



2020 ANNUAL REPORT

49TH ANNUAL GENERAL MEETING
Jakarta, 10 December 2020

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SECTION 1

INDONESIAN PETROLEUM ASSOCIATION

PRESIDENT'S REPORT - 2020

by

Bij Agarwal

(Acting IPA President)

**On behalf of
IPA Board of Directors**

December 2020

www.ipa.or.id



INDONESIAN PETROLEUM ASSOCIATION

President's Report for 2020

1. INTRODUCTION

2020 has been an unprecedented year for the world, with the global COVID-19 pandemic affecting every area of society, including the upstream oil and gas industry. As we approach the end of the year, the world is continuing to readjust and look forward to a gradual return to a new normal with the arrival of effective vaccines. In the upstream industry in Indonesia, we look back at a year where we have not only dealt with the impact of the pandemic, but also a year that has seen continued low oil prices as well as a new global focus by many companies on the energy transition to greener, renewable energy.

The President's Report for 2020 highlights our key messages relating to the pandemic, the low oil prices and the energy transition, as well as highlighting the new spirit of cooperation with the Government as we look forward to assist in improving the investment climate to help SKK Migas reach the new targets for increased oil and gas production by 2030.

The COVID-19 pandemic has caused major impacts on the upstream industry by causing a global reduction in the demand for oil as well as an impact on operations in Indonesia through the need to quarantine field personnel to ensure ongoing production. In addition, there has been a transition to working from home for all of the operators in Indonesia. This combination of factors, including the low oil price which has averaged around US\$40 per barrel in 2020 as well as the need for improvements in fiscal policies in Indonesia, has regrettably resulted in the deferment or cancellation of several projects and work programs. Operational costs for operators have also increased due to the pandemic, including additional costs for quarantine requirements for field personnel and other enhanced health protocols and also the increased costs for imported goods and services from other countries due to the difficulties in transportation. In 2020, upstream companies have also reduced their capital expenditure budgets by up to 35% and will continue to look very carefully at their economic return for future investments, including in Indonesia. Many companies are also reorganizing and changing their strategies due to the energy transition to greener energy and renewables and this will also have an effect on the level of investment that is available for oil and gas.

In response to the pandemic, the IPA also made the decision in early 2020 to delay and downsize the annual Convention and Exhibition, however a very successful Digital Technical

Program was held in September, when over 100 technical papers and presentations were made by professional and students to a large number of online participants from Indonesia and abroad.

The IPA has also been working very intensely and productively with the government throughout the “working from home” period in 2020, and we look forward to continuing this renewed spirit of cooperation. Earlier in the year, the IPA provided input into the new Omnibus law to the President RI and the DPR and although these suggestions were not all included, we are pleased that these recommendations are being discussed by government with a view to incorporating into the new Oil and Gas law in the future. With regard to gas prices, the IPA are continuing to hold discussions with government on the requirement to have lower gas prices for certain industries. The government have promised to honor existing PSC contracts on gas pricing and we are in discussions to improve the process and timeline by which PSC’s receive their payments through third parties while still enabling the government to ensure that key industries receive gas at a lower price in future.

Continuing with our good relations with government, a new DG Oil and Gas was appointed recently and the IPA have held constructive and positive meetings on key industry issues as well as holding two meetings during the year with the EMR Ministry. The IPA were also pleased to be invited to be members of the government Task Forces on Exploration and Cost Recovery where we have been able to provide our industry input into these key areas. As we look ahead, the IPA are working closely with SKK Migas to improve the investment climate and help the government to plan ahead to reach the newly stated production target of 1 million BOPD and 12 BCFD by 2030. In the short term , the IPA are actively contributing to the IOGC 2020 event that will be held by SKK Migas in December 2020 which will attract many international as well as domestic industry players to map out plans and strategies to reach these ambitious new targets, including addressing the infrastructure that will be needed to commercialize new discoveries and increased production levels.

The IPA sincerely appreciates the cooperation and opportunities that are now being given by the Indonesian Government to provide our input to increase oil and gas investment in Indonesia in these challenging times. Acknowledgments and thanks are also given to all of the IPA Committees who have worked together with the relevant Government agencies at all levels throughout 2020. In 2021, the IPA will continue with its mission to work with the government to improve the oil and gas investment climate in Indonesia to increase national oil and gas production in order to meet the future energy security of Indonesia

2. KEY INDUSTRY ISSUES

2.1. IPA STRATEGIC OBJECTIVES 2020

At the beginning of the year, the IPA Board of Directors discussed the strategy for the year and agreed on 4 key strategic objectives as itemized below. These were communicated to the IPA Committees and formed the basis for the committee activities for 2020.

- A. Work with the Government of Indonesia to Improve the Investment Climate
- B. Work with the Government of Indonesia to influence Energy Policies on Gas, Climate Change, and the Energy Mix
- C. Targeted engagement to improve the perception of the Oil and Gas Industry
- D. Work with SKK Migas to streamline processes and formulate timely approvals

2.2. POSITIVE COLLABORATION WITH ESDM AND SKK MIGAS

With good collaboration with the teams of ESDM and SKK Migas, the IPA have been able to perform a lot of advocacies this year which have been focusing on improving Indonesia's Fiscal Policies to make Indonesia one of the attractive investment destinations of the Oil and Gas Industry. While working on the fiscal policy improvements, the IPA is also supporting and working with the government on some of the policies that previously regressed, such as:

- VAT for LNG
- Rental cost for State owned asset in the ex-termination areas.

As a result of this positive collaboration with ESDM / SKK Migas, the IPA have developed a summary of recommendations for the fiscal terms that could improve the ability to reach the production targets.

	EMR Ministry	Ministry of Finance
Existing Contract		
• <i>Routine Work Program</i>		• Reinstatement of the <i>assume and discharge</i> principles
• <i>Transformation: Resources to Production</i>	<ul style="list-style-type: none"> • Increase Split • Accelerated depreciation 	<ul style="list-style-type: none"> • Reinstatement of the <i>assume and discharge</i> principles • <i>Tax Holiday</i> (min 10 years) • Eliminate the branch profit tax for any profits which have been reinvested in Indonesia;
• <i>Enhanced Oil Recovery</i>	<ul style="list-style-type: none"> • Increase Split • Accelerated depreciation 	<ul style="list-style-type: none"> • Reinstatement of the <i>assume and discharge</i> principles • <i>Tax Holiday</i> (min 10 years)
Future Contract		
• <i>Exploration</i>	<p>PSC Cost Recovery & Gross Split</p> <ul style="list-style-type: none"> • PSC Cost Recovery: Increasing the investor's split around 10-15% • PSC Gross Split: Increasing the investor's split around 15-25 % • Improvement on geology evaluation quality, economic evaluation as well as the required data • PSC Cost Recovery: accelerated depreciation • PSC Gross Split: depreciation would be implemented as similar as in PSC Cost Recovery and be accelerated. • No <i>back-in-right</i> • Eliminate the PSC's obligation on PI of local government-owned enterprise. • Revise the minimum amount of Signature Bonus 	<p>PSC Cost Recovery & Gross Split</p> <ul style="list-style-type: none"> • No indirect taxes on exploration, development as well as the production phases (i.e., all the PSC phases). • PSC Gross Split: unlimited tax loss carry forward • For PSC in the remote area, to be included: <ul style="list-style-type: none"> ✓ <i>Tax Holiday</i> (min 10 years) ✓ Eliminate the branch profit tax for any profits which have been reinvested in Indonesia; ✓ Cost consolidation on tax deduction in the national level or among the PSC companies.

2.3. IPA INPUT TO THE EXPLORATION TASK FORCE

The Ministry of Energy and Mineral Resources established an Exploration Task Force in June 2020. The Exploration Task Force mission is to propose a new regulation or a revision to existing regulations which will encourage exploration activities in Indonesia. The IPA is one of the members of the task force, along with SKK Migas, Ditjen Migas, Geological Study Center (PSG) and Lemigas. The IPA is represented by the Exploration Committee in the Exploration Task Force.

Since being established, the Exploration Task Force have held weekly meetings. The Task Force invited third party consultants, Woodmac and IHS Markit, to provide a global outlook on the oil and gas industry and to give their perspective on Indonesia's global competitiveness.

As the representative of the industry and the investors in general, the IPA have actively contributed in the Exploration Task Force. The Task Force have tried to identify the general issues with the downfall of exploration investment. Global spending on exploration has shown a decreasing trend since the last downturn in 2014. In Indonesia, however, the investors are also dealing with the issue of contract sanctity, unattractive fiscal terms and regulations that further hinder investment.

Within the Task Force, the IPA is responsible to provide recommendation on the improvement of fiscal terms. The recommendation was made based on the result of the study performed by IHS for the IPA in 2015 and 2017, following the issuance of Gross Split terms.

The recommendations from the IPA were made based on the exploration areas: mature and frontier. Recommendations for mature areas:

- Exemption of indirect taxes
- Branch Profit Tax exemption for reinvestment in Indonesia
- Enhanced depreciation
- 10-year tax holiday

Given the risks associated with frontier exploration, the recommendation for the frontier areas is to combine the incentives and offer it as a frontier incentive package. The proposed frontier package includes:

- Exemption of indirect taxes
- Branch Profit Tax exemption for reinvestment in Indonesia
- 10-year tax holiday

Enhancing profit share or implementing a sliding scale in profit share are also considered as an improvement that will have a positive impact on exploration. Another concern from the investor standpoint is the cycle time between exploration and production. Profit share and cycle time, though not fiscal related, can be improved to attract investors to explore in Indonesia.

2.4. CONTRACT SANCTITY

Contract Sanctity is a topic that the IPA has always mentioned this year in meetings with government, to improve the investment climate in the Oil and Gas Industry.

The IPA conveyed the concerns especially for the below regulations:

- EMR Minister Regulation No 37/2016 on 10% participating interest of the local government with “carry mechanism” which is not in line with the contracts and has a negative impact to the economics of the investment.
- EMR Minister Regulation No 15/2018 on Abandonment & Site Restoration, which is against the old contracts
- EMR Minister Regulation No 42/2018 on Contractor oil entitlement for domestic usage. The regulation is against the current PSC contracts which allow the free lifting of contractor’s crude oil.

With regard to 10% participating interest, it was agreed that it was difficult to resolve this directly with stakeholders and that it was better to make the point that it was a disincentive for future investment.

On ASR, 4 working areas are identified as having problems with the Minister regulation no.15/2018 on ASR and it was agreed that each PSC is to directly discuss this with government on how to resolve this for their own respective companies.

Regarding entitlements for crude production, it was agreed by the BOD that this was a B to B issue with Pertamina. ESDM had also confirmed that this was not an obligation. Therefore, the IPA has requested to make necessary changes in the Minister Regulation No. 42/2018 and a meeting led by Ditjen Migas at the end of September with IPA and Pertamina has been conducted and the detail relating to the changes by all parties have been discussed. We are now waiting on the review of the Legal Team of Migas.

2.5. 2020 IPA CONVEX

Due to the impact of the global Covid-19 outbreak, The IPA Board of Directors decided to cancel the 2020 IPA Convex after examining various options for consideration including the pros and cons of each option as well as the financial impact of delaying the Convex until 2021.

The key factors involved were the unknown scale and duration of the outbreak, the fact that many major public events would be cancelled due to the pandemic, the expected low number of attendees due to the industry slowdown, the impact of the low oil price on the number of participants and finally the availability of the JCC.

However, 2 activities of the convention were still performed, the Technical Papers Program which was performed online and the publication of the Infographics as they are seen as an effective method of communicating with stakeholders.

The IPA Digital Conference was successfully conducted by the IPA Technical Program Committee (TPC) in September 14 -17 2020, consisting of the presentation of 68 selected presentations by industry professionals and students. The online conference attracted over 3000 domestic and international registrants and averaged over 1000 participants on each day of the event. The TPC also published a total of 99 technical papers and their associated presentations via the IPA website.

The IPA Infographics for 2020 contain 10 topics IPA which we believe will improve the understanding of the Oil and Gas Industry and the issues we are facing now in Indonesia.

The topics are:

1. Big Challenges for the Oil and Gas Industry in the New Normal Era
2. Global Effort in Maintaining the Sustainability of Oil and Gas Industry
3. The Oil and Gas Crisis Disrupts Economic Stability
4. Mission Towards 1 Million Barrel Oil Production
5. Observing Indonesia's Oil and Gas Investment Climate from an Investor's Point of View
6. The Huge Upside from Upstream Oil and Gas to Boost Economic Growth
7. The Role of Upstream Oil and Gas in Developing Eastern Indonesia
8. Breakthrough Solutions Needed to Attract Upstream Oil and Gas
9. Getting to Know Cost Recovery
10. The Economics of Upstream Gas Project from the Investor's Point of View

2.6. Management of State-Owned Goods (“BMN”) in the Oil & Gas Industry.

The Minister of Finance issued the PMK 89/2019 which regulates the management of BMN Upstream Oil & Gas from planning until demolition including procurement. This caused duplication with PTK 007 in SKK Migas which already regulates in detail the procurement process. The additional regulation will not only add more bureaucracy but will also disturb the ongoing and /or soon to be starting procurement process. There will be legal uncertainty from now on until issuance of the respective regulation.

The introduction of rental payment, or cost of utilization for asset ex termination contract in PMK 89/2019 is considered as an additional burden to the economics of the projects which will potentially reduce the optimum exploration, development and production of the working areas.

Many advocacies with ESDM/SKK Migas and MoF have been performed with good support from ESDM and SKK Migas. This year, as a result of those discussions, the Minister of Finance issued PMK 140/2020 to replace PMK 89/2019.

Many improvements are in the new PMK 140/2020. For example, the rental cost has been removed and improvements and efficiencies have been made in operational processes through more delegations to ESDM and SKK Migas.

2.7. IPA INPUT FOR OMNIBUS LAW

After the advocacies from the IPA to many government institution in 2019 regarding the important regulations to change for improvement, in 2020 the IPA decided to send a letter to the President of Indonesia, Bapak Joko Widodo, to the related ministers and to the DPR on inputs for the Omnibus Law to increase the investment in the upstream Oil and Gas Industry. All the inputs were discussed in detail with ESDM before sending the letters.

There are 4 key inputs:

- Allow cost and tax consolidation on a country wide basis as has been applied in other business sectors in Indonesia
- Reinstate the “assume & discharge” principles, as before in law No. 22 of 2001 on Oil and Gas (Oil and Gas Law)
- Contract Certainty: The certainty of investment contracts between investors and the government needs to be maintained during the term of the contract considering that these contracts are generally long term and capital intensive and are borne by investors. The laws and regulations issued during the term of the contract should not decrease the things that have been agreed by the parties. If the rules are issued and do not comply with the terms of the contract, they must be negotiated with the investor. Therefore, the IPA requested to add a new article in the Omnibus Law which guarantees that the new regulation will protect existing contracts/investment.
- Legal Certainty:
Legislation is implemented in line with the aims and objectives of the relevant legislation and there is harmony in the implementation and policies between various legal products as well as between agencies, both vertically and horizontally. International Agreements such as tax treaty, bilateral investment treaty, which have been signed by the government must be implemented according to the provisions. The IPA suggested to add a new article in the Omnibus Law

Even though the IPA inputs are not included in the final Omnibus Law, the government is now in the process of changing some of the existing regulations to include the inputs. Therefore, the IPA will continue to discuss this matter with government next year

2.8. BRANCH PROFIT TAX ISSUE

Indonesia has signed tax treaties with several countries including the UK and the Netherlands. Under the relevant tax treaty, UK or Netherland tax resident companies operating in Indonesia (and vice versa) are entitled to pay branch profit tax (“BPT”) at a rate of 10%, instead of 20% as stipulated in Indonesian income tax law. Under Indonesian law, the tax treaty which has been ratified by the Government is part of the legal system and is considered as domestic law.

PSC Contractors established in “tax treaty” countries had previously paid BPT at treaty rate (10%) until 2010 with no issue. But since 2011, based on the Government/State audit findings, the DGT issued an assessment against PSC Contractors applying BPT at 10% (treaty rate). The DGT argument is that with a 10% BPT rate, Government entitlement is less than the 85:15 split. According to the DGT, the 85:15 net split is binding although not written in the PSC.

Most of the PSC contractors have conducted their advocacy through various channels such as with the Head of KPP Migas, Ministry of Finance, Ministry of Mineral and Resources, respective Embassies and Ministry of Foreign Affairs with no result so far. The Ministry of Finance is adamant about the 85:15 notion and ignored the tax treaty provision.

PSC Contractors have contested with DGT all the assessments via available Tax litigation processes – Tax Court and Supreme Court. At the tax court, some cases are favourable to PSC Contractors and some are to DGT. At the Supreme Court, there is an interesting fact since late last year – a shifting position of the Supreme Court.

The IPA escalated this issue to the Minister ESDM with a message that legal certainty is important for a stable investment climate – the Government needs to honor the Tax Treaty. A series of detailed discussions were performed with Special Staff of ESDM and SKK Migas and ESDM decided to inform KPK about this issue and for KPK to give recommendations.

Therefore, in November the IPA discussed and presented the argument to KPK for consideration. The IPA is still in discussions with KPK, ESDM and SKK Migas on this matter.

2.9. GOVERNMENT LOWERED THE GAS PRICE FOR CERTAIN INDUSTRIES

The IPA understands the Government’s decision to lower the gas price for specific industries and the electricity sector from the existing prices to USD 6/MMBtu at the buyer’s plant gate

to provide an affordable electricity price, support industry growth and hence improve the competitiveness of Indonesian products.

The IPA also highly appreciates the Government's assurance that the decision to lower gas prices will not affect the revenues of PSC Contractors as mandated by Presidential Decree No. 40 Year 2016.

To ensure that PSC Contractors revenues are not affected, we respectfully suggest that the gas prices reduction is carried out in a way that honours the Production Sharing Contract (PSC) mechanism and does not affect already-approved Gas Sales Agreements and SAAs. The best option according to the IPA is that the Government could consider giving state aid, the gas price delta, to the gas buyers directly. This will not only simplify the process and shorten the time to implement the gas prices reduction but will also ensure that PSC Contractor revenue remains the same. This suggestion was discussed with ESDM and SKK Migas.

Unfortunately the Permen 8/2020 mentioned that the mechanism of the lower gas price will be conducted through the normal gas sales process within the PSC system, therefore to make sure that this program will not reduce the contractor's revenue, the IPA worked very closely with SKK Migas in looking for the best option process to adjust the percentage entitlement of the contractors.

Whilst the process of adjusting the contractor's entitlement has been solved, there is a concern that a \$6/mmbtu gas price creates issues for investors in evaluating new exploration, new field developments, and new PSCs. Thus, the gas buyers believe they will always get gas with a price of \$6/mmbtu from government and they have no understanding on field development economics.

3. IPA ACTIVITIES

3.1 IPA Board Meetings

- From December 2019 to November 2020, the IPA held 12 monthly Board Meetings. The average attendance of Board Members at the monthly meetings throughout the year was approximately 84 %.
- Besides the regular Board Meetings, there were some other significant meetings during the year 2020.

3.2 The IPA Planning and Strategy Meeting – 29 January 2020

- The Meeting was attended by the IPA Board, Company members, Associate members, and Committee representatives.
- The IPA Board outlined the **4 IPA Strategic Key priorities for 2020**, which the programs for the year:
 1. Work with the Government of Indonesia to improve the Investment Climate
 2. Work with The Government of Indonesia to Influence Energy Policies on Gas, Climate Change and The Energy Mix
 3. Increase Engagement to Influence and Change the Perception of The Oil and Gas Industry
 4. Work with SKK Migas to Streamline Processes and Formulate Timely Approvals

3.3 31 January 2020: Meeting with Coordinating Minister for Maritime and Investment

On 30th and 31st January 2020, the IPA was invited to participate in a meeting with the Coordinating Minister for Maritime and Investment. Discussions were held about how to increase the Indonesian oil lifting. The meeting was led by the Minister Luhut Pandjaitan himself.

