja (Eni Indonesia)
Vice Chairman 1	:	Budi Setiadi (Petrochina)
Vice Chairman 2	:	Basrie Kamba (BP)
Advisors	:	Dipnala Tamzil (IPA) Wursitaningari (IPA)
IPA Secretariat	:	Audrey Sahertian (IPA)

Sub-Committee

Chairperson

Vice-Chairperson

Exhibition	Widiati Wageono (Talisman)	Alvin Anwari (Santos)
Golf	Tjut Hamzah (Vico)	Yoedo K (Total)
Security	Untung Medianto (CNOOC)	Satrio Wyardiono (PHE)
Protocol & Social	Ivan Sebayang (ConocoPhilips)	Tommy Hersyaputra (Statoil)
F&B	Karlina Hardja (Energy Equity)	Ratna Novianti (Statoil)
		Daranindra (eni Indonesia)
		Koeswardhani



EEC	Imanda Susilo (ConocoPhillips)	Novitri Lilaksari
Finance	Freddy (Murphy Oil)	T. Ilhamsyah (IPA)
Sponsorship	Handoyo Eko Wahono (BPMIGAS)	Suprijonggo Santoso (Permata Energy Int.)
Plenary	Reza Musa (Schlumberger)	Tina Soetrisno (eni Indonesia)
Short Courses	Leonard Lisapaly (Fugro-Jason)	Noviria Syahrani (Schlumberger)
Technical Program	Moh Syaiful (ETTI)	Rini Kusumastuti (IPA)
Publicity	Adelina Novianti (Talisman)	Chris Golding (eni Indonesia)
		Roger Dube (Schlumberger)
		Teddy WR (BP)
		Novie Hernawati (Schlumberger)
		Ferita Kanter (IPA)
		Wianda Pusponegoro (Pertamina)

SECTION 6

DATA MANAGEMENT COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

Zuki Harahap

(ConocoPhillips Indonesia, Inc. Ltd.)

DATA MANAGEMENT COMMITTEE

Report of 2011 Activities and 2012 Objectives

2011 Highlight

1. Continue as liaison to Government and industry for Data Management issues
Involve in IPA Exploration Committee. Start collaboration work in addressing data management challenge to improve oil and gas industry climate investment.
2. Work with IPA Members and Patra Nusa Data on Data Disaster Recovery Plan
Review PND services, including possibility for PND to also manage closed and hardcopy data.
3. Start discussion on the possibility of returning open area data that still kept by IPA members

2012 Objective

1. Continue as liaison to Government and industry for Data Management issues
2. Continue collaboration work with Exploration Committee
3. Improve communication between IPA Members
Increase participation from IPA members
Continue regular meeting among members

SECTION 7

ENVIRONMENT AND SAFETY COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

Satrio Pratomo

(Pearl Energy Indonesia)

ENVIRONMENT AND SAFETY COMMITTEE

Report of 2011 Activities

I. OVERVIEW

The IPA ESC is a working committee and serves as a bridge between oil and gas operators and regulatory bodies, creates open dialogue between all stakeholders and provides a platform for the Government and the upstream oil & gas industry (mainly) to address opportunities and future challenges relating to environmental issues and safety compliance. The committee role is to ensure that operators comply with applicable regulations, and share best practices. The committee therefore actively participates in providing necessary feedback and comments during related regulatory development to ensure that the produced regulations are applicable & sensible for the industry without sacrificing the environmental and safety standards that are an integral part of oil and gas operations within Indonesia.

For the past few years, the IPA ESC have been very actively involved in regulatory advocacy from the industry and professional perspective and have been influencing government to revisit regulations which are not practical to achieve sustainability.

II. ENVIRONMENT & SAFETY COMMITTEE (ESC) MEMBERS

The ESC members in 2011 are shown below:

Chairman	:	Satrio Pratomo	Pearl Energy Indonesia
Secretary	:	Rossi Yuliani	PT. PHE ONWJ
Members	:	1. Agustanzil Sjahroezah	Energi Mega Persada
		2. Agustina Parwitosari	Chevron
		3. Arudji Wahyono	Chevron
		4. Ibrahim Arsyad	Medco E&P Indonesia
		5. Juli Rusjanto	Total E&P Indonesia
		6. Joko Susilo	PT. Pertamina (Persero)
WG-1 Lead		7. Krishna Ismaputra	ConocoPhillips Indonesia
		8. Lidia Ahmad	BP Indonesia
		9. Muhammad Shobirin	Premier Oil Natuna Sea Ltd.
		10. Randolph Bledoeg	PetroChina Int'l Ltd.
		11. Sugiarto	PTT EP Malunda Ltd.
		12. Nedia Permata Hasan	PC Muriah Ltd.
		13. M. Kosario Kautsar	BPMIGAS
		14. Bagus Edvantoro	BPMIGAS
		15. Mirza Bourhanuddin	EMOI
WG-2 Lead		16. Paul Wijaya	ENI Indonesia
		17. TP Pasaribu	PT. Pertamina (Persero)
		18. Aryati Ramadhani	ConocoPhillips Indonesia
		19. Benyamin Argubie	Total E&P Indonesia
		20. Tangkas Siahaan	PT. PHE WMO

	21	I Nyoman Adi	CNOOC SES Ltd.
	22.	Mega Nainggolan	Energi Mega Persada

Since its establishment in 1990, the Committee chairpersonship has changed during the period, with the honorary chairpersons of the committee listed below for information:

HONORARY CHAIRPERSONS

- | | | |
|----|-----------------------|--------------------------|
| 1. | Agustanzil Sjahroezah | Energi Mega Persada |
| 2. | Arudji Wahyono | Chevron |
| 3. | Jusuf R. Odang | Vico |
| 4. | Otong S. Adisapoetra | Repsol YPF |
| 5. | Benky Bagoes Oka | ARCO Indonesia |
| 6. | I Made Surya Kusuma | Caltex Pacific Indonesia |
| 7. | Steve Massey | Mobil Oil Indonesia |
| 8. | Michael Bradey | Lasmo Oil |

III. 2011 HIGHLIGHTS ISSUE

During 2011, periodic dialogue and developing partnerships have been done with related stakeholders through courtesy visits and formal or informal meetings. These sessions have been conducted with several regulatory bodies such as KNLH, MIGAS, Sea Communication Transportation, BPMIGAS and professional institution IAKKI/ISPA (Indonesian Safety Professional Association), IATMI (Indonesian Petroleum Engineers Association), Society of Petroleum Engineer (SPE) and Global Methane initiatives, Global Initiatives in Oil Spill Response Management. The IPA ESC is also represented in the ICCOSH- Institute Certifications of Competence of Occupation safety and Health and has become a member of the Board. Meetings have been held periodically to discuss many issues and to socialize standards of competence.

The IPA ESC was chosen as an important partner to be consulted by the KNLH office relating to the development of environmental implementing regulations. High level positions i.e. Deputy of Ministry, have attended in the IPA ESC session discussions or workshops.

Currently the committee have been deeply involved in four (4) drafts of Implementing regulations as follows: Environmental Impact Assessment and Environment Permit

- Air Pollution Controlling Management
- Water Pollution Controlling Management
- Hazardous Material, Hazardous Waste and Dumping

Related to these draft regulations, one of the committees' priorities will focus on the mechanism of dumping of Drilling Cutting or waste for offshore operations.

On top of the four draft implementing regulations, the Committee has also identified some concerns regarding Tier 3 Response for Oil Spill Response Management, specifically regarding the support from GOI to establish an effective international assistance mechanism. The Committee has completed a **“White paper” on Oil Spill Response**. This paper is intended to provide the current update or information on the

existing related regulatory issues on oil spill response management, together with the existing Practice and Challenges.

Following several fatality accidents in 2011, the committee also has an initiative to cooperate with the Indonesian Safety Professional Association (ISPA/IAKKI) to organize a periodic safety discussion forum, identify lessons learnt and directly listen to details concerning these incidents from affected parties, discuss root causes and develop proposed actions to avoid recurrence.

The discussion forum was established with a non blaming culture and was well facilitated to create values of sharing information among professionals, industries and the regulator, with the collective aim to lead the industry towards a world class safety culture.

IV. 2011 ENVIRONMENT & SAFETY WORK PROGRAMS AND ACHIEVEMENTS

ENVIRONMENT

The IPA-ESC is routinely having a monthly meeting every second Thursday of the month. Various environmental and safety topics are discussed in these meetings, focusing on regulatory advocacy and members capacity building.

Regulatory advocacy is one of the ESC focus areas. The objective of this working group is to support the development of draft implementing regulations for the clear implementation of the 2009 UUPPLH.

The following are the discussion summary advocacy conducted by the committee:

Regulatory Requirement	Results
Oil Spill Response Management (concerning external assistance in the event of Tier-3 emergency)	<ul style="list-style-type: none"> • <i>Oil Spill Response & Preparedness Workshop by BPMIGAS, Bali 6-7 June 2011.</i> Noted in the official report of the workshop is the possibility to get the external assistance B to B (business to business) support in the event of a Tier-3 emergency thru BPMIGAS coordination. • <i>Leading the panel discussion “Oil Spill Response Management” during Indo QHSSE international conference, Jakarta, July 2011.</i> • <i>Courtesy visit to Directorate General Sea Communication (Mr. Leon Muhammad) on 27 September 2011.</i> Both parties agree to give feedback and have periodic gatherings to discuss the offshore oil & gas challenges and opportunities to improve it. • <i>Meeting with Global Initiative Asia representatives, Mr. Andy Nicoll (OSR), 30 September 2011.</i> Introduction to Global Initiative concept. The Global Initiative (GI) is an umbrella program, under which governments, through the <u>International Maritime Organization (IMO)</u>, and the oil industry, through

	IPIECA, are working together to assist countries in developing national structures and capabilities for oil spill preparedness and response.
Draft of Government Regulation Hazardous Material, Hazardous Waste and Dumping	<p>The IPA had an initiative to create an open dialogue with the Ministry Of Environment (cq. Deputy IV, Ibu Masnelyarti) and experts (DR. Muslim Muin, DR. John Pariwono and DR. Sukandar) on 9 November 2011 in Jakarta. The discussion was also attended by the Deputy <i>Pengendalian Operasi</i> BPMIGAS, DR. Rudi Rubiandi and representatives from Ministry of Fishery and Sea.</p> <p>A major concerns on this draft implementing regulation is about dumping of used mud and cuttings from offshore drilling operation which use Water Base Mud. The proposed requirements are seen as potentially difficult to implement e.g.</p> <ol style="list-style-type: none"> 1. Takes a long time and process for issuing the dumping permit which potentially delays the drilling campaign. 2. Dumping location shall be 12 miles away from shore, in 50 meters sea water depth and in the basin covering an area twice the volume of the waste 3. Oil content on cuttings 5%. 4. Dumping shall be in thermocline area. <p>Due to this draft implementing regulation, the upstream oil and gas investment climate could potentially be negatively impacted and result in a 30% increase in operating costs of current drilling expenditure.</p>

Competencies have become the primary driver for professional development and all aspect of talent management. Meetings and workshops that are intended to improve the members' knowledge on global issues had been arranged with US EPA e.g.

