



INDONESIAN PETROLEUM ASSOCIATION

2018 ANNUAL REPORT

47th ANNUAL GENERAL MEETING

JAKARTA, 5 DECEMBER 2018

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SECTION 1

INDONESIAN PETROLEUM ASSOCIATION

PRESIDENT'S REPORT - 2018

by

Ronald Gunawan

On behalf of

IPA Board of Directors

December 2018

www.ipa.or.id

INDONESIAN PETROLEUM ASSOCIATION

President's Report for 2018

1. INTRODUCTION

2018 continued to be a challenging year for the oil and gas industry on a global basis as well as here in Indonesia. The oil price has ranged between USD 60-75 a barrel between January to September but has recently seen a significant drop in 4Q down to approximately USD 55 a barrel. Many oil and gas companies have therefore been carefully managing their costs and investment decisions, with investments only being made into large, profitable investments where there is a significant return on investment with lower risks. Some regions around the world have seen significant investment and new activity where these countries have responded quickly to create a conducive investment climate but this has not happened in Indonesia. Companies do see the investment opportunities in Indonesia, but they are still in the wait and see mode, waiting for more attractive investment opportunities.

In Indonesia, production has also been declining due to the reduced production from mature fields, combined with a minimal increase in new fields and associated production coming on stream. In response, the government has been increasing the bidding opportunities for new areas since last year but the areas that have been taken up have tended to be those areas where joint studies have already been performed. The IPA welcomes the fact that the government have also been much more aggressive in terms of offering information about new Blocks and explaining the benefits of investing to IPA member companies and others in order to increase investment in these new opportunities. However, in spite of this, take-ups have been low compared to what the government wants to achieve and exploration activities on existing contracts areas have also been low. It is also noted that all new contracts will be required to use the Gross Split mechanism.

The net result is that the gap between demand for the growing economy and domestic supply continues to grow larger and highlights the need for increasing domestic supply. Indonesia does still have other sources of energy apart from oil, gas and coal, but oil and gas is still very important as the energy source in Indonesia.

Here in Indonesia, we are proud that the 2018 Convention and Exhibition was a successful event and received a good response in spite of the low oil price environment. There were over 24000 visitors to the Convex and good discussions were held between all stakeholders on the theme of “Driving Indonesia’s Oil and Gas Global Competitiveness”. The IPA also produced a series of infographics which contained key data on the oil and gas industry in Indonesia and which are now being widely used.

In November 2018, the IPA also held a very successful “Core Workshop” attended by a number of operators where core samples from 8 companies were displayed for information and discussion. Visitors from industry and government were able to network in technical discussions on the future opportunities for the upstream industry in Indonesia.

As we approach the end of 2018, the industry now requires further substantial fiscal and regulatory reform to compete for the investment that is critically needed to increase exploration activity and reverse production declines. The country must strive to remain competitive in the global marketplace, particularly in this current fluctuating oil price environment. In response to these global challenges occurring in the industry, the IPA acknowledges and thanks the government for welcoming us into the dialogue and for the challenging discussions they are open to have with us for the benefit of all stakeholders.

The oil and gas industry in Indonesia continue to be of strategic national importance in providing energy security in addition to supporting Indonesia’s future economic growth targets and we remain committed to a common purpose of energy supply to the growing economy.

2. KEY INDUSTRY ISSUES

2.1 General Gross Split Mechanism and Implementation Regulations

Last year, the government decided that the Gross split mechanism would be used for all new contracts, while exiting contracts would continue to use the Cost Recovery system. The IPA has committed significant time and resources in 2018 to working with government in defining the implementing regulations and supporting regulations for the Gross Split mechanism to ensure that it is attractive for future investment and we would like to thank the government for welcoming us into the dialogue on this important issue. We started this year by proving input on the gross split implementation through the FAQ.

However, in the last month, the government have started the FGD for discussing the implementation regulations.

2.2 Implementing Regulations for GR27/2017 regarding Indirect Taxes

The Post-2010 cost recovery contract during the exploitation stage needs to pay all indirect taxes, however for GR27, the government has exempted these indirect taxes for the exploration phase. In GR27, it also states that indirect taxes for the exploitation stage can be exempted based on the recommendation of EHMR after a review of the project economics. The IPA believe that this GR27 needs to have an implementing regulation on how the detailed process for making this key decision will be performed. The IPA are working with SKK Migas and the Ministry of Finance teams on this issue. The GR27 cannot be used until after the implementing regulations have been resolved and agreed by all parties.

2.3 Joint Audit for PSC with Cost Recovery Mechanism

PMK 34/PMK.03/2018 - Guideline for Implementation of Joint Audit for PSC Contract with cost recovery mechanism on the upstream oil and gas industry was issued in March 29, 2018.

Before Joint Audit, PSC companies have been audited by multiple Government Auditors from BPKP, DGT, SKK Migas, BPK, ESDM, and Customs.

These multiple audits have resulted in:

- Inefficient time for audit fieldwork for both Government Auditors and PSC companies
- Multiple audit issues raised by each Government function
- Audit issues were long outstanding and were hard to resolve since it needs confirmation from other Government organisations for confirmation / information (lack of coordination)
- Multiple audit reports raised for PSC companies with different understanding and exposures (Non-cost recovery, tax court, arbitration etc.)

As a result, the Oil & Gas industry has long outstanding and repeat audit issues due to different interpretation and understanding of the PSC Contract.

The initiative to have the PMK on Joint Audit was started in late 2016 to enable a more streamlined and efficient communication between Government auditors and also to harmonize the settlement of long outstanding audit issues. SKK Migas, DGT and BPKP formed a joint

task force team with support from the IPA. Subsequently, a long process of discussion, feedback and review were conducted in 2017 and early 2018. The IPA Board have submitted feedback in the PMK to support the sanctity of the PSC Contract.

The Q3 and Q4 2018 Joint audit have selected 14 PSCs to be audited, of which 50% of the PSCs are terminated PSCs. It would be beneficial if PSCs that had been selected for the joint audit for 2018 provide feedback to the IPA Board on the process of the current Joint audit. PSCs that might be selected for 2019 audit should be prepared for the joint audit team that will cover multiple areas at the same time such as Tax, Cost Recovery, Policy, etc.

2.4 Abandonment and Site Restoration (ASR) – New Minister Regulation

In February 2018, Minister of Energy and Mineral Resources Regulation No. 15/2018 regarding Post Operation Activities in the Upstream Oil and Gas Business was issued. Overall, the regulation has the arrangement of the ASR obligation, the ASR Plan and Proposal and the ASR Fund. The key concern from the Industry is the applicability of ASR obligations to PSCs that do not govern ASR obligations.

Regardless of the many meetings that the IPA has had with the Government of Indonesia since 2016 in which the IPA has stated about the grandfathering principles, sanctity of contract and legal certainty, this MEMR Regulation No. 15/2018 in its Article 21(a) mandates PSCs without ASR obligations to comply with this regulation.

The IPA has continued discussing this issue with SKK Migas and Directorate General of Oil and Gas and have followed up by sending a letter to the Head of SKK Migas with the IPA's proposed revision on article 21 of MEMR Regulation No. 15/2018. The Government is now considering the proposal and further discussion will be needed

2.5 Corporate Liability for Corruption Cases

The IPA supports the KPK on the implementation of PERMA (Peraturan Mahkamah Agung / Supreme Court Regulations) No. 13 /2016 as the guidelines to prevent corruption in the industry. The IPA Annual Gathering with KPK in Q3 2018 focused on corporate crime prevention and the IPA will continue to support Anti-Corruption campaigns within the industry.

2.6 PSC Expiries and the Transition Period Challenges

Many older PSC's expired during 2018 and were transferred to Pertamina or will expire within the next 3-4 years. This coming year 2019 will see a decision-making year when the government will decide who will operate these areas. This is challenging to the member companies of the IPA due to the related issues involved in managing the transition arrangements, the change in operatorship and the changes in contracts.

2.7 New Oil and Gas Law

The New O&G is DPR initiative pursuant to DPR Legislation program (Prolegnas). IPA has been involved in providing feedback towards the draft law through hearings with DPR, DPR advisory body "BKD", Habibie Centre. Despite major progress made in the law drafting between 2016 to 2017, the current DPR does not appear to be able to complete the New Law within its terms therefore the effort will be continued in the succeeding DPR terms.

Some hot items expected to be covered in the new O&G law is on Gross Split PSC and also on new formation and role of the implementing body (currently SKK Migas).

2.8 Contractors Crude Oil Entitlement for Domestic Market

In order to help improve the current Indonesia economic climate, the Ministry of EMR issued Regulation No. 42/2018 regarding prioritizing the crude oil production for the domestic market, including the contractors crude oil entitlement. The key points are that the Contractor or its affiliate must offer to Pertamina (and/or refinery company) all its crude oil entitlement 3 months before the lifting date, followed by a business to business negotiation.

The IPA identified some potential implications of this Regulation as shown below:

- Difficulties to get a competitive price for the crude oil if Pertamina does not go through a normal tender process
- Selling crude to the domestic market may expose Contractors to higher tax compared to selling it in other countries. It is unclear whether the PSC Tax or general CIT regime will be applied.
- Getting export recommendation from Directorate General of Oil and Gas will be delayed and could cause problems if the negotiations with Pertamina fail.

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- For the longer term, it is unclear how the ICP will be calculated if there is no more export.

Many discussions with Directorate General of Oil and Gas, SKK Migas and the Ministry of Finance have been held and the Government is now still looking for solution on the high domestic tax issue. Some PSCs have started the discussions with Pertamina.

2.9 Letter of Credit for Exporting Certain Goods

In September 2018, the Minister of Trade issued regulation No. 94/2018 regarding the need to use a Letter of Credit for exporting certain goods including Oil and Gas.

The objectives of MR 94/2018 are to: (i) secure export transactions and assure order as well as production for the exporter; (ii) ensure accuracy of export proceed reporting; (iii) ensure the stability of the price improvement for global natural resources.

This new regulation could create issues for the Oil & Gas Industry because the current contracts are long term contracts with no LC requirement. Amending the contracts to include LC could create a negotiation on the agreed price. Some of the buyers in the past have already mentioned that they are not allowed to use LC.

The IPA has worked closely with Ministry of EMR and Ministry of Trade, explaining the issues that the industry is facing due to Regulation no 94/2018. The Minister of Energy and Mineral Resources has sent a letter requesting that Oil & Gas is excluded from LC requirement. As a result, the Minister of Trade revised the regulation and excluded the Oil & Gas Industry from the obligation to use this regulation.

2.10 Master List Facility

The absence of the tax regulations which specifically and explicitly regulate the tax rules (especially VAT) and the absence of the uniformity on the separation of import values with the domestic services in the contract for the procurement of imported goods carried out by the KKKS causes different interpretations among the tax officers at the tax office. The tax officers consider that the procurement of the imported goods carried out through the domestic companies in accordance with the procedures of procurement of goods and or services which

are regulated by SKK Migas, as the domestic transactions, thus become domestic transactions which enable VAT.

This results in the master-list facility received by PSC Companies not being optimal and furthermore, the VAT of the goods that have obtained the master-list facility becomes non-refundable, based on Finance Minister Regulation No. 218 for Production Sharing Contract (PSC) prior to the issuance of GR79/2010, and therefore cannot be recovered for the PSC signed after GR79/2010, or also cannot be a deduction part in the Income Tax calculation for the PSC Gross Split.

Integrated discussions have involved all parties (PSCs, SKK Migas, DG Custom, DG Tax) to clear up the different interpretations.

In the discussions with government, DG Custom and DG Tax stated that the value of the master-list facility provided by the Government should be the worth of imports (CIF), and also would not include the domestic components; company profits. Separation of import values and domestic components should be clearly stated in the PO/ Contract. Furthermore, DG Tax requests the domestic service companies not to record the imported goods which are using the master-list facility as their inventory, thus the number of import value to PSC Companies are not VAT payable and also there is no tax invoices issued. For reference, the imported goods are the state-owned property and the documents of import (PIB) are equal with the tax invoices.

SKK Migas is expected to issue a letter for PSC Companies in order to require that all PO or imported procurement contracts must include the details of domestic components and submit the master-list application for the Government with the amount of import value (CIF).

DG Tax is expected to issue a special regulation which stipulates that the procurement contract of imported goods for oil and gas must be separated between the import value and the domestic components including service company revenues. Thus, the tax invoice only needs to be issued on the value of the domestic component, while the import value in the import document which includes PSC as the owner of the goods is not owed VAT, so the tax invoice is not issued. Finalizing those letters will help to optimize the master list facility received by PSCs.

2.11 Permitting

Permitting is one of the significant and critical issue in Oil and Gas industry activities which needs a total reformation because the current permitting regulations and practices are the cause of long processes in Oil & Gas activities especially during the exploration and development phases. The Oil and Gas Industry has to deal with permits that come from different government institutions and from central government as well as local government, and there was no coordination among those institutions when regulations on permitting were initially issued. Many discussions with the Industry and with these different government institutions have been ongoing since 2015.

In 2018, the government issued GR 24/2018 to simplify and shorten the permit process which named is Online Single Submission (OSS) Process. In the elucidation of the Government Regulation, it stated that Oil and Gas Industry is excluded from the OSS system. But each Institution and Ministry has different perspective in implementing this regulation, whether the license should be processed on line or offline.

In order to use this system, each Institution or Ministry is required to have a “Norma, Standard, Prosedur, dan Kriteria (NSPK)”. The purpose of such NSPK is to give a certain period of time for processing or issuing the relevant license/permit. NSPK will be issued by the Institution or Ministry in the form of a Minister Regulation.

Each company needs to get the “Nomor Induk Berusaha (NIB)”, in order to apply for the permit/license and it replaced the requirement to obtain API-P. Each business entity needs to fill-in the application form but in the beginning the form was not applicable for Permanent Establishment (BUT). Now, after some improvement, it has the proper form for BUT but this requirement will then link to the system in the Minister of Law and Human Rights which has no data on BUTs.

The implementation of this system caused a lot of confusion due to lack of clear implementation guidelines for the Oil & Gas Industry. A Ministry that is not ready with NSPK will suspend the process of issuing the permit regardless of the need of the Industry to have the permit to do certain activities.

More discussions are needed with different institutions to solve the problem and it needs ESDM leadership to work with the different Institutions.

2.12 Land & Building Tax (PBB) – Proposal for Formula Revision

The Land & Building Tax (LBT) is significant in terms of cost and reduces Indonesian competitiveness. The cost of LBT to OPEX ranges from 10-20% and in several marginal fields could reach 50% of OPEX.

On October 4 2018, the Indonesian Institute of Accountants (IAI) held a Focus Group Discussion with Regulators (BKF, DGT, SKK Migas) and the IPA to discuss issues and work on a solution on the Land and Building Tax.

The Industry proposes that the GOI needs to revise the current formula as follows: use actual contracted price; apply Contractor production figure; lower capitalization index. The IPA believes that this proposal will establish a fairer tax system, creates better certainty and will attract potential investors to encourage future exploration.

The Ministry of Finance (BKF and DGT) and the Ministry of Energy & Mineral resources (SKK Migas) are considering forming an Adhoc team to review the proposal that was discussed during the FGD.

2.13 Value Added Tax on LNG

Article NO. 4A (2) in VAT Law No. 42/2009 has stated that Non-VAT-able goods are goods produced from mining or from drilling that are extracted directly from the sources, but exclude LPG (gas cylinder) which are ready to be consumed by the household as VAT-able goods.

On 28th Dec. 2012, the Ministry of Finance issued Minister of Finance Regulation PMK No. 252/2012, which clearly stated that Non-VAT-able gas are Piped Gas, Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). But in May 2018, the Supreme Court has issued their decision No. 05P/HUM/2018, based on the request of PT Donggi Senoro LNG to cancel the Article 1(2) b of PMK 252/2012 which categorizes the LNG as Non-VAT-able goods and change LNG to be VAT-able goods.

The IPA view is that PSC's activities only include the exploration and exploitation of the Oil and Gas Industry. LNG is a result of an integrated process of the exploration and exploitation. It is processed only to make the gas to be able to be transported through a tanker ship, and LNG can only be consumed by changing it again to be in the form of gas through regasification. This is in line with the explanation of Article 4A (2) VAT Law. The LNG sales generally are

conducted with joint marketing between Government of Indonesia and the PSCs and the LNG are owned by the Government of Indonesia up to the agreed delivery point.

Some potential issues caused by the Supreme Court decision are as follows:

- This VAT on LNG will increase the cost of PLN as the buyer which at the end will either increase government subsidy to the electricity price or increase the electricity price to the end buyer which will cause an increase of the price of goods
- The potential increase of the electricity price is not in line with the plan of the Government of Indonesia to use more LNG for electricity.
- For PSCs prior to GR 79/2010, which have Assume & Discharge in their contracts, this VAT on LNG will not give additional value for the Government of Indonesia, and the reimbursement time of the VAT can be longer than the normal 60 days.
- There will be an impact to the Regasification Industry. The Regasification companies will pay VAT for their purchase of the LNG whilst the piped gas sales are not categorized as VAT-able goods, and as a result the VAT of purchasing the LNG cannot be credited and becomes additional operational cost which could increase the gas price.

The IPA work very closely with SKK Migas and the team of the Minister of Finance (BKF and DGT) and recommend that the Minister of Finance will grant a VAT Facility to LNG produced integrated by the upstream Oil and Gas Industry

3. IPA GOVERNANCE AND CONSTITUTION

3.1 Summary

Throughout the year, the IPA Board and its Committee members have worked intensively with the government to reform and revitalize the industry for the benefit of all stakeholders, with the major discussions during the year concerning the gross split scheme. We would like to thank the government for involving the IPA in these discussions which have not always been easy, but together we have made significant progress by working together. Having said that, because the major focus of the government has been on gross split, there are some other topics that we need to focus on more next year that did not get our full attention during 2018.

The efforts of the Board and the Committees are further elaborated in this report and their respective committee reports enclosed in this 2018 Annual Report. On behalf of the IPA board of directors, I would like to close by thanking the committees and secretariat for their hard

work, dedication and professionalism throughout the course of the year. It is through their deep expertise and committed passion for the growth and prosperity of Indonesia that we continue to steer our way through this challenging and turbulent time for our industry in Indonesia and around the world.

3.2 IPA Board of Director Legalization

As the IPA has become an Association with "Legal Entity Status" under the Indonesian Law (Perkumpulan Berbadan Hukum) - signed by the Ministry of Law and Human Rights of the Republic of Indonesia/Directorate General of General Law Administration on 15 May 2017, every year after the AGM, the newly elected IPA Board of Directors has to be legalized.

4. IPA ACTIVITIES

4.1 INTERNAL

- **IPA BOARD MEETINGS**

From December 2017 to November 2018, the IPA held 12 monthly Board Meetings. The average attendance of Board Members at the monthly meetings throughout the year was approx. 65 %.

- **IPA 2017 PLANNING AND STRATEGY MEETINGS**

During the year 2018, there were three (3) significant meetings:

A. IPA Planning and Strategy Meeting – 31 January 2018

The Meeting was attended by the IPA Board, Company members, Associate members and Committee representatives. At this meeting, the 2018 goals of the Association were emphasized, which are as follows:

- » Progress oil and gas supply to underpin Indonesia's economic growth plans
- » Attract investment to enable this to happen
- » Work with the Government to create reforms that remove disincentives and barriers
- » Ensure a transparent and corrupt free oil and gas sector

The IPA President also outlined the 8 key priorities for 2018, which the Committees would be working on and taking into account during their respective work programs for the year:

- » Implementation Guidelines for Gross Split PSC
- » Permitting
- » New Oil & Gas Law
- » Gas Price
- » Enhanced Oil Recovery (EOR)
- » Participating Interest
- » Abandonment and Site Recovery (ASR)
- » Work with KPK on regulations to prevent corruption

B. SKK Migas Chairman Visit to IPA Office – 9 August 2018

The Agenda of the meeting included discussions on the following:

- » Draft Ministerial Regulation on Prioritizing Crude Oil for Domestic Consumption
- » Abandonment and Site Restoration (MEMR 15/2018 regarding Post Operation Activities of Oil and Gas Upstream Business)

C. The Extended Board Meeting – 10 October 2018

This meeting was the second “Extended Board Meeting” of 2018 and was also attended by IPA company members.

The Agenda of this meeting was

- » To provide updates on the schedule and process of the Election of the 2019 IPA Board of Directors which commenced on 11 October 2018 and will conclude on 5 December 2018 at the AGM, where the new Supervisory Board and BOD will be announced
- » To provide the Industry Updates on the Contractor Crude Oil, LBT, PTK40 on ASR, OSS system and supporting Palu.

• ELECTION OF 2019 BOARD OF DIRECTORS

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 as an Election Committee for the purpose of certifying the election results.

The persons appointed as the Election Committee were as follows:

- | | | | |
|----|-----------------|----------------------------|-------------------|
| 1. | I. Tenny Wibowo | Santos (Sampang) Pty. Ltd. | Board of Director |
| 2. | Ian Warrilow | Mubadala Petroleum | Company Member |
| 3. | Francisco Gea | Repsol | Company Member |
| 4. | Gary Selbie | Premier Oil | Company Member |

The election of the 2019 Board of Directors and Supervisory Board was launched on October 11th 2018. The voting for the election was closed on November 2nd 2018. Out of 37 Company Members eligible to vote, 32 Company Members (86.5%) participated in this 2019 IPA Board election.

The results of the elections for the 2019 IPA Supervisory Board and Board of Directors are as follows:

NO	NAME	COMPANY
<i>Supervisory Board</i>		
1	Evita Herawati Legowo	Director General of Oil & Gas of the Ministry of Energy and Mineral Resources: 2008 - 2012
<i>Board of Directors</i>		
1	Nader Zaki	BP INDONESIA
2	Kevin Lyon	Chevron Indonesia Co.
3	Bijan Agarwal	ConocoPhillips (Grissik) Ltd.
4	Fabrizio Trilli	ENI Indonesia
5	Louise M. McKenzie	ExxonMobil Cepu Ltd.
6	Kevin Moore	Husky Anugerah Ltd.
7	Nico Muhyiddin	INPEX Masela Ltd.
8	Ronald Gunawan	Medco E&P Indonesia PT
9	I Tenny Wibowo	Ophir Indonesia Ltd.
10	Nanang Abdul Manaf	Pertamina Persero PT
11	Mohd. Nazlee Rasol	Petronas Carigali
12	Gary Selbie	Premier Oil Indonesia
13	Tumbur Parlindungan	Saka Indonesia Pangkah Ltd.