3.4 18 February 2020: Meeting with Minister of Energy and Mineral Resources

Led by Bij Agarwal, the IPA Board met with Minister of Energy and Mineral Resources. In the meeting the IPA delivered Key messages which includes the 4 key focus areas for 2020 and the IPA activity plans for the year, which also includes the recommendation for a workshop to be held with SKK Migas on defining a roadmap to achieve 1 million barrels of production per day.

The IPA also convey their plan to conduct an IPA Convention and Exhibition on the 2-4 September 2020 (But due to the Covid-19 pandemic, this Convex is changed to a Digital Technical Presentation).

3.5 24 June 2020: The 1st Half Year Activities Meeting

The IPA conducted a 1st Half Year Activities Meeting through ZOOM which was participated by all IPA members; Company as well as Associate members, including the IPA committees.

3.6 4 September 2020: Meeting with the Minister of EMR-RI, DGOG and SKK Migas

- On 4th September 2020, the IPA Board held a Zoom meeting with the Minister of EMR-RI, Directorate General of Oil and Gas, and SKK Migas.
- The IPA opened the meeting and Bij conveyed his appreciation to ESDM for inviting the IPA to join two task forces which are Cost Recovery and Exploration.
- Some important key points that were discussed in the meeting were about CONTRACT SANCTITY, EXPLORATION, the GAS PRICE, and the NEW BIDDING ROUND.
- The results of the meeting were very content and fruitful.

3.7 14-17 September 2020: THE IPA DIGITAL CONFERENCE 2020

- Due to the impact of the global Covid-19 outbreak, it was decided to cancel the 2020 IPA Convex and change it to a Technical Papers Program which was performed online and also the publication of the Infographics on the upstream industry and called the "**IPA Digital Conference 2020**".
- The IPA Digital Conference was successfully conducted by the IPA Technical Program Committee (TPC), consisting of the presentation of 68 selected presentations by industry professionals and students and the publication of over 100 papers on the IPA website. The digital conference was attended online by over 3000 domestic and international registrants.

3.8 October – November: ELECTION OF 2021 BOARD OF DIRECTORS

- The election of the 2021 Board of Directors and Supervisory Board was launched on October 8th, 2020. The voting for the election was closed on November 4th,

2020. Out of 30 Company Members eligible to vote, 25 Company Members (84%) participated.

- 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. Gary Selbie Premier Oil Natuna Sea BV Board of Director
 2. Akinori Matsumoto Japex Co. Ltd. Company Member
 3. Grinchai Hattagam PTTEP Indonesia Company Member
 4. Kusmutarto Basuki KrisEnergy (Satira) Ltd. Company Member
- The results of the elections for the 2021 IPA Supervisory Board and Board of Directors are as follows:

NO	NAME	COMPANY
<i>Supervisory Board</i>		
1	Satya Widya Yudha	Expert Advisor of the Head of SKK Migas
<i>Board of Directors</i>		
1	Nader Zaki	BP ASIA PACIFIC
2	Kevin Lyon	CHEVRON INDONESIA
3	Bijan Agarwal	CONOCOPHILLIPS (GRISSIK) LTD.
4	Diego Portoghese	ENI MUARA BAKAU B.V.
5	Melanie Cook	EXXONMOBIL CEPU LTD.
6	Kevin S. Moore	HUSKY ANUGERAH LTD.
7	Akihiro Watanabe	INPEX MASELA LTD.
8	Ronald Gunawan	MEDCO E&P INDONESIA PT
9	Taufik Aditiyawarman	PERTAMINA HULU ENERGI, PT
10	Mohd Nazlee Rasol	PETRONAS CARIGALI INDONESIA
11	Gary Selbie	PREMIER OIL NATUNA SEA B.V.
12	Greg Holman	REPSOL EXPLORACION SOUTH SAKAKEMANG SL
13	Susmono Soetrisno	SAKA ENERGI INDONESIA, PT

- The Board members also met to elect the President and Officers of the association for the year 2021, and they also will be formally introduced at the IPA Annual General Meeting which will be held on 10th December 2020.

3.9 2-4 December 2020: THE INTERNATIONAL OIL AND GAS CONVENTION 2020

- This online convention was conducted by SKKMigas. This is a big online event that was design to attract more investors in the oil and gas industry.
- The IPA supported this event and was involved in participating as the Steering Committee, the Drafting Team and panellists as well as speakers.
- The Theme of the Convention is: Road to 1 Million BOPD & 12 BSCFD in 2030 Through Aggressive Upstream O&G Transformation.
- This online convention attracted approximately 7000 people from domestic and international registrants

3.10 PERSONNEL CHANGES IN THE IPA BOARD MEMBERS

This year 2020, the IPA Board members has undergone four changes, which are as follows:

- a. July: The representative from SAKA Energi Indonesia, PT.: Nofriadi, sadly passed away on 29th June 2020. His position on the Board was replaced by Susmono Soetrisno.
- b. August: Louise McKenzie, the representative of ExxonMobil Cepu Ltd., moved to a new position in the USA, and was replaced by Melanie Cook.
- c. November: Taufik Adityawarman from Pertamina Hulu Energi is now on the Board replacing Nanang Abdul Manaf, due to his retirement.
- d. December: The representative of ExxonMobil Cepu Ltd. is now Irtiza Sayyed replacing Melanie Cook.

3.11 THE REVISION OF THE IPA CONSTITUTION

- There is a requirement to update the IPA Constitution due to many changes that have been faced in the oil & gas industry lately, including the COVID-19 pandemic, but also to ensure that the IPA Constitution accurately reflects the current organization of the Association.
- Summarized below are the primary reasons for the need to revise the IPA Constitution:
 1. IPA plans to increase Pertamina’s company memberships from one (1) to four (4) and grant Pertamina one (1) permanent seat on the Board
 2. Replacement of the IPA President in case the existing IPA President is unable to continue the assignment due to relocating, etc

3. A representative from the Associate Members shall attend the monthly Board of Directors Meeting
 4. The need for flexibility in conducting face-to-face or virtual general meetings and the ease of voting via electronic means.
- The proposed changes and acceptance of the Amendment has been approved by 80% of the Company Members.

3.12 OTHER ACTIVITIES:

- on 13th January 2020: The Executive Director became one of the Panellist in “**Schlumberger Women & Technology 2020**”.
- on 14th January 2020: The Executive Director met with Bp. Nanang Untung (Expert Staff of EMR Minister) on IPA’s concerns regarding **gas price reduction**.
- on 30th January 2020: Meeting with the Associations: IATMI / IAGI / HAGI / ISPG to discuss the **Indonesian Potential Resources**.
- on 31st January 2020: The Executive Director met with Bp. Nanang Untung (Expert Staff of Minister of EMR) to discuss regarding 2020 IPA Convex.
- on 3rd February 2020: The Executive Director attend a socialization on membership system of data migas that was conducted by PUSDATIN ESDM.
- on 5th – 6th February 2020: The Executive Director attend an FGD on: Asset ex termination and Asset of LNG Badak Refinery, in Bogor. The discussions were:
 - Attended by government bodies and IPA and PSC representatives. All parties agreed that state owned assets from expiring PSC’s are still considered as upstream BMN as long as they are utilized in petroleum operations and therefore no rental fee will be charged.
 - All parties agreed to support the upstream effort to increase production and find new reserves, therefore the MoF is willing to revise PMK 89/2019. The working team to revise the PMK will be established soon and a first revised draft expected on 30 April 2020.
- on 13th February 2020: Meeting on Discussion of the **Perspective of Upstream Oil and Gas Players on the Investment Climate in Indonesia and Proposed Improvements** (Pembahasan Perspektif Pelaku Hulu Migas terhadap Iklim Investasi di Indonesia & Usulan Perbaikannya) held by DitJen Migas
- on 13th February 2020: Meeting on **The Formation of a Drafting Team Proposing Changes to The Regulation of the Minister of Finance No.**

89/PMK.06/2019 (Pembentukan Tim Penyusun Usulan Perubahan atas Peraturan Menteri Keuangan Nomor 89/PMK.06/2019) conducted by SKK Migas, Jakarta

- on 20th February 2020: Meeting with Deputy of Planning SKK Migas, Bp. Jafee Suardin, discussing the **FGD for 1-Million-barrel target**.
- on 28th February 2020: Meeting in ESDM with Pak Hengki & Nanang Untung (Expert Staffs of EMR Minister) discussing about the **Omnibus Law, Regulation Obstacles as per the 2019 IPA Convex Infographic**.
- on 9th March 2020: Meeting with Bp. Nanang Untung & team regarding the **Finalization of Regulations Proposed by IPA**
- on 11th March 2020: Ibu Marjolijn Wajong was one of the Presenters, at the **Discussion on Investment Climate, held by IATMI**
- on 11th & 13th March 2020: Meeting with INDEF
- on 13th March 2020: Meeting with Pak Imanul Hakim, regarding the KPP Migas & 2020 IPA Projects
- on 21st April 2020: Meeting with Pak Imanul Hakim regarding 11 Additional Sectors that will get Tax Stimulus
- on 21st April 2020: SKK Migas and IPA F&T Committee meeting on Gas Price, PPN LNG and Tax Facility for Migas Bid Tender Progress
- on 6th May 2020: meeting with SKK Migas on Implementation of PMK 44
- on 8th May 2020: a meeting was held between representatives of IPA, ESDM, SKK Migas and the Directorate General MIGAS to discuss the issue regarding implementation of new regulation on **lower gas prices and the impact on PSC's**. The industry has stated that the arrangement for lower prices should be direct between the Government and the Buyers and should have no negative impact on PSC's. The result of this meeting was to prepare a letter to ESDM containing the industry comments on the 4 options.
- on 8th May 2020: ESC and Sweden Agency: Discussion on Oil Spill Response
- on 11th May 2020: meeting with SKK Migas in Implementation of PMK 44
- on 18th May 2020: ECC sharing session – Data Management (hosted by Petronas)
- on 28th May 2020: meeting with SKK Migas on PPh for an indirect transfer of PI because of transfer of shares

- on 6th June 2020: ESC participated in a meeting with KLHK (Ministry of Environment and Forestry): Life Cycle Analysis (LCA) Product Category Rules (PCR) in upstream oil and gas industry
- on 8th June 2020: IPA Meeting with SKKMigas on Omnibus Law
- on 16th June 2020: Ibu Marjolijn Wajong participated on webinar: Dinsights Virtual Series Investment and Business Climate – speaker was Bapak Luhut Binsar Pandjaitan – Coordinating Maritime Affairs and Investment Minister
- on 18th June 2020: discussion with Pak Hengki regarding fiscal stimulus proposal
- on 18th June 2020: Meeting with Kemenko Perekonomian regarding input for OMNIBUS LAW
- on 18th June 2020: SCM hold a Virtual Halal Bi Halal – Strengthening the Synergy of SCM Stakeholders for Oil and Gas progress
- on 23rd June 2020: Meeting with Pak Immanuel
- on 24th June 2020: IPA Meeting with SKK Migas on RPMK regarding PI
- on 3rd July 2020: Meeting - Cost Recovery Taskforce - Legal Aspect of Cost Recovery
- on 6th July 2020: IPA & SKK Migas Meeting - RPMK regarding PI
- on 10th July 2020: ESC participated a meeting held by Ministry of Environment and Forestry (KLHK): Identification and Inventory of B3 Waste Contaminated Sites
- on 17th July 2020: IPA & SKK Meeting – Socialization of PMK 67
- on 29th July 2020: RAC Webinar Series: Alternative on dispute resolution in Indonesia
- on 7th August 2020: Ibu Marjolijn Wajong participated in Geothermal Forum Webinar Series: Cost Recovery in Geothermal
- on 14th August 2020: Cost Recovery Taskforce meeting - on IPA Input
- on 28th August 2020: Ibu Marjolijn Wajong participated in a webinar - Oil and Gas Exploration: New Opportunities in Eastern Indonesia
- on 4th September 2020: Forum Multi Stakeholder Group (MSG) Pembahasan Konsultasi Forum Stakeholder dengan Agenda Pelaksanaan dan Pembahasan Pemilihan Anggota MSG Serta Mekanisme Penyusunan Pelaporan EITI 2018
- on 15th September 2020: Meeting with MEMR on Reviewing MR no. 42/2018
- on 17th September 2020: Meeting coordination with ADPM – Bapak Soeryowibowo presented on behalf of IPA

- on 29th September 2020: Discussions with the Cost Recovery Task Force
- on 5th October 2020: Discussion on the Government Program of 1-million-barrel production, with Kanwil DJP
- on 5th November 2020: Ibu Marjolijn Wajong participated in a Forum Group Discussion Exploration & Production, Pre-event of 2020 International Convention of Indonesia Upstream Oil & Gas (held on 5-6 Nov. 2020)
- on 18th November 2020, **FGD on Strategic Synergy & Collaboration and Effective Fiscal Terms Towards the 1 million BOPD and 12 billion SCFD Oil and Gas Production by 2030**, on 18 November 2020, where the IPA Vice President was a Panelist
- on 20th November 2020: Meeting with KPK on “Tax Treaty”
- on 25th November 2020: ECC held a sharing session – Sanction Risk in Oil & Gas Industry with Mr. Bruno Carbone, Head of Economic Sanctions, Trade Control, Market Conduct & Financial Regulation Compliance ENI SA
- on 1st to 2nd December 2020: ECC conducted Fraud Risk Assessment (FRA) Workshop
- on 2nd December 2020: Ibu Marjolijn Wajong was participated on FAMI Group Discussion “The Role of Internal Audit to Support 1 Million BOPD Production”
- on 11th December 2020: ESC will conduct 4th Annual Professional Gathering with topic “Managing Personal HSE due to Covid-19 Outbreak via Technology and Ergonomics Awareness

SECTION 2

FINANCIAL REPORT

2020

by

Marjolijn Wajong

Executive Director

Financial Executive Summary

For Year 2019 and Highlights 2020

For Year 2019

The IPA's Revenues and Expenditures for the year ending December 31, 2019 shows a surplus of Rp 608 million before Corporate Income Tax (CIT) of Rp. 152 million. Total 2019 surplus after CIT is Rp. 456 million.

The 2019 income is from the annual membership dues of Company and Associate Members, activities of the Professional Division and the IPA Convention which exceed expenditures of the association related to the activities of the IPA Committees, General & Administrations Expenses. The surplus mostly comes from the Convention and Exhibition, which is the highest income in the last 5 years.

The opening balance of cash flow for the year 2019 was Rp 9,6 billion. During the year 2019, adjustments made for depreciation and other changes in assets and liabilities resulted in cash and cash equivalent of Rp 400 million. Such adjustments contributed to an increase of cash and cash equivalent ending balance 2019 to Rp 10 billion as indicated in the audited cash flow.

Financial Highlights 2020

There is a decrease in revenue of 2020 compared with 2019, mainly due to not holding a Convention and Exhibition due to the Covid-19 pandemic.

The expenditure of 2020 also decreased dramatically because of the Covid-19 pandemic, except for routine office expenses. At the end, there is an indication of a deficit of Rp. 3,1 billion.

**Indonesian Petroleum Association
2019 Net Surplus/ (Deficit)
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	13.279	12.854	(425)
Expenses	12.671	11.989	(682)
Operating Surplus / (Deficit)	608	865	257
Corporate Income Tax (CIT)	(152)	(216)	(64)
Net Surplus/(Deficit) After CIT	456	649	193

**Indonesian Petroleum Association
2019 Cash Flow
(in million Rp)**

Balance per January 1, 2019	9.638
Operating Surplus/ (Deficit) before Corporate Income Tax	607
Allowance for impairment losses	-
Depreciation	32
Net (Decrease) / Increase in cash and cash equivalent	(252) *)
Balance per December 31 , 2019	10.025

Notes : *) - Account Receivables and Prepayments	274
- Employee service entitlement expenses	379
- Employee loans receivables	(47)
- Account Payables and accrued liabilities	(489)
- Tax payables	(312)
- Corporate income tax paid	(140)
- Deposits	159
- Purchase of fixed assets	(76)
	(252)

**Indonesian Petroleum Association
2019 Revenues
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Company and Associate Company Dues	6.183	6.341	(158)
Professional Division Revenues	952	1.113	(161)
Bank Interest, Other	518	400	118
Convention Surplus	5.626	5.000	626
	13.279	12.854	425

**Indonesian Petroleum Association
2019 Expenses
(in million Rp)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Division Committee	221	766	(545)
Communication Committee	-	-	-
Environmental & Safety Committee	128	43	85
Finance & Tax Committee	36	50	(14)
Human Resource	1	5	(4)
Scholarship	-	-	-
University Assistance Committee	-	-	-
Supply Chain Management Committee	14	5	9
LNG and Gas Sales Committee	0	5	(5)
Regulatory Affair Committee	6	6	(0)
Exploration Committee	0	5	(5)
Unconventional Committee	-	5	(5)
Associate Members Committee	-	5	(5)
Data Management Committee	-	-	-
Ethics and Compliance Committee	34	40	(6)
Special Projects	-	-	-
Social Investment and Partnership	-	-	-
General and Administrative	6.498	4.744	1.754
Salaries and Benefits	5.733	6.310	(577)
	12.671	11.989	682

Indonesian Petroleum Association
2019 General & Administrative Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Office Rent	1.762	1.682	80
Electricity	28	27	1
Telephone and Facsimile	14	12	2
Photocopy Machine	98	90	8
Stationaries and Other Supplies	107	61	46
Printings and Reproductions	83	115	(32)
Postages and Mailings	11	14	(3)
Transportations	88	81	7
Meetings	464	808	(344)
Information Technology	333	345	(12)
Bank Charges	-	-	-
(Gain) or Loss on Exchange Rate	53	(30)	83
Audit and Tax Service Fees	1.571	1.086	485
Insurance Expense	6	6	-
IPA Exhibition Booth	350	320	30
Tax	1.365	-	1.365
Depreciation	32	39	(7)
Other Expenses	132	88	44
Sub -T o t a l G & A	6.498	4.744	1.754
Salaries & Benefit	5.733	6.310	(577)
Total G & A and Salary Expenses	12.231	11.054	1.177

Indonesian Petroleum Association
CASH FLOW
December 31, 2019 and YTD November 30 , 2020
(in million Rp)

	Dec. 31, 2019 Actual (million)	YTD Nov. 30, 2020 Actual (million)
Cash Flow From Operating Activities		
Excess revenue over expenditure before Corporate Income Tax	607	(1.116)
Allowance for impairment losses	-	-
Depreciation expenses	32	33
Employee entitlement expenses	379	-
Changes in assets and liabilities		
Account Receivables	274	635
Employee loan receivables	(47)	73
Prepayments	-	-
Deposits	159	-
Account Payables and accrued liabilities	(489)	(495)
Tax payables	(312)	(25)
Corporate Income Tax paid	(140)	(101)
Estimate Tax Refund	-	-
NET CASH PROVIDED BY (used In) OPERATING ACTIVITIES	463	(996)
Cash Flow From Investing Activities		
Purchase of fixed assets	(76)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	(76)	-
TOTAL OF NET CASH PROVIDE (USED) IN THIS PERIOD	387	(996)
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	9.638	10.025
TOTAL OF CASH AND CASH EQUIVALENT AT END OF PERIOD	10.025	9.030

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES
November 30, 2020
(in million Rp)

	YTD NOV 30, 2020 ACTUAL (1)	AVG. YTD 2020 BUDGET (2)	Variance (3 = 1 - 2)
<u>REVENUES</u>			
Company and Associate Company Dues	5.663	5.716	(54)
Professional Division Revenues	431	672	(241)
Convention	-	5.042	(5.042)
Other Revenues	381	413	(32)
TOTAL REVENUE	6.475	11.842	(5.368)
<u>EXPENDITURES</u>			
Professional Division Committee	13	345	(332)
Communication Committee	-	-	-
Environmental Committee	-	37	(37)
Finance & Tax Committee	5	69	(64)
Human Resources Committee	-	5	(5)
- Scholarship			-
- University Assistance			-
Supply Chain Mngmt Improvement	-	14	(14)
LNG & Gas Committee	1	5	(4)
Regulatory Affair Committee	0	6	(6)
Associate Members Committee	-	5	(5)
Data Management Committee	-	-	-
Unconventional Gas Committee	-	5	(5)
Exploration Committee	-	5	(5)
Social Investment & Partnership Committee	-	-	-
Ethics and Compliance Committee	-	37	(37)
Special Project	-	-	-
General and Administration	2.728	4.722	(1.994)
Salaries and Benefits	5.038	5.482	(444)
TOTAL EXPENDITURES	7.785	10.732	(2.948)
Net Surplus / (Deficit) Before Tax	(1.310)	1.110	(2.420)

