



**INDONESIAN PETROLEUM ASSOCIATION**

**2014 ANNUAL REPORT**

**FORTYSECOND GENERAL MEETING**

**JAKARTA, 9 DECEMBER 2014**

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**SECTION 1**

**INDONESIAN PETROLEUM ASSOCIATION**

**PRESIDENT'S REPORT - 2014**

by

**Lukman Mahfoedz**

On behalf of

**IPA Board of Directors**

**December 2014**

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



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# INDONESIAN PETROLEUM ASSOCIATION

## President's Report for 2014

### INTRODUCTION

The last time we all gathered in our last year Annual General Meeting, we were all experiencing challenging times. In recent months, we have experienced some important events in the Indonesia oil and gas industry. Starting from the new Indonesian presidential election, then the appointment of New Minister of Energy and Mineral Resources Mr. Sudirman Said, and the appointment of New Head SKKMIGAS Mr. Amin Sunaryadi. The government set up an Oil and Gas Governance Reform Team chaired by Mr. Faisal Basri. Recently, the Government appointed Mr. Dwi Sucipto to lead the Indonesia National Oil Company Pertamina and also set up a Special Committee to select Directorate General Officers in Ministry of Energy and Mineral Resources. IPA hope that some recent important events will improve the performance of Indonesian oil and gas industry in providing oil and gas future supply in order to achieve Indonesia energy security and energy sustainability.

The IPA hopes that the New Government realizes the importance of building a sustainable oil and gas industry in the long term, so that it can continue to develop and support the Indonesian economy in the form of contributing revenues to the State budget, to provide energy to the country, to provide employment opportunities and to contribute in building a stronger national oil and gas support industry.

The Oil and Gas industry is a strategic sector, not only does it contribute revenues to the State, but it also has a strategic role in moving other business sectors to boost national economic growth. In 2013, the oil and gas sector contributed US\$ 31 billion to the State. Investment in the oil and gas upstream sector in 2013 reached US\$ 22 billion, (60% local content), while investments in 2014 is budgeted at US\$ 26 billion including US\$ 3.8 billion for exploration activity. The employment opportunities, both directly and indirectly are countless.

The biggest challenge to be faced by the new Government is the current energy crisis, where the energy demand is much greater than the energy supply. In the next ten years energy demand will increase nearly three-fold while Indonesia still relying on the energy supply from primary energy (oil, gas and coal). On the other hand oil production continues to decline and total oil discovered reserves are less than the annual oil production.

If we do nothing, Indonesia will become a net energy importer starting in 2019, at the end of the New Government period. Total energy demand in 2019 is expected to reach 6.1 million BOEPD while domestic energy production will only supply 6.04 million BOEPD of oil, coal and gas. By 2025, the imbalance will have further deteriorated, with energy demand at 7.7 million BOEPD and domestic energy supply at only about 5.3 million BOEPD. Under this "Do Nothing" scenario, the demand and supply energy gap will reach 2.4 million BOEPD.

In 2025, oil and gas demand will reach 3.6 million BOEPD while the supply only about 1.1 million BOEPD, resulting in demand and supply gap of 2.5 million BOEPD. IPA studies show that to cover half of the oil and gas supply demand gap, the required annual exploration investment is at least three times than the current exploration investment. The 2014 exploration investment is about US\$ 3.8

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billion, so to address the expanding energy gap highlighted above, we should be investing at least US\$ 11 billion per year. Realization of exploration activities until November 2014 was also less encouraging, only able to drill 67 exploration wells of planned 132 wells, and it is very difficult to achieve the 2014 target in the remaining one month. Meanwhile, recent Woodmac study shows Indonesia's exploration cost spending and drilled exploration wells are the highest among 10 Asian countries, but Indonesia's exploration discovery in 3<sup>rd</sup> position (China and Malaysia are the best performers). Indonesia is also in 3<sup>rd</sup> position of the highest average exploration cost per BOE among those countries, after Cambodia and Thailand.

Current barriers to carry out more exploration must be eliminated, such as taxation and licensing as soon as possible, since it will take 10-15 years before we can enjoy the results of today's exploration. Oil and gas project execution and discovered reserves monetization need to be drastically accelerated. Based on Woodmac study, our ability to monetize the oil and gas reserves continue to decline compared to the 1970-1980's era.

The Oil and Gas Industry will need to invest about US\$ 40-50 billion per year, within the next five years for existing production fields, exploration and megaproject development investment (IDD, Abadi Masela, Tangguh Train III and East Natuna). The megaproject development is required to close future oil/gas supply and demand gap.

Providing massive oil and gas investment within the next five years is not easy, so the New Government must have the ability to attract oil and gas investors to Indonesian by providing a conducive investment climate and timely project development approval. The New Government must have a commitment to make Indonesia as an oil/gas investment destination of choice.

Expeditious decision making and simplification of bureaucracy are important, because 30% of 2020 projected oil and gas production will be generated from oil and gas projects that are currently in development or waiting for the Final Investment Decision (FID).

Because of this, IPA hopes that the New Government can create and maintain a conducive investment climate, maintain the sanctity of contracts as agreed and ensure that oil and gas regulations and rules are clear and simple in its application.

## **KEY CONCERNS FOR THE INDUSTRY**

IPA expects the New Government to have clear targets for the next five years which would be accompanied with a detailed roadmap to achieve those targets. The proposed specific targets in the next five years are as follows:

### **a) Resolve the Land and Building Tax (LBT) for Exploration PSCs**

In June 2013 the Tax Office issued the total LBT assessment to new PSC Contracts (signed post GR 79/2010) amounting to Rp 3.2 trillion (US\$ 277 million) for fiscal year 2012 and 2013. The Directorate General of Taxes (DGT) imposed LBT on the whole working area on both surface and subsurface. This huge LBT assessment against the new PSCs has clearly discouraged exploration in Indonesia which is contrary to the Government's objective to increase exploration activities and production ultimately.

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After more than one year discussions and agreements with related stakeholders, the oil and gas industry was surprised with the Directorate General of Taxes (DGT) decision to issue a decision rejecting the LBT objections for offshore exploration areas which have been filed by several members of the IPA.

The IPA is very concerned and regrets this rejection by the DGT which is clearly not appropriate because it has ignored the objective fact that the offshore oil and gas PSC Contractors should not be liable for LBT as they do not own nor have any rights whatsoever to the sea surface and its contents. The Government of Indonesia is the sole owner and holder of these rights based on the 1945 Constitution and Oil & Gas Law no. 22/2001. The position of the oil and gas companies in Indonesia are as Contractors to the Government which are only assigned to find oil and gas resources in Indonesia. The DGT themselves have stated several times that the LBT assessments are purely administrative issues that could be resolved through the objection process.

This rejection decision raises very problematic issues for the PSC Contractors because to cancel this assessment, they have to file an appeal to the Tax Court, which process can take at least 15 months, and requires an upfront payment of taxes in a very large amount which is almost unlikely to be met by the exploration PSC Contractors as the amount will exceed even their exploration budget itself. Filing an appeal without making an advance payment of minimum 50% of the total assessment raises a very big risk for the PSC Contractor because the Tax Court could easily reject their appeal.

Due to the above, the IPA sent letters on 30 September 2014 respectively to the Vice Minister of Finance Pak Bambang Brodjonegoro, Act. Minister of ESDM and Minister of Finance seeking their help and support to find an acceptable and overall resolution to this LBT issue. This issue has become even more critical because the deadline for filing to the Tax Court is approaching within two months' time. The IPA hopes that they would be able to facilitate discussions to find a solution on the administrative requirements of the tax court which requires an advance payment of 50% of the total tax assessment.

On 3<sup>rd</sup> November 2014, the IPA had a meeting with Commissioners of the Tax Oversight Committee (Komite Pengawas Perpajakan) to clarify the LBT issue and to seek their guidance in finding a solution to the LBT issue. The Committee will help and support IPA by sending their recommendation to the Minister of Finance.

The oil and gas industry needs certainty and the Government needs to act rapidly to resolve this issue so that it will provide a good platform for investors to continue their exploration program. To promote exploration and exploitation activities in Indonesia, IPA strongly encourages the Government to reinstate LBT exemption facility for the new PSC Contractor, as this is in line with the spirit of Inpres No. 2/2012.

#### **b) Criminalization of the PSC**

The criminalization of the PSC (the Chevron Bioremediation case) 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.

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As the PSC is a business contract, IPA's 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. This misperception, which started in 2009 by including Cost Recovery as part of the State Budget and subsequently embedded in the State Budget Law, should be rectified to avoid misinterpretations and create further uncertainties.

The oil and gas industry is a highly regulated sector and each of its activities is based on the standard review and approval of SKK Migas and related State agencies, in addition to being regularly audited by Government auditors. As mandated by the environmental law, all oil and gas companies are obligated to manage safe, reliable and environmentally friendly operations. To meet that obligation, the CPI bioremediation program was a pioneer and has set the standard in the industry as well as becoming a model that has been followed by numerous other companies in Indonesia.

Therefore, the criminal proceeding toward the PSC employees and its contractors for criminal prosecution in relation to this program have set an unwarranted precedent and created legal uncertainty.

Due to the above, the IPA urges the Government to stop the criminalization of the oil and gas industry as it will have wide ranging consequences and negatively impact Indonesia's need to attract more investment in the energy sector.

The IPA believes that legal clarity, legal certainty, and contract sanctity are the cornerstone of the success of Indonesia's oil and gas industry. The IPA therefore respectfully requests the Government of Indonesia to refer this case to appropriate resolution mechanism described under the terms of the PSC that governs oil and gas operations in Indonesia.

#### **c) Government Regulation No. 79 / 2010 on Cost Recovery and Income Tax Treatment (GR 79)**

Although GR 79 has the intention to optimize Cost Recovery and provide legal certainty, it has, in fact, caused multi-interpretations and is in conflict with other higher regulations. Furthermore, GR 79 provides the opportunity for the imposition of additional costs and other taxes that ultimately impede exploration and exploitation activities, which is clearly not in line with the Government's vision to increase oil and gas production in Indonesia as mandated in Inpres 2/2012.

#### **d) Revise Oil & Gas Law No. 22 / 2001**

IPA supports the importance of amending the current Oil and Gas Law to conform the decisions of the Constitutional Court taken in November 2012. It is important that 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, meet the constitutional requirements which were laid out in the decision of the Constitutional Court, so as to minimize the risk of future challenges.

To ensure that the contractual terms on which PSC Contractors have already invested are not altered, the new law should similarly provide a provision regarding contract sanctity for all existing PSCs, as determined in Oil & Gas Law No. 21/2001. Consistent with this principle, the rights and obligations guaranteed under the terms of existing PSCs cannot be unilaterally removed, altered, diminished, restricted and/or augmented by introduction of new law or implementing regulations.

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IPA hopes that the Revisions to the Oil and Gas Law will be a priority for the New Government in order to provide legal certainty and improve the oil and gas investment climate in Indonesia.

**e) Issue regulation on PSC Extension**

Within the next 5 years, around 20 PSCs equivalent to 30% of the national oil production will expire whereas in the next 10 years, PSCs equivalent to 60% of national oil production capacity will expire. After continued requests from the industry during the past few years, in August 2014 the Ministry of Energy & Mineral Resources has issued a Draft Ministerial Regulation on Management of Oil and Gas Working Area of Expiring Cooperation Contracts ("Draft Regulation") in August 2014.

The IPA hopes that this regulation can be finalized and issued very soon to provide legal clarity and certainty for the PSCs that will expire within the next few years.

**f) Simplify the bureaucracy, permitting and approvals for oil and gas**

The current government currently lists 69 different types of permits in the upstream oil and gas sector involving 284 processes in 17 government agencies which are clearly an impediment for the conduct of petroleum operations.

The IPA fully supports the recent establishment of the Oil and Gas Governance Reform Team (Tim Reformasi Tata Kelola Migas) that will provide recommendations to the Minister of Energy & Mineral Resources to simplify business licensing procedures in the oil and gas sector. This will facilitate quality and efficiency, and at same time, improve governance and transparency of the permitting processes in the oil and gas industry.

**g) Increase exploration activity**

The era of easy oil or gas is over. The new frontier in Indonesia is in the remote and deep water arena in the eastern part of Indonesia, which is technically complex and logistically very challenging. It requires the latest technology available and highest investment commitment. IPA estimates that exploration activity must increase by at least three folds from the current level, at the minimum, to meet the energy needs in 2025.

To achieve this objective, IPA strongly recommends the New Government to introduce new incentives for investing in exploration activity. Considering the risk, the split of the PSC in frontier areas can be revisited with a higher take for investors. Tax and other fiscal incentives are also needed. Investment in initial data acquisition, national data repository, support services, and infrastructure will further enable robust exploration activity.

**h) Implementation on Inpres No 2 /2012 to regain the national oil production**

IPA believes that the Presidential Instruction No. 2 / 2012 (Inpres 2/2012) to increase the national oil production to 1 million BOPD in 2014 should be consistently implemented by the Government. This decree which is addressed to 11 Ministers, the Chairman of SKKMIGAS, the Head of BPN and the Regional Governments (Governors and Regents) can contribute to mitigate the issues that impede exploration and production activities and create a more conducive climate for oil and gas investment. The proper implementation of Inpres 2/2012 will strengthen and improve coordination and synergy between the central government, the local governments, between ministries, SKKMIGAS, and the governors / regents.



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## **IPA MEMBERSHIP AND OBJECTIVES**

Currently the IPA membership stands at 58 Member Companies and 118 Associate Members. As the IPA is predominantly a volunteer based organization whose members contribute their time and resources focused on the principle objective of promoting the petroleum industry in Indonesia, this personal commitment is critical to the success of the IPA particularly during these challenging times for our industry.

The IPA Mission is simply stated:

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

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

- 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
- 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

Currently, the IPA Board of Directors, comprised of 13 representatives from Member Companies, continue to meet monthly. Included in those meetings are reports from the Executive Director 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.

## **38<sup>th</sup> IPA CONVENTION AND EXHIBITION**

The 38th IPA Convention and Exhibition 2014 was held on 21 – 23 May 2014 at the Jakarta Convention Centre with the theme “Strengthening Partnerships to Enhance Indonesia’s Energy Resilience and Global Competitiveness” . Compared to previous Conventions, this year’s event gained positive results in terms of the exhibition size, convention participants as well the visitation numbers.

Opened by H.E. Mr. Boediono, Vice President of the Republic of Indonesia and H.E. Mr. Jero Wacik, Minister of Energy and Mineral Resources of the Republic of Indonesia, the highlights of this year’s Convention were :

- More than 20,000 visitors, including over 3570 registered participants from 25 countries.
- Exceptional industry participation by 289 companies with a total of 278 booths
- Thirty seven (37) sessions covering over 170 technical papers and posters from professionals and students on Geosciences, Engineering and Business/Commercial.
- A special CSR Zone displaying 5 thematic areas respectively Economic Empowerment, Health, Education, Infrastructure and Environment in a village called “DESA NUSANTARA”. This year IPA invited several communities as partners to share their experience about their CSR activities.

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- A “Mini Operation Site” in cooperation with TMII oil and gas museum which featured the replica of an actual operations site that enables visitors to experience real-life field atmosphere and exhibitors are able to showcase their latest equipment to the oil and gas community.
  - Plenary sessions to discuss issues related to the theme of this year’s Convention specifically related to Energy Resilience, Partnerships and Indonesia’s Competitiveness with prominent national and international speakers including the Director General of Oil and Gas, Chairman of SKK Migas, President Director of Pertamina, CEO of Bank BNI, CEOs and senior executives of the oil and gas industry and others.
  - A commitment from IPA to the DKI Jakarta Regional Government to donate 14 garbage trucks, valued of Rp 3.9 billion, to support Jakarta’s flood relief efforts.
  - The IPA 5K Run and Walk, a new event for the Convention, which generated 1000 participants from the oil and gas industry and the general public

### **IPA CSR PROGRAM - CONTRIBUTION OF 14 GARBAGE TRUCKS TO DKI JAKARTA GOVERNMENT**

On 30 January 2014, the IPA Board met with DKI Jakarta Governor Pak Joko Widodo to inform him that the IPA wished to make a substantial contribution to the Governors’ efforts to mitigate the flooding situation in Jakarta which have had a major impact on multiple population areas across the capital. This offer was received positively by the Governor.

Following this meeting, the IPA issued a circular letter to all member companies requesting their support for a CSR program for the DJPG and subsequently 19 companies offered to contribute the total amount of RP 3,896,000,000, or approximately USD 340,000. Following input received from the Governors’ office, the Board made the decision to purchase 14 garbage trucks as lack of resources in waste management is one of the key causes for flood disasters regularly hitting Jakarta.

This program is in line with the objectives of the IPA’s “Jakarta Kite” program as a reflection of good citizenship, commitment, dedication and shared responsibility towards the communities where we operate, including in Jakarta where the majority of the IPA member companies have their offices.

The purchasing process of these garbage trucks was managed by a specially appointed Procurement Committee reporting directly to the IPA Board and consisting of members of the IPA Supply Chain Committee and the procurement organizations of Premier Oil, Medco, Salamander and ExxonMobil. Following the receipt of 4 technically qualified bids, commercial bids were opened on 15 July 2014, with the contract being awarded to PT Astra International Tbk representing the Isuzu brand.

The garbage trucks passed the technical inspection checks performed by members of Medco, Salamander and IPA and were subsequently delivered to IPA by PT Astra International on 1st September 2014. Following discussions held with the BPKD (Regional Financial Management Board) which was the designated organization within the DJPG to be the contact point for IPA, the official handover ceremony was subsequently performed on 18 September 2014 at the Jakarta City Hall.

During the ceremony, the handover document was signed by IPA President Lukman Mahfoedz and the DKI Jakarta Head of Regional Financial Management Board (BPKD), Endang Widjajanti and witnessed by the Vice Governor of Jakarta along with IPA Board members, representatives of the contributing companies, Procurement committee members and IPA staff.

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This event received significant media coverage from the national media and was the culmination of a significant CSR program undertaken by the IPA and its member companies in direct support of the community where we live.

### **IPA CSR PROGRAM – EMPOWERING EMERGING UNIVERSITIES IN INDONESIA 2014**

In November, the IPA Board agreed to initiate a special CSR program that will support the development of **second tier universities / tertiary institutions** that are located in the operating areas of the IPA member companies.

The program will be based on actual need assessment conducted by the IPA representative and the university concerned and will cover education infrastructure and facilities including laboratory equipment, ICT equipment, library, books etc. The amount of Rp 2 Billion allocated for this program will be expensed (accrued) in the current accounting period 2014.

### **IPA ACTIVITIES**

#### **A. INTERNAL**

#### **IPA BOARD MEETINGS AND 2014 BRAINSTORMING SESSION**

From January to November 2014, the IPA held 11 monthly Board Meetings including 1 Extended Board Meeting in October where all Company and Associate Members were invited to attend and 2 Special Board Meetings. **Average attendance of Board Members at the monthly meetings throughout the year was 59.2 %.**

**On 20<sup>th</sup> February 2014**, the annual IPA Brainstorming Session was held and attended by more than 70 participants for the Board, the Committees, Company and Associate Members. At this meeting, the Board presented the results of the 2014 IPA Survey launched in December with the objective to have a more precise picture on how the IPA is perceived by its members.

The survey covered four (4) themes respectively :

- Association's Effectiveness
- Association's Governance
- Membership Dues
- Communication and Engagement

Also on the agenda of this Brainstorming Session was an update by the Finance & Tax Committee on the LBT issue, a presentation by the Regulatory Affairs Committee on IPA proposals for the revisions to the Oil and Gas Law, a review of the current legal status of IPA by the IPA Executive Director and an update on the preparations of the 2014 IPA Convention & Exhibition by the Convention Committee.

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**On 10<sup>th</sup> October 2014**, a Special IPA Board Meeting was held at the Bimasena and attended by approximately 60 participants.

After the opening by the IPA President highlighting the 2014 main activities of the IPA, the meeting then proceeded with presentations on an update on the LBT Issue by the Finance & Tax Committee, and update on Draft Regulation on PSC Extension by the IPA Regulatory Affairs Committee (RAC), an update on the process to revise the IPA Constitution by the Constitutional Committee. The meeting concluded with a presentation on “IPA expectations for the New Government” made by the IPA President with additional input received from some Company Members.

### **SUPREME COURT RULING ON IPA TAXABLE ENTREPRENEUR CASE**

On 31 July 2014, the IPA received the official notification letter from the Supreme Court dated 30 May 2014 informing that it has rejected the Civil Review (Peninjauan Kembali) filed by the DG of Taxes on the IPA Taxable Entrepreneur case.