The Supervisory Board and the 13 (thirteen) elected Board of Directors will meet to elect the President and Officers of the association for the year 2019, and they also will be formally

introduced at the IPA Annual General Meeting which will be held on December 5th 2018 at the Four Seasons Hotel.

4.2 EXTERNAL

• RELATIONS AND MEETINGS WITH THE GOVERNMENT

- Feb 2nd, courtesy visit to the New Director General of Tax
- Feb 14th, courtesy visit to Satya Widya Yudha (DPR-RI) related to the IPA Convex 2018
- Feb 14th, courtesy visit Deputy Assistant of Energy and Mineral Resources, M. Hamidi Rahmat, at the Cabinet Secretary Office, related to the IPA Convex 2018.
- Feb 20th, courtesy visit to VP Risk Management, Treasury, Tax of SKKMigas, Parulian Sihotang, related to the IPA Convex 2018
- Feb 21st, courtesy visit to Directorate General of Oil and Gas, Ego Syahrial, related to the IPA Convex 2018.
- Mar 7th, meeting for Draft of Minister Regulation on GR 27/2017
- Mar 13th, Meeting along with KPP Migas, SKK Migas at Directorate General of Tax
- Mar 16th, meeting with KPPIP related to the Implementing Regulation of GR 27/2017
- Mar 28th, discussion with KPPIP related to the Implementing Regulation of GR 27/2017
- Apr 2nd, courtesy visit to the New Directorate General of Oil and Gas, Djoko Siswanto
- Apr 3rd, meeting with SKK Migas related to the implementing regulation of GR 27/2017
- Apr 6th, meeting with Vice Minister of EMR related to the EMR Minister Regulation No. 15/2018
- Apr 9th, courtesy visit to Coord. Minister of Maritime, Luhut B. Panjaitan, related to IPA Convex 2018
- Apr 13th, FGD on the Implementing Regulation of GR 27/2017 at the Coordinating Minister of Economy office.
- Apr 16th, meeting with Deputy Chairman of SKK Migas, Fatar Yani, related to the IPA Convex 2018
- Apr 16th, meeting with SKK Migas on the Implementation of GR 27/2017

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- Apr 17th, meeting with EMR Ministry on EMR Minister Regulation No. 15/2018
 - Apr 17th, meeting with Direktur Pembinaan Hulu Directorate General of Oil and Gas, Ediar Usman.
 - Apr 18th, meeting with Vice Minister of EMR
 - Apr 19th, courtesy visit to Chairman of FIPGB, Achmad Safiun, related to the IPA Convex 2018
 - Apr 19th, meeting with Deputy Chairman of SKK Migas, Tunggal, related to the IPA Convex 2018
 - Apr 20th, meeting with KPPIP on updates and feedback for their meeting with Fiscal Policy Agency.
 - May 7th, meeting with SKK Migas and KPPIP on Finance Minister Regulation for the implementation of GR 27/2017
 - May 18th, meeting with Directorate General of Oil and Gas
 - May 21st, meeting with Dewan Pertimbangan Presiden RI
 - May 24th, meeting with Head of Formality Division SKK Migas on Online Single Submission and Permit Simplification
 - Jun 7th, meeting with Head of Asset Management Division SKK Migas related to the State-Owned Rental Goods of the PSC Gross Split
 - Jul 2nd, meeting with the Head of Centre for State-Owned Asset Management of EMR Ministry
 - Jul 20th, meeting with EITI Indonesia
 - Jul 23rd, meeting with SKK Migas and Investment Coordinating Board on Permit Simplification FGD preparation
 - Jul 25th, meeting with Komite Ekonomi dan Industri Nasional (KEIN)
 - Jul 27th, meeting with KEIN
 - Aug 7th, meeting with SKK Migas on Working Guidelines (PTK) Draft for ASR
 - Aug 9th, Chairman SKK Migas visit the IPA Office and had meeting with the IPA Board of Directors
 - Aug 21st, meeting with Directorate General of Oil and Gas on Akamigas' Operational Assistance
 - Aug 21st, meeting with SKK Migas on the Implementation Regulation of GR 27/2017.
 - Aug 23rd, meeting with KPPIP. Attended by IPA Executive Director along with Finance & Tax Committee

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- Sep 3rd, meeting with Directorate General of Tax on Implementing Regulation of GR 27/2017.
 - Sep 4th, coordination with Head of SKK Migas Protocol unit on preparation meeting with SKK Migas at Lombok. Meeting been cancelled.
 - Sep 18th, meeting with the Trade Minister team on Letter of Credit (LC) for Oil and Gas Export
 - Sep 24th, meeting with President Staff Office (Didi Setiarto) on LC for Oil and Gas export.
 - Sep 26th, meeting with DG Oil and Gas, Djoko Siswanto.
 - Oct 1st, meeting with the Director of Export & Import Facility of Trade Ministry
 - Oct 12th, meeting with SKK Migas
 - Oct 16th, meeting with Head of Fiscal Policy Agency on the draft of Finance Minister Regulation for GR 27/2017
 - Oct 19th, meeting with SKK Migas to update the Implementation regulation of GR 27/2017
 - Oct 26th, meeting with Cabinet Secretary team on PSC Gross Split and GR 53. IPA was invited along with SKK Migas.

- **RELATIONS WITH EXTERNAL ORGANIZATIONS AND BUSINESS FORUM/SEMINARS**

- Feb 20th, IPA along with SKK Migas held a Luncheon Talk with topic “2017 Achievement of the Oil and Gas Activities and Outlook for 2018”
- Mar 1st, attended the Socialization of Oil and Gas Permit Simplification at DG Oil & Gas Office.
- Jun 5th, conducted Breaking of the Fast along with IPA Members and relevant Government institutions
- Jun 7th, attended the Round-Table discussion held by Bimasena
- Jul 4th, attended meeting with PT Pertamina Hulu Energi and YPPI on the IPA Scholarship Program for 3-beneficiaries who had graduated from SMK Bina Harapan Yogyakarta.
- Aug 14th, attended the G&G Days at Gedung City Plaza.
- Aug 29th, attended the dialogue session conducted by Bimasena
- Sep 27th, attended the US-Indonesia Summit

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- Oct 1st, attended the IATMI Symposium in Padang, West Sumatera
 - Oct 5th, attended the Trade Ministry Socialization for the Trade Minister Regulation No. 102/2018
 - Oct 23rd, attended the World and Indonesia Energy Outlook 2018 at the Coordinating Minister of Economy Office

- **RELATIONS WITH EXTERNAL MEDIA ORGANIZATIONS AND THE MEDIA**

- Feb 28th, conducted Media Briefing of the IPA Convex 2018, which the speakers are Satya W Yudha (Commission VII DPR-RI), Susyanto (DG Oil & Gas), Ari H. Soemamo (former President Director of Pertamina).
- Mar 7th, conducted media visit to Berita Satu Media Group office, related to the IPA Convex 2018
- Mar 26th, conducted media visit to The Jakarta Post office, related to the IPA Convex 2018
- Apr 4th, conducted Media Briefing of IPA Convex 2018
- Apr 9th, conducted Media Visit to Harian Kompas, related to the IPA Convex 2018
- Apr 12th, conducted Press Conference of the IPA Convex 2018
- Sep 13th, conducted Media Training on “Oil and Gas Investment Decision during Exploration, Production, and Operation”, at the IPA Office.

SECTION 2

FINANCIAL REPORT

2018

by

Marjolijn Wajong

Executive Director

INDONESIAN PETROLEUM ASSOCIATION

Financial Executive Summary

For Year 2017 and Highlights 2018

For Year 2017

The IPA's audited Statements of Revenues and Expenditures for the year ending December 31, 2017 shows a deficit of Rp 3,3 billion due to IHS Critical Gross Split PSC Study and the decision of the Tax Service Office to reject most refund requests for overpayment of the 2015 tax period (we filed an objection to the decision).

The 2017 income is from the annual membership fees of Company and Associate Members, activities of the Professional Division and the IPA Convention.

The opening balance of cash flow for the year 2017 was Rp 13,2 billion. During the year 2017, adjustments made for depreciation and other changes in assets and liabilities resulted in cash and cash equivalent of Rp 4,2 billion. Such adjustments contributed to a decrease of cash and cash equivalent ending balance 2017 to Rp 9,0 billion as indicated in the audited cash flow.

Financial Highlights 2018

There is an increase in revenue of 2018 compared with 2017, due to revenues from convention & exhibition and time deposit interest.

The expenses in 2018 could be reduced because there is no special project. Although there are several expenses that have increased but are still in reasonable amount. At the end, there is an indication for a surplus for 978 million.

Indonesian Petroleum Association
2017 Net Surplus/ (Deficit)
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	12.839	13.166	327
Expenses	16.113	12.518	(3.595)
Operating Surplus / (Deficit)	(3.274)	648	3.922
Corporate Income Tax (CIT)	-	(162)	(162)
Net Surplus/(Deficit) After CIT	(3.274)	486	3.760

Indonesian Petroleum Association
2017 Cash Flow
(in million Rp)

Balance per January 1, 2017	13.245
Operating Surplus/ (Deficit) before Corporate Income Tax	(3.274)
Allowance for impairment losses	(1.650)
Depreciation	58
Net (Decrease) / Increase in cash and cash equivalent	689 ^{*)}
Balance per December 31 , 2017	9.068

Notes : ^{*)} - Account Receivables and Prepayments	973
- Employee service entitlement expenses	31
- Employee loans receivables	(16)
- Account Payables and accrued liabilities	914
- Tax payables	(1.198)
- Corporate income tax paid	
- Estimate Tax Refund	
- Purchase of fixed assets	(15)
	689

Indonesian Petroleum Association
2017 Revenues
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Company and Associate Company Dues	6.706	6.961	(255)
Professional Division Revenues	1.091	1.128	(37)
Bank Interest, Other	253	77	176
Convention Surplus	4.789	5.000	(211)
	12.839	13.166	-327

Indonesian Petroleum Association
2017 Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Division Committee	617	914	(297)
Communication Committee	1	12	(11)
Environmental & Safety Committee	15	46	(31)
Finance & Tax Committee	32	20	12
Human Resource	3	3	-
Scholarship	-	-	-
University Assistance Committee	-	-	-
Supply Chain Management Committee	4	6	(2)
LNG and Gas Sales Committee	5	36	(31)
Regulatory Affair Committee	9	15	(6)
Exploration Committee	1	5	(4)
Unconventional Committee	6	50	(44)
Associate Members Committee	1	1	-
Data Management Committee	-	4	(4)
Ethics and Compliance Committee	3	-	3
Special Projects	3.518	-	3.518
Social Investment and Partnership	1	250	(249)
General and Administrative	6.528	5.597	931
Salaries and Benefits	5.369	5.559	(190)
	16.113	12.518	3.595

Indonesian Petroleum Association
2016 General & Administrative Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Office Rent	2.557	2.830	(273)
Office Maintenance and Repairs	43	6	37
Telephone and Facsimile	22	24	(2)
Photocopy Machine	66	60	6
Stationaries and Other Supplies	95	120	(25)
Printings and Reproductions	78	234	(156)
Postages and Mailings	18	14	4
Transportations	93	55	38
Meetings	716	578	138
Information Technology	328	349	(21)
Bank Charges	31	10	21
(Gain) or Loss on Exchange Rate	(80)	100	(180)
Audit and Tax Service Fees	1.174	820	354
Insurance Expense	5	7	(2)
IPA Exhibition Booth	295	312	(17)
Tax	-	-	-
Depreciation	58	95	(37)
Other Expenses	1.029	914	115
Sub -T o t a l G & A	6.528	6.528	-
Salaries & Benefit	5.369	5.559	(190)
Total G & A and Salary Expenses	11.897	12.087	(190)

Indonesian Petroleum Association
CASH FLOW
December 31, 2017 and YTD November 30 , 2018
(in million Rp)

	Dec. 31, 2017		YTD Nov. 30, 2018	
	Actual		Actual	
	Rp	US\$	Rp	US\$
	(million)	('000)	(million)	('000)
Cash Flow From Operating Activities				
Excess revenue over expenditure before Corporate Income Tax	(3.274)	(242)	3.510	245
Allowance for impairment losses	(1.650)	(122)	-	-
Depreciation expenses	58	4	50	3
Employee entitlement expenses	31	2	-	-
Changes in assets and liabilities				
Account Receivables	1.050	78	124	9
Employee loan receivables	(16)	(1)	-	-
Prepayments	(77)	(6)	(1.116)	(78)
Inventory	-	-	-	-
Account Payables and accrued liabilities	914	67	(782)	(55)
Tax payables	(1.198)	(88)	-	-
Corporate Income Tax paid	-	-	-	-
Estimate Tax Refund	-	-	-	-
NET CASH PROVIDED BY (used In) OPERATING ACTIVITIES	(4.162)	(307)	1.786	125
Cash Flow From Investing Activities				
Purchase of fixed assets	(15)	(1)	(12)	(1)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(15)	(1)	(12)	(1)
TOTAL OF NET CASH PROVIDE (USED) IN THIS PERIOD	(4.177)	(308)	1.774	124
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	13.245	978	9.068	632
TOTAL OF CASH AND CASH EQUIVALENT AT END OF PERIOD	9.068	669	10.842	756

Exchange Rate 2017 : 1 US\$ = 13,548

Exchange Rate November, 30 2018 : 1 US\$ = 14,339

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES
November 30, 2018
(in million Rp)

	YTD NOV 30, 2018 ACTUAL (1)	AVG. YTD 2018 BUDGET (2)	Variance (3 = 1 - 2)
<u>REVENUES</u>			
Company and Associate Company Dues	6.593	6.113	480
Professional Division Revenues	908	357	551
Convention	5.171	4.125	1.046
Other Revenues	380	115	265
TOTAL REVENUE	13.052	10.709	2.343
<u>EXPENDITURES</u>			
Professional Division Committee	396	49	347
Communication Committee	-	-	-
Environmental Committee	25	23	2
Finance & Tax Committee	54	28	27
Human Resources Committee	1	28	(27)
- Scholarship		-	-
- University Assistance		-	-
Supply Chain Mngmt Improvement	2	5	(3)
LNG & Gas Committee	4	5	(1)
Regulatory Affair Committee	2	9	(7)
Associate Members Committee	1	1	0
Data Management Committee	-	-	-
Unconventional Gas Committee	-	4	(4)
Exploration Committee	-	2	(2)
Social Investment & Partnership Committee	-	-	-
Ethics and Compliance Committee	28	50	(22)
Special Project	-	-	-
General and Administration	4.358	5.054	(696)
Salaries and Benefits	4.764	5.296	(532)
TOTAL EXPENDITURES	9.635	10.552	(917)
Net Surplus / (Deficit) Before Tax	3.417	157	3.260

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES
L.E. December 31, 2018
(in million Rp)

	NOV 30, 2018 YTD ACTUAL (1)	DEC 31, 2018 L.E. (2)	FY 2018 BUDGET (3)	VARIANCE (4 = 2 - 3)
<u>REVENUES</u>				
Company and Associate Company Dues	6.593	6.607	6.669	(62)
Professional Division Revenues	908	1.021	389	632
Convention Surplus / (Deficit)	5.171	5.171	4.500	671
Other Revenues	380	410	125	285
TOTAL REVENUE	13.052	13.209	11.683	1.526
<u>EXPENDITURES</u>				
Professional Division Committee	396	447	53	394
Communication Committee	-	-	-	-
Environmental Committee	25	25	25	-
Finance & Tax Committee	54	54	30	24
Human Resources Committee	1	1	30	(29)
- Scholarship			-	-
- University Assistance			-	-
Supply Chain Mngmt Improvement	2	2	5	(3)
LNG & Gas Committee	4	5	5	-
Regulatory Affair Committee	2	3	10	(7)
Associate Members Committee	1	1	1	-
Data Management Committee	-	-	-	-
Unconventional Gas Committee	-	-	4	(4)
Exploration Committee	-	-	2	(2)
Social Investment & Partnership Committee	-	-	-	-
Ethics and Compliance Committee	28	45	55	(10)
Special Project	-	-	-	-
General and Administration	4.358	5.585	5.514	72
Salaries and Benefits	4.764	5.736	5.777	(41)
TOTAL EXPENDITURES	9.635	11.904	11.510	393
NET SURPLUS / (DEFICIT) BEFORE TAX	3.417	1.305	173	1.133

Indonesian Petroleum Association
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(in million Rp)

	Audited Dec. 31, 2017	Audited Dec. 31, 2016
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalent	9.069	13.245
Account Receivable and Prepayments	1.319	719
Employee Loans Receivable	58	42
Inventory	-	-
Total Current Assets	10.446	14.006
Non Current Assets		
Fixed Assets, net	49	93
Deposits	532	532
Estimated Rax Refund	3.625	2.352
Deferred Tax Assets	334	324
Total Non Current Assets	4.540	3.301
TOTAL ASSETS	14.986	17.307
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
LIABILITIES		
Current Liabilities :		
Account Payable and Accrued Liabilities	2.018	1.103
Tax Payables	389	304
Total Current Liabilities	2.407	1.407
Non Current Liabilities		
Provision for Employee Service Entitlements	1.112	1.159
Deferred tax liability	-	-
Total Non Current Liabilities	1.112	1.159
TOTAL LIABILITIES	3.519	2.566
ACCUMULATED SURPLUS	11.467	14.741
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	14.986	17.307

Indonesian Petroleum Association
BALANCE SHEETS
NOVEMBER 30, 2018 AND DECEMBER 31, 2017
(in million Rp)

	Unaudited Nov. 30, 2018	Audited Dec. 31, 2017
<u>ASSETS</u>		
Current Assets :		
Cash and Cash Equivalent	10.842	9.069
Account Receivable and Prepayments	2.419	1.319
Employee Loan Receivables	42	58
Total Current Assets	13.303	10.446
Non Current Assets		
Fixed Assets, net	11	49
Deposits	532	532
Estimated Tax Refund	3.625	3.625
Deferred Tax Assets	334	334
Total Non Current Assets	4.502	4.540
TOTAL ASSETS	17.805	14.986
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
<u>LIABILITIES</u>		
Current Liabilities		
Account Payables and Accrued Liabilities	1.326	2.018
Tax Payable	389	389
Total Current Liabilities	1.715	2.407
Non Current Liabilities		
Provision for Employee Service Entitlements	1.112	1.112
Deferred Tax Liability	-	-
Total Non Current Liabilities	1.112	1.112
TOTAL LIABILITIES	2.827	3.519
ACCUMULATED SURPLUS	14.978	11.467
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	17.805	14.986

Indonesian Petroleum Association
STATEMENT OF REVENUES AND EXPENDITURES
DECEMBER 31, 2016 AND 2017
(in million Rp)

	Audited Dec, 31 2017	Audited Dec, 31 2016
REVENUE:		
Company members	5.710	6.023
Associate members	996	1.109
Professional division members	163	170
Course revenue	630	283
Convention Fees Revenue	4.789	5.554
Field trip revenue	8	596
Luncheon meeting revenue	216	226
Sales of publications - professional division	70	68
Bank interest	104	120
Other income	153	4
Total revenues	<u>12.839</u>	<u>14.153</u>
EXPENDITURES:		
Technical course expenses	491	1.558
Salaries and benefits expenses	5.231	4.711
Office rent expenses	2.557	2.566
Professional fees expenses	1.174	1.103
Special project expenditure	3.518	233
Field trip expenses	-	3
Meeting expenses	792	842
Printing and stationery expenses	254	347
Education and support expenses	295	306
Employee service entitlements expenses	8	263
Luncheon meeting expenses	61	58
Office and IT maintenance expenses	410	457
Depreciation expenses	58	63
Medical expenses	128	108
Foreign exchange loss/(gain) - net	(31)	183
Other expenses	1.157	750
Total expenditures	<u>16.103</u>	<u>13.551</u>
Excess of revenues over expenditures - before tax	(3.263)	602
Final Tax	21	24
Corporate income tax expense - current	-	502
Deferred tax benefit	(10)	(44)
(Deficit)/Excess of revenues over expenditures	<u>(3.274)</u>	<u>120</u>

SECTION 3

ASSOCIATE MEMBERS COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Ronny Hendrawan

(Schlumberger)

ASSOCIATE MEMBERS COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	Ronny Hendrawan	Schlumberger
Vice Chairperson	Richard Hay	Halliburton
Secretary		
POC Finance & Tax	Gadis Nurhidayah	PwC
POC		
Environment & Safety:	Sonny Harahap	Weatherford
POC		
Exploration:	Andy Livsey	Horizon
POC		
Human Resources:	Pungky Hermawan	Tenaris
POC		
Professional Division:	Ahmed A, Al-Essa	Baker Hughes
POC		
Regulatory Affairs:	Sarwi Notoatmodjo	Imeco
POC		
Supply Chain Management	Iwan Chandra	BHGE

II. 2018 ACTIVITIES REPORT

In contrast to the previous years, we have seen moderate recovery in upstream oil and gas activity driven by stronger commodity prices and efforts to arrest the production declines in the country. Unfortunately, this long-awaited positive sign was not followed by the improvement in the business environment to the supporting industry. The worsening pricing environment coupled by excessive delays in proforma invoice approval have put enormous pressure to most of the Associate Members in both Cash and Balance-sheet impacting thousands of supporting industries around the upstream energy sector.

The effectiveness of the upstream sector must be demonstrated through the ability to improve production and recovery to reduce the overall Cost/Bbl. instead of

putting unrealistic pricing pressure in the product and service contracts. The traditional E&P playbook of cutting capex/costs and waiting for higher oil prices will not work under the new-reality in the industry.

The Associate Members Committee (AMC) continue the advocacy efforts to the IPA and upstream oil and gas business in Indonesia on these areas of focus: Ethics & Compliance, Regulatory Affairs, Finance & Tax, and Supply Chain Management. The 2018 work programs were built around 3 main priorities: establishing the new Organization Structure, reviving the Engagements with other IPA committees, and alignment with 2018 focus around Rules & Regulations.

