



**INDONESIAN PETROLEUM ASSOCIATION**

**2013 ANNUAL REPORT**

**FORTYSECOND GENERAL MEETING**

**JAKARTA, 4 DECEMBER 2013**

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**SECTION 1**

**INDONESIAN PETROLEUM ASSOCIATION**

**PRESIDENT'S REPORT - 2013**

by

**Lukman Mahfoedz**

On behalf of

**IPA Board of Directors**

**December 2013**

[www.ipa.or.id](http://www.ipa.or.id)



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# INDONESIAN PETROLEUM ASSOCIATION

## President's Report for 2013

### INTRODUCTION

The last time we all gathered in our last year Annual General Meeting, we were all experiencing challenging times. I can recall we were all guessing the path forward for the upstream oil and gas industry following the dissolution of BPMIGAS in November 2012. We appreciate the Government quick response by issuing related decrees to establish SKKMIGAS as a temporary institution replacing BPMIGAS. The gratification case relating to the industry, currently being prosecuted by KPK (anti-corruption commission), tends to make the image of our industry negative. We will see how this case develops and how our association can help the Government to manage this negative perception. In various occasions, IPA has also voiced the concern from the industry that this gratification case should not cause a slowdown in the approval process and that the governance and transparency of the management of the oil and gas industry would be improved.

Issues on cost recovery, imposition to Land & Building Tax (LBT) on Exploration PSCs, criminalization of industry, amendment to the existing oil and gas law and negative public perception toward our industry are among the toughest issues that have confronted us and become our challenges.

One might say, this time around is a turmoil in the industry but we all believe that we together with all stakeholders are here to overcome this. The show must go on.

The other major challenges in Indonesian upstream are identified as follows:

- Oil production continuously decreases from years to years, while energy demand steadily grows. Energy consumption will be triple in 2022 (8.3 MMBOEPD)
- Oil and gas supply demand gap likely to grow. Gap could exceed 3 MMBOEPD by 2030 (BCG analysis)
- Meeting energy demand requires a huge investment in upstream oil and gas development. Estimated US\$ 28 billion of investment per year

According to IEA analysis, it is projected to see a decline in production to 670,000 BOPD in 2035 as few new oil developments are expected to come on stream in the short to medium term. To anticipate the continuous decline in oil production, it will require the development of more complex, expensive projects such as deepwater, enhanced oil recovery (EOR) as well as exploration in more technically-challenging environments like in the eastern part of Indonesia.

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The exploration performance in Indonesia is not satisfactory. Woodmac report showed that total new resource of 1.9 billion BOE was discovered in 2012, this number is the highest level since 2004. The stand-out performer is Malaysia that discovered 1.4 billion BOE (72%), while Indonesia contributed 0.2 billion BOE (14%). The Reserve Replacement Ratio for oil is 52%, meaning the discovered reserves is not sufficient to replace current level of annual oil production. SKKMIGAS data showed exploration success ratio was about 50% during 2000 – 2012. To increase the exploration activity, MIGAS has introduced “joint study” to open more exploration opportunities in Indonesia. Numerous proposals have been submitted both for the new frontier area as well as in the exploration mature area surrounding known fields. Importantly, along with the "seismic spec survey", this "joint study" approach has initiated many deepwater exploration programs in Eastern Indonesia, namely the Makassar Strait and Semai areas. However, the "not so encouraging" results of the early drilling program in those areas has toned down the industry's interest in pursuing the deepwater opportunity in Eastern Indonesia. Twelve oil and gas contractors failed in deepwater exploration prospect and suffered losses of dry hole deepwater exploration drilling. Total exploration dry hole expenditures during 2009 – 2013 is US\$ 1.9 billion and some exploration PSC blocks have been relinquished to Government.

Concurrently with the "joint study", Indonesia also introduced the Coal Bed Methane (CBM) opportunity in 2006/07. In the early stage of the effort, CBM attracted many interest from the industry and many CBM acreages were signed, especially in South Sumatra and East Kalimantan where plenty of coal deposits can be found. However, 5 years down the road, it showed less significance progress in CBM. The biggest challenge in these opportunities are the social issues and land acquisition difficulties. Despite all efforts made by the government, long time and complex process for land acquisition significantly hindered a successful CBM development. We are expecting that the development of new unconventional hydrocarbon such as shale oil/gas will be better managed, particularly in addressing the local issues and fiscal terms.

Likewise oil, new gas prospects in the region also face major challenges, such as deepwater, gas content. Several large fields contain gas with high carbon dioxide (CO<sub>2</sub>), including East Natuna, Kuala Langsa blocks where the CO<sub>2</sub> content is above 70 percent, making such projects more complex and expensive to develop.

IEA report suggested that a strong continued role for foreign companies that can offer expertise and capital to develop the above difficult and complex prospects. Lack of major developments indicates that more favorable regulation frameworks and fiscal measures, consistent government support, particularly in technology and expertise access as well as dealing with bureaucracy, and more open data management systems is needed to encourage exploration in frontier areas. With these, Indonesia can improve its attractiveness for oil & gas exploration in the region.

In the area of regulatory framework, implementation on the **3C Principles (Clarity,**

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**Consistency and Certainty**) is one of the key critical ingredients to attract huge investment, particularly in exploration activity. Current continuous declining in oil production rate and limited new discovery from exploration activity prove that Indonesia requires massive investment in exploration to maintain and increase level of production in years to come. The President RI has showed his support and commitment in 3C Principles to boost exploration investment as stated in his opening remarks in the 2013 IPA Convention. The President has also instructed the Minister of Energy and Mineral Resources and other relevant ministries for incentive formula to drive investment in the oil and gas sector, to enhance exploration and exploitation activities as well as to execute EOR programs. However the current fact is not as expected. In this regards, I want to share with you on the recent statement from the Chairman of BKPM (Indonesian Investment Coordinating Board) who indicates a lower trust level in oil and gas sector from 61% in 2012, down to 31% this year are due to legal uncertainty in the industry (*Source: Kompas.com*). As an association, it is our homework to do more advocacy on the implementation of 3C Principles.

Aside from the above, achievements are made, particularly in gas for domestic market shows a significant increase since 2011. In 2012 the gas for domestic market reached 3,550 BBTUD, increased from 3,267 BBTUD in 2011. In 2013, with new gas development of Ruby gas field, gas for domestic market continues to increase to 3,530 MMSCFD or 3,650 BBTUD, surpassing the gas for export market of 3,216 MMSCFD.

This report presents the main activities done by the Indonesian Petroleum Association throughout 2013 in addressing these challenges. As an upstream oil and gas industry organization, sustainability of the industry is our main concern and IPA has been working internally and externally to achieve this goal. Oil & gas industry remains the top sector in terms of financial contribution to Indonesia. IPA believes sustainable business will bring good return to PSCs while delivering the biggest advantages for Indonesia.

## **KEY CONCERNS FOR THE INDUSTRY**

In order to provide existing and potential investors with an environment conducive for oil and gas investment, the IPA has highlighted several key concerns which need to be addressed by the Government.

We have distributed these issues before and would share it with you again now.

### **1. Revisions to Oil and Gas Law No. 22/2001**

Prior to the Constitutional Court Decision delivered on November 13, 2012 the IPA's view was that there was no need to change Law 22/2001. However, following the Constitutional Court Decision, it is clear that change is now needed in order to establish a secure constitutional foundation for the PSC regime. The IPA believes the following issues should

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be addressed in the New Law amending Law 22/2001:

- The legal framework to be established for the upstream oil & gas industry, including the new PSC counterparty which will represent the Government in the PSC, which should meet the constitutional requirements laid out in the decision, so as to minimise the risk of future challenges.
- Law No. 22/2001 guaranteed contract sanctity for the PSCs existing at the time that Law was passed. In order to ensure that the contractual terms on which PSC Contractors have already invested are not altered, the New Law should similarly provide contract sanctity for all PSCs existing at the time it is passed.
- The New Law should provide a mechanism to transfer the PSCs and other upstream agreements to the entity which is to become the GOI's counterparty to PSCs moving forward ("New PSC Counterparty").
- **With respect to the Revision of Oil and Gas Law, we have proposed in writing to the Government, including issues on Exploration Investment, PSC Extension, Fiscal Certainty, Cost Recovery, Permits & Approvals, Lifting Entitlement, Divestment to Indonesian Participation, Restriction on Use of Data Confidentiality**

Whilst some of these changes would need to be made as part of the new Law, most can be implemented through changes to the regulations.

## **2. Cost Recovery to be removed from the State Budget (APBN)**

Cost Recovery is a mechanism provided within the PSC that allows the oil and gas companies to recover the operating costs that they have spent in conducting their Petroleum Operations (as required under the relevant PSC). In recognition of the costs borne by the oil and gas companies, the PSC allocates a portion of the production to the companies in order to recover costs they incur in the process. There is neither payment made by the Government to the oil and gas companies through the State Budget nor are there any State funds risked in the oil and gas PSCs. Therefore there is no relation between "State Loss" and "Cost Recovery".

This misperception has resulted in the criminalization of the PSC which is a very worrying development for both national and international oil and gas companies and has created a high level of anxiety among the PSC employees that will make it very difficult for the companies and their employees to effectively operate in Indonesia. **In view of the above, IPA position is that Cost Recovery should be removed from the State Budget (APBN).**

## **3. Government Regulation No. 79 / 2010 (GR 79) on Cost Recovery and Income Tax Treatment for the Upstream Oil & Gas Business Sector (GR 79)**

The IPA views that GR 79 contradicts several superior laws and regulations such as the Oil

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and Gas Law No. 22 / 2001 (“Law 22”) and the Income Tax Law No. 17 / 2000; the petitioner argued 25 objections from what was decreed in GR 79. This GR 79 could potentially be applied retroactively and changes the principle of the existing PSC unilaterally which is critical to investor confidence (refer to Art. 38 (b)). For these reasons the IPA filed for judicial review against GR 79 in June 16, 2011. In less than two months the IPA was informed that its petition was denied but the full judgment of the case was only made available last month with the following arguments:

1. Regarding the parties, the Supreme Court acknowledged that the IPA has legal standing to file the petition
2. Regarding the case or the material filed for judicial review, the Supreme Court acknowledged that the Supreme Court has purview to try the judicial review.
3. Reasons for denying the petition were as follows:
  - a. GR 79 regulated provisions that are not or not sufficiently addressed in the signed PSCs
  - b. There is no violation of contract sanctity because section 38(a) of GR 79 provide that existing PSCs will continue to be honored until they expire
  - c. Section 31 D of the 1984 Income Tax law provide that taxation in the oil & gas industry shall be further regulated by GR.

There is no further recourse to this judgment, since it is final and binding. Nevertheless, IPA maintains its position that GR79 should be amended/ replaced on the basis that existing PSCs are sanctioned by the Oil & Gas Law no. 22/2001 of which the Supreme Court acknowledged this contract sanctity. **It is up to individual PSCs to seek remedies available pursuant to each respective contract.**

#### **4. PSC Extension / Renewal**

The uncertainty on the status of the PSC post-expiry can cause reduced production and under-investment in assets, as the current contractors will be unlikely to invest if they cannot guarantee receiving a return on their investment.

To maximize investment, it is necessary to introduce some transparency and clarity into the process of PSC extension. The aim is to eventually make a set of clear guidelines endorsed by the Ministry/Regulator, consistent with Indonesian Law, and embraced by the industry as a practical & specific roadmap to follow as a PSC expires approach. **We learnt from the Government that a ministerial decree is being finalized to address the issue. We may expect the decree is going to be enacted in 2014.**

#### **5. PTK No. 051 on Cost Recovery Deferral**

SKKMIGAS introduced PTK No.051 regarding Cost Recovery Deferral (*Penangguhan Pembebanan Biaya Operasi*). The purpose of this PTK is to introduce a mechanism to



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defer/suspend the PSC Contractor's ability to recover operating costs that become or could become disputed audit findings until the subject matter is solved.

The IPA considers that the terms of any PTK /guideline(s) must be consistent with and should not alter, dilute or otherwise change the existing PSC terms and conditions on resolution of audit findings and the PSC Contractor's rights to recover operating costs. **The IPA proposed some revisions and amendments to the PTK. Discussion with SKKMIGAS is currently on going to find an acceptable solution for both parties**

## **6. Land & Building Tax (LBT) on Exploration PSCs**

Prior to the issuance of GR79/2010, the LBT on PSC's working acreage was borne by the Government in line with the principle of "assume and discharge". For PSCs signed after GR79/2010, the PSC no longer adopts the same principles and the PSC Contractors must bear the LBT and may only recover it as operating cost upon production.

In June 2013, Oil & Gas Tax Office issued the total LBT notice to new PSC Contracts (signed after 2010/GR79 era) amounting to Rp. 2.6 trillion (US\$260 million) for fiscal year 2012 & 2013.

The Directorate General of Taxes (DGT) imposed LBT on the whole working area of the overall acreage both on surface/land and area below the surface. The excessive assessment of LBT is counterproductive to what the Government wants in terms of encouraging exploration investment, particularly offshore deepwater and, in many cases, these assessments exceed the firm exploration commitments of the PSC contractors.

Intensive meetings with senior government officials including Head of UKP4 (Presidential Delivery Unit for Development Monitoring and Oversight), Minister of Energy, Vice Minister of Energy, Vice Minister of Finance, Director General of Oil and Gas, Director General of Taxes and several Tax Directors took place during the past 5 months since the assessment was issued. The Directorate General of Taxes finally agreed, in principle, that LBT would only be imposed on the utilized "surface" area but still insists to impose LBT on the whole "subsurface" area. **The process to withdraw the tax assessment is currently on-going and expected to be completed by year end. IPA will continue to escalate and seek support from a higher authority to exempt LBT on the "subsurface" area during exploration.**

## **7. Draft Regulation on Hazardous & Toxic Material and Waste Management**

The Ministry of the Environment has finalized the draft of the regulation (RPP) which categorizes Used Drilling Mud and Drilling Cuttings as Hazardous and Toxic Waste. Should the requirement for managing Used Drilling Mud and Drilling Cuttings in the draft regulation be implemented, this would potentially reduce drilling operations nation-wide, which

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ultimately may result in the oil and gas production targets not achieved. IPA has written a letter to the Minister of Environment to consider the review of the RPP to avoid the potential disturbances in oil and gas operations.

**The Minister of Environment has withdrawn this RPP and is currently developing a new draft of the regulation. The Minister has welcomed for open discussions with all stakeholders including the associations. IPA, together with SKKMIGAS and MIGAS, is going to meet with the Minister to discuss about the new draft regulation in this month.**

#### **8. PTK No. 007 on Procurement of Goods and Services for PSC Contractors**

PSC Procurement Guidelines and evolution of PTK No. 007 have resulted into a heavy bureaucratic burden for the PSC operators, micro management of the procurement process by SKKMIGAS, overall higher costs and longer lead times.

It is IPA view that there is scope for streamlining the process for procurement of goods and services, with the aim of improving its efficiency and correctly allocating the responsibilities between PSC contractors and the SKKMIGAS. SKKMIGAS has informed IPA that they were currently reviewing their business processes and hope that it would meet with IPA expectations. **The issue has also been escalated to Vice Minister ESDM and we received positive response.**

#### **9. ESDM Decree No. 31/2013 on Expatriate Utilization and Development of National Employees**

The Minister Decree imposes more stringent expatriate employment and introduces certain negative lists. In practice, the process to obtain work permit and extension is found to be more difficult. The IPA has expressed its concerns to MIGAS on such decree as it may potentially bring significant disruptions to oil and gas exploration, development and production activities and lead to a non-conducive investment climate. We informed MIGAS that IPA is currently reviewing its provisions and ramifications on oil and gas industry business activities and that we look forward to receiving the opportunity to share our views on this decree when we have completed our analysis.

#### **10. Minister of Manpower Decree No. 19/2012 on Outsourcing**

In accordance with Minister Manpower Decree No. 19/2012 (“Permenaker No. 19/2012”), all industries are required to establish an Association that will issue a Work Flow (*Alur Kerja*) which will be used by its members as the basis in registering their supporting activities that are outsourced to third parties to the local Manpower office.

**Following several meetings with the Ministry of Manpower and SKKMIGAS, the IPA**

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**meets the criteria as the Association under this Decree and is therefore legally valid to represent the Upstream the oil and gas industry to produce an official Work Flow to be adopted by its members.**

In October 2013, the IPA issued an announcement to all Company Members concerning the procedure required to register their Work Flow with the local Manpower office to comply with the Permenmaker No. 19/2012.

As an Association may represent more than one industry, the IPA also issued an announcement to its Associate Members / Technical Services Companies in November 2013 to allow them to register their work flow with the local Manpower office. In this second announcement, it was stressed that their Work Flow should be in line with the Upstream Work Flow validated by the Association.

### **IPA MEMBERSHIP AND OBJECTIVES**

Currently the IPA membership stands at **54 Member Companies and 131 Associate Members**. As 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.

- IPA is a Forum for our members and future investors to exchange knowledge, ideas and experiences about the Oil & Gas Industry in Indonesia and worldwide;
- IPA is also a Forum to facilitate the dialogue between the Industry, the Government of Indonesia and its agencies; and again
- IPA is a Forum to promote education and knowledge transfer, primarily through our
- Professional Division. Membership comprises over 2,000 individuals who meet and learn through 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, continued to meet monthly. Included in those meetings are reports from the Executive Director

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and selected Committee members who periodically update the Board on their committee activities and seek Board input as and when necessary on specific Committee issues.

### **37<sup>TH</sup> IPA CONVENTION AND EXHIBITION**

The 37<sup>th</sup> Annual Convention and Exhibition (Convex) was held on 15-17 May 2013 at the Jakarta Convention Centre with the theme: “**Promoting Investment in a Challenging Environment**”.

As the biggest annual regional event for the oil and gas industry, the highlights of this year’s Convention were:

- Opening of the Convention by H.E. President Susilo Bambang Yudhoyono
- More than 17,000 visitors, including over 3,100 registered participants
- Exceptional industry participation with more than 250 exhibiting companies
- Over 150 technical papers and posters from professionals and students covering Geosciences, Engineering and Business/Commercial
- An exceptional media turnout with 490 journalists registered from a range of national, international, local and specialist media organizations
- A Special Theme Park with a “Mini Drilling Site” equipped with a drilling rig and all necessary support functions and a CSR Zone “Desa Sukamaju” reflecting the efforts and contributions of the PSC Contractors to the environment and communities where they operate
- Plenary sessions to discuss the outlook of the global oil and gas industry, industry success stories and how Indonesia can realize its potential with prominent international and national speakers including the Minister of Oil and Gas from the Sultanate of Oman, Head of BKPM, Head of SKKMIGAS, President and CEO of PTTEP, President Director of Pertamina and others.

#### **In his opening address, the President conveyed the following key messages:**

- The government is determined to continually provide support, encouragement and facilitation to the oil and gas industry players to enhance exploration and production activities
- Oil and gas is a long term investment, which requires **Clarity, Consistency and legal Certainty**. Maintaining and improving an investment climate that is conducive is an indispensable condition to optimize national oil and gas production
- Current laws and regulations must be able to respond to aspirations and the needs of investors to ensure continuity in the implementation of cooperation contracts to boost

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exploration activities. The Minister of ESDM and related agencies should immediately take measures to continue improving the investment climate

- Bureaucratic procedures for upstream oil and gas industry licenses will be simplified. Exploration and production permits should be simplified, so that business processes can be protected without violating regulations
- The addition of new reserves is crucial and should be supported by massive exploration activities. The government is therefore considering offering incentives for exploration activities. The Minister of Energy & Mineral Resources and the Head of SKKMIGAS are instructed to coordinate with the Ministry of Finance to seek better incentive packages
- For the implementation of Presidential Instruction No. 2 / 2012 on national increase in oil production, there is a need to make an overall improvement in coordination, synergy and synchronization, both at central and regional government levels, to support the development of national oil production

The 37<sup>th</sup> IPA Convention and Exhibition was a great success as the event exceeded most of last year's achievements, including more than 17,000 visitors, the highest number of visitors in the history of the IPA. The challenge for the member companies of the IPA is to turn the positive messages received during the Convention into concrete actions.