As a brief reminder about the case:

- On 26 November 2009, the IPA filed a law suit to the Tax Court against the DG of Taxes / Tax Office to revoke its decision appointing IPA as a Taxable Entrepreneur (PKP). The DG of Taxes considered that IPA should be considered a Taxable Entrepreneur (PKP) with Business Classification 63440 (Convention Services, Exhibitions and Intensive Travel).
- On 27 July 2010, after 4 court sessions, the Tax Court ruled :
  - a. That there was no basis to justify the decision of the Tax Office to appoint IPA as Taxable Entrepreneur (PKP).
  - b. Therefore, the lawsuit filed by IPA to revoke the decision of Tax Office appointing it as PKP was accepted in its entirety. IPA will therefore not be subject to VAT.
- On 29 November 2010 the DG of Taxes submitted a request for Civil Review of the case to the Supreme Court.
- On 28 April 2014, the Supreme Court rejected the request for Civil Review submitted by the DG of Taxes.

It took almost 5 years but IPA has finally and definitively won the case. Since the decision of the Tax Court in 2010 and starting in 2011, the IPA engages a professional EO to organize its annual Conventions.

### **ESTABLISHMENT OF IPA CONSTITUTIONAL COMMITTEE**

Following the Brainstorming Session held on 20 February 2014, the IPA Board has established a Constitutional Committee to review and update the IPA Constitution.

The scope of the committee will cover Membership Criteria, BOD Election Process and IPA Organization Structure.

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The members of the Constitutional Committee appointed by the IPA Board of Directors are:

1. Roberto Lorato – IPA BOD / Premier Oil Indonesia
2. Sammy Hamzah – IPA BOD/ Ephindo Energy Pte. Ltd.
3. Craig Stewart – IPA BOD/Salamander Energy Indonesia
4. Darwin Silalahi – Shell Companies in Indonesia
5. Kevin Moore – Husky North Oil Sumbawa

The Constitutional Committee has reported the proposed changes to the new Constitution to the Board in the meetings of 8 August and 29 October 2014. The Board agreed to give more time to the Committee to complete the revised draft of Constitution.

### **IPA BUKA PUASA**

Following the tradition established since 2011, the IPA held a “Breaking of the Fast” (Buka Puasa Bersama) on 15 July 2014 at the Dharmawangsa Hotel.

After a welcome speech by IPA President and a Ramadhan Lecture by Prof. Komarduddin Hidayat, a well-known public figure and Rector of the State Islamic University of Syarif Hidayatullah in Jakarta, the event proceeded with the opening of the fast attended by around 140 guests from the Board, the Committees, the Company and Associate Members, MIGAS and SKK Migas.

### **IPA WEBSITE HACKED**

On 4 July 2014, the IPA website was hacked.

Following an assessment and recommendation done by IT experts from Medco, the IPA has contacted a company which has the experience and expertise to assist in refreshing the technology of our website (considered outdated) and to increase its security. The IPA has engaged a developer to re-develop the website to enhance its security.

### **IPA PRESS RELEASES**

In 2014, IPA has been active in **making several press statement** related with the oil and gas industries that published in the national newspapers and its publication. In addition IPA has also issued two (2) formal Press Releases :

**On 18 September 2014**, a Press Release related to the official handover ceremony of the 14 garbage trucks to the DKI Jakarta Regional Government that took place at the Jakarta City Hall between IPA President and the Head of Regional Financial Management Board of DKI Jakarta and witnessed by the Vice Governor of Jakarta.

The contribution of 14 garbage trucks from IPA and 19 member companies with a total value of Rp 3,815,000,000 to the DKI Jakarta Regional Government was done in the framework of supporting the

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city's waste management efforts and as a reflection of Good Citizenship; of commitment, dedication, shared responsibility, empathy, and passion towards the place we live in.

**On 27 October 2014**, a second Press Release stating IPA's deep concern with the Supreme Court's verdict regarding PT Chevron Pacific Indonesia (CPI) employees and contractors in relation to their role in the Chevron bioremediation program.

In this Press Release, we mention that all IPA members in Indonesia, including CPI, operate under a PSC that provides a clear civil dispute mechanism if there are questions about the implementation of oil and gas projects involving Cost Recovery. This mechanism has been in place for decades and has allowed both the Company concerned and the Government of Indonesia to successfully address any disputes arising from the contract.

Therefore, the criminal proceeding toward the CPI bioremediation program have set an unwarranted precedent and created legal uncertainty. Continuation of this bioremediation case as a criminal case also creates wide concerns and fears among oil and gas workforce and their companies which could hamper the ability of the industry to continue providing the energy and government revenue needed to support the country's economic growth.

Due to the above, the IPA urges the Government to stop the criminalization of the oil and gas industry as it will have wide ranging consequences and negatively impact Indonesia's need to attract more investment in the energy sector and requests the Government of Indonesia to refer this case to appropriate resolution mechanism described under the terms of the PSC that governs oil and gas operations in Indonesia.

To conclude, the Press Release stated that all IPA members are committed to continue operating to the highest ethics and integrity standards and in full compliance with the applicable laws in Indonesia.

## **IPA LETTER TO KOMPAS**

On 22 April 2014, the Kompas newspaper published a letter sent by IPA regarding an article that appeared in its edition of 7 April 2014 as follows :

### **Biggest Corruption is in the Oil and Gas Sector**

After reading the article entitled "Biggest Corruption is in the Oil and Gas Sector" in Kompas on 7 April 2014, page 2, the Indonesian Petroleum Association (IPA) would like to make the following responses:

1. In our opinion, there has been a misunderstanding because the title of the article "Biggest Corruption is in the Oil and Gas Sector" is not in accordance with the content of the article which essentially reflects the activities of the general mining sector such as mineral, coal and others, which are outside oil and gas activities.
2. Good governance is an important issue for oil and gas investors all over the world, including Indonesia. The oil and gas companies which are members of the IPA are committed to continue operating to the highest ethics and integrity standards and in full compliance with the

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terms of the Production Sharing Contracts and the applicable laws and regulations of Indonesia.

3. On this occasion, we would like to inform you that in 2013, the total contribution of the oil and gas sector alone for the State is around Rp 355 trillion or 23% of the State Budget, the second biggest after taxes. Because of this, the information mentioned in your article that the total revenues from the oil and gas mining sector in one year is around Rp 15 trillion is not correct.

The letter was signed by IPA President Lukman Mahfoedz. In response, the Editors of Kompas thanked IPA for the corrections made to this article .

### **IPA ARTICLE ON JAKARTA POST MID YEAR REVIEW**

On 18 September 2014, the Jakarta Post published a Midyear Review which contains various opinions from Indonesia industry sector key players, including oil and gas industry. It includes the IPA President's article entitled "**Energy Crisis: Needs Urgency of Action Now**" with the following summary:

1. Present day oil and gas production levels, which are around 2.2 million boepd, and declining, should alert the government that urgent action is needed to secure Indonesia's future energy supply if the country is to avoid getting deeper into the energy crisis being driven by the ever-widening gap between demand and supply. Unless the government incentivizes exploration, Indonesia will suffer from a lack of new reserves.
2. The IPA believes that policy and regulation, including permits and licenses, should never be an impediment to investment and business. Therefore, the IPA expects that the government will deregulate and streamline business processes for a more efficient upstream petroleum industry. In a regulatory landscape, investors expect nothing less than clarity, consistency and certainty of laws and regulations — even more so in the oil and gas sector, a long-term industry with high risks, massive capital, technology and people investments.
3. IPA expectation from New Government are increasing production, simplifying bureaucracy, enhancing exploration, as well as legal and regulatory reform are four focus areas to impact and elevate our upstream oil and gas industry's competitiveness on the global stage

### **ELECTION OF 2015 BOARD OF DIRECTORS**

The election of the 2105 Board of Directors was launched on 30 October 2014 by mail ballot. The election will be for thirteen members of the Board of which five will be Officers.

In accordance with IPA Constitution Article VIII, the IPA President will appoint three (3) Company Member Representatives, who are not members of the Board of Directors, to serve with the IPA Board - Secretary as an Election Committee for the purpose of certifying the election results.

The persons appointed as the Election Committee were as follows :

- |    |                 |                        |                                |
|----|-----------------|------------------------|--------------------------------|
| 1. | Sammy Hamzah    | Ephindo Energy Pte.Ltd | Board of Directors - Secretary |
| 2. | Darwin Silalahi | Shell Indonesia        | Company Member                 |

- |    |                     |                              |                |
|----|---------------------|------------------------------|----------------|
| 3. | Kevin Moore         | Husky Oil North Sumbawa Ltd. | Company Member |
| 4. | Gunther A. Newcombe | Vico Indonesia               | Company Member |

To include as many participants as possible in the Board of Directors election this year, member companies were encouraged to settle their annual membership dues prior to the election in order to be in line with Art. XI of the IPA Constitution. **This has resulted in 57 out of 58 members companies being eligible to participate and vote in this year's election.**

In line with the Election Notification announcement and schedule sent to all Company Members on 30 October 2014, the voting for the election of the 2015 IPA Board of Directors was closed on Tuesday, 18 November 2014.

The counting and verification of the votes was conducted by a representative from Ernst & Young (E&Y) on Wednesday, 19 November 2014 and the results of the vote certified by the Election Committee on Thursday, 20 November 2014.

Out of 57 Company Members eligible to vote, **47 Company Members (82%)** participated in this year's election with all incoming votes considered as valid.

The results of the elections for the 2015 IPA Board of Directors are as follows :

NAME	COMPANY	TOTAL
Tenny A. Wibowo	PERTAMINA (Persero), PT	40
Lukman Mahfoedz	MEDCO Energi Internasional Tbk.	37
Sammy Hamzah	EPHINDO Energy Pte. Ltd.	34
Hardy Pramono	TOTAL E&P INDONESIA	32
Christina Verchere	BP Asia Pacific	29
Erec S. Isaacson	CONCOPHILLIPS Indonesia	28
Roberto Lorato	PREMIER Oil Indonesia	28
Marjolijn Wajong	SANTOS (Sampang) Pty. Ltd.	27
Jon M. Gibbs	EXXONMOBIL Oil Indonesia Inc.	26
Craig Stewart	SALAMANDER Energy Pte.	26
Charles A. Taylor	CHEVRON Indonesia Company	25
Shunichiro Sugaya	INPEX Corporation	25
Herry Wibiksana	AWE (North Madura) NZ Ltd.	24

The election of the new 2015 IPA President was conducted by confidential vote among the 13 new Board of Directors on 2 December 2014. The election box was opened on 3 December 2014 by IPA Executive Director and Executive Assistant and was witnessed by 2 Board Members.

## **B. EXTERNAL**

### **1. 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



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consultations and meetings with the Ministry of EMR, Ministry of Finance and its related agencies, MIGAS and SKKMIGAS on the current issues affecting the industry.

With the new Government taking office starting on 20th October 2014, the IPA was able to arrange a meeting with the new Minister of Energy & Mineral Resources, the Coordinating Minister for Maritime Affairs and was invited to a Public Hearing by the newly established Commission VII of the DPR.

### **MEETING WITH THE NEW MINISTER OF ENERGY AND MINERAL RESOURCES.**

On 5th November 2014, the IPA Board made a courtesy visit to the new Minister of EMR. At this meeting, the Minister was briefed on IPA and its activities as well as on the current issues faced by the industry. Issues raised included LBT, criminalization of the industry, production curtailment, CBM, delays in approvals and Indonesia's competitiveness. During this meeting, the IPA also affirmed its commitment that it is ready to work together with the Government.

Messages of the Minister included, among others:

- The oil and gas sector has been constrained by vested interests during the past years
- The government has to create certainty so that business players can adjust
- An unit headed by Pak Widhyawan has been established within ESDM to assist the Minister in providing recommendations to resolve issues faced by the industry.
- The PSC extension regulation will be signed soon
- The Coordinating Minister for the Economy is working on a 1 stop service for permitting

In his closing remarks, the Minister mentioned that although it is too short for him to promise anything, he affirmed that decisions will be taken to debottleneck issues faced by the industry.

### **MEETING WITH THE COORDINATING MINISTER FOR MARITIME AFFAIRS**

On 10th November 2014, the IPA Board made a courtesy visit to the Coordinating Minister for Maritime Affairs. At this meeting, the Coordinating Minister was briefed on IPA and its activities as well as on some of the issues faced by the industry. When asked why the Ministry of ESDM is under the Coordinating Minister for Maritime Affairs, his response was that it was because most of Indonesia's oil and gas basins are located offshore.

Issues discussed with the Coordinating Minister included, among others:

- Was Indonesia still attractive for oil and gas investment ?
- Are Indonesia's contractual terms still attractive compared to other countries ?
- What are the exploration issues that need to be addressed to improve the investment climate?
- Can IPA (specifically ENI) join Indonesian Pavilion at the 2015 World Exposition in Milan ?

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- Could abandoned offshore platforms be used for an aquaculture pilot project ? This would improve capacity development for people living in the coastal areas and as CSR project, improve the image of the industry .

### **PUBLIC HEARING WITH COMMISSION VII OF DPR**

**On 19 November 2014**, the IPA was invited, together with KADIN, to a Public Hearing by the Commission VII of the newly elected DPR. The hearing was attended by around 20 members of the Red White Coalition.

Following a presentation made by IPA on the strategic measures that need to be implemented to increase oil and gas production, Pak Kardaya as Chairman of Commission VII remarked that the issues raised were the same issues since many years. He suggested that IPA come up with a breakthrough idea (such as a PSC with no Cost Recovery) that could given to the Commission to study and to possibly incorporate in the revised Oil and Gas Law. He mentioned that the revisions to the Oil and Gas Law need to start from scratch and therefore they expect to receive concrete proposals from the IPA.

In concluding, the IPA President mentioned that IPA is ready to support the Commission VII and that we will provide more concrete proposals in future meetings.

### **MEETING WITH TAXATION OVERSIGHT COMMITTEE**

On 3<sup>rd</sup> November 2014, the IPA met with the Commissioners of the Taxation Oversight Committee (Komite Pengawas Perpajakan) to clarify the LBT issue and to seek their guidance in finding a solution to the LBT issue.

This meeting was a follow up to the IPA letters sent on 30 September 2014 respectively to the Vice Minister of Finance Pak Bambang Brodjonegoro, Act. Minister of ESDM and Minister of Finance seeking their help and support to find an acceptable and overall resolution to this LBT issue. This issue has become even more critical because the deadline for filing to the Tax Court was approaching. The Committee will help and support IPA by sending their recommendation to the Minister of Finance.

### **MEETING WITH CHAIRMAN OF BKPM**

On 17 February 2014, the IPA Board met with Pak Mahendra Siregar, Chairman of BKPM and member of SKK Migas Supervisory Board (Dewan Pengawas) to update him on the LBT issue and several other concerns of the industry.

Pak Mahendra was very familiar with the LBT issue but did not realize that it was linked to the Regulation NO. 45/2013 issued by the DGT. With his knowledge and experience of the bureaucracy and in this present environment, we should not expect that an issue that cannot decided by the DGT

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can then be decided by the MOF. This would also apply to the new government that will be put in place after the elections. Therefore, his suggestion was that the PSC's consider the option of bringing the LBT issue to the Court (Tax Court) and to the Supreme Court.

Regarding our concerns on the lack of decision making within SKK Migas, Pak Mahendra stated that the Supervisory Board has identified the issues and is pushing for a more definite structure of this entity. He emphasized that the permanent structure of SKK Migas that will be put into place is not dependent on the upcoming revisions to the Oil and Gas Law.

Pak Mahendra's view was that to gain the attention of the Government and the public, the IPA should consider widening the debate to discuss the overall energy needs that will be required to support the economic growth of the country, and not only to focus on oil and gas issues. For this purpose, it would help to involve and strengthen relationship with KADIN and APINDO.

Finally Pak Mahendra asked us to send him a letter summarizing the LBT issue which he will use to followup.

#### **MEETING WITH MINISTER OF ESDM ON 2014 CONVENTION PREPARATIONS**

On 28 February 2014, the IPA Board met with Minister Jero Wacik who was accompanied by Pak Edy Hermantoro and Pak Widjonarko. The main purpose of the meeting was to inform him about the upcoming IPA Convention scheduled to be held on 21-23 May 2014 and to specifically request his support to have President Yudhoyono officially open the Convention on the morning of 21 May 2014.

The Minister responded positively to this request and was happy to hear from members of the Board that the industry was not disturbed by the upcoming elections and that we were aiming to organize an even bigger Convention than last year. Pak Jero mentioned that after the election results on 9 April and if all is peaceful, he will approach President SBY to request him to open our Convention

#### **MEETING WITH SEKNEG (STATE SECRETARIAT ) ON 2014 CONVENTION PREPARATIONS**

On 11 April 2014, the IPA and Convention Committee met with Pak Chairil Abdini, Deputy IV of SEKNEG and his staff, to present the program of the IPA Convention and to request that our Convention be officially opened by President SBY on 21 May 2014. Pak Chairil informed us that SEKNEG has received the letters from the Minister of ESDM and the IPA on this request and that SEKNEG have subsequently sent a letter to the President's Office with a favorable recommendation. However, he informed us that President SBY is invited to China on 20 and 21 May, but that no decision has been made yet. In the event the President decides to go to China, he told us that the opening of the Convention will be delegated to the Vice-President.

During the meeting, we also informed Pak Chairil that IPA plans to present a Lifetime Achievement Award to Prof. Subroto during the Opening Ceremony. He understood our reasons so we can go ahead with the planning for this ceremony.

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## **MEETING WITH VICE-MINISTER OF ESDM ON STEM AKAMIGAS**

On 7 July 2014, Vice Minister of ESDM Pak Susilo Siswoutomo chaired a meeting attended by IPA, SKK Migas, ESDM, and STEM Akamigas to discuss the importance of developing competent and skilled human resources for the oil and gas industry in Indonesia, specifically at the STEM Akamigas academy in Cepu. In this context, Pak Susilo stated that the industry should participate and support the costs (tuition as well as boarding) for the students at the academy.

For this year, the figures are as follows:

Total number students 140

- 60 students (40%) : PSC employees
- 80 students (60%) : from general public
  - 40 students sponsored by PSCs selected from their area of operations.
  - 40 students at own cost and selected from general public (from Cepu /nearby provinces)

Unit cost per student is Rp 54 million/year x 4 years = Rp 216 million (Rp 4,5 million/ month).

IPA put forward the idea to have PSC representatives seated at the Supervisory Board of STEM Akamigas as this will improve coordination and the support of the PSCs. The idea was received positively and will be considered by ESDM.

Pak Susilo also reminded SKK Migas about its commitment to support the costs of 20 students from Blora / Bodjonegoro area who are currently studying at STEM Akamigas amounting to approx. Rp 4 Billion. On this occasion, SKK Migas mentioned that there is a need to amend GR 79 : CSR costs related to the training and development of human resources required for the industry should become Cost Recoverable, which is currently not the case. SKK Migas will followup this issue.

At this meeting, Pak Susilo also encouraged the establishment of Technical Training Centres located in the area of operations of the PSCs. Some centres have already been established such as in Duri (Chevron), East Kalimantan (Total) and Cepu.

## **MEETING WITH MINISTRY OF ESDM ON SOCIALIZATION OF ENERGY AWARENESS**

As a followup to the meeting organized by Vice Minister of ESDM Pak Susilo on 22 July and 18 August 2014, a meeting on the socialization of the energy awareness program initiated by the Ministry of ESDM and attended by representatives of Ministry of ESDM, SKK Migas , 9 participating PSCs and Tim 7 (the printing company) was held on 17 October 2014 at the IPA office.

Although the program is a voluntary program, companies can elect to participate or not to participate in the program and it is non-cost recovery, the IPA member companies agreed that socializing and educating energy awareness at an early stage i.e. through schools and universities was a very positive objective.