1. Extension of SKK Migas Decree to Associate Members (in addition to current coverage to K3S) KEP-0264-SKKO0000/2014/SO “Dukungan Operasional Pengamanan Kegiatan Usaha Hulu Minyak dan Gas Bumi Kepada Kesatuan Pelaksana Pengamanan Yang Dilaksanakan Oleh Kepolisian Negara Republik Indonesia”. Hazardous materials (Explosive, Radioactive) are covered and the issue is mainly for Land operations. Despite securing commitments from most of the Operator (K3S) (for supports within their PSC acreage through coordination with their Security department), further efforts to officially include Associate Members is required.
2. Trade Ministry Decree – Permendag RI No.63/M-DAG/PER/8/2017 related to importation of steel and iron goods to exempt Associate Members, and Indirect Taxes exemption for exploration project can be extended to service providers. Similar to Master List scheme, service provider can get benefit from the incentive if Goods are imported under the Operator’s umbrella. Request MoF or DGT to issue a more detail implementing regulation to provide guidelines on what Customs, Tax Authority, PSC Contractor and Vendor should do to implement the Master List facility (i.e. exempt for local VAT for master list goods). FGD with relevant stakeholders i.e. DGT, Customs, SKK and IPA. F&T will conduct focus group discussion for the input on the implementing regulations. This program will be carried over to the 2019 program.
3. Support to IPA for the “Gross Splits” implementations on tendering process and different business models. Alternative business models leveraging integration

were presented during the IPA Convex and as part of the Technology Session attended by multiple stakeholders. Early adoptions could be expected as early as Q4-2018.

III. 2019 Work Program

Our program for 2019 is centred to bring join advocacy from both Operators and Associate Members to improve the overall business environments after nearly 4 years of continuous deteriorations.

Committees	Work Program
BOD Liaison	Election of 2019-2020 Associate Members Chairman / Vice Chairman / Members
Regulatory Affairs	Trade Ministry Decree – Permendag RI No.63/M-DAG/PER/8/2017 related to importation of steel and iron goods to exempt Associate Members
Finance & Tax	Indirect Taxes exemption for exploration project can be extended to Associate Members independently from Master List availability Proposing to GOI to exclude or exempt KKKS as a Tax Collector (WAPU)
Environment & Safety	Improve the efficiency and minimize overlaps in Oil and Gas HSE personnel certification and/or competency requirement
Supply Chain Management	Simplification of Invoicing Process and Pro-forma Invoice Approvals < 7 working days to Associate Members
Unconventional and EOR	Support to IPA Committee for systematic approach, cost, and time to market of EOR project

SECTION 4

CONVENTION COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Novie D. Hernawati - (Schlumberger)

CONVENTION COMMITTEE

I. 2018 ACTIVITIES

A. INTRODUCTION

The 42nd Annual Convention and Exhibition of the Indonesian Petroleum Association (IPA Convex) was held on 2-4 May 2018 at the Jakarta Convention Centre. The theme of the Convex was **Driving Indonesia's Oil and Gas Global Competitiveness**. Event was participated by prominent figures, speakers, government officers, media, and another key stakeholder form both national and international. They discussed the recent issues within the industry in order to ensure that Indonesia is ready to face the global competitiveness.

B. HIGHLIGHTS

- Opened by H.E. President RI, Joko Widodo;
- Attended by over 24,000 visitors (including 1,749 students, 3,141 invitees, and 1,657 convention delegates from 15 countries);
- Participated by 116 exhibitor companies, from excellent industry and service companies;
- 119 technical papers/oral presentations and 71 poster presentations from professionals and students covering Geosciences, Engineering and Business/Commercial subjects in the Technical Program
- Covered by 207 media from national, international, and segmented organizations which being represented by 450 national journalists and 13 international journalists;

C. PROGRAM SUMMARY

1. OPENING CEREMONY

In opening, President of the IPA, Ronald Gunawan, welcomed the President RI, Joko Widodo, the Minister of Energy and Mineral Resources and all participants and attendees to the 2018 Convention.

He also noted the current condition of the upstream industry that now needs significant investment in exploration to reverse production declines. He added

that there is global competition to attract capital investment and Indonesia needs to adapt and become more competitive to attract the investment that is needed.

Ronald noted that oil and gas will remain as the primary source of energy for the next 30 years but that Indonesia has become a net importer of oil since 2002. This indicates that new exploration is required, particularly in the new and unexplored basins which are mostly frontier and deep-water areas. This also means that large capital sums and advanced technology are needed. Oil prices are increasing in 2018, but Indonesia needs to be more competitive to attract investment. The Gross Split mechanism and simplification of regulations are positive signs that the government has recognized this need.

In summary, the IPA President stressed that industry and government must continue to work together to address these challenges and attract global capital. The prospects and resource potential of Indonesia is still positive and he looked forward to an open and constructive Convention for all participants.

After the President of the IPA, the Minister of Energy and Mineral Resources (EMR), Ignasius Jonan, conveyed his speech. The Minister EMR welcomed all attendees and provided a report to the President RI and attendees on the significant transactions that were to take place during the week, as well as the results of the bidding process for new oil and gas working areas. He also highlighted that Indonesia has now implemented the tax and royalty system known as the Gross Split mechanism, but emphasized that existing contracts must also be respected.

Furthermore, the President of Republic Indonesia, Joko Widodo, expressed his pleasure to be able to attend to open the IPA Convex and noted the scale and importance of the oil and gas industry over the past 120 years in the development of the country.

He also expressed his desire that Ministries continue to simplify regulations and processes in order to attract investment into Indonesia, noting that ESDM has recently cut 180 regulations to make investment easier and to enable the follow of funds into the country.

The President RI noted some following items:

- On a global basis over the past 120 years, the oil and gas industry had played an enormous part in the industrial revolutions that have taken place, but that now there was a shift towards electrification, both for public transport and private vehicles and this will have an impact on the industry. He also added that in 2010, 5 of the 10 biggest companies in the world were oil and gas companies but that in 2018, there was just one, ExxonMobil. This indicates a significant shift towards IT and e-Commerce companies in terms of global size. There was also a revolution underway in terms of renewables, but he noted that the oil and gas industry was not going to go away and that there would still be demand.
- He also added that the young talent in Indonesia were now gravitating towards IT companies and start-ups and that this is a challenge for the oil industry in terms of attracting the best young talent to work in the industry.
- The President also highlighted that this month, there will be a new online one stop submission process for new working areas and that he hoped this would streamline the process to include the central government as well as local level needs.

In summary, The President RI emphasized to the Ministers present that regulations need to be improved, including licensing and procedures. These regulations need to be cut to improve efficiency and improve the investment attractiveness of Indonesia. He added that through this convention, the industry players should have an open discussion as to what areas need to be improved, including the gross split system, and give the results of the discussion to the Minister ESDM or if they can't give to the Minister, then give the results directly to him. The President encouraged stakeholders to talk to each other and collaborate to identify ways to improve the scheme.

Prior to end the Opening Ceremony, the 42nd IPA Convention and Exhibition Convention was officially declared open by the President RI, Joko Widodo, alongside the Minister EMR, Ignatius Jonan, the Coordinating Minister of Maritime, Luhut Panjaitan, and the President of IPA, Ronald Gunawan.

2. CEO FORUM – The New Paradigm of Working in Oil and Gas

Panelists:

- 1) **Dr. Bakheet Al Katheeri** – CEO, Mubadala Petroleum, UAE
- 2) **Shaikh Mawaf S.Al-Sabah** – CEO, KUFPEC, Kuwait
- 3) **Roberto Lorato** – CEO, Medco Energi, Indonesia
- 4) **Datuk M. Anuar Taib** – CEO, Petronas Upstream
- 5) **Denie Tampubolon** – CEO Pertamina Upstream

Moderator:

Desi Anwar, CNN Indonesia

The CEO Forum was opened by the Moderator with a question to all panelists as to what actions their companies had carried out in response to the 2014 oil price collapse and how had their companies changed and adapted to the new paradigm. The following is a summary of the responses to this question and others, including what opportunities these companies have identified as a result of the new paradigm and finally, what are the future challenges for the oil industry?

Dr. Bakheet Al Katheeri from Mubadala Petroleum emphasized that from 2014 onwards, the focus in Mubadala had been on being leaner and more efficient to fit the new reality. Operating costs have been reduced by as much as 50% with the help of all stakeholders – UAE government, regulators, vendors and the entire supply chain. As a further action, ADNOC (the NOC) also streamlined their onshore and offshore organization structures. In terms of opportunities, Mubadala have developed new technologies in addition to creating strategic partnerships with selected technology providers. Dr Katheeri also emphasized the ongoing need to have discipline around costs and not to become complacent now that oil prices have started to rise. He was optimistic about the future of the industry, noting that the future was primarily in gas which would help to reduce emissions but that there was also a need to create synergies between NOC's, IOC's and suppliers which would be an ongoing challenge.

Shaikh Al-Sabah remarked that early on in the oil price crisis in late 2014, they recognized a structural change in the oil market and that since that time, they had

been relentlessly focusing on cost cutting and efficiencies. Drilling costs had been cut by 50% by working closely with drilling and service companies. In Kuwait, there is a long-term realization that the large reserves of Kuwait, Saudi Arabia and UAE have allowed these countries to focus on building long term capacity and incorporate the downstream sector into their strategic plans.

Their primary lesson from the 2014 price crash was to make the right investments, recognize where the value is and maximize the value from those investments. In terms of the future, KUFPEC in conjunction with KPC were looking to invest USD 100 Billion over the next 5 years as they saw a need to fulfill growing demand that will not be filled due to the global downturn in exploration over recent years. They also believe that there will be a slowdown in US shale production and unconventional within the next 5 years. In terms of the future, KUFPEC recognize that there is push towards electrification but it will be slow and hugely expensive, meaning that oil production is still needed to fulfill global energy demand.

From Medco Energi, **Roberto Lorato** noted that the company had to move fast in response to the oil price collapse, focus on cash flows and review discretionary spending such as exploration but, in addition, also had to examine all existing service contracts and cut costs without breaching agreements.

The company has been repositioned to cope with a “lower for longer” scenario in terms of oil price and have changed their cost structure. It was a challenge to continue motivating staff in the cost cutting environment, however there were new opportunities that arose for acquisitions, which they had invested in on the assumption that they were buying at the low end of the cycle. The focus now was on efficiency and building a portfolio of low-cost assets, but the CEO also recognizes the trend towards de-carbonization, e.g. climate change and the need to reduce the footprint of the industry on local communities. Medco have also recognized the move from oil to gas and renewables such as geothermal. Digitization will improve efficiencies in future as well but that will need younger people with new skills which will in turn make the industry more attractive to join for future generations.

While in Petronas, **Datuk M. Anuar Taib** said that they had changed their mindset and, as a regulator with 23 investors and operating in 18 countries, had

to readjust and focus on delivering value and retaining market share. Cost reduction programs have been implemented, resulting in USD 3.5 billion in savings and an increased ability to share resources. Petronas were now investing for a sustainable future with a 3-pronged strategy of focusing on the current business, growing the resource base and balancing the portfolio, in addition to moving into new energies such as renewables. The CEO also emphasized Petronas's continuing commitment to education and scholarship programs as a priority for the future.

Last, from Pertamina. The CEO of Pertamina Upstream, represented by **Denie Tampubolon**, noted that 2014 was a major lesson and that it had initiated a major detailed analysis of the company and all business streams, including HSE and human capital. Pertamina were also examining their future sustainability and application of technology. Pertamina's biggest challenge as a state-owned company was that they have multiple stakeholders which are difficult to align. Geography is also a challenge in terms of the great energy demand in Java and the supply which is coming from remote regions. Pertamina were also reviewing all subsurface data to identify new opportunities and were drilling 20 exploration wells in 2018. However, the CEO also noted the importance of continuing to focus on financial performance and sustainability.

3. PLENARY SESSIONS

3.1 PLENARY SESSION 1

Mapping Global Oil and Gas Investment Competitiveness

Panelists:

- 1) **Fred McMahon**, Walker Chair of Economic Freedom Research, Fraser Institute
- 2) **Raymond E. Jones**, VP Asia Pacific and Established Areas, ExxonMobil Co.
- 3) **Charles Taylor**, IPA Board Director, President Chevron Indonesia

Moderator:

Bryan Christopher Land, World Bank

Plenary Session 1 focused on lessons learned from around the world and how Indonesia could become a more attractive destination for global oil and gas capital investment.

The three panelists initially gave their presentations which are summarized below:

Fred McMahon commented that the petroleum industry reviews produced by the Fraser Institute are compiled using input from industry professionals from companies who have a presence in the country concerned. He added that even with the reforms recently introduced by the government, it is possible that Indonesia may still not improve their current position of approximately 92nd out of 97 countries analyzed in their annual survey. He noted that Indonesia does rank quite high in terms of general competitiveness (non-petroleum and mining), but was very low in competitiveness in the extractive industries. The country has started to make reforms but investment is still low.

The low ranking also makes it more difficult for Indonesia to attract much needed investment in upstream oil and gas. From 2010 to 2017, investment in Indonesia's upstream oil and gas dropped by 50 percent, as opposed to the global trend of a 4% rise and there is therefore a need for further reforms and to create revenue for the government.

Raymond Jones presented the companies stance on the type of investments that ExxonMobil invested in and what ExxonMobil look for in terms of making an investment. The company see a 25% growth in energy demand between now and 2040 and ExxonMobil were positioning themselves to fill this demand, adding 8 BOEB net resource potential in 2017 alone. The company also had a long-term commitment to both upstream and downstream business in Indonesia. In terms of investing, ExxonMobil look for an open business environment, fiscal regimes that enable effective management of risk, a stable regulatory environment and reducing levels of uncertainty over projects going forward. He also called for more flexibility from the government in rewarding investors for the risks that they have taken in investing in Indonesia and reiterated that there is no one size fits all and that there must be flexibility

Charles Taylor noted that Indonesia was not as competitive as it should be but there were still good opportunities in Indonesia and that the government must fully realize all the benefits that investors can bring to Indonesia. It is not only about the revenue being generated but also the full range of multiplier effects to the economy. However, companies need fiscal certainty as they are in a long-term, capital intensive industry. Regulations need to be founded on good data and good practices, and that these impact on cost and the attractiveness of the country as a good location to invest. He added that the government should be seen as the solution and not the problem and that the gross split scheme was a positive development that allows for more competitive fiscal terms.

Following the panelists presentations, the moderator asked what Indonesia can learn from global trends as it had been seen that some countries have successfully attracted new investment. Was this due to less geological and technical risk or was it due to improvements in that country's politics and fiscal policies? The panelists noted that all oil and gas companies need a good return on investment but there is always risk.

Fred McMahon noted that bad policies or tax policies can result in the mineral potential of a country going down as there is no investment to locate the reserves and that from an investor standpoint, the higher the risk, the higher the return needs to be. He also added that uncertainty adds to cost but that he believed that governments should not take on risk and that it was not the duty of taxpayers in a country to share the risk of an investment.

Raymond Jones noted that science plays a role in assessing risk, but the key is recognizing that not all risks are the same but that the commercial aspects need to match the level of risk. ExxonMobil ongoing policy was to invest to ensure that facilities are kept full, followed then by exploration into new areas. He added that shareholders have to be satisfied on the rate of return on their investments and that a fair and equitable share of risk is also critical to give the incentive to move ahead on an investment.

Chuck Taylor emphasized that Indonesia is a mature basin and that the easy reserves have already been found. New reserves would require higher technology, but have higher risk and higher capital intensity. He added that the

discretionary terms that could be assigned by the Minister were an important step to enable this new investment in higher risk locations and that the Permian basin in the US was a good model for the government of Indonesia to follow.

He also added that with regard to the Gross Split scheme, it may be perceived as confusing to the public when presented with the facts concerning revenue sharing and government / contractor take. With the cost recovery system, the highest split is for government but under the gross split scheme, all costs are absorbed by the contractor so therefore the split is larger for the contractor.

Chuck also noted that from a business standpoint, oil and gas international companies look at IRR and NPV and in Indonesia, a high government take means that there is a higher take by the government and therefore less available to the investor to achieve their IRR.

In terms of quick actions that could be done to improve the investment competitiveness of Indonesia, all panelists noted that Indonesia is on the right track and the new reforms were welcomed, although the key was that there was discipline going forward and that these reforms were implemented effectively. Discretionary decisions by the Minister were also seen as required, although this should be in balance with the rules-based system that has been in place in the country for many years. Improved coordination between the Ministries was also seen as an important improvement if the competitiveness of the country is to be improved. Materiality is also important – investments have to be large enough and of a long-term nature and this is a key for all multi-nationals in their decision-making processes.

In summary, the government and industry players must collaborate continuously in order to forge a better future for the upstream oil and gas industry and improve Indonesia's competitiveness on the global stage.

3.2 PLENARY SESSION 2

How Countries Maintain and Improve their Global Oil and Gas Investment Competitiveness

Panelists:

- 1) Nader Zaki**, President and General Manager, BP Asia Pacific

2) Muhammad Zamri Jusoh, Vice President Malaysia Petroleum management of Petronas

3) Franco Polo, Executive Vice President Asia Pacific & Iraq, ENI, Italy
Moderator

Arnold Volkenborn, Managing Director and Leader of Asia and Pacific Energy Strategy of Accenture Strategy Upstream

The panel of experts speaking at the 2nd Plenary Session shared a similar view that sensitivity and flexibility from the regulator are key in forging a productive partnership with PSC Contractors, thus improving the nation's global competitiveness. This Session focused on identifying how countries maintained and improved their global competitiveness. The moderator noting in his opening remarks that the industry is changing from oil to gas, and to power generation such as electrification, so asked the panelists how does the industry and selected countries maintain and improve competitiveness

Muhammad Zamri from Petronas explained how Petronas had adopted the Indonesian PSC model back in 1974 and that they have evolved the PSC mechanism since then. Malaysia learned from the fiscal regime of Indonesia, starting with a sliding scale but then evolved into a revenue over cost regime. Furthermore, Petronas have subsequently been looking at a progressive, volume-based regime so partners get more revenue. The key message from Malaysia is that governments must adapt and change to remain competitive, as evidenced by tax reduction policies (45% to 38% and even down to 25% taxation for marginal fields) and the overall aim is to share the wealth between the regulator and the operators.

Franco Polo from ENI provided the opinion that competitiveness is different from country to country but that the most important questions that an operator must ask is "where we are, what have we been doing, what is the materiality and the relationship with the country where we are doing business? To remain competitive in the long term, ENI had invested in exploration and new projects during the recent downturn and he reiterated that working with all stakeholders is key to success and it also creates jobs, improves competencies ns makes the country competitive apart from just looking at the economic return to

stakeholders. In Egypt where they developed the massive Zohr field, the company had achieved first gas within 22 months of starting the project by carrying out project activities in parallel rather than in series, including working together between government, the operator, regulator and the entire supply chain. In the country as a whole, 4 large projects had been delivered within 4 years through leadership by government and working together with operators to expedite projects rapidly to fill the supply demand gap. The panelist from Petronas added that the role of the regulator is to create a platform to enable collaboration – they need to identify the pain points and be able to remove them for the benefit of all stakeholders.

Furthermore, **Nader Zaki** from BP Asia Pacific sees many similarities between Egypt and BP and noted that in Egypt, cooperation between the operator and the government had been key to success and created a win/win situation. There must be one agreed objective and then deliver energy to the country while also delivering value to shareholders. Operators must also understand and recognize the cultural differences in the countries where they operate.

From a macro standpoint, it was agreed that cooperation and common goals are key to competitiveness. The VP for ENI in the region noted that Indonesia is still competitive – there are many operators who are producing in the country and who have been here for many years. Nader Zaki from BP also added that he was impressed with the philosophy behind the Gross Split scheme.

Muhammad Zamri added that the challenge for countries is to strike a balance and be transparent between all stakeholders, so it's an issue of culture and trust which is very important in this industry. To be competitive in the execution of their projects, BP had also worked closely with contractors as an integral part of the decision-making process and allowed them to come up with solutions as part of that integrated team. It was important for government to create the environment where this is allowed to happen.

In terms of the future, digitization was seen to be key – increasing computer power and technological solutions could help to expedite the decision-making processes and therefore speed up the development of new fields. Governments

should also recognize this and encourage the use of new technology to increase the competitiveness of their respective countries.

A Steering Committee approach has worked well in other countries, where the various stakeholders are all represented in a collective integrated team to expedite projects for the benefit of all. To be successful though, the steering committee must be fully aligned and have full agreement on objectives. For countries to be fully competitive, integration and collaboration is key between all stakeholders.

3.3 PLENARY SESSION 3

Aligning Policies to Achieve Indonesia's Energy Plan

Panelists:

- 1) **Satya Widya Yudha**, The House of Representatives of the Republic of Indonesia
- 2) **Amien Sunaryadi**, Chairman of SKK Migas
- 3) **Triharyo Soesilo**, Project Director for Energi Sector of Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) of the Republic of Indonesia
- 4) **Ronald Gunawan**, IPA President

Moderator

Ahmad Yuniarto

The moderator opened the session by outlining the need to align policies to enable the targets stated in the RUEN to be achieved, including reducing the dependency on oil, increasing the use of gas and also achieving 100% reserves replacement ratio (RRR) by 2015 by tripling exploration investments. To achieve this would be a significant achievement and one that would need full alignment between all stakeholders on objectives and policies. policies and objectives.

The National Energy Blueprint stipulates that oil and gas will still account for 44% of the national energy consumption by 2050. The figure shows that the oil and gas industry “will remain a backbone to the national energy (agenda) for the next 20-30 years. It was acknowledged that the National Energy Blueprint, introduced by the 2017 Presidential Regulation, should be treated as a collective project in

order to achieve the expected objectives, thus having the desired impact to the upstream oil and gas industry.

An interactive online survey was also performed at the start of the Session, which clearly indicated that over 60% of attendees were not fully familiar with the RUEN plan, leading the panelists to remark that the Plan needs to be better communicated and socialized to the industry players and to the public at large as it was a key strategic objective of the Government. In the context of RUEN, the President of the IPA noted in his opening remarks in the session that this industry is highly capital intensive, is a long-term industry and companies need legal certainty and less bureaucracy in order to contribute proactively to achieving the targets set in RUEN.

