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Welcome from the New IPA newsletter editor

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Welcome to the 2006 newsletter for the IPA. This an exciting bulletin that focuses on equatorial carbonate factories in a key article submitted by Dr. Robert K. Park from Kodeco Energy company. I am particularly impressed with the photos and questions posed in the article related to a karst breccia pipe and drilling fluid losses. These systems are not well understood and we have a real opportunity for successful plays of this type here in Indonesia. I hope you will find it to be a thought provoking article.

Bryan Soh and I are jointly editing this bulletin. Like the other IPA committee positions, we are volunteers and we would like to take this opportunity to introduce ourselves. Bryan is a Marketing Specialist in Landmark Indonesia (Halliburton Digital and Consulting Solutions Division). Prior to that, he was a Territory Manager in ExxonMobil Lubricants Indonesia. He has been in the O&G industries business for almost 5 years.

Joel Guttormsen work for ConocoPhillips and is their Chief Geologist in Indonesia. I have been in Jakarta for about six months. Joel has been in the oil patch now over 25 years and previously came from an assignment in Vietnam.

We have a lot to be proud of here in Indonesia. It is exciting to be working a country with such diversity in play types and basins. Few countries in the world contain can claim this variety of plays. We have everything from rank wildcat exploration to tertiary recovery to consider. We have Indonesian universities offering petroleum degrees and large student enrollments. We have advanced training at our door step, such as the schools the IPA offers. What a land of geoscience opportunity

– Indonesia is one of the great kept secrets in the world!

The challenge for us is to continue to learn and educate our self while increasing our talents of finding and extracting hydrocarbon. Never before have the geoscientist of this planet been so challenged. The easy exploration targets have been drilled...the "bumps". The challenge is look harder to find more hydrocarbons and do all this in a shorter time – the world is hungry for energy. Since oil is found by use of our minds – we have to continue to build our understandings and talents. Part of this is education, but we can not sit back and expect it to come to us.

This bulletin is a tremendous tool. We would like to thank the contributors – they have seen the light. We would also challenge the rest of the members – we need your help – your articles – your thoughts. This is a challenge to the members to submit IPA bulletin articles. The vision for the present and future is clear...for us to be the Asian leader of petroleum technology and sharing. The success we have here in Indonesia will benefit the country we live in, organizations we work for, and us, personally.

If you have any questions regarding to the contents in the newsletter, please feel free to email us.

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INDONESIAN PETROLEUM ASSOCIATION, President's Report for CY 2005
Report Date: 8 December 2005

OVERVIEW & INDUSTRY MILESTONES



This time last year I, on behalf of the board, presented the IPA Presidents report, and indicated the board believed 2005 was lining up to be a defining year in terms of the potential future contribution of the oil and gas industry to the Indonesian economy and hence the welfare of the Indonesian people. We based this on the fact that Indonesia had, due to production decline and rising consumption, lost its net oil exporter status and investment in exploration, the future of the industry, was struggling to get above, historic low levels. We suggested that the juncture of necessity and opportunity by way of a new government that recognized the strategic importance of the petroleum industry set up 2005 to be a defining year in the industry's future.

So one year later and in retrospect did 2005 turn out to be a defining year? To answer that lets step back and look at key 2005 events.

This is how the IPA Board sees / forecasts them:

- > **Oil Prices** reached record levels in nominal terms with Sumatra Light Crude averaging US\$53.05 bbl vs. US\$36.58 bbl over 2004.
- > **Oil and Condensate Production** continued the decline from its peak of 11 years ago, averaging approximately 1.07 mmstb/d compared with 1.09 mmstb/d in 2004 despite all operators highly incentivised by strong prices to maximize production.
- > **The Gas Production** decline from its 1996 peak of 8.7 bcf/d appears to have stabilized with 2005 production expected to be around 8.0 bcf/d close to 2004 levels.

- >> **Consumption of Petroleum Products** grew steadily in the first nine months of the year and then appears to have slumped dramatically post the 1 October subsidy reductions. Total 2005 consumption is now expected to be around 60 million kl or some 1.035 mmstb/d, still slightly below crude oil and condensate production levels. 2005 consumption will likely be recorded as being below 2004 levels however with so many subsidy driven distortions, the true demand level in the economy is conjectural.

- >> Despite reduced export volumes, high prices resulted in oil and gas retaining a 22.4% share of total **Exports**, up from 21.9% in the same period* last year. Oil and Gas **Imports** however surged 59% to make up 36% of total imports, up from 25% last year.

- >> **Proven Oil Reserves** continued a slow decline as production yet again exceeded proven reserves additions.

- >> **Gas Reserves** growth appears to have stalled as production exceeded exploration additions at least.

- >> A total of 15 **Contracts Signed** in 2005, although new PSC'S totalled only 7 down from 15 & 16 in 2003 & 2004 respectively. More contracts may however be signed before year end. The signing of three cooperation contracts by Pertamina covering their upstream acreage was a significant milestone in the New Oil and Gas Law driven upstream restructuring of Pertamina's industry position.

- >> **New Field Wildcat Exploration Drilling** may just reach 2004 levels at years end meaning drilling will be marginally above the 35 year low set in 2003. Offshore rig availability did however defer some planned drilling into 2006 were a pick up in wildcat drilling is anticipated.