## **IPA ACTIVITIES**

### ***INTERNAL***

#### **IPA BOARD MEETINGS AND BRAINSTORMING SESSION 2013**

From January to November 2013, the IPA held 11 Board Meetings, including 2 Extended Board Meetings in April and August, where all Company and Associate Members were invited to attend. **Average attendance of Board Members at these meetings throughout the year was 74.3%.**

In February 2013, the annual IPA Brainstorming Session was held and attended by more than 60 participants from the Board, Committees, Company and Associate members.

A survey to select five (5) IPA Priorities in 2013 conducted among the participants of the meeting resulted in six (6) issues being chosen:

1. Re-energize Exploration Investment
2. Contract Sanctity
3. Revisions to Oil and Gas Law
4. SKKMIGAS legal status and authority

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5. Suspend Account
  6. Micro vs. Macro Management of PSCs

There was a consensus that IPA communications to the public / government / stakeholders needs to be strengthened to influence public opinion and to minimize negative perception of the industry.

As many industry issues are multi-functional, there was a suggestion to establish an integrated IPA team / Task Force consisting of members from several committees with a Board member in charge. Several IPA committees will also be reorganized with a Board member responsible to oversee a committee.

#### **IPA OFFICE LEASE EXTENSION.**

The Lease Agreement for IPA office, applying a rental rate US\$ 20.75 sqm/month including Service Charge (SC), was expired on 28 February 2013 and it has been extended to 28 February 2016 with a new rental rate of US\$ 36.85 sqm/month.

#### **IPA PRESS RELEASES**

In 2013, IPA has issued several Press Releases and Statements, among others are:

In May 2013, the Press Release was issued stating IPA's deep concern on the local court's guilty verdict on Chevron's Bioremediation case involving their two contractors and that the impact and ramification of this legal judgment creates a precedent that will affect not only the continuity of oil and gas operations, but also the sustainability of future investment in Indonesia.

IPA emphasized that the PSC clearly defines the legal mechanism to handle potential disputes and that the oil and gas industry is a highly regulated sector where each of its activities is based on standard review and approval by SKKMIGAS and state agencies concerned and regularly audited by government auditors.

In July 2013, a Press Release was issued stating IPA's concern at the guilty verdicts by the Anti-Corruption Court against the employees of Chevron Pacific Indonesia (CPI) in the Bioremediation case. The court's verdict creates significant legal uncertainty for its members given that during the trial the government's own jurisdictional agencies – the Ministry of the Environment (KLH) and SKKMIGAS - testified that the CPI Bioremediation project was in compliance with the applicable laws and regulations of Indonesia.

The criminalization of the PSC is a very worrying development for both national and international oil and gas companies and has created a high level of anxiety among the PSC employees that will make it very difficult for the companies and their employees to effectively

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operate in Indonesia. As the PSC is a business contract, the IPA position is to continually emphasize that disputes arising from PSC project implementation, when shown to have been undertaken in compliance with applicable laws and regulations, should be governed by the dispute resolution process under the terms of the PSC which are based on civil law principles, not criminal law.

The Press Release concluded that IPA and all its members are committed to continue operating to the highest ethics and integrity standards and in full compliance with the applicable laws and regulations of Indonesia.

In August 2013, IPA issued a Press Release stating that the Association and its members strongly support Good Corporate Governance in the oil and gas industry as it would create a good environment that is important to attract and to sustain investment in all business sectors.

Members of the IPA are committed to continue operating to the highest ethics and integrity standards and in full compliance with the Production Sharing Contracts and the applicable laws and regulations of Indonesia. In regards to the recent bribery allegation case involving an oil trading company, the IPA regrets that it has created negative sentiment towards the upstream oil & gas industry. IPA emphasized that oil trading is not an upstream business and therefore is not related to the Production Sharing Contract system and Cost Recovery.

In concluding, IPA hopes that the case will not impact negatively the investment climate in Indonesia at a time when the country needs to grow investments to sustain oil and gas production.

## **EXTERNAL**

### **RELATIONS WITH THE GOVERNMENT**

The IPA Board continues to be engaged and maintain an active and open dialogue with the Government authorities. In line with past practices, the IPA Board continues to conduct regular consultations and meetings with the Ministry of ESDM, Ministry of Finance and its related agencies, MIGAS and SKKMIGAS on the current issues affecting the industry.

The ten main issues of concern for the industry have been raised and discussed with the Government and it is encouraging to note that input and views from the IPA is now actively being sought by the Government with regards to the upcoming Revisions to the Oil and Gas.

### **IPA MEETINGS WITH KOMNAS HAM (NATIONAL COMMISSION ON HUMAN RIGHTS)**

IPA was invited by Komnas HAM (National Commission on Human Rights) in April 2013 to discuss and clarify its views on the Chevron Bioremediation case. Komnas HAM



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emphasized that if an unfavorable ruling is given by the court in the Chevron case, this would have a catastrophic impact for the oil and gas industry.

Following further discussions between Komnas HAM, ESDM, SKKMIGAS and IPA, it was agreed that a seminar to discuss the Protection of Oil and Gas Workers (*Perlindungan Pekerja Migas*) would be organized to highlight the potential consequences of the current cases and to discuss measures which need to be taken against the criminalization of the PSC.

### **IPA – PARAMADINA BUSINESS FORUM**

In May 2013, IPA in partnership with the Paramadina Public Policy Institute (PPPI) organized a business forum with the theme “Criminalization of Corporate Policy: Threat to Workers and Obstacle for Investments in Indonesia”.

The forum was attended by more than 200 participants representing academia, the media, industry, NGO’s and the general public and featured prominent panelists from the KPK, SKKMIGAS, Komnas HAM and Merpati Nusantara Airlines.

The conclusions of the panel were that the business world needs certainty clarity, consistency and certainty with regards to the applications of laws and regulations. The recent cases involving Merpati Nusantara, Indosat and Chevron have shown that employees doing their job can be “criminalized” and accused of corruption by the law enforcement agencies. This is a deviation of the principle that settlement of disputes in business contracts should be done on the basis of civil law principles, not criminal law. These cases not only affect the workers in all sectors of industry but also the investment climate in Indonesia.

### **IPA MEETING WITH IMA**

In September 2013, a meeting was held between IPA and IMA (Indonesian Mining Association). The purpose of this meeting, requested by IMA, was to know more about IPA as IMA recognize that our Association is an established and well run organization. Information from IPA would serve as input for the IMA team to make recommendations for internal improvements to the IMA Board.

After clarifying the IPA organization, the Board election process and our main activities, discussions continued with clarifications about the IMA organization, its membership and activities. The meeting was a good opportunity to have a first formal contact with IMA and can be followed up with further meetings in the future.

### **IPA PARTNERSHIP WITH TOGY**

The official launching of The Oil and Gas Year Indonesia 2013 book (TOGY) was held in March 2013. At this ceremony, Elisabeth Proust, IPA President in 2012, was presented with



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the “Woman of the Year” award. In 2011, this award was given to Evita Legowo, Director General of MIGAS. On behalf of IPA, Lukman Mahfoedz delivered a speech appreciating the award given to Elisabeth Proust and the publication of this book which will help to promote the Indonesian the oil and gas industry worldwide.

The TOGY produced by Wildcat International in partnership with the MEMR and the IPA, is the first international publication wholly dedicated to Indonesia’s hydrocarbon industry and is distributed globally to over 24,000 readers in the energy and finance sector worldwide.

## **IPA PARTICIPATION IN SEMINARS AND BUSINESS FORUMS**

The IPA is constantly being asked to participate in seminars and business forums organized by the Government as well as by universities and the media.

In May 2013, a Regional Workshop on Changing Global Gas Market and Unconventional Gas attended by countries from the ASEAN and ASPEC (Asian Pacific Economic Countries) region and from the US was held in Jakarta. In this Workshop, the IPA representative delivered a presentation on “Unconventional Gas: An Industry Perspective.”

In May 2013, the National Convention for Oil and Gas Operations Support 2013 was organized by SKKMIGAS in Bandung and attended by representatives of IPA, INSA, APMI, IPERINDO, Pertamina, PGN and other companies /associations. The Convention discussed improving collaboration between the operations support functions to ensure a successful drilling year for the oil and gas industry. At this Convention, the IPA made a keynote speech and participated in a panel with officials from the Ministry of Forestry and Ministry of Environment.

In September 2013, the Indonesia – Yemen Working Group on Gas was organized by MIGAS to have an exchange of views on the gas policies, regulations, projects and developments of each respective country. At the request of the Yemeni delegation, the agenda included discussions on how the oil and gas industry is organized and managed by the Indonesian government the Yemeni government was planning to completely reorganize the management of its oil and gas industry in the near future.

In October 2013, the IPA was invited to be a panelist at the 28<sup>th</sup> APOSHO Conference held in Jakarta. The APOSHO is an international body consisting of 39 organizations from 21 countries in the Asia Pacific Region engaged in the area of Occupational Safety and Health. The IPA President made a presentation at the session with the theme “Enhancing Safety Culture, Striving for Sustainability”

The IPA was also invited to be a panelist at a Business Forum organized by SPE-IATMI APOGCE 2013 held in October 2013 in Jakarta. A presentation was delivered by IPA

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President with the theme “Synergy to Overcome Investment Challenges in the Oil and Gas Industry”.

In November 2013, the IPA was invited to a Business Forum organized by ITS Energy Society in Surabaya. At this seminar attended by the Minister of Industry, Minister of Public Works, Vice Minister of ESDM and Satya W. Yudha from Commission VII DPR, the IPA President made a presentation which responded to questions raised by the organizers regarding the national energy issues and challenges which need to be addressed by the country in the future.

In November 2013, the IPA was invited, once again, to partner the Government in an oil and gas seminar organized by MIGAS in Melbourne, Australia. The purpose of this seminar was to showcase investment opportunities in the upstream energy sector. Whilst recognizing that they might not always share the same priorities, the debate between the IPA and the Government is always positive and constructive and conducted in a manner which encourages constructive criticism on both sides. This can only be beneficial in the long term.

In November 2013, the IPA was also invited to a “National Taxation Seminar organized by the University of Indonesia (UI). Attended by senior officials from the Ministry of Finance, industry representatives and academia, the IPA took the opportunity to emphasize the need to implement the 3C Principles (Clarity, Consistency and Certainty) in all regulations, to consider tax incentives to increase exploration and production, to settle the LBT issue and all land permits and other licenses.

### **IPA BUKA PUASA BERSAMA**

Following a tradition started in 2011, the IPA held its annual *Buka Puasa Bersama* (Breaking of the Fast) in July 2013 at the Dharmawangsa Hotel. Attended by around 100 guests, the IPA was honored to have the presence of Dr. Alwi Shihab who gave the Ramadhan Lecture before the opening of the fasting

### **IPA CARE PROGRAM**

On the occasion of the IPA *Buka Puasa Bersama* event held in July 2013, the IPA continued its “IPA Care Program” by once again donating Rp 100 million to “Sekolah Kami”, a school established in 2001 for around 150 scavengers and disadvantaged children located in the Bekasi area. This donation would be used to build a new classroom and purchase additional tables and chairs to accommodate new pupils attending the school. This is the second time IPA is supporting this school as during the *Buka Puasa Bersama* in 2012, the amount of Rp 75 million was donated to renovate the school facilities and to fix their fish ponds.

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## **IPA GOES TO CAMPUS**

In 2013, IPA launched a new program “IPA Goes To Campus” which objectives are to develop relationships with academia, IPA members and the media. The program is a one and a half day event covering 3 general lectures, 5 workshop topics, 1 soft skill topic and a session on career coaching. This year the program has been implemented in Jogjakarta and Manado and attended by more than 750 students from universities and tertiary institutions in these cities.

## **VISIT OF GAS BUSINESS DELEGATION FROM CHINA**

In October 2013, the IPA received the visit of 20 delegates from China that will attend the 6th Unconventional Hydrocarbons Summit Indonesia scheduled to be held on October 31- Nov 1, 2013 in Jakarta. This delegation had expressed interest to visit IPA, several Indonesian oil and gas companies and an LNG Plant prior to attending the Unconventional Summit.

After welcoming the delegation, a presentation introducing IPA and the Outlook and Challenges including CBM/ Shale was made. During Q&A, most of the questions raised by the delegation are related to LNG business. Besides IPA, the Chinese delegation is also scheduled to visit Medco Energi Internasional and Bukit Energy.

## **CONCLUDING REMARKS**

I would like to thank my colleagues on the IPA Board, the Secretariat, the Committees and the General Membership for all their work and support and also to industry colleagues in ESDM, MIGAS, SKKMIGAS and other Government ministries and agencies for their continued cooperation throughout the year as we pursue our common goals and objectives.

**Lukman Mahfoedz**  
**President IPA**  
**December 2013**

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**SECTION 2**

**FINANCIAL REPORT**

**2013**

by

**Dipnala Tamzil**

**Executive Director**

**INDONESIAN PETROLEUM ASSOCIATION**



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## Financial Executive Summary

### For Year 2012 and Highlights 2013

#### For Year 2012

The IPA's audited Statements of Revenues and Expenditures for the year ending December 31, 2012 shows a surplus of Rp 1.4 billion before Corporate Income Tax (CIT) of Rp 0.5 billion. Total 2012 surplus after CIT is Rp 0.9 billion.

2012 surplus is primarily from annual membership fees of Company and Associate Members and activities of the Professional Division which exceed the expenditures mainly of IPA Committees Expenses, General & Administrations Expenses and several Special Projects such as Legal Study on Implication of Bank Indonesian Regulation No. 13, Donation for "Sekolah Kami" and Oil & Gas Business Forum at Bimasena.

The opening balance of cash flow for the year 2012 was Rp 4.6 billion. During the year 2012, adjustments made for depreciation and other changes in assets and liabilities resulted in cash and cash equivalent of Rp 0.9 billion. Such adjustments contributed to a decrease of cash and cash equivalent ending balance 2012 to Rp 3.7 billion as indicated in the audited cash flow.

#### Financial Highlights 2013

YTD October 31, 2013 indicates surplus before tax of Rp 7.6 billion. Latest estimate per December 31, 2013 shows a surplus of Rp 6.1 billion primarily due to disbursement for IPA Committees Expenses, General & Administration Expenses and Special Projects.

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**Indonesian Petroleum Association**

**2012 Net Surplus/ (Deficit)  
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	15.402	14.929	473
Expenses	13.981	14.149	(168)
Operating Surplus / (Deficit)	1.421	780	641
Corporate Income Tax	(475)	0	(475)
<b>Net Surplus/ (Deficit) After CIT</b>	<b>946</b>	<b>780</b>	<b>166</b>

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**Indonesian Petroleum Association**

**2012 Cash Flow  
(in million Rp)**

Balance per January 1, 2012		4.662
Operating Surplus/ (Deficit) before Corporate Income Tax		1.422
Allowance for impairment losses		(249)
Depreciation		312
Net (Decrease) / Increase in cash and cash equivalent	<b>1 )</b>	(2.419)
		<hr/>
<b>Balance per December 31 , 2012</b>		<b>3.729</b>
		<hr/>

Notes : 1 ) - Account Receivables and Prepayments	(1.279)
- Employee service entitlement expenses	244
- Employee loans receivables	72
- Inventory	(22)
- Deposits	(14)
- Account Payables and accrued liabilities	(416)
- Tax payables	(18)
- Payment for employee service entitlements	(177)
- Corporate income tax paid	(757)
- Purchase of fixed assets	(52)
	<hr/>
	<b>(2.419)</b>
	<hr/>

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**Indonesian Petroleum Association**

**2012 Revenues  
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Company and Associate Company Dues	5.027	5.124	(97)
Professional Division Revenues	6.818	6.700	118
Sale of Publications	114	55	59
Bank Interest, Other	443	50	393
Convention Surplus	3.000	3.000	-
	<b>15.402</b>	<b>14.929</b>	<b>473</b>

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**Indonesian Petroleum Association**

**2012 Expenses  
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Division Committee	5.210	4.720	490
Communications Committee	15	60	(45)
Environment & Safety Committee	40	50	(10)
Finance & Tax Committee	9	30	(21)
Human Resources Committee	7	20	(13)
University Assistance Committee	43	100	(57)
Supply Chain Management Improvement Committee	8	20	(12)
LNG and Gas Committee	7	20	(13)
Regulatory Affairs Committee	18	25	(7)
Unconventional Gas Committee	0	5	(5)
Service Company Committee	0	5	(5)
Downstream Committee	0	5	(5)
Data Management Committee	0	5	(5)
Exploration Committee	0	5	(5)
Special Projects	764	2.000	(1.236)
General and Administrative	3.791	3.114	677
Salaries and Benefits	4.069	3.965	104
	<b>13.981</b>	<b>14.149</b>	<b>(168)</b>

**Indonesian Petroleum Association**  
**2012 General & Administrative Expenses**  
**(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Office Rent	881	850	31
Office Maintenance and Repairs	38	50	(12)
Telephone and Facsimile	37	40	(3)
Photocopy Machine	52	50	2
Stationaries and Other Supplies	115	130	(15)
Printings and Reproductions	212	250	(38)
Postages and Mailings	23	30	(7)
Transportations	61	60	1
Meetings	661	400	261
Information Technology	303	100	203
Bank Charges	21	30	(9)
(Gain) or Loss on Exchange Rate	(341)	140	(481)
Audit and Tax Service Fees	251	360	(109)
Legal Services	0	15	(15)
Accounting Systems Development	0	10	(10)
Tax	0	30	(30)
Depreciation	312	300	12
Other Expenses	1.165	269	896
<b>Sub -T o t a l G &amp; A</b>	<b>3.791</b>	<b>3.114</b>	<b>677</b>
<b>Sub-Total Salary &amp; Benefit</b>	<b>4.069</b>	<b>3.965</b>	<b>104</b>
<b>Total G &amp; A and Salary Expenses</b>	<b>7.860</b>	<b>7.079</b>	<b>781</b>

**Indonesian Petroleum Association**

**CASH FLOW**

**December 31, 2012 and YTD October 31 , 2013**

	Dec. 31, 2012		YTD Oct. 31, 2013	
	Actual		Actual	
	Rp	US\$	Rp	US\$
	(million)	('000)	(million)	('000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Excess revenue over expenditure before Corporate Income Tax	1.422	147	7.614	662
Allowance for impairment losses	(249)	(26)	0	0
Depreciation expenses	312	32	(3)	(0)
Employee entitlement expenses	244	25	0	0
<b><u>Changes in assets and liabilities</u></b>				
Account Receivables	(1.132)	(117)	(1.165)	(101)
Employee loan receivables	72	7	(3)	(0)
Prepayments	(147)	(15)	(122)	(11)
Inventory	(22)	(2)	(192)	(17)
Account Payables and accrued liabilities	(416)	(43)	(899)	(78)
Deposits	(14)	(1)	(184)	(16)
Liability for severance payments	(177)	(18)	0	0
Tax payables	(18)	(2)	0	0
Corporate Income Tax paid	(757)	(78)	(450)	(39)
<b><u>NET CASH PROVIDED BY (used In) OPERATING ACTIVITIES</u></b>	<b>(881)</b>	<b>(91)</b>	<b>4.595</b>	<b>400</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(52)	(5)	(141)	(12)
<b><u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u></b>	<b>(52)</b>	<b>(5)</b>	<b>(141)</b>	<b>(12)</b>
Increase (decrease) in cash and cash equivalent	<b>(933)</b>	<b>(96)</b>	<b>4.454</b>	<b>387</b>
Cash and Cash Equivalent at Beginning of Period	<b>4.662</b>	<b>482</b>	<b>3.729</b>	<b>324</b>
<b>Cash and Cash Equivalent at End of Period</b>	<b>3.729</b>	<b>386</b>	<b>8.183</b>	<b>712</b>

2012 Rate : 1 US\$ = 9.670

2013 Rate : 1 US\$ = 11.500



**Indonesian Petroleum Association**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**October 31, 2013**  
**(in million Rp)**