The moderator asked what legal instruments are needed to achieve upstream targets and **Satya Yudha** stated that the target is self-sufficiency in energy but that the government recognized the supply demand gap that exists and is projected to increase. Therefore, to achieve the 100% RRR the investment climate needs to improve and he agreed that the legal framework needs to be in place to provide certainty to external investors. As an update on this, he noted that the new Oil and Gas law is still in the drafting stage but recognized the criticality to get this resolved and issued as soon as possible.

The Chairman of SKK Migas, **Amien Sunaryadi**, remarked that to achieve RUEN targets, a massive discovery or discoveries were needed, and that EOR was not going to be enough. Therefore, the country needs large scale exploration and the seismic has to be good as well to support these activities. In addition, infrastructure needs to be improved to enable gas and energy to reach Java in an efficient manner to support the growing demand. This could include additional pipelines in addition to vessels to transport LNG.

In a shorter horizon, the Blueprint also stipulates self-sufficiency in fuel by 2025 which will require investment to boost refining capacity, according to **Triharyo Soesilo**, a member of the Committee for Acceleration of Priority Infrastructure Delivery. He also remarked that the country will not depend on oil in the future and that he had been speaking with operators such as BP to enable them and other providers to deliver LNG on a sustainable basis to industry and users.

In terms of aligning policies, it was recognized by panelists that fiscal policies also need to be aligned. The Chairman of SKK Migas noted that they looked at both upstream and downstream sources of tax, which was very significant and that it was essential that the country maintains its tax revenue stream from the oil and gas industry. In reply, the IPA President, **Ronald Gunawan**, noted that from an investor standpoint, although tax is significant, fiscal returns are not the only objective the industry and the benefits provided by the industry can vary depending on the size of the operator.

The question was raised by the Moderator that under the Gross Split scheme, 100% of the risk is assumed by the operator but were there any regulations that were putting a burden on operators moving forward? In reply, the Chairman of SKK Migas noted that the country has to ensure that reservoir management is good, and that is why the operators must come to SKK Migas to get approval for their respective work programs.

Satya Yudha remarked that 2020 was seen as a critical year as energy demand is increasing rapidly and we need a breakthrough and a common understanding on objectives. This includes looking at the regulatory environment and streamlining and aligning these where possible.

Triharyo Susilo noted that the Ministry of Finance will provide incentives but that they need the support and cooperation of the upstream industry. The Minister of Energy and Mineral Resources needs to send a letter to Mof requesting incentives. The planned large-scale strategic projects need to be supported with incentives from not just the Ministry of Finance but by the other related Ministries as well. He added that the tax holiday will not be provided to the upstream industry but that debate is ongoing about tax allowances.

The Chairman of SKK Migas was asked to clarify the status and plans for expiring Blocks. He replied by stating that expiring PSC's would first be offered to existing investors who would have to provide proposals and that if these were good, then they would be approved. However, if the proposals were not good, then the Blocks would be offered to Pertamina. He added that even Pertamina would have to provide good proposals to take over these Blocks and that if they were not

good enough, then the Blocks would, as a third option, be offered again to external investors.

In summarizing the session, it was noted that the National Energy Plan was a shared common goal but that it needs to be socialized in a better way to all stakeholders. It was also recognized that the energy sector was a strategic sector and that all stakeholders must come together with common KPI's in a forum that is supported by regulations to force the effective sharing of information.

4. SPECIAL SESSION

Improving Indonesia's Gas Business from Upstream to Downstream

Panelists:

- 1) **Waras Budi Santosa**, SKK Migas
- 2) **Komaidi Notonegoro**, Executive Director of Reforminer Institute
- 3) **Jobi Triananda Hasjim**, President Director of PT Perusahaan Gas Negara (Persero) Tbk
- 4) **Achmad Safiun**, Chairman of Forum Industri Pengguna Gas Bumi
- 5) **Kevin Moore**, IPA Board Director

Moderator

Budi Aguswidjaja, VP Finance, Sales and Commercial, BP Indonesia

The moderator opened the session by providing an overview of the gas business in Indonesia and highlighting some of the key issues, namely that there are several areas for improvement and a spirit amongst all stakeholders to improve the gas business in Indonesia. Current production was reaching 8 BCF per day or twice the equivalent level of oil production to meet domestic needs as well as export commitments. In terms of reserves, the potential is huge, however there are issues of remote locations as well as a lack of infrastructure to transport the gas to market. There are several major projects under development, with some already in production such as Jangkrik and Tangguh, others in development such as Tangguh Train 3, IDD and Masela. It was emphasized that the gas business is more complicated than oil, with complex pricing issues and technical challenges, however the industry players had welcomed government efforts to improve the gas industry in Indonesia in recent years.

In terms of the problems facing the industry, the main issues were seen as pricing and regulations. The SKK Migas representative remarked that they were attempting to streamline the business by simplifying processes and reducing the permitting and licensing requirements. For example, in 2016 there were 372 licenses required and this had now been reduced by 50%. The government objective is to reduce the field development lifecycle from the current 5-15 years to under 5 years for the majority of new fields.

Kevin Moore summarized his company's 35-year presence in Indonesia, spending over USD 1 billion dollars and coming on stream with a new gas field in East Java within the past 12 months, but also noted that this also highlights the need for patience and perseverance in the gas business in Indonesia. He remarked that there was a need for continuous improvement for all stakeholders. He added that the Gross Split scheme was seen as a positive development, but that improvements could be made and the IPA and its member companies were working hard with government to improve the investment environment. Removing the exploration ring fencing was suggested as a possible solution to increase exploration, particularly in Java where demand was highest.

Jobi Triananda Hasjim highlighted to attendees that the merger of Pertamina and PGN was now enabling synergies and the elimination of duplication in developing the infrastructure that is needed to transport gas within the country. Greater coordination is going to result in significant benefits for both organizations working under the same structure. The focus of PGN was now on fulfilling the President RI requirements to make gas more affordable and available to industry and domestic users. He noted that the industry was happy with the availability of reserves but that fulfilling demand was the ongoing challenge, particularly in transporting the large production volumes from East Indonesia to the highest demand locations in Java and Sumatra.

Currently, this resulted in high prices due to increased and / or ineffective transportation from East Indonesia. He emphasized the need to therefore ensure good coordination between the upstream, midstream and downstream sectors to enable this to happen.

Komaidi Notonegoro provided an overview of their research on gas prices in the region, noting that the upstream price is competitive when compared to other countries such as Malaysia and Viet Nam. However, from a downstream perspective, Indonesian gas was relatively more expensive but that this was mainly due to the governments of Malaysia and Viet Nam providing subsidies. Multiple layers of traders in Indonesia had the effect of significantly increasing the end price to users. He also noted the comparatively long period of time of up to 15 years that it takes to develop new fields in Indonesia, but that the government was trying to reduce this timescale through improvements in processes and de-regulation.

In reply to the question from the Moderator as to whether Indonesia could avoid becoming a net importer of gas in the next 15 years, the SKK Migas remarked that they are working with EMR Ministry on this to ensure that it does not happen. However, he noted that if demand keeps on increasing as it has in recent years, then Indonesia must find and develop new fields as well as the necessary infrastructure to fill the expected supply demand gap.

Renewable may make a contribution in future, but primary gas production is needed to fulfill demand. It was also recognized by panelists that the multiplier effect of the gas industry was very significant, with 75 supporting sectors that were directly affected by the industry so the importance of the gas industry to Indonesia cannot be underestimated.

In summary, the industry needs to continue to develop to meet the domestic demand and also to provide a source of revenue to the government and continue to have a positive multiplier effect on the economy. Further developments of the infrastructure is also of paramount importance in ensuring that gas can be supplied and delivered effectively to areas of highest demand. It also recognized that there are areas for improvement, particularly in the regulatory environment and for all players in the upstream, midstream and downstream sectors to work together to make the industry more competitive and fulfill Indonesia's increasing energy demands.

5. TECHNOLOGY SESSIONS

5.1 TECHNOLOGY SESSION 1

Governments on Innovation of New Technology Improvement

Panelists:

- 1) **Benny Lubiantara**, Head of Division, SKK MIGAS
- 2) **Arief Budiman**, Upstream Digital Center manager, Petronas

In the first technology session, Benny Lubiantara from The Special Taskforce for Upstream Oil and Gas Business Activities (SKK Migas) and Arief Budiman Hermani from Malaysia-based oil and gas firm Petronas shared their knowledges and experiences related to the utilization of digital platforms and data analytic tools in operations.

Benny Lubiantara shared information about the regulator's application of data analytic tools via a platform called the Subsurface Data Management System. Such tools are integral to SKK Migas's operation since the regulator has collected a wealth of information from PSC Contractor/KKKS.

He opened his presentation by stating that new discoveries and EOR were needed to minimise oil imports and strengthen energy resilience and that it was a serious challenge to reduce the future supply-demand gap. SKK Migas believe that technology can greatly assist with this aim, including new exploration and EOR techniques.

Benny added that SKK Migas have a vast amount of subsurface data and that a new priority program was to develop and implement a subsurface data management system (SDMS) that will enable quick and comprehensive analysis to release the value of that data to the regulatory authority and to external investors. The aim was to build an integrated, reliable, up to date and easily accessible system. For SKK Migas, the use of data analytic tools provides five key benefits, namely identifying opportunities, managing uncertainties, lowering cost, fostering research and development and improving the attractiveness of block offerings.

After developing and implementing the system within the expected 2-year timeframe of the project, SKK Migas would then be focussing on improving online business processes and a deep analytics system using Artificial Intelligence to effectively extract from the massive amount of data retained by SKK Migas. The regulator has also established an in-house Geology and Geophysics Center where staff can gather to informally examine data and identify solutions to technical challenges.

Arief Budiman from Petronas outlined the company's efforts with regards to digitization, and the approaches and challenges that had been encountered on their journey. A strategic objective for Petronas was that digitization and technology will be at the forefront of the company's business in future. The company had recognized the limitations of developing isolated digital sets of data in separate domains and were now focusing on developing integrated systems. To this end, Petronas had also developed a physical Digital Collaboration Center where specialists could gather to collaborate and find solutions using the latest technology.

5.2 TECHNOLOGY SESSION 2

Impact of Digital Internet of Things in the Upstream Oil and Gas Sector

Panelist:

Nitin Gokhale, APJ Solutions, CISCO

Moderator

Agus Wicaksono, Chairman, iC10 Community

The session discussed the transformation in the way that information and data was being stored and distributed and how this was affecting the oil and gas industry. The panelist from CISCO outlined his view that the center point in what is now known as the “information vortex” was data and every industry around the world is moving towards that environment where data and its connectivity is at the core of any future improvements in business.

The oil and gas industry are no different – companies must become hyper-aware of internal processes, technologies and systems in order to truly leverage the power of the data that is contained within their organizations. In turn, that

awareness and the use of technology ultimately leads to better decision-making.

On security, the industry is seen as being vulnerable to cyber-attacks now that the financial services industry has become more and more difficult to hack, and oil and gas companies need to be aware that countries are now starting to impose stricter regulations on effective cyber-security for energy companies due to the strategic nature of the businesses and the critical nature of the products that are being supplied.

On a global basis, the speaker gave the opinion that Indonesia is doing well with regards to the use of technology although more could be learned from other neighboring countries, particularly with regard to the automation of refineries. In summary, he felt that in terms of digitization and the internet, the oil and gas industry is now all about integration – there is a move away from the “silo” approach to data to an integrated environment where data is collected and correlated from all sources into a single “command center” location and then being utilized more effectively to improve the level of decision-making in order to reduce costs and improve profits.

5.3 TECHNOLOGY SESSION 3

New Business Model in the Gross Split System

Panelists:

- 1) **Richard Hay**, President Director, PT Halliburton Indonesia
- 2) **Ronny Hendrawan**, President Director, PT Schlumberger
Geophysics Nusantara

Moderator

Bambang Istadi, SPE Java Advisor

Technology session 3 focussed on the new business model of the Gross Split system, and the moderator opened the session by highlighting the background to the introduction of this system, namely the global downturn that has occurred over the past 3-4 years, the lower for longer price scenario and the need that was recognized by government to introduce a new system to improve the competitiveness of the fiscal terms for investors.

Ronny Hendrawan noted that the quadrupling of global E&P investments since 2005 had only yielded a 15% increase in global oil production, showing how difficult it was now becoming to locate and extract new reserves. Industry challenges were not being driven by service pricing, noting the during the dramatic rise in capital intensity between 2000 and 2014, basic service pricing entered long term decline over the same period. He added that 2016 and 2017 cost reductions have not solved the underlying performance challenge. He noted also that the consequences of a procurement-based model were that there was sub-optimal project performance due to limited collaboration with leading service companies in the design phase, an inability to leverage technology system innovation and integration and finally, high barriers to drive sufficient improvement in reliability and efficiency.

He noted also that Associate members of the IPA saw the new Gross Split system as an opportunity and that it provided the flexibility that the industry is looking for in the current environment. On the downside, the levels of bureaucracy were still hampering the service sector, with many companies spending significant amounts of time on tendering processes when they could be focussing their efforts on helping companies to produce more oil and gas and lower their risks. These processes were all being driven by PTK007 and the panellists expressed a desire for reform of this regulation to help them to become more productive in Indonesia.

Richard Hay noted in his speech that the transition to Gross Split is a unique opportunity to create value in Indonesia. There is upside in that less tendering is needed, the process could be online and that there would be a move away from paper-based tendering. There was also an opportunity to integrate and share services across the archipelago, reduce the waste and inefficiencies and thereby reduce costs. However, he noted that for the Gross Split system to be a success, it had to be a win/win situation for all stakeholders, otherwise it would fail.

Members of the audience added that there was still uncertainty as to exactly how the new Gross Split system would work in practice, requiring integrated efforts between ESDM, SKK Migas and other related Ministries. In conclusion, it was felt that for the system to work well, industry needs to be innovative and flexible and work within the system to make it work effectively for all stakeholders.

5.4 TECHNOLOGY SESSION 4

Technology for Decommissioning

Panelists:

- 1) **Don Stelling**, Chevron IndoAsia
- 2) **I Made Sukrajaya**, Senior Manager, Engineering and Integrity, PT Pertamina Hulu Energi ONWJ
- 3) **Soerjaningsih MKKK**, Ministry of Energy and Mineral Resources
- 4) **Purnama Sianturi**, Ministry of Finance
- 5) **Fatar Y. Abdurahman**, SKK Migas, Dep. Operational

This session provided an opportunity to review the regulations surrounding the decommissioning or ‘asset retirement’ process, particularly for offshore platforms and the options and global best practices that are available to operating companies for effective and environmentally friendly solutions. The drivers for the decommissioning process were also discussed, including the applicable laws and regulations, environmental protection, safety, technology and the social and economic factors as well.

The representative from ESDM noted that there were currently 631 offshore platforms in Indonesia operated by 28 PSC’s, of which 523 were active, 102 were non-active and just 6 had been decommissioned. He also highlighted that MR 1/2011 on decommissioning implementation had now been abolished and replaced by MR 15/2018 which dictates the use of appropriate and approved technology and the obligations that must be adhered to by contractors / operators.

The panellists also highlighted the need to define how to execute effective and efficient decommissioning under the terms of the new gross split contract and this is an issue that needs to be further discussed and agreed with government under the ASR (Abandonment and Site Recovery) agreements.

The representative from SKK Migas then outlined the ASR obligations, regulations and permits needed and also the platform decommissioning options. Cost components were highlighted as Planning (Engineering Design), Wells abandonment (except exploration well), Dismantling, Transportation and storage and Site restoration.

The challenges for ASR are Guidance for Estimation of ASR in planning phase (POD and WP&B), developing Standards for facility dismantling, developing an ASR Roadmap in Indonesia, “In situ” write-off to reduce the ASR cost and finally the capability of local ASR companies to perform the work. Government and industry will be working together to address these challenges in the near future.

6. TECHNICAL PROGRAM

During the Technical Program for 3 days, there were 119 oral presentations and 71 poster presentations. 72 Session Chairs were present in 36 sessions located in 6 different rooms. 198 professionals became judges who evaluated the papers.

Details of the Technical Program are as follows:

- Professional Oral Presentations : 99 presenters
- Professional Poster Presentations : 57 posters
- Student Oral Presentations : 20 presenters
- Student Poster Presentations : 14 posters

The Technical Program was opened on Wednesday, 2 May 2018 at 10:20 am by the SKK Migas Chairman, Amien Sunaryadi, and accompanied by Bina Yuanita, Moektianto Soeryowibowo and Sukmandari marked the occasion with a procession and cutting the flower garland, giving the memento and a VIP Tour around the poster area led by Mr. Timothy Keller as the TPC Chairman.

Winners of the Best Speakers for oral and for poster presentation were as follows:

A. STUDENT BEST PAPER & POSTER

1. Best Presentation Student– Geoscience

Elok Annisa Devi, University of Diponegoro, *Geochemistry of Mudi and Sukowati Oils, East Java Basin and Their Correlative Source Rocks: Biomarker and Isotopic Characterization*

2. Best Presentation Student – Engineering

William Angtony, Institute of Technology Bandung, *Application of Novel Doped Nanomaterial Resin to Increase Sand Consolidation*

in a Loose Sandstone Reservoir

3. Best Poster Student – Geoscience

Dwi Charisah, University of Gadjah Mada, *Ampera Outcrops: Key Reference on Understanding Vertical Deltaic Succession on Mahakam Delta*

4. Best Poster Student – Engineering

Ahmad Murofiyanto, Institute of Technology Bandung, Laboratory Study: Surfactant Composition and Concentration Optimization for Improving Heavy Oil Recovery Factor on Sandstone Reservoir

B. PROFESSIONAL – BEST PAPER & POSTER

1. Best Presentation Professional – Geology

Rijal Anshori, BP Indonesia, *Chemo-stratigraphy of the Permian Sediments in Bintuni Area, Papua Barat Province*

2. Best Presentation Professional – Geophysics

Haryono Haryanto, Petronas Carigali Indonesia, *The Suitable Method in Generating True Depth Structure Maps to Eliminate Wonocolo Push-Down Effect on Seismic Data and Its Impact on Prospect Evaluation, North Madura Platform, East Java Basin*

3. Best Presentation Professional –Engineering

Reza Looyeh, Chevron Pacific Indonesia, *New Liquid Overflow Handling System to Prevent Process Tank Fires*

4. Best Presentation Professional – HSE and Commercial

Bobby Yudistira, BP Berau Ltd., *Offshore Drilling Fluids and Cuttings Waste Re-Injection Permitting Process*

5. Best Presentation Professional – Overall

Raka Cahya Pratama, Chevron Pacific Indonesia, *Successful Novel Fit-for-Purpose Strategy for Drilling Shallow Horizontal Wells*

6. Best Poster Professional – Geology& Geophysics

Anggoro P. Kurniawan, Pertamina EP, *Hydrocarbon Potential of*

Unexplored Tokala Area in The Eastern Arm Sulawesi as Part of Australian Fragment: A Preliminary Result

7. Best Poster Professional – Engineering

Adnan Syarafi Ashfahani, Pertamina Hulu Mahakam, *Gas Lift Technology Guidance for Better Decision Making Based on 40 Years Proven Implementation for HANDIL Field, Delta Mahakam*

7. EXHIBITION

Located at Main Lobby and Assembly Hall with total booths of this year event are 116 booths from 116 companies.

The winner of the best booth on the Exhibition are shown below:

BEST BOOTH CONTEST AWARD					
BEST BOOTH CONTENT			BEST BOOTH DESIGN		
Category: SILVER ($\leq 25 \text{ m}^2$)			Category: SILVER ($\leq 25 \text{ m}^2$)		
1	Elnusa	Winner	1	PwC Indonesia	Winner
2	Prasadha Pamunah Limbah Industri	1st Runner Up	2	Lintasarta	1st Runner Up
3	XL Business Solutions	2nd Runner Up	3	Elnusa	2nd Runner Up
Category: GOLD (26-50 m^2)			Category: GOLD (26-50 m^2)		
1	ConocoPhillips Indonesia	Winner	1	TechnipFMC	Winner
2	Petrogas (Basin) Ltd	1st Runner Up	2	Santos (Sampang) Pty Ltd	1st Runner Up
3	Santos (Sampang) Pty Ltd	2nd Runner Up	3	ConocoPhillips Indonesia	2nd Runner Up
Category: PLATINUM ($\geq 51 \text{ m}^2$)			Category: PLATINUM ($\geq 51 \text{ m}^2$)		
1	Medco Energi International	Winner	1	ExxonMobil Indonesia	Winner
2	ExxonMobil Indonesia	1st Runner Up	2	PremierOil	1st Runner Up
3	Schlumberger	2nd Runner Up	3	Baker Hughes	2nd Runner Up

8. PRE-CONVENTION ACTIVITIES

• **1ST MEDIA BRIEFING**

Day, Date : Wednesday, 28 February 2018

Time : 12.00 – 14.30 Hrs

Venue : Seribu Rasa Restaurant, Menteng.

