



INDONESIAN PETROLEUM ASSOCIATION

2016 ANNUAL REPORT

45th ANNUAL GENERAL MEETING

JAKARTA, 7 DECEMBER 2016

TABLE OF CONTENTS

<u>SECTION</u>	<u>DESCRIPTION</u>
1	President's Report
2	Financial Report
3	Associate Members Committee Report
4	Communications & Engagement Committee Report
5	Convention Committee Report
6	Environment & Safety Committee Report
7	Exploration Committee Report
8	Finance & Tax Committee Report
9	Human Resources Committee Report
10	IT & Data Management Committee Report
11	LNG & Gas Committee Report
12	Professional Division Committee Report
13	Regulatory Affairs Committee Report
14	Social Investment & Partnership Committee Report
15	Supply Chain Management Improvement Committee Report
16	Unconventional Gas Committee Report
17	List of Companies and Associates Member

SECTION 1

INDONESIAN PETROLEUM ASSOCIATION

PRESIDENT'S REPORT - 2016

by

Christina Verchere

On behalf of

IPA Board of Directors

December 2016

www.ipa.or.id



INDONESIAN PETROLEUM ASSOCIATION

President's Report for 2016

INTRODUCTION

2016 has continued to be very challenging year for the oil and gas industry. Oil prices have remained low for two years with forecasts staying in the low to mid-range for a more prolonged period. On a global basis, companies have been rationalizing their portfolios and restructuring their operations, organizations and investment plans in the low oil price environment. In response to the global changes occurring in the industry, the IPA acknowledges and thanks the government for welcoming us into the dialogue and for the robust and at times challenging discussions they are open to have with us for the benefit of all stakeholders.

Here in Indonesia, exploration activity has stalled and no new blocks have been picked up by investors. Drilling activity has also declined significantly, downsizing has occurred across most companies and oil and gas production continues to decline. There is a growing gap between supply in place and the demand needed to underpin economic growth which highlights the importance of having domestic supply. The oil and gas industry in Indonesia therefore continues to be of strategic national importance in providing energy security and government revenue, in addition to supporting Indonesia's future economic growth targets and we remain committed to a common purpose of energy supply to a growing economy.

The Indonesian Petroleum Association (IPA) has and continues to work collaboratively and partner with the government to help formulate and implement reforms. We continue to promote the industry for the benefit of all stakeholders and 2016 has been a year of good and open dialogue with the government on many issues and concerns.

As we approach the end of 2016, the industry now requires further substantial fiscal and regulatory reform to compete for the investment that is critically needed to increase exploration activity and reverse production declines. The country must strive to remain competitive in the global marketplace, particularly in this current low oil price environment. Many of the current issues facing the industry that are summarized below have existed since before the oil price declined from over USD 100 dollars a barrel in 2014 to the current levels of approximately USD 50 per barrel that we see today. Providing certainty, stability and a conducive regulatory environment will encourage future exploration and development investment.

The Government of Indonesia is keen to attract more investment and is looking to enable this through regulation changes but many competing stakeholders makes this challenging to achieve. Ministries often vary in their respective short term and long term expectations and greater alignment is needed to ensure that all stakeholder expectations can be met. There are positive recent signs that government recognizes that the industry should be viewed not as just a major revenue earner for the



government but as an industry that can enable economic growth through its multiplier effect on national and regional economies. For example, it has been suggested by some observers that government revenue from the sector may in future be excluded from the state budget and directly re-invested into the industry in terms of gas infrastructure to provide energy to the regions or on higher quality subsurface data and this change in policy would be welcomed by the IPA.

KEY INDUSTRY ISSUES

Less global capital available due to the low oil price – International and domestic oil and gas companies are significantly reducing their capital expenditure budgets and are only investing in new projects around the world that provide a high rate of return within a stable and conducive investment environment. Indonesia therefore needs to be much more competitive on a global scale to attract international and domestic investment.

Uncompetitive Fiscal Terms – It is essential that Indonesia fiscal terms are competitive with the rest of the world in order to attract investment in Indonesia. At present, Indonesia is uncompetitive on a global basis and is one of the countries where the government's take is much greater than the investor's take when compared to other oil and gas producing countries.

Regulatory Uncertainty – Legal certainties are essential in any long term investment and as such, a regulatory environment that supports and upholds the principle of contract sanctity is key in maintaining the competitiveness of Indonesia. Imposition of new or additional obligations when a PSC does not provide for such obligations is potentially contrary to contract sanctity and, as a consequence, will undermine the stability of the fiscal terms on which the initial investment decision was made. Accordingly, upcoming draft regulations on Gas Price Calculation, abandonment & site restoration as well as the requirement for 10% Indonesian participation must preserve the principle mentioned above and be thoroughly discussed with the industry to eliminate any legal uncertainties and to ensure that Indonesia's oil and gas environment remains competitive. In particular, the IPA will be addressing the disincentives for investment such as the obligation for the PSC's to "carry" the 10% capex and interest with no certainty to receive the funds back on eventual sale of the 10% interest.

Lengthy and complicated permit processes – the processes for obtaining permits at a national and regional level and uncertainties in land acquisition processes are hampering investment and slowing down the development schedules for the exploration and production of new oil and gas fields. This occurs because many permits overlap between the various government agencies involved and this has a negative impact on the permit processing time. The condition is exacerbated due to the absence of a single government agency that is able to control and coordinate the permitting and land acquisition processes across multiple government ministries.

Longer project development schedule – the issues mentioned above including the slow decision making process by the Government are some of the main causes of the long process from the awarding of a PSC until the time of the first production. The time needed to reach first production is

considered too long which is around 10-15 years compared to the PSC contract length of 30 years, thus it will give negative impact on project economics and attractiveness for investors.

More difficult recovery of reserves in remote areas and/ or deep offshore operations – Exploration and production activities are now moving to more remote and technically challenging areas, e.g. deep water locations, which are much more expensive to develop. Exploration and exploitation investments in these areas need to be incentivized.

INDUSTRY REFORMS

There are three key areas of Reform that need to be addressed:

- Fiscal – New Oil and Gas Law
- Regulatory – including GR79 revision / Gross Split
- Permitting

What has been accomplished in reform efforts for the industry over the past year and what are the plans for 2017?

- **Oil and Gas Government Agencies**

Reorganization and election of principled and transparent leaders for all oil and gas government agencies is imperative and the IPA welcomes the recent appointments of the new Minister and Vice Minister for Mines and Energy. The IPA Board will continue to interact with the Minister and Vice Minister ESDM in 2017, in addition to the Chairman of SKK Migas and DG Migas in terms of highlighting key issues, requesting involvement and making recommendations on behalf of the industry.

- **Transparency and Reputation**

Continued focus on transparency and anti-corruption is essential to improve actions and the public image of the industry – recent efforts by the government to identify and reduce facilitation and / or bribery payments is a positive step forward in this area and is fully supported by the IPA.

- **Gas Governance**

The Indonesian gas industry is going through a significant change as it transitions from predominately an export market to supply the growing domestic market, including being a major contributor to the government's proposed 35,000 MW Program. Domestic gas pricing is evolving to provide economic returns to the industry to allow this transition to occur. However there have been problems with this transition because the demand gas price is not always met with the economics of the upstream producer and can therefore disrupt the economics of the producer.

The government has a perception that there is a need to change the formula of the gas price given to the end buyer that is linked to the oil price and / or product price of the end buyer.

The commercialization process has been very slow resulting in the delaying of development projects. The IPA recommends that government addresses the fact that midstream economic returns have not been optimized causing high prices to the end user. The government continues to consider several gas governance systems. The IPA is concerned about the direction of this and are engaging with the Ministry to ensure that regulations are put in place that encourage development of the industry.

- **Bureaucratic Streamlining and improving the Permitting Process**

In 2016, the IPA have recognized government efforts led by the Coordinating Minister for the Economy to simplify the permitting process and reduce duplication across multiple ministries. The IPA position is that ESDM should have oversight of this critical function which would simplify and accelerate the development of new energy resources. The IPA would like to thank the Ministry of ESDM for their ongoing efforts to reduce permits within the ministry and expect them to complete their mission very soon. However, we have not seen similar efforts in other ministries and local governments.

- **PSC Expiries and the Transition process**

The uncertainty around Production Sharing Contract expiries has been a major issue for the industry as a large portion of the country's production is with PSCs that are expiring in the next few years. The expiring PSC's occurring at the same time as the period of lower oil prices has also impacted near term production as drilling has stopped earlier than expected. Government have been addressing the transition process for expiring PSC's during 2016 and the IPA will be working with government on the regulations for expiring PSC's through further focus group discussions throughout 2017.

- **Gross Split PSC**

There have been recent discussions with ESDM that the government is looking to move to a Gross Split sliding scheme away from the existing cost recovery mechanism for new PSCs as well as extensions. The industry will work through ongoing discussions with government to ensure that the proposed new scheme, including the oil and gas management by government, creates a more competitively attractive investment climate for oil and gas activity in Indonesia – both in reducing bureaucracy and improving returns.

- **Unconventional Oil and Gas**

During 2016, the government have been considering the implementation of gross split sliding scale types of contracts for non-conventional oil and gas, which would be significantly less

bureaucratic than previous proposals. In 2017, the IPA will be working with government to make sure that the scheme will be acceptable and attractive to investors, in addition to encouraging the government to issue new regulations on the exploitation of non-conventional oil and gas reserves.

- **Revision to the Oil and Gas Law**

The IPA continues to support the amending of the current Oil and Gas Law to respond to the decisions of the Constitutional Court taken in November 2012. It is important that the legal framework to be established for the upstream oil & gas industry meet the constitutional requirements which were laid out in the decision of the Constitutional Court, so as to minimize the risk of future challenges.

It is fundamental to ensure that the amendment of the current Oil and Gas Law will strengthening the competitiveness of Indonesia to attract investment.

The new Oil and Gas Law is now a DPR initiative and is expected to be finalized in 2017. The IPA will be working with ESDM and the DPR and will be actively involved in drafting of the new oil and gas law with the goal of providing legal certainty and thereby improving the investment climate for oil and gas in Indonesia.

- **GR79 Revision**

Reforms to GR79 are in progress and the IPA has been involved in intense and open dialogue with government on this issue and has had strong input on proposed revisions. Compared with the current GR79, there are fiscal improvements for contracts signed after 2010, but the improvement cannot bring the economic attractiveness of the Assume & Discharge concept similar with contracts pre-2010. In addition, for contracts pre-2010, there has been no change from the current GR79. Accordingly, the IPA greatly hope that the revision to GR 79 will increase the competitiveness of the fiscal terms and as such, continuing dialogue between the Government and the industry are critical to ensure that the revision captures and addresses the issues appropriately.

IPA GOVERNANCE AND CONSTITUTION

During 2016, the IPA have been addressing the constitution of the Association and the related governance issues. We are pleased to announce that a Supervisory Board is now established to provide oversight of Association activities and the Board of Directors will report to the Supervisory Board on a regular basis on planned and actual activities in future. These changes ensure that the IPA moves towards becoming a legal entity for the benefit of the members of the Association.

SUMMARY

Throughout the year, the IPA Board and its Committee members have worked intensively with the government to reform and revitalize the industry for the benefit of all stakeholders.



The efforts of the Board and the Committees are further elaborated in this report and their respective committee reports enclosed in this 2016 Annual Report.

On behalf of the IPA board of directors, I would like to close by thanking the committees and secretariat for their hard work, dedication and professionalism throughout the course of the year. It is through their deep expertise and committed passion for the growth and prosperity of Indonesia that we continue to steer our way through an incredibly challenging and turbulent time.

IPA ACTIVITIES

A. INTERNAL

• IPA BOARD MEETINGS

From December to November 2016, the IPA held 13 monthly Board Meetings. **Average attendance of Board Members at the monthly meetings throughout the year was 60.84%.**

• IPA 2016 PLANNING AND STRATEGY MEETING

- On January 27th, the IPA held its 2016 Plan Activities Meeting that was attended by the IPA Board and the Chair/Vice Chairpersons off all the committees. At this meeting, all the chairpersons presented their planned activities for this year. The meeting was a good opportunity for the Board and the committee members to discuss priorities, concerns, and future direction of the Association in 2016.
- During 2016, there were two (2) special meeting with Company Members held on:
 - ◆ September 22nd
The meeting was held to share with members about the IPA becoming an Association with legal entity status.
 - ◆ October 24th
This special meeting on a sharing session of Government Regulations (GR) No. 79 Year 2010 Revision updates to members.

• IPA CIRCULARS

The IPA Board recognized that communications to the association members were not sufficient and has made an effort to increase communication to the members regarding issues, progress on issues, interactions with government agencies by the Board, Secretariat, or Committees.

Following are the IPA circulars during 2016 period.

1. Addressed to Board of Directors

- Draft Ministerial Regulation on Indonesian Participation – 23 Feb
- SKK Migas Response to IPA Request – PBI17 – 31 Mar
- Draft of IPA Statement Related to Masela – 13 Apr
- Board Member Replacement – 13 May
- IPA Opinion on Gas Aggregator – For Review – 17 May
- IPA Convex Executive Summary – 3 Jun
- Briefing Slide – Oil & Gas Industry Priorities and Challenges – 2 Aug

- GR 79 Revision – 11 Aug
 - Invitation to ESDM about PP79 – 22 Aug
2. **Addressed to Committee(s)**
 - Communicating Committees Work – 18 Aug
 3. **Addressed to Company & Associates Members**
 - Note of Meeting with DG Migas – 3 Feb
 - Announcement of IPA Leadership – 11 Feb
 - Luncheon Talk –Mr. Amien Sunaryadi – 18 Feb
 - Summary of 2016 IPA Work Plan – 18 Feb
 - Minister EMR Inauguration Speech – 29 Jul
 - Note to IPA Members on FKEN – 1 Sep
 4. **Addressed to Company Members & Committees**
 - Implementation of Minister Decree No 38 2015 – 12 Feb
 - IHS Report – 15 Feb
 - Presidential Regulation No 40 2016 – Natural Gas Pricing – 31 May
 5. **Addressed to Company Members**
 - Unconventional Production Sharing Contract – Amendment of Article 45 – 20 Aug
 - Abandonment and Site Restoration (ASR) – 30 Aug
 - IPA Status to Become a Legal Entity – 23 Sep
 - Amendment of the IPA Constitution – 27 Sep
 - Result Amendment of the IPA Constitution – 10 Oct
 - Sharing Session GR79 2010 – 19 Oct

- **ELECTION OF 2017 BOARD OF DIRECTORS**

In accordance with IPA Constitution Article VIII, the IPA President will appoint three (3) Company Member Representatives, who are not members of the Board of Directors, to serve with the IPA Board - Secretary as an Election Committee for the purpose of certifying the election results. The persons appointed as the Election Committee were as follow:

- | | | |
|------------------------|-------------|--------------------------------|
| 1. Ronald Gunawan | MedcoEnergi | Board of Directors – Secretary |
| 2. Gary Selbie | Premier Oil | Company Member |
| 3. Gong Bencai | Petrochina | Company Member |
| 4. Tumbur Parlindungan | Saka Energi | Company Member |

The election of the 2017 Board of Directors and Supervisory Board was launched on October 17th 2016. The voting for the election was closed on Nov 4th 2016. Out of 40 Company Members eligible to vote, **33 Company Members (82.5%) participated in this 2017 election**, and only one Mail Ballot was considered not valid as it did not select 13 candidates for Board Members which is a requirement in the Ballot.

The results of the elections for the 2017 IPA Supervisory Board and Board of Directors are as follows:

NO	NAME	COMPANY	TOTAL
<i>Supervisory Board</i>			
1	Evita Herawati Legowo	Director General of Oil & Gas of the Ministry of Energy and Mineral Resources 2008 - 2012	YES 32
<i>Board of Directors</i>			
1	Christina Verchere	BP Indonesia	31
2	I.Tenny Wibowo	SANTOS	31
3	Hardy Pramono	TOTAL E&P INDONESIA	30
4	Luca de Caro	ENI	29
5	Ronald Gunawan	MEDCO	29
6	Gunung Sardjono Hadi	PERTAMINA	28
7	Charles A. Taylor	CHEVRON	26
8	Bijan Agarwal	CONOCOPHILLIPS	24
9	Dan L. Wieczynski	EXXONMOBIL	24
10	Nico Muhyiddin	INPEX	24
11	Sammy Hamzah	EPHINDO	23
12	Tumbur Parlindungan	SAKA	23
13	Gong Bencai	PETROCHINA	22

The Supervisory Board and the 13 (thirteen) elected Board of Directors will meet to elect the President and Officers of the association for the year 2017, and they also will be formally introduced at the IPA Annual General Meeting which held on December 7th 2016 at the Dharmawangsa Hotel.

B. EXTERNAL

• RELATIONS WITH THE GOVERNMENT

Meeting with Mr. IGN Wiratmaja Puja at the IPA Office – January 21st

The IPA Board of Directors met with D.G. Oil and Gas, MIGAS at the IPA office to discuss a number of current issues to improve the current investment climate. He mentioned that to prevent lay-offs of employees he would like to know what are the current strategies and stimulus needed by the oil & gas industry in this low oil price situation and what strategies are required to help maintain current levels of production.

Head of SKK Migas made a presentation on the “Overview of Upstream Oil and Gas” during IPA Luncheon Talk, at the City Plaza Jakarta – February 17th

The head of SKK Migas has offered a new angle in this SKK Migas annual talk through focusing his address on strategies to overcome the upcoming challenges in Indonesia’s upstream oil & gas industry. The event was attended by 199 participants.

Meeting with Mr. Agus Cahyono Adi (Migas), at the DGOG Office – February 29th

As the Chairman of IOGIS (Indonesia Oil and Gas Investment Summit 2016), he would like to have IPA support to promote IOGIS in the 40th IPA Convention and Exhibition 2016. IPA agreed the MIGAS plan to promote and announce the existence of IOGIS in their own booth during IPA Convex as well as distributing some brochures. The Event took place on August 1-3, 2016.

Meetings with Mr. Widhyawan Prawiraatmaja (Ministry of EMR Special Staff) at the EMR Ministry Office – April 1st

Meetings were held to discuss the IPA request for the EMR Minister to participate in the 41st IPA Convention and Exhibition 2017, and in order to give a speech during the Opening Ceremony and participate as a Keynote Speaker in the Plenary Session.