	YTD OCT 31, 2013 ACTUAL	AVG. YTD 2013 BUDGET	FULL YEAR 2013 BUDGET
<b><u>REVENUES</u></b>			
Company and Associate Company Dues	5.661	4.551	5.461
Professional Division Revenues	8.013	5.815	6.978
Other Revenues	223	110	132
<b>TOTAL REVENUE</b>	<b>13.897</b>	<b>10.476</b>	<b>12.571</b>
<b><u>EXPENDITURES</u></b>			
Professional Division Committee	4.203	3.953	4.744
Communications Committee	383	50	60
Environment & Safety Committee	113	42	50
Finance and Tax Committee	67	25	30
Human Resources Committee	3	17	20
University Assistance Committee	47	83	100
Supply Chain Management Improvement Committee	6	17	20
LNG and Gas Committee	8	17	20
Regulatory Affairs Committee	8	21	25
Service Company Committee	0	2	3
Data Management Committee	0	2	3
Unconventional Gas Committee	20	4	5
Exploration Committee	1	2	3
Special Projects	790	667	800
General and Administrative	2.228	3.984	4.781
Salaries and Benefits	3.407	3.372	4.047
<b>TOTAL EXPENDITURES</b>	<b>11.285</b>	<b>12.258</b>	<b>14.709</b>
Running Surplus / (Deficit)	<b>2.612</b>	<b>(1.782)</b>	<b>(2.138)</b>
Convention Surplus / (Deficit)	<b>5.000</b>	<b>3.000</b>	<b>3.000</b>
Corporate Income Tax	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Surplus / (Deficit)</b>	<b>7.612</b>	<b>1.218</b>	<b>862</b>

**Indonesian Petroleum Association**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**L.E. DECEMBER 31, 2013**  
**(in million Rp)**

	OCT 31, 2013 YTD ACTUAL	DEC. 31, 2013 L.E.	FULL YEAR 2013 BUDGET
<b>REVENUES</b>			
Company and Associate Company Dues	5.661	5.661	5.461
Professional Division Revenues	8.013	10.494	6.978
Other Revenues	223	230	132
<b>TOTAL REVENUE</b>	<b>13.897</b>	<b>16.385</b>	<b>12.571</b>
<b>EXPENDITURES</b>			
Professional Division Committee	4.203	7.788	4.744
Communications Committee	383	400	60
Environment & Safety Committee	113	160	50
Finance and Tax Committee	67	85	30
Human Resources Committee	3	10	20
University Assistance Committee	47	47	100
Supply Chain Management Improvement Committee	6	10	20
LNG and Gas Committee	8	10	20
Regulatory Affairs Committee	8	20	25
Service Company Committee	0	5	3
Data Management Committee	0	5	3
Unconventional Gas Committee	20	25	5
Exploration Committee	1	5	3
Special Projects	790	1.250	800
General and Administrative	2.228	3.718	4.781
Salaries and Benefits	3.407	4.047	4.047
<b>TOTAL EXPENDITURES</b>	<b>11.285</b>	<b>17.585</b>	<b>14.709</b>
Running Surplus / (Deficit )	<b>2.612</b>	<b>(1.201)</b>	<b>(2.138)</b>
Convention Surplus / (Deficit)	<b>5.000</b>	<b>7.268</b>	<b>3.000</b>
Corporate Income Tax	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Surplus / (Deficit)</b>	<b>7.612</b>	<b>6.067</b>	<b>862</b>

**Indonesian Petroleum Association**  
**BALANCE SHEETS**  
**DECEMBER 31, 2012 AND 2011**  
**(in million Rp)**

	<b>Audited Dec. 31, 2012</b>	<b>Audited Dec. 31, 2011</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and Cash Equivalent	3.729	4.662
Account Receivable and Prepayments	2.648	1.405
Employee Loans Receivable	20	92
Inventory	107	85
<b>Total Current Assets</b>	<b>6.504</b>	<b>6.244</b>
<b>Non Current Assets</b>		
Fixed Assets, net	166	426
Deposits	223	209
Deferred Tax Assets	164	100
<b>Total Non Current Assets</b>	<b>553</b>	<b>735</b>
<b>TOTAL ASSETS</b>	<b>7.057</b>	<b>6.979</b>
<b><u>LIABILITIES AND ACCUMULATED SURPLUS</u></b>		
<b>LIABILITIES</b>		
<b>Current Liabilities :</b>		
Account Payable and Accrued Liabilities	1.635	2.336
Tax Payables	277	513
<b>Total Current Liabilities</b>	<b>1.912</b>	<b>2.849</b>
<b>Non Current Liabilities</b>		
Provision for Employee Service Entitlements	272	204
Deferred tax liability	0	0
<b>Total Non Current Liabilities</b>	<b>272</b>	<b>204</b>
<b>TOTAL LIABILITIES</b>	<b>2.184</b>	<b>3.053</b>
Accumulated Surplus	4.873	3.926
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>	<b>7.057</b>	<b>6.979</b>

**Indonesian Petroleum Association**  
**BALANCE SHEETS**  
**OCTOBER 31, 2013 AND DECEMBER 31, 2012**  
(in million Rp)

	Unaudited Oct.31, 2013	Unaudited Sep. 30, 2013	Audited Dec. 31, 2012
<b><u>ASSETS</u></b>			
<b>Current Assets :</b>			
Cash and Cash Equivalent	8.183	9.175	3.729
Account Receivable and Prepayments	4.303	2.600	2.648
Employee Loan Receivables	23	21	20
Inventory	301	301	107
<b>Total Current Assets</b>	<b>12.810</b>	<b>12.097</b>	<b>6.504</b>
<b>Non Current Assets</b>			
Fixed Assets, net	310	296	166
Deposits	393	393	223
Deferred Tax Assets	100	100	164
<b>Total Non Current Assets</b>	<b>803</b>	<b>789</b>	<b>553</b>
<b>TOTAL ASSETS</b>	<b>13.613</b>	<b>12.886</b>	<b>7.057</b>
<b><u>LIABILITIES AND ACCUMULATED SURPLUS</u></b>			
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Account Payables and Accrued Liabilities	1.110	1.110	1.635
Tax Payable	0	0	277
<b>Total Current Liabilities</b>	<b>1.110</b>	<b>1.110</b>	<b>1.912</b>
<b>Non Current Liabilities</b>			
Provision for Employee Service Entitlements	204	204	272
Deferred Tax Liability	0	0	0
<b>Total Non Current Liabilities</b>	<b>204</b>	<b>204</b>	<b>272</b>
<b>TOTAL LIABILITIES</b>	<b>1.314</b>	<b>1.314</b>	<b>2.184</b>
Accumulated Surplus	12.299	11.572	4.873
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>	<b>13.613</b>	<b>12.886</b>	<b>7.057</b>

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**SECTION 3**

**COMMUNICATIONS COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Ahmad Yuniarto**

**( Schlumberger Group Indonesia )**



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## COMMUNICATIONS COMMITTEE

### 2013 Activities Report and 2014 Work Program

#### 2013 Highlight

The IPA communication program is committed to endorse IPA mission and objectives which includes work collaboratively through dialogue and engagement with all stakeholders. The program includes internal and external engagement; communications to internal and external stakeholders and social partnership intend to focus on:

#### External Stakeholders Communications and Engagement

- 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)
- Initiating programmatic and structured engagement to university

#### Internal Stakeholders Communication and Engagement

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

#### Social Investment and Partnership

- Identify opportunities for industry-wide collaboration for impactful social investment program, in partnership with stakeholders

The Ccommittee is deepening its roles and broadening its scope of work to be able to strengthen the engagement and facilitate communications between IPA and its stakeholders. To meet the objective, the programs are focused and designed around the following key themes:

- Government and Institution Engagement and Issue Management
- Internal Engagement
- Public and Media Engagement

- 
- Social and Investment Partnership
  - University Engagement

Following the rotation of the Chairman's role, a new concept of roles and a focused set of activities are being implemented; the previously Communication Committee is now transformed into Engagement and Communication Committee.

For the past year, substantial work has been done to identify opportunities to enable IPA to be more visible as the peak industry body that champions sustainable social partnerships as one of the core elements of the oil and gas business. The Committee facilitated member companies to contribute to the concept development and drove execution of flagship programs presented below.

### **Key Activities in 2013**

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

- **Issues Advocacy and IPA Board**

- Collaborate with Paramadina Public Policy Institute in holding Public Discourse Program; the first one brought the topic "Criminalization of Corporate Policy: Threat to Employees, Obstacle to Investment"
- Continued advocacy on the cabotage issue; coordinating stakeholder engagement internally (RAC and SCIC) and externally (Ditjen Migas, SKK Migas, Kemenhub)

- **Engagement and Communications with Governments and Institutions**

- SKKMIGAS, DPR, Minister of EMR, MoF, UKP4, KADIN, Universities

- **Media Relations and Educations**

- Media articles, editor opinion, press releases on various issues
- Speaker in Metro TV's Forum Bisnis
- Published an article in Jakarta Post Mid-Year Review titled "Energizing the Primary Energy Source"

- **Internal Communications**

- Quarterly newsletter
- Media Monitoring to the IPA Board and concerned committees
- Captured potential issues for the attention of the IPA Board

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- **Social Partnership**

- Contribution to the Sekolah Kami for the amount of IDR 100 million, which went to add some more classes and furnitures. This is the continuation of last year's donation to construct school's fish farm
- Developed concept paper for "Jakarta Kite" program that is meant to be an industry-wide social investment program, including exploring collaboration opportunities with Yayasan Cinta Anak Bangsa and Yayasan yang bergerak dibidang pemanfaatan lahan kosong bantaran sungai

- **University Engagement**

- Successfully launched and executed the first 2 IPA Goes to Campus programs in Yogyakarta and Manado, with total participant of more than 750 students of various disciplines. The third event is planned to be held in Surabaya in December 2013
- The program is a one-and-half day event comprising Career Inspiration and Mentoring, Studium Generale (Introduction to IPA, Upstream Oil and Gas Overview, Ethics, Integrity and Professionalism), and 5 workshops (Energy Economics, Sustainable Development, Safety Management, Renewable Energy, Technology and Innovation)

- **Supporting the 37<sup>th</sup> IPA Convention & Exhibition:**

- Media briefing and Media Interview
- Press Kit and Press Release
- Media partnership (Berita Satu Media Holding, Bisnis Indonesia, Bloomberg Business Week, Investor Daily, Jakarta Globe, Kompas, Sindo Weekly, Petromindo Group, Tempo Group, Metro TV, Suara Pembaharuan, Jakarta Post, Upstream and Detik.com
- Extensive advertorial, article, advertisement, news feed

## **2014 Focus Areas**

The Oil & Gas industry will be facing even more increasing challenges next year; several regulatory issues, amendment of Oil and gas law, and others which may bring about more uncertainties in this industry sector. In the same year, we may also see a certain vacuum period, post-election after some increased political dynamics of elections period.

It is crucial for the association to be able to position itself as a reliable partner of the government in developing a business environment that best support the country's objectives in the energy sector as well as the economic spillover from the oil and gas industry. Effective advocacy and communications to broad government, parliament and public key stakeholders therefore shall be implemented.

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Accordingly, the Committee will continue supporting the Board in focusing on the following areas in 2014:

### **Government & Institution Engagement and Issue Management**

- Engaged more in Issue Management and Advocacy
- Stakeholder Relationships and Regular Meeting Engagement
- Facilitate/participate in government and regulatory policy discussions
- Capture emerging and potential issues from industry

### **Public and Media Engagement**

- Balanced information around PSC investments and the future perspectives
- Media Engagement and Educations (including for public)
- Media advocacy for awareness purposes
- Industry education through media

### **Internal Communications**

- Information leverage and management
- Content review IPA Publication (website, newsletter, etc)
- Foster internal communications governance and issues update
- Publications

### **Social Investment & Partnership**

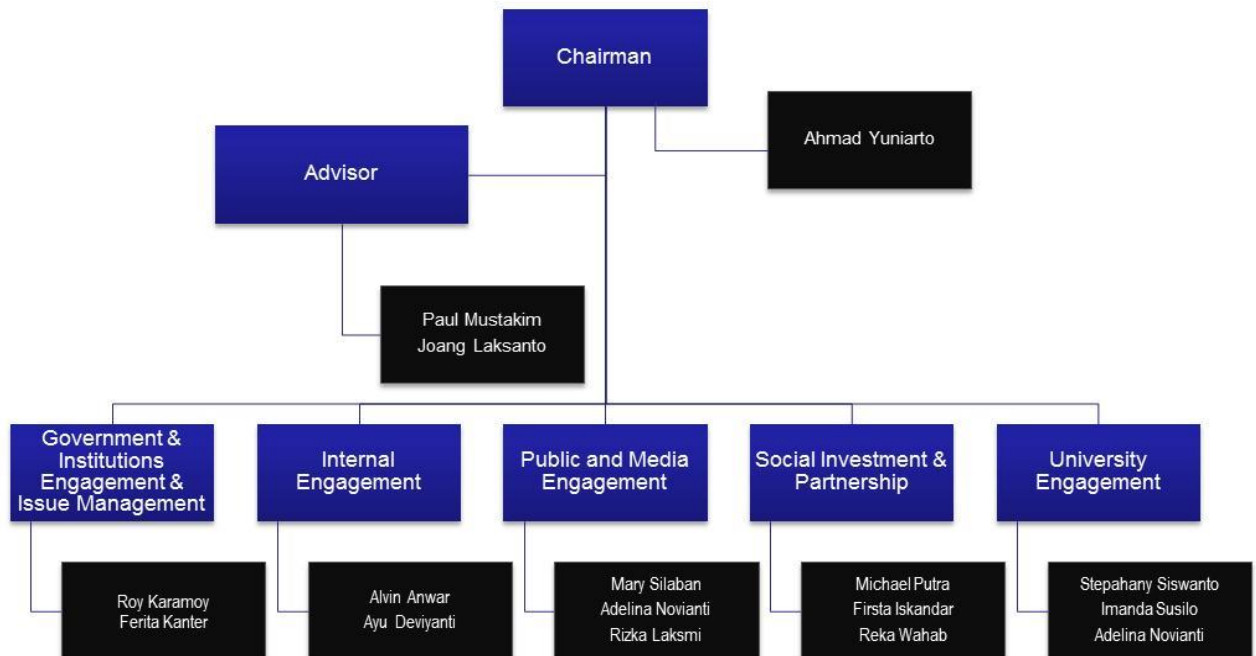
- Thought leadership through impact assessment of the industry's Social Partnership programs and a roundtable forum
- Conduct community outreach and IPA Care programs, including firming up the Jakarte Kite program
- Public Awareness and Outreach – holding the Social Partnership Forum

### **University Engagement**

- Continue the program visiting universities – Universitas Monokwari in February, Balikpapan/Samarinda in April, etc.
- Future Leader Summit will be held concurrently during 38<sup>th</sup> IPA Convention and Exhibition.

## Communications Committee Members

Chairperson:	Ahmad Yuniarto	Schlumberger Group Indonesia
Advisor	Paul E. Mustakim	Chevron Indonesia Company
	Joang Laksanto	ConocoPhillips Indonesia
Members:	Ferita Kanter	Chevron Indonesia Company
	Roy Karamoy	Total E&P
	Alvin Anwar	Santos
	Devi Graharayu Maharani	Premier Oil
	Michael Putrawenas	Shell Upstream Indonesia
	Reka Wahab	Medco E&P
	Firista Iskandar	Medco E&P
	Mary Silaban	IPA Executive Office
	Rizka Laxmi	ExxonMobil Indonesia
	Imanda Susilo	ConocoPhillips Indonesia
	Stephany Siswanto	Schlumberger Group Indonesia
Secretary:	Adelina Novianti	Talisman Energy



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**SECTION 4**

**CONVENTION COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN of IPA CONVEX 2013**

**Bambang Istadi - ( Energi Mega Persada )**

**And**

**CHAIRMAN of IPA CONVEX 2014**

**Jacob Kastanja - ( ConocoPhillips Indonesia, Inc. Ltd. )**

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## CONVENTION COMMITTEE

### SUMMARY OF 2013 ACTIVITIES

#### I. INTRODUCTION

The 37th IPA Convex 2013 was successfully held on 15th – 17th May 2013 at the Jakarta Convention Center with the theme “Promoting Investment in a Challenging Environment”. With a strong array of panelists and speakers, extensive discussion on the key issues facing the oil and gas industry, the highest number of participants and visitors yet, and an exceptional media turnout, the 37<sup>th</sup> IPA Convex can be considered a success by most reasonable metrics.

#### II. HIGHLIGHTS

- Opening ceremony was attended by His Excellency, Mr. Susilo Bambang Yudhoyono, the President of the Republic of Indonesia, Mr. Jero Wacik, the Minister of Energy and Mineral Resources of the Republic of Indonesia and closed by Susilo Siswoutomo, Vice Minister of Energy and Mineral of the Republic of Indonesia.
- Approximately 17,743 visitors have visited, including over 3,107 registered participants and 492 journalists.
- Over 150 media reports, includes TV coverage, daily newsfeed, website, tweeters, interviews of pre & during convention, press-release and advertorial.
- 248 Exhibitions booths was participated by 221 companies.
- 117 Technical Papers and 33 Posters presentation from professionals and students covering Geosciences, Engineering and Business/ Commercial.
- 45 participants to the 5 Pre Convention Short Courses.
- 3 Plenary Sessions and 2 Special Sessions featured prominent figures and the IPA Board members.
- 142 participants participated at the golf tournament
- New programs for this year are “Writing Competition” and “Mini Drilling Site” as part of the thematic park.

#### III. PROGRAM SUMMARY

##### 1. PLENARY SESSIONS

Three (3) Plenary Sessions were held on 15<sup>th</sup> and 16<sup>th</sup> May 2013 :

- **Plenary Session 1**  
**Theme: “Current Outlook for the Global Oil and Gas Industry”**

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**Objective:** To address macro-economic issues, focus on the role of the oil and gas industry in supporting future growth scenarios and address the challenges that the industry has to overcome to meet world energy demand.

**Keynote speakers and speakers are:**

- Mr. Supriyadi (replacement of H.E. Hatta Rajasa, Coordinating Minister for Economic Affairs)
- H.E. Chatib Basri, Chairman of Indonesia Investment Coordinating Board
- Mr. Fereidun Fesharaki, Chairman of FACTS Global Energy
- Mr. Victor Shum, Vice President Asia Pacific IHS Energy Insight
- Mr. Francois Durvy, Chief Economist Schlumberger Limited

**Moderator:** Mr. Sammy Hamzah (IPA Board Member) acted as a moderator and

**Facilitator:** Mr. William Durbin (Wood Mackenzie) acted as facilitator in this session.

- **Plenary Session 2**

**Theme:** “Global Industry Success Stories”

**Objective:** The objective of the session is to examine industry success stories from other countries and assess how their energy policies and advances in technology may be applicable and beneficial for Indonesia.

**Keynote speakers and speakers are:**

- H.E. Mohammed Hamad Al Rumhy, Minister of Oil and Gas of Oman
- Mr. Tevin Vongvanich, President & CEO of PTTEP
- Mrs. Karen Agustawan, President Director of PT Pertamina (Persero)
- Mr. Christian Deiss, Managing Director Credit Suisse

**Moderator:** Mr. William Lin (IPA Board Member)

**Facilitator:** Mr. David Morrison (Wood Mackenzie)

- **Plenary Session 3**

**Theme:** “How Can Indonesia Realize Its Potential?”

**Objective:** To discuss about investor activities and investment climate that are required to help grow the energy sector for the benefit of all stakeholders and the people of Indonesia.

**The keynote speakers are:**

- Mr. A. Edy Hermantoro, Director General of Oil and Gas
- Mr. Rudi Rubiandini R.S., Chairman of SKKMIGAS
- Mr. Jeff Shellebarger, Managing Director Chevron Indonesia
- Mr. Shunichiro Sugaya, President Director INPEX Indonesia
- Mr. Roger Huang, Vice President First Reserve Asia Limited
- Mr. Darren Murphy, Partner Jones Day Law Firm

**Moderator:** Mr. Roberto Lorato (IPA Board Member)

**Facilitator:** Mr. Craig McMahon (Wood Mackenzie)



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## 2. SPECIAL SESSIONS ON 17 MAY 2013 :

- **Special Session 1**

**Theme:** “New Oil and Gas Law: Vision and Expectation”

**Objective:** to provide a comprehensive understanding about the deliberations of the oil and gas law and the expectations of the industry towards new Oil and Gas Law. This session also provide a forum for discussion of key stakeholder’s related matters addressed in the revised oil and gas law.