Issues discussed were as follows:

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**a. Status of the companies participating in the program as per 17 October 2014 :**

1.	Total	1200 books
2.	IPA	1000 books
3.	Chevron	1000 books
4.	Inpex	1000 books
5.	ExxonMobil	1000 books
6.	BP	1000 books
7.	ConocoPhillips	500 books
8.	Medco	300 books
9.	Lundin	200 books
10.	Vico	150 books
11.	Statoil	100 books
12.	Premier Oil	100 books
13.	Saka	<u>100 books</u>
	Total amount	7650 books

- MESDM noted that the price of Rp 100,000 per package (2 books, 1 CD) had in fact been negotiated for an estimated number of 25,000 books purchased
- As the program is a voluntary non-cost recovery program, only these 13 companies have come forward to participate in this program
- SKK Migas will check with other PSCs not yet participating in the program to encourage them to participate, so that the number of books could reach at least 10,000
- IPA, SKK Migas and MESDM all agree that this program is a very positive program which will benefit the country in the long term
- Therefore SKK Migas will try to recommend this program to be included as a CSR cost recovery program for 2015 WP&B

**b. Procedure to purchase the packages (including printing of PSC logo and payment)**

- It was confirmed that a PSC purchasing 1000 packages would be entitled to have its own logo on the books , while a PSC purchasing <1000 packages, would share its logo with other PSCs
- Due to strict internal procedures within the PSCs, payment to the printer can only be done after delivery of the items. The printer (Tim 7) mentioned that financially this would be very difficult for them as they are a small company.
- After much discussions, it was agreed that a Commitment Letter from the PSC may be acceptable for the printer.
- IPA will check again this above point with the printer and if confirmed, IPA will then circulate the necessary data of the printer (name, address, bank account number etc) to the participating PSCs to enable them prepare their Commitment Letter.
- Payment transactions will be arranged by the PSCs directly with the printing company (no intermediary)

**c. Distribution of the packages to the operating areas of the PSCs.**

As there was still some uncertainty regarding point (2) above, it was agreed that distribution of the packages to the operating areas of the PSCs did not need to be discussed yet at the present time.

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## **EITI (EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE)**

On 21 April 2014, the EITI Indonesia Implementation Team met and discussed the EITI 2010 - 2011 Reports for the Oil and Gas Sector and the Mining Sector that will be submitted to the EITI International Board as a requirement to complete Indonesia's application as an EITI Compliant member. Under the EITI (Extractive Industries Transparency Initiative) global standard that promotes revenue transparency, the companies disclose what they have paid in taxes and other payments and the government (DG of Oil & Gas, SKK Migas, DG of Non-Tax Revenues) disclose what they received. These two sets of figures will be compared and reconciled by an independent Reconciler.

For the 2010-2011 Report covering the Oil & Gas sector, 170 companies (71 Operators, 99 Non-Operators) were required to report with 71 Operators (100%) and 88 (89%) Non-Operators reporting as per the cut-off date of 28 March 2014 (in the previous 2009 EITI Report, the Non-Operators were not involved). The flow of funds to be reconciled include the Corporate and Dividend Tax, Production Bonus, Signature Bonus, DMO fee (USD), Over/Underlifting oil and gas (in USD), Total Lifting Oil and Gas (in kind), Oil (and Condensate) government equity share, Gas government equity share, DMO (barrel). A duly appointed Reconciler would finalize the report that will be need to approved and validated by the EITI Implementation Team before being submitted to the International Validation Committee. This report will need to be completed by June 2014.

Following the decision of the EITI International Board on 15 October 2014 to declare Indonesia an EITI "Compliant Country" in a meeting held at Naypyidaw, Myanmar, EITI Indonesia organized on 12-13 November 2014 in Bandung a workshop with the theme "Implementation of Transparency and Efforts to Improve the Management of Extractive Industries in Indonesia" in Bandung that was attended by relevant stakeholders including Ministry of Finance, Ministry of ESDM, Migas, Pertamina, PSCs, regional governments, NGOs and others.

The main purpose of this meeting was to socialize the preparations in relations to a third EITI Report covering period 2012 /2013 that is required to be issued by EITI Indonesia by 2015.

To prepare this 3rd Report and as a member of the EITI Indonesia Transparency Team, the IPA Executive Director was invited to be a panelist in a session together with Migas, SKK Migas, Univ. of Gajah Mada and the KPK. In this session, the IPA made a presentation entitled "Transparency of Oil and Gas Revenues " with specific focus on Cost Recovery.

## **2. RELATIONS WITH EXTERNAL ORGANIZATIONS AND THE MEDIA**

### **MEETING WITH KADIN**

On 11 March 2014, the IPA was invited by KADIN to complete certain administrative requirements following IPA request to be a member of KADIN.

#### **a. Registration.**

After providing a presentation of the IPA activities and responding to questions raised by the KADIN committee, the documents we provided (AGM 2013, List of IPA members) were accepted. However in order to comply with KADIN bylaws stipulated in Presidential Decree No. 17/2010, IPA was requested

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to provide copies of KADIN Jakarta membership cards of the member companies that have offices in Jakarta.

IPA informed KADIN that we were not aware if our member companies have this KADIN Jakarta membership. KADIN suggested that at least the companies represented by IPA Board members should register with KADIN Jakarta and that this would then be acceptable to show compliance with the KADIN by laws. After further discussions, it was agreed that submission of this KADIN Jakarta membership could be gradual and that IPA could provide them with the membership cards of five (5) member companies first.

**b. Legal status.**

To be a member of KADIN, the committee stated that there is no obligation for an association to be a legal entity. However, to protect our own interests, KADIN strongly recommended that the IPA finalize its status as a legal entity with the Ministry of Law and Human Rights when we become a member of KADIN. KADIN had a bad experience several months ago when a rival organization was established using the same KADIN name. However as the “real” KADIN was officially registered at the Ministry Of Law and Human Rights, the logos / brand name of KADIN could not be used by this rival organization.

**LUNCHEON TALK WITH ANH**

On 3 April 2014, the IPA Board, in cooperation with the Colombian Embassy and the support of SKK Migas, organized a “Luncheon Talk” on the occasion of the visit of Mr Javier Betancourt, President of the National Hydrocarbons Agency ANH to Jakarta.

The objective of this event was to receive information from Mr Betancourt on the actions and policies taken by the Colombian government in 2003 to reform the management of its oil and gas resources, in particular to attract foreign oil and gas investment in the country that has led to a production level of 1,000,000 BOPD in 2013. The event was attended by around 70 government officials, industry executives and members of the media.

**MEETING WITH FOREIGN BUSINESS ASSOCIATIONS IN INDONESIA**

On 22 April 2014, the IPA Board invited several foreign business associations to a meeting that was attended by representatives of Britcham, AmCham, ICCA (Canada), IABC (Australia) and IFCCI (France). The purpose of this meeting was to be acquainted and to improve networking with these associations as well as to socialize our upcoming 38th IPA Convention and Exhibition scheduled to be held on 21 – 23 May 2014.

After a presentation of the IPA and the tentative program of the Convention, the associations expressed their interest to have their members be more active and involved in the activities of the IPA, particularly with our committees. During the discussions, the IPA also welcomed any suggestions that the associations may have for the speakers of our Plenary Sessions, in particular Plenary Session 1.

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This meeting is the first that the IPA Board will organize regularly with other foreign chambers of commerce, institutions such as LEMHANNAS, Bimasena, reputable academics and observers (economist, political, energy), NGO's relevant to our industry and associations such as KADIN, IMA, influential individuals within the government and foreign ambassadors related to our industry.

#### **IPA PARTICIPATION IN “ECONOMIC CHALLENGES” TALK SHOW ON METRO TV**

As a pre-Convention media event, the IPA organized an “Economic Challenges” talk show on Metro TV on 12 May 2014. Moderated by Pak Suryopratomo from Metro TV, the guest speakers invited to this talk show were the Vice Minister of ESDM, the Acting Chairman of SKK Migas and the IPA President.

With the theme “Safeguarding Energy Sovereignty”, the discussions during this talk show focused mainly on the problems related to the continuing decline of oil and gas production and the breakthroughs that would be needed by the industry to increase production in the future. Comments received on this talk show were in general very positive.

#### **INTERVIEW BY BLOOMBERG TV STATION**

On 28 August 2014, the IPA President was interviewed by Bloomberg TV station. Issues discussed include oil and gas investment, investment commitment of members of the IPA and what was needed to ensure sustainability of investment in Indonesia.

#### **INTERVIEW BY BERITA SATU TV STATION**

On 12 August 2014, the IPA President was interviewed by Berita Satu TV station. Issues discussed included, among others, what should be done by the government to achieve the national oil and gas production targets and what were the challenges the industry faced to increase production.

#### **MEDIA VISIT TO KOMPAS**

On 17<sup>th</sup> November 2014, the IPA visited the Chief Editor of Kompas and its editorial team. The meeting was the occasion for IPA to convey to Kompas about the impending energy crisis if Indonesia does nothing as well as the difficulties that the industry currently faces to operate in Indonesia. An article on the IPA visit to Kompas was published in its edition of 18 November 2014.

#### **MEDIA VISIT TO JAKARTA POST**

On 25 November 2014, the IPA visited the Chief Editor of the Jakarta Post and its editorial team. At this meeting, the IPA made a presentation about the impending energy crisis and the current issues



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faced by the oil and gas industry. An article on the IPA visit to Jakarta Post was published in its edition of 26 November 2014.

### **3. IPA PARTICIPATION IN SEMINARS AND BUSINESS FORUMS :**

Throughout 2014, the IPA received invitations from several organizations to participate and make presentations on the current issues and challenges faced by the upstream oil and gas industry:

#### **a. Workshop organized by KAHMI (Alumni of Islamic Students Organization)**

On 12 May 2014, the IPA President made a presentation entitled "Vision, Mission and Strategic Plan in the Field of Oil, Gas and CBM for the National Interest 2014 – 2019 – Stakeholders Perspective" at a workshop organized by KAHMI.

#### **b. Media Gathering organized by SKK Migas**

On 20 May 2014, the IPA Executive Director made a presentation entitled "Investment Challenges for the Upstream Oil and Gas Industry in Indonesia" at a media gathering organized by SKK Migas. The event was attended by more than 180 regional media reporters.

#### **c. IFCCI French Chamber of Commerce Meeting**

On 18th June 2014, the IPA was invited to be a panelist at a Forum Group Discussion organized by the IFCCI. Attended by more than 50 representatives from French and European companies, the presentations and discussions focused on the current issues and challenges faced by the oil and gas industry in Indonesia.

At this forum, the IPA Executive Director made a presentation entitled "Oil and Gas Activities in Indonesia – Future Developments and Challenges".

#### **d. KPK Workshop**

A Workshop organized by the KPK was held on 4-5 June 2014 in Bali. Attending this workshop were representatives from SKK Migas, PSCs, IPA and NGO's such as Indonesian Corruption Watch (ICW) and Indonesia Resource Studies (IRESS). Several PSC Contractors were invited to make presentations related to the business processes in Exploration (ExxonMobil), Development (BP) and on Cost recovery (Chevron), while SKK Migas made a presentation on "Supervision and Control".

A report on the highlights of the workshop was prepared by the IPA representatives at this meeting and circulated to the Board. The general impression that the PSC representatives gathered from this meeting was that there is still a long process to make KPK and the NGO's understand about the oil and gas industry.

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**e. SKK Migas 2014 Operations Support Convention**

On 16 June 2014, the IPA was invited to be a Speaker at a Panel Discussion held on the occasion of the 2014 Operations Support Convention organized by SKK Migas in Bandung that was officially opened Vice Minister of ESDM. The theme of the panel discussion was “Implementation of Policy and Government Regulations in Upstream Oil and Gas Activities and Achieving National Oil and Gas Production”. Ibu Meiti Wajong represented the IPA Board at this panel discussion

**f. IPA participation in Indonesia Energy Forum**

On 25 June 2014, the IPA was invited to be a panelist at the “Indonesia Energy Forum” organized by the Indonesia Gas Society (IGS). The theme of the panel discussion was “Sustainable Energy for Indonesia Future”. At this forum, the IPA President made a presentation entitled “The Future is Gas: Increasing Gas Role in Meeting Indonesia Future Energy Demand”.

Also participating in this panel discussion were the Chairman of KADIN and representatives from IMA (Indonesian Mining Association), MKI (Indonesian Electrical Power Society), INAGA (Indonesian Geothermal Association) and APMIGAS (Indonesian Oil and Gas Pipeline Association).

**g. CEO Forum in Jakarta**

On 26 August 2014, the IPA was invited to be a panelist at the “CEO Forum” organized by the Archipelago Strategic Solution (Archiss). The theme of the forum was “Determining the Direction of Energy and Natural Resources Policy “ (Menentukan Arah Kebijakan Energi dan Sumber Daya Alam). At this forum, the IPA President made a presentation entitled “Expectations of the Oil and Gas Industry for the New Government”.

Also participating as panelists were Darmawan Prasodjo (PDI-P energy economist), Faisal Basri (economist), Rozik Sutjipto, CEO of Freeport Indonesia, R. Sukhyar, DG of Mining and Gde Pradnyana from SKK Migas. The event was attended by 40 senior executives from the mining and the oil and gas industry.

**h. CIMB 8th Annual Indonesia Conference.**

On 21 August 2014, the IPA was invited to be a speaker at the CIMB 8th Annual Indonesia Conference that was organized by the CIMB banking group on 21-22 in Nusa Dua, Bali.

The theme of the conference was “Outlook under the New Government” which was attended by more than 250 delegates consisting of equity investors, fund managers, portfolio managers and investment analysts from Malaysia, Hong Kong, Singapore, Thailand and Indonesia who were given the opportunity to meet with senior managers of selected Indonesian companies and industry experts to discuss about the Indonesian economy and investment opportunities.

At this conference, the IPA Executive Director made a presentation entitled “Overview of the Indonesian Oil and Gas Industry – Future Developments and Challenges”.

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**i. IATMI Business Forum**

On 2 December 2014, the IPA President was invited to be a panelist at the IATMI Business Forum in Jakarta. The theme of the session was “National Synergy – Turning Around Crisis to Energy Sustainability”.

At this forum, the IPA President made a presentation entitled “Improving Oil and Gas Investment in Indonesia”.

**CONCLUDING REMARKS**

The IPA hopes that the New Government that took office on 20 October 2014 realizes the importance of building a sustainable oil and gas industry in the long term, so that it can continue to develop and support the Indonesian economy.

The biggest challenge to be faced is the current energy crisis, where the energy demand is much greater than the energy supply. To overcome this challenge, the New Government must have the ability to provide a conducive investment climate in order to attract oil and gas investment to Indonesia.

Finally, 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, SKK Migas 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 2014**

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**SECTION 2**

**FINANCIAL REPORT**

**2014**

by

**Dipnala Tamzil**

**Executive Director**

**INDONESIAN PETROLEUM ASSOCIATION**



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## Financial Executive Summary

### For Year 2013 and Highlights 2014

#### For Year 2013

The IPA's audited Statements of Revenues and Expenditures for the year ending December 31, 2013 shows a surplus of Rp 6.9 billion before Corporate Income Tax (CIT) of Rp 1.9 billion. Total 2013 surplus after CIT is Rp 5 billion.

The 2013 surplus is primarily due to the annual membership fees of Company and Associate Members, the activities of the Professional Division and the IPA Convention which exceed expenditures of the IPA Committees, Special Projects such as the Public Discussion Forum with Paramadina University, IPA Goes to Campus programs to UGM in Jogjakarta and USR in Manado, LBT Study by University of Indonesia and donation to "Sekolah Kami" school in Bekasi.

#### Financial Highlights 2014

In 2014, there was an increase in revenues mainly due to additional Company Members and the 2014 IPA Convention.

YTD October 31, 2014 indicates a surplus before tax of Rp 9.8 billion. Latest estimate per December 31, 2014 shows a surplus of Rp 5.1 billion primarily due to disbursement for IPA committees activities, General & Administration and CSR/ Special Projects.

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**Indonesian Petroleum Association**

**2013 Net Surplus/ (Deficit)  
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	24.871	15.571	(9.300)
Expenses	17.927	14.709	(3.218)
Operating Surplus / (Deficit)	6.944	862	(6.082)
Corporate Income Tax	(1.889)	0	1.889
<b>Net Surplus/ (Deficit) After CIT</b>	<b>5.055</b>	<b>862</b>	<b>(4.193)</b>

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**Indonesian Petroleum Association**

**2013 Cash Flow  
(in million Rp)**

Balance per January 1, 2013		3.729
Operating Surplus/ (Deficit) before Corporate Income Tax		6.944
Allowance for impairment losses		(38)
Depreciation		179
Net (Decrease) / Increase in cash and cash equivalent	<b>1 )</b>	(1.422)
		<hr/>
<b>Balance per December 31 , 2013</b>		<b>9.392</b>
		<hr/>
Notes : 1 ) - Account Receivables and Prepayments		(1.026)
- Employee service entitlement expenses		314
- Employee loans receivables		(34)
- Inventory		(159)
- Deposits		(0)
- Account Payables and accrued liabilities		389
- Tax payables		142
- Payment for employee service entitlements		0
- Corporate income tax paid		(841)
- Purchase of fixed assets		(207)
		<hr/>
		<b>(1.422)</b>
		<hr/>

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**Indonesian Petroleum Association**

**2013 Revenues  
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Company and Associate Company Dues	5.417	5.461	44
Professional Division Revenues	11.540	6.978	(4.562)
Convention Surplus	7.268	3.000	(4.268)
Bank Interest, Other	646	132	(514)
	<b>24.871</b>	<b>15.571</b>	<b>(9.300)</b>

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**Indonesian Petroleum Association**

**2013 Expenses  
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Division Committee	8.177	4.744	(3.433)
Communications Committee	544	60	(484)
Environment & Safety Committee	128	50	(78)
Finance & Tax Committee	69	30	(39)
Human Resources Committee	3	20	17
University Assistance Committee	48	100	52
Supply Chain Management Improvement Committee	7	20	13
LNG and Gas Committee	8	20	12
Regulatory Affairs Committee	8	25	17
Unconventional Gas Committee	22	5	(17)
Service Company Committee	0	2,5	2,5
Data Management Committee	0	2,5	2,5
Exploration Committee	2,2	2,5	0,3
Special Projects	1.050	800	(250)
General and Administrative	5.432	4.781	(651)
Salaries and Benefits	4.318	4.047	(271)
	<b>19.816</b>	<b>14.709</b>	<b>5.107</b>

**Indonesian Petroleum Association**  
**2013 General & Administrative Expenses**  
**(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Office Rent	1.661	1.181	(479)
Office Maintenance and Repairs	69	77	8
Telephone and Facsimile	35	40	5
Photocopy Machine	53	40	(13)
Stationaries and Other Supplies	125	200	75
Printings and Reproductions	276	250	26
Postages and Mailings	49	30	(19)
Transportations	83	60	(23)
Meetings	575	620	45
Information Technology	201	200	(1)
Bank Charges	44	30	(14)
(Gain) or Loss on Exchange Rate	(1.853)	140	1.993
Audit and Tax Service Fees	356	290	(66)
Legal Services	0	8	8
Accounting Systems Development	758	726	(32)
Tax	1.895	0	(1.895)
Depreciation	179	300	121
Other Expenses	926	589	(337)
<b>Sub -T o t a l G &amp; A</b>	<b>5.432</b>	<b>4.781</b>	<b>(651)</b>
<b>Sub-Total Salary &amp; Benefit</b>	<b>4.318</b>	<b>4.047</b>	<b>(271)</b>
<b>Total G &amp; A and Salary Expenses</b>	<b>9.750</b>	<b>8.829</b>	<b>(922)</b>

**Indonesian Petroleum Association**

**CASH FLOW**

**December 31, 2013 and YTD October 31 , 2014**

	Dec. 31, 2013		YTD Oct. 31, 2014	
	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	6.944	570	9.840	814
Allowance for impairment losses	366	30	0	0
Depreciation expenses	179	15	131	11
Employee entitlement expenses	314	26	0	0
Write off on accounts payable and accrued liabilities	(313)	(26)	0	0
Gain on disposal of fixed assets	(90)	(7)	0	0
<b><u>Changes in assets and liabilities</u></b>				
Account Receivables	(772)	(63)	210	17
Employee loan receivables	(34)	(3)	31	3
Prepayments	(254)	(21)	(586)	(49)
Inventory	(159)	(13)	266	22
Account Payables and accrued liabilities	389	32	(1.385)	(115)
Deposits	0	0	0	0
Liability for severance payments	0	0	0	0
Tax payables	142	12	0	0
Corporate Income Tax paid	(841)	(69)	0	0
<b><u>NET CASH PROVIDED BY (used In) OPERATING ACTIVITIES</u></b>	<b>5.871</b>	<b>482</b>	<b>8.507</b>	<b>704</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(207)	(17)	(43)	(4)
Deferred Tax Asset	0	0	(37)	(3)
Financing			(1.735)	(144)
<b><u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u></b>	<b>(208)</b>	<b>(17)</b>	<b>(1.815)</b>	<b>(150)</b>
Increase (decrease) in cash and cash equivalent	<b>5.664</b>	<b>465</b>	<b>6.692</b>	<b>554</b>
Cash and Cash Equivalent at Beginning of Period	<b>3.729</b>	<b>306</b>	<b>9.392</b>	<b>777</b>
<b>Cash and Cash Equivalent at End of Period</b>	<b>9.392</b>	<b>771</b>	<b>16.085</b>	<b>1.331</b>