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES
L.E. December 31, 2020
(in million Rp)

	NOV 30, 2020 YTD ACTUAL (1)	DEC 31, 2020 L.E. (2)	FY 2020 BUDGET (3)	VARIANCE (4 = 2 - 3)
<u>REVENUES</u>				
Company and Associate Company Dues	5.663	5.663	6.236	(574)
Professional Division Revenues	431	431	733	(302)
Convention Surplus / (Deficit)	-	-	5.500	(5.500)
Other Revenues	381	390	450	(60)
TOTAL REVENUE	6.475	6.484	12.919	(6.436)
<u>EXPENDITURES</u>				
Professional Division Committee	13	13	376	(363)
Communication Committee	-	-	-	-
Environmental Committee	-	-	40	(40)
Finance & Tax Committee	5	5	75	(70)
Human Resources Committee	-	-	5	(5)
- Scholarship	-	-	-	-
- University Assistance	-	-	-	-
Supply Chain Mngmt Improvement	-	-	15	(15)
LNG & Gas Committee	1	1	5	(4)
Regulatory Affair Committee	0	0	6	(6)
Associate Members Committee	-	-	5	(5)
Data Management Committee	-	-	-	-
Unconventional Gas Committee	-	-	5	(5)
Exploration Committee	-	-	5	(5)
Social Investment & Partnership Committee	-	-	-	-
Ethics and Compliance Committee	-	-	40	(40)
Special Project	-	55	-	55
General and Administration	2.728	3.703	5.151	(1.448)
Salaries and Benefits	5.038	5.837	5.980	(143)
TOTAL EXPENDITURES	7.785	9.614	11.708	(2.094)
NET SURPLUS / (DEFICIT) BEFORE TAX	(1.310)	(3.130)	1.211	(4.341)

Indonesian Petroleum Association
BALANCE SHEETS
DECEMBER 31, 2018 AND 2019
(in million Rp)

	<u>Dec. 31, 2019</u>	<u>Audited Dec. 31, 2018</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalent	10.025	9.638
Account Receivable and Prepayments	2.458	783
Employee Loans Receivable	83	35
Total Current Assets	12.566	10.456
Non Current Assets		
Fixed Assets, net	88	43
Deposits	414	573
Estimated Tax Refund	2.297	2.182
Deferred Tax Assets	209	209
Total Non Current Assets	3.007	3.007
TOTAL ASSETS	15.573	13.463
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
LIABILITIES		
Current Liabilities :		
Account Payable and Accrued Liabilities	(2.863)	(1.193)
Tax Payables	(1.952)	(167)
Total Current Liabilities	(4.815)	(1.360)
Non Current Liabilities		
Provision for Employee Service Entitlements	(924)	(545)
Deferred tax liability	-	-
Total Non Current Liabilities	(924)	(545)
TOTAL LIABILITIES	(5.738)	(1.905)
ACCUMULATED SURPLUS	21.311	15.368
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	15.573	13.463

Indonesian Petroleum Association
BALANCE SHEETS
NOVEMBER 30, 2020 AND DECEMBER 31, 2019
(in million Rp)

	<u>Nov. 30, 2020</u>	<u>Dec. 31, 2019</u>
<u>ASSETS</u>		
Current Assets :		
Cash and Cash Equivalent	9.030	10.025
Account Receivable and Prepayments	1.921	2.458
Employee Loan Receivables	12	83
Total Current Assets	10.963	12.566
Non Current Assets		
Fixed Assets, net	55	88
Deposits	414	414
Estimated Tax Refund	2.297	2.297
Deferred Tax Assets	209	209
Total Non Current Assets	2.975	3.007
TOTAL ASSETS	13.937	15.573
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
LIABILITIES		
Current Liabilities		
Account Payables and Accrued Liabilities	(2.057)	(2.863)
Tax Payable	(1.402)	(1.952)
Total Current Liabilities	(3.459)	(4.815)
Non Current Liabilities		
Provision for Employee Service Entitlements	(924)	(924)
Deferred Tax Liability	-	-
Total Non Current Liabilities	(924)	(924)
TOTAL LIABILITIES	(4.382)	(5.738)
ACCUMULATED SURPLUS	18.319	21.311
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	13.937	15.573

Indonesian Petroleum Association
STATEMENT OF REVENUES AND EXPENDITURES
DECEMBER 31, 2018 AND 2019
(in million Rp)

	<u>Dec, 31 2019</u>	<u>Audited Dec, 31 2018</u>
REVENUE:		
Company members	5.285	5.937
Associate members	898	1.063
Professional division members	130	119
Course revenue	415	366
Convention Fees Revenue	5.626	5.171
Core Workshop	45	430
Luncheon meeting revenue	56	22
Sales of publications - professional division	307	327
Bank interest	493	383
Other income	25	86
Total revenues	<u>13.278</u>	<u>13.904</u>
EXPENDITURES:		
Technical course expenses	120	433
Salaries and benefits expenses	5.733	5.237
Office rent expenses	1.762	2.441
Professional fees expenses	1.571	1.440
Special project expenditure	-	-
Field trip expenses	68	-
Meeting expenses	648	701
Printing and stationery expenses	287	316
IPA Exhibition Booth	350	331
Employee service entitlements expenses	379	(145)
Luncheon meeting expenses	33	14
Office and IT maintenance expenses	379	377
Depreciation expenses	32	42
Medical expenses	105	101
Foreign exchange loss/(gain) - net	53	(141)
Other expenses	1.151	1.424
Total expenditures	<u>12.670</u>	<u>12.571</u>
Excess of revenues over expenditures - before tax	608	1.333
Final Tax		77
Corporate income tax expense - current	152	184
Deferred tax benefit		39
(Deficit)/Excess of revenues over expenditures	<u>456</u>	<u>1.033</u>

SECTION 3

ASSOCIATE MEMBERS COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Devan Raj

(Schlumberger)



ASSOCIATE MEMBERS COMMITTEE

I. COMMITTEE MEMBERS

Chairman	Devan Raj	Schlumberger
Vice Chair	Pungky Hendrawan	Tenaris
Members	Andrew Briston	Weatherford
	Iwan Chandra	BHGE
	Tanu Wijaya	Imeco
	Johnny Tjea	PT BMT Asia Pacific
	Agus Wiryawan	Fugro
	Joshua Sears	Halliburton

II. 2020 ACTIVITIES REPORT

2020, in contrary to the past 3 years, has been a year of tumultuous change and challenges for the Associate Members (AM) as well. The triple events of COVID19 pandemic, Oil and Gas commodity demand reduction with subsequent activity destruction and asset transitions and Operator restructuring have reversed the previous seen moderate recovery in upstream oil and gas activity. A key divergent initiative **to arrest the production declines in the country** has partially offset these difficult simultaneous events. Our joint concern has been the significant reduction of capability within the market from a resource perspective.

In this challenging environment, the associate members committee believe that better collaborative and transparent efforts are required between the Regulator, Operators and OFS companies. With all Associate Members Balance sheets being challenged, the following are key focus areas from all members

1. Improved business environment for the supporting O&G industry.

In this environment, Cash becomes a major concern for Associate members, as for Operators, but perhaps more acutely. Excessive delays in payments post activity/job/product completion, largely caused by increased bureaucracy of pre-invoicing requirements, delay in proforma invoice approval, and simultaneous requests for extended payment terms have caused enormous pressure to all Associate Members(AM) on both their Cash position and Balance-sheet. This

cannot be absorbed by the AMs alone and have been cascaded to the entire supply chain, impacting thousands of supporting industries around the upstream energy sector. This directly challenges the effectiveness of the upstream sector, which is tasked to not only improve in-country production and recovery while reducing the overall Cost/Bbl.

2. Risk transference through Contractual Terms & Conditions.

While activity is paramount to the survival of the OFS industry, obtaining this activity with the appropriately risked contractual terms is crucial to long term sustainability of our Associate Members. All members have seen a significant deterioration of contractual terms and conditions, in multiple occasions, resulting in AMs not being able to participate in the tenders that are published. The AMC is very supportive of an Indonesia wide Contractual template that is balanced and non-punitive, which allows all reputable OFS companies a level playing field to participate, that will significantly reduce costs for all parties involved by improving the competitive environment.

Associate Members Committee (AMC) continues to advocate to the IPA and upstream oil and gas business in Indonesia on the following focus areas: Ethics & Compliance, Regulatory Affairs, Finance & Tax, and Supply Chain Management.

The following is a short summary of key initiatives that have been conducted in Year 2020.

DATE	DESCRIPTION
28 Jan	<p>The IPA Board, Executive Director and AM Board Liaison invited the Associate members (AM) for a general meeting which was graciously hosted by Premier Oil at their Office.</p> <p>The IPA Executive Director posed a general question of what more the IPA can do for the Associate Members group and how can the Associate members be more actively involved in the IPA activities.</p> <p>Many ideas were discussed; however, a key action item was to re-institute the leadership of the AMC which would be elected in the next AM general meeting.</p>

	<p>It was agreed to have the meeting on the 26th of February and agreed to be hosted by Schlumberger at their offices.</p>																											
26 Feb	<p>AM meeting was held on the 26th of February, hosted by Schlumberger at their offices in Wisma Mulia. The AMs attending this meeting voted on Committee Chair & Vice Chair as well as committee members. The following are the final.</p> <table> <tr> <td>BOD Liaison</td> <td>Gary Selbie</td> <td>Premier Oil</td> </tr> <tr> <td>Chairman:</td> <td>Devan Raj</td> <td>Schlumberger</td> </tr> <tr> <td>Vice Chair:</td> <td>Pungky Hendrawan</td> <td>Tenaris</td> </tr> <tr> <td>Members:</td> <td>Andrew Briston</td> <td>Weatherford</td> </tr> <tr> <td></td> <td>Iwan Chandra</td> <td>BHGE</td> </tr> <tr> <td></td> <td>Tanu Wijaya</td> <td>Imeco</td> </tr> <tr> <td></td> <td>Johnny Tjea</td> <td>PT BMT Asia Pacific</td> </tr> <tr> <td></td> <td>Agus Wiryawan</td> <td>Fugro</td> </tr> <tr> <td></td> <td>Joshua Sears</td> <td>Halliburton</td> </tr> </table>	BOD Liaison	Gary Selbie	Premier Oil	Chairman:	Devan Raj	Schlumberger	Vice Chair:	Pungky Hendrawan	Tenaris	Members:	Andrew Briston	Weatherford		Iwan Chandra	BHGE		Tanu Wijaya	Imeco		Johnny Tjea	PT BMT Asia Pacific		Agus Wiryawan	Fugro		Joshua Sears	Halliburton
BOD Liaison	Gary Selbie	Premier Oil																										
Chairman:	Devan Raj	Schlumberger																										
Vice Chair:	Pungky Hendrawan	Tenaris																										
Members:	Andrew Briston	Weatherford																										
	Iwan Chandra	BHGE																										
	Tanu Wijaya	Imeco																										
	Johnny Tjea	PT BMT Asia Pacific																										
	Agus Wiryawan	Fugro																										
	Joshua Sears	Halliburton																										
07 Apr	<p>Virtual Meeting Hosted by IPA with respect to Issues faced by AMs with COVID19 and disruption to activity.</p> <p>The following is a summary of requests that were put forward by the AMC.</p> <ol style="list-style-type: none"> 1. Reducing the Proforma Billing process with Pertamina & Other Operators - Holiday period 2. Payment / cash collection improvement (possibly cash in advance for a defined period) 3. Payment of all costs for field staff on Quarantine preparing to go to a job 4. Government Subsidies to assist service companies during this period with (with ESDM and not SKK) <ol style="list-style-type: none"> a. Import duties tax holiday / relief b. Relief on payroll taxes for employees working with service companies c. Corporate tax reduction during this period to ease the operations of 																											

	<ol style="list-style-type: none"> 5. No requests for pricing reductions and TOP increases based on historical data to support. 6. Performance bond - reduce / pro rata through contract: Reflected on company balance sheet for duration of contract. Affects credit rating 7. Remove requirement for Bid bond 8. Legal deliberation related to unilateral order cancellation by operating companies with the reason of force majeure condition due to Covid-19. 9. Strictly government regulation is needed to prohibit Mudik (back home during Lebaran leave), that potentially quarantine employees as “mudikers” for 14 days at home town and 14 day back in the city which will lead to uncertainty of operation commencement in the production line after Lebaran. Furthermore, those who got Covid-19 infection at their hometown will be more complicated and costly to handle by company.
May - Jun	<p>AMC members shared COVID19 Standards, Procedures (Preventive & Mitigative measures), resources (Body of Organizational Knowledge, Infographics and Posters,etc) that were created at their Global HQs in an effort of collaboration and transparency to help align actions to contain the spread of COVID19 and to ensure Business Continuity.</p>
5 th Nov	<p>Participation of the AMC in the Focus Group Discussion of SKK MIGAS with the theme of “new Paradigm for More Oil and Gas Production” in support of the Strategic Plan of SKK Migas for production of 1 M BOPD and 12 BCFD by the year 2030.</p> <p>The FGD in question and panel discussion theme was “Cost Optimization to Support 1 MBOPD Production: Lean, Synergy and Strategic.</p> <p>The AMC and the IPA were represented by our Committee Member, Iwan Chandra, BHGE Director. The key points of the presentation were agreed by the AMC</p> <p>Pak Iwan covered the following topics in his panel discussion.</p>

	<ol style="list-style-type: none"> 1. Digital Technologies combined with OFS core strengths to deliver remote operations, asset health and aid in the energy transition to further facilitate cost optimization through. <ol style="list-style-type: none"> a. Drilling Optimization with downhole risk avoidance, maximize reservoir penetration and enhance drilling efficiencies b. New contracting models: Multi customer contracts in the same region, multi technology (wider portfolio or bundled) contracts, Outcome based contracts and Performance Recognition and Reward c. Better access for New Technology adoption. d. More alliances and partnerships with Local/regional players
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III. 2021 Work Program

Our proposed program for 2021 will be to have joint advocacy with both Operators and Associate Members. This is aimed to improve the business environment after multiple years of continuous deterioration caused by significantly lower business activities due to low oil price environment and Covid-19 pandemic environment. Or focus is defined along the broad topics below to create an implementation strategy to support the ESDM / SKK Migas initiative to increase oil and gas production to 1.0 MBOPD & 12 BCFD by 2030. Please note that the proposed program below is yet to be finalised by the AM Committee and general members.

COMMITTEES	WORK PROGRAM
Leadership of the AMC	Re-election of the Associate Members Chairman / Vice Chairman / Committee Members for the 2021 session
Regulatory Affairs	TBC: Mineral Resources law Number 3 of 2020 for energy sector that may affect the existence of authorities in the oil and gas sector.
Finance & Tax	Indirect Taxes exemption for exploration project can be extended to Associate Members independently from Master List availability

	<ul style="list-style-type: none"> - Proposing to GOI to exclude or exempt KKKS as a Tax Collector (WAPU), - inconsistency of policy between SKK Migas Tax office and Large/Head Tax Office in relation to Masterlist application.
Environment & Safety	<ul style="list-style-type: none"> - Improve the efficiency and minimize overlaps in Oil and Gas HSE personnel certification and/or competency requirement - Unfair treatment of Covid-19 for field personnel working at operator's location.
Supply Chain Management	<ul style="list-style-type: none"> - Improvement of contractual terms & conditions and models with KKKS supported by SKK MIGAS - Simplification of Pre-Invoicing and Invoicing to strive to achieve Approvals < 7 working days for Associate Members invoices measured from job end/delivery date across all KKKS in Indonesia - Material consignment scheme to improve operational cost efficiency
Unconventional and EOR	<ul style="list-style-type: none"> - Support to IPA for systematic approach, cost, and time to market of EOR projects
Human Resources	<ul style="list-style-type: none"> - Job Creation Law Number 11 of 2020 will affect the rights and obligations of employees and companies. How do we navigate this going forward?

SECTION 4

CONVENTION COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Agus Suprijanto

(Pertamina)



CONVENTION COMMITTEE

I. 2020 ACTIVITIES

In 2020, the IPA Convention and Exhibition is decided to be postponed due to the Covid-19 pandemic. There are two activities which remain to be done in 2020, namely: the IPA Digital Technical Conference which was successfully held on September 14-17, 2020, and the IPA Infographics.

Details of IPA Digital Technical Conference are shown below:

1. Number of Participants

Participant	Total
Student	589
Professional	2.194
Other	257
TOTAL	3.040

Participant registration was opened from 31 August – 17 September 2020.

2. Opening Ceremony

IPA Digital Technical Conference was opened on 14 September 2020 at 13:00 pm by Ronald Gunawan as the IPA Vice President and Dwi Soetjipto as the SKK Migas Chairman.



3. Sessions

During the event which held in four (4) days, there were six (6) sessions per day with total 70 presenters were present in 24 sessions & 2 special sessions located in 3 different zoom webinars.