The keynote speakers are:

- Mr. Satya Wira Yudha, Member of Commission VII DPR
- Mr. Lin Che Wei, IRAI (Independent Research and Advisory Indonesia)
- Mr. Todung Mulya Lubis, LSM Law Firm
- Mr. Craig McMahon, Wood Mackenzie
- Mr. Darmawan Prasodjo, President Commissioner PT. Ametis Energi Nusantara

Moderator: Mr. Ahmad Yuniarto from IPA acted as a moderator in this session.

- **Special Session 2**

**Theme:** “Meningkatkan Produksi Migas Nasional: Tantangan Bagi Seluruh Pemangku Kepentingan”

**Objective:** The aim of the session is to gain understanding and acceptance from stakeholders whereby the oil and gas industry is a national project which requires their full support for the benefit of Indonesia and its people.

The panelist included:

- Mr. Milton Pakpahan, Member of Commission VII DPR
- Mr. Suyoto, Regent of Bojonegoro
- Mr. Gde Pradnyana, Secretary SKKMIGAS
- Mr. Suryo Pratomo, News Director Metro TV
- Mr. Bambang Brodjonegoro, Chairman of Fiscal Policy Office (BKF)
- Mrs. Marjolijn Wajong, IPA Board Member

Moderator: Mrs. Ira Koesno acted as a moderator in this session.

## 3. TECHNICAL PROGRAM

During the 3-days convention there are total of 117 oral presentation and 33 poster presentation. A total of 72 chairpersons confirmed and 66 professionals participated as judges for the presentations. All are populated in 36 sessions with 6 parallel rooms.

Details of the technical program are shown below:

- Professional Oral Presentations : 96 Oral
- Professional Poster Presentations : 24 Posters

- Student Oral Presentations : 21 Oral
- Student Poster Presentations : 9 Posters

**Winners of the Technical Presentations are:**

**Student Best Paper & Poster**

1. Student – Geoscience : Andi Alamsyah from University of Hasanuddin
2. Student – Engineering : Jasmin Jyalita from University of Gajah Mada
3. Student - Best Poster : Gilang Ramadhan from UPN Veteran Yogyakarta

**Professional Best Paper & Poster**

1. Professional HSE & Commercial : Declan O'Driscoll from Oil Spill Response
2. Professional Geology : Joko Suklis from ConocoPhillips Indonesia
3. Professional Geophysic : Mazin Farouki from PGS
4. Professional Poster : Irfan Cibaj from TOTAL E&P INDONESIA
5. Best Paper Overall : Tim A. Moore from Cipher Coal Consulting Ltd., New Zealand

**4. PRE CONVENTION SHOURT COURSES on 13-14 May 2013 at Hotel Mulia Jakarta**

**The 5 short courses are:**

- Basic Interpretation Techniques for Seismic Inversion  
Instructor: Sagar Ronghe - Fugro-Jason, Perth, Australia
- Evaluating Reservoir Quality and Seal Potential  
Instructor: Prof. John G. Kaldi - Australian School of Petroleum, University of Adelaide, Australia.
- Basic Principles of Carbonate Geology as Applied to Reservoir Studies  
Instructor: Clif Jordan - Integrated Data Services, Inc., USA
- Cenozoic Tectonics of Indonesia: Problems and Models  
Instructor: Prof. Robert Hall - SE Asia Research Group, Department of Earth Sciences, Royal Holloway, University of London
- Petroleum Geology of Indonesia: Current Knowledge  
Instructor: Awang Harun Satyana - Sr. Specialist, SKKMIGAS

**5. EXHIBITION**

- The total booth of this year are 248 booths of 221 companies, with a surface of 7135 sqm .
- Winners of the best booth Exhibition are:
  - Category 1 (Large Size Booth) : Total E&P
  - Category 2 (Medium Size Booth) : Talisman
  - Category 3 (Small Size Booth) : Kotaminyak Internusa

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## 6. CINEMA HALL, CSR ZONE and MINI DRILLING SITE:

- The objective is to educate and inform visitors about the process of Oil and Gas exploration and production activities and its contribution to the nation.
- The mini drilling site is a unique concept of a theme park, which featured replica of an actual drilling site that enables visitors to experience real-life field atmosphere. A total of 30 product placements, from heavy equipments, drilling machines to onshore vehicles has been displayed in the Mini Drilling Site.

## 7. PHOTO COMPETITION

The theme is “People, Environment and Community in the Oil and Gas Industry”. It provides a smorgasbord of visual renditions of life in the oil and gas industry not often seen by public.

Out of 65 pictures submitted, winners are:

### a) Oil & Gas Contribution to the Community

- 1<sup>st</sup> Prize : The Real Contribution – Dani Kamal
- 2<sup>nd</sup> Prize : Ketrampilan Sekolah - Roni Mawardi
- 3<sup>rd</sup> Prize : Imran Sirajudin

### b) People at Work in the Oil & Gas Industry

- 1<sup>st</sup> Prize : The Supervisor – Agus Prasetiawan
- 2<sup>nd</sup> Prize : Di Bawah Lengkungan Pipa – Widi Imranovich
- 3<sup>rd</sup> Prize : Flare Tip Modification – Gideon Punjang Prayogo

### c) Care for the Environment

- 1<sup>st</sup> Prize : Aku Tetap Bertani - Ainur Rofiq
- 2<sup>nd</sup> Prize : Menanam Untuk Masa Depan – Sofyan Effendi
- 3<sup>rd</sup> Prize : Dua Harapan Masa Depan – Widi Imranovich

**Best Photo** : Approaching a Tank Fire – Shawn Truessdell

## 8. WRITING COMPETITION

This is dedicated to the nation’s youth to plant the seeds and nurture their interest and understanding in the oil and gas industry. The topic is “Youth’s Perspective on Oil and Gas Industry and its Role in Indonesia’s Economic Growth”.

- **TOPIC A:** *“What are the views of Young People on Oil and Gas Industry and how does it contribute to the National Economy”*

- 1<sup>st</sup> winner : Eveline Yuniarti (Face & Fight the Crisis Before It’s too Late)
- 2<sup>nd</sup> winner : Esther Roseline (Hope in Oil & Gas Industry)

- 
- 3<sup>rd</sup> winner : Evelyn Gunawan (The Oil & Gas Industry, and Us)
  - 1<sup>st</sup> Runner-Up : Ganny Indrajid (Petroleum versus Quarry, Between Damages and Profits for Indonesia)
  - 2<sup>nd</sup> Runner-Up: Danu Prihatna (Evaluation of Government Visions in Term of Development Oil & Gas Sector for National Economic Growth)

- **TOPIC B:** *“How can we optimize the contribution of the younger generation to the sustainable development of the oil & gas Industry?”*

- 1<sup>st</sup> winner : Yohanes Paulus Bisma (Greater Opportunities Greater Efficiency)
- 2<sup>nd</sup> winner : Nathalie Istanto (The Next Generation of Oil & Gas Industries)
- 3<sup>rd</sup> winner : Susan Suhargo (Oil & Gas of Indonesia: A Dwindling Love Affair)
- 1<sup>st</sup> Runner-Up: Anastasia Shierly Apriliani (The Youth for the Future)
- 2<sup>nd</sup> Runner-Up: Dewi Suryana (Great Ideas Bring Oil and Gas Industry to More Successful Exploration)

#### **9. INDUSTRIAL DINNER – Outstanding Contribution Award**

**Date: Thursday 16 May 2013, at the Plenary Hall of the Convention Center.**

- As an appreciation from the industry, an award was presented to Ms. Evita Herawati Legowo for her “Outstanding Contribution to the Indonesian Oil & Gas Industry”.
- The dinner was attended by prominent figures including Mr. and Mrs. Jero Wacik.

#### **IV. CONCLUSION**

**The 37<sup>th</sup> IPA Convex 2013** has received positive feedbacks and achieved new records in terms of the exhibition size, convention participants as well the visitor’s numbers. However despite the significant achievements and outcomes, there are noticeable improvement that needs to be delivered for the next the 38<sup>th</sup> IPA Convex.

**Appendix A - Committee Members  
2013 IPA CONVENTION AND EXHIBITION**

COMMITTEE	POSITION	NAME	COMPANY
<b>ADVISOR</b>		Dipnala Tamzil	I P A
<b>CHAIRMAN</b>		<b>Bambang Istadi</b>	<b>Energi Mega Persada/EMP</b>
General Affairs		Wursitaningari (Sita)	I P A
		Ferita Kanter	I P A
Finance		Anna P. Harland	ConocoPhillips
Sponsorship	Chairperson	Atria L. Soediby	Schlumberger
	Vice-Chairperson	Achmad Firdi	Star Energy
Secretary 1		Bidi Subagio	Salamander Energy
Secretary 2		Nevi Septianti	I P A
<b>VICE CHAIRMAN CONDUCT COMMITTEE</b>		<b>Joang Laksanto</b>	<b>Medco</b>
Exhibition	Chairperson	Alvin Anwari	Santos
	Vice-Chairperson	Agus Mashud	Pertamina
<i>Special Theme Park: Mini Drill Site</i>	Chairperson	Rifki Amir Balfas	Energi Mega Persada / EMP
	Vice-Chairperson	Edgar Maulana	Energi Mega Persada / EMP
	Member	M. Nurzein	Energi Mega Persada / EMP
<i>Special Theme Park: CSR Zone</i>	Chairperson	Wigra A. Hanafiah	ExxonMobil
	Vice-Chairperson	Najmiyah Sabil	INPEX
	Member	Irwan	Kalimantan Kutai Energi
Golf	Chairperson	Eri Sistiana	Chevron
	Vice-Chairperson	Atria L. Soediby	Schlumberger
Security	Chairperson	Lalu Hidayat	Inpex
	Vice-Chairperson	Mohammad Ali Wirjawan	Medco E&P
Registration		Audrey & IPA Staffs	I P A
Protocol	Chairperson	Vadya Shahib	ConocoPhillips
	Vice-Chairperson	Muhammad Azi	ExxonMobil
	Member	Nurjamroji	Tately
Reception & Event	Chairperson	Novitri Lilaksari	PHE ONWJ
	Vice-Chairperson	Ria Pane	Total E&P Indonesia
	Member	Seva Gayatri	Talisman (Sageri) Ltd.
Publicity	Chairperson	Adelina Novianti	Talisman (Sageri) Ltd.
	Vice-Chairperson	Novie Hernawati	Schlumberger
	Member	Abraham Situmorang	Vico
<b>VICE CHAIRMAN TECHNICAL COMMITTEE</b>		<b>Jacob Kastanja</b>	<b>ConocoPhillips</b>
Plenary Session	Chairperson	Anggoro Kasyanto	APEC
	Vice-Chairperson	Nina Marlina Sudirwan	Tately
	Member	B. Eka Putra Soerono	Anadarko
Technical Program	Chairperson	Sri Sulistiowati	Fugro-Jason
	Vice-Chairperson 1	John D. Hughes	ConocoPhillips
	Vice-Chairperson 2	Iswani Waryono	APEC Bunga Mas Int'l Co.
Short Courses		Anna Sulistyaningsih	I P A

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## 2014 PLANNED ACTIVITIES

### The 38<sup>th</sup> IPA Convention and Exhibition will be held:

Date	: 21 – 23 May 2014
Day	: Wednesday – Friday
Open for Business	: 21 May 2014
Open for Public	: 22 – 23 May 2014
Venue	: Jakarta Convention Center
Website	: <a href="http://www.ipaconvex.com">www.ipaconvex.com</a>

As the Indonesian Presidential Election will be conducted in July 2014, the 38<sup>th</sup> IPA Convention and Exhibition 2014 may face some impact.

### CORE COMMITTEES are:

Chairman	: Jacob Kastanja from ConocoPhillips Indonesia, Inc. Ltd.
Vice Chairman Conduct	: Donna Priadi from PHE-ONWJ
Vice Chairman Technical	: Anggoro Kasyanto from APEC

### HIGHLIGHTS of activities of the 2014 IPA CONVEX:

#### 1. Exhibition:

The IPA CONVEX Exhibition has been launched on 31<sup>st</sup> October 2013, and have been able to attract more than 60% commitment from exhibitors.

#### 2. Technical papers:

- Invitation to submit abstract for Technical Papers has been published in September 2013.
- The Technical Sessions include: Geology and Geophysics, Reservoir Engineering, Production Optimization, Drilling and Completions, Business and Commercial and Community Development and Social Responsibility

#### 3. Plenary Sessions

#### 4. Ice breaking event - 5k / Charity Walk.

A Charity Walk is planned to be held as a Pre-Convention activity.

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**SECTION 5**

**DATA MANAGEMENT COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Zuki Harahap**

**( ConocoPhillips Indonesia, Inc. Ltd. )**

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## DATA MANAGEMENT COMMITTEE

### Report of 2013 Activities

#### 2013 Highlights

1. Delivered presentation in Indonesia first data management seminar, 6-7th December 2013, conducted by government (Pusdatin).
2. Worked with Pusdatin, to arrange 2 meetings between The Committee and Pusdatin throughout 2013 to work together on data management challenge.

Reached an agreement with Pusdatin that government welcomes any company that would like to return copy of relinquishment data without any penalty. Furthermore, in return, the government provides access licenses to those data for certain time.



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**SECTION 6**

**ENVIRONMENT AND SAFETY COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Krishna Ismaputra**

**( Total E&P Indonesia )**

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# ENVIRONMENT AND SAFETY COMMITTEE

## Report of 2013 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 to support Sustainable Development. The committee role is to support the IPA members and operators to comply with applicable regulations, to promote the beyond compliance effort 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 2013 are shown below:

<b>Chairman</b>	:	Krishna Ismaputra	Total E&P Indonesia
<b>Deputy Chairman</b>	:	Rossi Yuliani	PT. PHE ONWJ
<b>Secretary</b>	:	Mega Nainggolan	Energi Mega Persada
<b>Environment Subcommittee</b>			
<b>Lead</b>		<b>1. Ibrahim Arsyad</b>	<b>Medco E&amp;P Indonesia</b>
		2. Agustanzil Sjahroezah	Energi Mega Persada
		3. Arryati Ramadhani	ConocoPhillips Indonesia
		4. Dwita S. Prihantono	Chevron
		5. I Nyoman Adi	CNOOC SES
		6. Julfrida Nababan	Vico Indonesia
		7. Lidia Ahmad	BP Indonesia
		8. Sugiarto S.C.	Mont'dor Petroleum
		9. TP. Pasaribu	PT. PHE WMO

<b>Safety Subcommittee</b>			
<b>Lead</b>	:	<b>10. Paul Wijaya</b>	<b>ENI Indonesia</b>
		11. Agung Sihwahyudi	INPEX
		12. Arudji Wahyono	Chevron
		13. Benyamin Argubie	Total E&P Indonesia
		14. Iwan S. Hadikusumo	ConocoPhillips Indonesia
		15. Joko Susilo	PT. PERTAMINA (Persero)
		16. Satrio Pratomo	Mubadala Petroleum
		17. Moh. Wilman Meidiarta	Medco E&P Indonesia

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. | Satrio Pratomo        | Mubadala Petroleum       |
| 2. | Agustanzil Sjahroezah | Energi Mega Persada      |
| 3. | Arudji Wahyono        | Chevron                  |
| 4. | Jusuf R. Odang        | Vico                     |
| 5. | Otong S. Adisapoetra  | Repsol YPF               |
| 6. | Benky Bagoes Oka      | ARCO Indonesia           |
| 7. | I Made Surya Kusuma   | Caltex Pacific Indonesia |
| 8. | Steve Massey          | Mobil Oil Indonesia      |
| 9. | Michael Bradey        | Lasmo Oil                |

### **III. 2013 HIGHLIGHTS ISSUES AND ACHIEVEMENT**

IPA ESC in 2013 continued to be a trusted partner of regulatory bodies, particularly of the Ministry of Environment and Ministry of Energy and Mineral Resources (MIGAS) and SKK Migas in developing implementable environmental guidelines and regulations which applies to the oil and gas Industry.

ESC focused advocacy efforts around the development of Draft of Government Regulation on Hazardous & Toxic Material, Waste and Dumping (RPP-B3), which was intended to replace the current regulations. IPA has been clearly conveying the concerns of oil and gas industry in the new Draft of Government Regulations, through the IPA President's letter to Minister of Environment and to Minister of Energy and Mineral Resources. As a result, the Government has put the issuance of this regulation

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on hold for further discussions. ESC has also been actively contributing with the KADIN in order to provide industry's best practices in the new Draft of Government Regulations.

#### **IV. 2013 ENVIRONMENT & SAFETY WORK PROGRAMS AND ACHIEVEMENTS**

##### **ENVIRONMENT**

The IPA-ESC is routinely having a monthly meeting every second Thursday of the month. Various environmental issues are discussed in these meetings, focusing on regulatory advocacy and member's capacity building. Beside of regular meeting, the member of IPA-ESC also intensively conduct non regular meeting to response the issue and also the expectation from the key stakeholder.

1. Continue the advocacy on the development of Government Regulations
  - Provide input on the draft implementing regulation on Management Toxic and Hazardous Material, Toxic and Hazardous Waste and Dumping to Sea. The main concerns being proposed in this draft implementing regulation are de-listing of used mud & cutting from the list of Toxic and Hazardous Waste (*Limbah B3*), determination of dumping location shall be based on environmental impact assessment and simplification and transparency in obtaining applicable permit.
  - Engaged with prominent experts in the field of toxicology, oceanography and hydro-oceanography simulations in order to obtain scientific point of view and align with ESC advocacy efforts in the development of Government Regulations.
  - Conducted informal discussions with the new Deputy Minister of Environment to ensure the continuation of Industry's concerns in the Draft of Government Regulations.
  - Actively supporting KADIN with development of draft of RPP-B3. Actively supporting Ditjen MIGAS by compiling industry's concerns and input to the draft of RPP-B3.
  - Actively engage with SKK Migas and MIGAS to ensure the same perception on the related issue especially in environment.
  
2. Continue involvement in competency development on Health, Safety and Environmental Professional
  - Actively supported SKK Migas-KKKS national convention on upstream oil and gas operations support in May 2013.
  - Supported SKK Migas-KKKS Northern Sumatera Operations environmental forum in June 2013.

- 
- Conducted site visit to PT Medco E&P Indonesia – Rimau Asset for field study in October 2013.
  - Supported Directorate General Oil and Gas workshop concerning RPP-B3 in November 2013.
3. To promote the improvement of HSE performance of Oil and Gas Industry
- Conducted discussions with IPIECA (International Petroleum Industry Environmental Conservation association) to further discuss the South-East Asia “Global Initiative” Program on dealing with Oil Spill Response to IPA Member and KKKS, August 2013.
  - Conducted workshop with experts on environmental toxicology, oceanography and hydro-oceanography simulations on March 2013.
  - Courtesy Visit Mr. Karliansyah (Deputy Minister of Environment) to strengthen IPA position as partner of the Government in environmental issues.
  - Courtesy Visit Mr. Rasio R. Sani (Deputy Minister of Environment) to continue conveying industry’s concerns and inputs to RPP-B3.
  - Developed guideline for Environmental Management Effort and Environmental Monitoring Effort (UKL-UPL) in oil and gas industry that will published by Minister of Environment for the assessment of UKL-UPL by local authority

## **SAFETY**

- Participated in NSHCI Committee in preparation and during the conference of Asia Pacific Occupational Health and Safety (APOSHO) 28<sup>th</sup> Conference in October 2013 in Jakarta.
- Actively communicating with National Examination Board on Occupational Safety and Health (NEBOSH) to arrange professional certification program.
- Prepared video of safety golden rules to be uploaded in IPA website.

## **CHALLENGES**

- To build the same perception between authority agencies (e.g. SKK Migas, MIGAS and KLH)
- High expectation output from key stakeholder versus time commitment from committee members.

## **FORWARD PLAN**

- Continue the advocacy efforts on emerging issues on the development of various government regulations facilitated through working teams assigned with relevant government agencies.

- 
- Continue the planned capacity building through partnerships with Ministry of Environment through seminars concerning Environmental Permits in several selected areas that have been identified with potential issues.
  - Continue involvement in competency development of health, safety and environmental professionals by organizing professional certifications through National Examination Board on Occupational Safety and Health of UK.
  - Developed an annual journal concerning HSE aspects in oil and gas activities.
  - To improve the joint effort with other committee within IPA to optimize the program/product deliverable.