Exchange Rate 2013 : 1 US\$ = 12.189

Exchange Rate 31 Oct. 2014 : 1 US\$ = 12.082



**Indonesian Petroleum Association**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**October 31, 2014**  
**(in million Rp)**

	YTD OCT 31, 2014 ACTUAL (1)	YTD OCT 31, 2014 BUDGET (2)	Variance (3 = 2 - 1)
<b><u>REVENUES</u></b>			
Company and Associate Company Dues	7.581	5.558	(2.022)
Professional Division Revenues	6.978	8.759	1.805
Other Revenues	72	125	53
<b>TOTAL REVENUE</b>	<b>14.631</b>	<b>14.442</b>	<b>(165)</b>
<b><u>EXPENDITURES</u></b>			
Professional Division Committee	4.804	6.559	1.778
Communications Committee	1	354	353
Environment & Safety Committee	9	50	41
Finance and Tax Committee	13	75	62
Human Resources Committee	8	8	0
Scholarship	0	0	0
University Assistance Committee	55	42	(13)
Supply Chain Management Improvement Committee	4	12	8
LNG and Gas Committee	8	13	5
Regulatory Affairs Committee	5	21	16
Service Company Committee	4	4	0
Data Management Committee	0	4	4
Unconventional Gas Committee	96	25	(71)
Exploration Committee	3	4	1
Special Projects	0	958	958
IPA CSR :			
- Garbage Truck	1.000	958	(42)
- Universities	0	0	0
General and Administrative	3.939	3.608	(331)
Salaries and Benefits	2.840	3.392	552
<b>TOTAL EXPENDITURES</b>	<b>12.789</b>	<b>16.087</b>	<b>3.321</b>
Running Surplus / (Deficit)	<b>1.841</b>	<b>(1.645)</b>	<b>(3.486)</b>
Convention Surplus / (Deficit)	<b>8.000</b>	<b>8.000</b>	<b>0</b>
<b>Net Surplus / (Deficit) Before Tax</b>	<b>9.841</b>	<b>6.355</b>	<b>(3.486)</b>

**Indonesian Petroleum Association**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**L.E. DECEMBER 31, 2014**  
**(in million Rp)**

	OCT 31, 2014	DEC. 31, 2014	FULL YEAR 2014	VARIANCE
	YTD ACTUAL	L.E.	BUDGET	(4 = 3 - 2)
	(1)	(2)	(3)	(4 = 3 - 2)
<b><u>REVENUES</u></b>				
Company and Associate Company Dues	7.581	7.581	6.670	(911)
Professional Division Revenues	6.978	11.629	10.511	(1.118)
Other Revenues	72	72	150	78
<b>TOTAL REVENUE</b>	<b>14.631</b>	<b>19.282</b>	<b>17.331</b>	<b>(1.951)</b>
<b><u>EXPENDITURES</u></b>				
Professional Division Committee	4.804	8.873	7.871	(1.002)
Communications Committee	1	150	425	275
Environment & Safety Committee	9	10	60	50
Finance and Tax Committee	13	15	90	75
Human Resources Committee	8	133	10	(123)
Scholarship	0	0	575	575
University Assistance Committee	55	55	50	(5)
Supply Chain Management Improvement Committee	4	6	15	9
LNG and Gas Committee	8	10	15	5
Regulatory Affairs Committee	5	6	25	19
Service Company Committee	4	5	5	0
Data Management Committee	0	0	5	5
Unconventional Gas Committee	96	156	30	(126)
Exploration Committee	3	5	5	0
Special Projects	0	265	1.150	885
IPA CSR				
Garbage Trucks	0	1.000	1.150	150
Universities	0	2.000	0	(2.000)
General and Administrative	3,939	5.948	4.329	(1.619)
Salaries and Benefits	2.840	3.557	4.070	513
<b>TOTAL EXPENDITURES</b>	<b>12.766</b>	<b>22.194</b>	<b>19.880</b>	<b>(2.313)</b>
Running Surplus / (Deficit )	<b>1.841</b>	<b>(2.911)</b>	<b>(2.549)</b>	<b>362</b>
Convention Surplus / (Deficit)	<b>8.000</b>	<b>8.000</b>	<b>8.000</b>	<b>0</b>
<b>Net Surplus / (Deficit)</b>	<b>9.841</b>	<b>5.089</b>	<b>5.451</b>	<b>362</b>

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

	<b>Audited Dec. 31, 2013</b>	<b>Audited Dec. 31, 2012</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and Cash Equivalent	9.392	3.729
Account Receivable and Prepayments	3.319	2.648
Employee Loans Receivable	54	20
Inventory	0	107
<b>Total Current Assets</b>	<b>12.765</b>	<b>6.504</b>
<b>Non Current Assets</b>		
Fixed Assets, net	284	166
Deposits	477	223
Deferred Tax Assets	201	164
<b>Total Non Current Assets</b>	<b>962</b>	<b>553</b>
<b>TOTAL ASSETS</b>	<b>13.727</b>	<b>7.057</b>
<b><u>LIABILITIES AND ACCUMULATED SURPLUS</u></b>		
<b>LIABILITIES</b>		
<b>Current Liabilities :</b>		
Account Payable and Accrued Liabilities	1.710	1.635
Tax Payables	1.642	277
<b>Total Current Liabilities</b>	<b>3.352</b>	<b>1.912</b>
<b>Non Current Liabilities</b>		
Provision for Employee Service Entitlements	448	272
Deferred tax liability	0	0
<b>Total Non Current Liabilities</b>	<b>448</b>	<b>272</b>
<b>TOTAL LIABILITIES</b>	<b>3.800</b>	<b>2.184</b>
Accumulated Surplus	9.927	4.873
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>	<b>13.727</b>	<b>7.057</b>

**Indonesian Petroleum Association**  
**BALANCE SHEETS**  
**OCTOBER 31, 2014 AND DECEMBER 31, 2013**  
**(in million Rp)**

	<b>Unaudited Oct.31, 2014</b>	<b>Audited Dec. 31, 2013</b>
<b><u>ASSETS</u></b>		
<b>Current Assets :</b>		
Cash and Cash Equivalent	16.085	9.392
Account Receivable and Prepayments	4.319	3.319
Employee Loan Receivables	31	54
Inventory	0	0
<b>Total Current Assets</b>	<b>20.435</b>	<b>12.765</b>
<b>Non Current Assets</b>		
Fixed Assets, net	196	284
Deposits	477	477
Deferred Tax Assets	164	201
<b>Total Non Current Assets</b>	<b>837</b>	<b>962</b>
<b>TOTAL ASSETS</b>	<b>21.272</b>	<b>13.727</b>
<b><u>LIABILITIES AND ACCUMULATED SURPLUS</u></b>		
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Account Payables and Accrued Liabilities	1.107	1.710
Tax Payable	0	1.642
<b>Total Current Liabilities</b>	<b>1.107</b>	<b>3.352</b>
<b>Non Current Liabilities</b>		
Provision for Employee Service Entitlements	448	448
Deferred Tax Liability	0	0
<b>Total Non Current Liabilities</b>	<b>448</b>	<b>448</b>
<b>TOTAL LIABILITIES</b>	<b>1.555</b>	<b>3.800</b>
Accumulated Surplus	19.717	9.927
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>	<b>21.272</b>	<b>13.727</b>

**INDONESIAN PETROLEUM ASSOCIATION**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**DECEMBER 31, 2013 AND 2012**  
(in million Rp)

	<b>Audited</b> <b>Dec. 31, 2013</b>	<b>Audited</b> <b>Dec. 31, 2012</b>
<b>REVENUE</b>		
Company members	4.602	4.272
Associate members	815	755
Professional division members	268	385
Course revenue	9.712	5.538
Convention Fees Revenue	7.268	3.000
Field trip revenue	1.088	711
Luncheon meeting revenue	233	184
Sales of publications - professional division	239	114
Bank interest	70	47
Other income	575	396
<b>Total Revenues</b>	<b>24.871</b>	<b>15.402</b>
<b>EXPENDITURES</b>		
Technical course expenses	6.648	3.976
Salaries and benefits expenses	3.883	4.069
Office rent expenses	1.661	881
Professional fees expenses	1.250	1.091
Special project expenditure	1.100	781
Field trip expenses	1.050	557
Meeting expenses	769	724
Printing and stationery expenses	636	498
Publication committee expenses	544	15
Education and support expenses	396	163
Employee service entitlements expenses	314	244
Luncheon meeting expenses	297	220
Office and IT maintenance expenses	270	424
Depreciation expenses	179	312
Medical expenses	120	108
Postage and bank charges expenses	93	59
Transportation expenses	83	61
Telephone expenses	35	37
Foreign exchange loss/(gain) - net	(1.853)	(402)
Other expenses	451	162
<b>Total Expenditures</b>	<b>17.926</b>	<b>13.981</b>
<b>Excess of Revenues Over Openditures/ (Expenditures Over Revenues) - Before Tax</b>	<b>6.944</b>	<b>1.422</b>
Corporate income tax expense - current	1.926	1.422
Deferred tax benefit	37	539
Total corporate income tax expense	1.889	475
<b>Excess of Revenues Over Expenditures/ (Expenditures Over Revenues)</b>	<b>5.055</b>	<b>947</b>



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**SECTION 3**

**ASSOCIATE MEMBERS COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Iwan S Chandra**

**( Schlumberger Group Indonesia )**

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# ASSOCIATE MEMBERS COMMITTEE

## Report of 2014 Activities

### 2014 Objectives

After many meetings during H2 2014 attended by extended members of the committee, 3 program topics were selected to be our main focus for 2014 and beyond:

1. Negative Investment List - NDI, Grand Fathering
2. Terms and Conditions: Liabilities
3. Cabotage issue, impact to Seismic, drillship - Exploration

### 1. NEGATIVE INVESTMENT LIST (NDI)

The new Perpres No. 39/2014 involving services within Oil & Gas sector included in the DNI and government's drive on local content

- National capacity to provide services that can satisfy national-wide requirements
- The capability of national companies to acquire big investment and high technology services
- The expiration of BKPM's business licenses possessed by foreign company – grand fathering
- The maximum shares allowable by foreign investors

This new regulation will impact future applications of new investment to Indonesia.

Associates Committee Member focus on "Access to Technology". How will these changes impact positively on introduction of technology to aid energy recovery ie. apply to offshore and onshore applications; Horizontal drilling, shale gas, heavy oil recovery, Pad Drilling on land.

Committee Members present in Bogor meeting with MIGAS and BKPM, proposed more for detailed breakdown by sub-section ie. Onshore drilling, break out by product or service offering.

3 main categories in MIGAS affected by NDI:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Drilling Services – Land     | Must be a full Domestic Company |
| Drilling Services - Offshore    | Maximum Foreign Ownership 75%   |
| 2. Survey Services              | Maximum Foreign Ownership 49%   |
| 3. Oil and Gas Support Services | Must be a full Domestic Company |

## 2. TERMS & CONDITIONS STANDARD PROPOSAL

Oil and Gas Industry in Indonesia is facing a large number of tender every year and all parties involves have to deal with an enormous amount of time and energy to deal with T&C Clarification, Exemptions, Exceptions which mostly have to be negotiated during the tendering process.

Committee members had meet and agree to formulate a proposal of Standard Terms & Conditions to be use as an Industry Standard Contract terms that its members could use. This will give an advantage to provide a consistent legal framework (commercial terms could be added as an addendum) and ease of tendering – speeds up tender process as clarification stage will be reduced, balanced risk (ie. Capped to % of contract value).

<b>Subject</b>	<b>Preferred wording</b>
<b>Mutual Hold Harmless - Contractor's Property and Personnel</b>	Contractor shall release, defend, indemnify and hold Company harmless from and against any and all Claims in respect of personal or bodily injury to, sickness, disease or death of any of Contractor's own or hired personnel and in respect of damage to and loss or destruction of property owned or hired by Contractor arising out of or in connection with the performance of this contract, regardless of cause.
<b>Mutual Hold Harmless - Company's Property and Personnel</b>	Company shall release, defend, indemnify and hold Contractor harmless from and against any and all Claims in respect of personal or bodily injury to, sickness, disease or death of any of Company's own or hired personnel and in respect of damage to or loss or destruction of property owned, operated or contracted by Company, arising out of or in connection with the performance of this contract, regardless of cause.
<b>Definitions for the above clauses</b>	<p>"Contractor" means &lt;legal entity&gt;, its subsidiaries, parents, affiliates and contractors of any tier, including their respective representatives, managers and other personnel.</p> <p>"Company" means &lt;legal entity&gt;, its subsidiaries, parents, affiliates, contractors of any tier (other than Contractor) and co-venturers, including their respective representatives, invitees, managers and other personnel.</p> <p>"Party" means Contractor or Company and "Parties" means Company and Contractor together.</p> <p>"Claims" means any and all claims, demands, liabilities, damages, and losses of any kind or character.</p>
<b>Mutual Hold Harmless - Third Party's Property and Personnel</b>	<p>To the extent it is caused by its respective fault/negligence, each Party shall release, defend, indemnify and hold the other Party harmless from and against any Claims in respect of personal or bodily injury to, sickness, disease or death of a Third Party and in respect of damage to and loss or destruction of property owned or hired by a Third Party arising out of or in connection with the performance of this contract.</p> <p>"Third Party" means any party other than Contractor and Company.</p>

<p><b>Catastrophic Damages</b></p>	<p>Notwithstanding any provision herein to the contrary, Company agrees to release, defend, indemnify and hold Contractor harmless from and against any Claims in respect of any personal or bodily injury, sickness, disease or death and in respect of any damage to and loss or destruction of property, including without limitation the costs of any remedial action, re-drilling, bringing under control, downtime or recovery time and/or of re-completion and re-running of the services or replacement of any installation, arising out of or in connection with:</p> <ul style="list-style-type: none"> <li>(a) fire, explosion, wild well, blow-out or any other uncontrolled well flow;</li> <li>(b) damage to or loss of any well, reservoir or productive formation or any other subsurface or subsea damage or loss;</li> <li>(c) pollution emanating from the well and/or reservoir or otherwise originating from below the surface of the ground or water or below the wellhead;</li> <li>(d) radioactive contamination originating below the surface or, in the event of contamination originating above the surface, whilst the radioactive source is under the Company's custody and control, regardless of cause.</li> </ul>
<p><b>Consequential Damages</b></p>	<p>Notwithstanding anything to the contrary, neither Party shall be liable to the other for, and shall be held harmless by the other Party in respect of, any indirect losses (kerugian) or loss of interest or profit (bunga), loss of revenue, loss of production, loss of business sustained by the other Party, however same may be caused and regardless of the sole or concurrent negligence or default on the former Party's side.</p>
<p><b>Data Interpretation</b></p>	<p>Any interpretation of logs, tests or other data and any recommendations or reservoir descriptions are opinions based upon inferences from measurements, information from others and empirical relationships and assumptions, are not infallible, and with respect to them professionals may differ. Accordingly, Contractor does not warrant the accuracy, correctness or completeness of any such interpretations or recommendation. Company has full responsibility for all decisions with the use or reliance on such interpretations or recommendations and shall release, defend, indemnify and hold Contractor harmless from and against any Claims arising therefrom.</p>
<p><b>Definition of Gross Negligence</b></p>	<p>"Gross Negligence" shall mean willful and wanton disregard for harmful, avoidable and foreseeable consequences.</p>
<p><b>IP ownership and IP infringement</b></p>	<p>Contractor owns all intellectual property rights embodied in the products and services provided to Company or created in connection with this contract and does not transfer the same to Company. Company shall release, defend, indemnify and hold Contractor harmless from any Claims arising in connection with any infringement or alleged infringement of intellectual property rights (i) due to Company's use of Contractor's products or services in combination with products or services not provided by Contractor or not in compliance with Contractor's published standards or specifications, (ii) where the Contractor's products or services have been specially modified, designed and/or manufactured to meet the Company's specifications or (iii) out of unauthorized additions or modifications to Contractor's products or services.</p>

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### **3. CABOTAGE**

Government of Indonesia reinforced the application of cabotage (Indonesian flag requirements) to specialized vessels not operating for the carriage of cargo and passengers by the issue of Regulation PM10/2014.

INSA has agreed to extend to exemption period for Speciality Vessels (Seismic) by 1 yr. Ministry of Transport has issued letter confirmation this extension beyond 31 Dec 2014

Subcommittee Member had met MIGAS – Mr. Naryanto to express our concern on High Capacity 3D Seismic Vessel for 2015 ongoing tender which still require a confirmation on the extension of the vessel deadline from the regulatory stake holders.

### **FOCUS ACTIVITIES FOR 2015:**

Continue to pursue the 2014 objectives above.

Expanding the Subcommittee Member with addition of

- Local legal representative; Widyawan & Partners
- Offshore Rig Provider; Transocean and Diamond Rigs
- Representative from GE Oil and Gas
- Representative from O&G Consultant – McKinsey

### **SUBCOMMITTEE MEMBERS:**

Chairperson:	Iwan Chandra	Schlumberger
Vice Chairperson:	Shannon Slocum	Halliburton
Member:	Simon Cornel	Baker Hughes
	Tanu Wijaya	Imeco
	Craig Hrabar	Weatherford
	Simon Irwin	PGS
	Suhardono	Halliburton
	Gadis Nurhidayah	Price Water House Coopers
	Sonny Harahap	Weatherford

### **SUBCOMMITTEE MEMBERS LEGAL REPRESENTATIVES:**

Martha Hutabarat	Baker Hughes,
Ganetta Sari Mirana	Weatherford,
Evavalona Tarigan	Halliburton,
Tatyana Koshina	Schlumberger
Mark Jenkinson	PGS,
Yasin Mochdie	Baker Hughes

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**SECTION 4**

**COMMUNICATIONS COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Ahmad Yuniarto**

**( Schlumberger Group Indonesia )**

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## COMMUNICATIONS COMMITTEE

### 2014 Activities Report and 2015 Proposed Work Program

#### Key Activities in 2014

Activity of the committee in 2014 is the continuation of direction set forth in 2013, as below:

- **Issues Advocacy**

- Collaborate with IPA's Special Task Force (led by Bapak Nurman Djumiril of Total Indonesia) in pushing the partnership with Paramadina Public Policy Institute
- Collaborate with other Committees in supporting IPA's response to Bioremediation case through discussion, press release review, etc
- Collaborate with other Committees on Draft of Oil and Gas Law
- Collaborate with F&T Committee on the issue of Land and Building Tax advocacy

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

- Exploring potential collaboration with Lemhanas to develop special syllabus to introduce oil and gas industry, especially the upstream part, with all its intricacies, for alumni of Lemhanas currently holding public offices.

- **Media Relations and Educations**

- Prepare IPA article for publication in the Economist Intelligence Unit's special report: Powering up: Perspective on Indonesia's energy future. IPA's article is titled ***Managing Risk for Future Energy Security***.
- Prepare IPA article for publication in the Jakarta Post's Review, a special edition, on Sep 2014 titled ***Energy Crisis: Needs Urgent Action Now***
- Conducted **2 media visits**, where IPA BoD meets Chief Editor and editorial team of 2 national media: **Kompas** and **the Jakarta Post**
- Support the preparation of various IPA's press releases
- Preparing partnership with the Jakarta Post and MetroTV for series of public policy discussion, a combination of on air discussion on Economic Challenge platform (special edition on energy, including oil and gas), and off air public seminar

- **Social Partnership**

- Continue to develop concept paper for "Jakarte Kite" program, a Jakarta based social investment program led by IPA.
- Conducted regulatory compliance review for the Garbage Truck donation
- Supported the formulation and positioning of 14 Garbage Truck donation as part of IPA's social investment program under Jakarte Kite framework

- 
- Collaborate with Professional Division in preparing IPA's social investment program in education. The program is aimed at supporting second tier university outside Java, in term of infrastructure, and/or equipment (laboratory equipment, computer, library, etc). Target university: Papua, Sulawesi, East Kalimantan, South Sumatera, Jambi, and Aceh.