Topic : Revisi UU Migas: Untuk Masa Depan Indonesia yang Lebih Baik”

Speakers :

- **Satya W. Yudha**, Vice Chairman of DPR Commision VII
- **Susyanto**, Secretary of Directorate General of Oil and Gas
- **Ari Soemarno**, Former President Director of PT Pertamina (Persero)

Participants : 22 journalists

- **2nd MEDIA BRIEFING**

Day, Date : Wednesday, 4 April 2018

Time : 12.00 – 14.30 Hrs

Place : Penang Bistro Restaurant, Kebon Sirih

Topic : Mendongkrak Daya Saing Global demi Kontribusi Maksimal Industri Migas Nasional”

Speakers

- **Komaidi Notonegoro**, Executive Director of ReforMiner Institute
- **Yustinus Prastowo**, Executive Director of Center for Indonesia Taxation Analysis (CITA)

Participants : 16 journalists

- **MEDIA VISIT**

A. Berita Satu

Day, Date : Wednesday, 7 March 2018

Time : 14.45 – 16.30 Hrs

B. The Jakarta Post

Day, Date : Monday, 26 March 2018

Time : 15.00 – 17.00 Hrs

C. Harian Kompas

Day, Date : Monday, 9 April 2018

Time : 15.00 – 17.00 WIB

- **1st Press Conference**

Day, Date : Thursday, 12 April 2018

Time : 12.00 – 14.00 Hrs

Place : Lobby Lounge, Bimasena

Speakers :

- **Ronald Gunawan**, President of IPA
- **Tenny Wibowo**, IPA Board Director
- **Novie Hernawati**, Chairperson of the IPA Convex 2018

Participants : 38 journalists

- **2nd Press Conference**

Day, Date : Tuesday, 2 May 2018

Waktu : 10.30 – 11.00 WIB

Place : Plenary Hall, JCC

Speakers:

- **Amien Sunaryadi**, Chairman of SKK Migas
- **Ronald Gunawan**, President of the IPA

9. INDUSTRY COCKTAIL

The IPA Industry Cocktail is an event that is created by the organizer to give an opportunity for buyers and exhibitors to join and network in the oil and gas industry in a relaxing atmosphere that is combined with entertainment and food. For this year, the IPA Industry Cocktail had a theme “The Touch of East Indonesia” where cultural richness comes from eastern Indonesia.

Decoration made with traditional architecture such as eastern part of Indonesia carving and mascot who were wearing traditional clothing from Papua Province combining with modern side and also LED ICE cube to give additional atmosphere.

Moreover, the ambience of eastern part of Indonesia which combined with modern side are the best combination. In addition, the organizer also provided some doorprizes.

Day/Date : Thursday, 3 May 2018
Time : 16.00 – 19.00
Location : Kasuari Lounge

10. CLOSING CEREMONY

The closing ceremony of the IPA Convex commenced with the signing ceremony for multi-year gas sales and purchase agreements with several operators.

Awards were then given to the winners of the Technical Papers and Poster Program sessions for professionals and students, followed by the winners of Best Booths during the Convention exhibition for their design and content.

The awards for the 2018 Petro-challenge competition for University students were also presented by the Head of HR for SKK Migas.

The Chairperson of the IPA Convex 2018, Novie Hernawati, then provided a summary of the event, thanking all the attendees and volunteers and organizing committees who had made the event a success. 23,097 visitors had attended, 207 media organisations covered the convex and there were 1,637 convention delegates, in addition to 116 exhibiting companies.

The IPA President then delivered his closing remarks, thanking all attendees and participants for making the event a success and noting that the event has highlighted the need for Indonesia to maintain its competitiveness in the global oil and gas sector and continue to attract investment to provide the energy that is needed for the growing economy. He added that the industry is still attractive for investors in Indonesia but that continued cooperation between all stakeholders is needed to ensure the future sustainability of the industry and meet the countries energy needs.

In his closing remarks, the Chairman of SKK Migas, Amien Sunaryadi, remarked that the event was a great moment for the industry in Indonesia as a forum to generate reform, attract investment and increase production.

He congratulated the IPA on the event and thanked all participants for making the IPA Convex a success in 2018.

11. CONCLUSIONS

The 42nd IPA Convention and Exhibition was a great success considering the current global climate in the oil and gas industry, including over 24000 visitors, 116 exhibiting companies and over 1600 registered participants. Plenary Sessions, Special Session and the new Technology Sessions were also well attended, and proved to be productive and insightful.

There was also wide coverage in the media, with approximately 450 national journalists and foreign journalists in attendance, covering the key issues discussed and raised during the Convention. The Technical Papers and Poster Presentations had also been a great success, with 119 oral presentations and 71 posters being displayed at the Convention.

The IPA sincerely hope that the government and industry can continue to work together in close collaboration to increase the global competitiveness of the upstream industry in Indonesia to secure the future energy security of Indonesia and re-attract the investment that is needed to achieve these common goals.

Appendix A

COMMITTEE MEMBERS – 2018 IPA CONVEX

COMMITTEE	POSITION	NAME	COMPANY
CHAIRMAN		Novie D. Hernawati	Schlumberger
Secretariat & Registration	Secretary	Wursitaningari	IPA
	Member	Maydy Rahmadani	IPA
	Member	Takdir Johan	IPA
	Member	Agung Pratama	IPA
Communication	Chairperson	Posman Sianturi	IPA
	Member	Karina Fitria Shahab	Medco E&P Indonesia
	Member	Moch. Nunung Kurniawan	INPEX Masela Ltd.
VICE CHAIRMAN 1		Lita Liana	Shell Indonesia
Plenary Session	Chairperson	Lita Liana	Shell Indonesia
	Member	Julianta Panjaitan	Medco E&P Indonesia
	Member	Hendra Halim	BP Indonesia
	Member	Zahra	Premier Oil
	Member	Hafif Assaf	Medco E&P Natuna Ltd.
Protocol	Chairperson	Rian Amri	BP Indonesia
	Vice-Chairperson	Hendarsyah	Medco E&P Indonesia
	Member	Bina Yuanita	-
	Member	Malik M. Habir	ConocoPhillips
Technical Program	Chairperson	Tim Keller	ConocoPhillips
	Vice-Chairperson	Arya Disiyona	SKK Migas
	Vice-Chairperson	Siti Sitawati	Medco E&P Indonesia
	Member	Anna Sulistiyarningsih	IPA
	Member	Bernadeta Krisanty	IPA
	Member	Taufikurrahman	IPA
VICE CHAIRMAN 3		Hanny Denalda	Santos (Sampang) Pty Ltd
Sponsorship	Chairperson	Novitri Lilaksari (Chichi)	PHE ONWJ
	Vice-Chairperson	Leony Lervyn	Medco E&P Indonesia
Exhibition	Chairperson	Alvin Anwari	Santos
	Vice-Chairperson	Nevi Septianti	IPA
Special Event & Reception	Chairperson	Indriasari L. Hadiwidjoyo	Petronas
	Vice-Chairperson	Abrarriadi	Schlumberger
	Member	Dwandari Ralanarko	CNOOC SES Ltd.
Security	Chairperson	Awan Suryanada	JOB Pertamina-Medco Simenggaris
	Vice-Chairperson	Danang Agung Wikantadhi	JOB Pertamina-Medco Simenggaris

II. 2019 WORK PROGRAM

A. Date and venue reservation

The 43rd IPA Convention and Exhibition Committee had reserved at the Jakarta Convention Center, in September 2019, which are Sep 4-6, 2019. We moved our schedule from May to September 2019 due to the Presidential Election which scheduled on mid-April 2019.

Venue reservation was made by the PT. Dyandra Promosindo, on behalf of IPA, as the Event Organizer of 2018 IPA Convex.

B. Call for technical papers issued

Call for papers has been issued in September and the deadline for the abstract submission is December 21st 2018. The Technical Program Committee will review all the submitted abstract and issue the notification of acceptance by February 15th 2019. Draft of manuscript should be received by the committee at the latest on May 24th 2019.

C. IPA Convex 2019 Event Organizer

Refers to the last year performance and evaluation conducted by the IPA Convex Committee, PT. Dyandra Promosindo is assigned for the 43rd IPA Convention and Exhibition 2019 event organizer.

D. Adapting to the new reality

Adjustments will be made to the convex arrangements to reflect the new reality of the industry without compromising the objectives of the event. Convex will aspire to reach out to a wider set of stakeholders than the usual set.

SECTION 5

ENVIRONMENT AND SAFETY COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Arryati Ramadhani

ConocoPhillips (Grissik) Ltd.

ENVIRONMENT & SAFETY COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Arryati Ramadhani	ConocoPhillips (Grissik) Ltd.
Vice Chairperson	: Budi Koesoemo	Chevron Indonesia
Secretary	: Julfrida Nababan	Pertamina Hulu Sanga Sanga

Environment Sub-committee

Pipi Pujiani	BP Indonesia
Tania Irani	ExxonMobil Indonesia
Hanifatu Avida	ExxonMobil Indonesia
Ibrahim Arsyad	Medco E&P Indonesia
Shanti Nata Artha	Medco E&P Indonesia

Safety Sub-committee

Indra Maizir	Shell Indonesia
Randolf Bledoeg	Petrochina
Hans Swediarto	Petrochina
Eko Suryanto	Husky Anugerah
Olivia Kabi	Ophir Energy

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. Mega Nainggolan	Energi Mega Persada
2. Ibrahim Arsyad	Medco EP Indonesia
3. Krishna Ismaputra	ENI Indonesia
4. Satrio Pratomo	Mubadala Petroleum
5. Agustanzil Sjahroezah	Energi Mega Persada
6. Arudji Wahyono	Chevron

7. Jusuf R. Odang	VICO Indonesia
8. Otong S. Adisapoetra	Repsol YPF
9. Benky Bagoes Oka	ARCO Indonesia
10. I Made Surya Kusuma	Caltex Pacific Indonesia
11. Steve Massey	Mobil Oil Indonesia
12. Michael Bradey	Lasmo Oil

II. 2018 ACTIVITIES REPORT

IPA ESC in 2018 continued to be a trusted partner of regulatory bodies, particularly of the Ministry of Environment & Forestry (KLHK), Ministry of Energy and Mineral Resources and SKK Migas in revising and/or developing implementable environmental guidelines and regulations which applies to the oil and gas industry.

As a trusted partner of the government, IPA ESC continues to provide support and advice in various events hosted by the government.

In Q4 2018, IPA ESC held the Environment and Safety Professional Gathering involving around 70 HSE practitioners and managers from IPA member companies. The 2018 gathering was the 3rd in a row event held by IPA ESC and this year the theme was Managing Facility Integrity and Regulatory Requirements to Maintain License to Operate. The event facilitated sharing of best practice in Pipeline Integrity and Environment and Social Responsibility.

The difference from the previous years event was that in addition to knowledge sharing and discussion of environmental and safety issues by IPA member, Director of Environment and Business Impact Management Ministry of Environment and Forestry (Direktur Pengendalian Dampak Lingkungan dan Usaha – Kementerian Lingkungan Hidup dan Kehutanan) is also invited as one of the speaker to share and also discuss about the newly issued Minister of Environmental and Forestry Decree on Environmental Permit (Izin Lingkungan) relevant Online Single Submission mechanism.

During 2018, IPA ESC had routine monthly meeting in every second Friday of each month. Various issues are discussed in these meetings: sharing of lessons learned in the industry, focusing on regulatory advocacies, strategies in managing environmental and safety tasks, and member's capacity building. Besides regular meeting, the members of IPA-ESC also occasionally conduct non-regular meetings to respond to urgent issues and expectations from key stakeholders.

ESC actively participating in discussions of new emerging or revision of regulations with key stakeholders including:

- Draft Minister of Environment and Forestry Decree no. P 93/2018 regarding Continuous and Online Wastewater Quality Monitoring for Business and/or Activities
- Revision of Minister of Environment Decree no. 05/2012 regarding Type of Business and/or Activities with Compulsory Requirement to have EIA
- Revision of Minister of Environment and Forestry Decree no. P.68/Menlhk/Setjen/Kum.1/8/2016 regarding Domestic Wastewater Standard
- Revision of Government Regulation No. 82/2001 regarding Water Quality Management and Water Pollution Control.
- Revision of SKK Migas PTK-005/SKKMA0000/2018/S0 regarding Management of Occupational, Safety, and Environment in Upstream Oil and Gas Activities
- Implementation of Minister of Environment and Forestry Decree no. P.5/MENLHK/SETJEN/KUM.1/2/2018 regarding Competency Certification and Standard for the Responsible Person in Wastewater Installation Operations and Water Pollution Prevention
- Implementation of Minister of Environment and Forestry Decree no. P.6/MENLHK/SETJEN/KUM.1/2/2018 regarding Competency Certification and Standard for the Responsible Person in Air pollution Installation Operations and Air Pollution Control

In addition to, IPA ESC has been particularly requested by the PROPER Secretariat to conduct data analysis on the Green PROPER candidate's data from 2016 – 2017 to develop Green PROPER benchmarking data on energy, emission, water, wastewater and solid waste efficiency and intensity. The data was formally launched

by the PROPER Secretary in July 2018 and officially used as benchmarking in the 2018 Green PROPER evaluation.

ESC along with the Executive Director of IPA had a courtesy visit to the newly appointed Director of Environment and Engineering – Directorate General Oil and Gas in June 2018 and discussed about current permitting issue faced by upstream oil and gas industry.

Under coordination from the secretariat, the ESC together with other relevant committees has been participating in discussions with BKPM and SKK Migas concerning simplification of permits in upstream oil and gas.

III. 2019 WORK PROGRAM

For 2019, the IPA ESC will continue the roles with the following activities, namely:

- Engagement
 - Courtesy visit with the new Director of Engineering and Environment Section – Directorate General of Oil and Gas. Objective of the courtesy visit is to introduce IPA ESC, discuss current challenge relevant to HSE, and propose regular engagement or discussion to talk over HSE related issue and the overcome approach
 - Stakeholder engagement plan: mapping and communication strategy
- Advisory
 - Identify and obtain review on the implementation of existing permit that potentially affect regulatory compliance and provide input to the government for improvement (e.g. revision or new regulation)
 - Provide input on the draft of new and/or revised regulation as well as government policy relevant to HSE aspect and Sustainable Development Goals (e.g. climate change, biodiversity, social)
 - Provide benchmarking in environmental performance for oil and gas industry in collaboration with Ministry of Environment and Forestry

-
- Collaborate with other IPA Committee to tackle issue potentially affect regulatory compliance including HSE
 - Provide insight to the Board on the new or revised regulation and/or policy that potentially affect compliance with regulations
 - Capacity building
 - Hold regular event with HSE Professionals in the industry or invite relevant organization to monthly meeting for knowledge sharing and discussion on HSE and Sustainable Development aspect e.g. Life Cycle Analysis, Biodiversity Offset, Process safety
 - Seek opportunity to carry out certified training from trusted/prominent training provider for IPA member with special price
 - Seek opportunity to influence external parti(es) in safety issue e.g. road safety of public transportation
 - Hold annual IPA Environment and Safety Professional Gatherings

SECTION 6

ETHICS & COMPLIANCE COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Ronny Siahaan

(MedcoEnergi Indonesia)

ETHICS & COMPLIANCE COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Ronny Siahaan	MedcoEnergi Indonesia
Vice Chairperson	: Krishna Ismaputra	ENI Indonesia
Secretary	: Anita Zainal	BP Indonesia

Task Forces Leads

a. Ethics, Anti-Bribery & Corruption	: Indira Dewi	Total E&P Indonesia
b. Licensing & Tariff	: Desiantien S. Pringgopoetro	Chevron Indonesia
c. Compliance Capacity Building	: Metty Dianawati	Chevron Indonesia
d. Authority Engagement	: Metha Herpati	Total E&P Indonesia
e. Third Party Management	: Irwan Supranto	MedcoEnergi Indonesia

II. 2018 ACTIVITIES REPORT

This report presents the Ethics & Compliance Committee (ECC) first year program since its inception in 2018.

No	Activities	Timeline 2018				Remarks
		Q1	Q2	Q3	Q4	
1	1H ECC – IPA Annual Gathering Event: ISO37001 Anti- Bribery Management System (ABMS) Workshop.	19 Mar				Conducted on Chevron office and attended by 30 participants with key Speaker: Mr. Kheng Min Loi as the Vice Chair of ISO/PC 278 on ISO37001 Anti-Bribery Management System (ABMS).

2	IPA Ethics & Compliance, IPA President Director and IPA Executive Director meeting with Head of SKK Migas.	27 Mar				Regarding to implementation of ISO37001 ABMS.
3	Participate Seminar ISO37001:2016 Anti-Bribery Management System.	27 Mar				Hosted by KPK, President Staff Office, National Standardization Body and SKK Migas.
4	Focus Group Discussion (FGD) on new President Decree No.54 Year 2018.			04 Sep		Regarding to National Strategy to Prevent Corruption hosted by Transparency International Indonesia (TII).
5	Participated on National Compliance Officer (Ahli Pembangun Integritas) Assessment			5-6 Sep		6 participants from oil and gas industry has participated and qualified as API Officer.
6	2H ECC – IPA Annual Gathering Event: Government Relations and Commercial Dealings in the Oil and Gas industry: In the Perspective of Corporate Crime Liability”.			19 Sep		Key note speakers: Board of Corruption Eradication Commission (KPK) – Laode M Syarif Transparency International Indonesia (TII) Director – Dadang Trisasongko

Event

Photo

1H ECC – IPA
Annual
Gathering
Event.



2H ECC – IPA
Annual
Gathering
Event.



10th Monthly
Meeting.



III. 2018 EVALUATION

ECC consists of 5 tasks forces with the following categories along with the 2018 work program.

No	2018 Program	Implementation
Task Force 1 – Ethics, Anti-Bribery & Corruption		
1	Fostering IPA Members in adopting effective ABMS within their organization and or implementing ISO 37001/SNI 37001 (National Indonesian Standard)	<ul style="list-style-type: none"> • Participate the Launching of Index Corruption Perception hosted by TII on 22 February 2018. • ECC - IPA Workshop on ISO37001 Anti-Bribery Management System on 19 March 2018 at Chevron and attended by 30 participants with key speaker: Mr. Kheng Min Loi as the Vice Chair of ISO/PC 278 on ISO37001 Anti-Bribery Management System (ABMS). • Sharing session on Conflict of Interest and Cyber Security on 23 March 2018. • Participate Seminar ISO37001:2016 Anti-Bribery Management System hosted by KPK, Presidential Staff Office, National Standardization Body and SKK Migas on 27 March 2018. • IPA Ethics & Compliance, IPA President Director and IPA Executive Director meeting with Head of SKK Migas regarding to implementation of ISO37001 ABMS on 27 March 2018. • Participated Business Integrity Forum "Benefits of Integrity - Business Take Action on 17 April 2018. • Sharing session on Forensic Conference (Chevron), Ethics & Compliance (COPI) on 18 April 2018. • Participated on PwC's Global Economic Crime and Fraud Survey 2018: Pulling Fraud out of the Shadows hosted by PWC on 19 April 2018.

		<ul style="list-style-type: none"> • IFC Launch Event - Indonesia Corporate Governance Manual 2nd Edition on 06 June 2018. • Discussion with KPK on Guideline of Preventing Corporate Crime as per PERMA 13/2016 Regulation on 21 August 2018. • KPK has issued draft of Panduan Pencegahan Korupsi bagi Dunia Usaha. • Focus Group Discussion (FGD) on new President Decree No.54/2018 regarding to National Strategy to Prevent Corruption hosted by TII on 04 September 2018. • 2nd Annual Gathering Event on 19 September 2018. (Survey on Corporate Criminal Liability, which resulted top three an effective corruption prevention program is leadership commitment, code of conduct and ethics & compliance function existence.
2	Active involvement in the development Certified Integrity Office/CeIO (Ahli Pembangun Integritas/API).	Participated on National Certified Integrity Officer/CeIO (Ahli Pembangun Integritas/API) Assessment on 05-06 September 2018. 6 participants from oil and gas industry has participated and qualified as API Officer.
Task Force 2 – Licensing & Tariff		
1	Active involvement in Anti-Corruption Working Group chaired by KPK, focusing on simplification and transparency of security and environment permits	2 nd KPK Anti-Corruption Working Group (ACWG) on 25 September 2018.
2	Socializing the standard tariff for Public Officials including but not limited to: <ol style="list-style-type: none"> a. SKK Migas Decree on tariff provided to Police Officers. b. Ministry of Finance Regulation Local Government regulation. 	

Task Force 3 – Compliance Capacity Building		
1	Aid in organizing workshop/training/sharing session	
2	Organizing events for ECC IPA Members	2 nd Annual Gathering Event on 19 September 2018.
Task Force 4 – Authority Engagement		
1	Mapping relevant stakeholder based on its severity to operational activity of O&G Company.	
2	Conducting workshop / sharing session among ECC IPA members to collect any issues/concerns raised when dealing with authorities	<ul style="list-style-type: none"> • 1st sharing session: TEPI licensing unit presented the recent case related to permit dispute. • Focus Group Discussion (FGD) on new President Decree No.54/2018 regarding to National Strategy to Prevent Corruption hosted by TII on 04 September 2018. • 2nd KPK Anti-Corruption Working Group (ACWG) on 25 September 2018.
Task Force 5 – Third Party Management		
1	Facilitating a sharing session among ECC IPA members regarding third party management such as CIVD implementation issues, due diligence, vendor audit, etc	Sharing session on Due Diligence Process on 15 May 2018.
2	Providing technical assistance/training/transfer knowledge across IPA Members (utilizing insources subject matter experts)	<ul style="list-style-type: none"> • Facilitate a compliance session “Anti-Corruption Risk in O&G” at HCML Annual Compliance Declaration on 05 February 18 attended by 190 HCML employees. • Sharing session Contractor ABC Audit on 05 June 2018 at HCML Office attended by 17 participants.

IV. Government Regulation Updates

In 2018, Government of Indonesia has issued several regulations to support Corruption Prevention Strategy as below:

No	Regulation Number	Explanation
1	Presidential Decree No. 13 Year 2018 re. Beneficial Ownership.	<p>The decree objective is to prevent and eradicate activities related to money laundering and/or terrorism financing through corporations. This decree requires the Corporation to know and understand the beneficial owner with requirements as below:</p> <ul style="list-style-type: none"> • Determination of the beneficial owner(s) of a corporation; • Application of the Principle; • Supervision; • Cooperation and requests for information about the beneficial owner; • Sanctions; and • Transitional provisions.
2	Presidential Decree No. 54 Year 2018 re. National Strategy on Corruption Prevention.	<p>The national strategy on corruption prevention and eradication support the increasing of economic growth by focusing on:</p> <ul style="list-style-type: none"> • Improve the public services in order to increase the investment climate. • Strengthen the capacity building of law enforcers and law enforcement particularly in corruption cases. • Harmonization and synchronization of law and regulations in order to increase the ease of doing business. • Increase the international cooperation to gain investor. • Increase the quality of human resources through the anti-corruption education.
3	Presidential Decree No. 48 Year 2018 re: Tata Cara Pelaksanaan Peran Serta Masyarakat dan Pemberian Penghargaan dalam Pencegahan dan Pemberantasan Tindak Pidana Korupsi (Guidance in Providing Gratification to	<p>Government of Indonesia has issued Presidential Decree No. 43 Year 2018 regarding to Tata cara pelaksanaan peran serta masyarakat dan pemberian penghargaan dalam pencegahan dan pemberantasan tindak pidana korupsi. The</p>

	combat and prevent bribery and corruption).	decree has stated that whistleblower will obtain a certificate and bonus up to IDR 200 million. In addition, Company shall protect the whistle-blower against any retaliation.
4	SKK Migas – ISO37001 Anti – Bribery Management System certification on 26 October 2018.	Management SKK Migas was committed to implementing ISO 37001:2016 and certified to obtain the ISO by 2018. Currently, SKK Migas Management continues to communicate the 4 No culture (No Bribery, No Kick-Back, No Luxurious Hospitality, and No Gift) to the internal SKK Migas. SKK Migas hopes that PSC Contractors, goods, and service providers in the upstream oil and gas industries can follow the steps of SKKMigas in implementing the anti-bribery management system ISO 37001:2016.