- >> **Reserve Additions** from this drilling activity have to date been very disappointing and represent a very small fraction of reserves produced.

- >> The **Cost of Drilling** increased significantly as rig availability, especially offshore reached its tightest level in years. Jackup rig rates exceeded US\$110,000 / day up 60% on 2004 rates and many drilling programs were delayed due to rig availability.

- >> The most **Significant Drilling Results** were probably the deep gas condensate discover made by Kondur at BY-1 in the Malacca Strait and appraisal success of ENI's Aster oil discovery in the Tarakan basin. Both open up new plays in old basins. An appraisal of the exciting 2004 Jeruk oil discovery appears to have generated as many questions as it did answers.

- >> **2D and 3D seismic Activity** increased from the very low levels recorded in 2004 although activity levels remain low, perhaps impacted by vessel & crew availability. **Seismic Acquisition Costs** continued to increase and are now up some 30-60% over the last year.

- >> In December 2004 three articles of the New Oil and Gas Law were ruled unconstitutional by the **Constitutional Court** and despite extensive rewriting they have not yet been submitted to the legislature.

- >> The government faced with an unsustainable level of **Petroleum Product Subsidies**, bravely reduced subsidies in March and October lifting domestic prices thereby reducing the negative impact on the State budget and more closely directing consumption towards market forces.

- >> Rising international and domestic oil and **Fuel Prices** plus a strong policy push towards enhanced utilization of indigenous fuels such as gas and coal has increased demand for gas and has started to pull up domestic prices. The latter are however at historic low levels on an energy equivalent basis compared to oil.

- >> A **New Chairman of BPMigas** was appointed with a vision of streamlining bureaucracy, improving efficiency and engaging investors.

- >> **Incentives for Marginal Oil Field Developments** and discussion all year about possible incentives for brown field developments and frontier exploration.

- >> **Some Progress on Cepu** with the signing of a new Cooperation Contract however development of this project, which is critical to the nations 2009 oil production target of 1.3 MMSTBD, appears to have stalled again.

- >> **Tangguh LNG Project Sanctioned** and

development of Indonesia's third LNG project moving ahead with a new LNG sales model including BP as the seller's representative.

- >> The ongoing **Industry Consolidation** continued, absorbing one of the most active and successful explorers and deepwater pioneers in Indonesia Unocal.
- >> While there was ongoing consolidation at the top of the food chain the high price environment spawned many new smaller oil and gas companies and for the first time in many years the numbers of companies active in Indonesia, as measured by the number of IPA member companies began to increase.
- >> The IPA held a very successful **Annual Convention** attended by a record number of delegates and exhibitors reflecting both the quality of the speakers, papers and organization plus the vibrancy in the industry as investors looked for new opportunities.
- >> The **IPA raised its Profile** through communication, advocacy and education. For this we were rewarded by:
 - >> Resolution of some of our key issues,
 - >> A Presidential vision of revitalizing national oil production to 1.3 MMstb by 2009,
 - >> President Susilo Bambang Yudhoyono himself at the IPA Convention opening thanking the IPA for its input feedback and criticism important in making corrections to government policy and actions.
- >> The **Increased Advocacy** to resolve "critical fiscal, regulatory and bureaucratic" issues impacting, existing investors, the industries investment engine, was not well received in all quarters. This was unfortunate as our objectives of increasing investment and restoring our industry's economic contribution to the economy for the benefit of all stakeholders is surely the same.
- >> The first ever **Service Station** by a foreign investor retailing petroleum products opened in Jakarta as enabled by the New (2001) Oil and Gas Law and the Downstream Implementing Regulations of 2004. The benefit of this service sector competition should ultimately accrue to customers.

Clearly there are some pretty significant milestones in this list however I believe that only with a few years of hindsight will we be able to tell how important 2005 was for our industry. One thing is certain however, the opportunity was presented, as the theme of the IPA convention,said.

TO URGENTLY BUILD COMPETITIVENESS TO ATTRACT OIL AND GAS INVESTMENT IN INDONESIA

While 2005 total expenditures were forecast to reach record levels,program implementation, especially in exploration, appears to be well below forecasts. We have not yet seen any data on 2005 investment and cost trends however we believe both 2005 costs and investment will show an increase over 2004. While there is room for optimism on the investment front, we will need to understand a number of factors underlying the trends such as, firstly, how much of the investment increase is activity driven versus cost increases in services and commodities such as rigs and steel. Secondly, we will need to understand if Indonesia has managed to reverse the trend of decline in its share of global upstream investment that is the barometer of its investment competitiveness.

To see the full report, please visit the NEW IPA website at www.ipa.or.id



International Geosciences Conference and Exhibition

Jakarta Convention Center

Jakarta-Indonesia, 14-16 August 2006



IATMI



The International Geosciences Conference and Exhibition previously announced as Bali 2006 has changed venues and dates. The new venue is the Jakarta Hilton Convention Center in Jakarta, and the new dates are 14-16 August 2006.

This conference is being sponsored by the Indonesian Society of Geophysicists (HAGI) in conjunction with the Society of Exploration Geophysicists (SEG) and the Indonesian Petroleum Association (IPA), in collaboration with the Indonesian Society of Petroleum Engineers (IATMI) and the Indonesian Association of Geologists (IAGI).

positioning technologies, advances in bottom-cable seismic acquisition, multi beam bathymetry with backscatter, advances in integrated interpretation technologies, seismic-reservoir model interpretation will provide strong emphasis on emerging technologies.