- **University Engagement**

- Visited Universitas Sriwijaya for planned IPA Goes to Campus for South Sumatra in end of Nov 2014. Obtained support from Ibu Rector and Career Development Unit. Unfortunately the event must be postponed to Jan 2015 due to conflicting program that UNSRI is hosting Asean's University Student Games.
- Supporting professional Division in preparing social investment program in education for university outside Java (see Social partnership section)

- **Supporting the 38<sup>th</sup> IPA Convention & Exhibition:**

- Support the Publicity and Marketing Sub-committees in preparing, and reviewing communication materials: advertorial, press releases, targeted marketing, etc

## **2015 Focus Areas**

Following government's direction in reforming oil and gas industry, year 2015 will be very important for IPA. The focus on integrity, transparent governance, efficiency, and effort towards achieving energy resiliency, must be supported professionally by IPA.

IPA must assert its role as the partner of choice for the government of Indonesia, as the respected representative of the industry, and as the subject matter expert in advancing upstream oil and gas industry in Indonesia.

Accordingly, the Committee will continue supporting the Board in focusing on the following areas in 2015 to position IPA accordingly:

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

- Regular engagement the expanding stakeholders, beyond MoMR and SKK Migas
- Invite "guest speaker" to update IPA BoD on current dynamics
- Proactively proposes IPA's recommendation/position to government

- **Public and Media Engagement**

- Balanced information about the industry by providing positive narrative
- Media Engagement and Educations
- Increasing public awareness through series of popular publications
- Develop strategic partnership with select media



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- **Internal Communications**

- Member engagement and services, not only Company member.
- Information management
- Improvement of IPA's website

- **Social Investment & Partnership**

- Conduct community outreach and IPA Care programs, including the Jakarte Kite program
- Organize the Social Partnership Forum to promote collaboration within industry

- **University Engagement**

- Continue IPA Goes to Campus program in South Sumatra, Riau, and East Kalimantan

### **Communications Committee Members**

Chairperson:	Ahmad Yuniarto	Schlumberger Group Indonesia
Advisor/Vice Chairman	Joang Laksanto	ConocoPhillips Indonesia
Members:	Ferita Kanter	Chevron Indonesia Company
	Roy Karamoy	Total E&P
	Alvin Anwar	Santos Indonesia
	Devi Graharayu Maharani	Premier Oil
	Michael Putrawenas	Shell Upstream Indonesia
	Reka Wahab	ENI
	Firsta Iskandar	Medco E&P
	Rizka Laxmi	ExxonMobil Indonesia
	Imanda Susilo	ConocoPhillips Indonesia
	Stephany Siswanto	Schlumberger Group Indonesia
Secretary:	Adelina Novianti	Talisman Energy

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**SECTION 5**

**CONVENTION COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN of IPA CONVEX 2014**

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

**And**

**CHAIRMAN of IPA CONVEX 2015**

**Yanto Sianipar - (Chevron Indonesia )**

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# CONVENTION COMMITTEE

## SUMMARY OF 2014 ACTIVITIES

### I. INTRODUCTION

The 38th IPA Convex 2014 was successfully held on 21st – 23rd May 2014 at the Jakarta Convention Center. The theme of the Convex was “Strengthening Partnership to Enhance Indonesia’s Energy Resilience and Global Competitiveness”. The Convention was participated by prominent figures, speakers, government officials, opinion makers, media and participants from both national and international to discuss recent issues and potential solution for the future. The strong array of panelists and speakers and the exceptional media turnout as well as the highest number of participants and visitors resulted the 38<sup>th</sup> IPA Convex be considered a success by most reasonable metrics.

### II. HIGHLIGHTS

- The opening ceremony was opened by His Excellency, Prof. Dr. *Boediono*, M.Ec., the Vice President of the Republic of Indonesia as well by Mr. Jero Wacik, the Minister of Energy and Mineral Resources of the Republic of Indonesia
- 20,372 visitors have visited the the 3-days event, including over 3,500 registered convention attendees and 576 journalists from 310 media.
- The exhibition was participated by 289 companies with total booths of 278.
- The Texhncal Program presented a total of 130 oral presentation and 43 poster presentation.
- About 1000 participants participated at the IPA 5K Run and Walk on 18 May 2014

### III. PROGRAM SUMMARY

A comprehensive platform that consists of variety of activities including exhibition, Plenary Session, Special Session, Technical Program, and several social events are:

#### 1. PLENARY SESSIONS

Three (3) Plenary Sessions were held on 21 and 22 May 2013 :

- **Plenary Session 1**

**Theme: “Lessons from Around the World on Creating and Sustaining a Resilient Energy Ecosystem”**

Objective: The objective of this session is focused on what it takes to achieve energy resilience and what the potential lessons from around the world could be for Indonesia.

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Keynote speakers and speakers are:

- Mr. Mahendra Siregar – Chairman of Investment Coordinating Board R.I.
- Dr. A. Yani Antariksa – Representative of National Resilience Institute R.I.
- Ms. Carole Nakhle – Energy Economist, University of Surrey, U.K.
- Mr. Tumiran – Member of National Energy Council (DEN)
- Mr. Neil McInnes – Head Scottish Development International S.E. Asia

Moderator & Facilitator : Mr. John McCreery - BAIN & Company

- **Plenary Session 2**

**Theme: “Building High Quality Partnerships; The Key Enabler to Indonesia Future Energy Resilience”**

Objective: The objective of this plenary session is focused on what makes successful partnerships and how these can be further developed in Indonesia. It was built on lessons from elsewhere including public and private partnerships, Joint Venture effectiveness and operating model considerations.

Keynote speakers and speakers are:

- H.E. Susilo Siswoutomo – Vice Minister of Energy and Mineral Resources R.I.
- Mr. Johannes Widjonarko – Chairman of SKK Migas
- Mrs. Karen Agustawan, President Director of PT Pertamina (Persero)
- Mr. Gatot Mudiantoro Suwondo – CEO, PT Bank Negara Indonesia ( BNI)
- Mr. Adif B. Zulkifli – Vice President, Petroleum Management, Exploration & Production Business of PETRONAS
- Mr. Visal Leng – General Manager Asia Pacific, GE Oil and Gas

Moderator & Facilitator : Mr. John McCreery – BAIN & Company

- **Plenary Session 3**

**Theme: “Enhancing Indonesia’s Competitiveness on the Global Stage”**

Objective: The objective of this plenary session is focused on what it takes for a country to be globally competitive.

The speakers are:

- Mr. A. Edy Hermantoro, Director General of Oil and Gas
- Mr. Mike Rodgers – Senior Vice President, Energy Insight, I.H.S.
- Mr. Jean Claude Depail – Executive Vice President, GDF Suez
- Ms. Hendri Saparini – Executive Director, Center of Reform on Economics

Moderator & Facilitator : Mr. Dale Hardcastle – BAIN & Company

## **2. SPECIAL SESSIONS ON 23 MAY 2014 :**

- **Special Session 1**

**Theme: “Talent: Local Challenge or Global Commodity?”**

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Objective: The objective of this session is to illustrate that Indonesia is on a positive growth trajectory. But growing pains have accompanied growth: signs of talent gaps have arisen despite Indonesian talent becoming more globally attractive. Indonesia's future growth will be underpinned by its talent and this session explored the outlook and framework for talent in Indonesia.

The speakers are:

- Mr. Jon M. Gibbs – President & GM, ExxonMobil Oil Indonesia Inc.
- Ms. Margaret Cording – Southeast Asia and Oceania Regional Director, IMD
- Mr. Chee Wei Kwan – CEO, Human Capital Leadership Institute
- Mr. Aloysius Budi Santoso – Chief of Corporate Human Capital Development, PT Astra International Tbk.
- Mr. Andrew Emmanuel Tani – CEO, ATC Oil & Gas

Moderator & Facilitator : Mr. Kong Ming Teck – The Boston Consulting Group

- **Special Session 2**

**Theme: “The Future is Gas: Transforming Indonesia into a Competitive and Resilient Gas Development Country”**

**Objective:** The objective of this session is to explain the large potential of gas industry in Indonesia, both from supply and demand perspective. This session is not to go through the obvious; rather, it is an effort to find pragmatic solutions to realize full potential of gas as the game changer for Indonesia's economy.

The speakers are:

- Mr. Widhyawan Prawiraatmaja – Deputy of Commercial Control, SKK Migas
- Mr. Salis S. Aprilian – SVP Gas Engineering & Operation Management, PT. Pertamina (Persero)
- Mr. Roger Bounds – Vice President Global LNG, Shell
- Mr. Erec S. Isaacson – President & GM, Conocophillips Indonesia Inc. Ltd.
- Mr. Djoko Saputro – Director of Technology & Development, PGN

Moderator Facilitator : Mr. Rajnish Goswami – Wood Mackenzie

### 3. TECHNICAL PROGRAM

During the 3-days convention there were total of 130 oral presentations and 43 poster presentations. A total of 74 chairpersons confirmed and populated in 37 sessions with 6 parallel rooms. A total of 82 professionals participated as judges for the papers (oral and poster presentations). The details of the technical program are shown below:

- Professional Oral Presentations : 109 Presenters
- Professional Poster Presentations : 34 Posters
- Student Oral Presentations : 21 Presenters
- Student Poster Presentations : 9 Posters
- E – Poster : 23 Posters

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## Winners of the Technical Presentations are:

### Student Best Paper & Poster

1. Student – Geoscience : Ikhsansyah Putra P from STT Migas – Balikpapan
2. Student – Engineering : Farizal Hakiki from ITB
3. Student - Best Poster : - Fida Kathartika from UPN Veteran Yogyakarta  
- Laurensius R. Sanjaya from UPN Veteran Yogya  
- Zuhri Firdaus AH, UPN Veteran Yogya

### Professional Best Paper & Poster

1. Professional HSE & Commercial : Monica Rachmawati from INPEX Masela
2. Professional Geology : Agus. M. Ramdhan from ITB
3. Professional Geophysic : Bee Jik Lim from Schlumberger
4. Professional pPoster : - Ade Rahayu Putri from Chevron  
- Dimas Aditya Putra from Chevron
5. Professional ePoster : - Norbert Heitmann, Schlumberger  
- Euro Chacin from PDVSA Servicios Petroleros  
- Rafael Molero from Sinovensa  
- Willy Graterol from PDVSA Servicios Petroleros  
- Yazid Ouali from M-I SWACO from a Schlumberger  
- Agustin Cisneros from Schlumberger
6. Professional Overall : Agus. M. Ramdhan from ITB

## 4. EXHIBITION

Located at Assembly Hall, Main Hall, Cenderawasih Hall and Hall A

- Total booth of this year IPA Convex are 278 booths – participated by 289 companies.
- Surface of the exhibition is 6462 sqm .
- Winners of the best booth Exhibition are:
  - Category 1 (Large Size Booth) : Pertamina
  - Category 2 (Medium Size Booth) : Vico Indonesia
  - Category 3 (Small Size Booth) : Powerwell Energy

## 5. CINEMA HALL, CSR ZONE and MINI OPERATION SITE:

Located at Hall B

- **Cinema Hall**
  - The IPA in cooperation with Fox International Movies showed two documentary movies owned by National Geographic: “BIG BIGGER BIGGEST: Oil Rig” and “ENGINEERING CONNECTIONS: Super Rig”.
  - The movies contained with information about the Oil Rig as usefulness knowledge of mega structure in the Oil and Gas Industry.
  - The Cinema Hall was visited by:
    - 1st Day (21 May 2014): 47 visitors

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2nd Day (22 May 2014) : 268 visitors  
3rd Day (23 May 2014) : 234 visitors  
**Total for 3 days show : 549 visitors**

- **Mini Operation Site**

- The “mini drilling site” has been substituted with “mini operations site” which is a unique concept of a theme park, which featured the replica of an actual operations site that enables visitors to experience real-life field atmosphere.
- The Exhibitors are able to showcase their latest equipment to the oil and gas Community through product placement.
- A total of 12 companies, from heavy equipments, drilling machines to onshore vehicles has been displayed in the Mini Operations Site.
- For this year, IPA also cooperates with TMII oil and gas museum.

- **CSR Zone - Theme: Desa Nusantara**

- Empowerment Center is dedicated to promote the contribution of oil and gas industry in Indonesia through CSR program.
- Displayed into 5 thematic areas: Economic Empowerment, Health, Education, Infrastructure and Environment and presented as “DESA NUSANTARA”.
- In accordance with the Convex "Strengthening Partnerships to Enhance Indonesia's Energy Resilience and Global Competitiveness" the IPA invited communities as partners to share their experience about CSR activities.
- Participated by: Indonesia Berkebun, Indonesia Berkibar, Akademi Andalan, Milis Sehat, Aku Cinta Masakan Indonesia and Ayah ASI.

## 6. PRE CONVENTION SHOURT COURSES

Date: 19-20 May 2014 at Hotel Mulia Jakarta

**The 5 short courses were:**

- Seismic Reservoir Characterisation  
Instructor: Dr. Sagar Ronghe, Geoscience Team Manager - QI
- Evaluating Reservoir Quality and Seal Potential  
Instructor: Prof. John G. Kaldi - Australian School of Petroleum, University of Adelaide, Australia.
- Petroleum Potential In Frontier Areas Of Indonesia: Opportunities, Risks And Ways Of Exploration  
Instructor: Awang Harun Satyana - Chief Specialist, SKK Migas - Indonesia
- Tectonic History Of Indonesia - Mainly Cenozoic: Problems, Models And Some Solutions  
Instructor: Prof. Robert Hall - SE Asia Research Group, Department of Earth Sciences, Royal Holloway, University of London
- Farmins And Farmouts For Practitioners  
Instructor: Peter J. Cockcroft - Board Director at NuEnergy Gas Limited

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## 7. PRE CONVENTION : IPA 5K RUN & WALK

Date : Sunday, 18 May 2014 at : 06.00 – 11.00

Venue : fx Lifestyle

- To raise awareness of the upcoming 38<sup>th</sup> IPA Convex, this year, the Indonesian Petroleum Association (IPA) holds a charity activation through IPA 5K Fun Run and Walk. This sporting event has generated 1.000 participants. This included IPA members, professionals in the oil and gas industry, and members of the public. The community run aims to boost enthusiasm for exercise as part of a healthy lifestyle in an enjoyable and relaxed environment.
- During this sport event, the IPA presented a charitable community donation of 14 garbage disposal trucks, valued about Rp 3.8 billion. This donation aims to contribute towards Jakarta's flood relief efforts and also support the city in its push to create a cleaner, greener and healthier Jakarta.
- The race started at 06.30am. All participants ran and walked along car free day to the front of Atmajaya University, then rotated back to the finish line at fx Lifestyle X'nter.
- Winners were:

The fastest "female" runners are:

1. BIB No: 820 Name: Supriati Time : 21:10:07
2. BIB No: 841 Nama: Mutia Proborini Time : 21:36:07
3. BIB No: 333 Nama: Meiliani Time : 26:12:05

The fastest "male" runners are:

1. BIB No: 582 Name: Arif Rahman Time: 19:12:05
2. BIB No: 824 Name: Wargono Time: 19:25:07
3. BIB No: 015 Name: Siprianus Time: 19:47:03

## 8. PHOTO COMPETITION

- Photography competition took "Oil & Gas in Daily Life" as theme of photography competition in the 38th IPA Convention & Exhibition 2014.
- On the judging process, Kristupa Saragih, Arbain Rambey dan Yunaidi Joepoet as judges, received 97 photographs and finally selected 3 photographs as the winners.
- Photography competition winners were:
  - 1st Winner:** Pengecekan Rutin, - Photograph taken by Astra Bonardo
  - 2nd Winner:** The Queue Of Lpg, - Photograph taken by Nova Wahyudi
  - 3rd winner:** Daily Oil Well Service - Photograph taken by Afrinaldi Zulhen
  - Best Photo:** Developing Abadi Gas Field - Photograph taken by Moch N. Kurniawan

## 9. WRITING COMPETITION

Displayed at Hall B

- The theme: "Oil & Gas in the Future Indonesia's Energy Portfolio" is dedicated for the young generation to understand their awareness about the of oil and gas industry and what they wish for the future of Indonesia.



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- Judges were: Shoeb Kagda, Paul Goddard dan Donna Priadi.
  - Total of papers received were 44 papers
  - 5 (Five) papers were selected for the winners:
    - 1st Winner** : Indonesia's Pathway to Sustainable Energy,  
Written by Sneha Pishu Lalwani
    - 2nd Winner** : The Spectrum Of Energy,  
Written by Rayesha Ikram Hardono
    - 3rd Winner** : Striking The Right Balance,  
Written by Marvin Gowinatra
    - 1st Runner Up** : The Future Is Now,  
Written by Mario Pratama
    - 2nd Runner Up** : Our Yesterday's Fuel, Our Future Companion,  
Written by Yohanes Paulus Bisma

## 10. INDUSTRIAL DINNER

Date: Thursday 22 May 2014, at 18.30-21.30

Venue: The Plenary Hall of the Convention Center.

- Held at the Plenary Hall - The foyer were decorated with foreshore looks and detailed with fishermen equipment like traditional traps (bubu) and nets.
- Guests are welcomed with stringed musical Sasando from Rote Island.
- Opening the Industrial Dinner, Eki Dance Company performed a contemporary dance from Eastern of Indonesia called Coco Sago.
- Performance of Marcel and the Groove made the evening a very festive event.

## IV. CONCLUSION

- **The 38th IPA Convention and Exhibition 2014** 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 39th IPA Convention and Exhibition 2015.
- It is also critical to highlight that adequate time of planning will resolve on better execution.
- Below are several activities and issues that needs to be improved for the next 39th IPA Convention and Exhibition 2014, particularly:
  1. Publicity guidelines
  2. Poor number of CSR Zone participants.
  3. This year's Mini Operations Site, has not drawn interest to many companies.
  4. Food and Beverage issues from the venue.
  5. A comprehensive information panel is needed during the event.

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

COMMITTEE	POSITION	NAME	COMPANY
<b>ADVISORS</b>		Bambang P. Istadi	Energi Mega Persada / EMP
		Joang Laksanto	ConocoPhillips
<b>CHAIRMAN</b>		<b>Jacob Kastanja</b>	<b>ConocoPhillips</b>
General Affairs		Wursitaningari (Sita)	I P A
Finance		Dewi Marlitha	Inpex
Sponsorship	Chairperson	Bina Yuanita	Vico Indonesia
Secretariat	Secretary - 1	Najmiyah Sabil	Inpex
	Secretary - 2	Nevi Septianti	I P A
<b>VICE CHAIRMAN CONDUCT COMMITTEE</b>		<b>Donna M. Priadi</b>	<b>PHE ONWJ</b>
Exhibition	Chairperson	Alvin Anwari	Santos
	Vice-Chairperson	Cynthia Watung	Murphy
Mini Drilling Site	Chairperson	Atria L. Soedibyo	Schlumberger
CSR Zone	Chairperson	Novie Hernawati	Schlumberger
5K Run & Walk	Chairperson	Donna M. Priadi	PHE ONWJ
Security	Chairperson	Surya Suhendra	ConocoPhillips
	Vice-Chairperson	Awan Suryanada	Medco E&P
Registration	Chairperson	Audrey Sahertian	I P A
	Vice-Chairperson	Amir Hamzah	I P A
	Member	Satrio Budi	I P A
	Member	Taufikurrahman	I P A
Protocol	Chairperson	Adra Janitra Hendrawan	ConocoPhillips
	Vice-Chairperson	Rian Amri	BP Indonesia
	Member	Surjo Ganesha	ExxonMobil
	Member	Hendarsyah	Medco
Reception & Event	Chairperson	Novitri Lilaksari (Chichi)	PHE ONWJ
	Vice-Chairperson	Ria Pane	Total E&P Indonesia
	Member	Seva Gayatri	Talisman Andaman B.V.
Marketing	Chairperson	Dewi Mayasari	ConocoPhillips
	Vice-Chairperson	Karina F. Shahab (Kiky)	ConocoPhillips
Publicity	Chairperson	Sakkan Abram Siahaan	Inpex
	Vice-Chairperson	Geri Achsan	PHE Nunukan Company
	Member	Siti Soraya Cassandra	Shell Upstream Indonesia
	Member	Ade Tuturoong	Saka Indonesia Pangkah Ltd.
<b>VICE CHAIRMAN TECHNICAL COMMITTEE</b>		<b>Anggoro Kasyanto</b>	<b>Apec</b>
Plenary Session	Chairperson	Ferita Kanter	Chevron
	Vice-Chairperson	B. Eka Putra Soerono	PHE Nunukan Company
	Member	Adelina Novianti	Talisman (Sageri) Ltd.
	Member	Bidi Subagio	Salamander Energy
Technical Program	Chairperson	John D. Hughes	ConocoPhillips
	Vice-Chairperson 1	Peter Adams	Energi Mega Persada / EMP
	Vice-Chairperson 2	Antonius Aji	WellTec
Short Courses	Chairperson	Anna Sulistiyaningsih	I P A

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## 2015 PLANNED ACTIVITIES

### The 39<sup>th</sup> IPA Convention and Exhibition will be held:

Date : 20 – 22 May 2014  
Day : Wednesday – Friday  
Venue : Jakarta Convention Center  
Website : [www.ipaconvex.com](http://www.ipaconvex.com)

### Core Committees are:

Chairman : Yanto Sianipar from CHEVRON  
Vice Chairman Conduct : Alvin Anwari from SANTOS  
Vice Chairman Technical : Nico Muhyiddin from INPEX

### HIGHLIGHTS of activities of the 2015 IPA CONVEX:

1. Theme:  
Working Together to Accelerate Solutions in Facing Indonesia's Energy Crisis
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. Exhibition
5. A Charity Walk event - 5k/10K

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**SECTION 6**

**DATA MANAGEMENT COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Taufik Rachman Sidik**

**( Medco Energi International )**

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## DATA MANAGEMENT COMMITTEE

### Report of 2014 Activities

#### 2014 Highlights

1. Attended Focused Group Discussion on “Rencana Umum Pengelolaan dan Pemanfaatan Gas Bumi untuk Mencapai Target Kebijakan Energi Nasional Periode 2010 s.d. 2050” with Pusdatin ESDM on June 6, 2014.
2. Discussion with Pusdatin ESDM on providing national exploration and production performance data for IPA database.
3. Completed an IPA white paper to New Government “Strengthening Partnerships to Enhance Indonesia's Energy Resilience and Global Competitiveness” in July 2014. The white paper is an IPA proposal to New Government to enhance conducive investment climate in Indonesia oil and gas industry.
4. Completed presentations for IPA president in IPA Convention & Exhibition, seminars, conferences, media visits parliament public hearing and various professional events during 2014.