V. 2019 WORK PROGRAM

ECC will merge the following task forces for simplification and effectiveness purposes:

2018 Task Force		2019Task Force	
Task Force 1 – Ethics, Anti – Bribery & Corruption	<ul style="list-style-type: none"> • To foster IPA Members adopting effective ABMS within their organization and or implementing ISO 37001 ABMS. • Actively involved in the development of Certified Integrity Officer/CeIO (Ahli Pembangun Integritas/API). • Provide assistance in organizing 	Task Force 1 – Ethics & Compliance, Anti-Bribery Corruption.	<ul style="list-style-type: none"> • Following SKK Migas certification on ISO37001 ABMS on 26 October 2018 • Provide assistance to SKK Migas regarding to ISO37001 ABMS implementation to medium to low vendor. • Participate on Implementation of

	workshop/training/sharing session • Organize Gathering Event for ECC IPA Members.	<ul style="list-style-type: none"> • Aries Apriansyah [CNOOC]. • Tri. H [Premier]. • Aditya [MEPI]. • Indria Posmasari [BP]. • Maria Fransiska [BP]. 	<ul style="list-style-type: none"> • National Anti – Corruption Strategy. • ECC – IPA Goes to Campus. • Collaborative efforts with ICW and local Anti – Corruption Watch for prevention program. • Participate on 2019 KPK’s IBIC Program. • Capitalize API (compliance network). • Working with KPK on corporate crime prevention. • Anti – Corruption Book Review Seminar.
Task Force 3 – Compliance Capacity Building	<ul style="list-style-type: none"> • Aid in organizing workshop/training/sharing session • Organizing events for ECC IPA Members. 		

2018 Task Force		2019 Task Force	
Task Force 2 – Licensing & Tariff	<ul style="list-style-type: none"> • Active involvement in Anti-Corruption Working Group chaired by KPK, focusing on simplification and transparency of security and environment permits. • Socializing the standard tariff for Public Officials including but not limited to: • SKK Migas Decree on tariff provided to Police Officers 	Task Force 2 – Licensing, Tariff and Engagement. Member: <ul style="list-style-type: none"> • Chandra [Equinor]. • Metha [PHM]. • Dini Sudewo [COPI]. • Hendra G [Chevron]. 	<ul style="list-style-type: none"> • Continue Anti-Corruption Working Group (ACWG) on licensing and permitting. • Courtesy visit and stakeholder engagement (KPK, SKK Migas, Ombudsman, etc). • 2nd term ECC IPA Board election. • 2019 Annual Gathering ECC – IPA with theme:

	<ul style="list-style-type: none"> Ministry of Finance Regulation Local Government regulation. 	<ul style="list-style-type: none"> Indah [ENI]. 	<ul style="list-style-type: none"> Corruption Law enforcement in Indonesia. Information Protection Awareness on Ethics & Compliance Perspective. Political Contribution on Ethics & Compliance Perspective. Human Right.
Task Force 4 – Authority Engagement	<ul style="list-style-type: none"> Mapping relevant stakeholder based on its severity to operational activity of O&G Company. Conducting workshop / sharing session among ECC IPA members to collect any issues/concerns raised when dealing with authorities. 		

2018 Task Force		2019 Task Force	
Task Force 3 – Third Party Risk Management	<ul style="list-style-type: none"> Facilitating a sharing session among ECC IPA members regarding third party management such as CVD implementation issues, due diligence, vendor audit, etc. Providing technical assistance/ training/ transfer knowledge across IPA Members (utilizing insources subject matter experts) 	Task Force 3 – Third Party Risk Management. Member: <ul style="list-style-type: none"> Ambar [CNOOC]. Irwan Supranto [MEPI]. Dicky Darman [PHM]. 	<ul style="list-style-type: none"> Sharing session on Third Party Risk Management. Sharing session on Third Party Due Diligence.

SECTION 7

EXPLORATION COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

David Herrero Ramos

(REPSOL)

EXPLORATION COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	David Herrero Ramos	Repsol
Vice Chair	:	Chandra Suria	Santos
Members	:	Soeryowibowo M.	BP Indonesia
		Indrawardana	Chevron Indonesia
		Mark Boyd	ConocoPhillips
		Davide Casini Ropa	Eni Indonesia
		Henry Banjarnahor	INPEX
		Gadjah Eko Pireno	Kris Energy
		Jamin Jamil B Mohd Idris	Petronas
		Nick Comrie Smith	Premier Oil
		Chris Newton	Risco Energy
		Sahala Sianipar	Shell Indonesia
		Hendry Manur	Star Energy
		Christian Zwach	Statoil Indonesia

II. 2018 ACTIVITIES

Since the issue of GR 22/2017 on National Energy's Plan (Rencana Umum Energi Nasional/RUEN) in March 2017, it has been shown that oil and gas production, and especially oil production, has constantly been in decline despite the increasing demand for energy to support the economic growth of Indonesia up to 2050. It showed that to enable significant improvement, the critical factors are the results of exploration and EOR activities.

To support that viewpoint, the IPA has facilitated many discussions, seminars, focused group discussion in the oil and gas industry during 2018 regarding increasing the exploration activities in Indonesia, amongst others with SKK Migas, Directorate General of Oil and Gas, Ministry of Energy and Mineral Resources, National Industry and

Economy Committee (Komite Ekonomi Industri Nasional/KEIN) and even with the Presidential Advisory Board (Dewan Pertimbangan Presiden/ Wantimpres).

The IPA invited participants and involved many of these government institutions in these discussions. The topics ranged from the need for more open access to exploration data and the need for the Indonesia government to provide some basic exploration data; fiscal terms & contract types which will help encourage investment in exploration; the need to ensure that Indonesia honors contract sanctity and also the very critical factor of simplifying the exploration permits processes.

From the time that the IPA has been involved in these discussions, we have started seeing that the stake holders of this Industry have admitted the need for reform in the ongoing efforts to make Indonesia globally competitive for exploration investment. There are a lot of plans for reform but the IPA believe that next year is an important year for the real changes in the processes and regulations on exploration to take place for the benefit of all stakeholders.

III. 2019 WORK PROGRAM

SECTION 8

FINANCE AND TAX COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Edwinsjah Iskandar

(CNOOC)

FINANCE AND TAX COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Edwinsjah Iskandar	CNOOC
Vice Chairperson	:	Hendra Halim	BP Indonesia
Coordinator Tax	:	Villia Simon	Chevron
Coordinator Audit	:	Chris Haryadi	ConocoPhillips
Coordinator Finance	:	Andrea Gunawan Diliharto	Medco Energi

II. 2018 ACTIVITIES

Tax

1. **Improving tax audit conduct/efficiency:** The committee is working together with SKK Migas and DGT to improve audit conduct in oil & gas industry. With the support and recommendation coming from the relevant stakeholders, Ministry of Finance regulation no. 34/2018 re. Joint Audit has finally been issued in April 2018. Under this newly issued audit policy, contractor is no longer audited by multiple government audit agencies in a separate period of timing, but audit will be conducted once a year jointly by SKK Migas, DGT and BPKP.
2. **2018 IPA Convention & Exhibition:** Partnering with IPA Convention Steering Committee, Wood Mackenzie, Katadata and Reforminer, the committee is leading the effort to refresh the IPA Convex Infographic. The objectives of the infographic are to provide a high-level summary on the global oil and gas investment climate, success stories, concerns, and lesson learnt in some countries, Indonesia oil & gas profile and the winning strategies to encourage Indonesia's investment competitiveness.
3. **Indirect Tax Facilities (under PP27/2019):** Partnering and collaborating with the relevant stakeholders among others; DGT, BKF, KPPIP, Executive Office of the President, SKK Migas, KPP Migas to provide input for the implementing regulation of GR27/2017.

-
4. **Tax Holiday/Incentive (for both Cost Recovery & Gross Split regime):** Advocate industry position and needs to government and urge them to provide tax holiday/incentive to stimulate exploration activities in Indonesia.
 5. **Improving Land and Building Tax (LBT) Policy and the implementation of Master list facility:** Collaborate with ESDM and Ikatan Akuntan Indonesia (IAI) to raise awareness on LBT and Master list facility implementation issues by conducting Focus Discussion Group (FGD) with the relevant government stakeholders.
 6. **Resolving dispute on Supreme Court decision re. VAT on LNG:** Advocate industry position and recommendation as well as sharing the potential impacts to the wider society and stakeholders if upstream LNG subject to VAT.
 7. **Requirement to sell crude oil to Pertamina:** Working closely with SKK Migas to identify the tax implications on the requirement of Contractor to sell its crude oil portion to Pertamina. Also, providing feedback on how to mitigate the risk and propose a way forward plan. This including liaising with DGT and seeking for a possibility for the GoI to provide incentive for selling crude to Pertamina.
 8. **Providing input on the draft of General Provision and Tax Procedure (RUU KUP):** Working closely with tax consultant and Kadin (Indonesia Chamber of Commerce and Industry) to provide industry feedback on RUU KUP.
 9. **Liaise with Associate Members:** Listening and working together with Associate Members to address concerns on Contractor's VAT Collector status & Master list issue.

Finance

1. **PTK Gross Split:** Participate in Working Team with SKKMIGAS on drafting of Finance and Accounting under Gross Split PSC.
2. **Letter of Credit for Export of Specific Goods:** Participate and provide inputs in discussion with Minister of Trade regarding the Provisions of Use of LC.
3. **Rental of Asset Mechanism:** Participate and provide inputs in discussion with SKKMIGAS for assets rental mechanism for PSC terminated blocks.

-
4. **ASR Regulation:** Participate and provide inputs in discussion with SKKMIGAS For Minister Regulation No. 15/2018 (Re: Asset & Site Restoration) and the PTK related.

Audit

1. **Draft PMK Joint Audit:** The Committee had provided feedback to SKK Migas on the tax treatment during the “waiting period” to minimize potential future multi interpretation and provide certainty to both Government and Contractor and it is reflected in the PMK Joint Audit no 34/PMK.03/2018.
2. **Monitor the execution of Joint Audit:** The Committee monitored and updated IPA Board Member on the implementation of joint audit that scheduled for 2018 covering 14 PSCs
3. **FAMI (Forum Audit Migas Indonesia) 2018:** Collaborate with SKK Migas and Pertamina Hulu Energy during FAMI 2018 event to thrive for innovation with integrity” for Audit and Compliance function in Oil and Gas sector.

All

1. Maintaining a trusted and strong relationship with regulators and professional associations SKK Migas, DGT, Fiscal Policy Agency (BKF), Coordinating Ministry of Economic and its KPPIP, the Executive Office of the President Republic of Indonesia, Forum Audit Migas Indonesia and Indonesian Institute of Accountant.
2. Intensively collaborating with RAC committee to review and to provide feedback/input on finance and tax related matters.
3. Provide and seek guidance to and from IPA Board on various fiscal policies and related draft regulations in order to get consistency and alignment within the industry players’ objectives.
4. Conducting regular meetings and/or teleconferences with the Committee’s members to share knowledge, to discuss issues and agree on the strategic action point to resolve the issues.

-
5. Provide update to the Corporate Members of the IPA by communicating current work progress and shared newly issued regulations.

III. 2019 WORK PROGRAM

Tax

1. **Indirect Tax Facilities (under PP27/2019):** Continue collaborating with the relevant stakeholders including MoEMR and MoF including their legal dept. in finalizing the issuance of the implementing MoF regulation of GR27/2017 and monitoring its applications.
2. **Gross Split Implementing Regulations:** Collaborating with SKK Migas, ESDM, DGT and BKF to support the drafting and review the required implementing regulations of GR53/2017 on Gross Split taxation.
3. **New PMK for Land & Building Tax (LBT):** Working closely with SKK Migas and the relevant Gol institutions to have a fair LBT policy and formula for both PSC Cost Recovery and PSC Gross Split during exploitation stage.
4. **Better Clarity on Master list Facility Implementation:** Working closely with SKK Migas and the relevant Gol institutions to improve clarity on Master list facility implementation so that no more confusion among stakeholders and no more tax assessment issued against Contractors.
5. **Better Clarity on VAT on LNG upstream (post Supreme Court decision):** Working closely with SKK Migas, PLN and the relevant stakeholders to obtain clarity and firm policy re. VAT on LNG post Supreme Court decision. Industry currently is working to maintain status quo, i.e. VAT is not a VAT-able object particularly LNG under integrated PSC upstream process.
6. **Tax Allowance/Incentive:** Continue looking for an opportunity to advocate the need to have tax holiday/incentive for oil & gas industry to stimulate exploration activities in Indonesia as well as to compete with other countries.
7. **Supporting 2019 IPA Convention:** Provide the required F&T expertise to ensure the relevant data and feedback are fully embedded and presented in 2019 IPA

Convention materials.

8. **FGD and National Migas Tax Seminar:** Continue maintain a strong relationship with SKK Migas, ESDM, DGT, BKF, IAI and the relevant professional associations to continue to amplify industry's voice/input through various forum such as FGD and national seminars.
9. **Draft of UU Migas (Oil and Gas Law):** Continue working with RAC committee to provide feedback on draft of Oil & Gas Law.
10. **Draft of Tax Reform inc. General Provision and Tax Procedure (RUU KUP):** Continue working closely with tax consultants and Kadin (Indonesia Chamber of Commerce and Industry) to provide industry feedback on the relevant tax reform inc. RUU KUP.

Finance

1. **PTK ASR:** Monitor and provide feedback as needed on the implementation of the PTK.
2. **PTK Gross Split PSC:** Continue to support SKK for the draft of the PTK and monitoring and provide feedback on the implementation.
3. **Investment Credit and Interest Cost Recovery:** Follow up and monitor the issues during 2019 WP&B to SKKMIGAS that having the intention to exclude the facilities from the approved WP&B.

Audit

- 1 **Financial Joint Audit:** Joint Audit Kick off meeting with SKK Migas, DGT, BPKP and KKKS with 14 PSCs selected for audit scheduled in third and fourth quarter 2018 focusing on mostly on expired PSCs.
- 2 **Governance Risk and Compliance Audit:** Workshop and Focus Group Discussion SKK Migas and KKKS relating audit Governance Risk and Compliance
- 3 **Sharing Joint Audit Process:** Maintain effective communication with SKK Migas, DGT, BPKP and BPK by sharing with audit group in the industry on the current

Compliance and audit issues and improvement

- 4 **Financial Audit – Ongoing Audit:** Coordination with BPK auditor regarding the current audit for SKK Migas and KKKS, discuss issues and support ongoing audit coordination

All

1. Maintaining a trusted and strong relationship with SKK Migas, DGT, Fiscal Policy Agency (BKF), Coordinating Ministry of Economic and its KPPIP, the Executive Office of the President Republic of Indonesia and relevant professional organizations.
2. Partnering with RAC committee to review and to provide feedback/input on finance and tax related matters.
3. Provide and seek guidance to and from IPA Board on various fiscal policies and related draft regulations in order to get consistency and alignment within the industry players.
4. Conducting regular meetings and/or teleconferences with the Committee's members to share knowledge, to discuss issues and agree on the strategic action point to resolve the issues.
5. Start working on the strategy to increase F&T participation level as well as to improve the sense of leadership and ownership toward industry fiscal challenges and opportunities. Think beyond company self-interest/benefit and start thinking broader for the greatness of Indonesia oil & gas industry holistically.

SECTION 9

HUMAN RESOURCES COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Budi Mumandari

(BP Berau Ltd.)

HUMAN RESOURCES COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Budi Mumandari	BP Berau Ltd.
Vice Chairperson	:	Mohamad Hermawan	Talisman Sakakemang BV
Secretary	:	Iwan Prajogi	Medco Energi
		Kurnia Mariani	Schlumberger Indonesia
Members	:	Chandra Rajasa	INPEX
		Rizka Emilia	Chevron Indonesia
		Maryke Pulunggono	PetroChina Intl Jabung Ltd.
		Evita Najoran	ConocoPhillips Indonesia
		Dewi Puspa	ExxonMobil
		Andi Prasetyanto	Premier
		Widiati Wageono	Eni Indonesia
		Anselma Tyasanti	Santos (Sampang) Pty. Ltd.

II. 2018 ACTIVITIES REPORT

1. 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:
 - a. Cost recovery dispute resolutions and recommendation to address emerging of new issues with macro-manage/ principle-based approach that is in line with PSC.
 - b. Gross split impact to people management
 - c. ESDM Minister Decree No. 31/2013 on expatriate regulations revision
 - d. Relevant GR No. 79/2010 PMKs, including
 - e. Engagement with BKF on upcoming update of PMK No. 258/2011 on expatriate compensation
 - f. Upcoming PMK bill on funded severance
 - g. Upcoming revision for SKK Migas PTK No. 018/2008 Rev 1
 - h. Upcoming revision for Manpower Law No. 13/2003
 - i. Implementation of SKKNI Certification

-
2. Updates and sharing to IPA Members on HR best practices and industry challenges.
 3. IPA high level engagement with key government and industry stakeholders on HR related challenges

III. 2019 WORK PROGRAM

1. Continue 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:
 - a. Cost recovery dispute resolutions and recommendation to address emerging of new issues with macro-manage/ principle-based approach that is in line with PSC.
 - b. Gross split impact to people management
 - c. Relevant GR No. 79/2010 PMKs, including
 1. Engagement with BKF on update of PMK No. 258/2011 on expatriate compensation
 2. Pension Funding thru DPLK PPUKP and Upcoming PMK bill on funded severance.
 - d. Recently updated SKKMigas PTK No. 018/2018 Rev 2
2. Updates and sharing to IPA Members on HR best practices and industry challenges
3. IPA high level engagement with key government and industry stakeholders on HR related challenges

IV. COMMITTEE PURPOSE & SCOPE

PURPOSE

1. IPA Company member’s forum to discuss, interpret, clarify and communicate all human resources and industrial relations related issues in oil and gas industry.

-
2. To represent the oil and gas industry in the advocacy efforts directly to various government institutions or via other associations to ensure that the concerns of the IPA Company members or the oil and gas industry are properly addressed.
 3. To share knowledge, experience, practices and to synergize in the area of employees' development, regulation application and industrial relations, 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:

1. Continue to build respectful relationship and address any concerns with a right balance between industry effectiveness and aligned with government objectives.
2. Continuous improvement on “simplification, bureaucracy reduction, adding value and enhancing efficiency and effectiveness”.
3. Consistent and streamlined regulation, requirement and review processes will increase process effectiveness and efficiency, which in turn will lead to higher productivity of the Industry.

SECTION 10

LNG & GAS COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Marusaha Lumban Gaol

(INPEX)

LNG & GAS COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Marusaha Lumban Gaol	INPEX
Vice Chairperson	:	Joefrizal	Husky Energy
Members/	:	Teddy Abrian/Fifi Roesmawi	Chevron Indonesia
Alternates	:	Richard Lokasasmita /	ConocoPhillips
		Indira Miranti	ConocoPhillips
		Irawati Hartojo	BP Indonesia
		Syah Reza / Wulan Nurindah	ExxonMobil
		Ratih Hupudio	KrisEnergy
		Rudolf F. Doloksaribu/Irma Surya	Pertamina
		Peter Wijaya / Callista Tenggara	Star Energy
		Reza Sunarya	Talisman Energy
		Declan Delaney / Derry Sylvan	ENI Indonesia
		Salmar Ngadikan	MedcoEnergi Indonesia
		Ricky Akhmad Syarif	Premier Oil Indonesia
		Gana Pradana	Genting Oil
		Rizqi Darsono	Sugih Energy
		Aris Munandar /	Kangean Energy Indonesia
		Medi Tri Cahyono	Kangean Energy Indonesia
		Lita Liana / Saphyrenia Adelissa	Shell Indonesia
		Noritsugu Ishikawa	INPEX
		Erica Listiani	Santos
		Rene Hutauruk	Repsol
		Zaki Zulqornain	Ophir Energy

II. 2018 ACTIVITIES REPORT

The LNG & Gas Committee has focused on issues, studies and regulations regarding or impacting the LNG and Gas business in Indonesia and any other commercial issues such as crude oil commercial matters. Members and alternate members of the Committee represent 20 IPA company members.

Key activities:

1. Finalizing Upstream Gas Price Study by Reforminer

Earlier in 2017, the gas price issues resulted from the issuance of MoEMR Regulation no 40/2016 has caused a lot of misleading information in the press

about regional gas prices. Many claims were made that Indonesia gas prices were higher than those in other SE Asian Countries.

The LNG & Gas Committee discussed these issues and worked together with Reforminer (an Indonesian oil and gas research consultant) to conduct a Regional and Indonesia Gas Price Comparison Study. The study has been completed in February 2018 and its socialization activities still continue such as discussions with the Government and other stakeholders.

The study showed that Indonesian upstream Gas price is not the highest but close to the regional average

2. Focus Group Discussion on New ICP Formula

LNG & Gas Committee sent representatives in the Focus Group Discussion hosted by Directorate General Oil & Gas in May 2018 related to the New ICP Formula. New formula has been issued and it consists of an unclear component that is solely under Gol discretion.