The Jakarta2006 Exposition will feature a "Trade Fair" and will integrate technology, trade and business opportunities into the core program. The Exposition will be a platform for companies to meet, network and to display their corporate products and services to an international audience of professionals and decision-makers. Furthermore, the exposition will offer a unique

"Advances in Geosciences Technology to Enhance the Optimization of Resource Utilization"

The conference theme is "Advances in Geosciences Technology to Enhance the Optimization of Resource Utilization". With this theme, the emphasis of the conference will be on geosciences technologies. This conference will be an opportunity to gain information about technology advances from around the world.

The format of the technical program will feature 70-80 international-quality papers presented in three concurrent sessions. Papers will focus on important emerging technologies including (especially!) those that have not yet been applied in Indonesia. While the nominal theme groupings are biased toward geophysics, topic areas of Interpretation, Case Histories, and Reservoir Characterization are intended to provide a strong geologic and reservoir engineering content. Geophysical papers on leading technologies such as Controlled-Source Electromagnetic (CSEM), High Density 3D seismic acquisition, streamer

opportunity for technical and business discussions amongst participants from leading oil and mineral companies, data acquisition and processing companies, hardware and software vendors, and various instrumentation and supply corporations

This three-day event will be a great opportunity to renew and establish worldwide business contacts and professional relationships with key players in the energy industry. Jakarta 2006 web address is <http://www.jakarta2006.org>

Ron Noble

Chairman IPA Professional Division
Anardako Indonesia Company



Dear IPA Members and Friends,

It hasn't taken long to get used to oil prices above \$60. The pundits say that the high price environment is here to stay, and some even predict it will never fall below \$40 again. Well, we know that we can take price forecasts along with a grain of salt. Yes, they are a necessary part of business planning, and we all use them. But who knows where oil will be 6-12 months from now?

In the mean time, high prices have caused an interesting conundrum in the oil industry. On the one hand, energy revenues have resulted in impressive profits and financial gains for oil producers, service suppliers and related businesses. That's the upside. The downside is that we are now beginning to experience a shortfall in crucial oil field equipment, services and trained personnel. "A nice problem to have" some would say, but nonetheless, one we have to deal with.

It is the issue of personnel that I'd like to focus on. As companies grow in the current environment, there is an urgent need to add qualified staff to handle the increased workload.

In the geoscience and engineering communities, we are seeing a shortage of available personnel with the qualifications and experience to get the job done. This should come as no surprise; we have been anticipating it for years. Just look around and observe the "graying" of the oil patch. The question is, what can we do about it?

Indonesia has always maintained a strong program to train and develop its workforce. This has been particularly apparent in the petroleum sector, where foreign companies have been required to offer career opportunities and training for Indonesian professionals. This has paid off, as we are now seeing many companies hiring Indonesian staff to key roles, both within Indonesia and in overseas locations. As IPA professionals, we should make a huge effort to support the local university system which continues to provide a fresh stream of graduates. Now is NOT the time to scale back on training and mentoring programs just because we are busy. We must increase our support of young professionals entering the business, and put to good use the benefits of \$60+ oil. Seems obvious, but we haven't seen it happen in many places.

Equatorial Carbonate Systems Modern Analog for Miocene Carbonate plays in SE Asia

A substantial portion of SE Asia's production comes from Miocene carbonate reservoirs. That a major carbonate province has existed in the area since the early Tertiary through the present, gives added weight to the notion that the modern carbonates of the Java Sea and elsewhere within the archipelago may provide some apposite insights into reservoir geometries and properties and their application to exploration and field development in the region. Does their equatorial setting have any bearing on their character and if so how may we identify such in their Miocene counterparts?

18 registrants, representing companies in Indonesia, Malaysia, and as far away as Canada, joined field trip leaders Paul Crevello, Bob Park and Kristian Nurwedi

on a week long trip. The excursion began in the Seribu Island chain, looked at stratal geometries in the Parigi limestones near Cibinong and ended in the quarries of the Rajamendals Limestone in the area around Bandung.

On the islands, we examined and discussed the interplay of factors which influence carbonate sedimentation - biologic, atmospheric, oceanic, physiographic and others, all of which work together to dictate facies patterns, compositional elements and determine overall architecture, rates of growth, scale and style of expression. We also considered the impact of fluctuations in relative sea level on evolving geometries, on diagenesis, and as to how these factors might affect reservoir properties.



The islands of the P. Seribu chain provide ready access and opportunity to study how these modern build ups develop and may be preserved. Their geometries and facies associations offer insights for field development in Miocene carbonate fields



Coral colonies plastered along the reef front just below the crest. During extreme low tides the reef crest and storm rubble may be exposed



What can the growth of this mini-atoll of Porites tell us about growth cycles in the larger islands and platform carbonate systems in general?

What is an intra-island stagnant pond like this going to look like in a core record?



Shrimp and crab burrows dominate the nearshore and are intimately associated with grass beds and mangroves.



Storm generated berms and dunes form the island base



From Recent to Late Oligocene reef assemblage in the Rajamandala Ls.



Could a karst pipe like this one have sucked up all that drilling fluid?
What role does karst play in the creation or occlusion of porosity in Miocene
carbonate fields?





Registrants over the moon and on top of the world!