Meeting with EMR Minister (Mr. Sudirman Said) at the Minister’s Office – April 29th

The Minister would like to have Plenary Session 2 as a session among Ministers who are associated with the oil and gas activities. This session would be a good opportunity to discuss various challenges faced by the industry to improve the oil and gas production. Related to the IPA proposal concerning exploration improvement, the Minister requested the IPA to have a link with the Ministry of Finance. He planned to announce an incentive for the Oil & Gas Industry during the IPA Convention. The Minister of EMR was willing to open the 41st IPA Convention and Exhibition if the President of Republik Indonesia was not able to attend.

Press Conference of GR 79/2010 Revision, conducted by Minister of Finance – Sep 23rd

Ministry of Finance, Sri Mulyani, along with Act of Energy and Mining Minister, Luhut Panjaitan, and Vice Minister of Finance, Mardiasmo, explain the GR 79/2010 revision plan to journalist in Jakarta, Sep 23rd. Government of Indonesia is willing to revise the GR 79/2010 in order to create a better investment climate for the Oil & Gas industry in Indonesia. Unfortunately, some critical changes to the current GR79 Year 2010 requested by the investors are still being rejected by government and are under discussion through the respective IPA committees.

Meeting with Coordinating Minister of Economy concerning Permit Process in the Upstream Oil and Gas – Oct 28th

The IPA Executive Director along with several company member representatives attended a meeting at Coordinating Minister of Economy office concerning Permitting issues in the Upstream Oil and Gas industry. The Coordinating Minister of Economy invited the IPA to act as the driver of any permit arrangements in the oil and gas industry.

Informal Meeting “Bincang–Bincang Sektor ESDM“ between new Minister of EMR (Mr. Ignasius Jonan) and all oil and gas stakeholders, at the Minister’s Office – Nov 3rd

The Minister of Energy and Mining Resources invited several of the energy and mining resources association and companies for the informal meeting “Bincang-Bincang Sektor Migas”, at EMR Ministry office, November 3rd. This is the first meeting with all related stakeholders since Jonan was inaugurated as Minister of EMR.

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

Media visit to Kompas Daily Newspaper and TEMPO – Mar 31st and Apr 5th

In order to promote the 40th IPA Convention and Exhibition 2016 to the media, the IPA Board of Directors and the Convex Committee visited KOMPAS Daily Newspaper office on Mar 31st and TEMPO office on Apr 5th. The Media response was very positive. The discussions were held on the latest situation as to how the low oil price has impacted the industry.

IPA and SKK Migas attended the Kompasiana event “Nangkring” – Aug 26th

Along with SKK Migas Public Relation, the IPA attended the Kompasiana Event “Nangkring” in Jakarta on 26th Aug. Dozens of Bloggers received the presentation of Upstream Oil & Gas Activities in Indonesia.

SPE ITB SC Visited IPA Secretariat Office – Sep 19th

About ten representatives of the Society of Petroleum Engineering (SPE) Bandung Institute of Technology visited the Indonesian Petroleum Association (IPA) office, on Sep 19th. SPE ITB plan to conduct IPWeek 2017 with several events including exhibition, seminar, and design competition. They asked for IPA advice and support in terms of the event implementation.

Focus Group Discussion with Chief Editors of National Media – Oct 28th

Head of SKK Migas invited some chief editors of national media for the Focus Group Discussion in Jakarta, Oct 28th. This event aimed to convey the recently condition of upstream oil and gas including the disincentives issues to the chief editors. IPA President along with Wood Mackenzie Indonesia attended the event as speakers.

SI&P Committee Program conducted IPA Media Luncheon – Nov 30th

The Social Investment & Partnership (SI&P) Committee conducted a Media Luncheon in order to elaborate on the IPA contributions completed for the 2010-2016 period. There were several journalists from national media attending the event along with the IPA Executive Director and SI&P Committee members.

SI&P Committee plan to conduct the Inspiring Talk on Dec 9th

As mentioned in the 2016 Work Program, the SI&P Committee is going to conduct the Inspiring Talk session “Inspirasi Pelopor Muda Indonesia”. Event will be held on Dec 9th at Total E&P office. We will invite three persons who received 2016 Kick Andy Heroes award, namely Nur Agis Aulia, Adi Pramudya, and Andi Malewa.

- **IPA PARTICIPATION IN SEMINARS AND BUSINESS FORUMS**

Presentation at the Indo HSSE 2016 at Bandung – Mar 23rd

IPA Executive Director gave a presentation on Business Ethics, Compliance and Transparency at the Indo HSSE 2016 along with KPK, SKK Migas.

IPA Presentation to Asosiasi Daerah Penghasil Migas (Oil & Gas Producer Regions Association) Seminar in Bukit Tinggi – Apr 21st

Around 89 regions were invited to attend the event which was opened by the Governor of West Sumatera. The IPA Executive Director along with personnel from Ministry of Finance, Directorate General of Oil and Gas, and SKK Migas attended as speakers.

Forum Ketahanan Energi Nasional (National Energy Resilience Forum) in Jakarta – Sep 8th

The IPA President was one of the Speakers at The National Energy Resilience Forum in Jakarta. There are several key stakeholders in the energy industry who attended this Forum, among others: acting of Minister of EMR, Agricultural & Spacial Planning Minister, Deputy Head of SKK Migas, Pertamina, etc.

IPA attended the Act 23/2014 Implementation Workshop conducted by Migas – Sep 20th

Along with relevant local government officers, IPA were invited to attend the implementation of Act 23/2014 workshop conducted by Directorate General of Oil and Gas, in Jakarta, Sep 20, 2016. According to the Act 23/2014, all relevant oil and gas activities will be managed by Central Government instead of local government.

SECTION 2

FINANCIAL REPORT

2016

by

Marjolijn Wajong

Executive Director

INDONESIAN PETROLEUM ASSOCIATION



Financial Executive Summary

For Year 2015 and Highlights 2016

For Year 2015

The IPA's audited Statements of Revenues and Expenditures for the year ending December 31, 2015 shows a surplus of Rp 641 million before Corporate Income Tax (CIT) of Rp 300 million. Total 2015 surplus after CIT is Rp 341 million.

The 2015 income is from the annual membership fees 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, CSR activities and Exploration Committee have done a contract agreements with HIS Global Pte Ltd to study and advise on petroleum regulations in Indonesia. The surplus mostly come from Professional Division and the IPA Convention and exhibition.

The opening balance of cash flow for the year 2015 was Rp 13.9 billion. During the year 2015, adjustments made for depreciation and other changes in assets and liabilities resulted in cash and cash equivalent of Rp 0.8 billion. Such adjustments contributed to an increase of cash and cash equivalent ending balance 2015 to Rp 14.7 billion as indicated in the audited cash flow.

Financial Highlights 2016

In 2016, there is a decrease in revenues compared with 2015 due to the cancellation of the professional division activities and revenues from convention & exhibition activities, both were impacted by the low oil price.

YTD October 31, 2016 indicates a surplus before tax of Rp 3.6 billion. However latest estimate for December 31, 2016 (Full Year) shows a decline of the surplus of Rp 1.0 billion primarily due to professional fees for Unconventional Gas Committee, Professional Division Committee (Symposium), Social Investment & Partnership programs, and General & Administration.

Indonesian Petroleum Association
2015 Net Surplus/ (Deficit)
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	17.758	27.381	9.623
Expenses	17.118	24.119	7.001
Operating Surplus / (Deficit)	641	3.262	2.621
Corporate Income Tax	(300)	0	300
Net Surplus After CIT	341	3.262	2.921

Indonesian Petroleum Association
2015 Cash Flow
(in million Rp)

Balance per January 1, 2015	13.877
Operating Surplus/ (Deficit) before Corporate Income Tax	641
Allowance for impairment losses	451
Depreciation	96
Net (Decrease) / Increase in cash and cash equivalent	(367) *)
	14.697
Balance per December 31 , 2015	14.697

Notes : *) - Account Receivables and Prepayments	2.493
- Employee service entitlement expenses	474
- Employee loans receivables	(9)
- Account Payables and accrued liabilities	(1.212)
- Tax payables	13
- Corporate income tax paid	(768)
- Estimate Tax Refund	(1.324)
- Purchase of fixed assets	(32)
	(367)

Indonesian Petroleum Association
2015 Revenues
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Company and Associate Company Dues	7.405	7.956	(551)
Professional Division Revenues	4.502	12.345	(7.843)
Bank Interest, Other	351	80	271
Convention Surplus	5.500	7.000	(1.500)
	17.758	27.381	(9.623)

Indonesian Petroleum Association
2015 Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Division Committee	2.982	10.670	(7.688)
Communication Committee	11	400	(389)
Environmental Affairs Committee	12	228	(216)
Finance Committee	23	720	(697)
Human Resource	3	15	(12)
Scholarship	600	600	-
University Assistance Committee	-	60	(60)
Supply Chain Management Committee	10	10	0
LNG and Gas Sales Committee	15	15	0
Regulatory Affair Committee	8	10	(2)
Exploration Committee	2.623	5	2.618
Unconventional Committee	211	200	11
Associate Members Committee	0	5	(5)
Data Management Committee	3	10	(7)
Special Projects	-	1.200	(1.200)
CSR	1.207	1.200	7
General and Administrative	4.583	4.771	(188)
Salaries and Benefits	4.826	4.001	825
	17.118	24.119	(7.002)

Indonesian Petroleum Association
2015 General & Administrative Expenses
(in million Rp)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Office Rent	2.415	2.123	292
Office Maintenance and Repairs	212	45	167
Telephone and Facsimile	28	36	(8)
Photocopy Machine	68	72	(4)
Stationaries and Other Supplies	133	210	(77)
Printings and Reproductions	281	225	56
Postages and Mailings	37	40	(3)
Transportations	88	100	(12)
Meetings	713	750	(37)
Information Technology	266	250	16
Bank Charges	22	25	(3)
(Gain) or Loss on Exchange Rate	(1.979)	(62)	(1.917)
Audit and Tax Service Fees	635	515	120
Insurance Expense	6	7	(1)
IPA Exhibition Booth	392	250	142
Tax	300	0	300
Depreciation	96	160	(64)
Other Expenses	871	25	846
Sub -T o t a l G & A	4.583	4.771	(188)
Sub-Total Salary & Benefit	4.826	4.001	825
Total G & A and Salary Expenses	9.408	8.772	636

Indonesian Petroleum Association
CASH FLOW
December 31, 2015 and YTD October 31, 2016
(in million Rp)

	Dec. 31, 2015		YTD Oct. 31, 2016	
	Actual		Actual	
	Rp	US\$	Rp	US\$
	(million)	('000)	(million)	('000)
Cash Flow From Operating Activities				
Excess revenue over expenditure before Corporate Income Tax	641	46	3.563	273
Allowance for impairment losses	451	33	0	0
Depreciation expenses	96	7	76	6
Employee entitlement expenses	474	34	0	0
Changes in assets and liabilities				
Account Receivables	2.493	181	230	18
Employee loan receivables	(9)	(1)	(7)	(1)
Prepayments	0	0	(1.443)	(111)
Inventory	0	0	0	0
Account Payables and accrued liabilities	(1.212)	(88)	(2.699)	(207)
Tax payables	13	1	0	0
Corporate Income Tax paid	(768)	(56)	0	0
Estimate Tax Refund	(1.324)	0	0	0
NET CASH PROVIDED BY (used In) OPERATING ACTIVITIES	853	62	(280)	(21)
Cash Flow From Investing Activities				
Purchase of fixed assets	(32)	(2)	(6)	(0)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(32)	(2)	(6)	(0)
TOTAL OF NET CASH PROVIDE (USED) IN THIS PERIOD	821	59	(286)	(22)
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	13.877	1.006	14.697	1.126
TOTAL OF CASH AND CASH EQUIVALENT AT END OF PERIOD	14.697	1.065	14.412	1.104

Exchange Rate 2015 : 1 US\$ = 13,795

Exchange Rate October, 31 2016 : 1 US\$ = 13,051

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES
October 31, 2016
(in million Rp)

	YTD OCT 31, 2016 ACTUAL (1)	AVG. YTD 2016 BUDGET (2)	Variance (3 = 1 - 2)
REVENUES			
Company and Associate Company Dues	7.120	6.116	1.004
Professional Division Revenues	1.003	4.938	(3.935)
Convention	4.282	4.500	(218)
Other Revenues	66	50	16
TOTAL REVENUE	12.471	15.604	(3.133)
EXPENDITURES			
Professional Division Committee	799	3.942	(3.143)
Communication Committee	6	42	(35)
Environmental Committee	17	8	8
Finance & Tax Committee	18	21	(3)
Human Resources Committee	2	4	(2)
- Scholarship	0	0	0
- University Assistance	0	0	0
Supply Chain Mngmt Improvement	5	8	(3)
LNG & Gas Committee	18	10	8
Regulatory Affair Committee	14	4	10
Associate Members Committee	0	2	(2)
Data Management Committee	3	2	1
Unconventional Gas Committee	229	358	(128)
Exploration Committee	4	3	1
Social Investment & Partnership Committee	13	417	(404)
General and Administration	4.099	4.809	(709)
Salaries and Benefits	3.681	4.315	(634)
TOTAL EXPENDITURES	8.908	13.943	(5.035)
Net Surplus / (Deficit) Before Tax	3.563	1.661	1.902

Indonesian Petroleum Association
STATEMENT OF REVENUE AND EXPENDITURES
L.E. December 31, 2016
(in million Rp)

	OCT 31, 2016 YTD ACTUAL (1)	DEC 31, 2016 L.E. (2)	FY 2016 BUDGET (3)	VARIANCE (4 = 2 - 3)
<u>REVENUES</u>				
Company and Associate Company Dues	7.120	7.134	7.340	(206)
Professional Division Revenues	1.003	1.770	5.925	(4.155)
Convention Surplus / (Deficit)	4.282	4.972	4.500	472
Other Revenues	66	76	60	16
	-	-	-	-
TOTAL REVENUE	12.471	13.952	17.825	(3.873)
<u>EXPENDITURES</u>				
	-	-	-	0
Professional Division Committee	799	1.798	4.730	(2.932)
Communication Committee	6	12	50	(38)
Environmental Committee	17	19	10	9
Finance & Tax Committee	18	20	25	(5)
Human Resources Committee	2	3	5	(2)
- Scholarship	0	0	-	0
- University Assistance	0	0	-	0
Supply Chain Mngmt Improvement	5	6	10	(4)
LNG & Gas Committee	18	20	12	8
Regulatory Affair Committee	14	15	5	10
Associate Members Committee	0	1	2	(1)
Data Management Committee	3	4	2	2
Unconventional Gas Committee	229	343	429	(86)
Exploration Committee	4	5	3	2
Social Investment & Partnership Committee	13	500	500	0
General and Administration	4.099	5.358	5.770	(412)
Salaries and Benefits	3.681	4.775	5.178	(403)
	-	-	-	-
TOTAL EXPENDITURES	8.908	12.877	16.731	(3.854)
NET SURPLUS / (DEFICIT) BEFORE TAX	3.563	1.075	1.093	(18)

Indonesian Petroleum Association
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(in million Rp)

	<u>Audited</u> <u>Dec. 31, 2015</u>	<u>Audited</u> <u>Dec. 31, 2014</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalent	14.697	13.877
Account Receivable and Prepayments	3.124	4.744
Employee Loans Receivable	27	18
Inventory	0	0
Total Current Assets	17.848	18.639
Non Current Assets		
Fixed Assets, net	135	199
Deposits	477	477
Deferred Tax Assets	280	218
Total Non Current Assets	892	894
TOTAL ASSETS	18.741	19.533
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
LIABILITIES		
Current Liabilities :		
Account Payable and Accrued Liabilities	3.004	4.216
Tax Payables	154	491
Total Current Liabilities	3.158	4.707
Non Current Liabilities		
Provision for Employee Service Entitlements	962	546
Deferred tax liability	0	0
Total Non Current Liabilities	962	546
TOTAL LIABILITIES	4.120	5.253
Accumulated Surplus	14.621	14.280
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	18.741	19.533

Indonesian Petroleum Association
BALANCE SHEETS
OCTOBER 31, 2016 AND DECEMBER 31, 2015
(in million Rp)

	<u>Unaudited</u> <u>Oct.31, 2016</u>	<u>Audited</u> <u>Dec. 31, 2015</u>
ASSETS		
Current Assets :		
Cash and Cash Equivalent	14.412	14.697
Account Receivable and Prepayments	4.653	3.124
Employee Loan Receivables	64	27
Inventory	0	0
Total Current Assets	19.129	17.848
Non Current Assets		
Fixed Assets, net	65	135
Deposits	477	477
Deferred Tax Assets	280	280
Total Non Current Assets	822	892
TOTAL ASSETS	19.951	18.741
LIABILITIES AND ACCUMULATED SURPLUS		
LIABILITIES		
Current Liabilities		
Account Payables and Accrued Liabilities	459	3.004
Tax Payable	0	154
Total Current Liabilities	459	3.158
Non Current Liabilities		
Provision for Employee Service Entitlements	962	962
Deferred Tax Liability	0	0
Total Non Current Liabilities	962	962
TOTAL LIABILITIES	1.420	4.120
Accumulated Surplus	18.530	14.621
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	19.951	18.741

Indonesian Petroleum Association
STATEMENT OF REVENUES AND EXPENDITURES
DECEMBER 31, 2014 AND 2015
(in million Rp)

	Audited Dec, 31 2015	Audited Dec, 31 2014
REVENUE:		
Company members	5.986	6.364
Associate members	1.419	1.216
Professional division members	227	296
Course revenue	3.457	10.281
Convention Fees Revenue	5.500	8.000
Field trip revenue	529	801
Luncheon meeting revenue	74	122
Sales of publications - professional division	215	268
Bank interest	73	95
Other income	278	2.966
Total revenues	17.758	30.410
EXPENDITURES:		
Technical course expenses	2.802	7.600
Salaries and benefits expenses	4.218	3.197
Office rent expenses	2.415	2.132
Professional fees expenses	3.441	1.196
Special project expenditure	-	6.056
Field trip expenses	587	509
Meeting expenses	807	949
Printing and stationery expenses	536	685
Publication committee expenses	-	1
Education and support expenses	392	321
Employee service entitlements expenses	474	185
Luncheon meeting expenses	159	185
Office and IT maintenance expenses	554	350
Depreciation expenses	96	157
Medical expenses	134	124
Postage and bank charges expenses	58	84
Transportation expenses	88	96
Telephone expenses	28	32
Foreign exchange loss/(gain) - net	(1.979)	(222)
Other expenses	2.308	723
Total expenditures	17.118	24.360
Excess of revenues over expenditures - before tax	641	6.050
Corporate income tax expense - current	361	1.715
Deferred tax benefit	(61)	(17)
Total corporate income tax expense	300	1.697
Excess of revenues over expenditures	341	4.353

SECTION 3

ASSOCIATE MEMBERS COMMITTEE

“NO REPORT HAS BEEN RECEIVED FROM THE COMMITTEE”

CHAIRMAN

Shannon Slocum

(Halliburton Indonesia, PT)



SECTION 4

COMMUNICATIONS & ENGAGEMENT COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Erwin Maryoto

(ExxonMobil Indonesia)

COMMUNICATIONS & ENGAGEMENT COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Erwin Maryoto	ExxonMobil Indonesia
Member	:	Adelina Novianti	Talisman Energy/ Repsol Indonesia
		Adra Janitra	ConocoPhillips Indonesia
		Ferita Damayanti	Chevron Indonesia Company
		Michael Putrawenas	Shell Upstream Indonesia
		Rizka Laksmi	ExxonMobil Indonesia

II. 2016 ACTIVITIES

The IPA communication program is committed to endorse the IPA mission and objectives which includes working collaboratively through dialogue and engagement with all stakeholders. The program includes internal and external engagement; communications to internal and external stakeholders and social partnership with the intent to focus on:

External Stakeholders Communications and Engagement

- Stakeholder relationship engagements
- Issue advocacy – constructive engagement with government
- Media industry education
- Media engagements for industry issues communication
- Articles and advertorial
- Communication tools (position papers, talking points, web contents, database, etc)

Internal Stakeholders Communication and Engagement

- Feedback, inputs to Board/ Officers and executive Office
- Communication to members, particularly on issue updates
- IPA database management, including regular web content updates.

