



CONSTITUTION  
OF THE  
INDONESIAN PETROLEUM ASSOCIATION

ARTICLE I - NAME

The name of the Association shall be the "Indonesian Petroleum Association", a non-profit organization established in accordance with the laws of the Republic of Indonesia.

ARTICLE II - LOCATION

The headquarters and registered office of the Association shall be situated within Jakarta.

ARTICLE III - PURPOSE

"The aims and objectives of the Association are to utilize non-confidential and non-proprietary information to promote the exploration, producing, refining/manufacturing, distribution and marketing aspects of the petroleum and geothermal industries in Indonesia, through":

- (a) Studying problems relating to such aspects of the petroleum industry at the national level and possible solutions of these problems.
- (b) Studying modern methods of the petroleum industry, which have been adopted in other countries for application in Indonesia.
- (c) Fostering a mutual respect between the Members of the Association, both private and Government (it being understood that no decision or action of the Association shall affect any contracts to which any of the members are parties).
- (d) Advancing new ideas relative to such aspects of the petroleum industry.
- (e) Fostering a spirit of scientific research among the Members of the Association.
- (f) Establishing contact and cooperation with similar professional organizations outside Indonesia.
- (g) Disseminating objective information and analysis concerning such aspects of the petroleum industry.
- (h) Maintenance of a high standard of professional conduct on the part of the Association Members.
- (i) Promotion of the development of the infrastructure necessary to support the petroleum industry in Indonesia.
- (j) Familiarization of the general public and educational institutions with current developments and problems of the petroleum industry.
- (k) Giving assistance to and encouraging potential university graduated in preparing for a career in the petroleum industry.

## ARTICLE IV - MEMBERSHIP

1. Membership of the Association shall be open to organizations actively participating in the petroleum and geothermal industries within Indonesia, including, but not limited, to the fields of geology, geophysics, drilling, production, petrochemistry and refining. Membership shall be divided into two categories as follows:
  - (a) **Company Members:**

Company membership of the Association shall be limited to companies who hold a percentage working interest in petroleum and/or geothermal rights within Indonesia and whose interest in such rights has been recognized by the Government of the Republic of Indonesia. "Company" in this context shall include the Research and Development Center for Oil and Gas Technology - "LEMIGAS" and any other organization which may, from time to time, be deemed by the Board of Directors to be so included for the purpose of Company membership of this Association.
  - (b) **Associate Members:**

Associate membership of the Association shall be open to organizations who are associated in other ways with petroleum and/or geothermal industries in Indonesia, including but not limited to petroleum service companies and similar organizations, educational institutes, and non-profit organizations considered by the Board of Directors important to the petroleum industry. Associated Members shall have all the rights and privileges of Company Members except those of voting.
2.
  - (a) Each Company Member shall appoint one "Company Representative" who shall be resident in Indonesia and who shall represent it in all matters concerning the Association. The name of each Company Representative shall be registered with the Secretary of Association. Only Company Members, whose representatives have been duly registered with the Secretary, shall have the right to vote, to hold office, and to serve as the Chairman of any committee of the Association. Each petroleum company (which term shall include "LEMIGAS") shall have only one vote in Association affairs. A registered Company Representative shall represent only one working interest holder at any given time. Each Company Member may, in the absence of its "Company Representative", be represented at meetings of the Association by a duly appointed and registered "Alternate Company Representative" who shall have the right to vote in Association affairs on behalf of its company, but shall not, except at the discretion of the Board of Directors, substitute for the Company Representative at committee meetings of the Association.
  - (b) Each Associate Member shall appoint and shall register with the Secretary of the Association one "Associate Representative" who shall represent it in all matters concerning the Association. Associate Representatives shall have the right to be appointed to be members of committees of the Association at the discretion of the Board of Directors.
3. Membership of the Association shall terminate forthwith upon a Member's organization ceasing to participate in petroleum or geothermal industry activities within Indonesia. The Board of Directors shall have the right to expel any Member for failure to pay dues or to other good and sufficient reasons. A member may resign from the Association on giving to the Secretary reasonable notice in writing.

## ARTICLE V - MEETINGS

The meeting of the Association shall be classified as either General or Special:

- (a) General Meeting:  
One General Meeting of the Association shall be held each calendar year at the time and place set by the Board of Directors.
- (b) Special Meeting:  
Special meetings of the Association may be called at any time by the Board of Directors, and may in addition be requested by not less than five Company Members. The location, date and time for such special meetings shall be determined by the Board who shall whenever possible give seven days notice of the same to all Members.