3.1. SESSION 1 - SEISMIC ANALYSIS

Session Leader : Arya Disiyona

Session Chairs : Asep Saripudin - Medco E&P Indonesia
Ivan Yulianto - ENI Indonesia

Presenters

- **Restio Adhyaksa Brata - Schlumberger**

Title: 3D Natural Fracture Prediction Using Integrated Method of Structural Restoration and Geomechanical Forward Modelling: Case Study in South Sumatra Basin, Indonesia

- **Dian Ayu Lestari Alifa Putri - Universitas Sriwijaya**

Title: Morphotectonic Analysis of Tanjung Bungo Area Based on Geological Structure Control, Central Sumatera Basin

- **David P. Gold - CGG Robertson**

Title: New Tectonic Reconstructions of New Guinea Derived from Biostratigraphy and Geochronology

3.2. SESSION 2 - OPERATION OPTIMIZATION 1

Session Leader : Siti Sitawati

Session Chairs : Zaenal Fanani - Medco Energy
Wayan Mega Budiarta - Consultant and Projects Management Specialist

Presenters

- Henricus Herwin - Pertamina Hulu Mahakam

Title: Seven Pillars in Cost Effectiveness for Sustaining the Life of Mature Fields: An Example from Mahakam Block

- Era Islami - Medco E&P Indonesia

Title: Implementation of Advanced Offshore Structure Integrity Management based on API RP2SIM in Medco E&P

3.3. SESSION 3 - WELL COMPLETION 1

Session Leader : Afriandy Eka Prasetya

Session Chairs : Agung Cahyono - Corelab
Sunu Broto Wusono - Medco E&P Indonesia

Presenters

- Miazzy Isdianto. M - Pertamina Hulu Mahakam
Title: Multi Zone Single Trip Gravel Pack System Deployed on Hydraulic Workover Unit: Holistic Approach to Optimize Drilling and Completion Cost in the Mahakam Delta
- Arizka Mesayu Andari - Pertamina Hulu Mahakam
Title: Increasing Oil Production by Gas Lift Injection Point Detection Based on Well Test Data: Field Experience in the Handil Field
- Steven Chandra - Institut Teknologi Bandung
Title: Achieving Operational Excellence for Gas Lift Modeling in High Angle Wells with Multidisciplinary Approach

3.4. SESSION 4 - PETROPHYSICS

Session Leader : Joan L. Tobing

Session Chairs : Arif Wibowo - Independent

Raihan Mahfoedz - BP Indonesia

Presenters

- Ana Okta Marnila - Universitas Jambi
Title: Overpressure Identification Using the Eaton Method on The Gumai Formation of Geragai Graben, Jambi Sub Basin
- Fadhillatul Husna Kurniawan - Universitas Jambi
Title: Sequence Stratigraphy Analysis Based on Wireline Log, Mudlog, and 2D Seismic of GHC Field, Baong Formation, Aru Sub Basin, North Sumatra Basin
- Antonius Tri Santoso - Pertamina Hulu Mahakam
Title: Shallow Gas Identification using LWD Monopole Sonic: A-non-Radioactive for Safe and Effective Logs Acquisition in Tunu Field, Mahakam Delta
- Julianta Panjaitan - Medco E&P Indonesia
Title: Novel Approach on Thin Bed Reservoir Case Study from Muda Formation, Natuna Basin

3.5. SESSION 5 - SURFACE FACILITY INTEGRITY & ASSURANCE

Session Leader : Peter Adam

Session Chair : Tri Firmanto - EMP Bentu Korinci Ltd.
Rahadian Haryo Bayu Sejati - Chevron Pacific
Indonesia

Presenters

- Runi Kusumaning Rusdi - Pertamina Hulu Mahakam
Title: Comprehensive Surface Facilities Debottlenecking Strategy to Maximize Delivery Potential in South Mahakam – Pertamina Hulu Mahakam
- Salman Saad - Petronas
Title: Concept Selection Methodology for Contaminated Gas Fields in Offshore Malaysia
- Deni Ismail - Medco E&P Indonesia
Title: Integrated Process Safety Tools for Managing Risk of Abnormal Operations Condition in Medco E&P

3.6. **SESSION 6 - PETROLEUM SYSTEM AND EXPLORATION TECHNOLOGY**

Session Leader : Leonardus Tjahjadi

Session Chairs : Arse Kusumastuti - Gaffney & Clines
Reki Indrawan – ConocoPhillips

Presenters

- Faris Ridwan Maulana - Universitas Diponegoro
Title: Remote Sensing Application and Geochemical Studies for Hydrocarbon-Induced Alterations Discoveries in Western Kendeng Zone
- Andy Livsey - Horizon Geoconsulting
Title: Petroleum Systems analysis of the Tungkal PSC Area, South Sumatra – A means of adding new life to a mature area
- Ahmad Anshariy - Pertamina Hulu Mahakam
Title: The Importance of Identifying the Evidence of Hydrodynamic Trapping for New Well Placement in Mature Offshore Stupa Field
- Barry Majeed Hartono - Institut Teknologi Bandung
Title: Biomarker Characteristic of Kelesa Oil Shale As Evidence Of The Source Of Organic Matter, Depositional Environment, And Maturity Interpretation

SESSION 7 - ENHANCED OIL RECOVERY

Session Leader : Medianestrian

Session Chairs : H. van der Weerd - Independent
Simon Whitaker - Risc Consultant

Presenters

- Richard Arnold - Medco E&P Indonesia
Title: Waterflood in a Tight, Heterogeneous, Water-Sensitive, and Massively Fractured Reservoir
- Joko Mulyono - Pertamina Hulu Energi Ogan Komering
Title: The Success Story of Secondary Recovery Using Peripheral Method Waterflooding In Carbonate Reservoir North East Air Serdang (NEASD) and Guruh (GRH) Field Pertamina Hulu Energi Ogan Komering
- Wisnu Nugroho - Ganesha Patra Sejahtera
Title: Full Field EOR Implementation of A Low Cost Surfactant Continuous Injection at Araham-Banjarsari, South Sumatra

3.7. **SESSION 8 - WELL COMPLETION 2**

Session Leader : Antonius Aji

Session Chairs : Henricus Herwin - Pertamina Hulu Mahakam
Elan Rizaldi Manoppo – ConocoPhillips

Presenters

- Agam Arief - Energi Mega Persada (EMP)
Title: Marginal Field with Low Resistivity Pay Zone in Central Sumatra Basin: What We Can Learn
- Athur Rizqi Januar Simatupang - Premier Oil Indonesia
Title: HPHT Zonal Isolation and Triple Tubular Perforation: A Success Story of Re-Accessing Old Reservoir Without Recompletion with Rig
- Masrisetyo Adi - Medco E&P Indonesia
Title: Successful Well Integrity Assurance with ESP packer utilization – A Case in South Sumatra On-Shore

3.8. Session 9 - Geophysical Method

Session Leader : Leonadus Tjahjadi

Session Chairs : Leonard Lisapaly - Independent
Ludy Andria – ConocoPhillips

Presenters

- Nurul Azizah Haris - Universitas Hasanuddin
Title: Biogenic Gas Reservoir Distribution Analysis Using AI Inversion Method and Seismic Attributes in the Nias Basin, North Sumatra
- Putri Riadini - Premier Oil Indonesia
Title: Structural Evolution Using Seismic Low Frequency Magnitude Approach: a Case Study on Defining Strike-Slip Development in West Natuna Basin, Indonesia
- Alfian Hidayah Kusuma - Institut Teknologi Bandung
Title: Analysis of the Hydrocarbon Sandstone Distribution Using Rock Physics and Petrophysic Calculations, Simultaneous Inversion, Extended Elastic Impedance (EEI) and Curved Pseudo-Elastic Impedance (CPEI) in X Field Bonaparte Basin

3.9. Session 10 – Reservoir Management

Session Leader : Meita Silaban

Session Chairs : Eky Saputra - Medco E&P Natuna
Ferry Anantokusumo - BP Indonesia

Presenters

- Argavi Koto - UPN “Veteran” Yogyakarta
Title: A Laboratory Experimental and Reservoir Simulation Estimation on Minimum Miscible Pressure (MMP) for CO₂ Injection in HIL Oil Field
- Raden Muhamad Prayuda Azhar - Pertamina Hulu Mahakam
Title: Integrated Reservoir Management Strategy in Sisi Nubi Mature Gas Field to Unlock Reserves and Production Optimization
- Argavi Koto - UPN “Veteran” Yogyakarta
Title: Determination of Optimum Parameters for Anaerobic Thermophilic Bacterium Injection using Commercial Simulator: Core Flooding Validation and Sensitivity

3.10. **Session 11** – Operation Optimization 2

Session Leader : John Marcou

Session Chair : Fikri Irawan - Weatherford

Sayid Faisal Abdila - SKK Migas

Presenters

- Abhista Danis Wara - Institut Teknologi Sepuluh Nopember
Title: Maximizing Business Performance By Optimizing Supply Chain of LNG-C Case Study: Distribution of 9 Gas Power Plants With a Capacity of 780 MW in Eastern Indonesia
- R. Hidayat - Pertamina Hulu Mahakam
Title: Integrated Optimization of SIMOPS (Drilling, Well Intervention, and Production) on Jackup Rig: a Case Study of Under Cantilever Operations at X-1 Platform in Mahakam Asset
- Alysia Chaterine - Institut Teknologi Bandung
Title: Integrated Subsurface to Surface Modeling to Assess Reservoir Uncertainty Quantification to a Carbonate Reservoir

3.11. **Session 12** - Exploration Method

Session Leader : Agung B. Cahyono

Session Chair : Robert C Shoup - Subsurface Consultants & Associates

Ferry Yustiana – Independent

Presenters

- Nada Salsabila Irsani - Universitas Gadjah Mada
Title: Depositional Environment and Petroleum System Analysis Based on Outcrop Analogue in Sukolilo Outcrop, Tuban Regency, East Java Province
- Gusti Prabawa - Universitas Trisakti
Title: Rejuvenating the Concept of Salodik Group of Banggai Basin through Surface Geological Mapping and Multi-Method Analyses
- Cecilia Jatu - Universitas Gadjah Mada
Title: The Grobogan Mud Volcano Complex: an Identification to Reveal the Opportunity of Hydrocarbon Exploration
- Muhamad Aditya - Universitas Trisakti

Title: Geochemistry Evaluation And Oil To Source Rock Correlation Of Lhokseumawe Area, North Sumatra Basin

3.12. **Session 13** – Sedimentology and Stratigraphy

Session Leader : Tim J. Keller

Session Chair : Fauzan Arif - Premier Oil
David Gold – CGG

Presenters

- Bukit Andika - Universitas Mulawarman
Title: Characteristics of Facies Associations, Ichnofacies and Microfossils for Depositional Environment Interpretation of The Clastic Pulau Balang Formation, Samarinda
- Dwi Kurniawan Said - Pertamina Hulu Mahakam
Title: Better Understanding on Diagenetic Processes in the Low Productivity Reservoirs: An Opener Approach for Further Tambora G Zone Development Strategy
- Dewi Sintia Reka - Universitas Gadjah Mada
Title: Rembang Zone Petroleum Play, Stratigraphic and Petrographic Analysis of Ngrayong Formation as Reservoir, Jamprong Area, Tuban, East Java

3.13. **Session 14** - Well Completion 3

Session Leader : Medianestrian

Session Chair : Don Duttlinger - PT. Cime
Agung Pratama – Petronas

Presenters

- Ramadhani Rachman - Pertamina Hulu Mahakam
Title: Annulus Cementing With Coil Tubing Packer Methods With Case Study On Sisi Nubi Field
- Jodi A. Anggoro - Pertamina Hulu Mahakam
Title: Unlocking Oil Resources without Artificial Lift Using Testing Barge in Tambora Gas Field
- Dian Saputra - ExxonMobil Cepu Limited

Title: Banyu Urip Upper Perforation Shut-off: A Success Story of Hydroformed Expandable Casing Patch Installation to Reduce GOR and Maximize Oil Production

3.14. **Session 15 - HSE**

Session Leader : Reza Sunarya

Session Chair : Harnanto Djamal - Pertamina Drilling Services Indonesia
: Prijo Hoetomo - National Center for Sustainability Reporting
- Energy Sector

Presenters

- Puguh Sarwanto - Pertamina Hulu Mahakam
Title: PIRAMIDA TINGGI, A State of the Art to Fulfill Obligation of Forestry Permit on Watershed Rehabilitation at PT Pertamina Hulu Mahakam
- Fitriyah Hadi - Chevron Pacific Indonesia, PT
Title: Significance Impact of State and Local Government Engagements in Overcoming Spill Cases due to Illegal Tapping
- Lely Fitriyani - Prasadha Pamunah Limbah Industri, PT
Title: Biosurfactant Addition into Solvent Extraction Process of Oily Contaminated Solid Waste

3.15. **Session 16 - Seismic Acquisition and Reservoir Prediction**

Session Leader : Rita Achdiat

Session Chair : Sugiharto Danudjaja - ConocoPhillips
Paulus T. Allo – Independent

Presenters

- Andreas Waluyo – Schlumberger
Title: Solving Shear-Wave Splitting in PS Data Processing of 3D 4C OBN Seismic Survey Offshore Nunukan, Indonesia
- Jihan Hardiyanti Arief - Universitas Brawijaya
Title Comparison of Interval Velocity and Inversion Velocity Usage to Build 3D Pore Pressure Models – Case Study: Ja Field, East Java Basin

3.16. **Session 17 – Mature field Revival 1**

Session Leader : Jufrihadi

Session Chair : Peter Adam - Gaffney & Cline

Meita Silaban - Chevron Pacific Indonesia, PT

Presenters

- Dwiki Drajat Gumilar - Pertamina Hulu Mahakam
Title: A Success Story of Unlocking Depleted Channel Reserves in Tunu Gas Field, Mahakam Delta, Indonesia
- Steven Chandra - Institut Teknologi Bandung
Title: An Integrated Approach to Map Tubular Degradation in Brownfield X in Indonesia

3.17. **Session 18 – Mature field Revival 2**

Session Leader : Afriandi Eka Prasetya

Session Chair : Imaduddin Bimo Kartoatmodjo - Medco E&P Indonesia

Rini Saputra - Semeru Energy

Presenters

- Trimaharika Widarena - Pertamina Hulu Mahakam
Title: 5 Years Application of Acoustic Sand Detection Tool in Sandy Wells Environment
- Adnan Syarafi Ashfahani - Pertamina Hulu Mahakam
Title: Idle Wells Revival Guidance to Optimize Remaining Gas in Shallow zone of Tunu field, Mahakam: Taking Advantage from Reservoir Re-Equilibrium

3.18. **Special Session 1 – Geosciences**

Session Chair : Wynn Gajkowski

Joan L Tobing

Presenters

- Angus Ferguson - Bright Spot Consultants
Title: A Critical Review of Using Analogue Models for the Depositional Environment Interpretation in Exploration and Development Applied to Selected Fields in Southeast Asia

3.19. **Session 19** – Well Integrity

Session Leader : Fikri Irawan

Session Chairs : Sang Made Kresna Andika - Tately NV

Dorman Pardamean Purba - Enerka Bhumi Pratama

Presenters

- Humisar-Alprialdus Sinaga - Pertamina Hulu Mahakam
Title: No Wait on Cement (NO WOC) on Surface Diverter Section Already Successfully Applied in Pertamina Hulu Mahakam (PHM) for All Swamp Wells Architecture & Creating Significant Well Rig Time Saving
- Raufan Fikri - Pertamina EP Cepu, PT.
Title: Successful Geological Strategy For Setting Intermediate Casing Prior Approaching Kujung Carbonate In Jambaran Field, Cepu Block
- Nurul Izzah Asral - Universitas Jambi
Title: Distribution and Mechanism Forming of Overpressure Shale Gumai on Jambi Subbasin, South Sumatera Basin

3.20. **Session 20** : Subsurface Digitalization

Session Leader : Don Dutlinger

Session Chair : Antonius Aji - Baker Hughes

John Cheung – ConocoPhillips

Presenters

- Danny Hidayat - Pertamina Hulu Mahakam
Title: Digitalization in Offloading for Mature Well Revival Optimization: Case Study of Peciko Gas Field
- Prayudi Noverri - Pertamina Hulu Mahakam
Title: Mahakam Field Characterization Using Production Type-Curve With Business Intelligence Application
- FW Latief - Universitas Trisakti
Title: The Effect of Anionic and Alkaline Surfactant Synthesis in Spontaneous Imbibition on Sandstone

3.21. **Session 21** - Business Commercial

Session Leader : Meita Silaban

Session Chair : Kin Tjendrasa - Energi Mega Persada
Jeremy Dyer - Opac Barata, PT.

Presenters

- Wayan Mahendra Ernata - SKK Migas
Title: What Will Be Next? After a Decade of Exploration Activities Towards Giant Discovery in Indonesia
- F. Febrian - Pertamina (Persero), PT.
Title: Managing Oil and Gas Project Value By Prime (Pertamina Investment Management Engine)
- Muhammad Ikhsan Akbar - Petronas Carigali Indonesia
Title: The Journey to Establish Jack-Up Drilling Rig Contract in Indonesia during Upward Demand

3.22. **Session 22** - Pore Pressure

Session Leader : Mohammad Syaiful

Session Chair : Derrick McClure - Tesla Indonesia
Putri Wisman – ConocoPhillips

Presenters

- Wahyu Pramono - Pertamina Hulu Mahakam
Title: Unlocking hydrocarbon reserves by Optimizing Pore Pressure and Fracture Pressure Predictions in Mature Mahakam Delta Fields
- Anggit Chandra - UPN “Veteran” Yogyakarta
Title: Depositional Environment Drive as Overpressure Generation: Study Case in “Gap” Field, North West Java Basin

3.23. **Session 23** – Production Engineering

Session Leader : Fikri Irawan

Session Chair : Medianestrian - Premier Oil Indonesia
Meutia Nasfiah - JOB Pertamina Medco Tomori Sulawesi

Presenters

- Annisa Palupi - NPS Energy Indonesia, PT

Title: Multi-cycle Shear Fracturing Technique as a Production Enhancement Approach for a Thin, Shallow and Unconsolidated Formation

- Aliefiyah Nursanda Muklas - Medco E&P Indonesia

Title: ESP Optimization Goes Further: Operate Frequency beyond 60 Hz

3.24. **Session 24** – Facies Characterization

Session Leader : Redo Waworuntu

Session Chair : Kuntadi Nugrahanto - PT. Pertamina
Wynn Gajkowski - Tiger Energy

Presenters

- Muhammad Dhery Mahendra - Universitas Indonesia
Title: Characterization of Depositional Facies Using Artificial Intelligence Method Based on Electrical Log Data
- Jennifer Michelle Sherafim - Universitas Trisakti
Title: Facies and Paleogeography Analysis Using Wireline Log and Seismic Data in Tanjung Formation, Barito Basin, South Kalimantan

3.25. **Special Session 2** – Drilling Safety & Well Control

Session Chair : Jufrihadi

Don Duttlinger

Speakers

- Wayne Courville - Haliburton - Boots & Coots
- Arash Haghshenas - Haliburton – Boot & Coots
- Title: A Treatise on Relief Well Trajectory & Dynamic Kill Design

4. **SPONSORSHIP**

IPA Digital Technical Conference 2020 offered a variety of sponsorship packages to allow exposure and publicity before, during, and even after IPA Digital Technical Conference 2020. The following are the summary of the sponsorship collaboration for IPA Digital Technical Conference 2020:

- a. Petronas Carigali Indonesia
- b. Saka Energi Indonesia

c. Nobel Resources Energy

5. IPA Infographics

Beside the IPA Digital Technical Conference, the Convention Committee also prepared the publication of Infographics in this year. There are 10 topics of Infographics which we believe will improve the understanding of the upstream oil and gas industry and the issues we are facing in Indonesia now.

The topics are

1. Big Challenges for the Oil and Gas Industry in the New Normal Era
2. Global Effort in Maintaining the Sustainability of Oil and Gas Industry
3. The Oil and Gas Crisis Disrupts Economic Stability
4. Mission Towards 1 Million Barrel Oil Production
5. Observing Indonesia's Oil and Gas Investment Climate from an Investor's Point of View
6. The Huge Upside from Upstream Oil and Gas to Boost Economic Growth
7. The Role of Upstream Oil and Gas in Developing Eastern Indonesia
8. Breakthrough Solutions Needed to Attract Upstream Oil and Gas
9. Getting to Know Cost Recovery
10. The Economics of Upstream Gas Project from the Investor's Point of View

II. 2021 WORK PROGRAM

Based on the current situation and lesson learn from the similar events, the IPA plan to hold the 45th IPA Convention and Exhibition in 2021 with the hybrid model, both online and offline.

The 45th IPA Convention and Exhibition 2021 is scheduled on September 1-3, 2021 with the theme of "Realizing Indonesia's Energy Vision Post Pandemic".

SECTION 5

ENVIRONMENT AND SAFETY COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Julfrida Nababan

(Pertamina Hulu Sanga Sanga)



ENVIRONMENT & SAFETY COMMITTEE

I. COMMITTEE MEMBERS

Chairman	: Julfrida Nababan	Pertamina Hulu Sanga Sanga
Vice Chair	: Dewi Restuti	Chevron
Secretary	: Shanti Nata Artha	Medco E&P Indonesia
Environment Sub-committee		
	Pipi Pujiani	BP Indonesia
	Satrian Affan	Petronas
	Ibrahim Arsyad	Medco E&P Indonesia
	Rizka Perdhani	Pertamina EP
	Arthur Ronald Samuel	JOB Pertamina Medco Tomori
Safety Sub-committee		
	Olivia Kabi	Medco E&P Indonesia
	Teguh H Susanto	ExxonMobil Indonesia

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. Arryati Ramadhani	ConocoPhillips (Grissik) Ltd.
2. Mega Nainggolan	Energi Mega Persada
3. Ibrahim Arsyad	Medco EP Indonesia
4. Krishna Ismaputra	ENI Indonesia
5. Satrio Pratomo	Mubadala Petroleum
6. Agustanzil Sjahroezah	Energi Mega Persada
7. Arudji Wahyono	Chevron
8. Jusuf R. Odang	Vico
9. Otong S. Adisapoetra	Repsol YPF
10. Benky Bagoes Oka	ARCO Indonesia
11. I Made Surya Kusuma	Caltex Pacific Indonesia
12. Steve Massey	Mobil Oil Indonesia
13. Michael Bradey	Lasmo Oil

II. 2020 ACTIVITIES REPORT

IPA ESC in 2020 continued to be a trusted partner of regulatory bodies, particularly of the Ministry of Environment and Forestry (KLHK), Ministry of Energy and Mineral Resources (ESDM/Directorate General of Oil and Gas - MIGAS), and SKK Migas in revising and/or developing implementable environmental guidelines and regulations which applies to the upstream oil and gas industry.