In 2016, we experienced multiple changes on the industry's key position, nevertheless, the association is able to position itself as a reliable partner of the government in developing a business environment that best support the country's objectives in the energy sector. Effective advocacy and communications to broad government, parliament and public key stakeholders is implemented. The Committee has conducted a series of activities to meet the objectives of the IPA, such as:

- **Issues Advocacy and IPA Board**

- Provided update on political environment through presentation to the IPA Board and regular discussion with IPA Secretariat office regarding dynamics of Oil and Gas Industry business environment.
- Held discussion with VP-level public and government affairs representative of IPA members to identify top issues plaguing the O&G industry to support the IPA in

identification of issue priorities, effective advocacy strategies and key messages that can be used by all.

- Collaborate with IPA's Special Task Force on Revision of New Oil and Gas law and supported the IPA in advocacy efforts concerning Government Regulation No. 79 on Cost Recovery and Gas Aggregator Issue.
 - Provided recommendation to the IPA Board through presentation about "Indonesia Upstream Oil and Gas Priorities & Challenges" following the outcome of the 40th IPA Convention and Exhibition Plenary Sessions for IPA continuous advocacy effort to the government.
- **Engagement and Communications with Government and Institutions**
 - Engagement with President Chief of Staff, State Secretary Office, Coordinating Minister with Economic Affairs, Coordinating Minister for Maritime Affairs, Minister of Finance, Minister of Energy and Mineral Resources, Chairman of National Exploration Committee, Chairman of Energy Commission VII DPR-RI, Director General of Oil and Gas, Chairman of SKKMIGAS, Ministry of Finance Directorate General of Financial Balance, Association of Oil and Gas Producing Regions, President Director of Pertamina (Persero), and Head of Indonesia Natural Gas Trader Association to facilitate discussion with IPA in conjunction with 40th IPA Convention and Exhibition 2016.
 - Supported the IPA in the pre event discussion prior to the 40th IPA Convention and Exhibition with members of Association of Oil and Gas Producing regions consisting of local government leaders.
 - Collaborate with PSC's external relations function for issue identification
 - **Media Relations and Educations**
 - Collaborate with 40th IPA Convention and Exhibition Communication Committee to prepare press releases and other media material.
 - Provide talking points for IPA Board engagement with the media
 - Support the preparation of various IPA's press releases
 - Participation in FGD with Indonesia Pemred Forum.
 - **Internal Communications**
 - Newsletter refurbish
 - Media Monitoring to the IPA Board and concerned committees

III. 2017 WORK PROGRAM

In 2017, the context and challenges will mostly talk about Indonesia's uncompetitive investment climate, misperception about PSC and the Industry, and suboptimal inter-sectorial coordination. The uncompetitive investment climate could be seen from the significant reduction of exploration activities, number of blocks offered by the government, major projects stagnating, and significant reduction of local government income from the sector. Meanwhile, the regulatory issues will such as cost recovery, tax issues, PSC extension, tax issues, and revision of oil and gas law will remain to be discussed.

It is crucial for the IPA to continue to strengthen the relationship and partnership with Government of Indonesia at both central and local government levels as well as other key industry players including enhancing the relationship with national companies and collaboration with other Oil and Gas associations. The IPA will need to voice industry concerns and enhance the role of the IPA not to be perceived only for the interest of IPA members but also for Indonesia's oil and gas industry and in particular, that the Oil and Gas Industry is still important in supporting the country's economic growth and supporting President Jokowi's investment program. A proactive advocacy will need to be maintained to receive good trust from the key stakeholders and also to open up for collaboration with other associations. Furthermore, strong and consistent key messages must be delivered through media and the public at large.

Accordingly, the Committee will continue the effort to build and maintain the trust and supporting the Board in focusing on the following areas in 2017:

1. Government & Institution Engagement and Issue Management

- Regular engagement of the expanding stakeholders, beyond MoMR and SKK Migas especially Ministry of Finance, Cord. Minister of Economic Affairs, and Cord. Minister of Maritime of Maritime Affairs
- Engaged more in Issue Management and Advocacy
- Facilitate/participate in government and regulatory policy discussions; IPA Board breakfast meeting with influential leaders and experts
- Collaboration with other institutions and associations within and outside the oil and gas sector for public awareness and joint advocacy purposes.
- Capture emerging and potential issues from industry

2. Public and Media Engagement

- Balanced information around PSC investments and the future perspectives
- Media Engagement and Educations (including for public)
- Media advocacy for awareness purposes
- Industry education through media
- Expose 41st IPA Convention and Exhibition.

3. Internal Communications

- Member engagement and services, not only Company member.
- Information leverage and management
- Content review IPA Publication (website, newsletter, etc)
- Provide IPA Circular announcement

SECTION 5

CONVENTION COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN of IPA CONVEX 2016

Marudut Manullang - (Ophir Indonesia (Bangkanai) Limited)

and

CHAIRMAN of IPA CONVEX 2017

Michael Putra - (Shell Indonesia)

CONVENTION COMMITTEE

I. 2016 ACTIVITIES

A. INTRODUCTION

The 40th IPA Convex 2016 was successfully held on 25th - 27th May 2016 at the Jakarta Convention Center. The theme of the Convex was “**Shifting Paradigms in Indonesia – Supplying Energy in the New Reality**”. The Convention was participated by prominent figures, speakers, government officials, opinion makers, media and participants from both national and international to discuss recent issues and potential solution for the future. The strong array of panelists and speakers and the exceptional media turnout as well as the highest number of participants and visitors resulted in the 40th IPA Convex being considered a success by most reasonable metrics.

B. HIGHLIGHTS

- Opening of the 40th IPA Convention & Exhibition by H.E. Darmin Nasution, Coordinating Minister for Economic Affairs on behalf of H.E. President Joko Widodo
- Over 21,000 visitors, including over 1872 delegates from 19 countries
- Excellent industry participation with 161 exhibiting companies, despite the current low oil price
- Around 170 technical papers and poster presentations from professionals and students covering Geosciences, Engineering and Business/Commercial subjects
- Strong media turnout with 532 journalists attending from a range of national, international, local and specialist media organizations

C. PROGRAM SUMMARY

1. OPENING CEREMONY

The 40th IPA Convention and Exhibition was officially opened on behalf of President Joko Widodo by H.E. Darmin Nasution, Coordinating Minister for Economic Affairs on 25 May 2016.

- In his opening address, **Minister Darmin** raised the following key points:
 - Due to the global slowdown, the government is committed to prioritizing key industries to support the economic growth of the country. The infrastructure industry and oil and gas sector are two key areas in which the government are focused on.
 - The oil and gas industry remains a key driver for economic growth as well as providing significant revenue to the government. Attempts are being made to improve bureaucracy and reduce regulations to encourage investment. 12 stimulus packages have been developed.
 - The importance of human resources and the need to develop a competent and trained workforce.

-
- Simplified licensing, but that this is not enough on its own – policy design needs to change and all Ministries need to be involved in a coordinated effort, including Oil and Gas, Finance, Forestry, Maritime Affairs, etc.
 - In summary, the Minister welcomed all attendees to the Convention and looks forward to the industry working together during the event to produce substantive resolutions for the industry.
- In his opening speech Minister of Energy and Mineral Resources, **H.E. Sudirman Said** stated that even though the industry is seen to be in decline, the Convention was still a critical event for the sector and for the government and that collectively, we must remain optimistic. He emphasized the need to challenge and re-test our way of thinking in the low oil price environment as the industry is not just a revenue earner for the government, but is now seen more as the driver for economic growth.
In summary, the Minister remarked that as an industry, we have to find solutions in the new reality. He hoped that the Convention would act as a forum to identify and agree on solutions for the industry.
 - In her opening remarks, the President of the IPA, **Christine Verchere**, stated that the IPA has a long history of working closely with the government and that in the new reality, government and industry should look at the issue as a whole between all stakeholders. She also remarked that change and reform is required to be addressed in 4 critical areas during the Convention plenary sessions:
 - How can Indonesia compete for investment on a global scale
 - How to address inter-sectoral reform
 - The importance of gas production and investment in the new reality to ensure energy security
 - The role of oil and gas as a catalyst for regional developmentIn summary, the IPA President highlighted the need for industry and government to be aligned to ensure that disincentives are removed in order to encourage investment and enable the energy sector to grow.

2. PLENARY SESSIONS

2.1 Plenary Session I

Theme: “Surviving the Oil and Gas Industry in Indonesia under the Current Oil Price”

The low oil price means multiple things to Indonesia as a net importer of oil and as a country which receives revenues from its oil production. This session will present the government’s view on the low oil price from a macroeconomic perspective and how it will impact the country in the longer run. It will then be followed by global and regional analysis vis-a-vis Indonesia’s competitiveness, and ends with a reality check from the oil and gas players in Indonesia

Panelists:

1. H.E Bambang Brodjonegoro – Minister of Finance, RI
2. Darmawan Prasodjo – Deputy Chief of Staff of the Presidential Staff Office

-
3. Craig McMahon – Head of Asia Pacific Research, Wood McKenzie
 4. Dwi Soetjipto – President Director and CEO, Pertamina
 5. Cedric Creamers – Vice President Commercial and New Business Development Asia, Shell
 6. Ronny Hendrawan – Vice President Global Marketing, Schlumberger

Moderator: Dewi Fortuna Anwar

Question and Answer Session

- In the Q and A session, the Minister of Finance was asked why there was negative public opinion of government and big business and how this could be changed. He replied by reiterating that the revenue from oil and gas was no longer important – the industry must now be seen as the driver for the multiplier effect on economic growth. The Minister wants to improve Gas production and in reply to a further question concerning potential further investment incentives, commented that cost recovery is the incentive and is already in place. However, he did note that he would be promoting further tax incentives where appropriate and would be reviewing tax holidays and possible investment credits.
- In reply to a question concerning what the government was doing to uncover the potential of East Indonesia, the CEO of Pertamina noted that he was seeing expiring Blocks in a number of regions and that Pertamina would be interested in reviewing options. Pak Darmawan from the Presidential office noted that there was 600 TCF potential in Indonesia as a whole but the issue was how to turn that into production. In summary, the Panel agreed that action is needed now and the Minister noted that he was open to receiving comments and / or complaints but that some issues cannot be addressed immediately.

2.2 Plenary Session II

Theme: “Inter-Sectorial Reforms Key to Energy Sustainability”

Maintaining a healthy oil and gas sector requires reforms beyond oil and gas. This session will try to identify what are those critical inter-sectorial reforms that are critical for oil and gas especially those that at the same time serve other national priorities. The overtone of this session is to push for acceleration of these inter-sectorial reforms by taking the momentum of the low oil price.

Panelists:

1. Satya Widya Yudha – Commission VII, House of Representatives
2. Amien Sunaryadi – Chairman of SKK MIGAS
3. Andang Bachtiar – Chairman of National Exploration Committee
4. San Afri Awang, Director General of Forestry Planning and Environmental Governance Minister of Environment and Forestry, RI
5. Sacha Winzenried, Lead Advisor, Energy, Utilities and Mining, PWC Indonesia
6. Christina Verchere – IPA President

Moderator: Tommy Tjokro

Keynote Speech by Minister of Energy and Mineral Resources of R.I., H.E. Sudirman Said.

- In summary, he requested that government and industry sit down together and work in collaboration to identify solutions and improve the investment climate in the spirit of a sustainable partnership.

2.3 Plenary Session III

Theme: “Gas Governance in Supporting the Acceleration of Indonesia Economic Development”

The Indonesian gas industry is experiencing a significant change as it transitions from predominantly serving the export market into supplying the growing domestic market to support government’s aspiration to make gas as the engine for economic growth. Meanwhile, the commercialization process is full of challenges and resulted in delays of gas development projects due to regulatory/political issues, infrastructure availability and/or domestic market readiness. This session will serve as the avenue for all of the key players from upstream, mid-stream, and end-users to discuss the issues from multiple angles and discuss recommendations to enlarge the gas “pie” and provide win-win solutions to all stakeholders.

Panelists:

1. I Gusti Nyoman Wiratmadja – Director General of Oil and Gas, Ministry of Energy and Mineral Resources, RI
2. Amin Subekti – Regional Business Director of East Java and Bali, PLN
3. Agung Wicaksono – Vice Chairman, Unit of the National Electricity Development Program (UP3KN)
4. Muhammad Wahid Sutopo – Director of Strategy & Business Development, PGN
5. Sabrun Jamil Amperawan – Head of Indonesia Natural Gas Trader Association (INGTA)
6. Luca De Caro – Managing Director, ENI Indonesia
7. Muhammad Lutfi - Chairman, PT. Medco Energi Internasional

Moderator: Lenita Tobing

3. SPECIAL SESSION

Theme: “Case Studies of Oil and Gas as Catalysts for Regional Development”

The expectations from national and regional stakeholders towards the contribution of oil and gas activities to regional development is increasingly high. Indeed, there are great potentials that can be harnessed provided that the framework and the regional regimes are ready to host and enable sustainable oil and gas operations from permitting process to prudent use of regional income from oil and gas proceeds. This session will among others explore what are the best practices around us.

Panelists:

1. Amien Sunaryadi – Chairman of SKK Migas

2. Suyoto – Regent of Bojonegoro
3. Rukijo – Director of Financial Balance, Ministry of Finance, RI
4. Stepanus Malak –Bupati of Sorong
5. Asril Awaloeddin – Director, PT.Asrindo Citraseni Satria
6. Ronald Gunawan – IPA Board Member
7. Andang Bachtiar – Association of Oil and Gas Producing Regions, RI

Moderator: Hakim Nasution

In summary, the speakers agreed to support each other and build partnerships to facilitate transparency and accountability around revenue sharing and other key areas.

4. TECHNICAL PROGRAM

During the 3-days convention there were total of 113 oral presentations and 54 poster presentations. A total of 72 chairpersons confirmed and populated in 36 sessions with 6 parallel rooms. A total of 146 professionals participated as judges for the papers (oral and poster presentations).

Details of the Technical Program presentations are:

- Professional Oral Presentations : 94 Presenters
- Professional Poster Presentations : 45 Posters
- Student Oral Presentations : 19 Presenters
- Student Poster Presentations : 9 Posters

Winners of the Technical Program Presentations are:

- **Student Best Paper & Poster**
 1. Student – Geoscience : Lily Suherlina from University of Sriwijaya
 2. Student – Engineering : Raynaldo Panjaitan from University of Trisakti
 3. Student – Best Poster : Pradika Gustaf Pamurty from University of Gadjah Mada
- **Professional Best Paper & Poster**
 - 1 Professional HSE & Commercial : Edwin Soetirto from RISC Advisory
 - 2 Professional Geophysic 3rd : Ritesh Mohan Joshi from EMGS Asia Pacific
 - 3 Professional Geophysic 2nd : Haryanto from Petronas Carigali Muriah Ltd
 - 4 Professional Geophysic 1st : Michelle Tham from Schlumberger
 - 5 Professional Geology 3rd : Sebastian Zimmermann from Royal Holloway Univ of London
 - 6 Professional Geology 2nd : Sarah Sausan from Halliburton
 - 7 Professional Geology 1st : Aveliansyah from Pertamina HE Offshore Northwest Java
 - 8 Professional Engineering 3rd : Aldani Malau from Medco E&P Indonesia
 - 9 Professional Engineering 2nd : Terania Lukmanto from Exxon Mobil Cepu Ltd.
 - 10 Professional Engineering 1st : Adi Krishna from TOTAL E&P INDONÉSIE
 - 11 Professional Poster : Rian Cahya Rohmana from GeoPangea Research Group (GPRG)
 - 12 Professional Overall : Adi Krishna from TOTAL E&P INDONÉSIE

5. EXHIBITION

Located at Assembly Hall, Main Hall and some at the Cenderawasih Hall

- Total booths of this year IPA Convex are 158 booths from 161 Companies
- Winners of the best booth Exhibition are:

BEST BOOTH CONTEST AWARD					
BEST BOOTH CONTENT			BEST BOOTH DESIGN		
Category: BRONZE (size ≤20 m2)			Category: BRONZE (size ≤20 m2)		
1	KOROSI SPECINDO	Winner	1	KOROSI SPECINDO	Winner
2	VARLEY INDONESIA, PT	Honorable Mention I	2	IHS Global	Honorable Mention I
3	IHS Global	Honorable Mention II	3	ION GEO	Honorable Mention II
Category: SILVER (size 21 - 39 m2)			Category: SILVER (size 21 - 39 m2)		
1	APEXINDO	Winner	1	PwC	Winner
2	PROWELL ENERGI INDONESIA	Honorable Mention I	2	APEXINDO	Honorable Mention I
3	ABYOR INTERNATIONAL, PT	Honorable Mention II	3	PPLi	Honorable Mention II
Category: GOLD (size 40 - 69 m2)			Category: GOLD (size 40 - 69 m2)		
1	GE OIL & GAS	Winner	1	VICO INDONESIA	Winner
2	CONOCOPHILLIPS	Honorable Mention I	2	MUBADALA	Honorable Mention I
3	TOTAL E&P INDONESIA	Honorable Mention II	3	ENI INDONESIA	Honorable Mention II
Category: PLATINUM (size >70m2)			Category: PLATINUM (size >70m2)		
1	EXXONMOBIL	Winner	1	EXXONMOBIL	Winner
2	CHEVRON	Honorable Mention I	2	CHEVRON	Honorable Mention I
3	PERTAMINA (PERSERO), PT	Honorable Mention II	3		Honorable Mention II

6. PRE-CONVENTION ACTIVITIES

- **Forum Group Discussion: 10 May 2016, at the Bimasena Lobby Lounge**
Theme: “**Low Oil Price Environment, its unseen Impact to Indonesia Energy Security**”
Speakers: 1. Marwan Batubara - Indonesian Resources Studies, IRESS
2. Rudi Prawira - SAM BAPPENAS
3. Andrew Harwood – WoodMackenzie, Manager of Upstream oil and gas for SEA
4. Ronald Gunawan – IPA Board of Directors
- **SHORT COURSE: 23-24 May 2016 at the Century Park Hotel**
Course : “Petroleum Geology of Indonesia: Current Knowledge”
Instructor : Awang Harun Satyana from SKKMigas

7. COCKTAILS GATHERINGS

- **25 MAY 2016** – An Exhibition Cocktail gathering was held located at the Exhibition

area, where exhibitors are holding their own performances and entertaining their visitors who came to their booth.