- Meeting with Ms. Carey Bylin, U.S. Environmental Protection Agency regarding the Global Methane Initiative and Natural Gas STAR International: Achieving Environmental, Economic and Operational Benefit by Reducing Oil & Natural Gas Sector Methane Emissions
- First Global Methane Initiative in Oil and Gas Workshop, 23 September 2011, facilitated by Scott Bartos, US EPA, Climate Change Division.

In addition, ,the ESC organized the February monthly meeting at Total E&P Indonesia site in Balikpapan. The objective of this offsite meeting was primarily to share and learn best practices among the committee and IPA members towards emergency preparedness issues such as oil spill contingency planning.

SAFETY

The lesson learnt forum was initiated to support the Safety BPMIGAS theme "Journey to Zero Incident" that was launched in 2010.

Confined space incident was one of the incidents resulting in casualties that have occurred in two consecutive years (2010 and 2011). In order to take the lesson learnt and prevent the same incident from recurring, the ESC together with the ISPA/IAKKI (*Ikatan Ahli Keselamatan Kerja Indonesia*) organized the Lesson Learnt Forum on Confined Space Incident on 26 May 2011. The forum was opened by Mr. Waluyo as Chairman of ISPA/IAKKI (currently General Affairs P.T Pertamina) and attended by more than 40 participants representing HSE professionals from oil & gas and manufacturing industry.. The speakers came from PT. PERTAMINA (Persero), VICO and Total E&P Indonesia.

The second forum was titled Lesson Learnt from Storage Tanks Fire incident. Storage tank fires are a common incident that can happen in the oil & gas industry. . If fire escalates, there will tend to be multiple tanks fires as recently happened in one of the refining units in Indonesia. This second forum was held on 28 July 2011 and was attended by more than 30 participants. It was opened by *Ka. Divisi Operasi Penunjang* BPMIGAS (Mr. Amir Hamzah), sharing session was delivered by PT. PERTAMINA (Persero) and Total E&P Indonesia and guest lecturer from University Of Indonesia.

The ESC is currently seeing that the “Journey to Zero Incident” program can be achieved with good cooperation from all parties, starting from the industry itself to fulfill the regulatory requirements, combined with good cooperation and support from the Government and partners.

FORWARD PLAN

- Continue the advocacy work on new emerging issues in 2011 on the development of various government regulations and/or changes facilitated through working teams assigned with the relevant government agencies.
- Continue involvement in competency development of health, safety and environmental professionals by organizing training programs and/or workshops.
- Expand and maximize the active participation of the IPA-ESC in the health, safety and environmental discipline of IPA through active participation in relevant events such as the IPA or SPE Annual Convention.
- Support the ongoing BP MIGAS Campaigns on the Journey to Zero Incident program.
- Continue to sponsor and conduct periodic Safety Discussion forums or lessons learnt meetings in cooperation with Safety professional Organisations or other related institutions and industries.

SECTION 8

EXPLORATION COMMITTEE



EXPLORATION COMMITTEE

Exploration for and discovery of additional hydrocarbon resources is essential for Indonesia if it is to reduce the current decline in oil production. Given the high level of maturity of the majority of producing fields in Indonesia, the primary driver to production growth in the future is successful exploration and the discovery of new hydrocarbon reserves. As part of the IPA's response to the call from the Government of Indonesia to increase efforts to grow production of oil and gas, the IPA established the IPA Exploration Committee in Q2, 2011.

The Exploration Committee is charged with providing recommendations to the IPA Board of Directors to promote increasing the level of exploration investment and also improving the efficiency of exploration activities. Three sub-committees have been established in order to focus on particular aspects of exploration activities:

- Regulatory procedures and management of PSC activities, WP&B, AFE's
- Data access and management
- Exploration investment climate, bid rounds, fiscal regime

The goal for the sub-committees is to seek constructive dialog on various aspects affecting exploration investment and efficiency in order to be able to recommend and implement measures which will result in an increase in exploration activity and ultimately lead to discovery of new hydrocarbon resources and provinces. This is particularly important to address given the poor industry response to recent bid rounds and the decade-long downward trend in new field wildcat exploration drilling activity in Indonesia.

In addition, the IPA appointed IHS-CERA during 2011 to prepare a comparative analysis into current global, regional and Indonesia-specific trends in exploration over the past decade to identify who and what is attracting exploration capital and determine what Indonesia needs to do to enhance its own share of global exploration investment. Eight key fact-supported trends were identified and the drivers behind them identified and documented:

1. SE Asia and Indonesia have been successful in building global market share over the decade in new block awards and seismic activity.
2. Within SE Asia, Indonesia has lost market share of new block awards and 2D seismic acquisition over the decade.
3. Structural shift in upstream participation as the role of the majors was gradually replaced by local companies, INOC's and small independents.
4. The increased global share of new blocks and seismic activity **did not translate into an increased share for Indonesia in global exploration drilling**. Indonesian exploration drilling declined in absolute terms and in global and regional share.
5. Declining trends in numbers of Indonesian wildcat wells drilled in producing blocks.
6. Indonesia's exploration efficiency (boe's added / exploration well drilled) is a stand-out poor performer globally and regionally.
7. Indonesia's resource additions from exploration have been increasingly gassy adding above ground risks and economic challenges.
8. Indonesian government take from oil and gas is second highest quartile regionally while recent exploration performance is bottom quartile.

The IPA remains committed to increasing exploration activity levels for the benefit of all stakeholders and seeks feedback from its members on ways in which together we can make this happen.

John Bates/Chris Newton



SECTION 9

FINANCE AND TAX COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

Andang Sancaka

(INPEX Corporation)



FINANCE AND TAX COMMITTEE

Report of 2011 Activities & 2012 Objectives

Chairman	:	Andang Sancaka (INPEX)
Vice Chairman	:	Djindar Rohani (COPI)
Coordinator Tax	:	Hendra Halim (BP)
Coordinator Audit	:	Edwinsjah Iskandar (CNOOC)
Coordinator Finance	:	Agus Priyantoro (CHEVRON)

2011 Objectives

- 1) To continue supporting IPA Board of Director in engaging various stakeholders of oil and gas industry to improve the understanding on cost recovery, the importance of cost recovery, and the impact of changes in cost recovery mechanism to the industry.
- 2) To continue working with BPMIGAS, MIGAS and DGT to ensure the principal of PSC income tax calculation is following the current tax principal under the existing PSCs.
- 3) To continue engaging and collaborating with BPMIGAS, BKF and other stakeholders:
 - a. to immediately issue the implementing procedure for tax borne by Government on Parent Company Charges and other charges coming from head office and the amendment/revision of PMK 73/2010 (with the involvement of DG of State Budget and DGT).
 - b. to maintain the current tax treatment on cost sharing/cost allocation inter and intra PSC companies and on drilling services; and to obtain clarification on transfer pricing reporting requirements for oil and gas industry.
- 4) To engage IPA Board of Director to provide input for BPMIGAS Management for the improvement of Work Program & Budget process, which should be more focus on the strategic issues with a longer term vision.
- 5) Continue to proactively engage and conduct dialogue with the DGT to share the progress on industry cost recovery issues and progress on BPKP audit exceptions; and to coordinate and advocate audit issues raised by BPK, BPKP and BPMIGAS auditors for appropriate attention and resolution.
- 6) To conduct regular meeting and/or teleconference with Finance and Tax Committee (core) team to share knowledge, to discuss issues and agree on the strategic action point to progress/resolve the industry issues and to conduct a wider industry Finance and Tax Committee information meeting during the year.

2011 Activities

- 1) The Committee actively supports RAC & Board in relation to the GR 79 judicial review submission to Supreme Court.
- 2) The Committee contributes and works closely with RAC, COM and Board in relation to

the press briefing covering several topics such as GR 79, PSC Framework, Cost Recovery & Tax Treaty to educate media journalists to balance the news coverage covering both government as well as industry perspective.

- 3) The Committee works closely with the related government institutions such as BPMIGAS, MIGAS, BKF (MoF Fiscal Policy Body), DJP (MoF Directorate of Tax), DJA (MoF Directorate of Budget) in relation to various industry tax challenges, i.e. Taxation on PCO/TSA, Cost sharing, Tax treaty & Master List facilities matters.
- 4) The Committee conducts a regular subcommittee meeting to discuss and provide practical approach to respond to current industry issues, e.g. VAT Collection Procedure (PMK 11/73), Tax borne by Government facility on PCO / TSA charges (S-604), Tax Treatment on Cost Sharing, Master List, BI Regulation on export receipt.
- 5) The Committee reviews and provides feedbacks to BPMIGAS on PTK 033 PIS & PTK on AFE which potentially impact PSC's contract sanctity and economics negatively.
- 6) The Committee managed to explain to the relevant authorities to honor the current practice of resolving the outstanding audit findings using the cost recovery mechanism and not to issue the tax assessment prior to cost recovery settlement.
- 7) The Committee actively participates and provides industry's perspectives during the BPMIGAS/PSC's Economic Forum (FOREK) to ensure industry viewpoints are presented and accommodated during the discussion.