During 2020, IPA ESC had routine monthly meeting in every first/second of Friday of each month. Various issues were discussed in these meetings: environmental and safety lessons learned within the industry, regulatory advocacies, strategies in managing environmental and safety tasks, and member's capacity building. Besides regular meetings, the members of IPA ESC also occasionally conducted non-regular meetings to respond to urgent issues and expectations from key stakeholders.

IPA ESC made several engagements and meetings with Directorate General MIGAS and SKK Migas about the issues of environmental monitoring & management implementation and permitting process as well as the associated mitigation/program proposals during Covid-19 pandemic. As a result, Ministry of Energy and Mineral Resource Secretary General sent a letter No. 710 in May 2020 with the subject of Environmental Monitoring and Management Implementation of Oil & Gas Activity during Pandemic Period to Ministry of Environment and Forestry Secretary General which incorporated IPA mitigation/program proposals. This letter had been discussed and socialized in SKK Migas Webinar Session that was attended by PSCs and Directorate General MIGAS representatives.

IPA ESC actively participated in discussions of new, revisions and/or implementation assessments of regulations with key stakeholders including:

- Providing inputs on the Revision of Minister of Energy and Mineral Resource Regulation No. 31/2012 regarding Gas Flaring Implementation in Oil and Gas Activities. As part of providing the inputs, IPA ESC suggested to use 2018-2019 PSCs flaring data as the reference in determining the new flaring limits. Some keys provided in IPA inputs were about the definitions of in-scope and out-of-scope routine flaring which included the aspects of continuous/non-continuous, safety, commercialization issue, and impurities; the proposed flaring limits of 2

MMSCFD for oil fields and 2% for gas fields; alternative methods of volume identification; and reporting templates. The discussion of this regulation revision is still ongoing with Directorate General MIGAS.

- Providing inputs on the implementation guideline draft of Minister of Environment Regulation No. 12/2018 regarding Dumping Permit Process. The inputs have been sent to Directorate General MIGAS and SKK Migas which highlighted location determination permit required prior to environment permit issuance, permitting process, and permit validity period.
- Providing inputs on key issues in the existing oil and gas industry regulations which were proposed to be revised, i.e. regulations associated with offshore dumping under Minister of Environment and Forestry Regulation and location determination permit under Minister of Marine and Fishery Regulation. These IPA ESC inputs along with other inputs in regard to the existing regulations from other IPA Committees were directly provided by IPA Executive Director to Minister of Energy and Mineral Resource.

As a trusted partner of the government, IPA ESC has been particularly requested by the PROPER (Program Penilaian Peringkat Kinerja Perusahaan) Secretariat of Ministry of Environment to conduct the update of Environmental Performance Benchmarking for upstream oil and gas industry based on 2017 & 2018 energy, emission, effluent, and B3 waste data provided by MOEF. This update was to revise the prior benchmarking regulation that was subsequently regulated under the new Directorate General of Environment Damage and Pollution Control Decree No. P.14/2020 regarding Benchmarking in Exploration and Production Oil and Gas Sector

IPA ESC also attended various meetings or events hosted by GOI and other government agency/institutions to provide supports and feedbacks as follows:

- Life Cycle Analysis (LCA) Product Category Rules (PCR) in upstream oil and gas industry on June 6th, 2020 by Ministry of Environment and Forestry (KLHK)
- Identification and Inventory of B3 Waste Contaminated Sites in July 2020 by Ministry of Environment and Forestry (KLHK)
- Oil Spill Response in May 2020 by Sweden Agency

In first week of Dec 2020, IPA ESC plan to held Environment and Safety Professional Gathering involving HSE practitioners and managers from IPA member companies. The 2020 gathering was the 4th in gathering event held by IPA ESC and this year the theme is Managing Personal Safety/Health during Covid-19 Pandemic via Technology and Ergonomic Awareness. The event facilitated sharing of best practice personnel ergonomics awareness and concerns during working from home and application base to monitor personnel compliance to Covid-19 prevention protocols to support safe operations of oil and gas industries. Due to the COVID-19 pandemic, we plan to conduct the 4th ESC Gathering through virtual meeting (zoom webinar) and also inviting ESC stakeholders from KLHK, ESDM Directorate General MIGAS, and SKK Migas.

III. 2021 WORK PROGRAM

For 2021, 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 (MIGAS). The objective of the courtesy visit is to introduce IPA ESC, discuss current challenges relevant to HSE, and propose occasional engagements or discussions to talk over HSE related issues and the overcome approaches.
 - Courtesy visits to new government stakeholders, e.g. KLHK
- Advisory
 - Identify and conduct reviews on the implementation of existing permits that potentially affect regulatory compliance and provide inputs to the government for improvement
 - Provide inputs on the drafts of new and/or revised regulations as well as government policy relevant to HSE and Sustainable Development aspects (e.g. providing inputs for the derivative regulations of Omnibus Law and the revision of PP 41/1999 regarding Air Pollution Control)
 - Support climate change action by providing inputs on the new guideline about CCS/CCUS (carbon capture storage/carbon capture utilization storage) and Carbon Pricing to relevant stakeholders.

- Collaborate with other IPA Committees to tackle issues that potentially affect regulatory compliance including HSE
- Provide insights to the Board on the new or revised regulations and/or policy that potentially affect regulatory compliance
- Capacity building
 - Hold regular events with HSE Professionals in the industry or relevant organizations/institutions to monthly meeting for knowledge sharing and discussion on HSE and Sustainable Development aspects e.g. Life Cycle Analysis, Biodiversity Offset, Process Safety, Road Safety
 - Seek opportunities to carry out certified trainings from trusted/prominent training providers for IPA members with special price
 - Seek opportunities to influence external party(es) in safety issues e.g. road safety of public transportation
 - Hold virtual IPA Environment and Safety Professional Gatherings (e.g. by inviting KLHK/ESDM Directorate General MIGAS/SKK Migas as the Keynote)

SECTION 6

EOR & UNCONVENTIONAL GAS COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Andi W. Bachtiar

(Pertamina)



EOR & UNCONVENTIONAL GAS COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Andi W. Bachtiar	Pertamina
Vice Chairperson	: Areza Badril	Pertamina
Members	: Puti Permata	Medco E&P Indonesia
	Kurnia Praja	Eni Indonesia
	Amritzar Aimar	Pacific Oil and Gas
	Dave Taber	Chevron Indonesia
	Dini Sunardi	ConocoPhillips
	Erica Listiani	Ophir
	Israr Saputra	Medco
	Mutia Djafaar	Vico
	Sekar Hastasari	Pertamina
	Tonny Supriadi	Pertamina

II. 2020 ACTIVITIES REPORT

1. Provided advocacy to government regarding effective fiscal term improvement (e.g increasing split, accelerating depreciation, and applying tax holiday) to support EOR implementation towards 1 MMBOPD and 12 MMCFD in 2030.
2. Get more attention from technology providers, technical providers, chemical companies, and others from all over the world who have interest to expand their activities to support EOR activities in Indonesia.

III. 2021 WORK PROGRAM

Enhanced Oil Recovery (EOR)

1. Enact an agreed guideline of EOR business process among oil and gas stakeholder to accelerate EOR project implementation in Indonesia.

2. Promote routine discussion with worldwide EOR expert in purpose to continuously broaden knowledge and proficiency of oil and gas company representative, independent consultant, and government.
3. Leverage capability of EOR local supporting industries to execute EOR programs by organizing routine workshop with experienced international supporting industries.
4. Pursue advocacy with the government to resolve EOR challenges especially related to technology, legal and commercial including incentive granting, legal certainty, and attract strategic partnership investment for EOR project implementation.

Unconventional (CBM)

1. 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.
2. Continue provide advocacy to the government to keep the current active PSCs issues where there is a technical requirement which will take much longer time than the remaining exploration period of all active PSCs to be able to achieve commercial discovery. The objective is to provide enough additional exploration period.
3. Continue to secure support from the government and remaining CBM players to conduct a joint project for proofing technology to enable and improve commerciality of CBM development.

SECTION 7

ETHICS & COMPLIANCE COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Ronny Siahaan

(MedcoEnergi Indonesia)

ETHICS & COMPLIANCE COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Ronny Siahaan	MedcoEnergi Indonesia
Vice Chairpersons	: Krishna Ismaputra	Eni Indonesia
	Raditia Patriaji	BP Indonesia
Secretary	: Nathalia Sumirat	ConocoPhillips Indonesia

Sub-Committee:

- a. Sub-Committee Internal : Anita Zainal BP Indonesia
- b. Sub-Committee External : Indah Damayanti Eni Indonesia

II. 2020 ACTIVITIES REPORT

This report presents the Ethics & Compliance Committee (ECC) annual program in 2020.

No	Activities	Timeline 2019				Remarks
		Q1	Q2	Q3	Q4	
1	Meeting with Indonesia Business Link.	14 Jan				Discuss the Youth Integrity Program.
2	Meeting with KPK.	17 Jan				Discuss the 2020 Program alignment in national anti-corruption in O&G and youth integrity program.
2	Launching 2019 Corruption Perception Index (CPI).	23 Jan				Participated the launching of 2019 CPI hosted by TII and KPK.
3	IPA – ECC Sharing Session re. Anti-Bribery	6 Feb				Sharing session was conducted at The Energy Building, MedcoEnergi. The data benchmark involved 25

	Management System Benchmark.					respondents from MNC and national O&G companies. During the event, participants had interactive sharing session from Pertamina Hulu Mahakam, PetroChina International Jabung Ltd. and Medco E&P Natuna.
5	One-Day Seminar held by KPK and Paramadina University	18 Feb				As a keynote speaker on One-Day Seminar on Corruption Prevention at the Natural Resources Sector. This seminar was collaboration of KPK, Paramadina University, Ford Foundation, and the Indonesia Global Impact Network Beside KPK and Paramadina, Seminar presented speakers from SKKMIgas, PERHAPI and IPA Ethics & Compliance Committee.
6	Meeting with Indonesia Business Link	11 Mar				Conduct a meeting with Indonesia Business Link to explore alignment the Youth Integrity Development and Community Development Program in Natuna.
7	Sharing session with PERTAMINA Geothermal and Sarulla Project.		7 Apr			Conduct virtual meeting with VP Partnership PERTAMINA Geothermal and Chief Administration Officer Sarulla to provide Best Practice Sharing in ABMS Implementation & ISO37001 Certification.
8	Sharing session re. WFH Ethics and WFH academic survey.		13 Apr			Conduct virtual best practice sharing re. WFH Ethics and WFH academic survey.
9	Sharing session on Data Privacy.		18 May			Conduct a virtual Sharing Session on Data Privacy hosted by Petronas HQ. Petronas CFO Ms. Halimatun Saadiah opened the sharing session

						<p>accompanied by Head of Legal Upstream International Mr. Raja Petra. The session has emphasized the requirements of Data Privacy Law in Malaysia, particularly on personal data such as personal data protection, processing, category, principles of personal data, transfer personal data including consequences of breaching the law. In addition, the session has highlighted on the Petronas Corporate Privacy Policy, Petronas Master Guideline and Training & Implementation.</p>
10	Attend Webinar re. Penyampaian Laporan Hasil Pemantauan Pelaksanaan Stranas PK di Daerah.		27 May			<p>TII published its evaluation and monitoring (MoNev) results on Implementation of National Strategy of Corruption Prevention. There are 4 (four) focus areas i.e.: 1) Public Procurement, 2) Implementation of Online Single Submission (OSS), 3) One Map Policy for Agriculture and Forestry Investment Purposes and 4) Acceleration of Merit System in Human Resources Management. TII MoNev covers 9 following locations: Banda Aceh, Gorontalo, Pontianak, Yogyakarta, East Nusa Tenggara, East Kalimantan, Riau, East Java and North Sulawesi. TII concluded that the anti-corruption implementations are still below the expectation and recommend of higher participation from Civil Society and Business Sectors to monitor public services.</p>
11	Attend webinar: Cartel and		27 May			<p>Assegaf Hamzah & Partners conduct webinar re. Cartel and Collaboration -</p>

	Collaboration - Anti-Trust Law in Pandemic and New Normal Era					Anti-Trust Law in Pandemic and New Normal Era.
	Attend Webinar: Managing Fraud Risk during Covid19.		5 Jun			Attend the RSM Webinar re. Managing Fraud Risks During Covid-19.
12	Attend PWC Webinar on Heightened Fraud Risk due to Covid-19.		23 Jun			Attend PWC Webinar on Heightened Fraud Risk due to Covid-19.
13	Attend CRMS Webinar: Why Boards Should Pay Attention to Cybersecurity?		26 Jun			Attend CRMS Webinar with topic: Why Boards Should Pay Attention to Cybersecurity?
14	Attend KPK Webinar: Gratifikasi dalam Perspektif Agama.			15 Jul		Attend KPK's Webinar re. Gratifikasi dalam Perspektif Agama.
15	Attend webinar: Apakabar penerapan ISO37001 ABMS selama Pandemi COVID19.			21 Jul		Attend Sai's Global Webinar re. Apa Kabar Penerapan ISO37001 ABMS selama Pandemi COVID19 with keynote speakers are M Zainal Abidin (Sai Global), Dwi Siska Susanti (Sai Global), Dr KM Loi (Vice Chair ISO/PC 276), Mohammad Fahmi (IBL).
16	Sharing session on Conflict of Interest.			06 Aug		Conduct sharing session re. Conflict of Interest policy and experience.
17	Review on regulation update.			11 Sep		Review regulation update on permit and government hosting during pandemic.

18	Sharing session on Sanction Compliance				25 Nov	Conduct sharing session re. Sanction Compliance with ENI's Headquarter with keynote speaker is Bruno Carbone (Head of Economic Sanctions, Trade Control, Market Conduct and Financial Regulation ENI SpA).
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DOCUMENTATION



Launching 2019 Corruption Perception Index (CPI)



IPA – ECC Sharing Session re. Anti-Bribery Management System Benchmark



One-Day Seminar held by KPK and Paramadina University



ECC – IPA Support ISO37001 ABMS Implementation on Oil and Gas Industry.



Sharing session on Data Privacy



ECC – IPA Monthly Meeting

PROGRAM EVALUATION

ECC – IPA consists of 2 sub-committees with the following categories along with the 2020 work program.

2020 Work Program	Implementation
<p>Sub-Committee 1 – Internal Program:</p> <ul style="list-style-type: none"> • Provide consultative session to member and associate on the Anti-Bribery Management System (ABMS) implementation including ISO37001, KPK Corruption Prevention Guideline for Private Sector. • Participate on Implementation of National Anti – Corruption Strategy. • 1st Gathering Event: Cyber Risk and Compliance Seminar. • 2nd Gathering Event ECC – IPA. • ECC – IPA Compliance Benchmark. • Quarterly best practices sharing: <ul style="list-style-type: none"> - Sharing session on Third Party Risk Management including Due Diligence. - Sharing session on Conflict of Interest. - Sharing session on Data Protection. - Sharing session on Sanction Compliance 	<ul style="list-style-type: none"> • Sharing Session re. Anti-Bribery Management System Benchmark on 6 February 2020. • As a keynote speaker during One-Day Seminar on Corruption Prevention at the Natural Resources Sector which held by KPK, Paramadina University, Ford Foundation, and the Indonesia Global Impact Network on 18 February 2020. • Conduct virtual best practice sharing re. WFH Ethics and WFH on 13 April 2020. • Conduct a virtual Sharing Session on Data Privacy hosted by Petronas HQ on 18 May 2020. • Conduct sharing session re. Conflict of Interest policy and implementation on 06 August 2020. • Review and provide input on regulation update on permit and government hosting during pandemic on 11 September 2020.

<p>Sub-Committee 2 – External Program (including key stakeholders such as KPK, NGO, Public, etc).</p> <ul style="list-style-type: none"> • Collaborative efforts with ICW and local Anti – Corruption Watch for prevention program. • Collaboration with KPK: <ul style="list-style-type: none"> - Participate on 2020 KPK’s Anti-Corruption Program. (IBIC, FGD, etc.) - Working with KPK on corporate crime prevention. • Professional network and support Ahli Pembangun Integritas (Certified Integrity Officer/CelO). • Key stakeholders engagement (KPK, SKKMigas, Ombudsman, TII, ICW, National Strategy on Corruption Prevention (Stranas PK) Team, etc.) • Outreaching: <ul style="list-style-type: none"> - ECC – IPA Goes to Campus. - Youth Integrity Program. (South Sumatra or East Kalimantan). - Vendor Compliance Program. (For IPA Associate Member). <p><u>Pending Items:</u></p> <ul style="list-style-type: none"> • ECC – IPA Youth integrity Program. • Participate on 2020 KPK’s IBIC Program. • Professional network and support Ahli Pembangun Integritas (Certified Integrity Officer/CelO). 	<ul style="list-style-type: none"> • Meeting with KPK and IBL to discuss the 2020 Program alignment in national anti-corruption in O&G and youth integrity program on 17 January 2020. • Participated on the launching of 2019 CPI hosted by TII and KPK on 23 January 2020. • As a keynote speaker during One-Day Seminar on Corruption Prevention at the Natural Resources Sector which held by KPK, Paramadina University, Ford Foundation, and the Indonesia Global Impact Network on 18 February 2020. • Compliance benchmark on Cybersecurity Management with PT FIF from Astra Group on 13 February 2020. • Conduct virtual meeting with VP Partnership PERTAMINA Geothermal and Chief Administration Officer Sarulla to provide Best Practice Sharing in ABMS Implementation & ISO37001 Certification on 07 April 2020. • Attend Webinar re. Penyampaian Laporan Hasil Pemantauan Pelaksanaan Stranas PK di Daerah hosted by TII on 27 May 2020. • Attend KPK Webinar: Gratifikasi dalam Perspektif Agama on 15 July 2020.
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Government Regulation Updates

In 2020, Government of Indonesia has issued several regulations to support Corruption Prevention Strategy as below:

No	Regulation Number	Explanation
1	S-308/PB/2020	Financial Ministry Letter re. <i>Penegasan Biaya/Belanja Yang Dapat Dibebankan Pada DIPA Satker Dalam Masa Darurat COVID19.</i>



2	SE No. 8/2020	KPK's Circular Letter re. <i>Penggunaan Anggaran Pelaksanaan Pengadaan Barang/Jasa Dalam Rangka Percepatan Penanganan Corona Virus Disease 2019 (COVID-19) Terkait Dengan Pencegahan Tindak Pidana Korupsi.</i>
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III. 2021 WORK PROGRAM

In 2021, ECC – IPA Committee will deliver the 2021 Working Program as follows:

2021 Work Program	
<p>Sub-Committee 1 – Internal Program.</p> <p>This Sub-Committee focusing on nurturing members and associates on best practices in compliance and anti-corruption program. The Sub-Committee members are:</p> <ul style="list-style-type: none"> - Anita Zainal (BP). - Dini Sudewo (COPI). - Chandra Triayu (Repsol). - Irwan Supranto (MedcoEnergi). - Tri Hartarto (Premier). - Andri Avrilina (MedcoEnergi). 	<ul style="list-style-type: none"> • Provide consultative session to member and associate on the Anti-Bribery Management System (ABMS) implementation including ISO37001, KPK Corruption Prevention Guideline for Private Sector. • Participate on Implementation of National Anti – Corruption Strategy. • ECC – IPA Gathering Event: Anti-Money Laundering, Compliance for Business Sustainability, Lesson Learnt due to COVID19 Pandemic. • ECC – IPA Compliance Benchmark: on due diligence. • Quarterly best practices sharing: <ul style="list-style-type: none"> - Sharing session on Virtual Works Compliance and Cybersecurity Protection. - Sharing session on Enterprise Risk Management Audit. - Sharing session on Compliance on Community Investment (Sponsorship & Donation). - Sharing session on Security Services and Engagement Compliance Assurance.
<p>Sub-Committee 2 – External Program (including key stakeholders such as KPK, NGO, Public, etc.)</p> <p>This Sub-Committee focusing on effective engagement with key stakeholders and authority. The Sub-Committee members are:</p> <ul style="list-style-type: none"> - Indah Damayanti (ENI). 	<ul style="list-style-type: none"> • Collaborative efforts with ICW and local Anti – Corruption Watch for prevention program. • Collaboration with KPK: <ul style="list-style-type: none"> - Participate in 2021 KPK's Anti-Corruption Program. (IBIC, FGD, etc.) - Working with KPK on corporate crime prevention. • Professional network and support Ahli Pembangun Integritas (Certified Integrity Officer/CeIO).

