

INSTRUCTION OF PRESIDENT
THE REPUBLIC OF INDONESIA
NUMBER 2 YEAR 2012
CONCERNING
NATIONAL NATURAL OIL PRODUCTION INCREASE

PRESIDENT OF THE REPUBLIC OF INDONESIA,

In order to achieve national oil production at least at the average of 1.01 million barrels per day in 2014 to support the security energy increase, hereby instruct:

- To :
1. Coordinating Minister for Economy;
 2. Minister of Energy and Mineral Resources;
 3. Minister of Public Works;
 4. Minister of Finance;
 5. Minister of Home Affairs;
 6. Minister of Transportation;
 7. Minister of Agriculture;
 8. Minister of Forestry;
 9. Minister of Environment;
 10. Minister of Law and Human Rights;
 11. Minister for State-Owned Enterprises;
 12. Chairman of the National Land Board;
 13. Chairman of the Executive Agency for Upstream Oil and Natural Gas Business Activities;
 14. Governors;
 15. Regents/Mayors;

TO:

FIRST : Taking necessary coordinated and integrated steps pursuant to their respective tasks, functions and authorizations to reach national oil production target at least at the average of 1.01 million barrels per day in 2014.

SECOND : To conduct coordination and acceleration on the problems settlement that may hinder the increase, optimization and acceleration of national petroleum production.

THIRD :

1. Minister of Energy and Human Resources:
 - a. Conducting inventory and assessment to the prevailing laws and regulations that may hinder the effort of national petroleum production increase as well as to propose amendment to the relevant laws and regulations;
 - b. Encouraging product optimization on the existing field and accelerating the discoveries of new reserve through improved policies on cooperation contract and other related policies;

- c. Completing the first Plan of Development proposal at a maximum period of 90 (ninety) working days as of the acceptance of the proposal from the Executive Agency for Upstream Oil and Natural Gas Business Activities;
 - d. Improving the monitoring towards the Executive Agency for Upstream Oil and Natural Gas Business Activities in performing natural oil production increase of the Cooperation Contract Contractor (CCC); and
 - e. Improving the effort on petroleum production problems resolution with ministries/bodies and regional government.
2. Minister of Public Works:
 - a. Improving and developing public works facilities function in supporting transportation of national petroleum products; and
 - b. Providing support by the availability of laws and regulations stipulating layout/land structural system and public works that may support the increase of national petroleum production.
3. Minister of Finance:
 - a. Providing facilities on tax and customs in order to support national petroleum production increase in accordance with the prevailing laws and regulations; and
 - b. Providing supports by the availability of laws and regulations stipulating state financial sector that may support the increase of national petroleum production.
4. Minister of Home Affairs:
 - a. Conducting inventory and assessment to the prevailing regional regulations that may hinder the effort of national petroleum production increase; and
 - b. Developing and monitoring the Regional Government in supporting the increase of national petroleum production.
5. Minister of Transportation:
 - a. Improving transportation facilities function to support the increase of national petroleum production;
 - b. Performing alignment on the licensing period of the transportation facilities usage with period of petroleum operation activities; and
 - c. Providing support by the availability of laws and regulations on transportation that may support the increase of national petroleum production.
6. Minister of Agriculture is establishing any policies related to the use of agriculture area to support national petroleum production increase pursuant to the prevailing laws and regulations.
7. Minister of Forestry:
 - a. Providing support by the availability of policies related to optimization on the use of forest area to support national petroleum production increase in according to the prevailing laws and regulations; and
 - b. Accelerating the completion of forest use permit for upstream oil business activities according to the existing requirements.

8. Minister of Environment:
 - a. Accelerating the completion of approval of environmental impact analysis (AMDAL), Environmental Management Means (UKL), and Environmental Monitoring Means (UPL) in order to increase national petroleum production; and
 - b. Providing support by the availability of policies and regulations on environment to support national petroleum production increase.
9. Minister of Law and Human Rights may support by harmonizing laws and regulations related to national petroleum production increase.
10. Minister of State-Owned Enterprises:
 - a. Giving support by providing State-Owned Enterprises' land clearing for national upstream oil business activities; and
 - b. Providing support by the availability of policies and regulations on development of State-Owned Enterprises supporting national petroleum production increase.
11. Chairman of National Land Board:
 - a. Accelerating grant process of land right that will be used to support national petroleum production increase; and
 - b. Providing support by the availability of policies and regulations on land supporting national petroleum production increase.
12. Chairman of Executive Agency for Upstream Oil and Natural Gas Business Activities:
 - a. Completing approval process on:
 - 1) Plan of Development (POD), within maximum period of 31 (thirty one) working days as of the submission of complete proposal by CCC;
 - 2) Work Program and Budget (WP&B), within maximum period of 25 (twenty five) working days as of the submission of complete proposal by CCC;
 - 3) Authorization For Expenditure (AFE), within 38 (thirty eight) working days as of the submission of complete proposal by CCC; and
 - 4) Goods and services procurement, within 10 (ten) working days for procurement plan and 20 (twenty) working days for determining successful bidder;
 - b. Improving operation efficiencies and production facilities optimization;
 - c. Improving effort of production optimization and field development by using Enhanced Oil Recovery (EOR) technology;
 - d. Improving effort of controlling and monitoring on implementation of cooperation contract including joint facilities usage;
 - e. Conducting acceleration on development of new field, marginal and idle fields; and
 - f. Conducting optimization of suspended wells.
13. Governors:
 - a. Providing development and monitoring on Regional Government of Regencies/Cities in order to support national petroleum production increase;
 - b. Conducting acceleration and licensing facilities related to effort of national petroleum production increase; and

- c. Providing support and establishing policies in order to increase national petroleum production.

14. Regents/Mayors:

- a. Conducting acceleration and providing licensing facilities related to the effort to increase national petroleum production; and
- b. Providing support and establishing policies in order to support national petroleum production increase.

FOURTH : Coordinating Minister for Economy shall coordinate the implementation of this Presidential Instruction.

FIFTH : Coordinating Minister for Economy shall submit implementation report on this Presidential Instruction to the President once every 6 (six) months or at any time if necessary.

SIXTH : To execute this Presidential Instruction with full responsibility.

This Presidential Instruction shall be in full force on the issuance date.

Enacted in Jakarta
On 10 January 2012
PRESIDENT OF THE REPUBLIC OF INDONESIA
Signed
DR. H. SUSILO BAMBANG YUDHOYONO