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**SECTION 7**

**ENVIRONMENT AND SAFETY COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Krishna Ismaputra**

**( ENI Indonesia )**

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# ENVIRONMENT AND SAFETY COMMITTEE

## Report of 2014 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 2014 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. Arryati Ramadhani	ConocoPhillips Indonesia
		3. Dwita S. Prihantono	Chevron
		4. I Nyoman Adi	CNOOC SES
		5. Julfrida Nababan	Vico Indonesia
		6. Lidia Ahmad	BP Indonesia
		7. Sugiarto S.C.	Mont'dor Petroleum
		8. TP. Pasaribu	PT. PHE WMO
		9. Dadang Purnama	INPEX

<b>Safety Subcommittee</b>			
<b>Lead</b>	:	<b>10. Agung Sihwahyudi</b>	<b>INPEX</b>
		11. Arudji Wahyono	Chevron
		12. Satrio Pratomo	Mubadala Petroleum
		13. Moh. Wilman Meidiarta	Medco E&P Indonesia
		14. Harwiyono	ExxonMobil

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. 2014 HIGHLIGHTS ISSUES AND ACHIEVEMENT**

IPA ESC in 2014 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. ESC has also been actively contributing with the KADIN in order to provide industry's best practices in the new Draft of Government Regulations.

In the final stage of this Draft of Government Regulations, especially during the harmonization between regulatory bodies, ESC has proved to become a trusted partner of the Ministry of Energy and Mineral Resources, which providing industry's insight into the regulation.



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#### IV. 2014 ENVIRONMENT & SAFETY WORK PROGRAMS AND ACHIEVEMENTS

The IPA-ESC was routinely having a monthly meeting every second Thursday of the month, but is now changed to every second Friday. Various 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 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.
- Correspondent IPA President's letter to Minister of Environment and Minister of Energy and Mineral Resources concerning public consultation of Government Regulations on Hazardous and Toxic Waste.
- 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 continuous perception on the related issue especially in environment management and impact of this regulation.

##### 2. Continue involvement in competency development on Health, Safety and Environmental Professionals

- Initiated professional certification training on NEBOSH (National Examination Board of Occupational Safety and Health) with special privilege for participants registering through the IPA.
- Actively supported SKK Migas-KKKS national convention on upstream oil and gas operations support in May 2014.
- Supported Directorate General Oil and Gas Environmental Communication Forum concerning Environmental Baseline Assessment in October 2014.

##### 3. To promote the improvement of HSE performance of Oil and Gas Industry

- Continue discussions with IPIECA (International Petroleum Industry Environmental Conservation association) and continue to become the primary contact point of the South East Asia "Global Initiative" (SEA-GI) to the oil

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industry. This is a government-public initiative to enhance regional capacity in responding oil spill in the South East Asia.

- Supported the Oil Spill Response Limited & IPIECA Technical Forum to provide Industry's expectation for enhancement of capacity to respond oil spill, October 2014.
- Engagement with HSE professionals within the oil and gas Industry in Indonesia, to promote the role of IPA and communicate out current and new regulatory development.

### **CHALLENGES**

- Recent changes in the nomenclature and institutions of the Working Cabinet Ministers have reformed the previously Minister of Environment to become the Minister of Environment & Forestry. The newly formed department will likely to affect the business processes of oil and gas projects, particularly on the matters of environmental licenses and permits.

### **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 and Forestry 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.
- ESC will seek to become a recognized Indonesia chapter of the American Society of Safety Engineers (ASSE).

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**SECTION 8**

**EXPLORATION COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Moektianto Soeryowibowo**

**( BP Indonesia )**

## EXPLORATION COMMITTEE

The Exploration Committee has been established and monthly meetings are held on the third Tuesday of each month. 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	Christian Zwach	STATOIL	czw@statoil.com
	3	Marco Barassi	ENI INDONESIA	marco.barassi@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	Gadjah Eko Pireno	Kris Energy	gadjah.pireno@krisenergy.com
	10	Tim Wallace	CONOCOPHILLIPS	tim.wallace@conocophillips.com
	11	Batara Simanjuntak	Lundin	Batara.simanjuntak@lundin.co.id
	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

Activities for this year primarily focus on two main items:

1. Follow up on priority recommendation
2. Continue to work on solution for Land and Building Tax

In order to follow up the prioritized recommendation The Exploration Committee met with the Deputy Planning of SKK Migas, Aussie Gautama. The meeting was positive and successfully conveyed the messages. The Deputy thanked for the input and will follow it up with his team.

Following is the summary of the discussion:

### 1. PTK007 and streamlining of procedures:

- IPA suggested exploration stage PSCs should be exempt from PTK007 to improve operating efficiency (few exploration PSCs ever progress to cost recovery and exploration expenditure is small compared to development).

- SKKMigas noted that it MUST comply with regulations and exercise control on potential cost recovery (or risks prosecution).
- SKKMigas suggested PSCs could be modified to exempt exploration activity from PTK007 – BUT ONLY if this exploration expenditure was not eligible for cost recovery. [Not a good suggestion for contractors]
- The critical issue is that SKKMigas needs to be able to stand behind the applicable regulations and demonstrate compliance at audit.
- SKKMigas agreed that a practical solution would be to develop a new set of regulations specifically for exploration phase PSCs with simplified terms more appropriate for exploration activity (eg lower local content thresholds).
- ACTION: IPA members to develop specific recommendations for simplified exploration phase PSC PTK007 style procedures. [Note: input from procurement experts required]

## **2. Land and building tax:**

- IPA noted that the land and building tax issue is still unresolved, specifically:
  - Tax office has already issued 2012-2013 tax invoices to contractors for US\$260m in total.
  - The land and building tax is having a significant negative impact on exploration activity.
  - Contractors have submitted objections to these invoices, but if this issue is not resolved by September 2014 then the objection will move to the Tax Court (and contractors will have to pay 50% of the tax invoices).
- SKKMigas supports IPA's position that the land and building tax needs to be reformed.
- SKKMigas view is that this issue has already been resolved at Vice-Minister level, but is not yet resolved at the working level.
- SKKMigas strongly suggested that this issue should be resolved through dialogue between the appropriate agencies before it reaches the Tax Court.
- SKKMigas advised IPA to intensively lobby these agencies to achieve this outcome.

## **3. General:**

- SKKMigas is open to ongoing engagement with IPA to eliminate barriers to exploration activity.
- SKKMigas is aware of the complaints regarding the capability of their young staff who often deal with AFEs and suggested SKKMigas and IPA work together to develop their capability/experience.

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 worked together with the IPA Finance and Tax Committee

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in addressing this issue through discussion and engagement with relevant stake holders in the Government of Indonesia.

The issue on LBT became crucial since the DGT rejected all objections submitted by impacted PSC Contractors. It means that PSC Contractors have to file the appeal to the Tax Court. The issue became more complicated as to considered the appeal is qualified the PSC Contractors have to pay 50% of the assessed LBT. The appeal is scheduled to be filed around mid-November (three months after rejection).

The IPA President provided full support to get around this issue including meetings with high-rank government officials and public statements. It seems the drama will continue to next year.

The Exploration Committee consistently conveys the message that the Per Dirjen Tax no 45 issued in December 2013 does not completely address the LBT issues. This regulation still applied the subsurface tax in both exploration and exploitation stage. The committee consistently insists to remove the LBT tax in all stages.

The Exploration Committee has also worked closely with the Regulatory Affairs Committee to provide feedback with regard to the draft of government regulation on PSC extension.

The proposed objectives of the Exploration Committee for 2014 are:

1. Continue to work with Finance and Tax committee to find ultimate resolution on LBT.
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 9**

**FINANCE AND TAX COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Andang Sancaka**

**( INPEX Corporation )**

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## FINANCE AND TAX COMMITTEE

### Report of 2014 Activities & 2015 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>

#### **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 GR79/2010 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.
- 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.



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- 7) To organize 2014 Finance to Finance (F2F) forum to Senior Finance and Tax Manager of IPA member.

### **2014 Activities**

- 1) The Committee has continuing strengthen its relationship with the related Government institutions such as SKKMIGAS, MIGAS, BKF (MoF Fiscal Policy Body) and DGT (MoF Directorate General of Tax). However, the election/political year 2014 impacted the slow down the communication.
- 2) The Committee continues working intensively with the relevant Government stakeholders to resolve a huge Land and Building Tax (LBT) assessment. IPA BoD to continue pushing MESDM and SKKMIGAS to immediately resolve past LBT assessment and fix LBT policy. Moreover, the Committees continue working with SKKMIGAS to minimize damage for 2014 LBT and continue working with University Indonesia to influence Gol stakeholders for better the Natural Resources Tax policy.
- 3) Actively participate on the workshop and discussion forum with SKKMIGAS to seek the best resolution in Taxation and Audit issues and to find the best way to govern areas of Accounting, Reporting and Asset. SKKMIGAS invited the Committee on discussion on amendment and new regulation i.e. PTK Cost Recovery Deferral, PTK PIS, PTK Accounting procedure, etc. The post event namely "Tax Forum" held by SKKMIGAS and PSC Contractors with the agenda mainly to discuss tax industry issues. The Forum Ekonomi (FOREK) will be organized in December by SKKMIGAS and Contractors to discuss Finance issues. The FOREK's recommendation will be escalated to high level of SKKMIGAS and Contractors.
- 4) The Committee are continue working with the relevant Government 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.
- 5) Ministry of Finance finally stated the VAT LNG gas processing is part of cost of goods sold (no assumed and discharge) and concluded not to reimburse the long outstanding VAT LNG from LNG gas processing. The committee to assist Gas Producers to seek the resolution with new Government (subject to be continued in 2015).
- 6) The recent tax advocacy success around VAT treatment on LPG secured by a favorable private ruling from DGT Regulation Department, that concluded proceed from LPG on the upstream activities is not VAT able.
- 7) Workshop held SKKMIGAS and IPA on Branch Profit Tax rate under Tax Treaty. The discussion was focused on the validity and application in PSC from Industry's perspective. The workshop contemplated the distance understanding of this issue from contractual vs. tax perspectives.

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- 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.

### **2015 Objectives**

- 1) The Committee to continue working with the new appointed senior officers in Ministry of Finance and Ministry of Energy in attempt to resolve industry top 5 (five) tax issues, i.e. (a) Land and Building Tax; (b) Facility Cost Sharing; (c) Parent Company Overhead (PCO); (d) Tax Audit Procedure; (e) PPN Import facility for the new production PSC.
- 2) With high public expectation of new Government just installed, the Committee convinces to continue the advocacy effort to amend GR79/2010 by working closely with the new Government. In line with IPA 2 (two) main objectives, i.e. (a) to ensure contract sanctity for existing PSC and (b) to provide certainty with no ambiguity for the future PSCs.
- 3) To actively participate on the discussion from fiscal perspective 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) To strengthen the relationship and networking with internal stakeholder by having a solid and trusted relationship with the IPA Board, Officers and the relevant IPA committees such as Regulatory Committee and Communication Committee. Supporting IPA BoD in engaging various key GoI stakeholders 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.
- 5) To build and maintain a good communication strategy with the key Government stakeholders by having a regular meeting to discuss industry finance and fiscal matter. This will include Committee's active participation and support on SKKMIGAS or ESDM relevant forums/workshops.
- 6) The Committee to develop an effectual media campaigns on the top issues and/or disputes. The purpose of media campaign is to get a neutral public opinion or a comparative representation (at least) This can be considered as a tool educate the public about the dispute and defend investor reputation.
- 8) Reinforce the sharing information and alignment within the Committee's members by conducting a regular meeting with the members to share knowledge, discuss issues and agree on the action points to progress with the resolution. Conducting at least 2 (two) F&T industry meetings per year.

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**SECTION 10**

**HUMAN RESOURCES COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Aryoko Dwinanto**

**( EXXONMOBIL Oil Indonesia Inc. )**

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## HUMAN RESOURCES COMMITTEE

### Report of 2014 Activities and 2015 Plans

#### A. ORGANIZATION

Chairman	: Aryoko Dwinanto	- ExxonMobil Indonesia
Vice Chairman	: Andi Iwan Uzamah	- Talisman Indonesia
Secretary	: Anna Suherman	- Schlumberger
	Putri Wirjawan	- Chevron Indonesia
Members	Amri Siahaan	- Premier Oil
	Arividya Noviyanto	- Total E&P Indonesia
	Budi Mumandari	- BP Indonesia
	Darmawan Utomo	- CNOOC
	Evita Najooan	- ConocoPhillips Indonesia
	Maryke Pulunggono	- PetroChina
	M.H. Manullang	- Salamander Indonesia

#### B. PURPOSE & SCOPE

##### PURPOSE

- IPA Company members forum to discuss, interpret, clarify and communicate all human resources and industrial relations related issues in oil and gas sector.
- To represent the oil and gas sector in the advocacy efforts 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.
- To share knowledge, experience and practices in the employees development and to synergize where possible and permissible under applicable laws and regulations.

##### SCOPE

- Strategic government engagement and advocacy on human resources related regulations, policies and processes with the following key focus areas :
- Continue to build respectful relationship and address any concerns with a right balance between industry effectiveness and aligned with government objectives.
- Continuous improvement on “simplification, bureaucracy reduction, adding value and enhancing efficiency and effectiveness”.
- Consistent and streamlined regulation, requirement and review processes will increase process effectiveness and efficiency, which in turn leading to higher productivity of the Industry.
- In view on the above, the HR Committee coordinates 4 sub working groups whose

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work closely with related government institutions, including SKK Migas, MIGAS, Ministry of Manpower, and Immigration, to strategically and tactically work issues and engagement on the following :

- Sub-Working Group I focuses on expatriate utilization related regulations
- Sub-Working Group II focuses on national employees related regulations, industrial relations and C&B
- Sub-Working Group III focuses on people training and development
- Sub-Working Group IV focuses on medical related matters

### **C. 2014 ACTIVITIES**

1. Regular Quarterly meeting conducted
2. Engaged with SKK Migas and other related government agencies:
  - Advocacy on new immigration regulations and concerns on business visa rules. Specifically on latest interpretation of the regulations by Ministry of Manpower.
  - Input on Ministry of Finance bill on funded severance
  - Input on Ministry of Finance regulations no. 258/2011 on Expatriate Compensation.
  - Input on the proposal of Definite-term Employment (PKWT) implementation for Oil & Gas industry
  - Alignment in managing implementation of new National Social Security System (SJSN) by Social Security Administrators (BPJS)
3. Initiate discussions on AFTA, AEC, SKKNI and possible IPA scholarship program
4. Monitor implementation of 2012 outsourcing regulation, implemented in 2013.
5. Participated in 2014 SKK Migas workshop and Indonesia HR Summit / ARTDO
6. 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. 2015 PLANS**

1. Conduct quarterly HR Committee meeting
2. Support implementation of BPJS Health Care and Employment to include advocacy on BPJS Employment for expatriate employees.
3. With “simplification, macro management and value adding” approach to enhance efficiency and effectiveness leading to higher productivity of the industry, provide advocacy and input on :
  - The upcoming Ministry of Finance bill on funded severance
  - Ministry of Finance regulations no. 258/2011 on expatriate compensation
  - Minister Decree No. 31/2013 on expatriate regulations
  - The upcoming revision for PTK018/2008 Rev 1
4. Conduct focused industry study on preparation to anticipate AFTA, AEC, and SKKNI
5. Conduct focused study and put together implementation plan on IPA scholarship program, in coordination with Professional and Communication Divisions.
6. Participate in SKK Migas Annual Workshop and 2015 Indonesia HR Summit

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7. 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.

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**SECTION 11**

**LNG AND GAS COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Taufik Ahmad**

**( ConocoPhillips )**

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## LNG AND GAS COMMITTEE

### Report of 2014 Activities

#### I. ORGANIZATION

Chairman	:	Taufik Ahmad (ConocoPhillips)
Vice Chairman	:	Arifin (VICO)
Secretary	:	Marusaha Lumban Gaol (Inpex)
Members/Alternates	:	Leland Jourdan / Renita Zahar (Chevron) Gadang Marpaung (ConocoPhillips) Maeritta Putri (BP) M. Nurdin / Wulan Nurindah (ExxonMobil) Hiroshi Kato (Inpex) Didik Sasongko Widi/Rudolf F. Doloksaribu (Pertamina) Peter Wijaya / Callista Tenggara (Star Energy) Mira L. Delima / Reza Sunarya (Talisman) Jean-Francois Capelle / Rakhmad Dewanto (TOTAL) Ratih Hupudio (KrisEnergy) Gianluigi Gianuzzi / Mayang Pramadhani (ENI) Iqbal Asaat (Triangle Pase) Leonardo Bonali (VICO) Femi Satrena / Salmar Ngadikan (Medco) Kemal Rachmaputra / Ricky Akhmad Syarif (Premier)

#### II. 2014 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 2014 include:

##### 1. Engagement with SKK Migas Commercial group

The LNG & Gas Committee initiated a breakfast session between IPA (Board and LNG & Gas Committee) and the SKK Migas Deputy of Commercial Control in April 2014 regarding the National Gas Policy being developed by the Government. The Policy covers 4 areas which include supply/demand, infrastructure, pricing and regulatory for which SKK Migas was leading the supply/demand element. This initiative is currently pending due to the cabinet change.

The LNG & Gas Committee also engaged with SKK Migas Gas Commercial Division. With collaboration with the Regulatory Affairs Committee and with concurrence from



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the IPA Board, the LNG & Gas Committee in August submitted the IPA input to the revision of PTK 029 being developed by SKK Migas. A meeting to discuss the IPA input was held in September 2014. The PTK revision is currently awaiting a revision of the Energy Minister Regulation no. 3/2010 regarding the gas allocation.

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

On behalf of the IPA, the LNG and Gas Committee participated and provided input (mainly on the upstream gas business) for the Gas Development Master Plan discussions initiated by BAPPENAS (National Planning Board). Members of the LNG & Gas Committee also attended the final presentation about Gas Development Master Plan by BAPENAS in the first quarter of 2014.

## **3. Special Gas Session in IPA Convention**

Together with the Convention Committee, the LNG & Gas Committee championed a Special Session on Gas during the IPA Convention in May 2014 with key panelists representing the upstream, the downstream, the regulator and was facilitated by WoodMac. The session attracted big participation of the delegates.