- **26 MAY 2016** – An Industrial Cocktail event with some artist performances was held at the Kasuari Lounge for all IPA CONVEX participants. This is a perfect time for networking and to meet colleagues from the same industry.

8. CLOSING CEREMONY

- The closing ceremony of the 40th IPA Convention and Exhibition commenced with an address by Pak Djoko Siswanto from the Ministry of Mines and Energy, who announced the new concepts for the Petroleum Bidding Rounds for 2016. These included the option for operators to suggest revenue-sharing splits and signature bonuses to government for negotiation as a means to encourage investment. The government will choose the winners of tenders from the best offering based on owners' estimates. The process will include 2 stages – an initial Basic Assessment of operators' financial and technical capabilities, followed by a Final Assessment which will be on a combination of participants' proposals for work programs and commitments, signature bonus and sharing split. The schedule was announced for 2016 and an outline provided of the new e-tender process.
- Awards were then given to the winners of the Technical papers and Poster sessions as well as the winners of Best Booths during the Convention exhibition.
- In her closing speech, the IPA President, Christine Verchere, reiterated that it was time for change and to look for solutions together to address current industry concerns and she added that although it was encouraging to see new Blocks being opened, the industry as a whole needs to act and look for solutions after the event had closed.
- The Director General of Oil and gas, IGN Wiratmaja Puja, remarked in his closing speech to the Convention that there were two key issues to address – firstly, the need for flexibility, especially for fiscal policies so that the business climate can be maintained and secondly to continue building momentum to ensure that the paradigm shift is realised for the benefit of all stakeholders. Finally, he noted some other key points, namely that government must work hand in hand with industry in accordance with the President of RI's wishes, to improve policy making to develop national capabilities and that the IPA and government synergy needs to be maintained and developed in future. The Director General then officially closed the Convention and hoped to see all participants at the next IPA Convention in 2017.

D. CONCLUSIONS

- The 40th IPA Convention and Exhibition was a great success, including over 21000 visitors, 161 exhibiting companies and over 1900 registered participants from 19 countries. Plenary Sessions and the Special Session were also well attended, and proved to be productive and insightful. There was also wide coverage in the media, with over 500 national journalists and foreign journalists in attendance, covering the key issues discussed and raised during the Convention. The Technical Papers and Poster Presentations had also been a great success, with 113 oral presentations and 54 posters being displayed at the Convention.
- The IPA sincerely hope that the government and industry can continue to work together in close collaboration to find solutions to ensure the future energy security of Indonesia.

Appendix A

COMMITTEE MEMBERS – 2016 IPA CONVEX

COMMITTEE	POSITION	NAME	COMPANY
CHAIRMAN		Marudut Manullang	Ophir Indonesia
Sponsorship	Chairperson	Novitri Lilaksari	PHE ONWJ
	Vice-Chairperson	Zsa Zsa Ryski	Saka Indonesia
Secretariat	Secretary - 1	Bidi Subagio	Ophir Indonesia
	Secretary - 2	Nevi Septianti	IPA
General Affairs & Registration	Chairperson	Wursitaningari (Sita)	IPA
	Exhibition/Registration	Amir Hamzah	IPA
	Member	Takdir Johan	IPA
	Member	Anna	IPA
	Member	Taufikurrahman	IPA
	Member	Maydy Rahmadani	IPA
	Member	Bernadeta Krisanty	IPA
	Member	Satrio Budi	IPA
Marketing Communication	Chairperson	Moshe Rizal Husin	Ephindo
	Vice-Chairperson	Adelina Novianti(Novi)	JOB Pertamina-Talisman Jambi Merang
	Member	Delly Indra	HCML
	Member	Jeanny Simanjuntak	Chevron
	Member	Doty Damayanti	Donggi - Senoro LNG
VICE CHAIRMAN CONDUCT		Novie D. Hernawati	Schlumberger
Exhibition	Chairperson	Alvin Anwari	Santos
	Vice-Chairperson	Reno Marina	VICO Indonesia
	Member	Sanni Susanti	Ophir Indonesia
Security	Chairperson	Awan Suryanada	JOB Pertamina-Medco E&PSimenggaris
	Vice-Chairperson	Danang Agung W.	JOB Pertamina-Medco E&P Simenggaris
Protocol	Chairperson	Lies Kurniasih	Pertagas
	Vice-Chairperson	Boy Arno Muhamad	PC Muriah
	Member	Hendarsyah	Medco
	Member	Rian Amri	BP Indonesia
	Member	Azi N. Alam	ExxonMobil
	Member	Surjo Ganesha	Chevron
Reception & FB	Chairperson	Seva Gayatri	Repsol
	Vice-Chairperson	Istiqomah Mattjik	ConocoPhillips
	Member	Bina Yuanita	VICO Indonesia
VICE CHAIRMAN TECHNICAL		Ferita Kanter	Chevron
Plenary Session	Chairperson	Michael C.N.C.G.	Shell Indonesia
	Vice-Chairperson	Adra Janitra	ConocoPhillips
	Member	Eka Putra Soerono	PHE Nunukan Co.
	Member	Florencia Ciska	KrisEnergy
Technical Program	Chairperson	Peter Adam	Energi Mega Persada
	Vice-Chairperson 1	Wynn A. Gajkoswki	Harrier Resources
	Vice-Chairperson 2	Redo D. Waworuntu	ConocoPhillips

II. 2017 ACTIVITIES

A. Date and venue reservation

The 41st IPA Convention and Exhibition Committee reserved the only slot available at Jakarta Convention Center in May 2017, which are May 17-19. Reservation was made on behalf of IPA and hence independent on who will be the official Event Organizer.

B. Call for technical papers issued

Call for papers has been issued in November and the deadline for the abstract submission is Dec. 7th 2016.

C. Procurement Process for IPA Convex 2017 Event Organizer

The process entailed an invitation-to-tender to five EO companies (selected based on their past experience). Four companies of whom came to pre-bid meeting at IPA Office, on Nov. 3rd 2016. Within the deadline given, the Procurement Committee received two bid proposals, namely PT Fasen Creative Quality and PT Dyandra Promosindo.

The proposals were scored against the template that was made available to the bidders during the pre-bid meeting. The template clearly indicated that quality and capability are weighed much more than the potential revenues for IPA. On November 7th 2016, both bidders were invited by Committee separately to provide an opportunity for clarify certain aspects of their bid documents.

The Board of Directors were duly informed of the procurement results and decision was made to proceed to appoint the winner of the process. On November 24th 2016, Committee sent out a letter of procurement process result for both bidders.

D. Adapting to the new reality

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

E. 2017 IPA Convex Committee Members

COMMITTEE	POSITION	NAME	COMPANY
CHAIRMAN		Michael C.N.C.G Putra	Shell Indonesia
Secretariat	Secretary	Bidi Subagio	Ophir Indonesia
	Member	Posman Sianturi	IPA
	Member	Adelissa Saphyrenia	Shell Indonesia
	Member	Nevi Septianti	IPA
General Affairs & Registration	Chairperson	Wursitaningari (Sita)	IPA
	Member	Amir Hamzah	IPA
	Member	Takdir Johan	IPA
	Member	Anna Sulistyaningsih	IPA
	Member	Taufikurrahman	IPA
	Member	Bernadeta Krisanty	IPA
	Member	Satrio Budi	IPA
VICE CHAIRMAN 1			
Marketing Communication	Chairperson	Adelina Novianti(Novi)	JOB Pertamina-Talisman Jambi Merang
	Vice-Chairperson	Istiqomah Mattjik (Iis)	ConocoPhillips Indonesia
	Member	Reta Salim	Petronas
	Member	Reka Wahab	Eni Indonesia
Plenary Session	Chairperson	Teddy W. Rahmanto	Eni Indonesia
	Vice-Chairperson	Rian Amri	BP Indonesia
	Member	Florencia Ciska Brata	KrisEnergy
	Member	Eka Putra Soerono	PHE Nunukan Co.
	Member	Surjo Ganesha	Chevron
Protocol	Chairperson	Boy Arno Muhamad	PC Muriah
	Vice-Chairperson	Hendarsyah	Medco
VICE CHAIRMAN 2		Ferita Damayanti	Chevron
Sponsorship	Chairperson	Novie D. Hernawati	Schlumberger
	Vice-Chairperson	Zsa Zsa Ryski	Saka Indonesia Pangkah
Technical Program	Chairperson	Redo D. Waworuntu	Medco
	Vice-Chairperson	Jufrihadi	PHE
	Vice-Chairperson	Tim Keller	ConocoPhillips
VICE CHAIRMAN 3		Hanny M. Denalda	Santos (Sampang)
Exhibition	Chairperson	Alvin Anwari	Santos (Sampang)
	Vice-Chairperson	Reno Marina Shahputri	Vico Indonesia
	Member	Meita Haryani	Santos (Sampang)
Special Event & Reception	Chairperson	Novitri Lilaksari (Chichi)	PHE ONWJ
	Vice-Chairperson	Henny Thomas	Chevron
	Member	Seva F. Gayatri	Talisman / Repsol
	Member	Maydy Rahmadani	IPA
Security	Chairperson	Awan Suryanada	JOB Pertamina-Medco E&P Simenggaris

SECTION 6

ENVIRONMENT AND SAFETY COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Ibrahim Arsyad

(Medco E&P Indonesia)

ENVIRONMENT AND SAFETY COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Ibrahim Arsyad	Medco E&P Indonesia
Deputy Chairman	:	Dadang Purnama	INPEX
Secretary	:	Mega Nainggolan	Energi Mega Persada
Environment Subcommittee	:	Arryati Ramadhani	ConocoPhillips Indonesia
		Dwita S. Prihantono	Chevron
		I Nyoman Adi	CNOOC SES
		Julfrida Nababan	Vico Indonesia
		Pipi Pujiani	BP Indonesia
		Rossi Yuliani	PT. PHE ONWJ
		Sugiarto S.C.	Mont'dor Petroleum
		Hanifatu Avida	ExxonMobil
Safety Subcommittee	:	TP. Pasaribu	PT. PHE WMO
		Satrio Pratomo	Mubadala Petroleum
		Krishna Ismaputra	ENI Indonesia
		Roy Witarsa	Total E&P Indonesia
		Moh. Wilman Meidiarta	Medco E&P Indonesia
		Novita S. Khanim	ExxonMobil

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. Krishna Ismaputra	ENI Indonesia
2. Satrio Pratomo	Mubadala Petroleum
3. Agustanzil Sjahroezah	Energi Mega Persada
4. Arudji Wahyono	Chevron
5. Jusuf R. Odang	Vico
6. Otong S. Adisapoetra	Repsol YPF
7. Benky Bagoes Oka	ARCO Indonesia
8. I Made Surya Kusuma	Caltex Pacific Indonesia
9. Steve Massey	Mobil Oil Indonesia
10. Michael Bradley	Lasmo Oil

II. 2016 ACTIVITIES

IPA ESC in 2016 continued to be a trusted partner of regulatory bodies, particularly of the Ministry of Environment & Forestry (KLHK), Ministry of Energy and Mineral Resources (ESDM/MIGAS) and SKK Migas in developing implementable environmental guidelines and regulations which applies to the oil and gas Industry.

As a trusted partner of the government, IPA-ESC continues to provide support and advice in various events hosted by the government. Early in 2016, IPA ESC held an HSE professional gathering event involving almost a hundred HSE practitioners and managers from IPA member companies. The event provided a broad face to face forum for all IPA members (environmental and safety representatives from each PSC Contractors) to discuss and share current and future environmental and safety issues.

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

1. Provided feedback and critical comments to the Government on new emerging regulations and revision of implementing regulations in 2016:
 - New emerging regulations on management of hazardous and toxic waste by injection.
 - Revision of Government Regulations on management of hazardous and toxic material (in progress).
 - Revision of Minister of Energy and Mineral Resources Regulations on the implementation of flaring in oil and gas activities.
 - Active support in workshops for harmonization of Oil Spill Contingency Plan approval processes with Ministry of Communications, Ministry of Energy and Mineral Resources and SKK Migas.
 - Draft of Minister of Environment & Forestry Regulations on recovery of land function contaminated by hazardous and toxic waste.
 - Draft of Minister of Energy and Mineral Resources Regulations on post-operations in oil and gas activities.
 - Draft of Minister of Environment & Forestry Regulations on prerequisite and procedures for dumping of drill cuttings, mud and tailing at sea.
 - Engaged with prominent experts in the field of toxicology, oceanography and hydro-oceanography simulations in order to obtain scientific point of view and align with ESC advocacy efforts in the development of Government Regulations.

2. Continue involvement in competency development on Health, Safety and Environmental Professionals
 - As speaker in the National K3 month Campaign of the Municipality of Balikpapan, with presentation title "*Peran Ahli K3 Dalam Era Persaingan Global, MEA*", in January 2016.
 - Hosted IPA Environment & Safety Professional Gathering in March 2016. This event was to facilitate networking of Environment & Safety professionals in IPA member companies and to socialize the role of IPA ESC in supporting the oil and gas business.
 - Active participation in the Environmental Protection & Communication Forum of SKK Migas – KKKS.
 - Continue active participation in the oil spill preparedness in upstream oil and gas activities with SKK Migas.

-
- Provided insights for supporting the research of post graduate student from The University of Edinburgh on ‘substantive effectiveness’ of environmental impact assessments through plural perspectives of various stakeholders involved in the AMDAL processes.

CHALLENGES

- Engagement with key stakeholders to communicate various issues that the committee is involving has been more intense.
- Simplification & Integration of Environmental & Forestry Permits.
- New CSMS criteria of SKKMIGAS Standard.
- Time frame uncertainty in the processing and issuance of Ministry of Environmental & Forestry Decree, once it has been signed.

III. 2017 WORK PROGRAM

- The Committee will focus on (1) Environmental & Process Integrity (Process Safety) during Divestment and Asset Transfer, and (2) Joint effort in emergency preparedness.
- Continue to engage with prominent experts in order to align ESC advocacy strategies and seek relevant supports.
- Continue the planned capacity building through regular events with HSE professionals in the industry and conduct lessons learned through field visits.
- Involving HSE Professional in IPA ESC Extended Member & HSE Professional Gathering.
- Active involvement on Simplification & Integration of Environmental Permitting (environmental permit and environmental protection and management permit).
- Engagement with SKK Migas to address environmental and safety concerns for areas impacted by government’s infrastructure development (e.g. toll road, railway).
- Provide insight on the newly issued environmental regulation potentially affects compliance of oil and gas operations (note: for regulation where IPA ESC didn’t involve in the drafting process).
- Reactivate regular engagement with the Ministry of Environment and Forestry’s Directorate General and Director(s).

SECTION 7

EXPLORATION COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Christian Zwach

(Statoil Indonesia)

EXPLORATION COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Christian Zwach	Statoil Indonesia
Vice Chair	:	Chandra Suria	Santos
Members	:	Soeryowibowo M.	BP Indonesia
		Budi Setiawan	Chevron
		Mark Boyd	ConocoPhillips
		Marco Barassi	Eni Indonesia
		Henry Banjarnahor	INPEX
		Gadjah Eko Pireno	Kris Energy
		Sonny T. Sampurno	Mitra Energy
		Carey Davies	Ophir Energy
		Jamin Jamil B Mohd Idris	Petronas
		Nick Comrie Smith	Premier Oil
		David Ramos	Repsol/ Talisman Energy
		Chris Newton	Risco Energy
		Graham Blair	Shell Indonesia
		Hendry Manur	Star Energy
		Noor Syarifuddin	Total E&P Indonesia

II. 2016 ACTIVITIES

- Activities in 2016 primarily focused on following up IPA's proposal to the Government of Indonesia to improve attractiveness of exploration activities in the country. In order to do this, the Exploration Committee has been active to share its opinion through participation in meetings, seminars and workshops. During such participations the Exploration Committee suggested to the Government of Indonesia to address two issues:
 1. Fiscal terms: to improve fiscal terms in order to attract future exploration investment.
 2. Regulatory framework: to remove the existing difficulties in executing exploration project.
- The exploration committee provided input to a press release by IPA (May 13th 2016, see below) on needed reforms and incentives to attract more exploration activity.