<ul style="list-style-type: none"> - Ghema Akbar (Petronas). - Indira Dewi (PHM). - Widi Wijayanto (COPI). - Noki Saefullah (MedcoEnergi). - Aditya WP (MedcoEnergi). 	<ul style="list-style-type: none"> • Key stakeholders' engagement (KPK, SKKMigas, Ombudsman, TII, ICW, National Strategy on Corruption Prevention (Stranas PK) Team, etc.) • Outreaching: <ul style="list-style-type: none"> - ECC – IPA Goes to Campus. - Youth Integrity Program. (South Sumatra or East Kalimantan). - Vendor Compliance Program. (For IPA Associate Member).
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SECTION 8

EXPLORATION COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PLAN

CHAIRPERSON

Rina Rudd

(Husky Anugerah)



EXPLORATION COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Rina Rudd	Husky Anugerah
Vice Chair	: Timothy J. Keller	ConocoPhillips Indonesia
Members	: Budi Setiawan	Chevron IBU
	Agung Budi Cahyono	Exxonmobil Cepu Limited
	Vincenzo Ragone	Eni Indonesia
	Ivan Yulianto	Eni Indonesia
	Gajah Eko Pireno	Kris Energy
	Feriyanto	Medco Indonesia
	Dono H. Mulyono	Premier Oil
	Nick Comrie Smith	Premier Oil
	Doddy Yuliong	PTTEP
	Hendry Manur	Star Energy

II. 2020 ACTIVITIES REPORT

In 2020, the exploration committee continued to work with the other committees in the IPA to provide advocacies to the government. Earlier in the year, the committee was involved in the Forum Group Discussion held by Ministry of ESDM prior to the 2020 I Bid Round announcement. The bid round was originally planned for April but has since been postponed due to the Covid-19 pandemic. From the Forum Group Discussion, the IPA provided recommendations that were categorized in short term, medium term, and long term.

Jangka Pendek	Jangka Menengah	Jangka Panjang
<ul style="list-style-type: none"> Fleksibilitas untuk memilih Gross Split atau Cost Recovery Kontraktor split yang <i>biddable</i> Work commitment yang <i>biddable</i> (tidak ada minimum) Wilayah yang ditawarkan agar dikoordinasikan dengan Rencana Tata Ruang dan Wilayah Nasional supaya tidak ada tumpang tindih lahan Perbaikan kualitas data package Penghapusan <i>back-in-right</i> oleh Pertamina sebesar 15% (atau dengan jangka waktu yang terbatas) Revisi minimum <i>signature bonus</i> sebesar US\$ 1 Million (revisi KepMen ESDM No 1974/2018) Perpajakan (<i>quick resolution for next bidding round</i>): <ul style="list-style-type: none"> ✓ <i>No Indirect taxes</i> ✓ <i>Tax holiday</i> 10 - 15 tahun sejak produksi pertama 	<ul style="list-style-type: none"> Perbaikan terms Gross Split Perbaikan evaluasi geologi dan evaluasi keekonomian blok sebelum penawaran Wilayah Kerja Menjamin tidak ada overlap wilayah untuk WK darat dan menyelesaikan konflik yang ada sebelum WK ditawarkan Pemberian insentif bila ada keterlambatan monetisasi yang tidak disebabkan oleh kontraktor Pengecualian untuk VAT, LBT sebesar 100% selama masa produksi, pengecualian master list, dan <i>tax loss carry forward</i> tanpa batas Perpajakan (<i>aligned with IPA proposal in Omnibus Law and to be applicable for all new PSCs</i>): <ul style="list-style-type: none"> ✓ <i>Tax deduction</i> untuk level nasional untuk investor dengan blok eksplorasi lebih dari satu PSC ✓ Penerapan kembali azas <i>Assume and Discharge</i> 	<ul style="list-style-type: none"> Penghapusan IP carry untuk BUMD Perpajakan: <ul style="list-style-type: none"> ✓ Penerapan kembali <i>tax deduction</i> untuk hal-hal seperti <i>signature bonus</i> ✓ Pengecualian BPT untuk profit yang diinvestasikan kembali di Indonesia

In June 2020, the ministry of ESDM established an Exploration Task Force. The expected outcome of the task force is to come up with a proposed regulation or revision of regulations that will encourage exploration activities. The Exploration Committee represents the IPA in the task force, attending the weekly meetings and provided recommendations related to the fiscal term's improvements. The Exploration Committee's recommendations to the task force were made based on the study performed by IHS in 2015 and 2017 for the IPA. The Task Force will conclude its working period in December 2020 and will provide the final recommendation to the minister of ESDM.

Recommendation for Mature Areas:

Suggested Incentives	Who Holds the decision	Implications
No Indirect Taxes	Ministry of Finance	<ul style="list-style-type: none"> Currently a highly <i>Regressive tax measure</i> directly increasing exploration costs and cost of failure for contractor <i>Tax neutral</i> and benefits both government and contractor greatly VAT removal is specifically critical to help exploration incentives
100% Re-investment for branch profits tax	Ministry of Finance	<ul style="list-style-type: none"> Allowing companies to re-invest in Indonesian operations to offset branch profits and taxation, applies to all capital Investor will gain immediately as tax liabilities will decrease in other parts of the portfolio and government will gain from taxes in incremental project and capital re-investment in Indonesia Regulation already in place to allow this, enforcement is needed.
Enhanced Depreciation (Uplift)	Ministry of Energy	<ul style="list-style-type: none"> Depreciate and cost recover above what you spend <i>Tax neutral</i> and transfers profits share to cost recovery Improves early years of cash flow for contractor incentivizing investment – government makes more revenue later

Suggested Incentives	Who Holds the decision	Implications
10 years tax holiday	Ministry of Finance	<ul style="list-style-type: none"> 10 years tax holiday in exploration blocks (after production start) Only affects success case and incentivizes exploration drilling increasing reserves and aggregate government revenues
Enhance profit share/sliding scale profit share	Ministry of Energy	<ul style="list-style-type: none"> <i>Tax neutral</i> Allows contractor to reach required level of return (hurdle rate) without decreasing government profit share or regressive taxation. Economics of marginal fields will be better allowing for increased investment and production. Ability to better capture profit when they are high and where the contractor has the ability to pay higher rates.

Reduction in time from entry to first gas	SKK Migas, Ministry of Energy	<ul style="list-style-type: none"> No transfer of wealth and tax neutral. Drastically improves time value of money Speed up all approvals has a positive effect both on Government and Contractor metrics
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Recommendation for Frontier Area:

Suggested Incentives	Who Holds the decision	Implications
Extend ring-fencing from development area to entire frontier basin or possibly country level This should be done in conjunction with these large single changes for the greatest impact: <ul style="list-style-type: none"> No indirect Taxes 100% re-investment for branch profits tax 10-year Tax Holiday 	Ministry of Finance	<ul style="list-style-type: none"> However, it has a great impact on project economics since cost can be recovered in other parts of a company's portfolio This will directly influence industry activity and decision to drill exploration wells
Sustained reduction in cycle time between exploration and production	SKK Migas, Ministry of Energy (for 1 st POD)	<ul style="list-style-type: none"> Especially important in frontier basins due to the inherent delays from Entry into a contract to first gas Time value of Money is drastically improved both for contractor and government-both parties' benefit Contractor gets more certainty that majority of production will fall into the 30-year contrast limit
Combination of 100% re-investment allowed for Branch Tax Profit and Higher/Sliding Scale Profit Share	Ministry of Finance, Ministry of Energy	

III. 2021 WORK PROGRAM

The Exploration Committee will continue working with the Exploration Task Force to wrap up and conclude the recommendation that will be provided to the ministry.

The Exploration Committee will also provide input prior to the 2021 Bid Round.

SECTION 9

FINANCE AND TAX COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Hendra Halim

(BP Indonesia)

FINANCE AND TAX COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Hendra Halim	BP Indonesia
Vice Chairperson	:	Zahra Mulachella	Premier Oil
Tax Lead	:	-	
Audit Lead	:	Aslan Wiguna	INPEX
Finance Lead	:	Arifin Ahmad	Pertamina Hulu Mahakam
Commercial Lead	:	Lita Liana	Shell

II. 2020 ACTIVITIES

1. The issuance of Government Regulation for Value Added Tax on LNG

To provide certainty to the imposition of VAT for LNG product and after twenty months of working closely with a wide range of stakeholders, including to Ministry of Finance, Ministry of Energy and Mineral Resources, Ministry of Coordinating Economics, Ministry of Maritime and Investment, Secretary of the President, and Secretary of Cabinet, the Government Regulation No.48/2020 was finally issued on August 24, 2020, classified LNG as a strategic goods and exempted from VAT on point forward basis.

2. The issuance of Ministry of Finance Regulation on Lease of State-Owned Asset

The Committee worked closely with relevant government stakeholders, to provide certainty to the investor, on the lease fee of state-owned assets. The Ministry of Finance has issued a new Regulation PMK140/2020 for lease of state-owned asset of the terminated PSC is included in the signature bonus instead of levied on annual basis.

3. The issuance of implementing regulation of Gross Split PSC

Following the issuance of Government Regulation No.53 year 2017 on Tax Treatment for Gross Split PSC ("GR53"), the IPA Finance and Tax Committee has been working intensively with the regulators that was including to the Ministry of Finance and Ministry of Energy & Mineral Resources in pursuing GR 53 implementing regulation

that was expected to provide details and clarity on several provisions and principles set out. In June 2020, the MoF issued Regulation no. 67/PMK.03/2020, Re. Tax Facilities for Gross Split PSC as the implementing regulation of GR53 that set out administrative procedures in obtaining the exemption of Value Added Tax and Land & Building Tax for Gross Split PSC during its exploration up to commercial stage (first oil/gas).

4. Tax Relaxation for COVID-19 impact

Given the impact of the COVID19 outbreak and the introduction of some fiscal facilities for certain industries that were introduced by the government. The Oil and Gas industry was finally confirmed to be included to enjoy such relaxations. Contractor may defer thirty percent of its monthly corporate income tax payment for six months' period and employee income tax borne by the government is applied for certain individuals.

5. Government Audit - Joint Audit activities

The committee worked closely with SKK Migas to monitor and to seek improvement on the Joint Audit process (as required) and has maintained close communication with SKK Migas, DGT, BPKP, and BPK by sharing the current compliance & audit issues as well as its improvement idea on regular basis.

6. Government Audit – Audit activities by Supreme Audit Body (BPK)

In coordination with SKK Migas, the committee has discussed the potential consequences of BPK audit that might jeopardize contractor's business continuity in Indonesia.

7. 2020 IPA Infographic

Partnering with IPA Convention Steering Committee, Wood Mackenzie, IHS, Katadata and Reforminer, the committee lead the effort for IPA Convex Infographic. The objectives of the infographic are to provide a high-level summary on the global oil and gas profile and investment climate by taking account COVID-19, low oil price and energy transition impacts. The infographic will further analyze the regional and Indonesia country specific, including the recommendations on how to improve Indonesia investment climate/competitiveness in the oil and gas sector.

8. Input for Omnibus Bills

To be aligned with Government Programs, the Committee supported Regulatory Affairs Committee of the IPA in providing input for the draft of Omnibus bills to all levels of the relevant governmental bodies.

9. Forums of Advocacy to the Government

In supporting government program of one million BOPD and twelve thousand MMCFD in 2030, the Committee worked in several advocacy programs for regulatory and fiscal reforms.

10. The sanctity of Indonesia Tax Treaty related to Branch Profit Tax

The committee has advocating to get the sanctity of honoring applicable tax treaty and applying Branch Profit Tax (BPT) rate in accordance with the relevant tax treaty.

11. Fiscal Stimulus to Support Government Program

The Committee has worked intensively with all level of the relevant departments of the government to support the government program of one million barrel BOPD and to help the oil and gas industry in Indonesia in order to maintain business continuity in the midst of the difficult times.

12. Other Activities

- a. Conducting regular meetings and/or teleconferences with SKK Migas and Committee's members to share knowledge, to discuss issues and agree on the strategic action point to resolve the issues.
- b. Intensively collaborating with RAC committee to review and to provide feedback and input to the government on fiscal related matters.

III. 2021 WORK PROGRAM

1. Improving Fiscal and Regulatory system to support Government Program

- a. To introduce the *assume and discharge principle*, to increase the contractor's split, to have an accelerated depreciation formula, to allow the application of tax treatment that have been applicable for other industries; tax holiday, exemption of branch profit tax for reinvested profit after tax, and tax consolidation.
- b. To support the amendment of Government Regulation no.53 for Gross Split PSC, among others proposal to put no limitation on loss carry forward, to remove any indirect taxes and levies at tall stages of the PSC life.

2. Carbon Pricing and CCUS policy

To support Government Program on carbon pricing policy and CCUS framework/policy.

3. Oil & Gas Bill

Continue working with RAC committee to provide feedback from Finance and Tax disciplines.

4. Omnibus Taxation – The Implementing Regulations

Continue working closely with the relevant parties to provide industry feedback, so the relevant implementing regulations will accommodate the oil and gas requirements.

5. Streamlining Government Audit Process

- a. In coordination with SKK Migas, to streamline audit process (pre-audit, current audit, and post audit) as necessary, and seek improvement on the Joint Audit process (as required).
- b. Continue to maintain close communication with among PSCs, SKK Migas, DGT, BPKP, and BPK by sharing the current compliance & audit issues as well as its improvement idea on regular basis.

6. FGD and National Oil & Gas Tax Seminar

Continue to maintain a strong and trusted relationship with SKK Migas, ESDM, DGT, BKF, IAI, and the relevant professional associations to continue to amplify industry's voice/input through various forums, such as FGD and national seminars.

7. Supporting 2021 IPA Convex

Provide the required F&T expertise to ensure the relevant data and feedback are fully embedded and presented in the 2021 IPA Convention materials and event.

8. Other Objectives

- a. To periodically provide and to seek guidance to and from IPA Board on various fiscal policies and the relevant draft regulations, so there is alignment among IPA members.
- b. To maintain 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.

c. Internal Collaboration:

- i. To proactively collaborate with RAC committee to review and to provide feedback/input on finance and tax-related matters regularly.
- ii. To regularly provide an update to IPA Corporate Members.
- iii. To conduct regular meetings with the Committee's members to share knowledge, discuss issues and agree on the strategic action point to resolve issues.

SECTION 10

HUMAN RESOURCES COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Evita Najoa

(ConocoPhillips Indonesia)

HUMAN RESOURCES COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	: Evita Najoran	ConocoPhillips Indonesia
Vice Chairperson	: Mohamad Hermawan	Talisman Sakakemang BV / Repsol
Secretary	: Dewi Puspa	ExxonMobil
Members	: Andi Prasetyanto	Premier Oil
	Adhi Mugiardi	Inpex
	Dencio Boele	PetroChina
	Elma Tyasanti	Medco Energi
	Kurnia Mariani	Schlumberger Indonesia
	Pantja Widdarini	Petronas Carigali Muriah Ltd.
	Rizka Emilia	PT Chevron Pacific Indonesia
	Widiati Wageono	Eni Indonesia
	Wisnu Prasedyoko	HCML Indonesia

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 leverage employee experiences, 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.

II. 2020 ACTIVITES REPORT

Our plan is to carry-on the 3 main activities with some focus areas as follows.

1. Continue with “Simplification, macro-management and value adding” approach to enhance efficiency and effectiveness leading to higher productivity of the industry and to provide advocacy and input to specific issues with focus on:
 - PMK258/2011: realign strategy on PMK 258 post multiple meeting with SKK Migas, ESDM and BKF. Considering decreasing volume of expat and PMK being a requirement from GR79:
 1. Suspend request to revisit rates as SKK requires detailed survey to develop new rates
 2. Continue proposal to basis change from passport to employing country
 3. Continue proposal to consolidate level 3-4 and accomodate Senior Profesional position that may pay equals to Senior Manager
 - UU No 11/2020 Employment Cluster
 1. Sharing on Omnibus Law early assessment for Upstream companies by Inpex
 2. Participation in SKK Migas’s initiated webinar with Ministry of Manpower on Omnibus Law draft
 3. Task Force from KK2 of SKKMigas to form considerations for to-be finalized regulations derived from UU No 11/2020.
 - Pension Funding
 - Alih Kelola Guidance
 - Redundancies in certification & reporting
 - Alignment on R&R with SKK Migas Nusa Indah committee that provides leadership sponsor for the 4 task-forces: Manpower Planning, Compensation & Benefits, Learning & Development & Medical
2. Updates and sharing to IPA Members on HR best practices and industry challenges:

- Regular sharing of COVID-19 handling and or Return to Office schedules
 - Issued letter to Immigration, SKK Migas and BKPM to streamline expat work permit approval during COVID pandemic situation (different strategy as regulation changed – letter unsent)
3. Follow up from IPA Planning & Strategy meeting with focus on:
- Educational session on EXPATRIATE to key external stakeholder – soften with knowledge sharing session on how expatriates contribute to national workforce (planning stage)

III. 2021 WORK PLAN

1. Continue regular COVID-19 handling and new normal best practice sharing
2. Assess impact from UU No 11/2020 (employment cluster) balancing Cost Recovery and individual companies' C&B principles.
3. Develop plan to support IPA Planning & Strategy meeting action plans:
 - a. Overall IPA Strategic Initiative by continuing engagement and advocacy to the Government of Indonesia thru “Simplification, macro-management and value adding” approach on:
 1. PMK 258 simplification proposals as above
 2. PTK 018 improvement items that can be hurdles to production delay or increased cost
 3. Duplicate certification from ESDM, Labor and other ministries
 - b. High level engagement with key government and industry stakeholders as part of IPA Strategic Initiative to improve perception of the Oil & Gas industry thru socialization or communication avenues on “Expatriate and their contribution or multiplier effect to national workforce. For example knowledge sharing session or publication incl thru IPA site or social media. This will require several collaborations amongst other IPA committees including to use the offer of having independent study

SECTION 11

LNG & GAS COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Marusaha Lumban Gaol

(INPEX Masela Ltd.)



LNG & GAS COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Marusaha Lumban Gaol	INPEX Masela
Vice Chairman	:	Joe Frizal	Husky Energy
Members/Alternates	:	Teddy Abrian, Fifi Roesmawi	Chevron
		Irawati Hartojo	BP Indonesia
		Gadang Marpaung, Fenny Lautan	ConocoPhillips
		Syah Reza, Wulan Nurindah	ExxonMobil
		Rudolf F. Doloksaribu, Irma Surya	Pertamina
		Noritsugu Ishikawa	INPEX Masela
		Angelika Abu Khalil, Derry Sylvan	Eni Indonesia
		Salmar Ngadikan, Erica Listiani,	MedcoEnergi
		Zaki Zulqornain	MedcoEnergi
		Rizky A. Syarif	Premier Oil
		Gana Pradana	Genting Oil
		Peter Wijaya, Callista Tenggara	Star Energy
		Teresita Listyani Indah	Repsol
		Rene R. J. Hutauruk	Repsol
		A. Rizqi Darsono	Sugih Energy
		Aris Munandar	Kangean Energy
		Lita Liana / Saphyrenia Adelissa	Shell
		Reza Sunarya	Mandala Energy
		Muhammad Ezmeer	Petronas
		Prodia Nur Kemala	Husky Energy

II. 2020 ACTIVITIES

The LNG and Gas Committee focuses on issues, studies and regulations regarding or impacting the LNG and Gas business in Indonesia. Members and alternate members of the Committee represent 18 IPA company members.