## **4. Input to the IPA Board for the New Government**

The LNG & Gas Committee in September provided an input to the IPA Board for discussion with the new Government Transition Team regarding the current lengthy gas monetization process that hinders the gas development in Indonesia.

## **5. Other Efforts**

During 2014, the LNG and Gas Committee have had discussions on Indonesia LNG and Gas business with external parties such as:

- PUSDATIN (Center for Data and Information) of Energy Ministry in June 2014 regarding the National Energy Framework;
- Pandawa Consulting in October 2014 regarding their project with Ministry of Finance on "Natural Gas Development Using a Low Carbon Emissions Strategy".

### **III. 2015 PLANS**

The LNG & Gas Committee will continue the advocacy efforts on the upstream gas business in Indonesia for 2015 which will include the following initiatives:

1. Finalization of the SKK Migas revision of PTK 029;
2. Ongoing engagements with key stakeholders in the gas business (SKK Migas, MIGAS, BAPENAS, IGA, IGS and other Government and non-Government stakeholders including consultants engaged by the Government);
3. Improvement of the overall gas monetization process;
4. Support the IPA Board and other IPA Committees in the overall advocacy efforts for the upstream industry.

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**SECTION 12**

**PROFESSIONAL DIVISION COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Dharmawan Samsu**

**( BP Indonesia )**

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## PROFESSIONAL DIVISION COMMITTEE

January 2014 - December 2014

### CHAIRMAN'S REPORT

Dharmawan Samsu (BP INDONESIA)

The Professional Division Committee of the IPA continues to focus on providing technical knowledge and know-how sharing around the upstream oil and gas activities, methodology, techniques, and new initiatives in Indonesia. The target recipients of our program are the circa 1500 Professional Division members of IPA and also those from oil and gas industry in general. The Professional Division Committee focuses its activities on capability and capacity development and knowledge sharing of its members through luncheon talks, field trips, training courses, scientific publications and also support of student activities. The committee also continues to provide direct support toward the annually organized technical program of the IPA Convention and Exhibition. Overall, it facilitates its members and the industry in general to continuously expand the breadth and depth of their know-how in supporting the full stream of exploration and production activities in Indonesia. In this opportunity I would like to express my sincere appreciation to all of the Professional Division Committee members for their volunteerism, dedication and commitment in delivering 2014 program. I also would express my sincerest appreciation to all members of the IPA Secretariat for their outstanding work and continued assistance throughout the year.

In summary, throughout 2014 to date, four (4) luncheon talks were held in Jakarta with attendance exceeding 262 professionals. Nineteen (19) short courses were held and all were well received and attended by a total of 293 attendees from local and overseas organizations. Four (4) educational field trips were also completed during 2014. 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. The committee has also taken the initiative to re-invest a proportionate share of the surplus for supporting universities by sponsoring general lectures by the visiting industry experts, and more importantly also by providing free access for selected university lecturers from all over Indonesia to attend IPA training courses.

The committee has also been able to maintain its traditional IPA Membership Directory for 2014; timely and with quality. Informational newsletters were prepared for access exclusively through the IPA website.

In the area of Publications, the Committee continuously pushes to promote available publications and is exploring ideas to generate new publications. In addition to the success of publishing *The Sedimentary Geology of Java* by Peter Lunt in 2013, new ideas on publishing a *Seismic Atlas of Indonesian Basins* is being reviewed for execution and is being

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targeted to kick-off in early 2015. On the other hand, expansion of cooperation with AAPG serves as a strategic venture and will continue to bear fruit. Dissemination of information in a digital and datapage formats can be achieved through this cooperation. This committee has also been actively helping the IPA on upgrading of the IPA website.

The committee continues to take the opportunity to improve its initiatives to cater to the industry's needs at its best. This includes expansion of training courses in the non-technical area. We continue to take a balanced look toward the development of the demand from within our members to ensure that we continue to add variety in our program and training courses. Ultimately, we continue to plan to finish up 2014 with sustaining success and preparing ourselves for a better 2015.

The Professional Division Committee at the end of 2014 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)
	<b>Leonardus S. Tjahjadi</b>	(BP INDONESIA)
	<b>Anna Sulistiyarningsih</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>Paulus T. Allo</b>	(STATOIL)
Membership	<b>Sugembong C.F.</b>	(INDEPENDENT)
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 2013 total surplus achieved is Rp. 3.5 billion, which was derived from revenue of Rp. 11.6 billion and expenditure of Rp. 8.1 billion. This exceeds the 2013 budget expectation of Rp. 1.3 billion.

Financial results for 2014 are still in progress. As shown in the table below, as of October 31, 2014 surplus was Rp. 2.1 billion. The surplus was derived from revenue of Rp. 6.9 billion and expenditure of Rp. 4.8 billion.

<b>PROFESSIONAL DIVISION FINANCIAL PERFORMANCE YTD 31 OCTOBER 2014 IN MILLION Rp</b>			
<b>Type Of Activities</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus (Deficit)</b>
Short Courses	5,419	3,994	1,425
Field Trips	801	507	294
Luncheon Talks	123	185	(62)
Publications & Others	235	118	117
Individual Memberships	295	0	295
Exchange Rate Gain/(Loss)	24	0	24
<b>TOTAL</b>	<b>6,897</b>	<b>4,804</b>	<b>2,093</b>

The surplus was mainly contributed by short courses Rp. 1.51 billion, field trip Rp. 0.3 billion, individual membership Rp. 0.3 billion, and publications and others Rp. 0.12 billion.

By the end of December 2014, we forecast a surplus of Rp. 2.8 billion. This surplus is derived from revenue of Rp. 11.7 billion and expenditure of Rp. 8.9 billion. With the above surplus forecast of Rp 2.8 billion, we will achieve and slightly above the 2014 budgeted expectation of Rp. 2.64 billion.

#### **CONTINUING EDUCATION SUB-COMMITTEE**

Chairman: H.L. Ong (ITB)

Vice Chairman: Leonardus S. Tjahjadi (BP INDONESIA)

The Continuing Education continues deliver short courses during 2014; eleven regular courses have been conducted in various places in Indonesia as well as five pre-convention short courses. We still have three more distinguished regular courses in the coming months with one is the collaboration with SEG. Those are:

**Title : Seismic Acquisition Field Techniques**

Instructor : R. Malcolm Lansley - SEG

Dates : December, 1 – 5, 2014

Venue : Hilton Hotel, Bandung

Cost : US\$ 3,600 (IPA Members) – US\$ 3,800 (Non-IPA Members)

Participants : 17

**Title : New Oil in Old Areas**

Instructor : Peter Cockroft - Chairman, NuEnergy Gas Limited

Dates : December 15 – 19, 2014

Venue : Bandung

Cost : US\$ 3,000 (IPA Members) – US\$ 3,200 (Non-IPA Members)

Participants : 24

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**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 - ITB

**Dates** : December 15 – 19, 2014

**Venue** : Bandung

**Cost** : US\$ 2,700 (IPA Members) – US\$ 2,900 (Non-IPA Members)

**Participants** : 18

Since 2013, 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.

Despite continued participation, enrollment in the IPA's Continuing Education trademark classes has been declining over the last 3-4 years. However, the committee continues to sustain sufficient overall participation in its programs, and this has been achieved through enhancement of training content and adjustment in the area where new challenges needing training courses that address more sophisticated and robust technology and technique to overcome it have been identified.

A list of the short courses and the names of the instructors is provided in Appendix A. A total of approximately 293 participants attended the courses from local and overseas. In general, all short courses were well attended and have generated a surplus for the IPA. We need your continuous support for the coming years by attending the short courses.

#### **FIELDTRIP SUB-COMMITTEE**

Chairman: Walter Ziza (AWE LIMITED)

The Fieldtrip Professional Sub Committee arranges educational fieldtrips for IPA members across the Indonesian archipelago. These fieldtrips are designed to provide educational training for individuals and petroleum companies working within Indonesia. During 2014 our field trips visited Java and Borneo.

Four fieldtrips were scheduled during the course of the 2014.

The first trip of the year was the classic Modern and Ancient Mahakam Delta Sedimentology trip was run on 1-6 March, with a total of 15 attendees. 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. We appreciate the assistance of Total E&P Indonesia in making this trip possible.

The second trip for non-technical personnel was the *Oil Exploration, Drilling and Production Operations; A field Seminar at Cepu, Central Java*, which was run on 25-28 March, with a total of 13 attendees. Yohannes P. Koesoemo of PT Hankenina Petroleum Indonesia has

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been the historical leader for many years. This trip was re-run on 9-12 September, with a total of 7 attendees.

Trip to Paleogene West Progo and Bayat Areas was run on 21 August associated with Short Course *Basic Petroleum Geology for Junior Geoscientist and Non-Geoscientist Personnel*, 18-22 August. Total of attendees: 11. Budianto Toha of University of Gajah Mada (UGM) has been the leader.

Looking forward to 2015, the field trip budget proposal for next year includes further re-runs of the Cepu and Modern and Ancient Mahakam Delta Sedimentology. Pulau Misool, carbonate fieldtrip to Sumatra or Sulawesi and the Thousand Islands is also planned to be run as a pre-convention field trip.

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

Chairman: **Paulus Tangke Allo (STATOIL)**

Luncheon Talks are an important focal point for members of the IPA and we are continually on the lookout for talks that are relevant and of interest to the IPA membership. In 2014 we were able to host four very good presentations during the April through August period. A wide range of topics were covered by the various speakers. In April 2014 Pak Johannes Widjonarko, Chairman of SKKMigas, presented a very well attended talk titled "Summary of 2013 E&P Activities in Indonesia and Outlook for 2014". Representatives of several O&G companies presented the remaining talks. In addition we had the privilege of hosting a Society of Exploration Geophysicists 2014 Pacific South Honorary Lecturer as one of our guests.

A full listing of all talks and attendance is attached as Appendix C. Total attendance was 262 members throughout the year.

### **MEMBERSHIP SUB-COMMITTEE**

Chairman: Sugembong C.F. (INDEPENDENT)

The total for 2014 IPA Professional Division Membership is 1453. It represents an increase of six percent (6%) compare to the last year. The breakdown of members is as follows: Jakarta 1343, Riau 7, Balikpapan 19, and Overseas 84. Please see the detail membership by area in the table below.

<b>Years</b>	<b>Jakarta &amp; Others</b>	<b>Riau</b>	<b>Balikpapan</b>	<b>Overseas</b>	<b>Total</b>
<b>2013</b>	<b>1.280</b>	<b>2</b>	<b>13</b>	<b>73</b>	<b>1.368</b>
<b>2014</b>	<b>1.343</b>	<b>7</b>	<b>19</b>	<b>84</b>	<b>1.453</b>

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## **PUBLICATIONS SUB-COMMITTEE**

Chairman: Andy Livsey (HORIZON)

During 2014 the Publications Sub-Committee has continued promoting available publications and is exploring ideas to generate new publications.

The Sedimentary Geology of Java by Peter Lunt, published in 2013 has continued to sell well and a special promotion was held at the 2014 IPA Convention. Continued efforts will be made during 2015 to cover the costs of publication.

The agreement with AAPG continues to bear fruit. Following signing of the extension in 2013 an updated DVD was produced and made available to companies, individual members and non-members at the 2014 convention. The 2014 proceedings have also been handed to the AAPG to make available through Data pages. Those of you wishing to access IPA articles through Data pages can search the database at <http://archives.datapages.com/data/index.html>

The Publications sub-Committee is also working with the IPA on upgrading of the IPA website and once the initial work on the website has been carried out will put online a searchable abstracts database which has been requested by members. Discussions are also underway with the AAPG to link this to Datapages so that full publications can also be accessed via the IPA website.

For future special publications a Seismic Atlas of Indonesian Basins is being looked at and IPA member companies will be contacted in 2015 to participate in this venture.

## **STUDENT ACTIVITIES LIAISON**

Chairman: Redo Waworuntu (CONOCOPHILLIPS)

One of the regular IPA Professional Division programs is to offer technical training courses to industry professionals. With the purpose of sharing the latest technology, and update the best practices of oil and gas industry, IPA feels the need to involve academics to participate in the training program. The training programs were attended by academic's lecturer:

<b>Course Title</b>	<b>Instructor</b>	<b>Venue</b>	<b>Participant</b>
Evaluating Reservoir Quality and Seal Potential	John G. Kaldi, University of Adelaide, Australia	Jakarta, May 19-20, 2014	University of Petroleum, PE Faculty
Petroleum Potential in Frontier Areas of Indonesia, Risk, and Ways of Exploration	Awang Harun Satyana, SKKMigas	Jakarta, May 19-20, 2014	University of Trisakti, Geology Faculty
Applied Subsurface	Robert "Bob" Shoup,	Jogjakarta	- UPN "Veteran"



Geological Mapping	Subsurface Consultants & Associates, LLC-USA	August 25-29, 2014	Jogjakarta, Geophysics Faculty - Institut Sains & Teknologi AKPRIND, Geology Faculty
Petroleum System Analysis: Essential Concepts and Methods for Increasing Exploration Success and Assessing Risks of Plays and Prospects	Awang Harun Satyana, SKKMigas	Surabaya, September 8-12, 2014	ITS, Geology Faculty
The Geological Application of Well Logs	Jennifer Garnham, Independent Consultants, UK	Jogjakarta September 29-October 3, 2014	STTNAS, Geology Faculty
New Oil in Old Areas	Peter Cockcroft, NuEnergy Gas Ltd.	Bandung, December 15-17, 2014	University of Padjadjaran, Geology Faculty
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	H.L. Ong, D.Sc.-Lecturer, Geological Department - Institute of Technology Bandung	Bandung, December 15-17, 2014	ITB, Geology Faculty

Plan in 2015 conduct student program for core lecture and rig visit and continuous support academic lecturer attend IPA technical courses.

#### **RIAU CHAPTER**

Chairman: Syaiful Ma'arif (CHEVRON)  
None

#### **BALIKPAPAN CHAPTER**

Chairman: Berlian Neswari (CHEVRON)  
None



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## APPENDIX A SHORT COURSES - 2014

- 1. 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 : January 20 – 24, 2014  
Venue : Novotel Bali Nusa Dua, Bali  
Cost : US\$ 3,000 (IPA Members) – US\$ 3,200 (Non-IPA Members)  
Participants : 7
  
- 2. Title** : **New Oil in Old Areas *status force majeure - re schedule***

Instructor : Peter Cockroft - Chairman, NuEnergy Gas Limited  
Dates : February 17 – 21, 2014  
Venue : Yogyakarta  
Cost : US\$ 3,000 (IPA Members) – US\$ 3,200 (Non-IPA Members)  
Participants : 0
  
- 3. Title** : **Strategic Processes for Oil & Gas Operations *status force majeure***

Instructor : C.F. Sugembong – Star Energy  
Dates : February 19 – 21, 2014  
Venue : Yogyakarta  
Cost : US\$ 1,400 (IPA Members) – US\$ 1,600 (Non-IPA Members)  
Participants : 0
  
- 4. 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 *status force majeure - re schedule*

Instructor : H.L. Ong, D.Sc.- Lecturer, Geological Department - ITB  
Dates : March 3 – 7, 2014  
Venue : Bandung  
Cost : US\$ 2,700 (IPA Members) – US\$ 2,900 (Non-IPA Members)  
Participants : 0
  
- 5. Title** : **Interpreting Biomarkers: Application in Petroleum Exploration and Production**

Instructor : Awang Harun Satyana - Sr. Specialist, SKK Migas  
Dates : March 24 – 28, 2014  
Venue : Batam  
Cost : US\$ 2,500 (IPA Members) – US\$ 2,700 (Non-IPA Members)  
Participants : 12

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- 6. Title : Corporate Communications in the Indonesian Petroleum Industry**  
Instructor : Hendi H. Kiswanto – Talisman Energy, Indonesia  
Dates : April 28 – 30, 2014  
Venue : Yogyakarta  
Cost : US\$ 1,500 (IPA Members) – US\$ 1,700 (Non-IPA Members)  
Participants : 19

**Short Courses in conjunction with 38<sup>th</sup> IPA Convention and Exhibition (2014)**

- 7. Title : Seismic Reservoir Characterization**  
Instructor : Dr. Sagar Ronghe - DownUnder GeoSolutions, Australia  
Dates : May 20, 2014 (1 day)  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 900 (IPA Members) – US\$ 1,100 (Non-IPA Members)  
Participants : 7
- 8. Title : Evaluating Reservoir Quality and Seal Potential**  
Instructor : Prof. John G. Kaldi - Australian School of Petroleum, University of Adelaide, Australia  
Dates : May 19 – 20, 2014 (2 days)  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,050 (IPA Members) – US\$ 1,250 (Non-IPA Members)  
Participants : 17
- 9. Title : Tectonic History of Indonesia – mainly Cenozoic: Problems, Models and Some Solutions**  
Instructor : Prof. Robert Hall - SE Asia Research Group, Department of Earth Sciences, Royal Holloway, University of London  
Dates : May 19 – 20, 2014 (2 days)  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$ 1,150 (IPA Members) – US\$ 1,350 (Non-IPA Members)  
Participants : 10
- 10. Title : Petroleum Potential in Frontier Areas of Indonesia: Opportunities, Risks, and Ways of Exploration**  
Instructor : Awang Harun Satyana - Sr. Specialist, SKK Migas  
Dates : May 19 – 20, 2014 (2 days)  
Venue : Hotel Mulia Senayan - Jakarta  
Cost : US\$1,050 (IPA Members) – US\$ 1,250 (Non-IPA Members)  
Participants : 17
- 11. Title : Farm-in Farm-out for Practitioners**  
Instructor : Peter J. Cockroft - NuEnergy Gas Limited

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Dates	: May 19 – 20, 2014 (2 days)
Venue	: Hotel Mulia Senayan - Jakarta
Cost	: US\$ 1,000 (IPA Members) – US\$ 1,200 (Non-IPA Members)
Participants	: 7

- 12. Title** : **Petroleum Geology of Deep-Water (Turbidite) Depositional Systems**  
Instructor : David Pyles, Ph.D. - Research Professor, Dept. of Geology & Geological  
Dates : June 16 – 20, 2014  
Venue : Novotel Bali Nusa Dua, Bali  
Cost : US\$ 3,200 (IPA Members) – US\$ 3,400 (Non-IPA Members)  
Participants : 13
- 13. Title** : **Applied Subsurface Geological Mapping**  
Instructor : Robert “Bob” Shoup - Subsurface Consultants & Associates, LLC - USA  
Dates : August 25 – 29, 2014  
Venue : EastParc Hotel, Yogyakarta  
Cost : US\$ 4,150 (IPA Members) – US\$ 4,350 (Non-IPA Members)  
Participants : 24
- 14. 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, SKK Migas  
Dates : September 8 – 12, 2014  
Venue : Sheraton Hotel, Surabaya  
Cost : US\$ 2,600 (IPA Members) – US\$ 2,800 (Non-IPA Members)  
Participants : 16
- 15. Title** : **The Geological Application of Well Logs**  
Instructor : Jenny Garnham - Independent Consultants, UK  
Dates : September 29 – October 3, 2014  
Venue : EastParc Hotel, Yogyakarta  
Cost : US\$ 3,150 (IPA Members) – US\$ 3,350 (Non-IPA Members)  
Participants : 15
- 16. Title** : **Sequence and Seismic Stratigraphy: Concepts and Applications**  
Instructor : Dr. Henry Posamentier - Sr. Geological Consultant, Chevron Energy Tech. Co.  
Dates : October 20 – 24, 2014  
Venue : Ayodya Resort Nusa Dua, Bali  
Cost : US\$ 3,250 (IPA Members) – US\$ 3,450 (Non-IPA Members)  
Participants : 29
- 17. Title** : **Carbonate Sedimentation, Sequence Stratigraphy & Reservoir Characterization**

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Instructor : Dr. Rick Sarg - Subsurface Consultants & Associates, LLC - USA  
Dates : November 17 – 21, 2014  
Venue : Ayodya Resort Nusa Dua, Bali  
Cost : US\$ 4,100 (IPA Members) – US\$ 4,300 (Non-IPA Members)  
Participants : 17

**18. Title : How to find Missed Pay in Old Wells and Fields using DST Data (Includes a section on DSTs of CBM – Coal Bed Methane)**

Instructor : Dr. Hugh W. Reid – HWR & Associates, LTD.  
Dates : November 17 – 21, 2014  
Venue : Ayodya Nusa Dua, Bali  
Cost : US\$ 3,200 (IPA Members) – USD 3,400 (Non-IPA Members)  
Participants : 11