INDONESIAN PETROLEUM ASSOCIATION

Indonesia Stock Exchange Building, Tower II, 20th Floor (Suite 2001)
Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190, Indonesia

Telephone: (62 21) 515-5959; Facsimile: (62 21) 5140-2545/6
Email: ipa@cbs.net.id; Website: www.ipa.or.id

Indonesian Petroleum Association resolution on the need for exploration and production incentives

- The IPA urges the Government of Indonesia to introduce the exploration incentives and remove barriers to investment
- Such incentives and barriers removal include an attractive sliding scale scheme, removal of indirect taxation in the exploration phase, a globally-competitive fiscal incentives, country-wide ring-fencing as well as to simplify permitting and better coordination between various ministries

Jakarta, May 13, 2016 — Indonesia has developed a flourishing economy and has become a key driver for regional growth. However, some challenges in the oil and gas industry remains, including legal/regulatory and policy barriers during exploration phase. Resolving these issues will allow Indonesia to achieve its ambitious targets for economic growth.

Given that increased exploration ultimately leads to increased production, mechanism to promote exploration activities—such as incentives and barriers removal—would be beneficial to all parties. Exploration is at a dramatically low activity level in Indonesia, with very few wild cat wells drilled in recent years and with no significant discoveries. This situation is now even more serious with the dramatic drop of oil prices in 2014 and 2015. The Indonesian oil and gas industry is currently in a very critical phase, and Indonesian oil production has been continuously declining for the last few decades while consumption has steadily increased.

PSC Contractors pay all costs during the exploration period, yet the vast majorities of PSCs do not proceed to exploitation and never achieve cost recovery. As such, the difficulties PSC Contractors face in relation to permits and approvals are particularly acute during the exploration period. Approval processes and procedures during the exploration period should be streamlined significantly.

A clear incentive would be to allow one company to hold more than one PSC during the exploration period; the same PSC Contractor could conduct exploration across multiple contract areas. Upon a commercial discovery, the relevant PSC would be transferred to an affiliate (establishing the ring-fence).

For PSCs that have progressed to the exploitation period, the Indonesian Petroleum Association (IPA) recommends that there be no further ring-fencing inside the contract area; further exploration would be cost recoverable from existing production.

The IPA believes that the oil and gas industry in Indonesia needs a step change. During past decades, the oil and gas industry in Indonesia has moved towards becoming a much more regulated industry, but is handicapped by regulations issued from various ministries which are not necessarily coordinated and aligned with each other. This situation has led to several difficulties in executing exploration work programs. In order to help encourage exploration, the IPA urges the Government of Indonesia to remove these difficulties such as land access, indirect taxes, relinquishment process and permitting.

Poor exploration performance in Indonesia during past decades can be attributed to several factors such as complex geology, limited data, the regulatory system and unattractive fiscal terms. Exploration opportunities in Indonesia are now primarily located in remote areas such as in Eastern Indonesia where there is minimal infrastructure as well as minimal supporting facilities and services. These factors result in expensive and lengthy exploration and production work programs.

"Today, Indonesia ranks among the least attractive countries for oil and gas investors," said Marjolijn Wajong, the IPA executive Director. "In the current oil price setting, Indonesia is increasingly competing for scarce capital with other countries, and the fiscal terms being offered are very important when comparing project opportunities, especially for high risk projects."

In order to provide a certainty as to how PSC revenues would be shared between the government and the PSC Contractors, PSCs were agreed on a post-tax basis; the state revenues came from its portion of equity petroleum plus corporate and branch profit tax. In order to maintain this fundamental agreement, the government party has to assume-and-discharge all other taxes. The IPA believes that this principle should be reinstated for both the exploration and the exploitation period.

Better tax certainty would be obtained if the government implemented the tax regime for the upstream sector through a special regulation (*lex specialis*). Furthermore, tax incentives would help to promote exploration and production.

These incentives also show beneficial effects for the investors with respect to value creation and return of investment—thus, allow them to justify higher exploration activity and development investment in Indonesia.

"Therefore, the IPA urges the Government of Indonesia to introduce all of the above exploration incentives at the earliest possible stage for new PSCs in the next licensing rounds as well as for existing PSCs in Indonesia," Wajong concluded.

###

Together with the Finance and Tax Committee, we also continue to voice the importance to the Government of Indonesia to address the 2012/2013 Land and Building Tax which has being judged in the Tax Court. As the result of previous efforts, Gol issued two regulations (Peraturan Direktur Jenderal Pajak No. 45/2013 to address LBT on surface and Peraturan Menteri Keuangan No. 267/2014 to address LBT on subsurface) to fix such mistakes. However, these regulations are only applicable point forward and did not resolve the 2012/2013 LBT assessment.

Two of the Exploration Committee, Moektianto Soeryowibowo and Chandra Suria, continued as members of the Komite Eksplorasi Nasional (KEN). KEN was a committee formed by the Minister of Energy and Mineral Resources (Said Sudirman) and was led by Dr. Andang Bachtiar. KEN was charged to develop recommendation which could address issues related to the poor performance of exploration as well as to attract exploration in the future. Activities of KEN have been stopped in September following the decision of the act Minister of Energy and Mineral Resources to dissolve all of non-structural bodies within the Ministry. Further follow-up of KEN's activities and recommendations has been handed over to ESDM.

The Exploration Committee otherwise supported the Technical Symposium "Indonesia Exploration: Where from, Where to?" was held in Nov 8-10 2016 in the Fairmont hotel, Jakarta.

Key external meetings which involved the Exploration Committee in 2016 were:

1. March 17th 2016, Jakarta: Meeting with World Bank to discuss needed incentives to attract more investment in E&P in Indonesia.
2. MIGAS Focus Group Discussion "Deep Water Fiscal Terms" #1, April 25th 2016, Bali: "IPA Recommended Exploration Incentives" was presented.
3. MIGAS Focus Group Discussion "Deep Water Fiscal Terms" #2, October 3rd 2016, Jakarta: provided input together with Shell, Eni, Total, Chevron, Statoil, Pertamina, Ophir, WoodMacKenzie, on specific fiscal/contract terms. Migas plans to mature a proposed revision of GR79 based on this input.

III. 2017 WORK PROGRAM

The proposed objectives of the Exploration Committee for 2017 are:

1. Continue to engage on needed reforms on fiscal terms for exploration and regulatory terms. Ensure good acceptance by various institutions, i.e. DG Oil and Gas, SKK Migas, Ministry of Energy and Mineral Resources and Ministry of Finance.
2. Continue to provide support to, and collaborate with, IPA committees with respect to input for the revision of Oil and Gas Law and in addressing issues associated with exploration activities and the overall oil and gas business in Indonesia

SECTION 8

FINANCE AND TAX COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Edwinsjah Iskandar

(CNOOC)

FINANCE AND TAX COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Edwinsjah Iskandar	CNOOC
Vice Chairman	:	Hendra Halim	BP
Coordinator Tax	:	Villia Simon	Chevron
Coordinator Audit	:	Edwinsjah Iskandar	CNOOC
Coordinator Finance	:	Andrea Gunawan Diliharto	Medco

II. 2016 ACTIVITIES

Tax

1. Providing industry views, advocacy and recommendations to Ministry of Energy, Ministry of Finance, SKKMIGAS and other agency such as KPPIP on the GR79 revision with the following focus area:
 - a. Maintain Assume and Discharge principle for the existing PSC and extend it for future PSC
 - b. Grant Tax Facilities such as exemption of VAT, LBT, Customs Duty and Regional Taxes & Levies.
 - c. Exempt both withholding tax and VAT on Parent Company Overhead Charges (PCO) and Facility/Cost Sharing arrangement
 - d. Impose tax only on asset sale occurred in Indonesia and the final withholding tax of 5%-7% should be inclusive 20% BPT.
 - e. Directorate General of Tax (DGT) to follow uniformity principle and not issuing tax assessment on disputed cost recovery.
 - f. Remove the restriction on the recoverability of certain legitimate costs (e.g. Comdev during exploitation, tax allowance, etc.)
2. Continue advocacy and successfully manage to revise PMK218/2014 re. New VAT reimbursement procedure which now under PMK158/2016, where Contractor is allowed to get VAT reimbursement from FTP. The VAT incurred related to LNG plant activities is not entitled for reimbursement unless the PSC states otherwise, while Tangguh LNG is allowed, there's ongoing discussion on Arun and Bontang LNG with SKK Migas.
3. Provided inputs to SKK Migas on the November 2016 Tax Forum organized by the University of Indonesia and Center of Indonesia Taxation Analysis (CITA) on tax issues faced by the Industry.

Finance

4. Monitor and provide feedback as needed upon the implementation of PBI 17/3.
5. Participate and provide input on discussion of EOR Forum Discussion Group and draft Minister Regulation on PI (Participating Interest).
6. Further assessment on the draft of revised Non Tax State Revenue Law and develops advocacy plan and path forward engagement with GOI Stakeholders.

Audit

7. Continued to monitor the execution of "Right to Audit" and provide feedback on this regulation.
8. To work with other committees in support of new regulation or issues such as on PBI 17, Oil and Gas Laws, GR79 Revision, etc.
9. To build further communication and sharing with audit group in the industry on current major issues through active participation on FAMI (Forum Audit Migas Indonesia)

All

10. Maintaining a trusted and strong relationship with SKK Migas, ESDM, DGT, Directorate General of Budget, Fiscal Policy Body, the Executive Office of the President Republic of Indonesia, National Exploration Committee (KEN).
11. Working with RAC committee to support the review and provide finance and tax related feedback on the draft oil and gas law.
12. Supporting the Exploration Committee to finalize and socialize the result of IHS study on fiscal study for exploration to various key external government stakeholders.
13. Supporting Exploration Committee in discussion on incentive for Deepwater and EOR.
14. Supporting IPA Board in their various engagements with Gol key stakeholders and acting as a sounding board for IPA members in relation to Finance and Tax related issues in order to get consistency and alignment within the industry.
15. Conducting regular meetings and/or teleconferences with the Committee's members to share knowledge, to discuss issues and agree on the strategic action point to resolve the issues.

III. 2017 WORK PROGRAM

Tax

1. Continue working and providing input on GR79 revision with Ministry of Finance and Ministry of Energy on GR79 with the following focus area:
 - a. Assume and Discharge principle for the existing PSC and extend it for future PSC
 - b. Gol to grant Fiscal Incentive Facilities such as exemption of VAT, LBT, Customs Duty and Regional Taxes & Levies.
 - c. Gol to exempt both withholding tax and VAT on Parent Company Overhead Charges (PCO) and Facility/Cost Sharing arrangement for both existing (prior to 2010) and future PSCs.
 - d. Directorate General of Tax (DGT) to follow uniformity principle and not issuing tax assessment on disputed cost recovery.
2. DGT and Customs Office to honor the application of Masterlist Facility and not to unilaterally deem the importation conducted by vendor on behalf of Contractor as a local transaction which subject to 10% VAT.
3. Closely monitoring the implementation of PMK158/2016 (the new VAT reimbursement procedure) to ensure its consistency.
4. Review and provide inputs on the draft revision of General Provision in Taxation Law (RUU KUP)

Finance

5. Continue to monitor and provide feedback as needed upon the implementation of PBI 17/3.
6. Further assessment on the draft of revised Non Tax State Revenue Law and develops advocacy plan and path forward engagement with GOI Stakeholders.

Audit

7. Continue to monitor the execution of “Right to Audit” and provides lesson learnt from implementation of this clauses.
8. To work with other committees in support of new regulation or issues such as on PBI 17, Oil and Gas Laws, GR79 Revision, etc.
9. Continue to build further effective communication with SKKMIGAS and other stakeholders, and also sharing with audit group in the industry on current major governance and compliance issues.

All

10. Continue working with RAC committee to support the review and provide finance and tax related feedback on the draft oil and gas law, and other relevant laws and regulation.
11. Maintaining a solid and trusted relationship with the IPA Board, Officers and the relevant IPA committees such as Regulatory Committee and Communication Committee.
12. Supporting IPA Board in their various engagements with Government of Indonesia key stakeholders and acting as a sounding board for IPA members in relation to Finance and Tax related issues in order to get consistency and alignment within the industry.
13. Conducting regular meetings and/or teleconferences with the Committee’s members to share knowledge, to discuss issues and agree on the strategic action point to resolve the issues.

SECTION 9

HUMAN RESOURCES COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Aryoko Dwinanto

(ExxonMobil Indonesia)

HUMAN RESOURCES COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Aryoko Dwinanto	ExxonMobil Indonesia
Vice Chairman	:	Silvia Rianawati	Talisman Sakakemang B.V.
Secretary	:	Budi Mumandari/Putri L. Wirjawan	BP Berau Ltd.
		Evita Najosan	ConocoPhillips Indonesia
Members	:	A. Noviyanto / Fahmi Hatta	Total E&P Indonesia
		Darmawan Utomo	CNOOC SES Ltd.
		Franciska Sontiaras Savitri	Schlumberger Indonesia
		Maryke Pulunggono	PetroChina Intl Jabung Ltd.
		Mohamad Hermawan	Santos (Sampang) Pty. Ltd.
		Umar Chatab	Premier Oil Natuna Sea B.V.
		Wahono H. Sukardjo	Chevron Indonesia

II. 2016 ACTIVITIES

1. Regular Quarterly meeting conducted
2. Engaged with SKK Migas and other related government agencies:
 - Input on cost recovery dispute resolutions and recommendation to address emerging of new issues with macro-manage/principle based approach that in line with PSC.
 - Input on Minister Decree No. 31/2013 on expatriate regulations revision
 - Input on strategic engagement with SKK Migas
3. Participate in APINDO's Focused Group Discussion on input for revision of Manpower Law No. 13/2003.
4. Strengthen the coordination with SKK Migas and other government agencies, and support the PSC working groups (KK1-KK4) programs.

III. 2017 WORK PROGRAM

1. Conduct quarterly HR Committee meeting
2. With "simplification, macro management and value adding" approach to enhance efficiency and effectiveness leading to higher productivity of the industry, provide advocacy and input on :
 - Cost recovery dispute resolutions and recommendation to address emerging of new issues with macro-manage/principle based approach that in line with PSC.
 - The upcoming revision for Manpower Law No. 13/2003
 - Minister Decree No. 31/2013 on expatriate regulations revision
 - The upcoming Ministry of Finance bill on funded severance
 - Ministry of Finance regulations no. 258/2011 on expatriate compensation
 - The upcoming revision for PTK018/2008 Rev 1
 - Implementation of SKKNI Certification
3. Strengthen the coordination with SKK Migas and other government agencies, and support

the PSC working groups (KK1-KK4) programs.

COMMITTEE PURPOSE & SCOPE

A. PURPOSE

- IPA Company member's forum to discuss, interpret, clarify and communicate all human resources and industrial relations related issues in oil and gas industry.
- 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.
- To share knowledge, experience, practices and to synergize in the area of employees development, regulation application and industrial relations, where possible and permissible under applicable laws and regulations.

B. SCOPE

Strategic government engagement and advocacy on human resources related regulations, policies and processes with the following key focus areas:

- Continue to build respectful relationships and address any concerns with the right balance between industry effectiveness and aligned with government objectives.
- Continuous improvement on "simplification, bureaucracy reduction, adding value and enhancing efficiency and effectiveness".
- Consistent and streamlined regulation, requirement and review processes will increase process effectiveness and efficiency, which in turn leads to higher productivity of the Industry.

SECTION 10

IT & DATA MANAGEMENT COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Agus Wicaksono

(Chevron Indonesia Company)

IT & DATA MANAGEMENT COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Agus Wicaksono	Chevron Company Indonesia
Vice Chairman	:	Taufik Rachman Sidik	Medco Energi
General Affairs	:	Tutuko Resihadi	Chevron Company Indonesia
Data Management	:	Alham Samudra	ConocoPhillips Indonesia
Governance & Policy	:	Suryadilaga	ExxonMobil Indonesia
Emerging Technology	:	Dwi Nugroho	BP Indonesia
Cyber Security	:	Khoruddin Rohman	Total E&P Indonesia
Nat. IT Capacity Building	:	Rizal Purwanto	Vico Indonesia

II. 2016 ACTIVITIES

Committee Consolidation

The committee had been consolidated to continue addressing Data Management domain and IT related matters. The consolidated committee consists of:

- a. Governance & Policy
- b. Emerging Technology
- c. Cyber Security
- d. National IT Capacity Building
- e. Data Management

It was further refined to replace the head of Data Management subcommittee, previously held by the late Zuki Harahap of Conoco. He passed away on 17 December 2015.

Governance & Policy

1. Compiled all applicable IT related regulations and socialized to members; summarized IT key issues relating directly or indirectly to regulations (Direct Charges, Software Licenses, IT Handover on PSC Transition, and Data Ownership).
2. Conducted review on the Indonesia's Draft E-Commerce Regulation. This regulation basically addresses e-commerce providers and general customer protection. It does not have any direct impact to PSC IT operation in general.
3. Continued working with SKK Migas and the study team from ITB, UI, and Padjadjaran University, to address localization versus corporate direct charges on IT related support and services. Feedbacks have been provided to the team to ensure the work and expected results are within the PSC contract principles. The team's recommendation has been submitted to SKK Migas. As yet, the final guidelines have not been issued for PSC to deal with it consistently.
4. Collaborated with cross-industry IT community under the association of Indonesia Chief Information Officers to bring up the top 5 (five) issues of information and communication technology: ICT Infrastructure Gap, Data Residency, Data Privacy, Standard Information

Exchange, and Talent Gap. The Data Residency and Data Privacy are to be detailed out further to bring to the table for discussion with regulators.

Cyber Security

1. Participated in discussions with the Ministry of Information and Communication for addressing the need for having cyber security regulations.
2. Conducted discussions with PwC appointed by the Ministry of Information and Communication to lead in providing consulting advices on drafting cyber security regulations. Reviewed the draft Cyber Security Standards Implementation Roadmap for Energy and Mining Sector.

Data Management

1. Continued working with IHS and Woodmackenzie for providing high-level E&P data and with Ernst & Young to help with data analysis.
2. Conducted a working session with Schlumberger on Upstream Digital Transformation: Cloud Computing and Big Data Analytics. The cloud technology offers a new way of managing IT services with improved efficiency and reduced complexity. Yet, its adoption to Oil & Gas is subject to regulation relating to Data Residency that mandate in-country hosting while cloud services are mostly hosted centrally out of country at the service providers.
3. Conducted discussions on data submission requirements to PUSDATIN, and data governance related to SOT (*Sistem Operasi Terpadu* – Integrated Operating System) that transfer various elements of raw and some ‘interpreted’ data from PSC to SKK Migas.