2012 Objectives

- 1) Support and share lessons learned among IPA members on various litigation processes:
 - a. To cooperate with RAC to anticipate and address any future contractual (PSC) and legal issues as part of honoring prevailing PSC post Supreme Court ruling against IPA's judicial review request on GR79
 - b. To build and maintain list of active Tax Court / Supreme Court proceedings to enable IPA members to compare notes and optimize outcomes. The following are some current issues at hand:
 - Import Taxes and Duties exemption facility (Masterlist facility);
 - VAT Collection Procedure (PMK 11/73);
 - Tax borne by Government facility on PCO / TSA charges (S-604)
 - Tax Treatment on Cost Sharing
 - Tax Treaty dispute
- 2) Actively participate in industry efforts to shape and influence the drafting of new proposed laws and regulations to minimize surprises and unfavorable impact to the industry. The following are some of the relevant new laws and regulations:
 - a. Draft new Oil & Gas Law;
 - b. Currency Law;
 - c. Bank Indonesia Regulation number 13/20/PBI/2011 on export receipt;
 - d. Implementing Regulations of GR 79 / S-604 / Master List Facilities in relation to new PSC;
 - e. GR 79 Revision which may result from IPA lobby or Government own

-
- initiative
- f. Participation as resource persons on Tax audit discussion on Oil and Gas SOP drafting with Tax Office.
- 3) Continue to promote a regular and proactive internal communication within IPA organization to share knowledge, discuss issues and agree on the strategic action points to progress/resolve industry issues by involving:
- a. F&T Committee
 - b. F&T Sub Committee
 - c. Inter IPA Committees
 - d. IPA Board
- 4) Improve and intensify engagement and dialogue with various government institutions for better understanding on the uniqueness and high risk business profile of oil and gas industry. This is a critical engagement to gain government understanding and support in creating a conducive business climate especially in the current environment of continues changing of Laws and regulations that impact the industry.
- 5) Act as a sounding board for IPA members in relation to Finance and Tax related issues to get consistency and alignment in strategy implementation within the industry.

SECTION 10

HUMAN RESOURCES COMMITTEE
REPORT ON 2011 ACTIVITIES AND 2012 PLANS

CHAIRMAN

Ali Mudhofar

(ConocoPhillips Indonesia, Inc. Ltd.)



HUMAN RESOURCES COMMITTEE

Report of 2011 Activities and 2012 Plans

A. ORGANIZATION

Listed below are the current members of the Human Resources Committee:

Chairman	: Ali Mudhofar	- ConocoPhillips Ind.
Vice Chairman	: Aryoko Dwinanto	- ExxonMobil Indonesia
Secretary	: Etty Purwanto	- Santos
	Anna Suherman	- Schlumberger
Members	: Amyra Sindukusumo	- CNOOC
	Maryke Pulunggono	- PetroChina
	Aridaya Novianto	- Total E&P Indonesia
	Iwan Uzamah	- Talisman
	M.H. Manullang	- VICO Indonesia
	PM Susbandono	- Medco
	Putri L. Wirjawan	- Chevron Indonesia
	Bayu Rajasa	- Star Energy
	Budi Mumandari	- BP Indonesia
	Setyo Wardono	- Pertamina

B. PURPOSE & SCOPE

PURPOSE

- To provide a forum for IPA Company members to discuss, interpret, clarify and communicate all human resources and industrial relations issues in the oil and gas sector.
- To represent the oil and gas sector in the advocacy effort directly to various government institutions or via other associations such as APINDO (Employers Association) to ensure that the concerns of the IPA Company members or the oil and gas sector are properly addressed.

SCOPE

- To continuously advocate to the Government to streamline the formalities requirements and processes for the expatriate and national employees.
- To continuously advocate to the Government to properly address the industrial relations issues for the national employees.

- To advocate to the Government, on the employee compensation and benefits issues as allowed by the laws and regulations.
- To share knowledge, experience and practices in the employees development and to synergize on the employees training programs where possible and permissible under applicable laws and regulations.
- To share knowledge, experience and practices in the medical services and to provide input to BPMIGAS on medical cases that require further treatment outside Indonesia.

Based on the above purpose and scope, the HR Committee has 4 sub-committees/sub working group and work closely with BPMIGAS to address the issues within the above scope:

- Sub-Working Group I covers the formalities issues (RPTK, Work Permits, Visas, etc)
- Sub-Working Group II covers the industrial relations and compensation & benefits issues.
- Sub-Working Group III covers the training and development issues.
- Sub-Working Group IV covers the medical issues

C. 2011 ACTIVITIES

1. Provided advocacy on GR 79/2010 related to HR items to BPMIGAS and other department. We raised in issue that remuneration both expat and national should not be capped, but based on competitive markets. Also, Pension and other employee benefits should honor existing Collective Labor Agreement of respective companies. We met also with APINDO chairman on this subject.
2. Provided inputs and subject matter experts on draft of BPMIGAS PTK-018 revision. We suggested the guidelines should be more strategic and not to give more burden administrative to PSC.
3. Continued to provide inputs to BPMIGAS regarding implementation of the extension of employment for national employees after regular retirement age of 56 years. As each PSC may have different operational needs, PSC should be given flexibility on the timing and transition for smooth implementation of each PSC.
4. Provided inputs to both BPMIGAS and MIGAS on RPTK/IMTA process. We expect an integrated review, coordination, and consistency between BPMIGAS/MIGAS. Objective is to have more efficient process, such that there will be no business impact, cost and impromptu/sudden personnel mobilizations.
5. Supported people development program such as global HR certification. Facilitated knowledge sharing among PSCs on HR related issues; industrial hygiene program, medical evacuation, industrial relation, fresh graduate program, mentoring program, etc
6. Participated in Human Resources Annual Forum with participants consisting of HR professionals and management from BPMIGAS, PSC, and Services Company on October, 26-28, 2011 discussing various HR issues in the oil and gas sector including CDM Award, Lecturer, Sharing Best Practice from various industries, and HR service provider booths.

-
7. Strengthen the co-ordination between HR IPA committee with sub working groups to ensure alignment for inputs to BPMIGAS and support the sub working group program.
 8. Established relations with new appointed official both MIGAS and BPMIGAS

D. 2012 PLANS

1. Conduct quarterly HR Committee meeting in IPA Office to discuss and continue information sharing on HR issues. Continue to coordinate with sub working groups for alignment and program executions.
2. Continue to identify improvement opportunity and advocacy efforts to BPMIGAS and other related government departments on related HR matters or regulations.
 - a. GR 79/2010
 - b. Formalities and work permits
 - c. PTK 018 revision
 - d. BPMIGAS and Manpower Department memorandum of understanding
3. Continue to provide Subject Matter Experts (SME) to the BPMIGAS HR efforts in building the National Capability in Oil and Gas Industry in Indonesia.
4. Continue to support people development program and facilitate knowledge sharing among PSC and joint workshop or training.

Participate in HR Annual Forum with BPMIGAS and other Government Offices to improve communication and relations.

SECTION 11

LNG AND GAS COMMITTEE
REPORT ON 2011 ACTIVITIES

CHAIRMAN

Larry Marks

(VICO Indonesia)

LNG AND GAS COMMITTEE

Report of 2011 Activities and 2012 Plans

I. ORGANIZATION

Chairman	:	Larry Marks (VICO)
Vice Chairman	:	Muhsin Assegaf (Chevron)
Secretary	:	Taufik Ahmad (ConocoPhillips)
Members/Alternates	:	Sussi Herawati / Elijas P. (BP) Stephen Jacobs / Nara N. (Genting) Jeff Appleton / Hari Budiman (ExxonMobil) Norio Takeda / M. L. Gaol (Inpex) Hayu Prabowo / Subaga W. (EMP) D.A. Kusumah / Ginanjar (Pertamina) Bret Mattes / P. Wijaya (Star) Colin Marshal / O. Zeidan (Talisman) Jean-Francois Capelle / O. Matscheke (Total E&P Indonesia) Clive Nedham / Retno L. (ENI) Iqbal Asaat (Triangle Pasa) Gadang Marpaung (ConocoPhillips) Renita Zahar (Chevron) Arifin (VICO)

II. 2011 ACTIVITIES

Following the decision taken at the IPA Board of Directors meeting in January 2011 the previous LNG, Gas and CBM Committee was reorganized into LNG and Gas Committee and Unconventional Gas Committee.

The LNG and Gas Committee focuses on issues, studies and regulations being developed regarding natural gas. Members and alternate members of the Committee represent 13 IPA company members.

Key activities of the Committee during 2011 include:

1. Interaction with the Indonesian Gas Association (IGA) and National Economy Commission (KEN)

KEN is a commission which reports directly to the President of Indonesia and works with the Coordinating Minister of Economy to provide analysis and input on global and domestic issues related to the economy. Following the INDOGAS 2011, KEN asked IGA for inputs on efforts to accelerate development of gas fields and infrastructure. IPA, via the LNG and Gas Committee, was later included in the process to formulate the final input.

Following the meeting in September 2011 with the leaders of KEN, IPA and IGA formulated the top 3 issues of the oil and gas industry and the proposed solutions and the benefits to Indonesia to be forwarded to the President by Chairman of KEN:

-
- Government Regulations 79/201
 - Streamlining Regulators Roles & Responsibilities and their approval process
 - Challenges in fulfilling domestic gas demand

The draft paper was presented to the IPA Board in October and comments are being incorporated to be forwarded to the IGA for final submission to KEN before the end of 2011.

2. Independent consultant study on Indonesian Gas Policy and Investment Climate

The idea to engage a consultant was initially suggested by KEN to provide independency, credibility and quantitative support on IPA's position on the LNG and gas business climate in Indonesia. Several consultants were contacted and Wood Mackenzie is considered the right entity to do this type of work. The proposed scope of works includes:

- How current regulatory affect gas investment in Indonesia
- Assessment of gas commerciality from upstream development and overall Indonesia gas market

The proposed scope and estimated costs have been presented to the IPA Board of Directors in October and comments are being incorporated for final scope to be sent to Wood Mackenzie. The Board also suggested that the report be also used for other purposes besides as input to KEN.

3. Review of the possibility of gas/LNG equity lifting in Indonesia

This idea was initially asked by MIGAS as a way for GOI to take its in-kind gas entitlement to meet domestic demand. The Committee compared the practices in other countries with the PSC fiscal regime in Indonesia and noted that the implementation of full equity gas lifting is probably not practical in Indonesia, nevertheless the committee will continue to look into the possibility of applying equity lifting for a portion of a PSC's production. The findings were presented to the IPA Board of Directors in October.

4. Interaction with Regulatory Affairs Committee

The LNG and Gas Committee has nominated a representative and alternate to coordinate with the Regulatory Affairs Committee on the impacts of the proposed revision of the Oil and Gas Law and the Law on Currency to the gas business.

III. 2012 PLANS

In 2012, the LNG and Gas Committee will continue to work on the 2011 activities that are carried over to 2012. New 2012 plan may include more pro-active engagement with the Convention Committee for the topics on gas business for the 2012 IPA Convention and Exhibition.

SECTION 12

PROFESSIONAL DIVISION COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

Ron Noble

(Niko Resources Ltd.)