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**SECTION 7**

**EXPLORATION COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Soeryowibowo M.**

**( BP Indonesia )**

## EXPLORATION COMMITTEE

The Exploration Committee has been established and monthly meetings are held on the third Tuesday of each month. The first meeting was held on 17<sup>th</sup> September 2013. The list of company representatives is as follows:

POSITION	NO	NAME	COMPANY	E-MAIL ADDRESS
Chairman	1	Soeryowibowo M.	BP INDONESIA	soeryowibowo@se1.bp.com
Vice Chairman	2	Angus McIntyre	SANTOS	angus.mcintyre@santos.com
	3	Bakhrudin Mansyur	ENI INDONESIA	bakhrudin.mansyur@eniindonesia.co.id
	4	Hendry Manur	STAR ENERGY	hendy.manur@starenergy.co.id
	5	John Benoit	CHEVRON	jpbj@chevron.com
	6	Mike Perkins	MEDCO	mike.perkins@medcoenergi.com
	7	Henry Banjarnahor	INPEX	henry.banjarnahor@inpex.co.jp
	8	Noor Syarifuddin	TOTAL E&P INDONESIE	noor.syarifuddin@total.com
	9	Imam B. Sosrowidjojo	LEMIGAS	imamb@lemigas.esdm.go.id
	10	Tim Wallace	CONOCOPHILLIPS	tim.wallace@conocophillips.com
	11	Christian Zwach	STATOIL	czw@statoil.com
	12	Paul Begg	TALISMAN	pbegg@talisman-energy.com
	13	Robert Bird	MURPHYOIL	robert_bird@murphyoilcorp.com
	14	Walter Ziza	AWE	walter.ziza@awexplore.com
	15	Setya P. Rahardjanto	EXXONMOBIL	setya.p.rahardjanto@exxonmobil.com
	16	Chris Newton	RISCO ENERGY	chris.newton@riscoenergy.com
	17	Giuseppe Uncini	ENI INDONESIA	giuseppe.uncini@eniindonesia.co.id
	18	Sonny Sampurno	MITRA ENERGY	sonny.sampurno@mitraenergylimited.com

The focus for this year has been to build on the work done by the previous Exploration Committee during 2012. The current Committee reviewed the recommendations arising from the 2012 MIGAS-IPA Exploration Forum (over 30 recommendations) and has assessed them with respect to:

- a) Importance to us as Contractors, and
- b) Likelihood of successful implementation.

In this way the Committee has identified those recommendations that are both significant and most likely to be adopted. The list of the top five priority recommendations emerging as the result of the exercise is shown below, and the Committee intends to focus its efforts on these high priority items.



Item	Issue/Recommendation
2c	Reduced bureaucratic procedures (WP&B, AFE's etc.) for exploration stage PSCs (investors bear all the costs and 80% never move to cost recovery).
4k	Tax assessments with respect to the Land and Building Tax have been issued to several contractors. PSC contractors should be exempted from the Land and Building Tax.
2b	Exempt exploration phase PSCs from PTK007 or grant SKMIGAS for greater flexibility to exploration stage PSCs in procurement of goods and services.
4b	Enhanced inter-ministerial coordination to avoid and improve conflicts.
4d	Complete, clear and simple exemption of PSC exploration stage investments from all taxes and duties.
2j	Limited operational experience amongst junior SKKMIGAS staff results in inefficient business processes. Contractors could provide secondments for junior SKKMIGAS staff to promote skills development and a more efficient working relationship over time.

One of the hottest topics related to exploration activities in Indonesia this year is the issuance of the Land and Building Tax (LBT) by the Directorate General of Tax (DGT). The total invoiced amount for 23 PSCs is estimated to be approximately US\$ 276 million for the year 2012-2013. The Exploration Committee has provided strong support to the IPA Finance and Tax Committee in addressing this issue through discussion and engagement with relevant stake holders in the Government of Indonesia.

So far, progress on the LBT issue has been positive. Following the objection submitted by the impacted PSCs, and a series of meetings with different officials, the Directorate General of Tax (DGT) has issued a circular letter (Surat Edaran 46). This letter provides guidance on how to fill in the Tax Object Form (SPOP- Surat Pemberitahuan Objek Pajak) for the surface tax assessment. The impacted PSCs are to resubmit the SPOP under this new guidance. Based on the updated submission, in which no area is deemed to be "utilized" by a PSC during the Exploration stage, the DGT will issue a revised Tax Invoice (SPPT – Surat Pemberitahuan Pajak Terutang). If there is no utilized area, the surface tax will be nil.

The LBT also addresses the subsurface tax. Currently the tax tariff for the subsurface is relatively small, i.e. Rp 0.28 per m<sup>2</sup>. The IPA has expressed its objection towards the subsurface tax and proposes to further discuss this with DGT and MIGAS.

The Exploration Committee has also worked closely with the Regulatory Affairs Committee to prepare advice and recommendations for the IPA Board of Directors regarding proposed changes to the Oil and Gas Law.

During the coming months the Committee intends to focus on:

1. Developing a range of specific proposals to address each of the high priority issues identified.

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2. Developing an Engagement Strategy to maximize the chance of successfully influencing relevant stake holders to adopt these proposed recommendations.

The proposed objectives of the Exploration Committee for 2014 are:

1. To make tangible progress in resolving the five priority issues listed above.
2. To provide support to, and collaborate with, IPA committees in addressing issues associated with exploration activities and the overall oil and gas business in Indonesia.

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**SECTION 8**

**FINANCE AND TAX COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Andang Sancaka**

**( INPEX Corporation )**

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## **FINANCE AND TAX COMMITTEE**

### **Report of 2013 Activities & 2014 Objectives**

<b>Chairman</b>	<b>:</b>	<b>Andang Sancaka (INPEX)</b>
<b>Vice Chairman</b>	<b>:</b>	<b>Nizar Halim (TOTAL)</b>
<b>Coordinator Tax</b>	<b>:</b>	<b>Hendra Halim (BP)</b>
<b>Coordinator Audit</b>	<b>:</b>	<b>Edwinsjah Iskandar (CNOOC)</b>
<b>Coordinator Finance</b>	<b>:</b>	<b>Agus Priyantoro (CHEVRON)</b>

#### **2013 Objectives**

- 1) Supporting IPA Board of Director in engaging various stakeholders of oil and gas industry to have better understanding the nature of cost recovery, the importance of cost recovery, and the impact of changes in cost recovery mechanism to the industry.
- 2) Act as a sounding board for IPA members in relation to Finance and Tax related issues to get consistency and alignment within the industry.
- 3) Continue to improve and intensify the engagement/dialogue with various government institutions to promote better understanding of the uniqueness and high risk business profile of oil and gas industry. This is a critical engagement strategy to build and promote trust from government toward our industry.
- 4) Conducting regular meetings and/or teleconferences with the Committee's members to share knowledge, to discuss issues and agree on the strategic action point to progress the industry issues.
- 5) Analyze and understand the implications of the newly establish temporary function, i.e. (SKK MIGAS), especially from finance's perspectives, under Ministry of Energy and Mineral Resources. Established and agreed the engagement strategy with SKK MIGAS on point forward basis. The Committee to further monitors the subsequent changes of SKK MIGAS as this is a temporary working unit under Ministry Energy to response Constitutional Court decision.
- 6) Creating a mutual understanding and strengthen the relationship with SKK MIGAS, MIGAS, BKF, DJA and DGT to resolve the key outstanding tax issues such as Parent Company Overhead, Cost Sharing, Land and Building Tax, Suspend Account and GR79 related tax issue (e.g. transfer of PSC interest) and any other tax issue.

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- 7) Continue progressing on the GR79 amendment/improvement proposal with 2 main objectives: to ensure contract sanctity for existing PSC and to provide certainty with no ambiguity for the future PSCs by working closely with RAC, SKK MIGAS, BKF and DGT, DJA and MIGAS.
  - 8) Continue working with the relevant government institutions (e.g. SKK MIGAS, Bank Indonesia, etc.) to resolve PBI13 and Suspend Account conflict.

### **2013 Activities**

- 1) The Committee has been improving and strengthening its relationship with the related government institutions such as SKKMIGAS, MIGAS, BKF (MoF Fiscal Policy Body) and DGT (MoF Directorate General of Tax), based on mutual understanding and healthy dialogue by working closely and conducting an open and transparent relationship with the key stakeholders to build mutual trust.
- 2) The Committee continues escalating and voicing the industry's concerns on GR79/2010 negative implications to both exploration activities and production rate in Indonesia, as well direct engagement with BKF, DGT and SKKMIGAS in attempt to resolve deadlock and progress with a clear resolution proposal.
- 3) The Committee works intensively with the relevant Government stakeholders to resolve a huge Land and Building Tax (LBT) assessment issued to Contractors which signed PSC post GR79/2010. Directorate General of Tax has finally agreed in principle for only imposing LBT on the utilized area for surface while still insists imposing LBT on the whole working area for the subsurface. The Committee is working with University of Indonesia to produce an academic paper focusing on a fair LBT policy in oil and gas industry to promote exploration activities in attempt to increase Indonesia's oil and gas production in the long run.
- 4) Central Bank Indonesia regulation PBI 14/25 on export proceed to be deposited into a domestic reserve banks, the Committee supports that PSC stated to freely lift and dispose its share of Petroleum and retain abroad. BI has invited several Contractor discussed individually, up to final meeting in Oct 2013 organized by SKK MIGAS, it has been acknowledged and understood that Contractor may reports their cash call received in Indonesia for operating Petroleum activities as part of export proceed. The cash call report to BI should mentioned PEB (export declaration form) number.
- 5) The Committee has regularly updated the Board and highlighted the potential impact of SKK MIGAS PTK 051 re. Cost Recovery deferral. The Committee has advised IPA BoD to convey that this PTK is not in line with PSC terms and conditions and sound business practices. The Committee provided resolution and proposed PTK revision/amendment,

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however no positive feedback from SKKMIGAS side. The Committee has continued working closely with SKKMIGAS to find the alternative solutions. The latest update, Deputy of SKK MIGAS invited the individual PSC to progress on the resolution to solve long audit findings, instead of implementing CR deferral mechanism.

- 6) The Committee are continue working with the relevant GOI institutions in attempt to progress on an industry tax issues such as Parent Company Overhead, Cost Sharing Facility and Joint Tax Audit Procedure. Despite a positive commitment to resolve these issues but no positive regulations were issued to date.
- 7) The Committee managed to obtain a positive confirmation that LNG is not subject to VAT. Nevertheless the committee to assist Gas Producers to seek the resolution on long outstanding VAT reimbursement from LNG gas processing operation by engaging SKK MIGAS, PNA and DJA (subject will continue in 2014).
- 8) Meeting and teleconference between members of the Committee were conducted at a regular as well as ad hoc basis. The Committee has proactively seeking input from other relevant Committees where necessary. The Finance to Finance (F2F) forum organized by F&T invited Senior Finance PSC held May 30<sup>th</sup> 2013.

### **2014 Objectives**

- 1) The Committee has maintained a close relationship and improved its engagement with the relevant GOI stakeholders. This is conducted through regular meeting, workshop, discussion and social event. This is a critical engagement strategy to build and promote trust from government toward our industry and vice versa.
- 2) Supporting IPA BOD in engaging various stakeholders of oil and gas industry and act as a sounding board for IPA members in relation to Finance and Tax related issues to get consistency and alignment within the industry.
- 3) The Committee, together with RAC, to provide industry's key aspiration from fiscal perspective to be included in the new draft of Oil and Gas Law. The main target is to ensure fiscal certainty in upstream sector by (a) provide the tax and fiscal regime with better clarity, consistency and certainty. (b) to maintain PSC assumed and discharged all other taxes and; (c) Government implemented the tax regime for the upstream sector through a special regulation (lex specialist).
- 4) Continue progressing on the GR79 amendment/improvement proposal with 2 main objectives: to ensure contract sanctity for existing PSC and to provide certainty with no ambiguity for the future PSCs. The prospect discussion should be attempted to all GOI officers in particular BKF, DGT and MoF.

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- 5) Continue working with the relevant GOI institutions to resolve industry tax/fiscal issues such as, Land and Building Tax, Cost Sharing & Facility Sharing, Parent Company Overhead, Joint Audit, etc.
  - 6) Conducting regular meetings and/or teleconferences with the Committee's members to share knowledge, to discuss issues and agree on the strategic action point to progress the issues.
  - 7) To organize 2014 Finance to Finance (F2F) forum to Senior Finance and Tax Manager of IPA member.

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**SECTION 9**

**HUMAN RESOURCES COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Aryoko Dwinanto**

**( EXXONMOBIL Oil Indonesia )**



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## HUMAN RESOURCES COMMITTEE

### Report of 2012 Activities and 2013 Plans

#### A. ORGANIZATION

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

Chairman	: Aryoko Dwinanto	- ExxonMobil Indonesia
Vice Chairman	: Andi Iwan Uzamah	- Talisman
Secretary	: Putri L. Wirjawan	- Chevron Indonesia
	Anna Suherman	- Schlumberger
Members	: Evita Najoran	- ConocoPhillips Indonesia
	Amyra Sindukusumo	- CNOOC
	Maryke Pulunggono	- PetroChina
	Arividya Noviyanto	- Total E&P Indonesia
	M.H. Manullang	- Salamander Indonesia
	P.M. Susbandono	- Star Energy
	Budi Mumandari	- BP Indonesia
	Amri Siahaan	- Premier Oil
	Ateng Surachmat	- VICO Indonesia
	Iwan Prajogi	- Medco

#### 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.

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- 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 SKK MIGAS 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 SKK Migas to address the issues within the above scope:

- Sub-Working Group I covers the formalities and regulation 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. 2013 ACTIVITIES**

1. Regular Quarterly meeting conducted
2. Provided advocacy and way out for the industry on implementation of Ministry of Manpower and Transmigration Regulation No. 19 / 2012 regarding Outsourcing
3. Provided advocacy in managing of change on the implementation of Ministry of Energy and Mineral Resources Regulation No. 31/2013 regarding Expatriate Manpower Utilization
4. Provided support in people development program and facilitate knowledge sharing within the applicable regulatory framework. .
5. Provided advocacy, feedback and support to SKK Migas in developing their “Blue print for managing human capital” and “National Capacity Building” programs
6. Provided input and subject matter experts on draft of SKK MIGAS PTK-018 revision. Suggestion offered for the guidelines should be more strategic and less administrative to all parties.

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7. Continued to provide input to SKK MIGAS 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.
  8. Provided constructive improvement input to both SKK Migas and MIGAS on RPTK/IMTA process. We expect an integrated review, coordination, and consistency between SKK Migas, MIGAS and Ministry of Manpower. Objective is to have more efficient process, such that there will be no business impact, cost and impromptu/sudden personnel mobilizations.
  9. Supported people development initiatives 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.
  10. Participated in 2013 SKK Migas workshop and Indonesia HR Summit”, attended by HR professionals and management from SKK MIGAS, PSC, Services Company and HR Professionals from various industries on November, 11-13, 2013. Discussing various HR issues in the oil and gas sector including, Best Practice sharing, Government Ministries sharing (Ministry of Manpower, Ministry of Foreign Affairs, etc.) and participation of HR related service provider booths.
  11. Strengthen the coordination between HR IPA committee and sub working groups and provide guidance to sub working groups to ensure alignment for inputs to SKK Migas and support the sub working group program.

#### **D. 2014 PLANS**

1. Conduct quarterly HR Committee meeting in IPA Office to discuss and continue information sharing on HR issues. Continue to closely coordinate with sub working groups for alignment and program executions.
2. Conduct focused study on the new Social Security Rule Change (to become “Badan Penyelenggara Jaminan Sosial”) implementation in 2014
3. Conduct focused industry study on preparation to anticipate AFTA (Asean Free Trade Area) implementation in 2015.
4. Conduct focused study on the upcoming Ministry of Manpower decree on Expatriate Utilization Procedures for Mining and Energy, Sub-Sector Oil and Gas utilization (related to Kep.Men 110/1997 revision) in early 2014.

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5. Continue to identify improvement opportunity and advocacy efforts to SKK Migas and other related government departments on related HR matters or regulations.
    - a. GR 79/2010 – Proposal to review and update PMK 258/2011 and actively advocate industry’s view on Pension and other employee benefits
    - b. Ministry of Energy and Mineral Resources Regulation No. 31/2013 and all other expatriate related regulations and implementation guideline, and its processes
    - c. PTK 018 revision
    - d. Provide industry feedback on Ministry of Manpower and Transmigration Decree No. 19/2012 and suggest implementation guideline to ensure alignment between industry, central and regional Manpower offices
  6. Continue to provide Subject Matter Experts (SME) to the SKK Migas HR efforts in National Capability Building programs in Oil and Gas Industry in Indonesia.
  7. Continue to support people development program and facilitate knowledge sharing among PSC and join workshop or training. As allowed by applicable law and regulations.
  8. Participate in SKK Migas Annual Workshop and 2014 Indonesia HR Summit combined with ARTDO with SKK Migas and other Government Offices to enhance communication and relations.

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**SECTION 10**

**LNG AND GAS COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Muhsin T. Assegaf**

**( Chevron Indonesia Company )**

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## LNG AND GAS COMMITTEE

### Report of 2013 Activities

#### I. ORGANIZATION

Chairman	:	Muhsin T. Assegaf (Chevron)
Vice Chairman	:	Taufik Ahmad (ConocoPhillips)
Secretary	:	Marusaha Lumban Gaol (Inpex)
Members/Alternates	:	Renita Zahar (Chevron)
		Gadang Marpaung (ConocoPhillips)
		Larry Marks (BP) / Marietta Putri (BP)
		Ferry Zulkarnaen / Ngakan Nurcahya (Genting)
		Hariadi Budiman / Wulan Nurindah (ExxonMobil)
		N. Takeda (Inpex)
		Yenni Andayani (Pertamina)
		Peter Wijaya / Natacha Lucon (Star Energy)
		Colin Marshal / Fikri Hasibuan (Murphy Oil)
		Mira L. Delima / Reza Sunarya (Talisman)
		Jean-Francois Capelle / Rakhmad Dewanto (TOTAL)
		Gianluigi Gianuzzi / Mayang Pramadhani (ENI)
		Iqbal Asaat (Triangle Pase)
		Leonardo Bonali / Arifin (VICO)
		Femi Satrena / Salmar Ngadikan (Medco)

#### II. 2013 ACTIVITIES

The LNG and Gas Committee focuses on issues, studies and regulations regarding or impacting the LNG and Gas business in Indonesia. Members and alternate members of the Committee represent 15 IPA company members.

Key activities of the Committee during 2013 include:

##### 1. LNG & Gas Committee Advocacy Themes

The Committee has developed key advocacy themes as guidelines and reference for its engagement with external stakeholders on issues related to LNG and gas development in Indonesia. The advocacy themes below have been shared with the IPA Board on September 2013:

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- a.** *Commitment is required from all government agencies to honor the sanctity of existing Production Sharing Contracts to support the capital intensive long-life nature of oil and gas projects.*
- b.** *Unlike crude oil, currently there are no established commodity markets for the natural gas produced in Indonesia. Consequently, all natural gas developments in Indonesia entail significant market risk which needs to be mitigated by securing long term gas and/or LNG sales contracts prior to the investors' Final Investment Decision. Conducive and streamlined regulations and processes, consistent with the principles below, are crucial to the establishment of this market certainty throughout the planning, development and exploitation phases.*
- i. Timely and clear processes for the appointment of the Seller of the State's share, SKK Migas's HoA/SPA approvals and ESDM Minister's approval of sales price are critical and necessary components of gas/LNG marketing activities.*
  - ii. Certainty and timely decisions regarding PSC extensions are also essential. These decisions drive the timing of investment and thus determine the sales profile. Furthermore, the gas/LNG marketing process requires significant preparation and negotiation time to be able to secure favorable terms or even willingness for buyers to engage.*
  - iii. While prioritizing the fulfillment of domestic gas demand, appropriate allocation for both domestic and export markets is still needed. Depending on the availability of demand and infrastructure, firm commitment for gas take, project economics and the buyer's credit worthiness, both domestic and export markets need to co-exist to provide acceptable market risk and reward that will attract and retain investors and at the same time develop a robust domestic gas business.*
  - iv. Early and ongoing inclusion of Production Sharing Contractors in the process of domestic gas buyer allocation and determination is vital to the development of sustainable gas sales and purchase agreements and establishment of a competitive and stable domestic gas market. Early involvement will ensure comprehensive due diligence on the potential buyers and business-to-business negotiations between Seller and Buyer.*
- c.** *Most if not all of the "cheap" gas in Indonesia has been discovered and developed. Future gas supplies will come from high cost, complex and*

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*technologically challenging new frontier developments such as deep water and unconventional gas (e.g. CBM and shale gas). Securing premium market prices is vital for the sustainability of these developments.*

## **2. Engagement with the Government's Indonesian Gas Development Master Plan (GDMP).**

The IPA was invited to participate and provide inputs to the Indonesian Gas Development Master Plan being formulated by the Ministry of National Planning (BAPPENAS). The LNG and Gas Committee represents IPA in this initiative.