The carbonate sedimentation models derived from the islands were then carried onshore and used as a guide to interpret outcrops of Oligo-Miocene Rajamandala Limestone and younger Parigi formation. The quarries offer a range of ever new sections through the whole gamut of reef-associated assemblages which can be seen in depositional context. Field work was complimented by examination of cores from both the modern and a Sunda Basin reservoir together with some seismic exercises. Among the questions addressed are how does porosity develop and what types can we expect to find. Is there

a link to larger scale sea level fluctuations and thence a link to seismic scale interpretations? What do we have available in our toolbox that will enhance interpretation ability?

Participants enthusiastically participated in all aspects of the course making it a pleasurable learning experience for all and especially for the instructors. Following the success of last year, AAPG and IPA are again offering this trip in 2006 (May 14-20) – see AAPG website for details.



DRILLING Highlights

November 2005-February 2006

SUMATRA

Sinopec's exploratory drilling activity in northern Sumatra did not end in success as the Batumandi North 1 wildcat in the Binjai PSC was abandoned as a dry hole in late October 2005. The well had been sidetracked and ultimately tested. The primary objective, the Belumai Formation clastics, was reported as not hydrocarbon-bearing.

Drilling operations in the central Sumatra Basin has seen a string of successful wells by four different operators during this period. Kondur's MS EG-1 wildcat in the Malacca Strait PSC was drilled to TD at 1,955m in basement and tested. A flow rate of 71 bo/d was reported from 545 bf/d with 87% water cut. The well was targeting Lower Sihapas, Menggala and Pematang Formation sands at a location about 0.5km West of the MS BT oil field. In addition to the basement success the primary objective identified petrophysical oil bearing zones in the LS-B and LS-C reservoirs. Shortly afterwards, neighbor Petroselat in the Selat Panjang PSC encountered oil and gas with wildcat Bakau 1. Flow rates from four successful DSTs were reported with a maximum 183 bo/d (45-49° API) plus 0.38 MMcf/d or, alternatively, an aggregate 498 bo/d plus 0.538 MMcf/d. Bakau 1 located on the Rawa Minyak Prospect, is a low relief faulted anticline which straddles the boundary (as the MS BY Prospect) with the adjacent Malacca Strait PSC. Bakau 1 was targeting Sihapas and Menggala formation sandstones and fractured Basement. In early February 2006, Chevron successfully completed wildcat Kelok Northeast 1 in the Rokan PSC. The tested interval 1,739-1,742m was unofficially rumored to have flowed 588 bo/d. Located about 2 km North-East of the Kelok oil field, the well was targeting Pematang Formation sandstones. Menggala and Bangko sandstones were secondary objectives. The PT Pertamina/PT

BSP JOB wildcat Bene Bekasap Southeast 1 in the CPP PSC, was finally suspended as an oil discovery, albeit a minor one, in late February. A flow rate of 25 bo/d was reported. This well was targeting Bekasap Formation sandstones on lapping the Basement high in which the Beruk North-East oil accumulation is trapped by Telisa formation shales.

Exploration levels remain subdued in the South Sumatra Basin. PT Medco wildcat Rengas 1 in the Kebur I block was suspended as a gas/condensate discovery in late November. Various reports have surfaced related to the testing conducted on this well. One report indicated the well tested an unspecified interval on a 24/64" choke at 1.09 MMcf/d plus 83.5 bf/d with no water cut (WHP of 400 psi; separator pressure of 200 psi). Alternative sources quoted flow rates of 1.4 MMcf/d or 1.2 MMcf/d plus 80 bc/d. A PT. Medco press release stated that the interval 1,225-1,228m in basaltic conglomerate flowed 1.16 MMcf/d plus 12.67 bo/d. Further testing of the Telisa formation micritic limestone (reported zone) is planned. Rengas 1 was originally targeting gas in Batu Raja Formation carbonates and is located 2.5km north of the 2004 Fariz gas/condensate discovery and 5 km North-East of the Soka oil field. In other South Sumatra news, the PT Pertamina was Junked on 19 February. The operator had difficulties retrieving a stuck fish on its Suban Barat 2 (SBB-2) in the Suban PPC. The well will be redrilled from the same site. Suban Barat 2 had reached 1,352m before stuck pipe problems enforced its abandonment. The well was primarily targeting Batu Raja Formation carbonates and Talang Akar Formation clastics. Fractured basement was a secondary objective.



JAVA

In the West Java Sea, the CNOOC wildcat Manik 1 in the OSES PSC intersected a 12m oil pay zone in the objective Banuwati Formation sandstones. The well is situated in the Asri Sub-basin about 19km East of the Intan Northeast oil field.

Onshore, in northern central Java, PT Pertamina wildcat Klantung 1 was abandoned as dry in November. Testing of the objective Cisubuh Formation clastics was unsuccessful.

In the East Java Basin "Hot Spot," despite ongoing high levels of exploration drilling, the last four wells were all reported as unsuccessful. These included Pertamina/PetroChina's onshore Sukowati 4 appraisal (Tuban JOA), the Nyari 1 wildcat (Santos-operated Madura Offshore PSC), EMP Kangean's PTO 2 delineation of Arco's East Spur 1 minor oil discovery in the East Java Sea and the Amerada Hess wildcat Hayam Wuruk 1 (Pangkajene PSC).