PROFESSIONAL DIVISION COMMITTEE

January 2011 - December 2011

CHAIRMAN'S REPORT

Ron Noble (NIKO RESOURCES)

The mission of the IPA Professional Division is to promote and facilitate the transfer of technical information and advancing new technologies to individuals and companies working in the upstream oil and gas industry of Indonesia, and foster individual professional development amongst its members. The primary method of accomplishing this task is through an active program of luncheon talks, short courses, field trips, workshops and technical symposiums. In addition, the Professional Division issues a quarterly newsletter, publishes and sells technical proceedings, and supports an interactive web-based homepage.

As stated in Article X of the IPA Constitution, membership of the Professional Division is open to all individuals, whether salaried or self-employed, participating in petroleum activities in Indonesia. Individual membership in the Professional Division is, for the most part, drawn from industry professionals of all disciplines throughout Indonesia and from overseas. The Professional Division membership at year-end 2011 stands at 2171 individuals, which is the biggest membership total since 1997. Membership has increased by 8% from 2010 and currently we have 25 lifetime members.

The Professional Division Committee is composed of a dedicated, multi-disciplinary group of volunteers who assume particular responsibility for various functions of the Division's programs. The program is executed with the very able assistance of staff from the IPA Secretariat, with whom the Committee works closely throughout the year. There were only a few changes in the Professional Division Committee in 2011. We bid farewell to Joel Guttormsen (CONOCOPHILLIPS), who left Indonesia for another assignment. Joel had served as Newsletter editor for the past two years, and we will miss his interesting and insightful editorial comments. James Farmer (HALLIBURTON) relocated from Jakarta to Riau, but is still providing editorial support for the Newsletter. All other members remain in their same positions. We are greatly indebted to all our committee for volunteering their time and efforts to the IPA.

The Professional Division Committee at the end of 2011 is as follows:

Chairman	Ron Noble	(NIKO RESOURCES)
1 st Vice Chairman	Dharmawan Samsu	(BP)
2 nd Vice Chairman	Stephen Scott	(GENTING OIL)
Secretary	Audrey Sahertian	(IPA SECRETARIAT)
Treasurer	Roland Panjaitan	(HESS)
Continuing Education	H.L. Ong	(ITB/BPMIGAS)
	Sigit Sukmono	(ITB)
Field Trips	Walter Ziza	(TALISMAN)
Newsletter	James Farmer	(HALLIBURTON)
Luncheon Talks	Mark Thomsen	(EXXONMOBIL)
Membership	Sugembong C.F.	(STAR ENERGY)
Publications	Andy Livsey	(HORIZON)



Student Liaison
Riau Chapter
Balikpapan Chapter

Redo Waworuntu (CONOCOPHILLIPS)
Timbul P. Panjaitan (CHEVRON)
Patricius Andri Indhiarto (CHEVRON)

The Professional Division has continued to successfully carry out its mission during 2011. Eight (8) luncheon talks were held during the year, with attendance exceeding 780 professionals in Jakarta. In addition, eighteen (18) short courses were held on diverse technical topics throughout the year and all were well received and attended. The short courses presented in 2011 drew a total of 306 attendees, which is a significant increase over last year. The demand for educational services remains strong, and the excellent work of short course organizers and instructors, has resulted in a healthy surplus for the IPA. In addition, five (5) educational fieldtrips were successfully completed during 2011, which is one more than the previous year.

The 2011 IPA Membership Directory was published and distributed to members, as were two (2) informative newsletters, which now can be accessed exclusively through the IPA website.

The Publications group continues with distribution of the IPA Proceedings volumes in digital format, both via an online website and on CD. This service can be accessed via the AAPG data pages, which is a highly efficient and cost effective method of disseminating technical information.

Many thanks are offered to the dedicated officers and sub-committee chairmen for making 2011 such a successful year. In addition, special thanks are extended to all members of the IPA Secretariat for their outstanding work and continued assistance throughout the year.

TREASURER'S REPORT

Chairman : Roland Panjaitan (HESS)

Full year 2010 surplus amounted to Rp1.6 billion, which was from revenue of Rp6.3 billion and expenditure of Rp4.7 billion. This exceeds the 2010 budget expectation of Rp1.1 billion.

Financial results for 2011 are still in progress. As of October 31, 2011 surplus was Rp2.1 billion. The surplus was derived from revenue of Rp6.1 billion and expenditure of Rp4.0 billion.

The surplus was mainly contributed by short courses Rp4.4 billion, individual membership Rp0.4 billion, field trip Rp1.0 billion, luncheon talk Rp0.2 billion, and sales of proceedings Rp0.1 billion.

As of December 2011, we forecast a surplus of Rp2.9 billion. This surplus is derived from revenue of Rp8.0 billion and expenditure of Rp5.1 billion. Again, we will exceed the 2011 budgeted expectation of Rp2.0 billion.

CONTINUING EDUCATION SUB-COMMITTEE

Chairman : H.L. Ong (ITB & P.T. GEOSERVICES)
Vice-Chairman : Sigit Sukmono (ITB)

There were 18 (professional) courses offered in 2011, which is two more than last year, In addition, 5 short courses were held in conjunction with the Thirty-Fifth (2011) IPA Annual



Convention & Exhibition. Three courses were cancelled. A full list of short courses titles and the instructors is provided in Appendix A. A total of 306 participants attended the courses from local and overseas. In general, all short courses were well attended and have generated a surplus for the IPA.

FIELDTRIP SUB-COMMITTEE

Chairman : Walter Ziza (TALISMAN)

The Fieldtrip Professional Sub Committee arranges educational fieldtrips for IPA members across the Indonesian archipelago. These fieldtrips are designed to provide educational training for individuals and petroleum companies working within Indonesia.

Five fieldtrips have been conducted during the course of the 2011, including some in new areas, not visited in recent years.

The first trip of the year was the classic *Geological Trip to Cepu Area for Non-Geoscientists*, conducted by Yohannes Koesoemo, from 21st to 24th February, in the Solo-Kuwu-Cepu-Porong-Suramadu area, with a total of 20 attendees.

The second trip of the year was another classic technical trip for Geoscientists: *Modern and Ancient Mahakam Delta Sedimentology*. It was run in April and conducted by Irfan Cibaj (Total) as leader, with a total of 15 attendees. We greatly appreciate the assistance of Total E&P Indonesia in making this trip possible.

Dr. Alit Ascara (Talisman) led the third trip of the year: *Petroleum Geology of South Sumatra Basin*, from 6th to 10th May and with the participation of 13 persons.

After many years IPA organized a field trip in a region that recently saw quite a lot of exploration activity --South Sulawesi. Dr. Alit Ascara (Talisman) also led the fourth trip of the year *Carbonate Model, Petroleum System and Volcanism of South Sulawesi*, from 21st to 26th September with the participation of 8 geoscientists.

Finally from 31st October to 3rd November 9 geoscientists attended a new field trip to Bandung, West Java, to study the *Oligocene Rajamandala Limestone*. The trip was as conducted by Benyamin Sapiie (ITB) and Toni Simo (URC ExxonMobil Houston).

Looking forward to 2012, the field trip budget proposal for next year includes further re-run of classic field trips (Mahakam Delta trip, Cepu trip and the trip to South Sumatra). The successful field trip on the western coast of South Sulawesi, could be rescheduled, particularly if the upcoming exploration activities in the area will produce the expected results. A field trip in East Indonesia is also being considered given the intense exploration activities currently conducted in the region. Finally a short trip to study the *Modern Carbonate Environments and Depositional Systems* in Pulau Seribu or Karimunjawa islands is being planned in the course of 2012.

NEWSLETTER SUB-COMMITTEE

Chairman: James Farmer (HALLIBURTON)

In 2011 the Professional Division Newsletter contributed a special section to the IPA e-Newsletter. Members can visit the IPA Website (<http://www.ipa.or.id>) to access the Newsletter Digital Archives.



The newsletter is coordinated by Ferita Kanter (Communications Executive), and her contributions and advice are appreciated by the Newsletter Editor.

The Newsletter focus remains on sharing articles and issues relevant to the Indonesian petroleum industry. Each Newsletter typically has one or two anchor articles, along with regular segments contributed by the following:

- Editor's Page: contributed by Joel Guttormsen and James Farmer
- Chairman's Corner: contributed by Ron Noble
- Drilling Highlights: contributed by Mark Harris (DI International, Singapore)
- Events Calendar: contributed by Simon Crellin (Deloitte Petroleum Services, Singapore)
- IPA Training Calendar: compiled by Rini Kusumastuti
- Ganti Wajah: list of new members/companies and updates, compiled by Rini Kusumastuti and Audrey Sahertian
- Miscellaneous: sub-committees such as Conferences, Training, Field Trips, Students, and Luncheon Talks often contribute notifications and short articles

LUNCHEON TALKS SUB-COMMITTEE

Chairman: Mark Thomsen (EXXONMOBIL)

Luncheon Talks are an important focal point for members of the IPA and we are continually on the lookout for talks that are relevant and of interest to the IPA membership.

This year has been extremely busy with eight excellent luncheon talks presented throughout the year. Kurt Steffen from ExxonMobil presented a very interesting talk titled "Assessment of Unconventional Resources" to a full and attentive audience in January. This was followed by a talk in February given by Dr. Dale Issler, Geological Survey of Canada and AAPG Distinguished Lecturer titled "Integrated thermal history analysis of sedimentary basins using multi-kinetic apatite fission track thermochronology: examples from northern Canada". In March, Pak Priyono from BPMIGAS presented an eagerly awaited talk titled "Summary of 2010 E&P Activities in Indonesia and Outlook for 2011" to over 200 participants. This was followed in April by Trey Meckel from Tately N. V. with an excellent talk titled "Sand-Prone Submarine Mass-Transport Deposits: Reservoir Characteristics and Classification of an Underappreciated Deepwater Facies." Rounding out the talks for the first half of the year was Dr. Henry Posamentier from Chevron Energy Technology Company. His talk in June to 150 attendees was titled "Deep-water sedimentation; seismic recognition of sand-prone and mud-prone depositional elements".

The second half of the year began with Dr. Rick Sarg from the Colorado School of Mines who gave a presentation in July titled "Oil Shale and Shale Oil – Major Unconventional Resource Plays – examples from the Piceance and Williston Basins, USA". In October, Dr. Paul Weimer, President of the American Association of Petroleum Geologists, gave an excellent talk titled "The Petroleum Industry in the Next Decade: an Overview of the Science, Technology and AAPG". The final talk of the year was presented by Dr. Alistair Brown. His talk on "Pitfalls in 3D Seismic Interpretation" was very well received by a large audience.