The Committee participated in several engagements and activities during 2013, the latest of which were a discussion session with the project consultants (PDC of UK) on October 9, 2013 and technical meeting with all stakeholders on October 10, 2013.

The Advocacy Themes above have been submitted to the project consultant as part of the Committee input to the GDMP.

## **3. Interaction with other IPA Committees and involvement in IPA activities**

The Committee has proposed to send a representative to the Regulatory Affairs Committee and the Finance & Tax Committee for discussions on the revision of the Oil and Gas Law and on the Central Bank Regulation (PBI 14) on export proceeds receipts.

The Committee is also working to have more participation in future IPA Conventions including opportunity to manage the content and facilitate discussions on topics related to LNG & gas development.

## **4. Other Discussions**

During 2013, the LNG and Gas Committee conducted discussions and brainstorming session on several issues related to Indonesia LNG and Gas industry, among others:

- The change of SKK Migas and its impact on gas commercialization in Indonesia,
- New oil and gas law,
- Domestic gas market and open access policy,
- Impact of PBI 14//2012 on LNG and gas sales
- The needs for clarity around PSC extension policy from the perspective of long term gas development and commercialization,
- Possibility of gas & LNG Equity lifting,
- Revision of PTK 029 and other gas policies



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### III. 2014 PLANS

The Committee objectives/priorities for 2014 include the following initiatives:

**a. *Leading the efforts on:***

- i. Proactive engagement with SKK Migas Commercial group by having quarterly meeting. Topics to be discussed include, among others, the eminent revision of the PTK 029, gas allocation policy/process, and commercial approval process.
- ii. Proactive engagement with Directorate General MIGAS by having at least 2 meetings in a year. Topics to be discussed include, among others, the Gas Balance Report process and the gas allocation policy.
- iii. Continue the engagement with BAPENAS and represent the IPA in the GDMP discussions.
- iv. Establish and maintain communication/relations with the key domestic gas buyers/users (PGN, PLN, fertilizer companies, gas users association, etc.) to build mutual understanding of the Indonesian gas supply and demand situation.

**b. *Continue supporting the IPA Board and other Committees in the:***

- i. Advocacy in the revision of the Oil and Gas Law, Bank Indonesia Regulations on export proceeds, PSC extension policy/regulation, GR 79, etc.
- ii. Work together with the Convention Committee to have more presentations or papers on LNG and gas topics.

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**SECTION 11**

**PROFESSIONAL DIVISION COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Dharmawan Samsu**

**( BP Indonesia )**

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## PROFESSIONAL DIVISION COMMITTEE

January 2013 - December 2013

### CHAIRMAN'S REPORT

Dharmawan Samsu (BP INDONESIA)

First, it is an honor for me to continue the relay for the Professional Division since commencing May 1, 2013 I accepted the role of chairman of this great committee, replacing Ron Noble. I look forward to working together with all of the Professional Division Committee members and also with the extended membership of the IPA. Being part of the Professional Division over the years has been a rewarding experience, despite the sacrifices that we have to make as volunteers. I do believe that such sacrifices are for a good cause.

Let me say a bit about Ron Noble. Ron demonstrated both dedication and great effort during his tenure as Chairman of the Professional Division since 2003 while also enhancing the reputation of the IPA in the best possible way through the Professional Division's works. I think we all can see the significantly enhanced activities of the Professional Division's committees under Ron's chairmanship over the years. The committee has been very successful in facilitating the professional development of the oil and gas industry workforce and this has served as a major contributor to the continued success of the IPA. I hereby would like to thank Ron again for his years of dedication, commitment and passion toward the Professional Division Committee of the IPA. For me, following 10-years of success under Ron's chairmanship is not going to be an easy task. This will be an impossible mission without the help and the support from every one of the committee members and also from the broader leadership team and members of the IPA.

The Professional Division Committee of the IPA will continue its commitment to improve its programs that are mainly focusing on providing technical knowledge and know-how sharing around the upstream oil and gas activities in Indonesia. The recipients of the programs are IPA members and beyond. The Professional Division focuses its activities on luncheon talks, field trips, training courses, scientific publications and also support of student activities. It also provides direct support toward the annually organized technical program of the IPA Convention and Exhibition. Overall, it facilitates a continuing education program for the industry which allows members to continuously excel and aim for a better future.

Our committee has also received some constructive advice regarding expansion of activities in the area of continuing education. We will be taking a balanced look at the suggestions to ensure that we continue to listen to input from our stakeholders while at the same time making sure that our committee has the tools and backing to carry out our work program flawlessly. Let's continue to maintain our motivation, dedication and commitment in support of the ambitions of the oil and gas industry in Indonesia to sustain its production. As industry

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professionals we must maintain a strong work ethic, high standards of professionalism and ongoing commitment to achieve our goals. The IPA Professional Division aims to continue providing a positive influence through continuing education programs, which ultimately will help the industry to overcome challenges ahead of us. Finally, the 2013 year-end is just around the corner and let's plan to finish up 2013 with sustaining success and preparing ourselves for a better 2014.

Six (6) luncheon talks were held during the year, with attendance exceeding 522 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 2013 drew a total of 285 attendees from local and overseas organizations. 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, seven (7) educational field trips were successfully completed during 2013, which in 2012 only three (3) field trips.

The 2013 IPA Membership Directory was published and distributed to members, as were informational 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 2013 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.

The Professional Division Committee at the end of 2013 is as follows:

Chairman	<b>Dharmawan Samsu</b>	(BP INDONESIA)
Vice Chairman	<b>Stephen Scott</b>	(MEDCO ENERGI INTERNASIONAL)
Advisor	<b>Ron Noble</b>	(NIKO RESOURCES)
Secretary	<b>Audrey Sahertian</b>	(IPA SECRETARIAT)
Treasurer	<b>Freddy</b>	(MURPHY)
Continuing Education	<b>H.L. Ong</b>	(ITB/SKK MIGAS)
	<b>Leonardus S. Tjahjadi</b>	(BP INDONESIA)
	<b>Anna Sulistiyaningsih</b>	(IPA SECRETARIAT)
Field Trips	<b>Walter Ziza</b>	(AWE LIMITED)
Newsletter & Homepage	<b>Stephen Scott</b>	(MEDCO ENERGI INTERNASIONAL)
	<b>Amir Hamzah</b>	(IPA SECRETARIAT)
Luncheon Talks	<b>Stephen Hay</b>	(STATOIL)
	<b>Paulus T. Allo</b>	(STATOIL)

Membership	<b>Sugembong C.F.</b>	(STAR ENERGY)
Publications	<b>Andy Livsey</b>	(HORIZON)
Student Liaison	<b>Redo Waworuntu</b>	(CONOCOPHILLIPS)
Riau Chapter	<b>Syaiful Ma'arif</b>	(CHEVRON)
Balikpapan Chapter	<b>Berlian Neswari</b>	(CHEVRON)

## TREASURER'S REPORT

Chairman: Freddy (MURPHY)

During the year 2012 total surplus achieved is Rp. 2.2 billion, which was from revenue of Rp. 7.4 billion and expenditure of Rp. 5.2 billion. This exceeds the 2012 budget expectation of Rp. 0.8 billion.

Financial results for 2013 are still in progress. As shown in the table below, as of October 31, 2013 surplus was Rp. 4.03 billion. The surplus was derived from revenue of Rp. 8.29 billion and expenditure of Rp. 4.26 billion.

<b>PROFESSIONAL DIVISION FINANCIAL PERFORMANCE YTD 31 OCTOBER 2013 IN MILLION Rp.</b>			
<b>Type Of Activities</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus (Deficit)</b>
Short Courses	6,180	3,111	3,069
Field Trips	1,088	764	324
Luncheon Talks	273	297	(24)
Publications & Others	411	85	326
Individual Memberships	285	0	285
Exchange Rate Gain/(Loss)	53	0	53
<b>TOTAL</b>	<b>8,290</b>	<b>4,257</b>	<b>4,033</b>

The surplus was mainly contributed by short courses Rp. 3.07 billion, field trip Rp. 0.3 billion, individual membership Rp. 0.3 billion, and publications and others Rp. 0.36 billion.

By the end of December 2013, we forecast a surplus of Rp. 2.94 billion. This surplus is derived from revenue of Rp. 10.73 billion and expenditure of Rp. 7.79 billion. We will exceed the 2013 budgeted expectation of Rp. 0.57 billion.

## CONTINUING EDUCATION SUB-COMMITTEE

Chairman: H.L. Ong (ITB & SKK MIGAS)

Vice Chairman: Leonardus S. Tjahjadi (BP INDONESIA)

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The Continuing Education continues deliver strong technical courses during 2013; eleven regular courses have been conducted in various places in Indonesia as well as five pre-convention short courses. We still have two more distinguished regular courses in the coming months. Those are:

Title : Carbonate Sedimentation, Sequence Stratigraphy & Reservoir Characterization  
Instructor : Dr. Rick Sarg - Subsurface Consultants & Associates, LLC - USA  
Dates : December 9-13, 2013  
Venue : Sheraton Senggigi Beach Resort Lombok - Indonesia  
Cost : US\$ 4,100 (IPA Members) – US\$ 4,200 (Non-IPA Members)  
**Enrollment : 25**

Title : Application of Advanced Structural Geology Analysis in the Eastern Indonesia Hydrocarbon Exploration  
Instructor : Benyamin Sapi'ie - Institute of Technology Bandung, Indonesia  
Dates : December 9-13, 2013  
Venue : Novotel Nusa Dua Bali, Indonesia  
Cost : US\$ 2,875 (IPA Members) – US\$ 2,975 (Non-IPA Members)  
**Enrollment : 28**

This year, we start putting new color to the program beside the traditional technical course; we held the Communication course which got excellent acceptance by the members. We will continue to put more colors to our curriculum in the coming years.

A list of the short courses and the names of the instructors is provided in Appendix A. A total of approximately 285 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 (AWE LIMITED)

IPA understands that hands-on education is one of the most effective ways to increase and maximize knowledge retention. Focused on those principles IPA promotes field trips that deliver firsthand experiences with field geology, and related activities: stratigraphy, basin structural analysis and petrography, sedimentology and many other disciplines related to the oil and gas exploration.

According to that strategic vision, and from the very inception of the IPA activities, educational fieldtrips have been organized all over the Indonesian Archipelago. These fieldtrips have been designed to provide educational training for individuals and petroleum companies working within Indonesia.

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A typical field trip outcome is to establish and fully recognize the relations between seismic sections, seismic 3D volumes or well data and the stratigraphic sequences or the structural style that can be identified and studied on outcrops: “visible exposure of bedrock or ancient superficial deposits on the surface of the Earth”

Using seismic scale exposures of strata, in a field trip we can demonstrate the depositional complexities and syndepositional deformation structures that characterize – for example – delta slope turbidite successions; or enabling the reconstruction of the cyclicity of the deltaic successions, studying the sea-level changes resulting in extensive flooding surfaces overlain by fossiliferous marine bands and, in major palaeo-valley, the deposition of sand bodies. The deltaic intervals can show abundant soft-sediment deformation, egs. growth faults, mud diapirs, sand volcanoes.

In a limestone sequences, it is possible, in excellent exposures, identify and understand the carbonate sedimentology, the systems tracts across depositional models of both carbonate rimmed platform and a carbonate ramp and illustrate the principles of sequence stratigraphy. Additional interest could arise from the overprints of synsedimentary tectonics associated with rifting, or spectacular karstic collapse structures Exposures provide a general training ground for carbonate rocks as well as very good analogues for SE Asia Cenozoic reservoirs.

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Particular attention is given to the safety of the participants to IPA field trips.

Geological fieldwork involves some level of risk; one part of this may come from chance events that are unpredictable and little can be done about it; another part of the risk, however, can be greatly reduced by awareness of hazards and good judgment based on experience.

Accidents during geological fieldwork may be broadly classified. Some of the accidents are almost chance events (in dry weather a dislodgement of small rock). Some, however (such as going close to loose rock on cliffs in or just after heavy rain) are avoidable, at least in theory!!!!

Persons undertaking field work must assess the risk, as far as possible, and this will vary in accordance with weather, cliff and sea conditions on the day and the experience, age, fitness and other characteristics of the persons.

In providing field guides IPA is committed to advise or recommend not to undertake geological field work in any way that might involve individuals in unreasonable risk from cliffs, ledges, rocks, sea or other causes. Moreover prior of a field trip IPA normally make a risk assessment and establish safety rules to follow. IPA field trip leaders carefully consider the safety aspects on the occasion of their visit and in bad conditions they are prepared to cancel or modify part or all of the field trip as is necessary for safety.

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Appropriate safety gear and first-aid are part of the field trip equipment. Attention is paid to weather warnings, local warnings and danger signs.

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IPA supports the study of geology and other earth sciences by providing opportunities for members to learn via field trips, as well as talks, workshops and conferences led by experts in their fields.

Our field trips span the entire Indonesia Archipelago. During 2013 our field trips visited Java, Borneo and West Papua.

In February and then again in September IPA has organized a field trip for non-technical personnel in Madura, Bojonegore and Cepu area near the city of Surabaya. Yohannes P. Koesoemo of PT. Hankenina Petroleum Indonesia has been the historical leader for many years of this very successful field trip, regularly offered to IPA members.

The field trip is designed to introduce part of the upstream petroleum activities to the non-geoscientists. The participants familiarize with 'terms' and 'jargon' used by geoscientists such as: source rock, reservoir rock, formation, structural trap, oil seep, migration, fossil, oil fields etc. By the end of the trip it is expected a clear understanding of the big picture of petroleum exploration processes.

Another classic field trip has been organized in March, in the Mahakam Delta, to study ancient and modern delta sedimentology. The presence of ancient and modern deltaic depositional systems in the same locality represents a unique opportunity to better understand these complex systems. The comparison between modern and ancient deltas sedimentary characteristics will enhance the observations.

Moreover new outcrops have been very recently open in the area exposing an extremely beautiful fluvial section above shallow marine deposits. Deltaic deposits overlay the fluvial section showing big shifts in depositional environments. The 10.2 m.y. sea level fall, exposing an important sequence boundary, is very well documented in the outcrops.

The leader of this field trip is Irfan Cibaj (Total E&P Indonesia) a well-known professional of the oil and gas industry and a great supporter of IPA.

The Thousand Islands (Indonesia: Kepulauan Seribu) are a chain of 110 islands stretching 45 km into the Java Sea to the north of Jakarta's coast. The Kepulauan Seribu is also a modern patch-reef complex located within few tens of miles offshore the northern coastline of Java. The complex contains 342 reef platforms, while it is estimated that as many as 700 individual reefs are present in the complex.

This is the ideal environment to study the Holocene carbonate sedimentology and the basic building blocks of reef build-ups. The biological diversity of a reef community is analyzed to create lithofacies maps, to explain the distribution and shape of different types of reef



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structures. Similar Miocene settings are present in hydrocarbon provinces of Indonesia, many of which produce oil and gas.

The field trip leader, Dr. Clif Jordan worked for nearly 20 years in the petroleum industry in the research labs of Conoco and Mobil Oil with assignments in Mexico, the Middle East, India, China, and Southeast Asia. He is an expert of carbonate geology and he led numerous field trips in carbonate terraines.

In June 2013, Dr. Jordan has also led a short field trip in South Bali as additional activity of his seminar “Carbonate Reservoir: Theory and Application” .With this field trip the attendees have analyzed modern carbonate and volcanic sediments forming beach deposits. Some rather special types of beach sand are found there, consisting of nearly 100% large foraminifera. Other sediment types include red algal boundstones, coral red-algal grainstones, and foraminifera-rich volcanic sandstones. The group also took a submarine tour of shallow near shore reef deposits, to learn about these facies in a Holocene setting. Finally one of the most attractive field trip of the last few years was held in October: the destination of this adventurous trip is Misool Island, located about 150 km southwest of Sorong and part of Bird's Head Region.

Excellent outcrop of Mesozoic sections are present in the island and this allows a detailed understanding in particular of the Jurassic sequence, a very important element in order to evaluate the eastern Indonesia petroleum system. In fact several major gas fields have their reservoir in Jurassic sandstone units.

The leader is Benyamin Sapi'ie, Associate Professor in Structural Geology and Tectonic in the Department of Geology ITB. After his Ph.D. at the University of Texas in 1998, he continued his studies in the areas of structural geology, sandbox modeling and geomechanics, working extensively on understanding faults and fractures systems in various basins in Indonesia, with particular attention to the tectonic evolution of Eastern Indonesia. The perfect teacher of the most interested group of professionals ever seen in the Misool Island.

## **NEWSLETTER SUB-COMMITTEE**

Chairman: Stephen Scott (MEDCO ENERGI INTERNASIONAL)

In 2013 the Professional Division continued to contribute to the IPA e-Newsletter by reporting the activities of the Professional Division Sub-Committees although only one e-Newsletter has been published for 2013. The newsletter construction is now coordinated by Mary Silaban (Communications Executive) who replaced Ferita Kanter.

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The Professional Division's contribution to the newsletter remains focused 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 Note: Short anecdotal stories contributed by Stephen Scott
- Chairman's Corner: contributed by Dharmawan Samsu
- Luncheon Talks: contributed by Stephen Hay
- Field Trips: contributed by Walter Ziza
- Drilling Highlights: contributed by Mark Harris (DI International, Singapore)
- Events Calendar: contributed by Simon Crellin (Deloitte Petroleum Services, Singapore) via the Seapex website.
- Upcoming IPA Training Calendar: compiled by Anna Sulistiyarningsih
- Ganti Wajah: list of new members/companies and updates, compiled by Anna Sulistiyarningsih and Audrey Sahertian

### **LUNCHEON TALKS SUB-COMMITTEE**

Chairman: Stephen Hay (STATOIL)

Vice-Chairman: Paulus Tangke Allo (STATOIL)

The first half of 2013 saw a busy luncheon talk schedule with seven events.

Early February Audun Groth from Statoil, Norway delivered a presentation on **Seismic Geomorphology Styles: A "Source to Sink" Journey**. Auden gave his presentation to 51 attentive members and illustrated his points with some fantastic examples of time and amplitude blended displays from various 3D seismic surveys from some of the world's major petroleum provinces and was able to illustrate the geomorphology of almost every kind of reservoir depositional environment from fluvial to deep marine settings.

Later in February Pak Rudi Rubiandini of SKMIGAS delivered the annual **Summary of 2012 E&P Activities in Indonesia and Outlook for 2013**. This is always the year's best attended Luncheon Talk and this year's was no exception with 262 attendees present in the Ritz-Carlton Ballroom. Pak Rudi provided a balanced and informative review of Indonesia's Oil and Gas activities and the challenges it faces.

World renowned Sedimentologist Emiliano Mutti, currently Professor at The University of Parma, Italy, traveled to Jakarta in March and provided two presentations during his visit. Professor Mutti gave a presentation to 51 attendees the IPA on the nature of **Turbidites from Tectonically Active Basins**. The following day Emiliano addressed more than 60 staff and students at Trisakti University, sharing with them his experiences with **Flood-dominated fluvio-deltaic depositional systems**. Professor Mutti's presentations in Indonesia were made possible by The International Association of Sedimentology with support from Statoil.

Professor Gerard Schuster from The King Abdullah University, Saudi Arabia, is one of the world's leading research geophysics and in his presentation ***Seismic Interferometry and Beyond – Harvesting Signal from Coherent Noise***. Professor Schuster introduced the concepts underlying seismic interferometry to the 28 who wished to learn about the topic and presented the workflows for its implementations and practical applications. He illustrated various ways to harvest useful signal from portions of data normally considered as noise in conventional processing. The presentation was made possible by The Society of Exploration Geophysicists with support by CGG and Paradigm and Professor Schuster is the 2013 SEG Distinguished Lecturer.