NATUNA SEA

Premier wildcat Macan Tutul 1 in the Natuna Sea Block "A" PSC was abandoned as a marginal gas discovery in February after having been drilled to TD at 3,033m and logged. Press releases by Premier stated that the well had encountered gas in the objective Upper and Middle Arang Formation sandstones. The deeper objective Middle and Lower Arang Formation sandstones were also reported as gas bearing. Preliminary evaluation has indicated that the latter reservoirs may be tight. The well had been spudded on 20 January 2006 using the "Ensco 104" J/U in 80m of water, and could be tied back to the Anoa field facilities some 12 km to the North West.

MAKASSAR STRAIT/OFFSHORE TARAKAN

In the Tarakan Basin, the PT Pertamina/Medco JOB delineation well Sesayap B-1 (Simenggaris JOA) was plugged and abandoned in February after logs indicated that all potential reservoirs were water wet or not well developed. Sesayap B-1 was targeting potential reserves of 9 MMbo plus 381 Bcf (prognosed 30% success rate) in a faulted rollover anticline in the central western part of the block which yielded the Sesayap 1 gas

discovery by Arco in 1978.

SULAWESI

Pertamina had mixed results in its recent drilling campaign in the Matindok PPC where it and Medco are attempting to increase gas reserves in the vicinity of the Donggi and Senoro gas/condensate discoveries. Wildcat Kampung Bali 1 resulted in a gas/condensate discovery in December. DST 1 (1,728-1,731m) in the Minahaki Formation, reportedly flowed 3.9 MMcf/d (1/2" choke). DST 2 (1,682-1,692m) also in the Minahaki formation, flowed 11.98 MMcf/d plus 125 bc/d (36/64" choke). A maximum rate of 15 MMcf/d plus 173 bc/d was reported. Kampung Bali 1 is located in the Banggai Basin about 1 km South-West of the Donggi 1 discovery. The following well, Anoa Hijau 1, was abandoned as dry in February. This well was also targeting Minahaki Formation carbonates and was drilled about 3km North-East of the 1988 Matindok 1 gas discovery of Union Texas.

PAPUA

Drilling activities in the Salawati Basin also produced mixed results. The PT Pertamina/PetroChina JOB wildcat Argo 1 (Salawati Kepala Burung JOA) was suspended as an oil discovery in November after having been flowed 194 bo/d from Kais Formation reefal carbonates at a location on the western edge of the Matoa oil field. The PetroChina wildcat Arar North 1 (Kepala Burung PSC) was suspended as a gas discovery in January after flowing 5.26 MMcf/d, again from Kais Formation reefal carbonates. This well was located in the northern part of the Arar oil and gas field. However, the PetroChina wildcat Klagele 1 was abandoned as dry in January, having been drilled 10km east of the Klalin oil and gas field. The primary objective was again the Kais Formation.

OUTLOOK

As expected, the anticipated increase in drilling activity in 2005 over 2004 did not occur. The 2005 total was about 20 wells (or about 25%) down on 2004. However, a marked increase has been noticed in the first quarter of 2006 and hopefully this will continue throughout the year.

Dhar Samsu

Luncheon Chairman



Reviewing IPA Lunch Discussions

The most recent talk was given on March 16, 2006 at the Ritz Carlton Jakarta and was the traditional year opening talk on Indonesia E&P activity summary by BPMIGAS. Mr. Achmad Luthfi, Deputy of Planning of BPMIGAS, gave the presentation to a full house with more than 300 members in attendance.

Mr. Luthfi's talk was entitled "Exploration and Production Update in Indonesia: The 2005 Review and 2006 Planning". He summarized the exploration and production highlights in Indonesia during 2005. He contrasted the 2005 results to 2004's. He reported the slight decrease in the exploration and production activities during 2005, adding a full brief which explained the key factors causing the activity level changes and plans to improve in 2006. Mr. Luthfi highlighted that throughout 2005, there were 134 working areas in Indonesia. This was comprised of 56 producing blocks and 78 exploration blocks included 9 new signed areas. Activities in Indonesia fell short on drilling and seismic activities mainly due to rig and seismic vessel availability. Some exploration activities were reportedly slowed down by land issues including overlapping protected forest-mining area and in-company problems. Fifty four wells were drilled in 2005 with a 40% success ratio. These successes resulted in a reserves addition of 195 mmbbl and 332 bcf. The wells included a variety of target types ranging from drilling established play trends to drilling new promising concepts in mature basins.

A full concise report on budget versus actual financial status was presented, including a comparison of "WP&B" and National "APBN" target versus realization. This was very enlightening. Production was reported at 1.06

mbopd (97 % of the target) and 7.8 bcfpd (102 % of target). Mr. Luthfi further explained that production was achieved due to a combination of new wells and successful work over activities. Limited new discovered hydrocarbons results in mature areas in 2005 were manifested by the lower activities levels in mature areas. Mr. Luthfi further stressed that exploration activities should be aggressively conducted to continue to replace yearly production. These activities should include new seismic programs, aggressive 176 targeted exploration wells, and implementation of new promising concepts in new area that potentially can reward to large reserves. A strong base of work over activities will be maintained in 2006. Exploration and continued work over have caused fairly level production target at 1.1 mbopd and 7.4 bcfpd for 2006 to be set with an increased expenditure target 30% above 2005's spent.