If you missed any of these talks then you missed out on discussions of current and relevant topics to the E&P industry. Come and enjoy excellent technical presentations, a great lunch and network with others working in the Indonesia O&G industry!

Planning is already underway for 2012 with speakers for the first quarter already firming up.



MEMBERSHIP SUB-COMMITTEE

Chairman: Sugembong C.F. (STAR ENERGY)

The total for 2011 IPA Professional Division Membership is 2171. It represents an increase of eight percent (8%) compare to last year. The breakdown of members is as follows: Jakarta 1596, Riau 467, Balikpapan 20, and Overseas 88.

This year we have the biggest membership since 1997. The significant additional members came from Jakarta chapter with 167 new members. The other sources of memberships such as Riau, Balikpapan and overseas, were relatively constant. This year is the fifth year of introducing lifetime membership to the IPA members. There are 25 lifetime members registered to date. In the last meeting we plan to adjust the annual membership fee from Rp 150,000,- to Rp 200,000,- for national members and from 20 US\$ to 25 US\$ for international members.



PUBLICATIONS SUB-COMMITTEE

Chairman: Andy Livsey (HORIZON)

The Publications Sub-Committee oversees the production and sales of all IPA publications including Convention Proceedings, Special Publications and Field Guides.

The digitizing of IPA publications in cooperation with the AAPG has added new life to some of the older publications. Sales of the IPA Digital Publications DVD have generated US\$61,000 since it was first released in 2007 and IPA share of royalties generated from AAPG Datapages as a result of this arrangement has also reached US\$25000. As the existing agreement expired at the end of 2010 IPA has agreed to extend the agreement with AAPG and will shortly receive an updated CD (up to and including 2011 IPA convention publications) for sales in Indonesia.

A project has also been undertaken to provide a searchable and downloadable database of IPA publications including titles, authors, keywords, georeferencing and abstracts via the IPA website. This results are now being tested and this facility should be available to members shortly.

The publications sub-committee is also in the process of publishing a book, "The Sedimentary Geology of Java", which has been written by Peter Lunt, a long time IPA member and expert on this topic. It is anticipated that the book will be available for sale in time for the next IPA convention.

STUDENT ACTIVITIES LIAISON

Chairman : Redo Waworuntu (CONOCOPHILLIPS)

Funding and organization of student activities such as training courses are being handled by the University Assistance Committee (UAC). The Professional Division will support these activities by assisting with industry contact and liaison to determine when visiting technical

staff might be in Jakarta and available to give lectures and lead seminars after their official business was completed.

Due to some difficulties within UAC, the Professional Division provided funding for two talks in 2011 at universities while worldwide experts were in town. Dr. Henry Posamentier conducted a lecture at Padjajaran University on June 2011 and Dr. Roger Slatt lectured at Pembangunan Nasional University (UPN) on July 2011. These events were organized by the student themselves and coordinated with UAC.

RIAU CHAPTER

Chairman: Timbul P. Panjaitan (CHEVRON)

Local technical activities continue with other professional organizations, as most of our members are also members of SPE, IATMI, IAGI/HAGI. Several papers for 2011 IPA Convention were presented. Some Luncheon Talk and Short Courses for 2011 have been being reviewed by Riau committee in cooperation with other professional associations.

BALIKPAPAN CHAPTER

Chairman : Patricius Andri Indhiarto (CHEVRON)

The IPA membership of Balikpapan is planning technical activities by working together with other professional organizations in Balikpapan, as most of our members are also members of IAGI, HAGI, IATMI, and SPE.

APPENDIX A

SHORT COURSES - 2011

1. Title : Practical Investment Appraisal and Business Decision Analysis in Petroleum Exploration & Production - with special reference to the Indonesian PSC system
Instructor : Dr. H.L. Ong
Institute of Technology Bandung & Advisor to P.T. Geoservices
Dates : March 7 - 11, 2011
Venue : Sheraton Bandung Hotel & Towers - Bandung, Indonesia
Cost : US\$ 2,300 (IPA Members) - US\$ 2,400 (Non- IPA Members)
No. of participants: 22
2. Title : Pressure Data for Exploration Success !
In-conjunction with 35th Annual IPA Convention & Exhibition (Jakarta, May 18-20, 2011)
Instructor : Steve O'Connor - GeoPressure Technology Limited, UK
Date : May 16 - 17, 2011
Venue : Hotel Mulia Senayan, Jakarta
Cost : US\$ 1,100 (IPA Member) - US\$ 1,150 (Non- IPA Member)
No. of participants: 13
3. Title : Petroleum Geochemistry: A Quest for Oil and Gas
In-conjunction with 35th Annual IPA Convention & Exhibition (Jakarta, May 18-20, 2011)
Instructor : Awang Harun Satyana - BPMIGAS, Indonesia
Date : May 16 - 17, 2011
Venue : Hotel Mulia Senayan, Jakarta
Cost : US\$ 900 (IPA Member) - US\$ 950 (Non- IPA Member)
No. of participants: 10
4. Title : Farmins and Farmouts for Explorationists
In-conjunction with 35th Annual IPA Convention & Exhibition (Jakarta, May 18-20, 2011)
Instructor : Peter J. Cockcroft - Blue Energy Limited, Australia
Date : May 16 - 17, 2011
Venue : Hotel Mulia Senayan, Jakarta
Cost : US\$ 1,100 (IPA Member) - US\$ 1,150 (Non- IPA Member)
No. of participants: 12
5. Title : Understanding Overpressures and Its Prediction
Instructor : Dr. Phill Clegg - GeoPressure Technology, UK
Dates : May 23 - 26, 2011
Venue : Sheraton Bandung Hotel & Towers - Bandung, Indonesia
Cost : US\$ 2,350 (IPA Members) - US\$ 2,450 (Non- IPA Members)
No. of participants: 13
6. Title : Petroleum Geophysics for Non- Geophysicists
Instructor : Dr. Sigit Sukmono - Institute of Technology Bandung, Indonesia
Dates : June 20 - 24, 2011
Venue : Bangka Island (tentative)
Cost : US\$ 2,250 (IPA Members) - US\$ 2,350 (Non- IPA Members)
No. of participants: 10

-
7. Title : Sequence and Seismic Stratigraphy: Concepts and Applications
Instructor : Dr. Henry Posamentier
Sr. Geological Consultant, Chevron Energy Technology Company
Dates : June 21 - 24, 2011
Venue : Sheraton Bandung Hotel & Towers, Indonesia
Cost : US\$ 2,750 (IPA Member) - US\$ 2,850 (Non- IPA Members)
No. of participants : 36
8. Title : Petroleum Geology of Deep-Water (Turbidite) Depositional Systems
Instructor : Dr. Roger Slatt - University of Oklahoma, USA
Dates : July 4 - 8, 2011
Venue : Sheraton Mustika Yogyakarta, Indonesia
Cost : US\$ 2,750 (IPA Members) - US\$ 2,850 (Non- IPA Members)
No. of participants : 13
9. Title : Geological Characterization of Unconventional Gas Shales
Instructor : Dr. Roger Slatt - University of Oklahoma, USA
Dates : July 11 - 15, 2011
Venue : Sheraton Mustika Yogyakarta, Indonesia
Cost : US\$ 2,750 (IPA Members) - US\$ 2,850 (Non- IPA Members)
No. of participants : 24
10. Title : Carbonate Sedimentation, Sequence Stratigraphy & Reservoir
Characterization
Instructor : Dr. Rick Sarg - Subsurface Consultants & Associates, LLC - USA
Dates : July 18 - 22, 2011
Venue : Sheraton Mustika Yogyakarta, Indonesia
Cost : US\$ 3,950 (IPA Members) - US\$ 4,050 (Non- IPA Members)
No. of participants : 20
11. Title : Quantitative Log Analysis and Petrophysics
Instructor : Martin Kennedy - Independent Consultant, Australia
Dates : September 19 - 23, 2011
Venue : Sheraton Senggigi Beach Resort Lombok, Indonesia
Cost : US\$ 2,450 (IPA Members) - US\$ 2,550 (Non- IPA Members)
No. of participants : 24
12. Title : 3-D Seismic Interpretation Techniques
Instructor : Alistair R. Brown - Consulting Reservoir Geophysicist, USA
Dates : October 25 - 29, 2011
Venue : Novotel Lampung, Indonesia
Cost : US\$ 2,750 (IPA Members) - US\$ 2,850 (Non- IPA Members)
No. of participants : 28
13. Title : Geological Application of Well Logs
Instructor : Jenny Garnham - Independent Consultants, UK
Dates : November 7 - 11, 2011
Venue : Sheraton Senggigi Beach Resort Lombok, Indonesia
Cost : US\$ 2,750 (IPA Members) - US\$ 2,850 (Non- IPA Members)
No. of participants : 24

-
14. Title : Petroleum Geochemistry & Petroleum System Analysis:
the Most Essential Concepts & Methods for Exploration and Production
Instructor : Awang Harun Satyana - BPMIGAS, Indonesia
Dates : November 7 - 11, 2011
Venue : Sheraton Senggigi Beach Resort Lombok, Indonesia
Cost : US\$ 2,250 (IPA Members) - US\$ 2,350 (Non- IPA Members)
No. of participants: 30
15. Title : Applied Subsurface Geological Mapping
Instructor : Siamak Agah - Subsurface Consultants & Associates, LLC - USA
Dates : December 12 - 16, 2011
Venue : Sheraton Senggigi Beach Resort Lombok, Indonesia
Cost : US\$ 3,950 (IPA Members) - US\$ 4,050 (Non- IPA Members)
No. of enrollments: 27

APPENDIX B

FIELD TRIPS - 2011

- Trip # 1 : Geological Trip to Cepu Area for Non-Geoscientist Personnel
Dates : 21-24 February, 2011
Trip Leader : H.M. Yohannes P. Koesoemo (SDA Consultant)
Participants : 20
- Trip # 2 : The Modern and Ancient Mahakam Delta Sedimentology
A Technical Field Trip for Geoscientists
Dates : 2-6 April, 2011
Trip Leader : Irfan CIBAJ (TOTAL)
Participants : 15
- Trip # 3 : Petroleum Geology of South Sumatra Basin
Dates : 6-10 May, 2011
Trip Leader : Dr. Alit Ascaria (Talisman)
Participants : 13
- Trip # 4 : Carbonate Model, Petroleum System and Volcanism of South Sulawesi
Dates : 21-26 September, 2011
Trip Leaders : Dr. Alit Ascaria (Talisman) and Dr. Bambang Priadi (ITB)
Participants : 8
- Trip # 5 : Oligocene Rajamandala Limestone, Bandung
Dates : 31 October-3 November, 2011
Trip Leaders : Benyamin Sapiie (ITB) and Toni Simo (URC ExxonMobil Houston)
Participants : 9