Emerging Technology

1. Brainstormed discussions on the cloud technology and Internet of Things with the applicability to Oil & Gas industry. Initial discussions conducted with IT service providers having plans to possibly establish a sort of in-country Migas Cloud that would satisfy local regulations while PSC can take advantage of this emerging technology.

National IT Capacity Building

1. Engaged ITB and UI lecturers for initial discussions on IT talent supply for the industry and overall picture on the required competency that can be provided by local graduates.

III. 2017 WORK PROGRAM

General

1. Continue collaborating with the cross-industry IT community in formulating the top 5 (five) IT issues, especially relating to Data Residency and Data Privacy to be addressed to regulators.
2. Continue providing advocacy over issues and concerns related to regulations in light of new emerging technology that can be best utilized to better support business.
3. Build a good partnership with local universities to contribute to building national IT capacity building.

-
4. Continue sharing knowledge and best practices in order to increase understanding & awareness among members of PSC on various aspects of IT and Data Management, seek out new technology and solutions to deliver to the businesses.

Data Management

1. Continue working with IPA Secretariat to assist in implementing new system/ tool to have a good operational database to feed a well structured information to the Board and for internal IPA purposes
2. Continue working with PUSDATIN to systematically address the existing and any new requirements for PSC data submission, to be consistent across PSC.
3. Establish a good framework and template for obtaining permits and approval from the Ministry of ESDM for data transfer out of country.

Information Technology

1. Establish a good governance and policy to effectively guide the development approach of new domains of SOT (*Sistem Operasi Terpadu*) as mandated by SKK Migas and the operation of the system.
2. Continue working with SKK Migas to have a final closure and guidance over localization versus corporate charges of IT support and services.
3. Establish a framework and approach to IT asset and property transfer in light of the expiry of the PSC.
4. Improve awareness on all mandatory compliances imposed by any (new) regulations and as required by SKK Migas, such as PTK on IT Governance with its required audits, and Centralized Integrated Vendor Database.

SECTION 11

LNG AND GAS COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Arifin

(Vico Indonesia)

LNG AND GAS COMMITTEE

I. COMMITTEE MEMBERS

Chairman	: Arifin	VICO
Vice Chairman	: Teddy Abrian	Chevron
Secretary	: Ratih Hupudio	KrisEnergy
Members/Alternates	: Fifi Roesmaw	Chevron
	Gadang Marpaung/Vinolia Suryanto	ConocoPhillips
	Maeritta Putri / Irawati Hartojo	BP
	Syah Reza / Wulan Nurindah	ExxonMobil
	Hiroshi Kato/ Marusaha L. Gaol	INPEX
	Didik Sasongko Widi/Rudolf F. Doloksaribu	Pertamina
	Peter Wijaya / Callista Tenggara	Star Energy
	Mira L. Delima / Reza Sunarya	Talisman
	Jean-Francois Capelle/Rakhmad Dewanto	TOTAL
	Gianluca Bucchi / Sadiman Lie	ENI
	Nicholas Dendy	VICO
	Femi Sastrena / Salmar Ngadikan	Medco
	Kemal Rachmaputra/Ricky Akhmad Syarif	Premier
	Indra Sukandar	Genting Energy
	A. Rizqi Darsono	Sugih Energy

II. 2016 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 16 IPA company members.

Key activities of the Committee during 2016 include:

1. Engagement in the revision of Indonesian Crude Price (ICP) Formula

- The Government's Oil Price Task Force invited stakeholders, including IPA, on May 3rd 2016 to present their analysis and recommendation for the new ICP formula. The LNG & Gas Committee submitted comments afterwards. The recommendation on new ICP formula was then approved by ESDM Minister. Though Government has issued the new ICP formula while accommodating the comment from IPA, it still leaves an issue on transparency on how to determine the alpha component in the ICP.

2. Engagement with MIGAS and SKKMIGAS on the input to Presidential Regulation on Gas Price for Certain Industry (President Decree No 40/2016)

- The LNG & Gas Committee actively discussed and provided inputs to MIGAS and SKKMIGAS during the concept preparation phase for this Presidential Regulation that looks into reducing ongoing gas prices for certain gas buyers without impacting PSC

Contractors' entitlement. Key principles of IPA input include retaining the business to business negotiation, the price reduction mechanism that will not impact Contractor's share, honoring the existing contracts (PSC and GSA), implement PSC accounting mechanism and other concerns.

- The Presidential Regulation (no 40/2016) was finally issued on May 2016, followed by a Ministerial Decree (no 16/2016) on June 2016. The LNG & Gas Committee also tried to engage in the formulation of the derivative implementation guideline but until this report is made, the government has not issued any implementation guideline that is supposed to provide details of the impact of this regulation to PSC accounting.

3. Engagement with MIGAS and SKK MIGAS on Ministerial Regulation (MR) for Gas Allocation

- On February 2016, ESDM issued a Ministerial Regulation (no 6/2016) replacing the controversial MR no 37/2015 regarding the gas allocation mechanism. The main concern from the IPA members was the Buyer's ability to request gas allocation directly to ESDM Minister in the MR 37/2015. The new MR provided some step prior Minister approve the Buyers request on gas allocation by having MIGAS to get SKK MIGAS's consideration on such request (Chapter IV, Article 20).

4. Engagement with ESDM, World Bank, Coordinating Ministry of Economy and Presidential Staff Office (KSP) on the input for the Gas Aggregators concept.

- Following the Government plans to establish the gas aggregator in 2015, the LNG & Gas Committee, participated in several forums and discussions with related stakeholders such as in the World Bank's Gas Governance Lesson Learnt Study workshop hosted by MIGAS on 28 January 2016, IPA discussion with World Bank in March and May 2016, MIGAS Gas Forum on 1 – 2 June 2016 and discussion with MIGAS on 23 June 2016.
- A meeting with KSP was held on 28 June 2016 to discuss the draft of Presidential Decree for Gas Governance, where the LNG & Gas Committee provided IPA's view based on a presentation in Bali on June 1-2.
- The LNG & Gas Committee also held a meeting with the Coordinating Ministry of Economy on 14 July 2016 to address several of the IPA's concerns such as the likelihood for multilayer transactions among the 3 Aggregator bodies, lack of option to sell gas besides to the Aggregator and the transition of existing gas sale contracts.
- IPA also requested to be part of the task force set up by MIGAS for to enable to provide proactive input in development of Government Regulation on Gas Governance.

5. Engagement with ESDM, MIGAS and SKKMIGAS on the input for Government of Indonesia's plan to implement a standardized gas price formula.

- Besides Gas Aggregators concept, the planned regulation on Gas Governance also include an implementation of a standardized gas price formula with linkages to end product price and/or oil price.
- The LNG & Gas Committee has actively participated in several meetings and discussion forums on this topic such as the socialization session held by SKKMIGAS on 2 May 2016, MIGAS Gas Forum on 1 - 2 June 2016, draft regulation socialization meeting hosted by MIGAS on 23 June 2016, meetings with UPK and MIGAS on 26

-
- August 2016 and 18 September 2016. During all this meeting, IPA provides inputs and principles related to the government plan to standardize gas price.
- The following principles were conveyed to MIGAS, SKK MIGAS and other relevant stakeholders:
 - Gas price formula cannot be standardized because the economics among gas fields varies.
 - A linked to an alternative fuel gas price may not be suitable or desirable by some of the gas buyers.
 - Gas price formula should be negotiated on a Business to Business basis, without dismissing the potential of having a fixed gas price plus escalation.
 - The LNG & Gas Committee also engaged with KSP on 9 May 2016 to share its view and inputs on this initiative. On 2 November 2016, the IPA (with initiative from the LNG & Gas Committee) submitted a letter to the Director General of Oil and Gas outlining its view and inputs for the gas price formula standardization plan. The presidential regulation for gas governance encompassing the gas aggregators and gas price formula standardization concepts are still not issued by the time this report is made.

6. Supporting IPA Board

- Throughout the year, the Committee also supported the IPA Board in the meetings with ministries and SKK MIGAS in the advocacy efforts of the upstream industry.

III. 2017 WORK PROGRAM

The LNG & Gas Committee will continue the advocacy efforts on the upstream gas business in Indonesia for 2017 which will include the following initiatives:

1. Support the IPA Board and other IPA Committees in the overall advocacy efforts for the upstream industry.
2. Proactive approach to related Indonesian stakeholders on the Gas Governance / Gas Aggregator concepts and regulations;
3. Proactive approach to related Indonesian stakeholders on the drafting of regulations related to gas allocation, gas pricing.
4. Advocacy efforts to get the IPA involved whenever government offices build implementing procedures or PSC models for such regulations.
5. Ongoing 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)

SECTION 12

PROFESSIONAL DIVISION COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Dharmawan Samsu

(BP Indonesia)

PROFESSIONAL DIVISION COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Dharmawan Samsu	BP Indonesia
Vice Chairman	:	Walter Ziza	Independent
Advisor	:	Ron Noble	PT Agra Energi Indonesia
Secretary	:	Anna Sulistiyaningsih	IPA
Treasurer	:	Freddy	RH Petrogas
Continuing Education	:	Leonardus S. Tjahjadi	BP Indonesia
		Maydy Rahmadani	IPA
Field Trips	:	Kuntadi Nugrahanto	BP Indonesia
Newsletter & Homepage	:	Vacant	
		Amir Hamzah	IPA
Luncheon Talks	:	Paulus T. Allo	Statoil
Membership	:	Sugembong C.F.	Independent
Publications	:	Andy Livsey	Horizon
Student Liaison	:	Redo Waworuntu	Medco Energi
Riau Chapter	:	Syaiful Ma'arif	Chevron
Balikpapan Chapter	:	Berlian Neswari	Chevron

II. 2016 ACTIVITIES

The prolonged low oil prices have impacted Professional Division Activities in 2016. We identified the following factors, particularly in the area of Professional Division's activity focus that are consisted of short courses, field trips, luncheon talks, and technical symposium. Those impacting factors are:

- Companies and Individuals have reduced both staff numbers and training budgets.
- Difficult to have trainers and lectures, meanwhile lecturers from overseas are expensive.
- Some Oil & Gas Companies have left the region.

The Professional Division has continued to try and serve its members during this difficult period.

2016 TECHNICAL SYMPOSIUM, "Indonesia Exploration: Where From–Where To"

This year, the Professional Division organized this technical symposium after a decade of hiatus. In view of Indonesia's decreasing oil production and the need for major new discoveries, we believe the symposium is timely. The focus will be on key exploration activities of the past decade and looking at the future exploration play fairways and opportunities in Indonesia. The intention is to share the lessons from both successes and failures, with a view to maximizing the future exploration potential of Indonesia. It was also an excellent networking forum to connect and discuss geosciences and business opportunities with colleagues and peers.

Twenty three oral presentations in non-parallel format, ten poster presentations and two core workshops were delivered during the two days event in Jakarta.

The symposium was well received by more than 200 delegates from the SE Asia region. Eleven companies are sponsoring to make this successful event.

There is a clear sign that the appetite to have this kind of the technical symposium outside the scope of the annual IPA Convention is still high. It is also concluded that the IPA should continue to maintain its support toward a focused technical symposium such as this one on a more regular basis. This symposium provides a barometer of data that currently the industry is still hungry to get more insights about the future basin potentials. This is a sign that many companies are still interested to do exploration in Indonesia. This will provide fair ammunition in support of the improvement effort on regulatory and fiscal terms that the IPA is working on with the Government of Indonesia.

CONTINUING EDUCATION SUB-COMMITTEE

The Continuing Education program has experienced severe setback due to the company members' policy to reduce or even freeze the training program for their employees this year. We delivered 2 (two) courses out of 12 planned short courses with minimum attendance.

A list of the short courses and the names of the instructors is provided in Appendix A. A total of approximately 11 participants attended the courses from local and overseas. In general, all short courses were attended just enough to cover the cost. We will continue to support our members with high quality of training with more affordable cost.

FIELDTRIP SUB-COMMITTEE

The Fieldtrip Professional Sub Committee arranges educational fieldtrips for IPA members across the Indonesian archipelago. These fieldtrips are designed to provide educational training for individuals and petroleum companies working within Indonesia. All the companies have applied a strict policy of cost control and unfortunately no field trip attracted the interest of the business community in 2016.

LUNCHEON TALKS SUB-COMMITTEE

Luncheon Talks are an important focal point for members of the IPA and we are continually on the lookout for talks that are relevant and of interest to the IPA membership. In 2016 we were able to host two very good presentations during the February through March period. A wide range of topics were covered by the various speakers. In February 2016, Chairman of SKK Migas, Amin Sunaryadi, presented a very well attended talk titled "Achievement of the Oil and Gas Activities in 2015 and Outlook for 2016". Representatives of several O&G companies presented the remaining

talks. In addition we had the privilege of hosting a Society of Exploration Geophysicists 2016 Pacific South Honorary Lecturer as one of our guests.

We consider difficulties in locating speakers as due to reduced company travel budgets for visiting experts as one of the main factors in defining the deliverability of this program.

A full listing of all talks and attendance is attached as Appendix B. Total attendance was 217 members throughout the year.

MEMBERSHIP SUB-COMMITTEE

The total for 2016 IPA Professional Division Membership is 902. It represents a decrease of twenty percent (22.5%) compare to the last year. The breakdown of members is as follows: Jakarta 857, Riau 3, Balikpapan 2, and Overseas 40. Please see the detail membership by area in the table below.

Years	Jakarta & Others	Riau	Balikpapan	Overseas	Total
2015	1,122	2	2	38	1,164
2016	857	3	2	40	902

PUBLICATIONS SUB-COMMITTEE

The Publications Committee has continued with two initiatives during 2016 to improve the value of our publications to members and generate funds for the IPA.

The online publications module and database for the IPA website has now been completed to provide facilities for both event attendees and IPA members. Event attendees can now log-in to view and download individual papers or a zip file of all papers from “current” conventions they have registered for. IPA members and guests can search and view the entire IPA publication database using text, keyword and map-based search functions. IPA members can download individual papers free-of-charge while guests are directed to AAPG Datapages to purchase downloads. These features can be accessed at <http://www.ipa.or.id/publication/archive>. AAPG Datapages has also been updated with the 2016 IPA Convention Proceedings.

An agreement has also been reached with Elsevier to incorporate IPA publications in their map-based subscription product, Geofacets. All papers have been provided to Elsevier and they are now working to geo-register all the maps. It is anticipated that this will be up and running early in 2017. This cooperation will not only generate a yearly share of subscriptions for the IPA (estimate US\$15-20K) but should also drive significant traffic to the IPA publications in Data pages.

STUDENT ACTIVITIES LIAISON

One of the regular IPA Professional Division programs is to offer technical training courses for industry professionals. With the purpose of sharing the latest technology and update the best



practices of oil and gas industry, the IPA feels the need to involve academics participation in the training program.

Due to lack of participant during 2016 courses, this year we were unable to invite lecturers to join IPA training.

TREASURER'S REPORT

During the year 2015 total surplus achieved is IDR 1.6 billion, which was derived from revenue of IDR 4.6 billion and expenditure of IDR 3.0 billion. This surplus is lower than the 2015 budget expectation of IDR 1.7 billion.

Financial results for 2016 are still in progress. As shown in the table below, as of October 31, 2016 surplus was IDR 0.2 billion. The surplus was derived from revenue of IDR 1.0 billion and expenditure of IDR 0.8 billion.

PROFESSIONAL DIVISION FINANCIAL PERFORMANCE YTD 31 OCTOBER 2016 IN MILLION (IDR)				Dec 31, 2016 L.E
Type Of Activities	Revenue	Expenditure	Surplus (Deficit)	Surplus (Deficit)
Short Courses	283	330	(47)	(47)
Field Trips	1	-	1	1
Luncheon Talks	67	58	9	9
Symposium	237	79	158	(77)
Publications & Others	259	47	212	211
Individual Memberships	157	8	149	152
Exchange Rate Gain/(Loss)	0	277	(277)	(277)
TOTAL	1,003	799	204	(28)

The surplus was mainly contributed by symposium IDR 0.2 Billion, individual memberships IDR 0.2 Billion, publication and others IDR 0.2 billion and offset with the deficit in short courses and exchange rate loss IDR 0.4 billion.

By the end of December 2016, we forecast a deficit of IDR 28 million. This deficit is derived from revenue of IDR 1.770 billion and expenditure of IDR 1.798 billion. The deficit of IDR 28 million forecasted above is below the 2016 budgeted expectation of IDR 1.2 billion, which is mainly contributed by the decrease of surplus derived from short courses, lunch talk and symposium activities.

III. 2017 WORK PROGRAM

Professional Division intend to modify our activities to reflect the current economic climate. We cannot wait and rely for conditions to improve. Our work plans for 2017 are:

-
1. Member Survey
 - Conduct a comprehensive survey of Company and Individual members to try and focus our planned activities in 2017
 2. Continuing Education
 - Tailor short courses to market conditions by identifying local instructors and cheaper venues
 3. Field Trips
 - Unlikely to generate significant interest due to costs but identify two trips that can be run cost-effectively without impacting H&S.
 4. Luncheon Talks
 - Identified as a key means of generating interest in activities and aim to have one at least every 2 months in 2017
 - Cannot rely on overseas speakers so identify local experts willing to give focused technical talks on Indonesia
 5. Membership
 - Try and highlight value of membership to the industry (e.g. online publication access)
 - Discuss possibility of introducing reduced student membership (catch them while they are young!)
 - Continue to explore how we can serve Balikpapan and Sumatra Chapters
 6. Publications
 - Sustain current strength of cooperation with partners, e.g. AAPG.
 - Elsevier Geo facets should start to generate interest and income in 2017
 - Website improvement vital for member interaction/refine online publication database
 - Explore possibility of developing digital databases from previous publications
 7. Student Activity
 - In 2017, we will develop list of courses which can be presented at universities for students, including the name of the potential lecturer on volunteer basis, provide estimate for lodging and travel cost and continue to set a standard material that can be used by lecturer.
 - Try and assemble standardized course material packages
 - Contact Companies to provide spare personnel to run these when available
 - Propose to get IPA board support for students to join Professional Division members with a student rate.