A brief summary on environment scorecard of Indonesian PSCs were also presented. To close the talk, Mr. Luthfi addressed the importance of focusing attention on human resources management issues. He properly focused on a key message that people's capability is the base of building block of E&P activities in Indonesia. A concise report on CDM (career development management) program by PSCs operate in Indonesia was presented. Mr. Luthfi also stressed the importance of National staffs' development in order to support sustainable long term E&P activity in Indonesia. He stressed the importance of keeping the E&P activities in Indonesia, fully staffed with qualified workforce. This was an important message delivered at the conclusion of an excellent talk.

The first talk in 2005 was given on January 18, 2006, by Chuck Caughey, a visiting IPA



Photo shown above when Mr. Achmad Luthfi answered questions during Q&A session



Chris Newton, IPA President, is presenting the award to Mr. Achmad Luthfi after the presentation ends.

veteran from ConocoPhillips USA. The talk was given at the Mulia Hotel and received great responses from the audiences. Due to seat limitation, the IPA had to limit the number of participants that registered. There were 90 IPA members attended with small number of students.

Chuck gave a very encouraging talk on "New Trends in Upstream Career Opportunities and Professional Development, at Home and Abroad".

The first opening statement from Mr. Caughey was "With all of the recruiters visiting campus and job advertisements looking for geoscientists, the geosciences related industry are experiencing the first major surge in geosciences employment in the last 20 years. Chuck further addressed the emerging concerns about the quantity and preparedness of candidates available for challenging technical careers in the petroleum industry. The vast majority of engineering and geosciences graduates now come from universities in developing countries.

Companies recruiting new employees are now faced with challenges to effectively integrating a diverse new manpower mix. Chuck elaborated on several key factors that need to be included in academic programs in developing countries in order to strengthen and prepare the individual for the global oil community. He emphasized problem solving, soft skills, and continuous upgrading in the technology sectors. The companies must have a culture of continuous learning, with experienced staff providing effective mentorship and transfer of skills and knowledge.

This is especially true for personnel who have just joined the industry. Chuck further stressed the importance of providing diverse job experiences to broaden the background of new hires, and clear guidance for professional development, focusing on acquiring discipline and soft skill competencies. This was a great talk and was focused on building a stronger and more diverse and globally mobile workforce to meet energy challenges of the future.

IPA Publications Go Digital

In an effort to provide more information at your fingertips the IPA Professional Division has entered into an arrangement with AAPG to scan all IPA technical publications into image files. The project commenced last year and is scheduled for completion in June 2006.

The scanned publications include:

- All IPA convention proceedings from 1973 to the present-day and including Deepwater/Frontier, Petroleum Systems, Sequence Stratigraphy and Gas Habitats symposiums
- Post-convention field-trip guides
- Special publications (Oil and Gas Atlas, Seismic Atlas and Heat Flow/Geothermal Gradient Maps)

The final products will be available via the AAPG online library (Data pages) and will also be available from the IPA on CD-ROM.

For more details, please contact Andy Livsey at arl@horizon.co.id or come along to the IPA stand at the August convention.

INDONESIAN PETROLEUM ASSOCIATION
Professional Division Continuing Education sub-committee

COURSES SCHEDULE - 2006

1.	Title Instructor Dates Cost Venue	The Geological Interpretation of Well Logs Malcolm Rider - Petroleum Exploration Consultant, UK March 6 - 10, 2006 US\$ 1,850 (Members) - US\$ 1,950 (Others) Hotel Melia Purosani - Yogyakarta	(5 days course)
2.	Title Instructor Dates Cost Venue	Practical Investment Appraisal and Business Decision Analysis in Petroleum Exploration & Production - with special reference to the Indonesian PSC system Dr. H.L. Ong - Lecturer, Institute Technology Bandung & Advisor to PT Geoservices (Ltd.) April 17 - 21, 2006 US\$ 1,500 (IPA Members) - US\$ 1,600 (Others) Sheraton Bandung Hotel & Towers	(5 days course)
3.	Title Instructor Dates Cost Venue	Corrosion Control in Oil and Gas Production Dr. Yves Gunaltun - Total E&P, France May 22 - 25, 2006 US\$ 1,450 (IPA Members) - US\$ 1,550 (Others) Hotel Padma Bali	(4 days course)
4.	Title Instructor Dates Cost Venue	Seismic Reservoir Analysis Dr. Sigit Sukmono - Lecturer, Institute Technology Bandung (ITB) July 10 - 14, 2006 US\$ 1,600 (IPA Members) - US\$ 1,700 (Others) Sheraton/Novotel - Lombok	(5 days course)
5.	Title Instructor Dates Cost Venue	Advance Seismic Methods for Field Exploration & Development Dr. Sigit Sukmono - Lecturer, Institute Technology Bandung (ITB) August 7-11, 2006 (in conjunction with Jakarta 2006 Int'l Geoscience Conference & Exhibition) US\$ 1,500 Sheraton Bandung Hotel & Towers	(5 days course)
6.	Title Instructor Dates Cost Venue	The Role of Geophysics in Risk Assessment William D. Brumbaugh and Laura Kay Ethetton August 13 - 14, 2006 (in conjunction with Jakarta 2006 Int'l Geoscience Conference & Exhibition) US\$ 650 Jakarta Hilton International Hotel	(2 days course)
7.	Title Instructor Dates Cost Venue	The Seismic Velocity Model as an Interpretation Asset Philip Schultz August 13 - 14, 2006 (in conjunction with Jakarta 2006 Int'l Geoscience Conference & Exhibition) US\$ 650 Jakarta Hilton International Hotel	(2 days course)
8.	Title Instructor Dates Cost Venue	Characterizing and Modeling of Naturally Fractured Reservoirs Doddy Abdassah - Lecturer, Institute Technology Bandung August 14, 2006 (in conjunction with Jakarta 2006 Int'l Geoscience Conference & Exhibition) US\$ 350 Jakarta Hilton International Hotel	(1 day course)
9.	Title Instructor Dates Cost Venue	Understanding the Indonesian Upstream Oil & Gas Industry Dr. H.L. Ong - Lecturer, Institute Technology Bandung & Advisor to PT Geoservices (Ltd.) August 14, 2006 (in conjunction with Jakarta 2006 Int'l Geoscience Conference & Exhibition) US\$ 350 Jakarta Hilton International Hotel	(1 day course)
10.	Title Instructor Dates Cost Venue	Understanding Overpressure and its Prediction Dr. Richard Swarbrick - Consultant, UK December 5 - 8, 2006 TBA Hotel Padma Bali	(5 days course)