**19. Title : How to Interpret Multi Well Pressure vs. Depth Plots from DSTs and Wire-line Tests – MDTs and RFTs**

Instructor : Dr. Hugh W. Reid – HWR & Associates, LTD.  
Dates : November 24 – 28, 2014  
Venue : Ayodya Resort Nusa Dua, Bali  
Cost : US\$ 3,200 (IPA Members) – US\$ 3,400 (Non-IPA Members)  
Participants : 28

**20. Title : Seismic Acquisition Field Techniques**

Instructor : R. Malcolm Lansley - SEG  
Dates : December, 1 – 5, 2014  
Venue : Hilton Hotel, Bandung  
Cost : US\$ 3,600 (IPA Members) – US\$ 3,800 (Non-IPA Members)  
Participants : 17

**21. Title : New Oil in Old Areas**

Instructor : Peter Cockcroft - Chairman, NuEnergy Gas Limited  
Dates : December 15 – 19, 2014  
Venue : Hilton Hotel, Bandung  
Cost : US\$ 3,000 (IPA Members) – US\$ 3,200 (Non-IPA Members)  
Participants : 24

**22. 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 - ITB  
Dates : December 15 – 19, 2014  
Venue : Hilton Hotel, Bandung  
Cost : US\$ 2,700 (IPA Members) – US\$ 2,900 (Non-IPA Members)  
Participants : 18

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## APPENDIX B FIELD TRIPS - 2014

- Trip # 1 : The Modern and Ancient Mahakam Delta Sedimentology  
A Technical Field Trip for Geoscientists  
Dates : March 1-6, 2014  
Trip Leader : Irfan CIBAJ - TOTAL  
Cost : US\$ 2,750 (IPA Members) – US\$ 2,950 (Non-IPA Members)  
Participants : 15
- Trip # 2 : Geological Trip to Cepu Area for Non-Geoscientist Personnel  
Dates : March 25-28, 2014  
Trip Leader : H.M. Yohannes P. Koesoemo - PT Hankenina Petroleum Indonesia  
Cost : US\$ 1,375 (IPA Members / Non-IPA Members)  
Participants : 13
- Trip # 3 : Geology and Geotourism of Bandung Area, West Java Region *Status Cancelled*
- Post Convention**  
Dates : May 23-25, 2014  
Trip Leaders : Benyamin Sapiie and Budi Bramantyo - ITB  
Cost : US\$ 1,200 (IPA Members) – US\$ 1,400 (Non-IPA Members)  
Participants : 2
- Trip # 4 : Basic Petroleum Geology for Junior Geoscientist and NonGeoscientist  
Personnel (**Short Course and One Day Field Trip**)  
Dates : August 18-22, 2014  
Trip Leader : Budiarto Toha (University of Gadjah Mada)  
Cost : US\$ 1,900 (IPA Members) – US\$ 2,100 (Non-IPA Members)  
Participants : 11
- Trip # 5 : Geological Trip to Cepu Area for Non-Geoscientist Personnel  
Dates : September 9-12, 2014  
Trip Leader : H.M. Yohannes P. Koesoemo (PT Hankenina Petroleum Indonesia)  
Cost : US\$ 1,375 (IPA Members / Non-IPA Members)  
Participants : 7
- Trip # 6 : The Mesozoic Geology of Eastern Indonesia *Status cancelled*  
Dates : October 5-12, 2014  
Trip Leader : Benyamin Sapiie (Institute Technology of Bandung)  
Cost : US\$ 4,050 (IPA Members) – US\$ 4,250 (Non-IPA Members)  
Participants : 4

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## APPENDIX C LUNCHEON TALKS - 2014

1. Date : April 7, 2014  
Venue : Le Meridien Jakarta  
Speaker : Sandeep K. Chandola, Petronas, Carigali  
Title : Marine Seismic Acquisition: Expanding the Possibilities!  
Cost : Rp. 425.000,- (IPA Members) – Rp. 485.000,- (Non-IPA Members)  
No. of Guest : 33
  
2. Date : April 30, 2014  
Venue : The Ritz-Carlton Jakarta, Pacific Place  
Speaker : Bapak Johannes Widjonarko, Chairman SKKMIGAS  
Title : Summary of 2013 E&P Activities in Indonesia and Outlook for 2014  
Cost : Rp. 525.000,- (IPA Members) – Rp. 600.000,- (Non-IPA Members)  
No. of Guest : 194
  
3. Date : May 13, 2014  
Venue : Le Meridien Jakarta  
Speaker : Swie Djin NIO, Managing Director and Senior Geoscience Advisor Enes International  
Title : Alternative Correlation Techniques in Mature Hydrocarbon Regions  
Cost : Rp. 425.000,- (IPA Members) – Rp. 485.000,- (Non-IPA Members)  
No. of Guest : 15
  
4. Date : August 20, 2014  
Venue : Le Meridien Jakarta  
Speaker : Gerhard Diephuis, Independent Consultant  
Title : Interesting developments in acquisition, processing and inversion for reservoir characterization  
Cost : Rp. 425.000 - (IPA Members) – Rp. 485.000,- (Non-IPA Members)  
No. of Guest : 20

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**SECTION 13**

**REGULATORY AFFAIRS COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Debbie Maja Chastity**

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



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## REGULATORY AFFAIRS COMMITTEE

2014

Chairman	:	Debbie M. Chastity	(CONOCOPHILLIPS)
Deputy Chairman	:	Hardi Hanafiah	(BP)
Members	:	Peter Dumanauw	(CHEVRON)
		Heike Butar Butar	(CHEVRON)
		Trinzky Ginting	(CONOCOPHILLIPS)
		Greg McMillan	(EXXONMOBIL)
		Natasha Nababan	(EXXONMOBIL)
		Wayne Webber	(INPEX)
		Andi Ismail	(MEDCO)
		Imansyah Syamsoeddin	(MEDCO)
		Alan Frederik	(PERTAMINA)
		Ali Nasir	(PREMIER)
		Daniel Kohar	(PWC)
		Dewi Mayang Sari	(SALAMANDER)
		Noki Saefullah	(SANTOS)
		Ray Amalia	(SANTOS)
		Neil Prendergast	(TALISMAN)
		Marlina Tambunan	(TALISMAN)
		Indri Khrisnavari	(TOTAL)
		Yandri Hendarta	(TOTAL)
		Nurul Setyorini	(VICO)
		Chris Wyatt	(VICO)
		Lukysari Rias	(MUBADALA)
		Fransiscus Rodyanto	(SSEK)

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## **PRIMARY EFFORTS IN 2014**

### **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 late 2014, the IPA has submitted its view to MIGAS 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.

### **Land & Building Tax Issue**

The RAC has been assisting the Finance & Tax Committee in the handling of the Land & Building Tax (LBT) issue. Specifically, the RAC has been asked to seek a legal opinion from external counsel with regard to the following fundamental questions: (i) whether there is sufficient legal basis to impose LBT on a Working Area; and (ii) whether there is sufficient legal basis under which the PSC Contractors are responsible to bear and pay the LBT. The RAC has been working with Hadiputranto, Hadinoto & Partners (HHP) on the legal opinion, and the work has been finalized.

### **Draft Regulation on Contract Extension**

The IPA was invited by ESDM to provide comments on the draft ministerial regulation regarding PSC Contract Extension. However, the IPA was very concerned that it was given only a short amount of time to provide its review and upon its preliminary internal review, the IPA conveyed to ESDM that the existing draft regulation is actually counterproductive to the objective of the Government to provide certainty on the continuation of expiring working areas and will not support the sustainability of production from such expiring working areas. The main concerns of the IPA include:

- The draft regulation is too prescriptive and does not provide expected clarity on the time line and early certainty on the decisions – particularly time lines involving response or action from the Government or Pertamina;
- Hard coding fiscal terms would limit the Government's and PSC Contractors' flexibility to find commercial solutions that provide maximum benefits to the State; and
- The draft regulation seems to address extension for producing PSCs only and has not taken into account a term extension for gas greenfield development (First PoD) that requires significant investment.

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In sum, the IPA continued to urge ESDM to have further discussions with the industry since the existing draft regulation could yield unintended consequences that can be detrimental to the State.

## **2015 OBJECTIVES**

The IPA RAC's objectives for 2015 are predominantly consistent with its activities in 2014. 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 2015. 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 14**

**SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 WORK PROGRAM**

**CHAIRMAN**

**Lita Myrosa**

**( Total E&P Indonesie )**

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# SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE

## Report of 2014 Activities and 2015 Objectives

### **I. The organization:**

Chairperson:	Lita Myrosa (Total E&P Indonesia)
Vice Chairperson:	Boby Tjahjana (Premier Oil)
Secretary:	Nofa F. Azzahra (Petronas Carigali)
Active Members:	P. Sanov Situmorang (Chevron)
	Tungga Dewa (Chevron)
	Firman Syarif (ConocoPhillips)
	Rizal Kamal (CNOOC)
	Dewi Puspa (Exxon Mobil)
	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)
	Pudji S. Subyantoro (Petronas)
	Lies Widyaningsih (PHE ONWJ)

### **II. Routine activities**

IPA SIC team members have conducted several meetings in year 2014 resulting the following topics:

- Updating the event of SCM Summit organized by SKK Migas, which was held in June 2014.
- Active participation from some of the key members in the PTK 007 Revision-3 (book I&II) discussion with SKK Migas and the progress were shared to IPA SIC members in several occasions.
- Proposed inputs to be incorporated into PTK007 Revision-3 (book I&II)
- Conducted sharing session to IPA SIC members regarding PMK 108 (Safe Guard Duty for OCTG).
- Conducted sharing session to IPA SIC members on procurement process approval cycle.
- Conducted sharing session (including lessons learned) to IPA SIC members regarding Code of Conduct (COC).

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

- Special IPA board meeting held on 10 October 2014.
- On behalf of IPA, SCMC has conducted procurement process for Garbage Trucks (donation to the DKI Municipal Government). Contracting strategy was presented and approved by the IPA Board. The updated info and progress of this activity has been shared to IPA members during the monthly meeting.

### **IV. 2014 Objectives achievements**

- Participating in PTK007 Revision-3 (book I&II) working group formed by SKK Migas, to improve this Procurement Guidelines. SKK Migas had announced the target of issuance scheduled in November 2014, up to now finalization still in progress.
- Performing sharing best practices in doing procurement of goods and services and other supply chain management amongst the PSCs.
- Conducting tender process of garbage trucks for donation to the DKI Municipal Government as a part of the IPA CSR program, the 14 garbage trucks have been symbolically handed over to Jakarta Province Government at Balai Kota Jakarta on 18 September 2014, and the delivery has been completed on 30 October 2014.

### **V. 2015 Objectives**

IPA SIC work program and objectives for 2015 will be:

- To continue seeking and proposing improvement on Procurement Guidelines from SKK Migas (PTK-007 Revision III)
- To continue 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 participate in SCM Summit event which was held annually by SKK Migas.
- To recommend improvement on Assets & Materials Management processes to SKK Migas.

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**SECTION 15**

**UNCONVENTIONAL GAS COMMITTEE**

**2014 ACTIVITIES REPORT**

**AND**

**2015 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
Alternate EPHINDO		Moshe Husin	EPHINDO	moshe.husin@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 INDONESIE	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	Kristina Hariutomo	MEDCO	kristina.hariutomo@medcoenergi.com
Alternate MEDCO		Bramastra Lalean	MEDCO	bramastra.lalean@medcoenergi.com
	12	Meizarwin	BP INDONESIA	meizarwin@se1.bp.com
	13	Pedro Nermalceff	Cooper Energy	pnermalceff@cooper-energy.com
Alternate Cooper Energy	14	Vladimir Caicedo	Cooper Energy	vcaicedo@cooper-energy.com
Alternate VICO	15	Mohd Radzif Mohamad	VICO INDONESIA	mohdradzif.mohamad@vico.co.id
Alternate Dart Energy	16	Unggul Setyatmoko	DART ENERGY	usetyatmoko@dartcbm.com
Alternate PERTAMINA	17	Henry Ardiyanto	PERTAMINA	henry.ardiyanto@pertamina.com
Advisor	18	Marjolijn Wajong	SANTOS	marjolijn.wajong@santos.com



## SUMMARY REPORT OF 2014 ACTIVITIES

1	Feb 4	<ul style="list-style-type: none"> <li>- Strategic meeting for planning ahead on CBM</li> <li>- Preparing a letter for FDG with MIGAS and SKKMigas on CBM issues (especially on PJWE)</li> </ul>
2	Feb 17	Workshop between IPA and SKKMigas-MIGAS on CBM Blocks' PJWE issues in Grand Melia Hotel
3	Feb 19	Following the Feb 17's workshop, IPA wrote a letter to SKKMigas on Feb 19 (to Pak Aussie and Pak Indro) requesting commitment amendment with regards to PJWE (Perpanjangan Jangka Waktu Eksplorasi-Exploration Period Commitment Extension).
4	March 11	Meeting with MIGAS-SKKMigas in Makassar on IPA's requests in amending PJWE for some CBM PSCs not fulfilling firm commitments due to technical and non-technical issues.
5	March 25-26	IPA Unconventional participating in IndoCBM by giving presentations on CBM and Shale Gas.
6	May 13-14	Tight Sand 1st Workshop with SKKMigas-MIGAS, Dept of Geology, Pertamina and Universities to clarify the definition of tight sand gas.
7	August 22-23	Tight Sand 2nd Workshop with SKKMigas-MIGAS, Dept of Geology, Pertamina and Universities on Shale and Tight Reservoir Definition and Exploration Technology.
8	Sept 25	Kick off meeting with LITBANG ESDM in solving CBM issues and how to accelerate CBM activities in Indonesia. Preparing future FDG (Focus Discussion Group) meetings with LITBANG ESDM
9	Oct 27	FDG on CBM POD in Four Season Hotel, Jakarta

### **CONCLUSION:**

We have made some progress in the PJWE issues, but in general we still need to actively approach MIGAS-SKKMigas to continue helping us on some CBM issues. In the future, government might give us options to use Gross PSC contract or regular PSC contract. We will keep pushing the CBM issues thru policy studies together with LITBANG.

On Shale Gas, some companies are waiting for signing and awarding shale gas blocks from previous bidrounds.

### **So in 2015 we will:**

- Thru LITBANG, we'll keep pushing the CBM issues thru policy studies.
- We'll keep pushing for the award and signing of Shale Gas Blocks in Indonesia.

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**SECTION 16**

**LIST OF  
COMPANY MEMBERS  
AND  
ASSOCIATE MEMBERS**

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## INDONESIAN PETROLEUM ASSOCIATION

### COMPANY MEMBERS

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

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29. Mitra Energy Ltd.
  30. Mubadala Petroleum Indonesia
  31. Murphy
  32. Niko Resources Ltd.
  33. OPIC Oil Indonesia
  34. Pacific Oil & Gas Indonesia, PT
  35. Pan Orient Energy (Citarum) Pte. Ltd.
  36. Pertamina (Persero), PT
  37. PetroChina International Companies in Indonesia
  38. Petronas Carigali Muriah Ltd.
  39. Petroselat Ltd.
  40. PHE Nunukan Company
  41. PHE Offshore North Wet Java (ONWJ)
  42. PHE West Madura Offshore (WMO)
  43. Premier Oil Indonesia
  44. PTTEP South Mandar Limited
  45. Saka Energi Indonesia, PT
  46. Saka Indonesia Pangkah Ltd.
  47. Salamander Energy (Bontang) Pte. Ltd.
  48. Samudra Energy
  49. Santos (Sampang) Pty. Ltd.
  50. Shell Companies in Indonesia
  51. Star Energy (Kakap) Ltd.
  52. Statoil Indonesia
  53. Sugih Energy, Tbk., PT
  54. Talisman Energy Indonesia
  55. Tately N.V.
  56. Total E&P Indonesie
  57. Triangle Pase Inc.
  58. VICO Indonesia

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## INDONESIAN PETROLEUM ASSOCIATION

### ASSOCIATE MEMBERS

1. Abhitech Matra Indah, PT
2. Alamjaya Makmur Sejahtera, PT
3. Apexindo Pratama Duta Tbk., PT
4. Archer Well Company (Malaysia) Pte. Ltd.
5. Armada Gema Nusantara
6. Armino Prima, PT
7. Badak NGL, PT
8. Bain & Company SE Asia, Inc.
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. BMT Asia Pacific Indonesia, PT
15. Bureau Veritas Indonesia, PT
16. Cameron Systems, PT
17. Carsurin, PT
18. CGGVeritas Services Indonesia, PT
19. Citra Tubindo Tbk., PT
20. Citrabuana Indoloka, P.T.
21. Corelab Indonesia, PT
22. Deloitte Petroleum Services
23. Denvegraha, PT
24. Donggi – Senoro LNG, PT
25. Dowell Anadrill Schlumberger, PT
26. EagleBurgmann Indonesia, PT
27. Elnusa Tbk., PT
28. Ernst & Young

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29. EXLOG Sarana Indonesia, PT
  30. Expro Indonesia, PT
  31. Fluor Daniel Indonesia, PT
  32. Gaffney, Cline & Associates
  33. Geokinetics Indonesia, PT
  34. Geolog Indonesia, PT
  35. Geoprolog Intiwijaya, PT
  36. Geoservices, PT
  37. GSM Konsep Internasional
  38. Halliburton Indonesia, PT
  39. Hitek Nusantara Offshore Drilling, PT
  40. Horizon Geoconsulting, PT
  41. Iceland Drilling Indonesia, PT
  42. Imeco Inter Sarana, PT
  43. Institut Sains & Teknologi AKPRIND
  44. Institute of Technology Bandung
  45. Institute of Technology Medan
  46. Institute of Technology Sepuluh Nopember
  47. Integrated Petroleum Services, PT
  48. Intertek Utama Services, PT
  49. Istech Resources Asia, PT
  50. Islamic University of Riau
  51. ITOCHU Corporation
  52. Jala Fero Kencana, PT
  53. JGC Corporation
  54. Jones Day
  55. Kaliraya Sari, PT
  56. KAP Siddharta & Widjaja
  57. Korosi Specindo, PT
  58. Leighton Contractors Indonesia, PT
  59. Lerindro International, PT
  60. Linklaters Singapore Pte. Ltd.

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61. M-I Indonesia, PT
  62. McDermott Indonesia, PT
  63. McKinsey & Company
  64. Mitra Energy Gas Sumatera, PT
  65. Mitsubishi Corporation
  66. Mutiara Biru Perkasa, PT
  67. Offshore Works Indonesia, PT
  68. OPAC Barata, PT
  69. Osco Utama, PT
  70. P2 Energy Solutions
  71. Perforindo Teknika Nusantara, PT
  72. Petratama Abdi Nusa (PetraNusa), PT
  73. Petros Technologies Indonesia, PT
  74. Petrosea Tbk., PT
  75. PGS Nusantara, PT
  76. PPPTMGB "Lemigas"
  77. PricewaterhouseCoopers
  78. Pundi Stratejasa Indonesia, PT
  79. Pusdiklat "Migas"
  80. Risco Energy Investments Pte. Ltd.
  81. Schlumberger Geophysics Nusantara, PT
  82. Scomi Oiltools, PT
  83. SGS Indonesia, PT
  84. Slickbar Indonesia, PT
  85. Smith Tool Indonesia, PT
  86. STTNAS Yogyakarta
  87. Sucofindo, PT
  88. Sudjaca Palembang, PT
  89. Sumber Daya Kelola, PT
  90. Supraco Indonesia, PT
  91. Susandarini & Partners in Association with Norton Rose Australia
  92. Tenaris - Seamless Pipe Indonesia Jaya, PT

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93. The Lantau Group
  94. Thies Contractor Indonesia, PT
  95. Trans Nusantara Multi Construction, PT
  96. Transocean Indonesia, PT
  97. Tripatra Engineering, PT
  98. Tugu Pratama Indonesia, PT
  99. University of Brawijaya
  100. University of Diponegoro
  101. University of Gadjah Mada
  102. University of Hasanuddin
  103. University of Indonesia
  104. University of Lampung
  105. University of London
  106. University of Padjadjaran
  107. University of Pakuan
  108. University of Petroleum
  109. University of Sriwijaya
  110. University of Trisakti
  111. U.P.N. VETERAN
  112. Wahana Sugih, PT
  113. Weatherford Indonesia, PT
  114. Welltekindo Nusantara, PT
  115. Westerngeco Indonesia, PT
  116. Widyawan & Partners
  117. Wood Mackenzie