## ARTICLE VI - OFFICERS AND DUTIES

The officers of the Association shall be: (a) President, (b) Two Vice Presidents, (c) Secretary and (d) Treasurer.

The duties of the President of the Association shall be:

- (a) He shall preside at all General and Special Meetings.
- (b) He shall be Chairman of the Board of Directors.

The duties of the Vice Presidents of the Association shall be:

- (a) They shall, in the absence of the President, succeed to all his powers and duties.
- (b) They shall be members of the Board of Directors and ex-officio member of all committees.

The duties of the Secretary of the Association shall be:

- (a) He shall keep a true and perfect record and minutes of all General and Special Meetings.
- (b) He shall assist the presiding officer at all General and Special Meetings.
- (c) Upon being directed by the President, he shall cause to be notified all the Membership of all General and Special Meetings.
- (d) Such other duties as may from time to time be determined by the Board of Directors.
- (e) He shall be a member of the Board of Directors.

The duties of the Treasurer of the Association shall be:

- (a) He shall assist the presiding officer at all General and Special Meetings.
- (b) He shall have charge of all financial matters relating to the Association.
- (c) He shall keep a correct account of all receipts and disbursements and submit a financial statement to the Membership assembled in the General Meetings.
- (d) His accounts shall be open for inspection by the Board of Directors at any time the Board elects by majority vote to inspect same.
- (e) His account shall be governed by the fiscal year beginning with the first of January of each year.
- (f) He shall be responsible for rendering a bill for dues to all members of the Association by January 1 of each year.
- (g) He shall be a member of the Board of Directors.

## ARTICLE VII - THE BOARD OF DIRECTORS

The Board of Directors shall be composed of each officer of the Association, and in addition not more than eight other duly elected (or appointed under Article VIII - 9) Company Representatives,

The Board of Directors shall be responsible for the affairs of the Association.

A majority of the Board of Directors shall constitute a quorum. Decisions of the Board shall be by a majority vote of those present. The Chairman shall not vote except in the case where there is an equality of votes cast. In such event he shall have a casting vote.

The Board of Directors shall have the authority to create committees and sub-committees.

The Board of Directors shall, unless otherwise agreed, meet at least once during each month.

The Board of Directors shall have the authority to establish and maintain a business office for the Association in Jakarta.

The Board of Directors, on behalf of the Association, may accept, create and maintain special funds for publications, research projects and other purposes, but the acquisition and disbursements of such funds must be recited in detail in the Association's annual financial statement to the Membership.

The Board of Directors shall annually appoint a recognized firm of auditors to inspect and report on the books of account of the Association for submittal at the General Meeting.

## ARTICLE VIII - ELECTION OF OFFICER AND DIRECTORS

The election of Officers and Directors shall be by written ballot presented to the Company Members and voted upon by mail, or, at the discretion of the Board of Directors, the election may be held at the Annual General Meeting. If the election is held by mail ballot, the date of the election shall be prescribed by the Board of Directors, but shall not be less than twenty days prior to the time fixed for the next succeeding Annual General Meeting.

The Nominating Committee, which shall consist of the Board of Directors, shall, in advance of the Annual General Meeting or the time prescribed for the election, nominate at least one candidate for each office. The Nominating Committee shall make a written report to the Membership listing the nominations. If the ballot is handled by mail, provision shall be made for the nomination of candidates for each office by any two Company Members of the Association. If the election is held at the Annual General Meeting, nominations by qualified members for any office shall be recognized from the floor at the time of the meeting.

Only Company Representatives in good standing in the Association may vote. Each Company Representative shall be entitled to one vote, and voting shall be either in person, or by proxy, subject to the provisions herein set forth.

All proxies shall be executed in writing in the form and manner prescribed by the Board of Directors and shall be signed by the Member granting the proxy. The executed proxy shall be submitted to the Election Committee within the time prescribed in the notice of the election.

Those Directors elected shall be those nominees who each receive the most votes of the votes cast and in the case of a tie for the last Directorship a revote will be taken immediately. If the ballots are submitted by mail, the ballots shall be returned in the manner and within the time prescribed by the Board of Directors. If the election is held at the Annual General Meeting votes shall be cast in person or by proxy.