EXHIBITIONS, CONFERENCES & FORUMS

DATE	TITLE	LOCATION	CONTACT DETAILS	TELEPHONE/ WEBSITE/FAX
May 7-10	APPEA 2006	Gold Coast	APPEA (Conf secretariat Julie Hood)	http://www.appea.com.au
May 7-12	Hydraulic Fracturing Beyond 2010 (Forum)	Macau	SPE	http://www.spe.org
May 8-13	Stagnation or Evolution: Changing Production Management in 21st Century (Forum)	Phuket	SPE	http://www.spe.org
May 9-10	De-commission Asia Conference & Exhibition	TBC	AP Energy Business Publications	http://www.safan.com
May 14-20	The Future of Smart Fields (Forum)	Macau	SPE	http://www.spe.org
May 15-20	"Stimulation for the Future: Increasing Production, Reducing Cost (Forum)"	Phuket	SPE	http://www.spe.org
May 17-20	"4th Pakistan Oil, Gas & Energy Exhibition and Conference [POGEE 2006]"	Karachi	Pegasus Consultancy	http://www.pogeeepakistan.com
May 21-22	Offshore Gas Recovery Asia Conference & Exhibition	TBC	AP Energy Business Publications	http://www.safan.com
May 30-31	Well Integrity: Completions & Maintenance	Kuala Lumpur	IQPC	http://www.iqpc.com.sg
May 30-31	Geomechanics for Optimal Production and Reservoir Management 2006 (plus pre & post conference workshops)	Kuala Lumpur	IQPC	http://www.iqpc.com.sg
May 30-Jun 1	IndoPipe 2006 (pipeline conference)	Jakarta	IEE Communications	http://www.ise-c.com
Jun 11-13	11th Annual Asia Oil & Gas Conference (AOGC) 2006	Kuala Lumpur	Petronas	http://www.AOGC-petronas.com
Jun 13-14	Contract Risk Management in Indonesian Oil & Gas 2006	Jakarta	IQPC	http://www.iqpc.com.sg
Jun 12-14	GEO Asia 2006	Kuala Lumpur	Geological Society Malaysia & MES	http://www.geo-asia.com
Jun 19-20	4th Annual World Class Shutdown and Turnaround	Bangkok	Marcus Evans	http://www.marcusevans.com
Jun 20-21	Deepwater & Subsea Technology Conference & Exhibition	Kuala Lumpur	AP Energy Business Publications	http://www.safan.com
Jun 20-21	Directional Drilling Summit 2006	Kuala Lumpur	IQPC	http://www.iqpc.com.sg
Jun 20-21	Capability Development and Skill Pool Management in Asian Oil and Gas	Kuala Lumpur	IQPC	http://www.iqpc.com.sg
Jun 27-28	LNG Shipping Asia 2006	Singapore	IQPC	http://www.iqpc.com.sg
Jun 27-28	Pipelines Excellence 2006	Kuala Lumpur	IQPC	http://www.iqpc.com.sg
June	India Formation Damage Symposium	New Delhi	SPE	http://www.spe.org
Aug 15-16	Jakarta 2006 International Geosciences Conference & Exhibition (moved from Bali)	Jakarta	IPA-IATMI-HAGI-IAGI-SEG	http://www.ipa.or.id
Sept 4-5	India Oil & Gas Review Symposium and International Exhibition (IORS 2006)	Mumbai	Oil Asia Journal	http://www.olasia.com
Sept 11-13	Asia Pacific Oil & Gas Conference & Exhibition (APOGCE)	Adelaide	SPE	http://www.spe.org
Sept 20-21	2nd Asia Pipeline Conference & Exhibition	Kuala Lumpur	AP Energy Business Publications	http://www.safan.com
Sept 26-27	2nd NDT/Corrosion Management Asia	Kuala Lumpur	AP Energy Business Publications	http://www.safan.com
Oct 16-18	SPEIADC Indian Drilling Technology Conference & Exhibition (IDT)	Mumbai	SPE	http://www.spe.org
Nov 5-8	AAPG 2006 International Conference & Exhibition	Perth	AAPG	http://www.aapg.org
Nov 13-15	IADC/SPE Asia Pacific Drilling Technology Conference & Exhibition (APDT)	Bangkok	SPE	http://www.spe.org
Dec 5-7	International Oil & Gas Conference & Exhibition in China (IOGCEC)	Beijing	SPE	http://www.spe.org
Dec 5-8	OSEA 2006	Singapore	Singapore Exhibition Services (SES)	http://www.osesa-asia.com
Dec 12-13	Underwater Technology Conference 2006	Kuala Lumpur	Petromin	http://www.safan.com