3. Provided support to IPA input concerning the Minister of EMR Regulation on Priority of Crude Oil Domestic Use (MoEMR 42/2018)

In its effort to both satisfy crude oil/condensate domestic need and improve the IDR position against foreign currencies, the Government of Indonesia issued Minister of EMR Regulation No 42/2018 on Prioritizing Crude Oil delivery for Domestic Consumption.

Together with RAC and F&T Committee, the LNG & Gas Committee work on providing input to the Government starting from the early stages of the regulation's preparation and issue.

4. Engaged with Ministry of Trade and Migas on input to Minister of Trade Regulation regarding the Use of Letter of Credit for Export of Certain Products (MoT Regulation No 94/2018)

In early September 2018, MoT Regulation No 94/2018 was issued to require a Letter of Credit as payment method for any export of oil and gas Products. Later, after clarification from Ministry of EMR and supported by IPA, the Minister of Trade finally issued Regulation No. 102/2018 to exclude oil and gas exports from the LC requirement.

5. Support to the IPA Board

Throughout the year, the Committee has also been supporting the IPA Board in various meetings with ministries and SKK Migas in the effort to advocate the upstream industry.

III. 2019 WORK PROGRAM

The LNG & Gas Committee will continue advocacy efforts on the upstream gas business in Indonesia, including the following initiatives:

1. Continue the socialization of Regional Gas Price Comparison Study conducted by Reforminer, with possible public release and/or publication on the IPA website with IPA Board and SKK Migas approval.
2. Continue engagement 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) to promote the gas industry and utilization.
3. Support the IPA Board and other IPA Committees in the overall advocacy efforts on the upstream industry.
4. Seek feedback from IPA Member companies concerning how the LNG & Gas Committee can assist them.
5. Present the PLN's annual 10-yr Electricity Plan into a map showing potential gas demand by area/year and post on IPA website.

-
6. Post information on planned LNG regasification facilities and main Gas infrastructures on a map on the IPA website, showing location/date of operation of each.
 7. Provide resources/links on the IPA website for Company members on Gas/LNG related information such as MIGAS supply/demand forecast, infrastructures, etc.
 8. Monitoring the development of Oil and Gas Law.
 9. Any ad hoc analysis required by IPA due to changing in Oil and Gas business environment.
 10. Sharing Session among LNG & Gas Committee members during the bi-monthly meetings.

SECTION 11

PROFESSIONAL DIVISION COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Moektianto Soeryowibowo

(BP Indonesia)

PROFESSIONAL DIVISION COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: M. Soeyowibowo	BP Indonesia
Advisor	: Ron Noble	PT Agra Energi Indonesia
Secretary	: Anna Sulistiyaningsih	IPA
Treasurer	: Freddy	RH Petrogas
Continuing Education	: Leonardus S. Tjahjadi	BP Indonesia
	Sinchia Dewi Puspita	Chevron
Membership & Student	: Redo Waworuntu	Medco Energi
	Dyah Woelandari	PHE
Collaboration & Publications	: Andy Livsey	Horizon

II. 2018 ACTIVITIES REPORT

As the industry is still trying to adjust to the new investment climate, so did the Professional Division Activities in 2018, particularly in the areas of continuing education (short courses, field trips and luncheon talks). Although it was a tough time, Professional Division continued to serve its members.

1. CONTINUING EDUCATION SUB-COMMITTEE

After experiencing a setback last year, the Continuing Education program delivered the Core Workshop “From Land to Deep Water” successfully even though the participants were below target but we make a distinct event where all the participants could learn from the actual rocks across Indonesia. Thank you to all the sponsors and companies to make the event possible.

We also conducted two Pre-Convention Short Courses which were attended by 24 participants in total and two regular courses, one will be conducted in December. This year, we broaden our courses topics to Well Integrity and Geomechanics. We would like to thank BHGE and CGG for bringing their experts and sponsor the courses. A list of the short courses and the names of the instructors is provided in Appendix A.

Luncheon Talks are an important focal point for members of the IPA and we are continually on the lookout for topics that are relevant and of interest to the IPA members. In 2018, we host two interesting talks which attracted more than 20 participants in each talk. A full listing of all talks and attendance is listed in Appendix B.

2. MEMBERSHIP SUB-COMMITTEE

The total for 2018 IPA Professional Division Membership is 475. It represents a decrease of thirty two percent (36%) compare to the last year. The breakdown of members is as follows: Jakarta 459, Riau 1, Balikpapan 3, and Overseas 13. Please see the detail membership by area in the table below.

Years	Jakarta & Others	Riau	Balikpapan	Overseas	Student	Total
2016	857	3	2	40	0	902
2017	695	7	3	41	7	746
2018	459	1	3	13		475

This year, the Professional Division Newsletter for member re-born in more regularly after being hiatus for a long time. Hopefully it will attract more people to be an individual member of IPA. The plan is to maintain this newsletter published quarterly.

3. PUBLICATIONS SUB-COMMITTEE

The Publications Committee continues to look for ways to open our publications to a wider audience and generate much needed revenue.

During 2018 the cooperation with Elsevier took a major step forward with completion and upload of an initial 3000 maps from IPA publications to Geofacets in the 2nd quarter of the year and the addition of further map content in the 3rd quarter. These maps are now available to Geofacets subscribers and are already generating income for the IPA.

Geofacets also generates traffic, and hopefully downloads, for IPA publications in AAPG Datapages. The agreement with Datapages was extended for a further 3 years in 2018 and the publications from the IPA 2018 Convention have already been uploaded.

Both the Elsevier Geofacets and AAPG Datapages are ongoing cooperation's with new publications being uploaded as these are produced.

Unfortunately, the initiative to provide the IPA publications free to our members online did not progress as expected during 2018, as we have had to rewrite the database software for this. This has now been done and is being tested and we hope to roll this out to members before the end of this year.

The initiative to publish a Seismic Atlas of Indonesian Basins was also developed in 2018 and SKK-MIGAS has given approval for this to go ahead. This is a major undertaking and will require significant support from oil companies, seismic contractors and other data providers. While we are still at an early stage with this project, the response has been encouraging and we would hope to publish these atlases in 2019. These should provide a valuable resource for companies looking to explore in Indonesia and support MIGAS' initiatives to improve data availability for potential investors.

4. STUDENT ACTIVITIES LIAISON

One of the regular IPA Professional Division programs is to offer technical training courses for industry professionals. With the purpose of sharing the latest technology and update the best practices of oil and gas industry, the IPA feels the need to involve academics participation in the training program.

Depend on the seat availability for the upcoming IPA course in December 2018, lecture from nearby university where IPA course is held will be invited to join the course.

Lecture visit to university will be reactivated in 2019 for the technical and non-technical topics.

5. TREASURER'S REPORT

During the year 2017 total surplus achieved is IDR 173 million, which was derived from revenue of IDR 738 million and expenditure of IDR 565 million. This surplus is lower than the 2017 budget expectation of IDR 215 million.

Financial results for 2018 are still in progress. As shown in the table below, as of October 31, 2018 surplus was IDR 469 million. The surplus was derived from revenue of IDR 701 million and expenditure of IDR 232 million.

PROFESSIONAL DIVISION FINANCIAL PERFORMANCE YTD 31 OCTOBER 2018 IN MILLION (IDR)				Dec 31, 2018 Outlook
Type of Activities	Revenue	Expenditure	Surplus (Deficit)	Surplus (Deficit)
Short Courses	253	206	47	49
Field Trips	-	-	-	-
Luncheon Talks	27	14	13	13
Workshop	149	7	142	228
Publications & Others	147	2	145	145
Individual Memberships	126	4	122	122
Exchange Rate Gain/ (Loss)	-	-	-	-
TOTAL	701	232	469	557

The surplus was mainly contributed by short courses, workshop IDR 142 million, publication and others IDR 145 million and individual memberships IDR 122 million.

By the end of December 2018, we forecast a surplus of IDR 557 million. This surplus is derived from revenue of IDR 991 million and expenditure of IDR 434 million. The surplus of IDR 557 million forecasted above is higher than the 2018 budgeted expectation of IDR 336 million, which is mainly contributed by the increase of surplus derived from short courses, workshop, publication and others and individual memberships activities.

II. 2019 WORK PROGRAM

Our work plans for 2019 are:

1. Continuing Education:
 - a. Plan to have 1-2 Regular Courses
 - b. Plan to have 2-3 Luncheon Talks
2. Membership
 - a. Try and highlight value of membership to the industry (e.g. online publication access)

-
- b. Continue to promote the Student membership
 - c. Continue Newsletter for members only
 - d. Consider consolidating the Balikpapan and Riau Chapter into Jakarta Member

3. Publications

- a. Sustain current strength of cooperation with partners, e.g. AAPG and Elsevier
- b. Website improvement vital for member interaction/refine online publication database
- c. Initializing the digital databases from previous publications.
- d. Publishing regular newsletter for its members.
- e. Publishing Seismic Atlas – Eastern Indonesia Basins

4. Student Activity

- a. Encourage student to be a member of Professional Division members by actively promoting through email or social media.
- b. Conduct university visit by Professional Division for short course and non-technical sharing such as how to write & present technical paper.
- c. Continue offer lecture to join IPA course for free if seat available.
- d. Continue having short course in university by lecture who teach in IPA course.

5. We will start engaging other Professional Associations such as HAGI, IAGI, IATMI, Seapex and IAFMI for collaboration that benefits both associations.

III. COMMITTEE MISSION

- 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 Professional Division members of IPA also those from the oil and gas industry in general.

-
- Focuses its activities on capability and capacity development and knowledge sharing of its members through luncheon talks, field trips, training courses, scientific publications and support of student activities.
 - To provide direct support toward the annually organized technical program of the IPA Convention and Exhibition
 - Promote IPA papers to global community through collaboration with AAPG and PILA and other regional/ international associations

APPENDIX A
SHORT COURSES – 2018

No.	Date	Venue	Course Titles	Instructor	Affiliate
IPA REGULER COURSES AND CORE WORKSHOP					
1	25-26 Sep	Bogor	Drilling Geomechanics (24 Participants)	Dr. See Hong Ong	Baker Hughes, a GE Company
2	16-17 Oct	Jakarta	Core Workshop : From Land to Deep water (63 Participants)	8 Companies	PHM, PEP, Chevron, Inpex, PetroChina, Medco Natuna, Ophir, ConocoPhillips.
3	4 – 5 Dec	Jakarta	Play Base Exploration (TBC)	Herman Darman	IndoGeo
PRE-CONVENTION COURSES					
1	26 – 27 Apr	Jakarta	Seismic Inversion for Reservoir Characterization (10 Participants)	Awal Mandong	CGG
2	26 – 27 Apr	Jakarta	Well Integrity – Theory And Best Practices (14 Participants)	Hari Setiadi	Well Integrity Indonesia, PT.

APPENDIX B
LUNCHEON TALKS – 2018

No.	Date	Venue	Titles	Instructor	Affiliate
1	9 Mar	Hotel Kristal, Jakarta	Advanced Imaging for Practitioners (24 Participants)	William W. Symes	SEG Distinguished Lecture
2	18 Sep	Hotel Kristal Jakarta	The Geoscience Literature Heritage of Indonesia - Insights from 10 years of Bibliography Compilation (22 Participants)	J.T (Han) Van Gorsel	Retired ExxonMobil, USA

SECTION

REGULATORY AFFAIRS COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Ali Nasir

(Premier Oil Indonesia)

REGULATORY AFFAIRS COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Ali Nasir	Premier Oil
Vice Chairperson	: Hardi Hanafiah	BP Indonesia
Members	: Debbie Chastity	Chevron Indonesia
	Abigael Ferita	Chevron Indonesia
	Marlina Tambunan	Chevron Indonesia
	Natasha Nababan/ Melati Siregar	ExxonMobil
	George Poyoh/ Dewita Tambunan	ConocoPhillips
	Heike Butar Butar	Eni Indonesia
	Mahendra Aryaputra	Eni Indonesia
	Noki Luqmanulhakim/ Ray Amalia	Santos
	Iman Suseno/ Trinzky Ginting	MedcoEnergi
	Supriyadi/ Wisnu Danandi Haryanto	PHE
	Prana Widyawan	INPEX
	Deny Riyadi	BP Indonesia
	Mahardika	Repsol
	Chandra Triayu	Equinor (Statoil)
	Daniel Kohar	PwC
	Hatmanto Biman	Genting Oil
	Fransiscus Rodyanto	SSEK

II. 2018 ACTIVITIES REPORT

The 2018 Regulatory Affairs Committee (RAC) activities as follows:

1. RAC Membership Re-alignment

Re-alignment of RAC 2018 members (due to people movement and members refresh); Setting up of RAC email distribution list regulatory-affairs@ipa.or.id

Establishment a list of RAC tag to another IPA committee and task force.

Committee/Task Force	Sub-issue	RAC SPA
RAC Regulatory Issues	MR No. 15/2018 – ASR	Dewita Tambunan / Abigael Ferdita
	MR No. 42/2018 – Crude Oil	Natasha Nababan/Ali Nasir
	GR No. 24/2018 – OSS	Prana Widyawan/Hatmanto Biman
Task Force O&G Law		Heike Butarbutar/Deny Rijadi
Task Force GS PSC		Ali Nasir/George Poyoh
F&T		George Poyoh/Marlina Tambunan
Gas & Commercial		Nurul Setyorini (until September 2018)

SCM	Trinzky Ginting/ Ray Rahayu Amalia
HR	Debbie Chastity /Kusuma Wardani
Ethics & Compliance	Mahendra Aryaputra/ Noki Luqmanulhakim
Learn & Lunch	Hardi Hanafiah / Ali Nasir

2. Abandonment and Site restoration (MR 15/2018)

- There had been various meetings and discussions between the Task Force and SKK Migas ASR team, as well as related functions of MIGAS and ESDM, to discuss IPA's key concerns on MEMR 15/2018 regarding Post Operation Activities in Upstream Oil & Gas Business Activities. Such concerns, particularly, arising from Article 21 that mandates PSCs that do not contain Abandonment and Site Restoration (ASR) provisions to carry out ASR and to set aside ASR fund pursuant to MEMR 15/2018.
- The latest meeting was between IPA Board and Head of SKK Migas on 9 August 2018. Such meeting was to discuss the possibility and mechanism for requesting revision to Article 21 MEMR 15/2018. Head of SKK Migas recommended and supported IPA to prepare a letter with the proposed revision to Article 21 MEMR 15/2018 to be then progressed by Head of SKK Migas to the Minister MEMR. The revisions to MEMR 15/2018 proposed by IPA also included a provision for release of liabilities or indemnifications for PSC Contractors who have carried out ASR activities. Such proposal for revisions of MEMR 15/2018 had been sent out to Head of SKK Migas on 17 September 2018.
- In addition, Task Force had been also involved in the discussions with SKK Migas ASR team regarding the draft Revision PTK 040/2010 that governs in more details the implementation of ASR. One of the main objectives of the Task Force involvement was to ensure that Revision PTK 040/2010 will not be mirroring Article 21 MEMR 15/2018 that requires PSCs that do not contain ASR provisions to carry out ASR and set aside ASR fund pursuant to MEMR 15/2018.
- PTK 040/2010 Revision 01 was then issued on 12 September 2018. PTK 040/2010 Revision 01 accommodates one of the main concerns of IPA by not including any specific provisions that require PSCs that do not contain

ASR provisions to carry out ASR activities or set aside ASR fund. However, Revision 01 does not accommodate other IPA's key input to include specific release of liabilities and indemnifications to PSC Contractors who have carried out ASR activities.

- Task Force is expecting another meeting with Head of SKK Migas to discuss the status of the proposed revision to Article 21 MEMR 15/2018.

3. Domestic Market Priority for Crude Oil (MR No. 42/2018)

- In September 2018, MEMR issued Regulation No. 42 of 2018 aiming to prioritize Pertamina as the buyer for PSC Contractors' share of crude oil. Under the regulation, PSC Contractors' or their affiliates must first offer their share of crude oil to Pertamina before they can proceed for export. The offer should be made by 3 months prior to the period of the requested export recommendation from MIGAS. The regulation suggests that only upon parties having failed to achieve a commercial agreement can the PSC Contractor proceed with seeking for the export permit recommendation from MIGAS.
- The regulation raises a multitude of concerns from the industry, primarily that if applied across the board, the regulation will undermine the existing PSC Contractors' freedom to lift under their respective PSCs. Further, even if the offer is made, there are practical challenges on complying with the regulation, including the tax applicable to any revenue over and above the ICP, timing as to when a commercial deal can be declared not feasible (particularly with respect to the export permits to be issued for the 1st semester of 2019) and concerns over future criminalization if a purchase price that is over and above the then ICP is agreed by the parties.
- IPA continues to work with the stakeholders to educate them over the concerns and engage in discussions to find solutions in addressing the same. It remains to be seen whether MIGAS will continue to be as responsive in issuing its recommendation for the needed export permit if a deal cannot be reached between Pertamina and a PSC Contractor.

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- As for the taxation issue, the DJT has recently issued a private ruling no. S-3579/WPJ.19/2018 for SKK Migas confirming that tax on ICP premium shall be subject to general tax law regime (not PSC taxation regime).

4. Online Single Submission (OSS) – GR 24/2018

- On 21 June 2018, the Government enacted GR 24/2018 concerning Online Single Submission (OSS System), which was designed:
 - (i) for Indonesian Legal Entity and Permanent Establishment (PE) having business activity in Indonesia (“Legal Entity”);
 - (i) to cut the long process of permitting application (replacing the offline with online application); and
 - (iii) to create one single business number (Nomor Induk Berusaha/NIB) for each Legal Entity who runs business in Indonesia.
- Getting NIB was a problem for PE at the beginning but has recently improved (the Government modified the OSS to suit PE peculiarities)
- Oil and Gas sector was excluded from the OSS system but each institution/ministry has different perspective in implementing this regulation. The main issue is whether the oil and gas permit should be processed online (OSS) or offline. In the meantime, each Legal Entity in Oil and Gas sector is required to obtain NIB.
- In order to implement GR 24/2018, each of Institution or Ministry is required to have an implementing regulation - *Norma, standar, Prosedur dan Kriteria* (NSPK) in the form of Ministerial Regulation
- The purpose of such NSPK is: (i) to give a clear time line in processing or issuing the relevant license/permit and (ii) to provide guidance on how to apply or submit the license application
- None of the required NSPK has been issued at the date of this report despite several meetings with relevant parties. Consequently, all license applications will be suspended (until the issuance of the NSPK).
- The obvious implication of the delayed NSPK is delay in getting permit for many oil and gas activities. Some companies may incur additional

unnecessary costs (for example due to delayed dumping permit (drill cutting) some companies have no choice but to do “skip and ship” which will increase the drilling associated costs).

5. Task Force on Draft Oil and Gas Law

- In early 2016, the DPR Legislation program (prolegnas) has determined that the Oil and Gas Law is a DPR initiative;
- The IPA Board wrote to the Chairman and Vice Chairman of Commission VII on 12 May 2016 requesting DPR for an opportunity for IPA to provide feedback to the oil and gas law;
- While waiting for the opportunity to be engaged formally by DPR, IPA continues to convey its feedback through various forums as well as channeling the feedback through KADIN (Indonesia Chamber of Commerce) and the Habibie Center;
- IPA taskforce has the opportunity to meet with the Expertise Council of DPR or “BKD” to discuss the progress of the New Oil and Gas Law on 10 February 2017. The meeting is followed up with written feedback from IPA on the draft law to BKD;
- DPR-Baleg then formally called IPA for a hearing on 19 July 2017. The meeting with DPR-Baleg is closed with a request for IPA to provide a detail article per article comments from the perspective of the industry to the draft law;
- In responding to DPR-Baleg request, IPA has sent a detail article per article comments to the draft law to DPR-Baleg on 16 August 2017 with copy to Minister of ESDM and SKK Migas;
- DPR-Baleg has been inviting many stakeholders (regulatory, industry, associations and universities) for hearing to seek for their feedback to the draft law.
- After being quiet for a while, Baleg recently contacted IPA again to provide comments to the draft New Oil and Gas law. From RAC review, the draft of the

New Oil and Gas law has no significant development from the draft we see last year and therefore our last year comments remain valid.

- In light of the stage of the draft of the new law today, it is not likely that DPR would have sufficient time to issue the new law within the term of the current legislative.

6. Support to other IPA committees, among others:

- Implementing guidelines (PTK) for Gross Split PSC, participating in the drafting of Gross Split PTK to ensure that the spirit of gross split will not be compromised by the PTK (on going);
 - PTK Objective: to provide detailed guidelines on WP&B, Accounting Policy, Reporting, Lifting, Commercialization, Asset Management and Taxation. In general, the reporting and business process is not much different from the existing ones, except for the work program & budget.
 - WP&B: It is confirmed that the budget is for supporting data only. It will not be used to measure whether a program is reasonable or not with the proposed budget.
 - Commercial Issues: Liability on buyer's default, marketing costs and ICP premium/discount (demium) will not be included in the PTK but will be negotiated later with each PSC Contractor.
 - Local Content: Contractor must prioritize the use of domestic products/services as provided in the APDN book. Submission of WP&B should include proc list and the estimated the local content to be used in that year. Contractor shall do the local content verification at the end of the procurement contract and get a validation from Ditjen Migas.
 - State asset: It is agreed that under GR 53 all goods purchased by PSC Contractor for Petroleum Operation shall be state asset but whether the goods will automatically become state asset when landed in Indonesia or when used in Petroleum Operation is not conclusive.
 - FQR: There will be a modified FQR for reporting.