APPENDIX C

LUNCHEON TALK 2011

1. Date : 26 January, 2011
Venue : Le Meridien Jakarta
Speaker : Kurt J. Steffen & Don A. Yurewicz, ExxonMobil Exploration Company
Title : Assessment of Unconventional Resources
No. of Guest : 41

2. Date : 21 February, 2011
Venue : Four Seasons Hotel
Speaker : Dr. Dale R. Issler, AAPG Distinguished Lecturer
Title : Integrated thermal history analysis of sedimentary basins using multi-kinetic apatite fission track thermochronology: examples from northern Canada
No. of Guest : 93

3. Date : 10 March, 2011
Venue : The Ritz-Carlton Jakarta, Pacific Place
Speaker : Bapak R. Priyono, Chairman BPMIGAS
Title : Summary of 2010 E&P Activities in Indonesia and Outlook for 2011
No. of Guest : 221

4. Date : 27 April, 2011
Venue : Le Meridien Jakarta
Speaker : Dr. Lawrence (Trey) D. Meckel, III, Tately NV
Title : Sand-Prone Submarine Mass-Transport Deposits: Reservoir Characteristics and Classification of an Underappreciated Deepwater Facies
No. of Guest : 63

5. Date : 20 June, 2011
Venue : Le Meridien Jakarta
Speaker : Dr. Henry Posamentier, Chevron Energy Technology Company
Title : Deep-water sedimentation; seismic recognition of sand-prone and mud-depositional elements
No. of Guest : 150

6. Date : 25 July, 2011
Venue : Le Meridien Jakarta
Speaker : Dr. Rick Sarg, Department of Geology and Geological Engineering, Colorado School of Mines
Title : Oil Shale and Shale Oil –Major Unconventional Resource Plays – Examples from Piceance and Williston basins, USA
No. of Guest : 70

7. Date : 6 September, 2011
Venue : Le Meridien Jakarta
Speaker : Dr. Paul Weimer, President AAPG and Professor of Geology, Bruce D. Benson Endowed Chair, University of Colorado
Title : The Petroleum Industry in the next decade: An Overview of the Science, Technology and AAPG
No. of Guest : 64

8. Date : 24 October, 2011
Venue : Le Meridien Jakarta
Speaker : Dr. Alistair Brown, Consulting Reservoir Geophysicist
Title : Pitfalls in 3D Seismic Interpretation
No. of Guest : 80

SECTION 13

REGULATORY AFFAIRS COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

Mark Snell

(ExxonMobil Oil Indonesia Inc.)

REGULATORY AFFAIRS COMMITTEE

Report of 2011 Activities and 2012 Objectives

Chairman	:	Mark Snell	(EXXONMOBIL)
Deputy Chairman	:	Debbie Chastity	(CONOCOPHILLIPS)
Members	:	Andi Haryanto	(ANADARKO)
		Larry Cantu	(ANADARKO)
		Hardi Hanafiah	(BP)
		Peter Dumanauw	(CHEVRON)
		Heike Butar Butar	(CHEVRON)
		Arif Widjaksono	(CHEVRON)
		Janet Devlin	(CONOCOPHILLIPS)
		Mahendra Aryaputra	(ENI)
		Ian Bellamy	(ENI)
		Aris Suryanto	(ENI)
		W. Sesanti	(EPHINDO)
		Anna Rosita	(EXXONMOBIL)
		Ferry Zulkarnaen	(GENTING)
		Nathan Welsh	(HESS)
		Dhanny Jauhar	(HESS)
		Gregg Marsman	(INPEX)
		Yasutoshi Seki	(INPEX)
		Chasijastuti	(INPEX)
		Michael Arruda	(JONES DAY)
		Chip Rothschild	(MARATHON)
		Andi Ismail	(MEDCO)
		Esti Sopandi	(MEDCO)
		Bambang Nugoroho	(MEDCO)
		Alan Frederik	(PERTAMINA)
		Lona Tarigan	(PREMIER)
		Daniel Kohar	(PWC)
		Hanny Denalda	(SANTOS)
		Chandra Triayu	(SANTOS)
		Ujang Suhirta	(STAR ENERGY)
		Neil Prendergast	(TALISMAN)
		Caecilia Wulandari	(TOTAL)
		John King	(VICO)
		Eko Yuliawan	(VICO)

PRIMARY EFFORTS IN 2011

1. Regulation on Cost Recovery and Taxation

RAC, in conjunction with the FTC, actively participated in discussions with GOI on the Draft Government Regulation on Cost Recovery in 2009 and 2010 ("GR"). Ongoing review of the Draft, at times, was challenging given that revised versions were not always provided in advance of a meeting with the GOI and the complete draft was often withheld. The GR was issued and became effective on December 20, 2010 providing the first dedicated regulation dealing with cost recovery and taxation in the upstream sector. Implementing regulations are required, and yet to be issued, from the Minister of Energy and Mineral Resources, the Minister of Finance, BPMIGAS and the Director General of Tax.

Consultations with the GOI did result in some changes to the GR. A generic cost capping provision was removed and the retroactive application of the GR was mitigated to an uncertain extent. The fact that the implemented GR continues to preserve some retroactivity and further erodes cost recovery remain the most significant concerns. Other aspects of the GR will be a disincentive to future investment including specific taxation reforms.

Following implementation, several letters were sent to the Government emphasizing the importance of contract sanctity and that consequently the IPA, consistent with previous correspondence, retains the view that pre-GR contracts should not be impacted. The IPA attended various socialization meetings with DGT and BPMIGAS where it re-iterated its concerns and sought to establish an appropriate forum to continue to influence the application of the GR and the content of the implementing regulations to come.

Ultimately the IPA felt that it had no choice but to petition the Supreme Court for judicial review. A petition was filed on 16 June 2011 after consultation with the GOI. The petition emphasizes the key arguments that the GR should be revoked since it violates higher laws and/or its formation does not comply with applicable laws.

The IPA conducted an extensive media campaign in conjunction with the filing of the petition to seek to educate the public on the reasons for filing the petition.

RAC sought to discuss and resolve ongoing implementation issues associated with the GR including those relating to WP&B pending the Supreme Court decision.

On 18 October 2011 the petition was denied by the Supreme Court. The basis of the denial is not yet known as the judgment is not expected for another one to three months. There are no rights of appeal from the decision of the Supreme Court. Individual contractors can avail themselves of the rights they have under their respective existing PSCs in response to GR 79. Despite this disappointing news RAC will continue to assist the IPA in its endeavours to seek the revocation of the GR.

2. Oil and Gas Law Bill

On April 29, pursuant to an invitation from the Parliament (DPR), the IPA attended a Parliamentary-initiated session to discuss the terms of a draft of a new Oil and Gas Law.

The terms of the draft as presented by the DPR, among others were the replacement of BPMIGAS by a different entity that would have the legal capacity to execute commercial transactions for the benefit of the State, the DPR's authority to approve gas sale prices, and PSC extension restrictions.

With the assistance of RAC, the IPA advised the DPR about potential unfavorable impacts on investment due to the introduction of an entirely new law.

The IPA formed a Task Force, on which the RAC is represented, to primarily advise the IPA Board on how best to proceed. The IPA continues to seek a confirmed version of the draft Bill to improve IPA's ability to influence and continues to correspond with GOI stakeholders advocating the primary message that substantive change is not required and will act as a disincentive to investment in the future.

The DPR has not as yet distributed any official draft Bill for comment to the IPA despite requests.

3. Explosive Permitting

IPA through the RAC is a primary participant in an Explosives Permitting Task Force, together with 19 PSCs, service companies and BPMIGAS. The Task Force is seeking to address the lack of transparency in procedure and costs relating to obtaining explosives permits and handling explosives to mitigate compliance risks. The Task Force is working with relevant government offices (Police Dept, BPMIGAS, MIGAS, Ministry of Finance, UKP4) to establish an appropriate legal instrument that will address concerns while complying with administrative laws.

In the interim short term solutions have been proposed, (i) BPMIGAS to obtain the permits and services on behalf of the PSC pursuant to Section V of the PSC; (ii) BPMIGAS to elevate efforts to resolve permitting problems in each PSC to UKP4; and (iii) BPMIGAS to enter into an agreement with various Provincial Police Offices. Option (iii) is being progressed, BPMIGAS is to arrange a meeting with the Police Headquarters and explore whether option (iii) is at all possible. The meeting with Police Headquarters is expected to take place in December 2011.

4. Procurement of Good and Services

BPMIGAS is considering further revisions to BPMIGAS PTK 007-RevI-II/2011. To facilitate this exercise, BPMIGAS invited a number of PSCs to a meeting in Bandung to discuss and identify issues arising from BPMIGAS PTK 007-RevI-II/2011. The matter of domestic content dominates the list of issues. Other issues identified during the meeting are advance payment, bidder/contractor security (e.g. bid bond, performance bond, parent company guarantee), and processes during commercial negotiation (e.g. processes related to owners' estimate). RAC is seeking to ventilate industry concerns through this process.

5. Repatriation of Export Proceeds

Bank Indonesia (BI) recently issued a regulation concerning export sales proceeds (BI Regulation No. 13/20, "PBI 13"). It seeks to capture export proceeds in domestic bank accounts. It appears that BI wishes to strengthen Indonesia's domestic liquidity of foreign currency by requiring Indonesia's sizeable export proceeds to be brought into the domestic banking system. PBI 13 contains no exemption to any industry including Oil and Gas. It is intended to be applicable for any export proceeds.

The RAC worked together with the F&T Committee to define IPA's position with regard to the PBI 13 which has been formally conveyed to BI. In essence, the IPA believes that the PSC Contractors should not be subject to the PBI 13 for several reasons but mainly because the PSC expressly provides a right to Contractors to retain Petroleum proceeds abroad.

6. Cabotage

In 2008, the Government of Indonesia adopted a new law governing marine vessels in domestic service. Shipping Law No. 17 of 2008 requires domestic marine transportation activities to be carried out by a national sea transportation company using Indonesian-flagged ships. Under the above Shipping Law, oil and gas operations have to move into compliance with the law's requirements within 3 years after the enactment of the law which fell on May 7th, 2011.