Chevron are one of the largest and most important Oil, Gas and Geothermal operating and producing companies for Indonesia and John Benoit, Chevron's Manager for Exploration and New Ventures in Indonesia delivered ***An overview of Chevron's activities in Indonesia*** to an audience of 51. John's talk reviewed Chevron's long partnership with Indonesia and their operations in Java, Sumatra, Kalimantan and Papua, with a special focus on Chevron's most recent exploration activities in West Papua

At the end of June Felipe Bayon, Senior Vice President BP America and Head of BP's Global

Deepwater Response shared the experiences of The Deepwater Horizon accident occurred on April 20, 2010. In his presentation ***Spill Response and Drilling Safety: Learning from BP's Experience*** Filipe showed how BP is committed to developing and sharing capabilities and practices to further enhance safety to help prevent this type of accident from happening again. The presentation was given to 46 attendees and Filipe's presence was supported by BP and was part of BP's commitment to advance and deploy their learning from this tragic incident within the industry and with regulators.

## MEMBERSHIP SUB-COMMITTEE

Chairman: Sugembong C.F. (STAR ENERGY)

The total for 2013 IPA Professional Division Membership is 1368. It represents a decrease of twenty percent (20%) compare to the last year. The breakdown of members is as follows: Jakarta 1280, Riau 2, Balikpapan 13, and Overseas 73. Please see the detail membership by area in the table below.

Years	Jakarta & Others	Riau	Balikpapan	Overseas	Total
2012	1.204	401	24	78	1.707
2013	1.280	2	13	73	1.368

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## **PUBLICATIONS SUB-COMMITTEE**

Chairman: Andy Livsey (HORIZON)

The last few months have been busy ones for the Publications Section marked by the publication in August of the book *The Sedimentary Geology of Java* by Peter Lunt. This special publication should prove an invaluable reference for those involved in academic research and petroleum exploration in and around Java.

A new agreement has recently been signed with the AAPG to extend the agreement to market the IPA Publications through Datapages, an online AAPG publications database. This generates significant revenue for the IPA and also makes our conference proceedings and special publications available to a wider audience. As part of this extension the latest IPA Convention Proceedings (up to 2013) are being added to the Datapages database and an updated IPA DVD should be available shortly. Those of you wishing to access IPA articles through Datapages can search the database at <http://archives.datapages.com/data/index.html>

An IPA abstracts database has also been prepared by one of our longstanding members (Bernhard Seubert) and this is now being incorporated in the IPA website to allow members to search through all IPA publications and download abstracts and reference lists. It is expected that this will go live once the revamped IPA website is unveiled. Discussions are also underway with the AAPG to link this to Datapages so that full publications can also be accessed.

Another possible future development is the ability to allow map based searches of IPA Publications through the Elsevier GEOFACTS. This possibility is still at an early stage but we have started compiling GIS information from the IPA database with a view to incorporating these publications within GEOFACTS (see <http://www.elsevier.com/online-tools/geofacets> for more information on this map-based online search tool).

## **STUDENT ACTIVITIES LIAISON**

Chairman: Redo Waworuntu (CONOCOPHILLIPS)

On 24-25 November 2012, the Professional Division of IPA gave a Basic Seismic Interpretation course to the geology students in ITM (Institut Teknologi Medan). Head of Geology Department and the Chairman of the Mineral Faculty of ITM opened the 2 days course. This type of course was the second course after the previous one held in University of Padjadjaran in 2006. Twenty five students, mostly senior students (year 3 and above), attended the course.

The course was designed like a real workshop, where the students were handed different seismic lines for interpretation. One instructor, Redo Waworuntu (ConocoPhillips), touched

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on the basics of geophysics, while the other instructor, Parvita Siregar (AWE), explained the importance of understanding the scale between seismic, log data and outcrops and refreshed student knowledge on sequence stratigraphy.

On the first day, the students were taught how to pick seismic packages and about basic structures such as normal faults and reversed faults. The second day the students were informed about petroleum systems and practiced to identify leads, both structural and stratigraphic. The highlight of the course was when the students were divided into 5 groups and they each were given a regional line to be interpreted and discussed with the other groups, i.e. the geology, the tectonic, the possible petroleum system and the possible leads and the risk. The discussion was imitating peer reviews in real life and this was their favorite subject throughout the course from their feedback.

Despite the intensity and workload of the 2 days course, the students were very enthusiastic. Most of them have not been exposed to such amount of seismic lines so the course gave them new experience. The course was made possible by TGS, who gave permission to use their dataset and gave student license to their beautiful dataset.

It was a great fun sharing knowledge with the students. Although they are located far in North Sumatra, they are highly spirited and have active student program. They hope that more courses can be held in ITM by the Student Program of the Professional Division, IPA.

#### **RIAU CHAPTER**

Chairman: Syaiful Ma'arif (CHEVRON)

None

#### **BALIKPAPAN CHAPTER**

Chairman: Berlian Neswari (CHEVRON)

None

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**APPENDIX A**  
**SHORT COURSES - 2013**

- 1. Title : Sequence and Seismic Stratigraphy: Concepts and Applications**  
Instructor : Dr. Henry Posamentier - Sr. Geological Consultant, Chevron Energy Technology Company  
Dates : January 21-25, 2013  
Venue : Novotel Bali Nusa Dua, Indonesia  
Cost : US\$ 3,050 (IPA Members) - US\$ 3,150 (Non-IPA Members)  
Participants : 29
- 2. Title : Overpressure in Sedimentation Basins: Mechanism, Prediction, and Estimation, Application to Geohazard and Petroleum Systems Analysis, and some Case Studies from Indonesia's Sedimentary Basins**  
Instructor : Agus M. Ramdhan PhD - Institute of Technology Bandung, Indonesia  
Dates : March 25-29, 2013  
Venue : Sheraton Senggigi Beach Resort Lombok - Indonesia  
Cost : US\$ 2,600 (IPA Members) – US\$ 2,700 (Non-IPA Members)  
Participants : 18
- 3. Title : Corporate Communications in the Indonesian Petroleum Industry**  
Instructor : Hendi H. Kiswanto - Petroleum Business Consultant, Jakarta - Indonesia  
Dates : April 15-17, 2013  
Venue : Hotel Tentrem Yogyakarta  
Cost : US\$ 1,500 (IPA Members/Non-IPA Members)  
Participants : 18

**Short Courses in conjunction with 37<sup>th</sup> IPA Convention and Exhibition (2013)**

- 4. Title : Basic Interpretation Techniques for Seismic Inversion**  
Instructor : Sagar Ronghe - Fugro-Jason, Perth, Australia  
Dates : May 13-14, 2013  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,100 (IPA Members) - US\$ 1,200 (Non-IPA Members)  
Participants : 10
- 5. Title : Seismic Signatures of the Deepwater Realm - Salt Tectonics and Basins without Salt**  
Instructor : Dr. Roberto Fassstein - Schlumberger  
Dates : May 13-14, 2013
- CANCELLED

Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,100 (IPA Members) - US\$ 1,200 (Non-IPA Members)

**6. Title : Evaluating Reservoir Quality and Seal Potential**  
Instructor : Prof. John G. Kaldi - Australian School of Petroleum, University of Adelaide, Australia  
Dates : May 13-14, 2013  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,100 (IPA Members) - US\$ 1,200 (Non-IPA Members)  
Participants : 8

**7. Title : Basic Principles of Carbonate Geology as Applied to Reservoir Studies**  
Instructor : Clif Jordan - Integrated Data Services, Inc., USA  
Dates : May 13-14, 2013  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,100 (IPA Members) - US\$ 1,200 (Non-IPA Members)  
Participants : 5

**8. Title : Cenozoic Tectonics of Indonesia: Problems and Models**  
Instructor : Prof. Robert Hall - SE Asia Research Group, Department of Earth Sciences, Royal Holloway, University of London  
Dates : May 13-14, 2013  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,150 (IPA Members) - US\$ 1,250 (Non-IPA Members)  
Participants : 11

**9. Title : Petroleum Geology of Indonesia: Current Knowledge**  
Instructor : Awang Harun Satyana - Sr. Specialist, SKKMIGAS  
Dates : May 13-14, 2013  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,050 (IPA Members) - US\$ 1,150 (Non-IPA Members)  
Participants : 11

**10. Title : Carbonate Reservoirs: Theory and Applications (includes: sample Examination Workshop and Submarine Trip)**  
Instructor : Clif Jordan - Integrated Data Services, Inc., USA  
Dates : May 27 - June 1, 2013  
Venue : Novotel Bali Nusa Dua, Bali - Indonesia  
Cost : US\$ 3,100 (IPA Members) – US\$ 3,200 (Non-IPA Members)  
Participants : 16

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- 11. Title : Petroleum Geochemistry for Exploring & Producing Conventional & Unconventional Hydrocarbons**  
Instructor : Awang Harun Satyana - Sr. Specialist, SKKMIGAS  
Dates : June 10-14, 2013  
Venue : Batam  
Cost : US\$ 2,600 (IPA Members) – US\$ 2,700 (Non-IPA Members)  
Participants : 10
- 12. Title : Petroleum System Analysis: Essential Concepts and Methods for Increasing Exploration Success and Assessing Risks of Plays and prospects**  
Instructor : Awang Harun Satyana - Sr. Specialist, SKKMIGAS  
Dates : August 26-30, 2013  
Venue : Sheraton Lampung - Indonesia  
Cost : US\$ 2,550 (IPA Members) – US\$ 2,650 (Non-IPA Members)  
Participants : 15
- 13. Title : The Geological Application of Well Logs**  
Instructor : Jenny Garnham - Independent Consultants, UK  
Dates : September 23-27, 2013  
Venue : Novotel Nusa Dua Bali, Indonesia  
Cost : US\$ 3,150 (IPA Members) – US\$ 3,250 (Non-IPA Members)  
Participants : 25
- 14. Title : Petroleum Geology of Deep-Water (Turbidite) Depositional Systems**  
Instructor : David Pyles, Ph.D. - Research Professor, Dept. of Geology & Geological Engineering, Colorado School of Mines, USA  
Dates : October 7-11, 2013  
Venue : Sheraton Bandung Hotel & Towers, Indonesia  
Cost : US\$ 3,100 (IPA Members) - US\$ 3,200 (Non-IPA Members)  
Participants : 6
- 15. Title : Practical Investment Appraisal and Business Decision Analysis in Petroleum Exploration & Production - With special reference to the Indonesian PSC System, presented on an annual basis since 2001**  
Instructor : H.L. Ong, D.Sc.  
- Lecturer, Geological Department - Institute of Technology Bandung  
- SKKMIGAS, Jakarta  
Dates : October 7-11, 2013  
Venue : Sheraton Bandung Hotel & Towers, Indonesia  
Cost : US\$ 2,600 (IPA Members) - US\$ 2,700 (Non-IPA Members)  
Participants : 13



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**16. Title : 3-D Seismic Interpretation Techniques**

Instructor : Alistair R. Brown - Consulting Reservoir Geophysicist, USA  
Dates : October 21-25, 2013  
Venue : Novotel Nusa Dua Bali, Indonesia  
Cost : US\$ 3,275 (IPA Members) – US\$ 3,375 (Non-IPA Members)  
Participants : 26

**17. Title : Applied Subsurface Geological Mapping**

Instructor : Robert (Bob) Shoup - Subsurface Consultants & Associates, LLC - USA  
Dates : November 18-22, 2013  
Venue : Novotel Nusa Dua Bali, Indonesia  
Cost : US\$ 4,150 (IPA Members) – US\$ 4,250 (Non-IPA Members)  
Participants : 25

**18. Title : Carbonate Sedimentation, Sequence Stratigraphy & Reservoir Characterization**

Instructor : Dr. Rick Sarg - Subsurface Consultants & Associates, LLC - USA  
Dates : December 9-13, 2013  
Venue : Sheraton Senggigi Beach Resort Lombok - Indonesia  
Cost : US\$ 4,100 (IPA Members) – US\$ 4,200 (Non-IPA Members)  
**Enrollment : 25**

**19. Title : Application of Advanced Structural Geology Analysis in the Eastern Indonesia Hydrocarbon Exploration**

Instructor : Benyamin Sapi'ie - Institute of Technology Bandung, Indonesia  
Dates : December 9-13, 2013  
Venue : Novotel Nusa Dua Bali, Indonesia  
Cost : US\$ 2,875 (IPA Members) – US\$ 2,975 (Non-IPA Members)  
**Enrollment : 28**

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## APPENDIX B FIELD TRIPS - 2013

- Trip # 1 : Geological Trip to Cepu Area for Non-Geoscientist Personnel  
Dates : February 19-23, 2013  
Trip Leader : H.M. Yohannes P. Koesoemo - PT Hankenina Petroleum Indonesia  
Cost : US\$ 1,350 (IPA Members / Non-IPA Members)  
Participants : 8
- Trip # 2 : The Modern and Ancient Mahakam Delta Sedimentology  
A Technical Field Trip for Geoscientists  
Dates : March 10-15, 2013  
Trip Leader : Irfan CIBAJ - TOTAL  
Cost : US\$ 2,750 (IPA Members) – US\$ 2,850 (Non-IPA Members)  
Participants : 14
- Trip # 3 : Kepulauan Seribu: a Modern Patch-Reef Complex - **Post Convention**  
Dates : May 18 -20, 2013  
Trip Leader : Dr. Clif Jordan (Integrated Data Services, Inc., USA)  
Cost : US\$ 1,575 (IPA Members) – US\$ 1,675 (Non-IPA Members)  
Participants : 5
- Trip # 4 : Around Southern Bali  
Date : June 1, 2013  
Trip Leader : Dr. Clif Jordan (Integrated Data Services, Inc., USA)  
Cost : US\$ 3,100 (IPA Members) – US\$ 3,200 (Non-IPA Members)  
**(include: Carbonate Reservoirs: Theory and Applications Short Course)**  
Participants : 16
- Trip # 5 : Geological Trip to Cepu Area for Non-Geoscientist Personnel  
Dates : September 3-6, 2013  
Trip Leader : H.M. Yohannes P. Koesoemo (PT Hankenina Petroleum Indonesia)  
Cost : US\$ 1,350 (IPA Members / Non-IPA Members)  
Participants : 8
- Trip # 6 : Basic Petroleum Geology for Junior Geoscientist and Non-  
Geoscientist Personnel (**Short Course and One Day Field Trip**)  
Dates : September 16-20, 2013  
Trip Leader : Budianto Toha (University of Gadjah Mada)  
Cost : US\$ 1,900 (IPA Members) – US\$ 2,000 (Non-IPA Members)  
Participants : 12

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Trip # 7 : The Mesozoic Geology of Eastern Indonesia  
Dates : October 6-11, 2013  
Trip Leader : Benjamin Sapiie (Institute Technology of Bandung)  
Cost : US\$ 3,900 (IPA Members) – US\$ 4,000 (Non-IPA Members)  
Participants : 10

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## APPENDIX C LUNCHEON TALKS - 2013

1. Date : February 6, 2013  
Venue : Le Meridien Jakarta  
Speaker : Audun Groth - Statoil, Norway  
Title : Seismic Geomorphology Styles: A "Source to Sink" Journey  
Cost : Rp. 400.000,- (IPA Members) – Rp. 460.000,- (Non-IPA Members)  
No. of Guest : 51
  
2. Date : February 13, 2013  
Venue : The Ritz-Carlton Jakarta, Pacific Place  
Speaker : Bapak Rudi Rubiandini - Chairman SKKMIGAS  
Title : Summary of 2012 E&P Activities in Indonesia and Outlook for 2013  
Cost : Rp. 480.000,- (IPA Members) – Rp. 540.000,- (Non-IPA Members)  
No. of Guest : 262
  
3. Date : March 14, 2013  
Venue : Le Meridien Jakarta  
Speaker : Prof. Emiliano Mutti - University of Parma  
Title : Turbidites from Tectonically-Active Basins  
Cost : Rp. 400.000,- (IPA Members) – Rp. 460.000,- (Non-IPA Members)  
No. of Guest : 51
  
4. Date : April 22, 2013  
Venue : Le Meridien Jakarta  
Speaker : Gerard T. Schuster - King Abdullah University of Science and Technology, Thuwal, Saudi Arabia  
Title : Seismic Interferometry and Beyond-Harvesting Signal from Coherent Noise  
Cost : Rp. 400.000,- (IPA Members) – Rp. 460.000,- (Non-IPA Members)  
No. of Guest : 61
  
5. Date : June 3, 2013  
Venue : Le Meridien Jakarta  
Speaker : John Benoit - GM Exploration and New Ventures, Chevron IndoAsia, Jakarta  
Title : 89 years-Chevron's exploration and production experience in Indonesia  
Cost : Rp. 400.000,- (IPA Members) – Rp. 460.000,- (Non-IPA Members)  
No. of Guest : 51

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6. Date : June 26, 2013  
Venue : Four Seasons Jakarta  
Speaker : Felipe Bayon, Senior VP BP America and Head of Global Deepwater Response  
Title : Spill Response and Drilling Safety: Learning from BP's Experience  
Cost : Rp. 400.000,- (IPA Members) – Rp. 460.000,- (Non-IPA Members)  
No. of Guest : 46

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**SECTION 12**

**REGULATORY AFFAIRS COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Debbie Maja Chastity**

**( ConocoPhillips Indonesia, Inc, Ltd. )**

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## REGULATORY AFFAIRS COMMITTEE

2013

Chairman	:	Debbie M. Chastity	(CONOCOPHILLIPS)
Deputy Chairman	:	Hardi Hanafiah	(BP)
Members	:	Peter Dumanauw	(CHEVRON)
		Heike Butar Butar	(CHEVRON)
		Trinzky Ginting	(CONOCOPHILLIPS)
		Greg McMillan	(EXXONMOBIL)
		Anna Rosita	(EXXONMOBIL)
		Gregg Masman	(INPEX)
		Yasutoshi Seki	(INPEX)
		Andi Ismail	(MEDCO)
		Weka Nugraha	(MEDCO)
		Alan Frederik	(PERTAMINA)
		Andri Kristanto	(PREMIER)
		Indira Miranti	(PREMIER)
		Daniel Kohar	(PWC)
		Dewi Mayang Sari	(SALAMANDER)
		Hanny Denalda	(SANTOS)
		Ray Amalia	(SANTOS)
		Neil Prendergast	(TALISMAN)
		Marlina Tambunan	(TALISMAN)
		Richard Dinnie	(TOTAL)
		Yandri Hendarta	(TOTAL)
		Nurul Setyorini	(VICO)
		Chris Wyatt	(VICO)
		Ashley Wright	(NORTON ROSE)
		Lukysari Rias	(MUBADALA)
		Noki Saefullah	(HESS)

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## PRIMARY EFFORTS IN 2013

### 1. Oil and Gas Law Bill

The IPA has formed a Task Force, on which the RAC is represented, to primarily advise the IPA Board on the potential changes to the existing Oil and Gas Law that are currently being considered by the DPR. 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.

In the meantime, the IPA has been asked by MIGAS to provide its view with regard to the proposed plan to amend the existing Oil & Gas Law. The RAC was tasked to lead the effort and worked with the other committees to prepare the paper as requested by MIGAS.

### 2. Deferral on Cost Recovery – Suspend Account

In 2012, BPMIGAS issued a circular letter to all PSC with regard to treatment of outstanding audit finding and any cost related dispute that has yet to become an audit finding. The Circular Letter instruct all PSCs not to take those outstanding audit finding or cost dispute immediately to cost recovery but instead to exclude them from cost recovery and put them into a "suspend account" in the relevant PSC's accounting books. The IPA has strongly rejected the introduction of the suspend account and has sent a letter to SKK Migas conveying its position that the suspend account mechanism is not recognized under the PSC.

The RAC continue its work together with the F&T Committee this year to support IPA's position with regard to the suspend account.

### 3. Regulation on Cost Recovery and Taxation

Following the issuance of Government Regulation No. 79 of 2010, IPA sent several letters 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.

