



**REMARKS BY
MINISTER OF ENERGY AND MINERAL RESOURCES
AT THE OPENING OF
34TH ANNUAL IPA CONVENTION AND EXHIBITION
JAKARTA, MAY 18, 2010**

His Excellency Bapak Boediono, Vice President of the Republic of Indonesia

Excellencies, Honorable Guests,

Distinguished participants, Ladies and Gentlemen,

Assalamualaikum Warahmatullaahi Wabarakaatuh

A very good morning to you all,

It gives me a great pleasure to deliver a remark to professionals and experts in the oil and gas industries, at this opening ceremony of the 34th Annual IPA Convention and Exhibition.

As the Minister of Energy and Mineral Resources, this is my first IPA Convention and Exhibition. However, I have already had opportunities to get to know the members and individuals in IPA - not only their expertise and experience, but also the fact that we share same interest, to further oil and gas industry in Indonesia.

I would like to convey my appreciation to IPA who has yet again successfully prepared and organized this prominent Convention and Exhibition. This year's convention theme "Investing Together for Future Growth" is of great importance and very timely.

Bapak Boediono, Excellencies, Ladies and Gentlemen,

Oil and gas sector is not only contributing significantly to the state budget, but also supporting national economic growth through investment spending, and, most importantly, ensure supply of energy for the nation. In the past few years Indonesia has seen a growing demand for energy, especially for natural gas from the industrial sector. As the economy continues to grow, domestic demand for energy is expected to significantly increase over the coming years.

To that end, the Ministry of Energy and Mineral Resources would ensure that national energy requirement will be met through development of new oil and gas fields, discoveries of new oil and gas reserves, and through the development of energy infrastructure.

For the first time in her history, Indonesia is planning to build LNG receiving terminals, which would enable natural gas from major gas producing regions in Indonesia to be supplied to consumer centers in Java and Sumatera. Efforts are also being made to expand pipeline infrastructure to fulfill domestic requirement and distribution to end users.

On the exploration frontier, several years ahead will witness an unprecedented number of exploration drilling across the country's deepwater and frontier areas. These wells will test a range of proven and new plays, which contain the potential for a renaissance in oil and gas development in Indonesia.

In the development front, over the next few years, Indonesia will see development of several large projects such as Banyu Urip field in Cepu, Abadi Field in Masela, deepwater projects in East Kalimantan and expansion of Tangguh LNG project. All of these projects will significantly contribute to Indonesian oil and gas production.

We are also promoting the production and exploration of new gas reserves, including coal-bed methane or CBM. These resources are abundant in Indonesia. We are now targeting the first production of CBM gas to come on-stream next year, in 2011. We continue offering new CBM blocks to investors and would invite you to invest in this opportunity for future energy.

Bapak Boediono, Ladies and gentlemen,

To preserve conducive investment climate in oil and gas sector, we are committed to maintain a stable and harmonized policy while also observing the sanctity of existing contracts and agreements.

As a further commitment to keep Indonesian oil and gas industry attractive, we are considering alternative forms of contract for the future PSC, which might be more beneficial for the Government as well as for the Contractors. We are working on it thoroughly and would appreciate industry input in the formation of this new type of contract.

Indonesia's petroleum sector is a dynamic one; shaped by various aspects which include transformation of government policies, democratic reform, growing domestic energy demand, and a more competitive global oil and gas market. To allow the oil and gas industry in Indonesia remains growing and sustainable, there is a need for collaboration among all stakeholders, namely between the Government and the industries.

At this point, I would like to acknowledge IPA's commitment to become the Government's partner and its valuable contribution in promoting oil and gas industry in Indonesia. I would even consider PSCs and IPA members as our warriors in defending the important role of petroleum industry in Indonesia. I am hopeful that this partnership will continue and strengthen into the distant future.

Excellencies, Ladies and Gentlemen

We are most privileged this morning to have the presence of His Excellency Vice President, Bapak Boediono. This has undoubtedly reaffirmed the attention and support of Government to oil and gas industry in Indonesia.

On this precious occasion, Bapak Boediono, it would be indeed an honor for us to have you delivering an address and officially open the 34th IPA Annual Convention and Exhibition.

I would wish you all a successful annual convention and exhibition and thank you for your kind attention.

Darwin Zahedy Saleh
Minister of Energy and Mineral Resources