TRAINING COURSES AND WORKSHOPS

DATE	TITLE	LOCATION	CONTACT DETAILS	TELEPHONE/ WEBSITE/FAX
May 3-5	HAZOP (Hazard and Operability Studies) Workshop	Singapore	IBC Asia Limited	http://www.ibc-asia.com
May 7-12	Hydraulic Fracturing Beyond 2010 (ATW)	Macau	SPE	http://www.spe.org
May 15-19	Basic Reservoir Engineering	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
May 22-26	LNG & Gas Contracts and Project Financing Focused on Asian Markets	Singapore	CWC	http://www.thecwcgroup.com
May 22-26	"Basic Drilling, Completion and Workover Operations"	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
May 22-26	Foundations of Petrophysics	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
May 30-Jun 2	Design & Maintenance Strategies for Bulk Liquid Storage Tanks	Singapore	IBC Asia Limited	http://www.ibc-asia.com
Jun 5-9	Surface Production Operations	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Jun 9-11	Profitability, Demand Forecasting and Pricing	Bangkok	PTIT	http://www.ptit.org/events.php
Jun 11-14	Managing Pressure Drilling (ATW)	Phuket	SPE	http://www.spe.org
Jun 12-16	"Oilfield Water Production, Handling and Injection"	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Jun 19-23	Basic Petroleum Geology	Miri	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Jun 19-23	Applied Subsurface Geological Mapping	Kuala Lumpur	Subsurface Consultants & Associates (SCA)	http://www.scacompanies.com
Jun 23-25	Understanding the Oil Business	Bangkok	PTIT	http://www.ptit.org/events.php
Jul 10-14	Sandstone Reservoirs	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Jul 10-14	Petroleum Geology of Deepwater (Turbidite) Depositional Systems	Kuala Lumpur	Subsurface Consultants & Associates (SCA)	http://www.scacompanies.com
Jul 17-21	Petroleum Project Economics and Risk Analysis	Kuala Lumpur	IHRDC	http://www.ihrdc.com/
Jul 17-21	Development Geology	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Jul 31-Aug 4	Introduction to Seismic Stratigraphy: An Exploration Workshop	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Aug 7-11	"Advanced Seismic Stratigraphy: A 2-D, 3-D Sequence and Wavelet Analysis Workshop"	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Aug 7-11	Basic Petroleum Technology	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Aug 14-18	Production Technology for Other Disciplines	Miri	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Aug 21-25	Well Log Interpretation	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Sept 2-4	Introduction to Petroleum and Petrochemical Businesses	Bangkok	PTIT	http://www.ptit.org/events.php
Sept 4-8	Basic Petroleum Engineering Practices	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Sept 4-8	Petroleum Risks and Decision Analysis	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Sept 4-8	Reservoir Engineering for Other Disciplines	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Sept 15-17	Understanding the Oil Business	Bangkok	PTIT	http://www.ptit.org/events.php
Sept 18-22	Seismic Modeling in Exploration and Development	Kuala Lumpur	Subsurface Consultants & Associates (SCA)	http://www.scacompanies.com
Oct 13-15	Natural Gas & Businesses in its Value Chain	Bangkok	PTIT	http://www.ptit.org/events.php
Oct 16-20	Sequence Stratigraphy in Exploration and Production Geology	Kuala Lumpur	Subsurface Consultants & Associates (SCA)	http://www.scacompanies.com
Nov 5-8	Deepwater Technology (ATW)	Thailand (TBC)	SPE	http://www.spe.org
Nov 13-16	Design & Maintenance Strategies for Bulk Liquid Storage Tanks	Kuala Lumpur	IBC Asia Limited	http://www.ibc-asia.com
Nov 13-17	Seismic Interpretation	Kuala Lumpur	PETROSKILLS/OGCI	http://www.ogci.com OR www.petroskills.com
Nov 17-19	Profitability, Demand Forecasting and Pricing	Bangkok	PTIT	http://www.ptit.org/events.php
December	Coalbed Methane (ATW)	China (TBC)	SPE	http://www.spe.org
Dec 4-7	Offshore Pipeline Engineering 2006	Kuala Lumpur	IBC Asia Limited	http://www.ibc-asia.com

Courtesy of Simon Crellin @ Deloitte Petroleum Services, Singapore, E-mail sicrellin@deloitte.com

gantiwajah

(Changing Faces)



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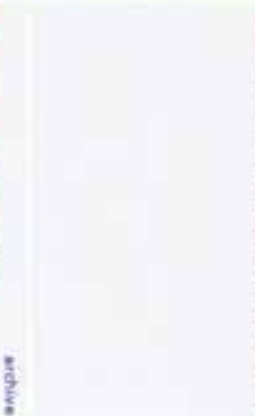
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