The RAC together with the Communication Committee were actively involved in a task force initiated by BPMIGAS to secure an exemption from the cabotage requirement for vessels used in the oil and gas industry. Through active participation and effective lobbying, the task force was successful in securing the exemption prior to May 7th, thereby avoiding any disruption to oil and gas operations.

The Government issued Government Regulation No. 22 of 2011 (GR 20) on 4 April 2011 which sets out the list of vessels (that are mostly used in the oil and gas industry) that are exempted from the cabotage requirement. The Ministry of Transportation subsequently issued an implementing regulation to the GR 20 on 18 April 2011 in the form of a Ministerial Transportation Regulation No. 48 of 2011 that further sets out the procedure to obtain a permit for foreign flag vessels operating in Indonesia.

7. Regulated Increases in Production

RAC was closely involved in consultations on the implementation of Ministerial Regulation on Oil and gas Production Increase ("the MR") early in 2010. The MR requires non-producing fields and wells to be inventoried and new discoveries to be notified and seeks to impose an accelerated program for development inconsistent with prevailing law, applicable PSCs, and industry capability.

Following consultations on the MR, in which RAC was involved, BPMIGAS acknowledged that there were challenges in complying with the MR and some uncertainty in its application and sought input on the same.

In an effort to ensure implementation of the MR, during the first quarter and third quarter this year, BPMIGAS sent letters to a number of PSCs reminding the PSCs of

the requirements of the MR. In January 2011, BPMIGAS reminded PSCs to put together an inventory of idle and or non-producing fields and in August 2011, BPMIGAS instructed a number of PSCs to re-activate (*"mengaktifkan kembali"*) idle fields and idle wells located in the work area of the respective PSCs. Despite uncertainties arising from the requirements of the MR, to date BPMIGAS has not issued any clarification and or implementation directives or guidelines on the provisions of the MR.

8. Regulations On Put on Production and the Establishment of Work Area for Non-Conventional Oil and Gas

On August 23, MIGAS invited a number of parties including the IPA to a socialization of the following draft Ministerial Regulations ("MR"):

- a. Draft MR on Put on Production for Oil and Gas, and
- b. Draft MR on Procedures for the Establishment and Offer of Work Area for Non-Conventional Oil and Gas Resources.

IPA's Unconventional Gas Committee is preparing feedback, RAC is committed to provide the necessary support to the Unconventional Gas Committee.

9. Implementing Regulations for the 2009 Environmental Law

The Government is drafting implementation regulations for the 2009 Environmental Law. IPA RAC continues to monitor the development of these regulations and is committed to help prepare feedback to the Government.

2012 OBJECTIVES

The IPA RAC's objectives for 2012 are predominantly consistent with its activities in 2011. RAC will continue to perform an active advocacy role in educating key stakeholders with respect to IPA's key regulatory issues. Contract sanctity, regulated increases in production, compliance initiatives, cost recovery and deferrals will continue to be a focus with the revision of the Oil and Gas Law and PSC extensions likely to be a focus in 2012. RAC will continue to support the IPA Board and other IPA committees in responding to prospective and new laws and regulations including proposed amendments to existing laws and regulations

RAC will also seek the adoption of a compliance statement by Board in 2012 as part of its ongoing external and internal compliance initiatives.

SECTION 14

SECURITY COMMITTEE

CHAIRMAN

Baruno Subroto

(Chevron Indonesia Company)

Note:

No activities to be reported.

SECTION 15

SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

I.G.K. Modana

(TOTAL E&P INDONESIA)

SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE (SIC)

Report of 2011 Activities and 2012 Objectives

The activities and highlights in 2011 of this committee were:

I. Routine activities

Monthly meetings amongst SIC members were done on:

- 26th January 2011
- 23rd February 2011
- 30th March 2011
- 26th April 2011
- 25th May 2011
- 30th June 2011
- 28th July 2011
- 23rd September 2011
- 26th October 2011

Subjects that have been discussed in the monthly meetings were:

- Workshop Procurement Strategy & SCM Forum with BPMIGAS.
 - Preparation for attending Workshop on Procurement Strategy held by BPMIGAS in Bandung on 31st January to 1st February 2011.
 - The main purpose of workshop was to see possible for making joint contract of some commodities amongst the PSCs.
 - While the SCM forum was organized by BPMIGAS and conducted in Batam on 9th - 11th February 2011.
- Procurement Guideline (PTK-007 Revision 2).
 - Has been issued by BPMIGAS on 9th May 2011 and in force starting 1st May 2011.
 - There are some concerns from PSCs, mainly on :
 - Procurement process lead time related to local content.
 - Advance payment.
 - Pre-qualification procedure, etc.
 - Feedbacks have been given by PSCs to BPMIGAS.
 - Some clarifications have also been issued by BPMIGAS.
- “Cabotage” issue.
 - Discussion on the implementation of cabotage law for specific vessels used in oil and gas upstream activities.
 - Participation with other committees of IPA and related Government Institutions to find the solution.
- GR No.79/2010.
 - SIC concerns about article 13 point q, r and t concerning procurement that exceed 10% of AFE value, surplus of material stock and procurement without open tender.
 - Waiting the result of Judicial Review proposed by IPA.
- PTK-007 third book (Asset Management).

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- Our concern is about surplus material in stock with potential of non cost recoverable if it exceeds a certain limit.
 - Other concern is related to Minister of Finance Decree No.165/2010 particularly about engine exchange activity that approval is needed up to BPMIGAS level only.
 - Local Content achievement monitoring.
 - Discussion about its implementation (refer to PTK-007).
 - SIC has invited PT.Surveyor Indonesia to give presentation on Local Content monitoring on 16th March 2011.
 - Some PSCs has now the contract with authorized surveyor for doing the Local Content achievement monitoring.
 - Establishment of Team for Increasing Utilization of Local Products by Minister of EMR.
 - Minister of EMR issued a decision letter on 1st April 2011 for establishment a team for increasing the utilization of local products.
 - Chairman of IPA Supply Chain Committee was assigned as a member amongst the other representatives from Ministry of EMR, Migas, Ministry of Industry, Ministry of Research and Technology, BPMIGAS and Guspen Migas.
 - 1st meeting in August 2011 was cancelled at the last minute.
 - Importation of goods using Master List mechanism (tax exemption).
 - Discussion of the implementation problem due to different method of calculation of Local Content (price based vs. cost based) during tender and importation.
 - CBM PSC still cannot use the Master List mechanism to get exemption from import duty and taxes.
 - BPMIGAS Procurement Online Information System.
 - BPMIGAS has established an Integrated Online Information System for Procurement and Assets Management called as “PMA Dashboard”.
 - All supply chain activity reports from PSCs to BPMIGAS are now to be uploaded through this system.
 - Explosive.
 - Discussion on explosive handling issues.
 - Letter has been sent by IPA to BPMIGAS on 7th February 2011 asking for simplification of explosive permitting processes.
 - Coordination meeting between BPMIGAS and PSCs has also been conducted on 10th and 24th August 2011.
 - Protection & Indemnity (P&I) Club.
 - BPMIGAS requested PSCs to use Indonesian P&I Club Promindo for all vessels operated by PSCs (letter Deputy of Operation dated 4 February 2011).
 - There are some concerns from PSCs regarding this issue.
 - Minister of Industry regulation No.15/2011.
 - Issued in February 2011. It regulates the use of local products.
 - A new inventory list of local products is now available in the web of Ministry of Industry complete with its percentage local content and period of validity.
 - APDN book issued by Migas book is still to be used as reference for oil and gas sector.
 - Key Performance Indicator (KPI) for PSC Supply Chain Activities.
 - BPMIGAS is now implementing KPI to measure the performance of PSCs in doing the supply chain activities.
 - 6 monthly review is done by BPMIGAS with each PSC.

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- Currency Law.
 - SIC concern on Currency Law no.7/2011 dated 28th June 2011, particularly article 21 which requires that all transactions made in Indonesia territory should be made in Indonesian rupiah currency.
 - Waiting further guideline from BPMIGAS.

II. Non-routine activities

- Cabotage follow up :
 - Participation from of SIC members in various meetings with BPMIGAS, Migas, Ministry of Transportation, Directorate General of Sea Transportation and INSA in obtaining solution on implementation cabotage law for specific vessels used in oil and gas industry.
 - Finally GoI issued the new Government Regulation No.22/2011 (revision of GR No.20/2010) on 4th April 2011 and Minister of Transportation Regulation No.48/2011 on 18th April 2011 which gives the exemption for specific vessels (category C) with foreign flag used in oil & gas upstream activities as long as the vessels with Indonesian flag is still not available in the market.
 - To get the dispensation to use vessel with foreign flag, PSC has to prove with at least 1 (one) tender fail for obtaining vessel with Indonesian flag.
 - So far, there is no problem in obtaining permit for these specific vessels.

III. 2012 Objectives

The SIC work program and objectives for 2012 will be:

- To continue seeking and proposing improvement on Procurement Regulations from BPMIGAS (PTK-007).
- To organize a workshop for sharing best practices in doing procurement of goods and services and other supply chain management amongst the PSCs.
- To initiate joint procurement and contracts amongst PSCs for cost efficiency.
- To recommend improvement on Assets & Materials Management processes to BPMIGAS.
- To join IPA Professional Division Committee in organizing training for supply chain subjects.

SECTION 16

UNCONVENTIONAL GAS COMMITTEE

REPORT ON 2011 ACTIVITIES

CHAIRMAN

Moektianto Soeryowibowo

(BP Indonesia)

UNCONVENTIONAL GAS COMMITTEE

Report of 2011 Activities

I. ORGANIZATION

Chairman: Moektianto Soeryowibowo (BP)
Vice Chairman: Nurman Djumiril (Total)
Secretary: Chris Allen (Vico)

II. REORGANIZATION OF THE GAS, LNG AND CBM COMMITTEE

Referring to IPA letter dated 21st February 2011, the Gas, LNG and CBM Committee is separated into two committees, i.e. the LNG & Gas Committee and the Unconventional Gas Committee. The first meeting of the new Unconventional Gas Committee was kicked off on 5th April 2011 with the main agenda of the election of the chairman and inventory of issues.