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- The next action: A small working team will work on the state asset issue and define when the goods to be declared as state asset (when landed or when the contract is terminated).
 - SKK Migas will issue the PTK by end of this year
 - Permit/ License Issues: BKPM Initiative on new regulation for Upstream O&G permit/license simplification, where it acknowledges that as the management of upstream oil and gas activities is the State, through SKK Migas, then Permit/license is not an appropriate document for State activities, but rather it should be Decree.
 - Implementing Regulation for GR 27/2017 and GR 53/2017, providing necessary legal assistance to F&T in the effort to get tax incentives and facilities as outlined in the GRs (on going);
 - MoF Regulation No. 34/2018 on Joint Audit, assisting F&T in the review of the draft regulation and providing comments on several articles for the consideration of SKK Migas and MoF (completed); and
 - MoT Regulation No. 94/2018 on the obligation to use LC in export of certain goods (including oil and gas). RAC provided necessary support to Gas & Commercial Committee in the effort to exclude oil and gas from the list of the certain goods. This effort highly successful - MoT issued a new Regulation No. 102/2018, revoking Regulation 94/2018 prior to its effective date (completed)

7. RAC Learn and Lunch/ Breakfast

- 1st L&L (22 March), Gross Split PSC: What can be learnt from ONWJ Experience, hosted by SSEK with speakers from ONWJ
- 2nd L&L (31 July), US production and its impact on overall global supply, hosted by Chevron Indonesia with speaker from AIPN
- 3rd L&L (16 October), Decommissioning and Abandonment Issues in Europe, host and speakers: HSF/HBT law firm

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- 4th L&L (4 December), M&A in Oil and Gas: Recent development under English law, hosted by Premier Oil with speaker from Clyde & co.

III. 2019 WORK PROGRAM

The IPA RAC's objectives for 2019 are predominantly consistent with its activities in 2018. RAC will continue to perform an active advocacy role in the ASR, PTK Gross Split, Crude Oil, OSS and the new Oil and Gas Law. Also, 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.

SECTION 13

SUPPLY CHAIN IMPROVEMENT COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Fery Sarjana

(Petronas Carigali Indonesia)

SUPPLY CHAIN IMPROVEMENT COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Fery Sarjana	Petronas Carigali Indonesia
Vice Chairperson	:	Budi L. Widjaja	ConocoPhillips Indonesia
Secretary	:	Lily Sastriyanti	PHE OSES
Members	:	Benny Panjaitan	ConocoPhillips Indonesia
		James	BP Indonesia
		Rickson Lumbanbatu	ENI
		Miftah Yasin	Inpex
		Didi	Kangean Energy Indonesia
		Penny Setiadi	Ophir Energy
		Chandra Bima	PHE
		Boby Tjahjana/ Herry Luthfi	Premier Oil
		Iwan Kristiantono	Energi Mega Persada
		Agus Setiawan	Saka Indonesia Pangkah Ltd
		Astrid Nadya/Irwanda Andrajaya	Santos (Sampang) Pty Ltd
		Imam S/Lita Myrosa/	PHE Mahakam
		Febrina Affan	PHE Mahakam
		Yudhi Istaryadi/ Danang B. P.	Vico
		Driani/ Hasanen Haikal	Chevron
		Citra Jaya/Badrudin Gantou	ExxonMobil Indonesia
		Kenneth	Medco
		Fransjono/Visnu	PEP Cepu

II. 2018 ACTIVITIES REPORT

The 2018 Supply Chain Improvement (SIC) activities are focusing on providing advocacy on deregulation of processes within Supply Chain and Procurement process. SIC meets regularly every month and has been actively communicating and sharing information among its members when issues arise.

The work programs are as follows:

1. 2017 carry over issues were closed due to resolution with SKK Migas:
 - a. Cabotage: Indonesian flag are readily available
 - b. VAT applicability on Master List (duty exemption) materials: Master List should excl. VAT

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- c. Increase membership in SKK Migas PRS Task Forces (Pokja) for lobbying: IPA is increasingly recognized as neutral representation of industry by the 3 new Division Head of SKK PRS
2. Advocacy on Regulation of Energy and Mineral Resources Minister No. 37/2006. A letter sent to ESDM Minister advocating exemption for spares with unit price less than US\$1k. DJ Migas already developed working group to revise the draft, thus IPA need to proactively follow up progress.
 3. Advocacy on Regulation of Energy and Mineral Resources Minister No. 51/2017. A letter sent to ESDM Minister advocating revision as it creates additional bureaucracy on all materials purchases and potential operational impact by having comingled/centralized regional warehouses. IPA participated in the FGD in Serpong in 2017 to document noted concerns. SKK Migas is on-going pilot central warehouse in East Java by 2018, IPA will continue to monitor impact.
 4. Improve networking with SKK Migas PRS. We invited SKK Migas Division Head to one of the monthly meeting with the hope to channel inputs. The plan is to have a more regular participation in 2019 meeting.
 5. Improve networking with IPA Associate Members. We invited AM members into the regular SIC gathering where appropriate.
 6. Advocacy on draft Regulation of President on Deregulation of Permitting process within Oil & Gas. IPA submitted input on all permits (around Asset disposal and Importation) that are bureaucratic.
 7. Advocacy on Regulation of Sea Transportation Minister No 92/2018 on Procedures and Requirements for the Granting of Approvals for the Use of Foreign Ships for Activities Other than the Domestic Transportation of Passengers and/or Goods by Sea, which will serve as a new set of guidelines for the use of foreign ships during certain offshore-related activities within Indonesian maritime territory. Previously, these matters were regulated under Regulation of the Minister No. PM 100 of 2016 on the same matters, as amended by Regulation of the Minister No. PM 115 of 2017. IPA will continue to monitor impact
 8. Advocacy on Regulation of President No 66/2018 on the B20 Implementation in Oil and Gas Industry. IPA will continue to monitor impact.

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9. Advocacy on Regulation of Energy and Mineral Resources No 1953/2018 Obligation to utilize local product. IPA will continue to monitor impact.
 10. Conduct joint Focus Group Discussion with F&T attended by SKKMigas, DJBC & DJP to resolve VAT Import material on 15 Nov 2018.
 11. Advocacy on Regulation of President No 24/2018 on the implementation of Online Single Submission (OSS) – “Nomor Induk Berusaha” / NIB as a new Company Identity which will be used to apply other permits and had discussion with SKKMigas Division Head – Formalities. IPA will continue monitor the impact.
 12. Improve networking with PPBMN by conducting courtesy visit to New Kepala PPBMN – Susyanto and provide some inputs for improvement write - off business process.

By proactively advocating the above, we hope to facilitate an efficient and effective Supply Chain activities to enable future investment in the upstream oil and gas sector and maintain the competitiveness of the Indonesia upstream oil and gas industry.

III. 2019 WORK PROGRAM

The 2019 Supply Chain Improvement (SIC) activities are focusing on providing advocacy on deregulation of processes within Supply Chain and Procurement process. SIC meets regularly every month.

The work programs are as follows:

- 1) Re-strategize advocacy on Regulation of Industry Minister No. 86/M-IND/PER/12/2016 and Regulation of Trade Minister No. 82/M-DAG/PER/12/2016 on permit for importing steel products (including spares).
- 2) Advocacy on Regulation of Energy and Mineral Resources Minister No. 37/2006. IPA requests were rejected however regulation is being revised for a faster processing. IPA need to proactively follow up progress.
- 3) Advocacy on Regulation of Energy and Mineral Resources Minister No. 51/2017. IPA will continue to monitor impact and follow up for a revised regulation.

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- 4) Improve networking with SKK Migas (PRS-AB, Pengelola Pengadaan & Pengelola Aset), Ditjen Migas, Bea Cukai, PPBMN & DJKN. We invited SKK Migas Division Head, Ditjen Migas, Bea Cukai, PPBMN & DJKN to one of the monthly meeting with the hope to channel inputs. The plan is to have a more regular participation in 2019 meeting.
 - 5) Improve networking with IPA Associate Members. We invited AM members into the regular SIC gathering where appropriate.
 - 6) Continue advocacy on draft Regulation of President on Deregulation of Permitting process within Oil & Gas. IPA submitted input on all permits (around Asset disposal and Importation) that are bureaucratic.
 - 7) Revisit if there is input on SKK Migas Procurement Guideline PTK 007 Book 1 and 2 Revision 4 post more than one-year run time, as well as to Book 3 & Book 4.
 - 8) Advocacy on SKK Migas plan to have Blue Print SCM.

SECTION 14

UNCONVENTIONAL GAS & EOR COMMITTEE

2018 ACTIVITIES REPORT

AND

2019 WORK PROGRAM

CHAIRPERSON

Unggul Setyatmoko

(NuEnergy)

UNCONVENTIONAL GAS & EOR COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Unggul Setyatmoko	NuEnergy
Vice Chairperson	:	Andi Bachtiar	Pertamina
Members	:	Puti Permata	Medco
		Giuseppe De Rosa	Eni
		Amritzar Aimar	Pacific Oil and Gas
		Dave Taber	Chevron
		Dini Sunardi	ConocoPhillips
		Erica Listiani	Ophir
		Israr Saputra	Medco
		Mutia Djafaar	Vico
		Sekar Hastasari	Pertamina
		Tonny Supriadi	Pertamina

II. 2018 ACTIVITIES REPORT

- Provided advocacy to the government in relation to the current CBM PSC status issues. The number of active CBM PSCs is 31 out of originally 54. 23 CBM PSCs have been terminated or returned to the government. The current active PSCs are close to their end of exploration period.
- Proposed a joint project involving active CBM Operators for proofing technology to enable or improve commerciality of CBM development. This proposal required government policy to allow additional exploration period to the soon expiring CBM PSCs because this project would require more than 2 years.

III. 2019 WORK PROGRAM

UNCONVENTIONAL (CBM)

- Continue provide advocacy to the government in relation to the current PSC status issues as well as a required joint project for proofing technology to enable and improve commerciality of CBM development.
- Continue discussion with the government to ensure that the relevant regulations, policies and guidelines for unconventional are suitable. This includes technology and standard operations for unconventional, guidelines for Plan of Development as well as Gross Split Contract for CBM.

UNCONVENTIONAL (SHALE GAS)

- Continue discussing proposal with the government to acquire industry standard exploration data
- Explore potential incentives for the existing conventional block operators to explore shale gas resources within their block.

ENHANCED OIL RECOVERY (EOR)

- Facilitate program for growing the EOR professional generation to support future EOR developments.
- Continue discussion with the government for easier data access to study the EOR project potential.
- Continue advocacy process with the government to resolve EOR challenges especially related to technology, legal and commercial.

SECTION 15

**LIST OF
COMPANY MEMBERS
AND
ASSOCIATE MEMBERS**

INDONESIAN PETROLEUM ASSOCIATION

COMPANY MEMBERS

No.	Company	Representative	Title
1	Azipac Limited	Herry G. Wibiksana	General Manager
2	BP Indonesia	Mr. Nader Zaki	Regional President
3	Chevron Indonesia	Mr. Kevin Lyon	President
4	CITIC Seram Energy Limited	Mr. Liu Shiwei	Act. President
5	ConocoPhillips (Grissik) Ltd.	Mr. Bijan Agarwal	President & General Manager
6	Eni Indonesia Limited	Mr. Fabrizio Trilli	Managing Director
7	Equinor	Mr. Helge G. Håland	Country Manager Indonesia
8	ExxonMobil Cepu Limited	Mrs. Louis M. McKenzie	President
9	Genting Oil Kasuri Pte. Ltd.	Mr. Nara Nilandaroe	General Manager
10	Harpindo Mitra Kharisma, PT	Mr. Roy Matondang	Finance & Administration Manager
11	Husky Anugerah Limited	Mr. Kevin S. Moore	General Manager
12	Husky-CNOOC Madura Limited (HCML)	Mr. Tilak Nithiyewaran	General Manager
13	INPEX Masela Ltd.	Mr. Nico Muhyiddin	Vice President Corporate Services
14	JAPEX Co., Ltd.	Mr. Akinori Matsumoto	Chief Representative
15	Kangean Energy Indonesia Limited	Mr. Hirotaka Tanaka	President
16	KrisEnergy (Satria) Ltd.	Mr. Kusmutarto Basuki	General Manager
17	Medco E&P Indonesia	Mr. Ronald Gunawan	President Director
18	Mubadala Petroleum Indonesia	Mr. Ian Warrilow	President
19	Neptune Energy		
20	NuEnergy Gas Limited	Mr. Unggul Setyatmoko	General Manager
21	Ophir Energy Indonesia	Mr. Ignatius Tenny Wibowo	President & General Manager
22	OPIC Indonesia	Mr. Lee Hong Hsiang	Chief Representative
23	Pertamina EP, PT.	Mr. Nanang Abdul Manaf	President Director

24	Pertamina Hulu Sanga Sanga (formerly VICO Indonesia)	Mr. Ateng Surachmat	General Manager
25	Pertamina Hulu Energi OSES (Formerly CNOOC SES Ltd.)		
26	PetroChina Int'l Companies in Indonesia	Mr. Gong Bencai	President
27	Petronas Carigali Muriah Ltd.	Mr. Mohd. Nazlee Rasol	President
28	Premier Oil Indonesia	Mr. Gary Selbie	President
29	PTTEP Malunda Limited	Mr. Titi Thongjen	General Manager
30	Saka Indonesia Pangkah Ltd	Mr. Tumbur Parlindungan	General Manager
31	Santos (Sampang) Pty. Ltd.	Mr. Ignatius Tenny Wibowo	President & General Manager
32	Semeru Energy Limited	Mr. Jeff Steketee	Chief Executive Officer
33	Shell Indonesia, PT	Mr. Darwin Silalahi	Country Chairman
34	Star Energy (Kakap) Ltd.	Mr. Rudy Suparman	President & CEO
35	Talisman Energy Inc. / Repsol	Mr. Francisco Gea	General Manager
36	Total E&P Indonesie	Mr. Arividya Noviyanto	President & General Manager
37	Triangle Pase Inc.	Mr. Antony Louis Anson	President

INDONESIAN PETROLEUM ASSOCIATION

ASSOCIATE MEMBERS

No.	Company	Representative	Title
1	Abhitech Matra Indah, PT	Mr. Arief Karnadi	Director
2	Abumas Albindo, PT	Mr. Achmad M. Hamid	
3	Altus Logistics Services Indonesia PT.	Mr. Indra Angelo	President Director
4	Apexindo Pratama Duta Tbk., PT	Mr. Zainal Abidinsyah Siregar	President Director
5	Armada Gema Nusantara, PT	Mr. Gerhardus S. Doubell	Country Director
6	Badak LNG, PT	Mr. Didik Sasongko	President Director
7	Baker Hughes Indonesia	Mr. Philip Blakeman	Sales Director
8	Baker Hughes, a GE Company	Mr. Iwan Chandra	President
9	Bama Bumi Sentosa, PT	Mr. M. Amin Mujib	Ka. Div. Qhse
10	Baruna Raya Logistics, PT	Mr. Faisal Mohamad Nur	Managing Director
11	BGP Indonesia, PT	Mr. Zhang Haitao	President Director
12	Binder Indonesia, PT	Ms. Endah	Sales & Marketing
13	BMT Asia Pacific Indonesia, PT	Mr. Johnny Tjea	President Director
14	Bureau Veritas Indonesia, PT	Mr. Didie Tedjosumirat	Business Development Director
15	Cameron Systems, PT	Mr. Scott Schauer	Regional Director
16	CARSURIN, PT	Ms. Sheila Maria Tiwan	President Director / CEO
17	CGG Services Indonesia, PT	Ms. Tenny Yoan	President Director
18	China Petroleum Technology & Dev't Corp	Mr. Yang Xiao	
19	CIC Environmental Services PT.	Ms. Lidya Chandra	
20	Citra Tubindo Tbk., PT	Mr. Joe C. Barlett	General Director
21	Citrabuana Indoloka, PT	Mr. Taufik Hidayat	Director
22	Corelab Indonesia, PT	Mr. Kristanto Himawan	Operations Manager
23	Denvegraha (DNV GL), PT	Mr. Dedi Murdiadi	Head of Section Oil & Gas
24	Donggi-Senoro LNG, PT	Mr. Aditya Mandala	Corporate Affairs Director

25	Dowell Anadrill Schlumberger, PT	Mr. Jonathan Edward Beatty	Director
26	Dwi Lestari Nusantara, PT.	Mr. Edison Sinaga	General Manager
27	EagleBurgmann Indonesia, PT	Mr. Soebagio Soegiharto	General Manager
28	Energy Logistic, PT	Mr. Levan L. Tobing	
29	Exlog Sarana Indonesia, PT	Mr. Wimborn M. Hutapea	Director
30	Expro Indonesia, PT	Mr. Ade Rakhmat	Sr. Technical Sales
31	Fugro Indonesia	Mr. Agus Wiryawan	Country Manager
32	Future Pipe Industries, PT	Mr. Dimas Yuditya	Sales Engineer
33	Gaffney, Cline & Associates	Mrs. Arse K. Clarijs	Regional Director, Asia Pacific
34	Geolog Indonesia, P.T.	Mr. Adel Gasmi	Director
35	Geoservices, PT	Dr. H.L. Ong	President Director
36	Halliburton Indonesia, PT		
37	Hitek Nusantara Offshore Drilling, PT	Mr. Kamil	President Director
38	Horizon Geoconsulting, PT	Mr. Andy Livsey	Technical Director
39	IADC Southeast Asia Chapter	Mr. Chit Hlaing	
40	Iceland Drilling Indonesia, PT	Mr. Arni Thor Jonsson	Regional Manager Indonesia
41	IKM Subsea Indonesia, PT	Mr. Husnul Furqon	Business Dev. Manager
42	Iliadi Cipta Energi, PT	Mr. Alan Perdana	President Director
43	Imeco Inter Sarana, PT	Mr. Sarwi H. Notoatmodjo	Director
44	Institut Sains & Teknologi AKPRIND	Ms. Sri Mulyaningsih	
45	Institute of Technology Bandung	Dr. Hendra Grandis	
46	Institute of Technology Medan	Gustam Lubis, ST, MT	
47	Institute of Technology Sepuluh Nopember	Mr. A. Syaeful Bahri	
48	Integrated Petroleum Services, PT	Mr. Abdul Halim Abdul Hamid	President Director
49	Intertek Utama Services, PT	Mr. Jose Richard Gamo	President Director
50	Islamic University of Riau	Ms. Ira Herawati	
51	Istech Resources Asia, PT	Mr. GP. Ganesan	
52	Java Velosi Mandiri, PT	Mr. Christopher Bruderlin	President Director

53	JGC Corporation	Mr. Tanaka Hideaki	Chief Representative
54	Kaliraya Sari, PT	Ir. Vincent Darja	Managing Director
55	KAP Purwantono, Suherman & Surja-EY	Mr. Hari Purwantono	Partner
56	Korosi Specindo, PT	Mr. Baskifo Yulinardo	Marketing Manager
57	KPMG Advisory Indonesia	Mr. Irwan Setiawan	Partner
58	Lerindro International, PT	Mr. Andrew H. Suryadi	President Director
59	Linklaters Singapore Pte. Ltd.	Ms. Tessa Davis	
60	McDermott Indonesia, PT	Mr. Mudhito (Adhi) Prakosa	Country Manager
61	MCX Asia, PT	Mr. Yasushi Aibe	
62	M-I Production Chemical Indonesia, PT		
63	Mitsubishi Corporation Indonesia, PT.	Mr. Toshihiko Sumita	Marketing Director
64	Oentoeng Suria & Partners	Mr. Avinash Panjabi	
65	Offshore Works Indonesia, PT	Mr. Rizal Shah	President Director
66	OPAC Barata, PT	Mr. Jeremy Dyer	Director
67	Oscot Utama, PT	Mr. Antonius Nurimba	President Director
68	Panyu Chu Kong Steel Pipe Co., Ltd.	Mr. Oscar Yeong	
69	Perforindo Teknika Nusantara, PT	Mr. Indra Adji	Country Manager
70	Petroprima Geo Service Nusantara, PT		
71	Petrosea Tbk., PT	Mr. Hanifa Indradjaya	President Director
72	Pinsent Masons Mpillay	Mr. Steven Potter	
73	PPPTMGB "LEMIGAS"	Mr. Bambang Widarsono	Director
74	Precision Energy Services Indonesia PT.	Ms. Mirana Ganettasari	
75	PricewaterhouseCoopers	Mr. Sacha Winzenried	
76	Pumpa Cakrawala Mulia, PT	Mr. Yogi Erianto	
77	Pusdiklat "Migas"	Mr. Wakhid Hasyim	
78	Risco Energy Investments Pte. Ltd.	Mr. Ken Sauer	Managing Director
79	Schlumberger Geophysics Nusantara, PT	Mr. Ronny Hendrawan	President Director
80	SGS Indonesia, PT	Mr. Deny Sitorus	OGC Manager
81	Stainless Steel Primavalue Majubersama, PT	Mr. Mustoko Ali Sasongko	

82	STTNAS Yogyakarta	Ir. Sukartono, MT	
83	Sucofindo, PT	Mr. Erwin S.P. Sibuea	
84	Supraco Indonesia, PT	Mr. Misyal A. Bahwal	Managing Director
85	TD Energy Services, PT	Mr. Paul Colston	President Director
86	Technobend Indonesia, PT	Mr. Ken Ng	
87	Tenaris-Seamless Pipe Indonesia Jaya, PT	Mr. Pungky Hermawan	Commercial Manager
88	Total Inpro Multitech, PT	Ms. Gita Eda Fitria	
89	Tripatra Engineering, PT	Mr. Joseph Pangalila	President Director
90	Tugu Pratama Indonesia, PT	Mr. Sigit Suciptyono	Marketing Director
91	University of Brawijaya	Mr. Adi Susilo	
92	University of Diponegoro	Mr. Reddy Setyawan	
93	University of Gadjah Mada	Prof. Dr. Sismanto M.Si.	
94	University of Hasanuddin	Mr. Sabrianto Aswad	
95	University of Indonesia	Mr. Mahmud Sudibandriyo, PhD	
96	University of Lambung Mangkurat	Mr. Ibrahim Sota	
97	University of Lampung	Mr. Ordas Dewanto, M.Si.	
98	University of London	Prof. Robert Hall	
99	University of Padjadjaran	Dr. Ir. Ildrem Syafri, DEA	
100	University of Pakuan	Ir. Agus Karmadi	
101	University of Proklamasi 45	Mr. Wirawan Widya Mandala	
102	University of Sriwijaya	Dr. Ir. H. Marwan Asof DIE, DEA	
103	University of Trisakti	Ir. Agus Guntero	
104	UPN "Veteran"	Ir. Agus Santoso, Msi	
105	Vopak Terminal Merak, PT	Mr. Lars Schauman	
106	Weatherford Indonesia, PT	Mr. Andrew Denis Briston	President Director
107	Widyawan & Partners	Mr. Widyawan, SH	Managing Partners
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