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 and 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 also support of student activities.
- To provide direct support toward the annually organized technical program of the IPA Convention and Exhibition

**APPENDIX A
SHORT COURSES – 2016**

No.	Date	Venue	Course Titles	Instructor	Affiliate
IPA REGULER COURSES					
1	March 14-18, 2016 (5-days)	Jakarta	3D Seismic Interpretation <i>(7 Participants)</i>	Alistair Brown	Independent Consultant, USA
PRE-CONVENTION COURSES					
2	May 23-24, 2016 (2 days)	Jakarta	Petroleum Geology Of Indonesia: Current Knowledge <i>(4 Participants)</i>	Awang H. Satyana	SKK MIGAS

**APPENDIX B
LUNCHEON TALKS – 2016**

No.	Date	Venue	Titles	Instructor	Affiliate
1	February 17, 2016	Ruang Serba Guna SKKMIGAS, Jakarta	Achievement of the Oil and Gas Activities in 2015 and Outlook for 2016 <i>(199 Participants)</i>	Amin Sunaryadi	SKKMIGAS
2	March 15, 2016	Le Meridien Jakarta	Forensic Data Processing Revealing your Data's Hidden Stories <i>(18 Participants)</i>	Joe Dellinger	SEG

SECTION 13

REGULATORY AFFAIRS COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Debbie Maja Chastity

(ConocoPhillips Indonesia, Inc, Ltd.)



REGULATORY AFFAIRS COMMITTEE

I. COMMITTEE MEMBERS

Chairman	:	Debbie M. Chastity	ConocoPhillips
Deputy Chairman	:	Hardi Hanafiah	BP Indonesia
Members	:	Peter Dumanauw	CHEVRON
		Heike Butar Butar	CHEVRON
		Deni Rijadi	BP Indonesia
		Trinzky Ginting	Medco
		Natasha Nababan	ExxonMobil
		Imansyah Syamsoeddin	Medco
		Ali Nasir	PREMIER
		Daniel Kohar	PWC
		Dewi Mayang Sari	Ophir Energy
		Noki Saefullah	SANTOS
		Ray Amalia	SANTOS
		Marlina Tambunan	TALISMAN
		Anton Latief	TOTAL
		Nurul Setyorini	VICO
		Prana Raditya	INPEX

II. 2016 ACTIVITIES

1. Revision to Government Regulation No. 79 of 2010 (GR 79)

The RAC and F&T have been heavily involved in the discussion with the Government to revise GR 79. GR 79 has proved to be an impediment to investment which was further evidenced by the lackluster response to the recent bid round for working area by the Ministry of Energy. Recognizing the need to boost exploration and increase investment, the Government has initiated the discussion to revise GR 79 and invited the IPA to submit its proposal to the Government. The IPA has submitted its proposal which in principle would like for the Government to return to Assume & Discharge concept under the PSC as well as preserving contract sanctity by eliminating Article 38(b). Below are the main highlights of several contentious issues being discussed between the IPA and the Government;

- Assume & Discharge (A&D) – the IPA would like to reinstate the concept of A&D for indirect taxes back into the PSC, however, the Ministry of Finance (MoF) state that there are no legal basis under the current Oil & Gas Law to apply A&D in a production sharing contract anymore. The IPA has presented its counter argument that the Oil & Gas Law did not prohibit the application of A&D and have presented them with the legal basis. However, MoF will not budge from its position and as a compromise, the MoF will introduce new provisions in the revision to GR 79 relating to tax facilities that will be given to Contractor of future PSCs in order to boost investment. However, IPA

has advised the MOE and MOF that these tax facilities are not comparable alternatives to A&D since they are not automatically granted and they will be subject to arbitrary and unclear economic test and Contractor will still be responsible to bear the regional taxes.

- Article 38 – Contract Sanctity - GR 79 will give options to the pre-2010 Contractor to choose between maintaining its current terms until it expires or adjust its terms to comply with the revised GR 79. If the Contractor chooses to maintain its current terms (i.e. continue with A&D) then the Contractor cannot access the incentives under GR 79 Revision including the final tax on transfer of PI. With regard to existing Article 38(b), based on the latest discussion, the Government has indicated its support to eliminate this Article because of the uncertainties that it has created to existing PSCs.
- Sharing the Pain, Sharing the Gain – issue on windfall profit came up and MoF would like for the Contractors to also share the “gain” with the Government if the oil price go up and accordingly, a flexible split will be introduced (gross sliding scale split for future PSC). The latest draft states that the Minister can determine the sliding scale split in a Cooperation Contract. The elucidation further states that the purpose of determining the sliding scale split relates to profit and risk sharing which are impacted by changes in the oil and gas activities such as price, production level and ratio between revenue and operating costs. The IPA has requested to have further discussion in the implementation of this concept going forward.

The revision to GR 79 is expected to be finalized and issued before end of 2016.

2. Draft Oil and Gas Law

The IPA has formed a Task Force, which is under the supervision of RAC, to primarily advise the IPA Board on the potential changes to the existing Oil and Gas Law that are currently being considered by the Government as well as to become the primary interface between the IPA and the Government on all discussions relating to the draft oil and gas law. Other than members of the RAC, the Task Force also consists of members from F&T, Gas & LNG and Communication Committees.

The Government has prepared its own version of the new oil and gas law and sent it to the IPA for feedback. The Task Force had conducted a thorough review of the draft and had multiple discussions with the Government on the IPA’s concerns and feedback. However, the DPR has decided that the draft should be prepared and initiated by the DPR and as such, the discussion with the Government was halted. The IPA has then engaged DPR for an opportunity to provide feedback to the new oil and gas law. Although DPR has not called IPA formally for an opportunity to provide feedback, the IPA continued to voice its view on the new oil and gas law through various forums as well as channeling its feedback through the Indonesian KADIN.

The work to revise the draft Oil and Gas Law will continue in 2017.

3. Draft Ministerial Regulation on Indonesian Participation

The Ministry of Energy is currently preparing a draft regulation relating to the offer of 10% participating interest to Indonesian Participant (IP).

Below are some of the highlights introduced in the latest draft regulation which have caused concerns to the IPA:

- The obligation to offer IP extend to National Company in the event the offer is not exercised by BUMD (“National Company” is BUMN, cooperation, small business and national private company which shares is wholly-owned by Indonesian Nationals) – this concept, however, is aligned with the provisions under Government Regulation No. 35/2004 regarding Oil & Gas Upstream Activities;
- The Contractor shall assist in the financing of the obligation of the Indonesian Participant (which include BUMD and National Company) by bridging the payment where the amount of such payment shall be calculated proportionally from the operating costs incurred during exploitation period pursuant to an approved POD;
- The IP is not entitled to receive any recovery from costs incurred by the Contractor during exploration period;
- Repayment of the bridging payment above shall be taken out from the shares of production of the IP;
- The annual amount of repayment must be conducted based on normal business practice and the amount of repayment must also consider the availability of revenues to be received by the IP;
- No interest shall be charged by the Contractors to the IP;
- The period of repayment shall commence after all sunk costs have been recovered and completed until the obligation has been fulfilled by the IP;
- Any offer and transfer of the 10% IP which have been conducted prior to the ministerial regulation, must be adjusted to comply with the ministerial regulation at the latest five (5) years since the regulation is issued;
- All ongoing offer of the 10% IP must be adjusted to comply with the ministerial regulation;
- Terms under the PSC covering offer of 10% IP to BUMD prior to the issuance of the minister regulation, where such offer has not been implemented, must be adjusted to comply with the minister regulation;
- The draft has not clearly covered the case where the implementation of 10% IP requirement has lapsed as per the stipulations of the PSCs.

The IPA’s positions with regard to this draft ministerial regulation are as follows:

- The obligation to offer IP and the mechanics of the “carry” should be based on B to B negotiation and arrangement;
- The obligation to “carry” the IP without uplift will serve as another disincentive to the Contractor;
- National private companies should not be given the same privilege as BUMD;
- Existing Contractors, whether or not they have fulfilled their IP obligations based on the terms of their existing PSC, should not be required to adjust and complied with the new terms under the ministerial regulation – contract sanctity must be preserved;
- The Government must provide several alternatives to assist BUMD in securing their participation in a PSC instead of shifting all this financial burden to the Contractor.

The discussions are ongoing and the IPA will continue to advocate the industry's positions with the Government.

4. Draft Ministerial Regulation on Abandonment & Site Restoration (ASR)

The Ministry of Energy is currently preparing a draft regulation on ASR. The IPA was invited to a meeting to discuss the draft regulation and highlighted several provisions under the draft regulation which will cause concerns to the industry:

- The continuing obligation to fund ASR even though the PSC has expired, if the ASR activities are not completed;
- If the ASR fund accumulated in the Joint Account is not sufficient, Contractor shall be fully responsible (without the right to cost recovery) to fund the remainder of ASR activities, however, if there are excess fund, such fund shall belong to the State and shall be deposited to the State Treasury;
- The ASR obligations apply to existing PSCs including those PSCs that do not contain ASR provisions;
- The Contractor will be responsible to handle the "write-off" process of those assets that have been abandoned and dismantled;
- Ambiguous and over-prescribed technical requirement to conduct ASR activities;
- The ASR activities proposal must be evaluated and reviewed by the Director General of MIGAS as well as SKK Migas.

As a follow up to the above meeting, the IPA has sent a letter to the Minister objecting to several principles in the proposed draft regulation particularly on its applicability to the existing PSC. The IPA is still waiting for another follow up meeting on this ASR issue.

III. 2017 WORK PROGRAM

The IPA RAC's objectives for 2017 are predominantly consistent with its activities in 2016. RAC will continue to perform an active advocacy role in educating key stakeholders with respect to IPA's key regulatory issues. With the revision to GR 79 expected to be completed by end of 2016, the revision of the Oil and Gas Law and the draft regulation on ASR and IP will likely be a focus in 2017. RAC will continue to support the IPA Board and other IPA committees in responding to prospective and new laws and regulations including proposed amendments to existing laws and regulations.

SECTION 14

SOCIAL INVESTMENT & PARTNERSHIP COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Mohammad Berli

(Total E&P Indonesia)



SOCIAL INVESTMENT & PARTNERSHIP COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Mohammad Berli	Total E&P Indonesia
Vice Chairman	:	Aldi Muhammad Alizar	Medco E&P Indonesia
Members	:	Wawan Koswara	Statoil Indonesia
		M. Adjie Suryaningrat	ConocoPhillips Indonesia Inc. Ltd.
		Sudaryoko	Pertamina Hulu Energi ONWJ
		Puri Minari Artiningprapti	INPEX
		Miko Asih Soenarih	Total E&P Indonesia

II. 2016 ACTIVITIES

SI&P Committee has been actively involved in below activities:

- Monitoring and Evaluation of the ongoing 2015 Social Investment Programs and Budget Realization:
 - **Gerakan Konsumen Anak Cerdas Indonesia (G-KACI) Program**
 - 12 Jan 5 Pilot schools presented their proposals on healthy food and waste management
 - 17 Feb Training “Healthy Canteen and Waste Management” for teachers and student’s representatives, and committee
 - 01 Mar “G-KACI Roadshow Ngamen Sehat” as program’s monitoring evaluation in edutainment form
 - 23 Jun Hand-over of G-KACI Infrastructures Rewards to 5 pilot schools
 - **Library Development and Reading Habit Program**
 - Feb. Completion of 10 library schools renovation
 - 2-3 Feb Capacity building of Library Management “Sirkulasi & Penjenjangan Buku”
 - 15 Jun Al-Qur'an Reading Competition
 - **Long-term Scholarship Program**
 - 23-24 May Monitoring evaluation of scholarship grantee’s study development in SMK Bina Harapan Migas, Yogyakarta
 - 20-21Nov Guest Lectures Presentation related to Oil & Gas Industry to teachers and students of SMK Bina Harapan Migas
- Based on the monitoring evaluation of 2015 Social Investment Programs and on the Partner’s performance, SI&P Committee decided to continue 3 (three) programs in a sustainable way and to engage the same Partners in 2016.

-
- Media Tutorial Online Program on “Gerakan Konsumen Anak Cerdas Indonesia (G-KACI)” with Perhimpunan S.P.E.A.K.
 - ◆ To develop Media Tutorial Online of G-KACI Program which can be accessed by wider target audience
 - ◆ Signing Cooperation Agreement was held on 15 November 2016

 - Long-term Scholarship Program in SMK Bina Harapan Migas, Yogyakarta with Yayasan Pengembangan Perpustakaan Indonesia (YPPI)
 - ◆ To conduct monitoring evaluation of scholarship grantee’s study development and deliver Guest Lecture to students and teachers of SMK Bina Harapan Migas on 23-24 May & 20-21 November 2016
 - ◆ To provide additional monthly support allowance to scholarship grantees

 - Literacy Competition Program with Yayasan Pengembangan Perpustakaan Indonesia (YPPI)
 - ◆ Literacy Program aims to evaluate the indicator level of libraries use and to motivate the creativity of teachers and students in 10 schools
 - ◆ Signing Cooperation Agreement was held on 07 November 2016
 - ◆ Closing of Literacy Program was held on 22 November 2016 at DKI Jakarta Province Library, with total participants more than 100 persons from DKI Jakarta, Bekasi and Bandung.

 - Representing the IPA in social investment events organized by different partners :
 - 12 May “Sustainable Development Goals (SDGs) on Public Participation” Workshop organized by IAP2 (International Association for Public Participation)
 - 16 May Discussion on the implementation of Villages Fund with Deputy Regional Development Sector of the Indonesian Ministry of PDT
 - 31 May Philanthropy Diaspora with theme “Potency, Challenge and Strategy, organized by UNDP Indonesia
 - 20 Sep “Sarasehan Role of Local Governments in supporting Upstream Oil & Gas Sector in line with the implementation of UU No 23 Year 2014”, initiated by The Ministry of Energy and Mineral Resources, Directorate General Oil & Gas, and the Ministry of Internal Affairs
 - 10 Oct Indonesian Philanthropy Festival Talk on “Venture Philanthropy and Impact Investment in Indonesia” organized by Medco Foundation, UNDP and Filantropi Indonesia
 - 12 Oct The 12th Thought Leaders Forum with theme “Community Inspiring Actions for Change” organized by The Nature Conservancy (TNC)
 - 18 Nov Survey and assessment of post-disaster relief with Head of Indonesian Red Cross (PMI), Garut Regency.

 - SI&P Committee activities plan in the end of the year :
 - 30 Nov Luncheon Gathering with National Media to boost IPA visibility through IPA Social Investment Programs
 - 09 Dec Inspiring Talk with theme “Indonesian Inspiring Young Pioneers”

III. 2017 WORK PROGRAM

To ensure the sustainability of previous Social Investment Programs, the SI&P Committee will focus more on education for marginalized children, developing entrepreneurship, developing offline business to online business, waste management to support access to health and access to alternative energy to tackle challenging issues in DKI Jakarta Province.

The implementation of Social Investment Program will be carried out in strategic Partnership Engagement.

a. 2nd year Scholarship Program to three (3) students of DKI Jakarta

Monitor & evaluate the 3 scholarship grantees in SMK Bina Harapan Migas, Yogyakarta, with Yayasan Pengembangan Perpustakaan Indonesia (YPPI)

b. Inspiring Talks

As sharing knowledge and motivation building to IPA members on developing entrepreneurship skills, waste management linked to public health & sanitation and “promote alternative energy”

c. Community Based Disaster Preparedness & Responses

To work with professional agency to train local volunteer in slums hamlets in Jakarta and nearby area.

d. Exposure on IPA Visibility

Through “IPA Social Investment & Partnership (SIP) Programs”, such as promoting output and outcome of the Programs to internal IPA members

e. Policy Dialogue

- As Insight of Oil & Gas Industry with **various Institution**
- Community empowerment in Forestry Area’s (KEMENDES, KLHK, SKK MIGAS)
- Aligning Social & Environmental Responsibility of PSC (KLHK, ESDM, BPN, SKK MIGAS)
- Social Investment procedure and guideline in oil & gas operations (UI, UGM, UNDP)

SECTION 15

SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Tungga Dewa

(Chevron Indonesia Company)



SUPPLY CHAIN MANAGEMENT IMPROVEMENT COMMITTEE

I. COMMITTEE MEMBERS

Chairperson	:	Tungga Dewa	Chevron
Vice Chairperson	:	Trisnadi Sutrisno	BP Indonesia
Secretary	:	Ivonny Desilva	Mubadala
Members	:	Boby Tjahyana	Premier Oil
		Lies Widyaningsih	PHE ONWJ
		Budi Lukman	ConocoPhillips
		Dewi Puspa	ExxonMobil
		Bambang Setiawan	CNOOC
		Subandi	ENI
		Affan Farid	PHE WMO
		Pudji S. Subyantoro	Petronas
		Gandy Budhiman	Saka
		Nofa Fatima	Petronas
		Lita Myrosa	Total
		Penny Setiadi	Ophir

II. 2016 ACTIVITIES

The 2016 SIC activities are focusing on 1) providing advocacy of contract renegotiation/early termination, vendor audit and non-cost recovery in the event vendors are refusing to be audited, 2) providing advocacy of the implementation of cabotage law #200/2016 in tender process, 3) providing advocacy with regards to BI law of IDR currency obligation for all transactions in Indonesia territory, and 4) actively monitor progress and implication of Custom's audit finding regarding taxes for master list importation.

SIC meets regularly every month and has been actively communicated and shared information among its members when issues arise. One learning suggested for future SIC is to have representatives from members who are active in the SKK Migas PRS task forces (the "Pokja"), as it will improve the speed of handling and clarifying issues.

Details of 2016 activities are as follows:

1. Providing advocacy of contract renegotiation/early termination, vendor audit and non-cost recovery in the event vendors are refusing to be audited.

- Contract renegotiation and on some cases early contract termination responding to low oil price have been implemented across the PSC contractors. Issues faced by each PSC contractors were actively shared among the SIC members in the monthly meeting.
- Several discussions with SKK Migas PRS was conducted regarding the audit clause in PTK-007 Book 2 Revision 3, particularly about the non-cost recovery in the event vendors are refusing to be audited. SKK Migas is not willing to revise the clause;

however SKK Migas have agreed to do step-by-step communication with the PSC contractors in the event there are vendors who are refusing to be audited.