III. UNCONVENTIONAL GAS COMMITTEE

The Unconventional Gas Committee activities have been focused on the CBM related issues. Key issues include:

1. Pre-POD Gas Sales
2. Fiscal Incentives
3. CBM PSC Contract Extension
4. Streamlining approval processes in BPMIGAS
5. Forestry/Overlapping Issues

1. Through previous engagement the Pre-POD Gas Sales issue has been incorporated by the government in new awarded CBM PSC contracts which is also applicable to the existing contracts. The inclusion of this clause in the PSC contract provides assurance on the mechanism of CBM gas sales during dewatering and early development which is not applicable to conventional gas business.
2. IPA sent letters to propose fiscal incentives through Director General Oil and Gas. Presentations to Ministry of Finance (BKF) have been made with the proposal a combination of:
 - a. FTP holiday
 - b. Tax Holiday 10 years after POD approved
 - c. 50% investment creditThe discussion was around the format of the fiscal incentives which can be managed outside of the PSC contract.
3. Both in the letter and during the discussion we continuously mention the important of PSC contract extension for CBM due to the nature of CBM production. Since the CBM PSC contract is governed under the Oil and Gas Law

it might be difficult to get assurance on contract extension at early years. However, there have been some precedents in conventional business that Government grants contract extension.

4. Sustaining engagement with BPMIGAS needs to be built to ensure streamlining approval processes for CBM projects. In the past IPA has addressed this concern through formal letter and presentation during CBM workshop organized by BPMIGAS in 2011.

IV. FORWARD PLAN

1. Continue to engage Migas and BPMIGAS on forestry/overlapping issues in particular to facilitate direct engagement with respective departments.
2. Continue ongoing engagement with BPMIGAS the streamline approval processes.
3. Continue engagement with Migas to provide feedback on draft of Minister Regulation on the Procedure to Determine Unconventional Oil and Gas Working Areas.
4. General engagement with Government of Indonesia on various issues related to unconventional gas activities including Ministry of Finance (BKF) to follow up on the proposal of Fiscal Incentives.

SECTION 17

LIST OF COMPANIES & ASSOCIATES MEMBER



INDONESIAN PETROLEUM ASSOCIATION COMPANY MEMBERS

1. ANADARKO INDONESIA COMPANY
2. APEC BUNGA MAS INTERNATIONAL COMPANY
3. AWE LTD.
4. BP INDONESIA
5. CHEVRON INDONESIA COMPANY
6. CITIC SERAM ENERGY LTD.
7. CNOOC SES LTD.
8. CONOCOPHILLIPS INDONESIA, INC. LTD.
9. DART ENERGY INDONESIA
10. ENI INDONESIA LTD.
11. EPHINDO ENERGY PRIVATE LIMITED
12. EXXONMOBIL OIL INDONESIA, INC.
13. FREEPORT INDONESIA, PT.
14. GENTING OIL NATUNA PTE. LTD.
15. HESS (INDONESIA PANGKAH) LTD.
16. HUSKY ENERGY, INC.
17. INDELBERG INDONESIA, PT.
18. INPEX CORPORATION
19. JAPEX CO. LTD.
20. KALREZ PETROLEUM (SERAM) LTD.
21. KANGEAN ENERGY INDONESIA LTD.
22. KODECO ENERGY CO. LTD.
23. KONDUR PETROLEUM S.A.
24. KRISENERGY LTD.
25. LAPINDO BRANTAS, INC.
26. LUNDIN OIL & GAS B.V.
27. MARATHON INTERNATIONAL PETROLEUM INDONESIA LTD.
28. MEDCO ENERGI INTERNASIONAL TBK., PT.
29. MITRA ENERGY (INDONESIA SIBARU) LTD.
30. MURPHY
31. NIKO RESOURCES LTD.
32. OILEX LTD.
33. OVERSEAS PETROLEUM & INVESTMENT



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34. PACIFIC OIL & GAS INDONESIA, PT.
 35. PAN ORIENT ENERGY (CITARUM) PTE. LTD.
 36. PEARLOIL (TUNGKAL) LTD.
 37. PETROCHINA INTERNATIONAL COMPANIES IN INDONESIA
 38. PETROSELAT LTD., PT.
 39. PREMIER OIL INDONESIA
 40. PT PERTAMINA (PERSERO)
 41. PTTEP SOUTH MANDAR LTD.
 42. SALAMANDER ENERGY (BONTANG) PTE. LTD.
 43. SANTOS (SAMPANG) PTY. LTD.
 44. SHELL INDONESIA, PT.
 45. STAR ENERGY (KAKAP) LTD.
 46. STATOIL INDONESIA KARAMA AS
 47. TALISMAN ENERGY INC.
 48. TOTAL E&P INDONESIE
 49. TRIANGLE PASE INC.
 50. VICO INDONESIA

INDONESIAN PETROLEUM ASSOCIATION ASSOCIATE MEMBERS

1. ABHITECH MATRA INDAH, PT.
2. ACCENTURE, PT.
3. ALAMJAYA MAKMUR SEJAHTERA, PT.
4. AMEC BERCA INDONESIA, PT.
5. APEXINDO PRATAMA DUTA, PT.
6. ARMINDO PRIMA, PT.
7. BADAK NGL, PT.
8. BAKER BOTTS L.L.P.
9. BAKER HUGHES NDONESIA, PT.
10. BECHTEL INDONESIA, PT.
11. BGP INDONESIA, PT.
12. BINDER INDONESIA, PT.
13. BJ SERVICES INDONESIA
14. BMT ASIA PACIFIC INDONESIA, PT.
15. CAMERON SYSTEM, PT.
16. CENTURY DINAMIK DRILLING
17. CITRA TUBINDO, PT.
18. CITRABUANA INDOLOKA, PT.
19. CLIFFORD CHANCE
20. CORELAB INDONESIA, PT.
21. DELOITTE PETROLEUM SERVICES
22. DIMAS UTAMA, PT.
23. EAGLEBURGMANN INDONESIA, PT.
24. ERNST & YOUNG
25. EXLOG SARANA INDONESIA, PT.
26. EXTERRAN INDONESIA
27. FIBEROD ARCHIPELAGO INDONESIA, PT.
28. FLUOR DANIEL INDONESIA, PT.
29. FMC SANTANA PETROLEUM EQUIPMENT INDONESIA
30. GAFFNEY, CLINE & ASSOCIATES
31. GEOKINETICS INDONESIA, PT.
32. GEOPROLOG INTIWIJAYA, PT.
33. GEOSERVICES, PT.

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34. HALLIBURTON INDONESIA, PT.
 35. HERBERT SMITH/HISWARA BUNJAMIN & TANDJUNG
 36. HITEK NUSANTARA OFFSHORE DRILLING
 37. HORIZON GEOCONSULTING, PT.
 38. IHRDC (INT'L HUMAN RESOURCES DEV CORP)
 39. IMECO INTERSARANA, PT.
 40. INSTITUT SAINS & TEKNOLOGI AKPRIND
 41. INSTITUTE TECHNOLOGY BANDUNG
 42. INSTITUTE TECHNOLOGY MEDAN
 43. INSTITUTE TECHNOLOGY SEPULUH NOPEMBER
 44. INTEGRATED PETROLEUM SERVICES, PT
 45. INTERTEK UTAMA SERVICES, PT.
 46. ISLAMIC UNIVERSITY OF RIAU
 47. ISTECH RECOURSES ASIA, PT.
 48. ITOCHU CORPORATION
 49. JGC CORPORATION
 50. JONES DAY
 51. KALIRAYA SARI, PT.
 52. LANDMARK CONCURRENT SOLUSI INDONESIA
 53. LEIGHTON CONTRACTORS INDONESIA, PT.
 54. LERINDRO INTERNATIONAL
 55. McDERMOTT INDONESIA
 56. M-I INDONESIA, PT.
 57. MITSUBISHI CORPORATION
 58. MUTIARA BIRU PERKASA, PT.
 59. OFFSHORE WORKS INDONESIA, PT.
 60. OSCO UTAMA, PT.
 61. PASIFIK SATELIT NUSANTARA, PT.
 62. PERFORINDO TEKNIKA NUSANTARA, PT.
 63. PETRATAMA NUSAPERTIWI (PETRANUSA)
 64. PETROLAB SERVICES, PT.
 65. PETROS TECHNOLOGIES INDONESIA, PT.
 66. PETROSEA TBK., PT.
 67. PGS NUSANTARA, PT.
 68. PPPTMGB "LEMIGAS"
 69. PRICEWATERHOUSECOOPERS
 70. PUNDI STRATEJASA INDONESIA, PT.

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71. PUSDIKLAT "MIGAS"
 72. RESOURCES JAYA TEKNIK MANAGEMENT INDONESIA, PT.
 73. SCHLUMBERGER GEOPHYSICS NUSANTARA, PT.
 74. SCOMI OILTOOLS, PT.
 75. SGS INDONESIA, PT.
 76. SIDDHARTA & WIDJAJA
 77. SLICKBAR INDONESIA, PT.
 78. STTNAS YOGYAKARTA
 79. SUCOFINDO, PT.
 80. SUDJACA PALEMBANG, PT.
 81. SUMBER DAYA KELOLA, PT.
 82. SUPRACO INDONESIA, PT.
 83. SYNERGY DOWNSTREAM SOLUTIONS PTE. LTD.
 84. TENARIS-SEAMLESS PIPE INDONESIA JAYA, PT.
 85. TIDEWATER OPERATORS INDONESIA, PT.
 86. TRANS NUSANTARA MULTI CONSTRUCTION, PT.
 87. TRIPATRA ENGINEERING, PT.
 88. TUGU PRATAMA INDONESIA, PT.
 89. UNIVERSITY OF BRAWIJAYA
 90. UNIVERSITY OF GADJAH MADA
 91. UNIVERSITY OF HASANUDDIN
 92. UNIVERSITY OF INDONESIA
 93. UNIVERSITY OF LAMPUNG
 94. UNIVERSITY OF LONDON
 95. UNIVERSITY OF PADJADJARAN
 96. UNIVERSITY OF PAKUAN
 97. UNIVERSITY PROKLAMASI
 98. UNIVERSITY OF SRIWIJAYA
 99. UNIVERSITY OF TRISAKTI
 100. U.P.N. VETERAN
 101. VERITAS DGC MEGA PRATAMA, PT.
 102. WEATHERFORD INDONESIA, PT.
 103. WELLTEKINDO NUSANTARA, PT.
 104. WIDYAWAN & PARTNERS
 105. WOOD MACKENZIE LTD.
 106. ZIFF ENERGY GROUP