A petition for judicial review 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



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laws. On 18 October 2011, the petition was denied by the Supreme Court, however, to date, the written judgment has not been issued by the Court and therefore, the basis of the denial is not yet known. In June 2013, IPA's External Counsel sent a letter to the Supreme Court inquiring the status of the written decision and in a letter dated July 25<sup>th</sup>, 2013, the Supreme Court sent a response stating that the decision is still being minuted.

Despite this disappointing news, the RAC continued and will continue to assist the IPA in its endeavors to discuss and resolve ongoing implementation issues associated with the GR including those relating to WP&B.

#### **4. Regulation on Outsourcing and Foreign Workers Utilization in Oil & Gas Industry**

The RAC has been asked to assist the HR Committee in providing legal support concerning the outsourcing issue and the recent Minister of Energy's regulation on Foreign Workers Utilization in Oil & Gas Industry. With regard to the outsourcing issue, the HR Committee seek the advice from the RAC on the definition of "association" which is key to ensure compliance with the Manpower Regulation. The RAC worked together with the HR Committee in developing the justification and rationale on why the IPA is the association that falls within the definition of "association" under the regulation. The RAC also provide support to the HR Committee in addressing issues which arise due to the issuance of the regulation on foreign workers utilization. In this role, the RAC assist the HR Committee in providing review of all correspondences by the IPA to the Government on this regulation.

### **2014 OBJECTIVES**

The IPA RAC's objectives for 2014 are predominantly consistent with its activities in 2013. RAC will continue to perform an active advocacy role in educating key stakeholders with respect to IPA's key regulatory issues. The revision of the Oil and Gas Law and PSC extensions likely to be a focus in 2014. 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.

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**SECTION 13**

**SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Lita Myrosa**

**( Total E&P Indonesie )**

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# SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE

## Report of 2013 Activities and 2014 Objectives

### I. The organization:

Chairperson	: Lita Myrosa (Total E&P Indonesia)
Vice Chairperson	: Bobby Tjahjana (Premier Oil)
Secretary	: Nofa F. Azzahra (Petronas Carigali)
Active Members	: Pudji S. Subyantoro (Petronas)
	P. Sanov Situmorang (Chevron)
	Firman Syarif (ConocoPhillips)
	Rizal Kamal (CNOOC)
	Dewi Puspa (ExxonMobil)
	Suparman Budiono (ExxonMobil)
	Iwan Kristiantono (EMP)
	Yudhistira Knoch (EMP)
	Kin Tjendrasa (EMP)
	Subandi (ENI)
	Tonny Damiri (ENI)
	Ivonny Desilva (Mubadala Petroleum)
	Affan Farid (PHE WMO)
	Igor Napitupulu (Santos)

### II. Routine activities

Monthly meetings amongst SCMC members were done and discuss several topics, as follows:

- 29<sup>th</sup> January 2013  
Sharing session on the issues of Cabotage Law implementation which was attended by Ibu Endah Setyaningsih – Kadiv PMA SKK Migas. Proposed initiative was to form a small team to have further discussion with Ditjen Migas and INSA.
- 1<sup>st</sup> March 2013  
Discussion to form up a small team related to Cabotage issue to have a coordination meeting with INSA, Ditjen Migas and Ditjen Hubla
- 12<sup>th</sup> April 2013

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Sharing session on Per.Men ESDM no.15 2013 issued on 22 February 2013 to be applied on 22 May 2013 (few discrepancies with PTK007 Revision II).

Sharing session on PTK007 Revision II Amendment issued on 03 April 2013 applied at the same date.

- 27<sup>th</sup> June 2013  
Black Sanction Imposition and update info of the draft PTK 007 Revision III.
- 25<sup>th</sup> July 2013  
New Regulation of Permenaker no 19/2012 regarding “Contractor for Manpower Service” and its impact to Procurement Process.
- 30<sup>th</sup> August 2013  
Preparing draft letter to Vice Minister of Energy and Mineral Resources in relation to “Key concerns of the oil and gas industries” procurement section
- 27<sup>th</sup> September 2013  
Presentation from Premier Oil regarding PMK 108, continued with discussion on the impact to operation, and action items to be taken by each PSC.
- 31<sup>st</sup> October 2013  
Sharing common issues regarding approval process on procurement proposal in SKK Migas Procurement function.
- 25<sup>th</sup> November 2013  
Discussion on Objective 2013 achievement and preparing objective 2014 – did not take place due to unavailability of the members.

### **III. Non-routine activities**

- 26<sup>th</sup> March 2013  
Joint meeting: Regulatory Affairs, Supply Chain, and Engagement/Communication Committees, to discuss about the cabotage law issue. Action: to take the issue and the proposal to SKK Migas.
- 16<sup>th</sup> April 2013  
Meeting with SKK Migas (joint meeting with Regulatory Affairs, Supply Chain, and Engagement/Communication Committees) to discuss the implementation of cabotage law in the oil & gas upstream activities. Action: SKK Migas to propose the discussed terms to Sea Com. Issue remains outstanding as the SKK Migas PIC is no longer in charge

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- 7<sup>th</sup> October 2013  
Meeting with PROA (Association of OCTG Producers) to discuss PMK 108 waiver implementation. No action further required from SCMC since the clarification letter from MOF DJBC (ref. No. S-347/BC.3/2013 dated 02 Oct 2013) in general had settled the problem occurred after the issuance of PMK108.
  - 24<sup>th</sup> October 2013  
Joint meeting to discuss “IPA Views on Proposed Changes to the Oil & Gas Law “. Action: no specific action required from SCMC

#### **IV. 2013 Objectives achievements**

- Participating in PTK007 Rev-III draft preparation through the work-group discussion created by SKK Migas to improve the Procurement Guidelines. The last work-group meeting conducted on 15-16 August 2013, currently the work-group activity is suspended and waiting for further notification from SKK Migas.
- Performing sharing best practices in doing procurement of goods and services and other supply chain management amongst the PSCs.
- Issuance of joint procurement and contracts amongst PSCs for cost efficiency, such as Rig sharing contract between TEPI and Petronas. Rig sharing contract between Mubadala, Santos, etc.

#### **V. 2014 Objectives**

The SCMC work program and objectives for 2014 will be:

- To continue seeking and proposing improvement on Procurement Guidelines from SKK Migas (PTK-007 Revision III), with main objective to stream line the procurement process.
- To organize a workshop for sharing best practices in doing procurement of goods and services and other supply chain management amongst the PSCs.
- To continue the joint procurement and sharing contracts amongst PSCs for cost efficiency.
- To recommend improvement on Assets & Materials Management processes to SKK Migas.

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**SECTION 14**

**UNCONVENTIONAL GAS COMMITTEE**

**2013 ACTIVITIES REPORT**

**AND**

**2014 WORK PROGRAM**

**CHAIRMAN**

**Chandra Daud Tiranda**

**( Bukit Energy Indonesia )**

## UNCONVENTIONAL GAS COMMITTEE

POSITION	NO	NAME	COMPANY	E-MAIL ADDRESS
Chairman	1	Chandra D. Tiranda	BUKIT ENERGY	ctiranda@bukitenergy.com
Vice Chairman	2	Chris Allen	VICO INDONESIA	chris.allen@vico.co.id
	3	Michael Bowe	EPHINDO	michael.bowe@ephindo.com
	4	Wahyu Danumulyo	INPEX	wahyu.danumulyo@inpex.co.jp
	5	Minter Silalahi	ENERGI MEGA PERSADA	minter.silalahi@energi-mp.com
	6	Yudie Iskandar	TOTAL E&P INDONESIA	yudie.iskandar@total.com
	7	John Benoit	CHEVRON	jbenoit@chevron.com
	8	Sekar Hastasari	PERTAMINA	sekar.hastasari@pertamina.com
	9	Erica Listiani	SANTOS	Erica.Listiani@santos.com
	10	Walter Ziza	AWE	walter.ziza@awexplore.com
	11	Ariesta Permadi Equatoria	MEDCO	AriestaPermadi.Equatoria@medcoenergi.com
	12	Meizarwin	BP INDONESIA	meizarwin@se1.bp.com
Alternate VICO	13	Mohd Radzif Mohamad	VICO INDONESIA	mohdradzif.mohamad@vico.co.id
Alternate Dart Energy	14	Unggul Setyatmoko	DART ENERGY	usetyatmoko@dartcbm.com
Alternate PERTAMINA	15	Koko Komar	PERTAMINA	koko.komar@pertamina.com
Advisor		Marjolijn Wajong	SANTOS	marjolijn.wajong@santos.com

### SUMMARY REPORT OF 2013 ACTIVITIES

1	March	<ul style="list-style-type: none"> <li>- Appointed Chandra D. Tiranda (CDT) as Chairman of Unconventional Group</li> <li>- MIGAS invitation for preparation of RI-US 4th Dialogue of Energy Policy in Bandung, IPA Unconv Group gave inputs for the Dialogue</li> </ul>
2	April	1st IPA Unconventional Group meeting to set the agenda for 2013
3	May	4th US – Indonesia Dialogue of Energy Policy, titled “A Regional Workshop on the Changing Global Gas Market and Unconventional Gas”. Vico presented Fiscal Incentives for Unconventional.

4	June	<ul style="list-style-type: none"> <li>- Several informal meetings with Pak Naryanto, Director of Upstream Business Development MIGAS, and Yunan Muzaffar, Acting Head of Unconventional MIGAS</li> <li>- Sent a letter to Director General MIGAS requesting a meeting on unconventional fiscal and non-fiscal issues with MIGAS, SKKMigas, BKF, BPN , Forestry and MOF.</li> <li>- Preparation for presentation to MIGAS-SKKMigas only as suggested by Pak Yunan</li> </ul>
5	July	<ul style="list-style-type: none"> <li>- Meeting and presentation to MIGAS-SKKMigas, chaired by Pak Naryanto, Director of Upstream Business Development at the time, and attended by Head of Unconventional SKKMigas, Brahmantyo, presenting "IPA Regulatory Approaches to Unconventional Development". MIGAS agreed to follow this up with more detailed meeting, plan to have MIGAS-SKKMigas Unconventional Workshop in Bogor sometimes in August.</li> <li>- Meeting with Pak Director General MIGAS, Edy Hermantoro, to update the unconventional meeting with Pak Naryanto and the upcoming MIGAS workshop. Also mentioned about Building and Land Tax issues.</li> </ul>
6	August	Plan to have the Unconventional Workshop on August 26, 2013 between IPA and MIGAS-SKKMigas but was cancelled due to unexpected event in SKKMigas (Rudi Rubiandini's case).
7	September	<ul style="list-style-type: none"> <li>- Meeting with IPA Finance and Legal committee members regarding well re-entry for CBM to strengthen our justification from finance and legal sides.</li> <li>- Continuing discussion with SKKMigas regarding Well Re-entry for CBM (led by Pak Sammy Hamzah, Moshe and Mike Bowe of Ephindo).</li> </ul>
8	October	<ul style="list-style-type: none"> <li>- IPA Unconventional Group (CDT, Chris Allen, Ibu Meiti, Radzif, Minter and Unggul) meeting with Pak Edy Hermantoro and Pak Hendra Fadly of MIGAS to follow up with Unconventional Workshop meeting's schedule.</li> <li>- Preparation for IPA Unconventional Group in participation in the HAGI-IAGI Joint Convention in Medan and Unconventional Hydrocarbon Symposium Indonesia in Jakarta.</li> <li>- Pak Mustafid Gunawan replaced Pak Yunan Muzaffar as Head of Unconventional MIGAS</li> </ul>



9	November	<ul style="list-style-type: none"> <li>- HAGI-IAGI Joint Convention: CDT presented as panelist with Deputy Minister Susilo Siswoutomo and Prof. Hilst of MIT on “Unconventional Gas: The Spirit of New Exploration”</li> <li>- Unconventional Hydrocarbon Symposium Indonesia: Mohd Radzif presented on behalf of IPA on Unconventional Issues</li> <li>- Sent a letter to Director General of MIGAS, requesting a new schedule for the Unconventional Workshop</li> </ul>
10	December	Plan to have the Unconventional Workshop and continue discussion with SKKMigas on Well Re-entry

**CONCLUSION:**

In spite of active meetings between the Committee and Government (MIGAS and SKKMigas) but no meaningful results progressed from these interfaces. The delays of the Unconventional Workshop are due to unfortunate event in SKKMigas, and the changes of critical positions in MIGAS (ie. Pak Hendra Fadly replacing Pak Naryanto, and Pak Mustafid replacing Pak Yunan as Head of Unconventional). The Committee will continue to approach MIGAS and SKKMigas for conducting the Unconventional Workshop, which will later follow by meetings with BKF/MOF, BPN and Forestry.

**So in 2014 we will:**

- Restate our objectives: Price Incentives, Land Access, PTK007 for unconventional and POD simulation for CBM (later shale gas).
- Continue pushing for scheduling the Unconventional Workshop if it didn't happen in December 2013
- Continue pushing for Well re-entry discussion

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**SECTION 15**

**LIST OF  
COMPANY MEMBERS  
AND  
ASSOCIATE MEMBERS**

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## INDONESIAN PETROLEUM ASSOCIATION

### COMPANY MEMBERS

1. Altar Resources, S.A.
2. AWE (Titan) NZ Limited
3. Bukit Energy Bohorok Pte. Ltd.
4. BP Indonesia
5. Bunga Mas International Company
6. Chevron Indonesia Company
7. CITIC Seram Energy Ltd.
8. CNOOC SES Ltd.
9. ConocoPhillips Indonesia Inc. Ltd
10. Dart Energy Indonesia
11. Energi Mega Persada
12. Eni Indonesia
13. Ephindo Energy Private Limited
14. ExxonMobil Oil Indonesia Inc.
15. GDF SUEZ EPI BV
16. Genting Oil Kasuri Pte. Ltd.
17. HESS Indonesia
18. Husky Oil North Sumbawa
19. INPEX Corporation
20. JAPEX Co., Ltd.
21. Kalrez Petroleum (Seram) Ltd.
22. Kangean Energy Indonesia Limited
23. KrisEnergy Ltd.
24. Lapindo Brantas, Inc.
25. Lundin Oil & Gas B.V.

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26. Mandiri Panca Usaha, PT
  27. Medco Energi Internasional Tbk., PT
  28. Mitra Energy Ltd.
  29. Mubadala Petroleum Indonesia
  30. Murphy
  31. Niko Resources Ltd.
  32. OPIC Oil Indonesia
  33. Pacific Oil & Gas Indonesia, PT
  34. Pan Orient Energy (Citarum) Pte. Ltd.
  35. PetroChina International Companies in Indonesia
  36. Petronas Carigali Muriah Ltd.
  37. Petroselat Ltd.
  38. PHE Nunukan Company
  39. Premier Oil Indonesia
  40. PT Pertamina (Persero)
  41. PTTEP South Mandar Limited
  42. Saka Energi Indonesia, PT
  43. Salamander Energy - Indonesia
  44. Santos (Sampang) Pty. Ltd.
  45. Shell Companies in Indonesia
  46. Star Energy (Kakap) Ltd.
  47. Statoil Indonesia
  48. Sugih Energy, Tbk., PT
  49. Talisman Energy Indonesia
  50. Tately N.V.
  51. Total E&P Indonesia
  52. Triangle Pase Inc.
  53. VICO Indonesia

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## INDONESIAN PETROLEUM ASSOCIATION

### ASSOCIATE MEMBERS

1. Abhitech Matra Indah, PT
2. Accenture, PT
3. Alamjaya Makmur Sejahtera, PT
4. Apexindo Pratama Duta Tbk., PT
5. Archer Well Company (Malaysia) Pte. Ltd.
6. Armada Gema Nusantara
7. Armino Prima, PT
8. Badak NGL, PT
9. Baker Botts L.L.P.
10. Baker Hughes Indonesia, PT
11. Bank Negara Indonesia (Persero) Tbk, PT
12. BGP Indonesia, PT
13. Binder Indonesia, PT
14. BJ Services Indonesia, PT
15. BMT Asia Pacific Indonesia, PT
16. Cameron Systems, PT
17. Century Dinamik Drilling, PT
18. CGGVeritas Services Indonesia, PT
19. Citra Tubindo Tbk., PT
20. Citrabuana Indoloka, P.T.
21. Clifford Chance
22. Corelab Indonesia, PT
23. Deloitte Petroleum Services
24. Denvegraha, PT

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25. Dimas Utama, PT
  26. EagleBurgmann Indonesia, PT
  27. Ernst & Young
  28. EXLOG Sarana Indonesia, PT
  29. Exterran Indonesia, PT
  30. Fiberod Archipelego Indonesia, PT
  31. Fluor Daniel Indonesia, PT
  32. FMC Santana Petroleum Equipment Indonesia, PT
  33. Gaffney, Cline & Associates
  34. GE International Operations Company, Inc.
  35. Geo Link Nusantara, PT
  36. Geokinetics Indonesia, PT
  37. Geolog Indonesia, PT
  38. Geoprolog Intiwijaya, PT
  39. Geoservices, PT
  40. Germanischer Lloyd
  41. GSM Konsep Internasional
  42. Halliburton Indonesia, PT
  43. Herbert Smith/Hiswara Bunjamin & Tandjung
  44. Hitek Nusantara Offshore Drilling, PT
  45. Horizon Geoconsulting, PT
  46. Iceland Drilling Indonesia, PT
  47. IHRDC (Int'l Human Resources Dev Corp)
  48. Imeco Inter Sarana, PT
  49. Institut Sains & Teknologi AKPRIND
  50. Institute of Technology Bandung
  51. Institute of Technology Medan
  52. Institute of Technology Sepuluh Nopember

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53. Integrated Petroleum Services, PT
  54. Intertek Utama Services, PT
  55. Istech Resources Asia, PT
  56. Islamic University of Riau
  57. ITOCHU Corporation
  58. JGC Corporation
  59. Jones Day
  60. Kaliraya Sari, PT
  61. KAP Siddharta & Widjaja
  62. Korosi Specindo, PT
  63. Landmark Concurrent Solusi Indonesia, PT
  64. Leighton Contractors Indonesia, PT
  65. Leighton Offshore
  66. Lerindro International, PT
  67. Linklaters Singapore Pte. Ltd.
  68. M-I Indonesia, PT
  69. McDermott Indonesia, PT
  70. McKinsey & Company
  71. Mitsubishi Corporation
  72. Mutiara Biru Perkasa, PT
  73. Offshore Works Indonesia, PT
  74. OPAC Barata, PT
  75. Osco Utama, PT
  76. Pasifik Satelit Nusantara, PT
  77. Perforindo Teknika Nusantara, PT
  78. Petratama Abdi Nusa (PetraNusa), PT
  79. PETROLAB Services, PT
  80. Petros Technologies Indonesia, PT

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81. Petrosea Tbk., PT
  82. PGS Nusantara, PT
  83. PPPTMGB "Lemigas"
  84. PricewaterhouseCoopers
  85. Pundi Stratejasa Indonesia, PT
  86. Pusdiklat "Migas"
  87. Resources Jaya Teknik Mgmt Ind., PT
  88. Schlumberger Geophysics Nusantara, PT
  89. Scomi Oiltools, PT
  90. SGS Indonesia, PT
  91. Slickbar Indonesia, PT
  92. Standard Chartered Bank
  93. STTNAS Yogyakarta
  94. Sucofindo, PT
  95. Sudjaca Palembang, PT
  96. Sumber Daya Kelola, PT
  97. Supraco Indonesia, PT
  98. Susandarini & Partners in Association with Norton Rose Australia
  99. Syslab, PT
  100. Tenaris - Seamless Pipe Indonesia Jaya, PT
  101. The Lantau Group
  102. Tesso Tetra Chemika, PT
  103. Trans Nusantara Multi Construction, PT
  104. Transocean Indonesia, PT
  105. Tripatra Engineering, PT
  106. Tugu Pratama Indonesia, PT
  107. University of Brawijaya
  108. University of Diponegoro



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109. University of Gadjah Mada
  110. University of Hasanuddin
  111. University of Indonesia
  112. University of Lampung
  113. University of London
  114. University of Padjadjaran
  115. University of Pakuan
  116. University of Proklamasi
  117. University of Sriwijaya
  118. University of Trisakti
  119. U.P.N. VETERAN
  120. Wahana Sugih, PT
  121. Weatherford Indonesia, PT
  122. Welltekindo Nusantara, PT
  123. Widyawan & Partners
  124. Wood Mackenzie
  125. Ziff Energy Group