Members are not required to be present at the Annual General Meeting in order to be elected to office.

The President of the Association shall appoint three Company Representatives, who shall not be members of the Board of Directors, to serve with the Secretary as an Election Committee for the purpose of recording and certifying all proxy votes and for the purpose of recording and certifying the results of the election. If the election is conducted by mail ballot, the results of the election shall be certified to the Board of Directors within five days of the closing date for receipt of the votes. The Board shall promptly announce the results thereof to the Membership. If the election is held at the Annual General Meeting, the results shall be duly certified to the Board and announced at the meeting.

As soon as practicable after the certification of the results of the election, the incoming Board shall appoint the Chairmen of all committees who are to serve during the ensuing term.

If any officer or Director vacates his office or becomes disqualified from continuance in office for any reason, it shall be the duty of the Board of Directors to appoint a Company Representative to fill such vacancy for the unexpired term.

## ARTICLE IX - TERMS OF OFFICE

The term of office of all officers of the Association shall be for a one-year period. Multiple and successive terms of office are permitted.

## ARTICLE X - PROFESSIONAL DIVISION

There shall be a Professional Division of the Association called the "Indonesian Petroleum Association Professional Division". Membership of the Professional Division shall be open to all individuals, whether salaried or self-employed, participating in petroleum activities including but not limited to members of those organizations and professions recited in Article IV hereof.

The Board of Directors of the Association shall appoint a member of the Professional Division to be the Chairman of the Professional Division Governing Board. The term of office shall be for one year. Multiple and successive terms of the office are permitted. The Chairman shall be co-opted to the Board of Directors of the Association as a non-voting member unless already a member of the Board. The Professional Division shall from its own members elect the remainder of the Governing Board which shall, including the Chairman, consist of not less than five but not more than fifteen members.

The conduct of the Professional Division officers shall be in accordance with the Rules of the Professional Division.

The Professional Division Governing Board shall have the right to create committees, establish technical seminars and other items of a similar nature.

## ARTICLE XI - DUES AND ASSESSMENTS

The Board of Directors shall determine the Annual Dues of the Association for Company Members, Associate Members, and Members of the Professional Division. Dues shall be announced annually at the Annual General Meeting.

These rates may be reviewed and adjusted periodically by the Board of Directors at the discretion of the Board of Directors. At Member's option, these rates may be paid to the Association in Indonesian currency at the official bank exchange rate of the U.S. Dollar prevailing at the time of payment.

The annual dues shall be payable on or before the fifteen day of March of each calendar year, at which time the official rolls of the Association will be closed. Member failing to pay dues before the official role is closed shall forfeit the right to participate in Association affairs and to vote at the General Meeting next following said closing dated.

## ARTICLE XII - AMENDMENTS

The Constitution may be changed or amended by a three-fourth majority of the Membership either in person or by proxy and voting at the Annual General Meeting or by mail ballot if the Board of Directors so determine.

No proposed amendment to the Constitution shall be submitted to the Membership in General Meeting assembled unless:

- (a) The submission of such amendment, the form, and the contents thereof have first been approved by a majority of a Constitutional Committee appointed by the President, which committee shall comprise of not less than five Company Members of the Association appointed by the Board of Directors.
- (b) No less than sixty days prior to the date of the next succeeding Annual General Meeting of the Association the proposed amendment shall have been submitted in writing to the Secretary, bearing the signatures of not less than ten Company Members in good standing.

## ARTICLE XIII - MISCELLANEOUS PROVISIONS

The assets of the Association shall be derived from:

- (a) Fees, dues and other contributions by members of the Association.
- (b) Other legal contributions and proceeds.

The Association commenced on 20 March 1971 and is established for an indefinite period until such time as the Members decided to liquidate the Association.

The financial year of the Association is the calendar year from January 1<sup>st</sup> (the first) until December 31<sup>st</sup> (the thirty first) of each year.

- (a) All matters which are not or are not adequately regulated herein shall be regulated in the Household Rules.
- (b) The Household Rules shall be issued by the Secretary, following a resolution by the Board of Directors, at a General or Special Meeting of the Members of the Association and shall take effect when approved by at least two-thirds of those present at such meeting, provided that such Rules or amendments thereof are not inconsistent with or do not contradict any of the Articles of the Constitution.
- (c) The Board of Directors may issue further implementation stipulations as required from time to time.