Key activities of the Committee during 2020 include:

- 1. Implementation of ESDM Minister Regulation No. 8 and No. 10 Year 2020 and Decrees no. 89K and 90K year 2020 on Gas Price Reduction.**

In April 2020, ESDM Minister issued Minister Regulation No. 8 and No. 10 Year 2020, followed by ESDM Minister Decrees No. 89K and 90K year 2020 regarding gas price reduction for certain industries and electricity. The Committee proposed to respect something that have been agreed between seller and buyer and to protect contractor's share in accordance with the Presidential Regulation No. 40/2016.

In cooperation with IPA Secretariat and other committees such as RAC and F&T, several meetings were held with related stakeholders including ESDM Ministry, MIGAS, SKK Migas. At a certain level, it was agreed between IPA and GOI about a mechanism which has no negative impact to the contractor's share and provide certainty on the payment to contractors. After that, each impacted PSC Contractor continue their discussion with SKK Migas and other GOI institutions depend on case and situation in each PSC.

For the implementation, each impacted PSC Contractor executed several agreements including LOA between Seller and Buyers, SAA adjustment, and PSC Side Letter.

2. Provide Inputs on Indonesian LNG and Gas Business

In September 2020, the Committee had a meeting with ESDM team discussing the issues on the implementation of GOI program on gas price reduction for certain industries and electricity. In addition, the Committee also provided some inputs related to the current issues in Indonesian LNG and Gas business including suggestions for further improvement:

- In case not enough GOI share of Gas revenue to support gas price reduction program, need other sources of GOI revenue from other products or "cross products".
- Opening the "ring fencing" to help the ability of the GOI to support gas price reduction should be considered.
- Issues in gas pipeline connectivity. It believes, connectivity of gas pipeline in Indonesia will at the end reduce the time required from discovery until development of gas field. This can contribute to the reduction of the gas price.
- Government to prioritize domestic gas utilization rather than imported LNG because the utilization of domestic gas will create more added value.

- The Committee suggested the possibility of not only using the PNBP to support the gas price reduction but consider also to use the government revenue from tax.

2021 WORK PROGRAM

The LNG & Gas Committee will continue the advocacy efforts on the upstream gas business in Indonesia for 2021 which will include the following initiatives:

1. Continue engagements 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);
2. Support the IPA Board and other IPA Committees in the overall advocacy efforts for the upstream industry.
3. To continue discussion with GOI to exercise the possibility to improve PSC economics including by reducing tax elements.

SECTION 12

PROFESSIONAL DIVISION COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Leonardus Tjahjadi

(BP Indonesia)



PROFESSIONAL DIVISION COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Leonardus Tjahjadi	BP Indonesia
Advisor	:	Ron Noble	PT Agra Energi Indonesia
Secretary	:	Anna Sulistyaningsih	IPA
Members	:	Freddy	RH Petrogas
		Tim J. Keller	ConocoPhillips
		Sinchia Dewi Puspita	Pertamina
		Ferry Anantokusumo	BP Indonesia
		Redo Waworuntu	Medco E&P Natuna
		Dyah Woelandari	Pertamina Hulu Energi
		Andy Livsey	Horizon

II. 2020 ACTIVITIES REPORT

The Professional Division Activities in 2020 continues to serve its members particularly in the areas of continuing education and publishing the regular newsletters.

The Professional Division continues to face the challenge of participation to the activities such as courses and field trips. The significant drop of education budget in each company has significantly impacted to the level of participation in addition to the COVID -19 pandemic. The format of virtual breakfast talks has proved able to attract participants, it may be due to no fee and online event.

There is a slight decrease of professional membership compared to last year, but current number of members is still around half compared to 2017. The Professional Division has been successfully provided benefit to its member to freely access IPA technical papers and quarterly newsletter.

The plan to issue the Seismic Atlas during 2019 IPA Convention and Exhibition was not happened due to some issues in the preparation of the atlas. We plan to launch it in 2021 instead.

On financial aspect, we successfully booked some net revenues this year. The source of income primarily comes from the Publication and Membership.

CONTINUING EDUCATION SUB-COMMITTEE

Due to the COVID-19 pandemic, we are focus on delivering a shorter duration of continuing education with the hope that they would attract more participants.

We conducted three virtual Breakfast Talks which one of them are SEG Distinguish Lecture Tours. All these talks were very well attended. We are continually on the lookout for topics that are relevant and of interest to the IPA members. A full listing of all talks and attendance is listed in Appendix A.

MEMBERSHIP SUB-COMMITTEE

The total for 2020 IPA Professional Division Membership is 393. It represents a decrease of three percent (9%) compare to the last year mostly from the overseas and student membership. The breakdown of members is as follows: Jakarta 329, Riau 4, Balikpapan 12, and Overseas 13 and Student 35. Please see the detail membership by area in the table below.

Years	Jakarta & Others	Riau	Balikpapan	Overseas	Student	Total
2017	695	7	3	41	7	746
2018	459	1	3	13		475
2019	426	4	10	26	24	490
2020	329	4	12	13	35	393

The Professional Division Newsletter for member continues to publish regularly for its members. Hopefully it will attract more people to be an individual member of IPA. The plan is to maintain this newsletter published quarterly.

PUBLICATIONS SUB-COMMITTEE

The work of the publications committee has become an increasingly important part of the Professional Division's activities as it continues to generate revenue through cooperation agreements with Elsevier GEOFACTS and AAPG DATAPAGES. The recent 2020

Online Convention papers have already been provided to both organizations and should be available online shortly.

The IPA is now a member of CrossRef, an organization which allows us to register all our published content and assign DOI (Digital Object Identifiers) to each publication. This can then be used by the various organizations we work with to link to our publications. The IPA Secretariat have worked hard to register all 4600 individual publications with CrossRef. The assigned DOI's makes it easier to move publications on Web Servers etc, as we only need to update the URL once.

The update of the online IPA Publications has now been completed and the database has now been moved to <https://www.ipa.or.id/en/publications>. This includes the complete publications, including the most recent online convention, with each publication keyworded and linked to Indonesian Basins where applicable. Downloads of each individual publication is available to all IPA professional Division Members.

We have spent a significant amount of time over the last year trying to stop IPA Publications being uploaded to free-access online libraries both by the authors and other parties. While we want our publications to have the widest audience, we also need to balance this with protecting the revenue streams that these publications generate. This money is used to fund IPA activities including the production of future publications, so it is important that we stop copyright infringements of this nature.

The Seismic Atlas of Indonesian Basins project is still planned but has been bogged down in access to data issues. We are hoping the new Indonesia Open File system will easier access to the information required, and to be able to finally make progress on this important project in 2021.

STUDENT ACTIVITIES LIAISON

We extended the virtual breakfast talks to the student so they can get the benefit for the tlaks as well as open to the latest technology update or issue in Oil&Gas industry.

TREASURER'S REPORT

During the year 2019 total surplus achieved is IDR 735 million, which was derived from revenue of IDR 952 million and expenditure of IDR 217 million. This surplus is higher than the 2019 budget expectation of IDR 348 million.

Financial results for 2020 are still in progress. As shown in the table below, as of October 31, 2020 surplus was IDR 316 million. The surplus was derived from revenue of IDR 328 million and expenditure of IDR 12 million.

PROFESSIONAL DIVISION FINANCIAL PERFORMANCE YTD 31 OCTOBER 2020 IN MILLION (IDR)				Dec 31, 2020 Outlook
Type of Activities	Revenue	Expenditure	Surplus (Deficit)	Surplus (Deficit)
Short Courses	-	-	-	-
Field Trips	-	-	-	-
Luncheon Talks	-	-	-	-
Workshop	-	-	-	-
Publications & Others	259	9	250	301
Individual Memberships	69	3	66	70
Exchange Rate Gain/(Loss)	-	-	-	-
TOTAL	328	12	316	371

The surplus was mainly contributed by Publication and Others IDR 250 million and Individual Memberships IDR 66 million.

By the end of December 2020, we forecast a surplus of IDR 371 million. This surplus is derived from revenue of IDR 384 million and expenditure of IDR 13 million. The surplus of IDR 371 million forecasted above is higher than the 2020 budgeted expectation of IDR 357 million, which is mainly contributed by the increase of surplus from Publication and Others and Individual Memberships activities.

III. 2021 WORK PROGRAM

Our work plans for 2021 are:

1. Continuing Education:
 - a. Plan to have 1-2 Regular Courses online
 - b. Plan to have 2-3 Breakfast Talks online
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.
5. We will start engaging other Professional Associations such as HAGI, IAGI, IATMI, Seapex and IAFMI for collaboration that benefits both associations.

IV. 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 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
VIRTUALTALKS – 2020**

No.	Date	Venue	Titles	Instructor	Affiliate
1	25 February 2020	Zoom application (Arrangement by SEG)	SEG Virtual talk: Regional to Reservoir Stress-Induced Seismic Azimuthal Anisotropy	Lecture: Lisa Gavin	SEG Distinguish
2	22 July 2020	Zoom Application	Why Climate Change can be good for Investment in Energy Industry : an MIT Simulation Model	Toronata Tambun	Aren Energy Investment Pte., Ltd.
3	14 August 2020	Zoom Application	State-of-the-art Surface Geochemical Exploration	Dr. Andreas Mayr	Aplified Geochemical Imaging GmbH (AGI)

SECTION 13

REGULATORY AFFAIRS COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Ali Nasir

(Premier Oil)



REGULATORY AFFAIRS COMMITTEE

I. COMMITTEE MEMBERS

Chair	: Ali Nasir	Premier Oil
Vice Chair	: Hardi Hanafiah	BP Indonesia
Members	: Debbie Chastity/Abigael Ferdita	Chevron Indonesia
	Elysia Risanti	ExxonMobil
	George Poyoh/ Dewita Tambunan	ConocoPhillips
	Heike Butar Butar/Mustika Anglingsari	ENI
	Iman Suseno/Noki Luqmanulhakim	MedcoEnergi
	Prana Widyawan	INPEX
	Deny Riyadi	BP Indonesia
	Dewi Mayang Sari/Mahardika/	Repsol
	Hatmanto Biman	Genting Oil
	Daniel Kohar	PwC
	Fransiscus Rodyanto	SSEK

II. 2020 ACTIVITIES REPORT

The 2020 Regulatory Affairs Committee (RAC) activities as follows:

2.1. RAC Membership Re-alignment

Re-alignment of RAC 2020 members (due to people movement and members refresh); Updating RAC email distribution list regulatory-affairs@ipa.or.id ; and Establishment a list of RAC tag to other IPA committee and task force.

Committee/ Task Force	Sub-issue	RAC SPA
RAC Regulatory Issues	MR No. 15/2018 – ASR	Dewita Tambunan / Abigael Ferdita
Oil and Gas Law		Prana Widyawan/ Deny Rijadi
Omnibus Law		Prana Widyawan/ Ali Nasir
F&T		George Poyoh/ Marlina Tambunan
Gas & Commercial		Heike Butar Butar / Elysia Risanti
SCM		Ray Rahayu Amalia/ Noki Luqmanulhakim
HR		Debbie Chastity
Ethics & Compliance		Noki Luqmanulhakim/ Mahardika
Learn & Lunch		Hardi Hanafiah / Ali Nasir

2.2. Flexibility to choose the type of Production Sharing Contract (MEMR Reg No. 8/2017 as lastly amended by MEMR Reg No. 12/2020)

2.2.1. In January 2017, the Minister of Energy and Mineral Resources (“MEMR”) issued GR MEMR Reg No. 8/2017 on Gross Split PSC which sets out a new economic structure

for production sharing contracts ("PSC") based on dividing gross production between the state and PSC Contractors, without a mechanism for the PSC Contractor to recover operating costs. The regulation requires all new PSCs, and all PSCs renewed in favor of new contractors, to be awarded by the Indonesian Government under the then new gross revenue split system; this seemed to signal the phasing out of the cost recovery PSC regime in Indonesia. This regulation was further amended in August 2017 through MEMR Reg No. 52/2017.

2.2.2. As part of the Government effort to promote investment in the upstream Oil & Gas sector on 16 July 2020, MEMR issued Regulation No. 12/2020 further amending the MEMR Reg No. 8/2017 ("Regulation 12/2020"). The Regulation 12 reiterates the provision of GR No. 35/2004 which grants MEMR with the authority to determine the form and basic provisions of a cooperation contract. Under Regulation 12, a cooperation contract can be determined in form of: (i) a Gross Split PSC; (ii) a PSC with cost recovery mechanism; or (iii) any other form of cooperation contract. In making such a determination, MEMR must consider the risk level, the investment climate, and the greatest possible benefits to the state.

2.2.3. The Regulation 12/2020 deletes the provisions which states Gross Split PSC is mandatory for (i) all new PSCs granted on or after the enactment of MEMR Reg No. 8/2017; (ii) PSCs that have expired and are not extended; and (iii) PSCs that are awarded to PT Pertamina (Persero) or its affiliates. With regards of the Regulation 12/2020, it appears that it is intended to provide investors with the flexibility in determining the appropriate fiscal regime for their investment. Having said that, given that the other provisions of MEMR Reg No. 8/2017 remain in force, the outstanding issues relating to the application of MEMR Reg No. 8/2017 remain unresolved. The Regulation 12/2020 may even add a new issue that needs to be resolved since it does not provide clarity on whether the existing Gross Split PSC can be proposed to be converted into a cost recovery PSC.

2.3. PSC Improvements

2.3.1. RAC is supporting IPA Board in continuing the advocacy to the Government on a critical need to better Indonesian PSC fiscal terms in general and specifically for EOR, marginal fields, deep-water and green fields. Towards the year-end, RAC observed some traction on this effort and the Government (through SKK Migas and the Ministry of Energy and Mineral Resources) is evaluating some methods to improve the PSC

split as well as improving fiscal terms by reintroducing the concept of “assume and discharge” for indirect taxes.

2.3.2. Effort so far includes drafting industry feedback towards improvements needed for GR 53/2017 (Tax for Gross Split Scheme) and the next effort will be preparation of the industry feedback towards improvement needed for GR 27/2017 (Tax for Cost Recovery scheme). IPA proposed changes to GR 53/2017 has been submitted to SKK Migas in November 2020.

2.4. The Omnibus Law on Job Creation

2.4.1. The Omnibus Law on Job Creation utilizes the concept of Omnibus Law where a specific law would be formed, by taking some provisions from other laws, and revising them so that the overall target for improving the ease of doing business factor in Indonesia can be achieved. Within the early days of the new administration in 2020, GOI was planning to submit the draft omnibus law to DPR for deliberation.

2.4.2. Throughout 2020 IPA had meetings with the various Government institutions (e.g. MEMR, SKK Migas, the Coordinating Ministry of Economic Affairs, BKPM) to advocate and presented IPA’s input on the draft Omnibus Law on Job Creation.

2.4.3. Indonesian parliament approved the final draft of the Omnibus Law on Job Creation in October 2020, and on 2 November 2020, the Omnibus Law on Job Creation was issued and passed into law under Law No. 11 of 2020 on Job Creation (the “Job Creation Law”).

2.4.4. At the moment various ministries and institutions are drafting the new implementing regulations to be issued under the Job Creation Law. The President has set out the deadline for completing the issuance of the implementing regulations which is three (3) months after the enactment of the Job Creation Law.

2.4.5. Any input to such implementing regulations having impacts to the upstream oil and gas industry shall continue until they are issued in 2021.

2.5. Improvement on the Public Perception to the Oil and Gas Industry

2.5.1. Public perception on the oil and gas industry in general is not so good and the Board in its 2020 program has initiated a campaign to have better public perception on the oil and gas industry in general and (foreign) oil companies in particular.

2.5.2. RAC participated in the board initial effort to design a flyer as a media to campaign the role of oil and gas to Indonesia economy (the multiplier effects campaign) and the right understanding on the cost recovery.

2.5.3. RAC has also assisted IPA Executive Director in Task Force of Cost Recovery established by the Minister of Energy and Mineral Resources by providing understanding legal analysis on various laws and regulations related to cost recovery. In addition, RAC has also conducted a comparative study with other countries (Qatar, Angola, Nigeria, Vietnam, and Malaysia) on the treatment of cost recovery and settlement of disputes related to cost recovery in those countries.

2.6. Legal Support for LNG and the Gas Committee

2.6.1. RAC has participated in discussions and provided legal recommendations to LNG & Gas Committee for Board consideration on the issue of imposition of VAT to LNG sales based on the Supreme Court Decision No. 5 P/HUM/2018. In the Supreme Court views, MoF Regulation No. 252/PMK.011/2012 which exempted LNG from VAT is not in line with higher regulation (Law on VAT).

2.6.2. The Government has now issued Government Regulation No. 48/2020 revising GR 81/2015 and clearly include LNG as strategic goods exempted from VAT.

2.7. Draft Oil and Gas Law

2.7.1. The latest draft of Oil and Gas Law received by IPA was dated 3 December 2019. From RAC review, the changes in the latest draft of New Oil and Gas law is principally on the determination that the BUK Migas would be in the form of a State-Owned Enterprise. The other significant change is the way Indonesian Participant 10% would be offered, previously in Work Areas which is managed in its entirety by BUK Migas, BUK Migas can make an offer of Indonesian Participant 10% to Local Government-Owned Enterprise, now BUK Migas can give a grant of Indonesian Participant 10% to Local Government-Owned Enterprise.

2.7.2. Despite efforts to finalize the New Oil and Gas Law within the 2014-2019 DPR term, with the latest being the President already sent the President Letter to DPR on November 2018, DPR did not move forward.

2.7.3. Traditionally when a draft law fails to be issued by the end of a particular term, new DPR under the new term would have to start from scratch, however, now that Law 15/2019 on

Revision to Law 12/2011 on the Formation of Laws and Regulations went into law on 4 October 2019, a draft law can be carried over to the new term, provided that new DPR under the new term agrees to insert such draft law into the national legislative program.

2.7.4. Due to the focus on completing the Omnibus Law on Job Creation by the Government, discussions in DPR on the draft Oil and Gas Law that was expected to continue in 2020 did not materialize.

2.8. Gas Price Adjustment (MEMR Reg No. 8/2020)

2.8.1. In April 2020, MEMR issued Regulation No. 8/2020 on the Procedure for Determination of the User and Specific Price of Natural Gas in Industrial Sector (the “Regulation 8/2020”). This is meant as derivative regulation to the Presidential Regulation No. 40/2016 on Determination of Natural Gas Price. The Regulation 8/2020 reduces gas prices for sales to specific industries and power plants.

2.8.2. IPA had identified key issues to the upstream oil and gas business due to the gas price adjustment under the Regulation 8/2020 and has been advocating key stakeholders (e.g. MEMR and SKK Migas) on the key issues impacting the upstream industry due to the implementation of gas price adjustment under the Regulation 8/2020.

2.8.3. IPA had provided recommendation to MEMR and SKK Migas on the options for the mechanism in implementing the gas price adjustment to ensure that the “kept whole” principle is being upheld and closely engaged with them in various discussions on the implementation of the recommended options such mechanism.

2.9. Management of State-Owned Asset

2.9.1. Ministry of Finance Regulation No. 89/2019 on Management of State-owned Assets Originating from Implementation of Cooperation Contracts for Oil and Gas Business Activities (MR 89/19) went into effect on 19 June 2019. MR 89/19 covers the management of state-owned assets (BMN) in the upstream oil and gas business activities, from planning up to disposal.

2.9.2. MR 89/19 creates additional business processes and bureaucracies for BMN originating from upstream management starting from planning, budgeting, procurement, maintenance, and disposal by involving government bodies other than the Ministry of ESDM as the technical ministry responsible for operational requirements and investments needs.

2.9.3. The imposition of a rental fee to the ex-termination BMN and compensation for the utilization of remaining stocks (ex-termination) are burdensome to project economics and are not aligned with the objective of BMN utilization.

2.9.4. IPA, jointly with SKK Migas formed a task force to discuss input to the revision to PMK 89/2019 (PMK 140/2020) and had several meetings with Ministry of Finance (Directorate General of State Asset – DJKN) throughout 2020.

2.9.5. On 28 September 2020, the Minister of Finance issued Regulation No. 140/PMK.06/2020 on Management of State-owned Assets from Upstream Oil and Gas (“PMK 140/2020”). Some issues remain under PMK 140/2020 which still require further clarification with the Ministry of Finance which will continue over in 2021, such as:

2.9.5.1. No legal certainty for new PSCs taking over from expiring PSCs, in which new PSCs are still required to pay for asset utilization cost.

