

34th IPA Convention Closing Speech

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IPA President

on behalf of the IPA Board of Directors

INTRODUCTION

- Your Excellency Minister of Energy and Mineral Resources, Bapak Darwin Saleh
- Chairman of BPMIGAS Bapak Priyono
- Director General Oil and Gas Ibu Evita Legowo
- Distinguished participants, industry colleagues, ladies and gentlemen

Please allow me to welcome you all to the closing ceremony of the 34th IPA Convention and Exhibition with the theme of "Investing Together for Future Growth"

I sincerely hope you have all enjoyed the experience. The annual convention goes from strength to strength and once again in 2010 the number of participants has reached record levels

- Over 3000 participants
- 138 exhibitors
- 130 technical papers
- 110 Short Course Participants
- Over 300 attendees to last night's Gala Dinner - which for those of you who attended I hope you felt was a very welcome new addition to our programme and absolutely highlighted the musical talents of the industry, present company accepted of course
- In total almost 5000 visitors over three days... truly superb!!

As for Signing of Contracts:

14 Production Sharing Contracts and 8 Gas Sales Contracts have been signed and 18 New Work Acreage has been announced.

THANK YOU

We have been greatly honoured to have the presence of HE the Vice President Bapak Boediono to open our convention, His Excellency the Minister of Energy & Mineral Resources at both the opening and closing ceremony as well as the Gala Dinner, the presence of the Ministers or Vice Ministers for SOE, Environment, Transportation, Law & Human Rights for the plenary discussions as well as Members of Parliament and numerous other distinguished panelists as well of course to our own Dir Gen Ibu Evita and Head of BPMIGAS Bapak Priyono throughout. We are truly honoured by their participation.

Your Excellency Minister Darwin Saleh, Dir Gen Ibu Evita and Bapak Priyono we are deeply appreciative that you found the time to be with us and we truly hope you found the convention achieved what we had hoped for and highlighted the best that the upstream industry has to offer. We thank you dearly.

The exhibition booths just seem to get better and better, more imaginative, creative and greatly informative. The announcement of the best booth is eagerly awaited

I hear the quality of the technical papers has been outstanding and I look forward to seeing who have been chosen as winners.

SESSIONS & MESSAGES

The opening addresses from both the Minister and Vice President highlighted

The true understanding that government has of the need to attract investment and their determination to support the industry in addressing their issues

Their recognition that there needs to be greater coordination at the highest levels between all departments

Changing paradigm from revenue generation from exports to prioritizing domestic requirements and that both play a vital role and both can be achieved.

The two plenary discussions were truly outstanding:

In the first morning discussion

How Best Can Indonesia Attract Investment in the Oil & Gas Sector we heard

- That Indonesia is an attractive investment proposition
- That demand for energy is growing rapidly
- That the investment necessary to meet that demand is huge
- That various issues must be addressed to alleviate concerns of investors and provide Clarity, Consistency and Certainty to them particularly around the issue of Cost Recovery

Then in the afternoon session

The Role of Gas in Meeting Indonesia's Revenues and Growing Energy Demand we heard

- The future of Indonesia's energy supply lies with gas of which there are abundant reserves both conventional and unconventional
- But these are often to be found in remote challenging areas resulting in them being extremely expensive to monetize
- With huge investment in infrastructure necessary
- Price is the key issue price must be competitive and essentially market driven and although the government will set the price the upstream industry must not be the indirect subsidy provider

And similarly in the two specialist technical discussions:

Emerging Issues Under The New Environmental Law

- There was recognition of the concerns both about the criminal and administrative sanctions and the potential delay factor on production

- Assurances were given by the Minister that flexibility would be shown to industry if they "showed a plan" to meet the requirements
- True understanding of the impact is still in progress and the implementing guidelines will be very important

And finally this morning in the discussion on

Understanding & Managing the Upstream Oil & Gas Business"

- Some very interesting observations raised highlighting the need for greater clarity and cooperation on various tax and fiscal issues

THANK YOU

Ladies & Gentlemen, as I am certain you all fully appreciate an event of this magnitude does not organize itself but is the outcome of a simply immense amount of effort and hard work by many, many people. The truly staggering fact is that a very large percentage of those people are industry colleagues who have given up an enormous amount of their free time, evenings, and weekends after they have worked hard in the office to bring an event like this together.

The list of those involved is unfortunately just too long to mention everybody by name, which I would like to do but I would like to mention the names of some who's contribution have been particularly valuable. Please save your applause until I have finished and then we can truly show our appreciation

- The team of the IPA secretariat under Pak Dipnala, Rita, Ilham and above all our dearly loved Ibu Sita and her colleagues who seem to work harder and harder every year and in the case of Sita look younger and younger each year All of course guided by our dear mentor Pak Suyitno who as well as also appearing younger and younger gets better and better on the golf course, perhaps the two are linked.
- To the event organizers OPAC Barata and Jeremy Dyer and Rina who again promoted and oversaw a superb event
- To QUAD our event organizers who take care of all the sound and telecommunications and effects both here and in the Gala Dinner last night, great job
- To the staff of both the JCC and the Mulia Hotel who have made us feel very welcome for the past three days
- To the security team headed up by Pak Baruno and Pak Untung who have kept us safe for the past three days
- To our friends from BCG, Klaus Langer in particular, who very kindly provided their expertise and experience in helping prepare and moderate the plenary sessions
- To my fellow board members who each contributed in some way or other to the success of the event, either by working to secure the participation of our key speakers, by giving their own full participation, by speaking in the sessions themselves, Elisabeth Proust and Terry McPhail, or moderating the sessions Jim Taylor and Sammy Hamzah both of whom I'm sure you will agree did absolutely superb and I must say very diplomatic jobs!

- And then above all to the members of the Convention Committee and sub-Committees
 - the communications team under Pak Basrie and Novi, Tommy and Jacob
 - the protocol team headed by Ivan
 - the security team
- And finally the "top team" of Pak Ngurah and his two vice chairman Pak Vincent and Pak Sonny Kosasih
- Gents you did a superb job, tireless work, flawless organization, and not a glitch that caused a moments concern. You made it a very enjoyable walk in the park for all of us and the success of this event is down in great measure to your individual efforts, thank you very much indeed.

Ladies and gentlemen can we now show our true appreciation for all of these and the countless others who supported them

CLOSING REMARKS

Three days ago I invited the participants at the opening ceremony to take the opportunity of seeing first hand the best that the upstream industry in Indonesia had to offer with the annual convention presenting the perfect occasion to showcase the capability of the sector, highlight its achievements and point to future investment opportunities.

I sincerely hope you have taken that opportunity and have formed the opinion that the optimism we spoke of is well founded and Indonesia really does present a very attractive home for investment for future growth.

I feel that we can achieve that and there is a real feeling of true partnership and alignment with the government particularly with our own Minister and regulatory bodies. I think it has been the "friendly convention" and bodes very well for the success our industry.

Thank you for your participation and I look forward to seeing you all here again in 2011.