2.9.5.2. Legal sanction should be limited to administrative penalty in line with PSC, rather than treated as criminal conduct; and

2.9.5.3. No transition regulations covering asset management process during transition period.

2.10. Priority for Domestic Crude Oil (MEMR Reg No. 42/2018)

2.10.1. 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.

2.10.2. The regulation raises 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.

2.10.3. Since the issuance of MEMR Reg No. 42/2018 IPA continues to actively work with stakeholders including the Government on the issues faced by PSC Contractors in implementing this regulation. To that end in September 2020, IPA held a meeting with Ditjen Migas to discuss on revising the MEMR Reg No. 42/2018 and had submitted its recommendation on the proposed revision. This meeting was followed up with a FGD held by Ditjen Migas on 28 September 2020, where among others it was discussed that confirmation letter on domestic crude oil requirement will be issued by PT Pertamina and offer period is recommended to be 6 months instead of the earlier 3 months.

2.10.4. IPA will continue its advocacy effort to finalize the proposed revision on MEMR Reg No. 42/2018 in 2021.

2.11. KPPU Regulations on Acquisition Transaction

2.11.1. In 2019, KPPU issued 2 regulations: (i) KKPU Regulation No. 3/2019 re Valuation on the Merger or Consolidation of Business Entity or the Shares Acquisition which may Result in Monopolistic Practice and/or Unfair Business Competition (“KPPU Regulation 3/2019”) and (ii) KPPU Guidelines re the Valuation on the Merger, Consolidation or Acquisition (“KPPU Guidelines”). These 2 regulations set out that a transfer of participating interest (PI) will be considered as a transfer of assets which in turn is treated as a transfer of shares therefore subject to a notification obligation to KPPU no later than 30 working days from the date the transfer becomes legally effective if as a result of such transfer, the asset value of the transferee exceeds the specified thresholds.

2.11.2. KPPU Regulation 3/2019 contradicts its higher regulation (i.e. the Indonesia Anti-Monopoly Law (Law No. 5/1999) and GR No. 57/2010 on Merger or Consolidation of Business Entity and Acquisition of Shares causing Monopolistic Practice and Unfair Business Competition) that only requires notification obligation to KPPU for acquisition of shares transaction with certain assets value or sales value.

2.11.3. The notification obligation set out in KPPU Regulation 3/2019 is viewed as an additional obligation to PSC Contractors in transfer of PI transactions that would be burdensome to comply with and may prolong the transaction process. This certainly not in line with the Government’s current intent to improve ease of doing business in Indonesia.

2.11.4. IPA sent a letter to KPPU raising the concerns on the application of KPPU Regulation 3/2019 on transfer of participating interests. In response to the letter, KPPU invited IPA for a meeting where parties discussed IPA's concerns. In the meeting KPPU confirmed that KPPU Regulation 3/2019 is applied to transfer of PI. KPPU also explained how to interpret and implement the criteria for such notification obligation, in particular the threshold criteria. IPA verbally responded to KPPU's explanation on the thresholds criteria that the way assets value is currently calculated relating to the thresholds criteria would not be relevant for upstream oil and gas industry given that most, if not all, oil and gas companies value are above the given thresholds such that all transfer of participating interests will be subject to the notification obligation under KPPU Regulation 3/2019.

2.11.5. IPA plans to send another letter to KPPU to reiterate the industry's concerns as well as to clarify certain provisions of the KPPU Guidelines.

III. Monthly Meeting & RAC Learn and Lunch/ Breakfast

RAC conducts regular monthly meeting to discuss issues and find solutions. These regular monthly meetings help member to properly allocate their time and attendance. Despite the Covid-19 pandemic, RAC continues the regular monthly meeting during 2020, albeit they are been conducted virtually.

Additionally, RAC has also continued its academic program called Learn & Lunch ("L&L"), which is expected to help members develop their knowledge & skills. The following Learn & Lunch has been conducted during 2020:

- 3.1. 1st L&L (26 Feb): **Notification Obligation Under KPPU (Anti-trust Commission) Regulation No. 03/2019**, hosted by Chevron with speaker from AHP Law Firm.
- 3.2. 2nd L&L (29 Jul): **Rethinking Indonesia: Alternative Disputes Resolution in Indonesia**, Virtual with speaker from HBT Law Firm

IV. 2021 WORK PROGRAM

The IPA RAC's objectives for 2021 are predominantly consistent with its activities in 2020. RAC will continue to perform an active advocacy role in **the implementing**

regulations for the Omnibus Law on Job Creation and draft Oil and Gas Law. In addition, for 2021, RAC will also put its focus on the following issues:

- 4.1. Continue advocacy to revise MEMRs No.48/2018, 15/2018, 37/2016 to ensure contract sanctity and MoF Regulation No.140/2020.
- 4.2. Advocacy and provide input to MEMR's Task Force on Cost Recovery Analysis to reduce or eliminate the criminalization issue.
- 4.3. Continue to support F&T in revision to GR 53/2017 and GR 27/2017 in the effort to improve PSC fiscal terms for EOR, marginal fields and green fields.
- 4.4. Streamline SKK Migas' approval process by providing recommendation to IPA Board on the problematic SKK Migas' PTK that requires improvements.

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.

V. 2021 BUDGET

We propose budget in 2021 is around USD 2,000 for any meetings (both internal and external) in advocacy.

SECTION 14

SUPPLY CHAIN MANAGEMENT COMMITTEE

2020 ACTIVITIES REPORT

AND

2021 WORK PROGRAM

CHAIRPERSON

Fery Sarjana

(Petronas Carigali Indonesia)



SUPPLY CHAIN MANAGEMENT COMMITTEE

I. COMMITTEE MEMBERS

Chair	:	Fery Sarjana	Petronas Carigali Indonesia
Vice Chair	:	Lily Sastriyanti	Inpex Masela, Ltd
Secretary	:	Listiani Dewi	HCML
Members	:	Budi L Widjaja/Benny Panjaitan	ConocoPhillips Indonesia
		James Tehubijuluw	BP Indonesia
		Indra Syafrin/Teddy Wahyu R	ENI
		Didi Basuki	Kangean Energy Indonesia
		Penny Setiadi	Ophir Energy
		Herry Luthfi	Premier Oil
		Iwan Kristiantono	Energi Mega Persada
		Agus Setiawan	Saka Indonesia Pangkah Ltd
		Kenneth // Yudhi	Medco Energy
		Agus S/Lita Myrosa	PT. PHM
		Sigit	Chevron
		Citra Jaya	Exxon Mobil Indonesia
		Fransjono / Visnu	PEP Cepu

II. 2020 ACTIVITIES REPORT

The 2020 Supply Chain Management (SCM) activities are focusing on providing advocacy on deregulation of processes and improvement within Supply Chain Management. SCM meets regularly and has been actively communicated and shared information among its members when issues arise.

Following is work programs which were implemented in 2020:

- 1) Networking Improvement with SKK Migas (PRS-AB Division, PPBJ Division and Asset Management Division of SKK Migas), Ditjen Migas, Bea Cukai, PPBMN & DJKN. We invited SKK Migas Division Heads, Ditjen Migas, Bea Cukai, PPBMN & DJKN to one of the monthly meeting or courtesy meeting to channel inputs / feed backs.
- 2) Collaboration with F & T and Resources Committees to advocacy PMK 189/2019 regarding Asset Management with result withdraw & replace it with PMK 140/2020

better content for investor and PMK 217/2019 regarding importation with result more clear and improvement on the implementation.

- 3) Drafting, discussion and issued with Division Procurement SKK Migas on the framework and roadmap the Lean, accelerating and simplify procurement process with later will be put in the revision PTK 007 Book 2
- 4) Collaboration and support with SKK Migas SCM to conduct SCM Forum part of IOG 4.0 with theme support road map Government target to achieve production 1 Million BOPD and 12 BBSCFD in 2030
- 5) During pandemic Covid-19, SCM Committee drive, collaboration and agreed with SKK Migas, Ditjen Migas, PPBMN, DJKN and Customs to simplify and maximizing the digital business process, especially related with permit, approval and certification, as follows:
 - a. Virtual certification Tender Committee
 - b. Virtual Certification Local Content Verification
 - c. Online submission, review and approval for asset transfer, asset write off, master list, tender plan, tender award, reporting and customs realization
 - d. Supporting letter by SKK Migas for contract renegotiation without any social impact

By proactively advocating the above, it is expected that the SCM Committee able to contribute improvement on Supply Chain activities to be more efficient and effective which contribute for better investment climate in the upstream oil and gas sector and maintain the competitiveness of the Indonesia upstream oil and gas industry.

III. 2021 WORK PROGRAM

The 2021 Supply Chain Management (SCM) activities are focusing on providing advocacy on deregulation of processes and improvement within Supply Chain Management. SCM will conduct regular meetings.

The work programs are as follows:

- 1) Maintain networking with SKK Migas (PRS-AB Division, PPBJ Division and Asset Management Division of SKK Migas), Ditjen Migas, Bea Cukai, PPBMN & DJKN. We will invite 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 participants in 2021 meetings.

- 2) SCM Best practice sharing from members or other expert in regular SCM meetings.
- 3) Improve networking with IPA Associate Members. We will invite AM members into the regular SC gathering where appropriate.
- 4) Conduct Breakfast Session and invite key stakeholder from Government as resource during IPA Convex 2021
- 5) Continue advocacy on Government of Indonesia Regulation's Draft, as well as on Deregulation of Permitting process within Oil & Gas. IPA submitted input on all permits (around Asset disposal) that is bureaucratic.

SECTION 15

**LIST OF
COMPANY MEMBERS
AND
ASSOCIATE MEMBERS**



INDONESIAN PETROLEUM ASSOCIATION

COMPANY MEMBERS

No.	Company	Representative	Title
1	BP Asia Pacific	Mr. Nader Zaki	Regional President
2	Chevron Indonesia	Mr. Kevin Lyon	President
3	CITIC Seram Energy Limited	Mr. Deng Yuanzhong	President
4	ConocoPhillips (Grissik) Ltd.	Mr. Bijan Agarwal	President & General Manager
5	Eni Muara Bakau B.V.	Mr. Diego Portoghese	Managing Director
7	ExxonMobil Cepu Ltd.	Mr. Irtiza H. Sayyed	President
8	Genting Oil Kasuri Pte. Ltd.	Mr. Nara Nilandaroe	General Manager
9	Harpindo Mitra Kharisma, PT	Mr. Xinghua Huang	General Manager
10	Husky Anugerah Limited	Mr. Kevin S. Moore	General Manager
11	Husky-CNOOC Madura Limited (HCML)	Mr. Tilak Nithiyeswaran	President & General Manager
12	INPEX Masela Ltd.	Mr. Akihiro Watanabe	President Director Indonesia
13	JAPEX Co., Ltd.	Mr. Akinori Matsumoto	Chief Representative
14	Kangean Energy Indonesia Limited	Mr. Minoru Kuniyasu	President
15	KrisEnergy (Satria) Ltd.	Mr. Kusmutarto Basuki	General Manager
16	Mandala Energy Lemang Pte. Ltd.	Mr. Chandra D. Tiranda	General Manager
17	Medco E&P Indonesia, PT	Mr. Ronald Gunawan	President Director
18	Mubadala Petroleum Indonesia	Mr. Adel Al Hammadi	President
19	Neptune Energy Muara Bakau B.V.	Mr. Eko Lumadyo	Managing Director
20	OPIC Indonesia	Mr. Vincent Chang	Chief Representative
21	Pertamina Hulu Energi, PT.	Mr. Taufik Adityawarman	Director of Development and Production
22	PetroChina International Companies in Indonesia	Mr. Qian Mingyang	President
23	Petronas Carigali Indonesia	Mr. Mohd. Nazlee Rasol	President
24	Premier Oil Natuna Sea B.V.	Mr. Gary Selbie	President



25	PTTEP Indonesia	Mr. Grinchai Hattagam	General Manager
26	SAKA Energi Indonesia, PT	Mr. Susmono Soetrisno	President Director
27	Semeru Energy Limited	Mr. Jeff Steketee	CEO
28	Shell Indonesia, PT	Ms. Dian Andyasuri	President Director
29	Star Energy (Kakap) Ltd.	Mr. Rudy Suparman	President & CEO
30	Repsol Exploracion South SakaKemang SL	Mr. Greg Holman	General Manager
32	Triangle Pase Inc.	Mr. Tumbur Parlindungan	Acting General Manager

INDONESIAN PETROLEUM ASSOCIATION

ASSOCIATE MEMBERS

No.	Company	Representative	Title
1	Abhitech Matra Indah, PT	Mr. Dennis Karnadi	Director
2	Altus Logistics Services Indonesia PT.	Mr. Indra Angelo	President Director
3	Apexindo Pratama Duta Tbk., PT	Mr. Zainal Abidinsyah Siregar	President Director
4	Armada Gema Nusantara, PT	Mr. Gerhardus S. Doubell	Country Director
5	Badak LNG, PT	Mr. Didik Sasongko	President Director
6	Baker Hughes, a GE Company	Mr. Iwan Chandra	President
7	Bama Bumi Sentosa, PT	Mr. M. Amin Mujib	Ka. Div. QHSE
8	BGP Indonesia, PT	Mr. Zhang Haitao	President Director
9	Binder Indonesia, PT	Ms. Endah	Sales & Marketing
10	BMT Asia Indonesia, PT	Mr. Johnny Tjea	President Director
11	Bureau Veritas Indonesia, PT	Mr. Didie B. Tedjosumirat	Director
12	Cameron Systems, PT	Mr. Scott Schauer	Regional Director
13	CARSURIN, PT	Ms. Sheila Maria Tiwan	President Director / CEO
14	CGG Services Indonesia, PT	Ms. Tenny Yoan	President Director
15	China Petroleum Technology & Dev't Corp	Mr. Yang Xiao	
16	Citra Tubindo Tbk., PT	Mr. Joe C. Barlett	General Director
17	Citrabuana Indoloka, PT	Mr. Taufik Hidayat	Country MD
18	Corelab Indonesia, PT	Mr. Kristanto Himawan	Operations Manager
19	Denvegraha (DNV GL), PT	Mr. Dedi Murdiadi	Head of Section Oil & Gas
20	Donggi-Senoro LNG, PT	Mrs. Doty Damayanti	
21	EagleBurgmann Indonesia, PT	Mr. Soebagio Soegiharto	General Manager
22	Energy Logistic, PT	Ms. Christina Novi	
23	ERM	Ms. Arryati Ramadhani	Principal Consultant – Impact Assessment and Planning
24	Exlog Sarana Indonesia, PT	Mr. Wimborn M. Hutapea	Director

25	Fugro Indonesia	Mr. Agus Wiryawan	Country Manager
26	Future Pipe Industries, PT	Mr. Dimas S. Yuditya	Sales & Marketing Manager
27	Geolog Indonesia, P.T.	Mr. Adel Gasmi	Director
28	Geoservices, PT.	Mr. Peter A. Pramana	Director
29	Halliburton Indonesia, PT	Mr. Ahmed Helmi	
30	Hitek Nusantara Offshore Drilling, PT	Mr. Kamil	President Director
31	Horizon Geoconsulting, PT	Mr. Andy Livsey	Technical Director
32	IADC Southeast Asia Chapter	Mr. Chit Hlaing	
33	IKM Subsea Indonesia, PT	Mr. Husnul Furqon	Business Dev. Manager
34	Imeco Inter Sarana, PT	Mr. Sarwi H. Notoatmodjo	Director
35	Inspektindo Sinergi Persada	Mrs. Esra Siahaan	
36	Institut Sains & Teknologi AKPRIND	Ms. Sri Mulyaningsih	
37	Institute of Technology Bandung	Mr. Hendra Grandis	
38	Institute of Technology Medan	Mr. Gustam Lubis	
39	Institute of Technology Sepuluh Nopember	Mr. A. Syaeful Bahri	
40	Integrated Petroleum Services, PT	Mr. Abdul Halim Abdul Hamid	President Director
41	Intertek Utama Services, PT	Mr. Jose Richard Gamo	President Director
42	Islamic University of Riau	Ms. Ira Herawati	
43	JGC Corporation	Mr. Tanaka Hideaki	Chief Representative
44	Kaliraya Sari, PT	Mr. Vincent Darja	Managing Director
45	KAP Purwantono, Suherman & Surja-EY	Mr. Hari Purwantono	Partner
46	Korea Maritime & Ocean University	Mr. Il-Hyung Cho	Head of R&D Department Director of KIORCC (Korea-Indonesia Offshore Research)
47	Korosi Specindo, PT	Mr. Baskifo Yulinardo	Business Development
48	KPMG Advisory Indonesia	Mr. Irwan Setiawan	Partner
49	Lerindro International, PT	Mr. Andrew H. Suryadi	President Director
50	Linklaters Singapore Pte. Ltd.	Mr. Kevin Crombie	

51	McDermott Indonesia, PT	Mr. Mudhito (Adhi) Prakosa	Country Manager
52	MCX Asia, PT	Mr. Shinichi Fukuda	
53	M-I Production Chemical Indonesia, PT	Mr. Devan Raj	President Director
54	Mitsubishi Corporation Indonesia, PT.	Mr. Masao Okawara	
55	Oentoeng Suria & Partners	Mr. Avinash Panjabi	
56	OPAC Barata, PT	Mr. Jeremy Dyer	Director
57	Oscos Utama, PT	Mr. Antonius Nurimba	President Director
58	Perforindo Teknik NUSANTARA, PT	Mr. Indra Adji	Country Manager
59	Petroprima Geo Service Nusantara, PT	Mr. Risman Setia Putra	
60	PPPTMGB "LEMIGAS"	Mrs. Setyorini Tri Hutami	
61	Precision Energy Services Indonesia PT.	Ms. Mirana Ganettasari	
62	PricewaterhouseCoopers	Mr. Sacha Winzenried	
63	Pumpa Cakrawala Mulia, PT	Mrs. Maya Rahmawati	
64	PPSDM MIGAS	Mr. Wakhid Hasyim	
65	SGS Indonesia, PT	Mr. Deny Sitorus	OGC Manager
66	Stainless Steel Primavalve Majubersama, PT	Mr. Mustoko Ali Sasongko	
67	STTNAS Yogyakarta	Mr. Sukartono	
68	Sucofindo, PT	Mr. Erwin S.P. Sibuea	
69	Supraco Indonesia, PT	Mr. Misyal A. Bahwal	Managing Director
70	TD Energy Services, PT	Mr. Paul Colston	President Director
71	Tenaris-Seamless Pipe Indonesia Jaya, PT	Mr. Pungky Hermawan	
72	Total E&P Indonesia	Mr. Arividya Noviyanto	President & General Manager
73	Tripatra Engineering, PT	Mr. Dhira Nandana	
74	University of Brawijaya	Mr. Adi Susilo	Commercial Manager
75	University of Diponegoro	Mr. Reddy Setyawan	CEO
76	University of Gadjah Mada	Mr. Sismanto	
77	University of Hasanuddin	Mr. Sabrianto Aswad	
78	University of Indonesia	Mr. Mahmud Sudibandriyo	

79	University of Lambung Mangkurat	Mr. Ibrahim Sota	
80	University of Lampung	Mr. Ordas Dewanto	
81	University of London	Mr. Robert Hall	
82	University of Padjadjaran	Mr. Ildrem Syafri	
83	University of Pakuan	Mr. Agus Karmadi	
84	University of Proklamasi 45	Mr. Wirawan W. Mandala	
85	University of Sriwijaya	Mr. Marwan Asof	
86	University of Trisakti	Mr. Agus Guntoro	
87	UPN "Veteran"	Mr. Agus Santoso	
88	Vopak Terminal Merak, PT	Mr. Lars Schauman	
89	Widyawan & Partners	Mr. Widyawan	Managing Partners
90	Wira Cipta Perkasa, PT	Mr. Burhanuddin Ali	
91	Wira Insani PT.	Ms. Mirana Ganettasari	



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