2. Providing advocacy of the implementation of cabotage law #200/2016 in tender process:

- SIC is providing explanation to the Directorate General of Sea Transportation (DGST) that the oil and gas vessels including drilling rig cannot be treated the same with cargo or passenger vessels. Oil and gas vessels and drilling rigs are specific. However, DGST considers any vessels regardless the specific nature of the oil and gas vessels shall comply with cabotage law.
- A sharing session with International Association of Drilling Contractors (IADC) through teleconference was conducted, providing insights for IADC about the implementation of cabotage law in Indonesia.
- A workshop with DGST and SKK Migas was planned by SIC, however coincidentally SKK Migas PRS Division is holding a Forum Group Discussion (FGD) in Batam during the week of 21 November 2016, and one of the subject is cabotage law implementation for upstream oil and gas activity. SIC will participate through PRS task force members.

3. Providing advocacy with regards to BI law of IDR currency obligation for all transactions in Indonesia territory:

- SIC actively participated in the SKK Migas Task Force 2 discussions regarding the BI law number PBI 17/3/2015, which mandates the use of IDR currency in all transactions in Indonesia, including upstream oil and gas industry. After extensive discussions led by SKK Migas with Bank Indonesia and ESDM, finally the Bank Indonesia granted 10 years postponement of PBI 17/3/2015 for transactions between PSC contractors and its contractors. It allows the contracts to be in foreign currency, but the payment must be in IDR.
- SKK Migas progressed further with 3 state owned banks, i.e. Bank Mandiri, Bank BNI, and Bank BRI, so the IDR funds received by contractors can be converted back to foreign currency at the same day with zero spread.

4. Actively monitor progress and implication of Custom's audit finding regarding taxes for master list importation:

- After several clarifications involving SKK Migas, PSC Contractors, and Directorate of Customs and Excise, there is no significant finding was substantiated and only administrative issues to be closed.
- SKK Migas is expecting good coordination with the other government institutions on clarity of master list application for the upstream oil and gas business in the future.

III. 2017 OBJECTIVES

Identified objectives for 2017:

1. Participate in the PTK 007 Book 2 Revision 4 discussions
2. Continue providing advocacy and participating the related SKK Migas task force team regarding cabotage law implementation for upstream oil and gas in Indonesia.
3. Provide advocacy and recommendation for improvement / streamlining process of asset write-off.

SECTION 16

UNCONVENTIONAL GAS COMMITTEE

2016 ACTIVITIES REPORT

AND

2017 WORK PROGRAM

CHAIRMAN

Moshe Rizal Husin

(Ephindo)

UNCONVENTIONAL GAS COMMITTEE

I. COMMITTEE MEMBERS

Chairman	: Moshe Rizal Husin	Ephindo
Vice Chairman	: Dindot Soebandrio	Sugih Energy (Selat Panjang MNK)
Secretary	: Stuart Smith	Lion Energy
Members	: Heri Suryanto	Pacific Oil & Gas
	Dave Taber	Chevron
	Darmawan	Medco
	Wahyu Danumulyo	INPEX
	Pedro Nermalceff	Cooper Energy
	Minter Silalahi	Energi Mega Persada
	Yudie Iskandar	Total
	Sekar Sakti Hastasari	Pertamina
	Tonny Supariadi P.	PHE
	Erica Listiani	Santos
	Walter Ziza	AWE
	Yong Wah Kee	NuEnergy Gas
	Dini Sunardi	ConocoPhillips
	Rusli	Sugico
	Welly Ramadhan	Bukit Energy
	Achmadi Kasim	Vico
	Tonny Supariadi	Pertamina (Sumbagut MNK)
	Gema Purnama	Pertamina (Sumbagut MNK)
	Sugeng Haryanto	Pertamina (Sakakemang MNK)
	Fanny Rosdiawan	Pertamina (Sakakemang MNK)
	Amritzar Aimar	Pacific Oil & Gas (Kisaran MNK)
	Bernad Sinaga	Pacific Oil & Gas (Kisaran MNK)
	Charlie Wu	Sugih Energy (Selat Panjang MNK)
	Chandra D. Tiranda	Bukit Energy (Palmerah Sakakemang MNKs)

II. 2016 ACTIVITIES

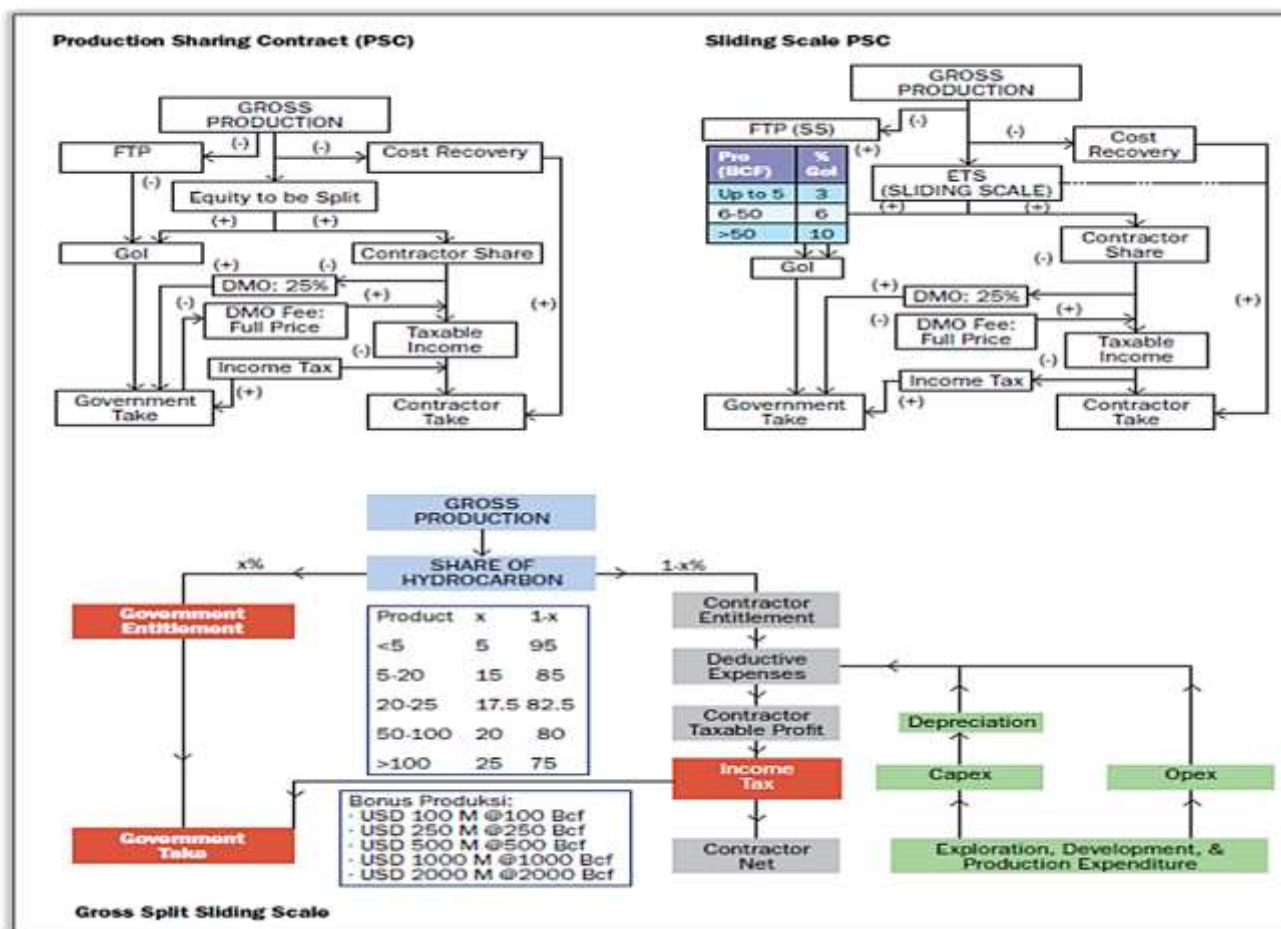
• SUMMARY REPORT OF 2016 ACTIVITIES

9 February	IPA sent a letter to MEMR on Input for the Implementation of the Ministerial Regulation No.38/2015
15 February	Meeting with Ditjen Migas on CBM Economics in Relation to Ministerial Regulation No.38/2015
March - June	Engagement with Pak Nurman Djumiril to draft Gross Split Sliding Scale PSC template
24 March	FGD on the Implementation of Ministerial Regulation No.38/2015. Attended by IPA, Ditjen Migas, SKK Migas, ESDM (Legal), Litbang ESDM and Ministry of Finance
22 April	Workshop on Financial and Economic Aspect of Ministerial Regulation No.38/2015 implementation. Attended by IPA, Ditjen Migas, SKK Migas, ESDM (Legal), Litbang ESDM and Ministry of Finance
5-6 May	BKF/Ministry of Finance visit to Tanjung Enim field to witness CBM exploration operation
28 June	Meeting with IPA's RAC and F&T Committee on Gross Split Sliding Scale PSC finalisation
20 July	IPA sent a letter to BKF on Proposals in Relation to the Implementation of the Ministerial Regulation No.38/2015
20 July	IPA submitted the first draft contract template of GSSS PSC (contract body) to Ditjen Migas
25-26 July	Discussion with Migas on Net Split Sliding Scale and Gross Split Sliding Scale PSC's
28 July	Meeting with BKF to discuss IPA's letter to BKF dated July, 20 th
18 August	FGD on Economy and Contract Aspect of Net Split Sliding Scale and Gross Split Sliding Scale PSC's. Attended by IPA, Ditjen Migas, SKK Migas, ESDM (Legal), Litbang ESDM and Geological Agency ESDM
18 November	FGD "The Future of Indonesia Unconventional Oil & Gas"

Implementation of Ministerial Regulation No.38 Year 2015 regarding Expediting The Exploitation Of Non Conventional Oil And Gas

Ministerial Regulation No.38/2015 allows the Non Conventional Oil and Gas contractors to choose from 3 different types of Cooperation Contract as follows:

1. Existing Production Sharing Contract
2. Sliding Scale Production Sharing Contract (with Cost Recovery)
3. Gross Split Sliding Scale Production Sharing Contract (GSSS, without Cost Recovery)



In response to the issuance of the above regulation, the IPA have sent a letter to MEMR and BKF to propose some principles for the implementation of the Decree so that the Decree will effectively provide a firm path to accelerate Indonesian CBM development and commercialisation.

- **IPA proposal to MEMR (IPA's letter dated 9 February 2016):**

- To implement GSSS as the industry proposal that will really help the acceleration of Indonesia CBM;
- To keep SKK Migas as an official body that supervise the upstream oil and gas industry for GSSS
- That implementation of GSSS required no AFE approval from SKK Migas.
- That the criteria for CBM POD approval is prepared separate from conventional oil and gas by considering some additional flexibilities especially in the case of GSSS which does not apply cost recovery so that there will be no implication to the state revenue.
- That the legal entity which signs the PSC shall be allowed to be in the form of Permanent Establishment OR Local Limited Liability Company (PT)
- To allow flexibility to choose the prevailing tax regime or to choose the fixed tax regime as currently used in the conventional oil and gas PSC is maintained for CBM contractors in the event that such CBM contractors choose GSSS.

-
- That for those who sign a Gross Split Sliding Scale PSC, the CBM contractors are given the flexibility to use SKK Migas import permit or to secure its own permit which are needed for CBM exploration and development
 - That the assets in the form of fixed production facilities shall be owned by the state. We also proposed that the transfer of these assets from the contractors to the state happens at the end of the contract period.
 - An improvement to the Article 5.3 of the Minister Decree No 38 Year 2015 to provide options for the potential CBM contractors to choose the type of contract during the CBM PSC bidding process.
 - That the government temporarily suspends the exploration period to provide more time for the contractors to fulfill their commitments while in the transition process to a new contract.
 - That the MEMR and MoF treat the sunk cost that has been spent until the time when the existing contract is changed as tax deductible when the CBM has entered into its commerciality.
- **IPA proposal to BKF (IPA's letter dated 20 July 2016):**
 - To maintain the option to choose the fixed tax provisions prevailing at the time of the contract signage or provisions of the prevailing tax laws and regulations as per Law 22/2001 Article 31 (4).
 - That the payment of Branch Profit Tax is to be deferred until the related funds (dividends) are repatriated overseas, which is similar to any other industry in Indonesia.
 - That the assets in the form of fixed production facilities shall be owned by the state. We also proposed that the transfer of these assets from the contractors to the state happens at the end of the contract period.
 - That the MEMR and MoF to treat the sunk cost that has been spent until the time when the existing contract is changed as tax deductible when the CBM has entered into its commerciality.
 - To include terms for GSSS in GR79/2010 amendment

In response to the issuance of Ministerial Regulation No.38/2015, the IPA have sent a letter to the Minister EMR to clarify our proposal to improve the investment climate for Unconventional O&G especially CBM industry. A few of the proposals relating to sunk cost and tax incentives need the attention from the Ministry of Finance, hence BKF was invited and participated in some of the discussions with Ditjen Migas. A letter to BKF was delivered to further explain our proposal for their consideration. Hosted by NuEnergy, BKF team has visited one of the CBM operation in Sumatera to see and understand firsthand about the industry.

We assisted the government (Ditjen Migas) on GSSS PSC contract by assigning an external lawyer to draft the template that was submitted in July 20th 2016. But, despite several formal and informal meetings with government stakeholders, the progress over the implementation of Ministerial Regulation No.38/2015 was far from our expectation. There wasn't any move from SKK Migas to create PTK's and special division within that would carry out supervision over GSSS contracts.

Government Regulation No.35/2004, Article 90 stated that one of the task in performing supervision and control is to approve the contractor's Work Program and Budget, on the other hand the budget approval is no longer required in GSSS because there is no cost recovery by definition. SKK Migas argue that they would not be able to perform their duty under GSSS regime according to the above GR unless there is a special assignment letter or decree by the MEMR to SKK Migas on supervision and control tasks over GSSS contract.

III. 2017 WORK PROGRAM

- **Coal Bed Methane (CBM)**
 - Continue discussion with MEMR, Ditjen Migas and BKF on the implementation of Ministerial Regulation No.38/2015. The point of discussion includes SKK Migas/Ditjen Migas assignment from the Minister for GSSS contract supervision and other issues such as tax, asset ownership, contract entity, incentives, etc...
 - Discussion with Ditjen Migas on fit for purpose technology and standard operation for CBM.
 - Discussion on PTK for CBM POD with SKK Migas and Ditjen Migas.
 - Finalised new GSSS contract template with Ditjen Migas.

- **Shale and Tight Sands Hydrocarbon (MNK)**
 - Evaluation of KEN's proposal in funding the MNK wells which includes incentives for the existing conventional block operators to explore MNK resources within their block.
 - Focus Group Discussion with Litbang ESDM, SKK Migas, Ditjen Migas on the Technical Definitions, Economics (in relation to Ministerial Regulation No.38/2015), Technology and Environmental aspect of MNK.

CONCLUSION

In this current low oil price environment, investors have to revisit their portfolio and reconsider their low margin investment in Indonesia especially in unconventional oil and gas. There is a long way to go to prove the success of this industry, many wells have to be drilled beforehand and the existing investment climate doesn't help at all. The government has to recognize the potential of unconventional oil and gas to fill the ever growing gap between the demand and supply of energy source in Indonesia and take drastic measure to improve the investment climate by considering our proposals.

IPA Unconventional Hydrocarbon Committee will continue to work closely with all stakeholders to push the two key factors that brings back the investment to CBM industry which are **the implementation of GSSS regime and low cost operation using fit for purpose technology**.

As for the Shale and Tight Sands Hydrocarbon industry, **initial funding from the government for pilot projects** is necessary and **the implementation of Ministerial Regulation No.38/2015** will improve the investment sentiments next year if the implementation of the new contract regime can be done swiftly.

SECTION 17

**LIST OF
COMPANY MEMBERS
AND
ASSOCIATE MEMBERS**

INDONESIAN PETROLEUM ASSOCIATION

COMPANY MEMBERS

No.	Company	Representative	Title
1	BP Indonesia	Ms. Christina Verchere	Regional President
2	Bukit Energy Indonesia	Mr. Chandra D. Tiranda	President & General Manager
3	Chevron Indonesia	Mr. Charles A. Taylor	President
4	CITIC Seram Energy Limited	Mr. Liu Shiwei	President
5	CNOOC SES Ltd.	Mr. Liu Song	President
6	ConocoPhillips Indonesia Inc. Ltd.	Mr. Bij Agarwal	President & General Manager
7	Energi Mega Persada	Mr. Imam P. Agustino	President Director & CEO
8	Eni Indonesia	Mr. Luca De Caro	Managing Director
9	Ephindo Energy Private Limited	Mr. Sammy Hamzah	President & CEO
10	ExxonMobil Oil Indonesia Inc.	Mr. Daneil L Wieczynski	President & General Manager
11	Genting Oil Kasuri Pte. Ltd.	Mr. Nara Nilandaroe	General Manager
12	Harpindo Mitra Kharisma, PT	Mr. Roy Matondang	Manager Finance & Admin.
13	Husky Anugerah Limited	Mr. Kevin Moore	General Manager
14	Husky-CNOOC Madura Limited	Mr. Huang Chunlin	General Manager
15	INPEX Corporation	Mr. Shunichiro Sugaya	President Director Indonesia
16	JAPEX Co., Ltd.	Mr. Satoshi Endo	Chief Representative
17	Kalrez Petroleum (Seram) Ltd.	Mr. Chew Sin Hwa	General Manager
18	Kangean Energy Indonesia Limited	Mr. Katsuo Suzuki	President & GM
19	KrisEnergy Ltd.	Mr. Kusmutarto Basuki	General Manager
20	Lapindo Brantas, Inc.	Mr. Muhamad Husen	President
21	Mandiri Panca Usaha, PT	Mr. Muhammad Reviansyah	CEO
22	Medco Energi International Tbk,	Mr. Ronald Gunawan	President Director
23	Mitra Energy Ltd.	Mr. John Grant	General Manager
24	Mubadala Petroleum Indonesia	Mr. Saad Saeed Ayedh Hezam Al Hajeri	Country Manager
25	NuEnergy Gas Limited	Mr. Unggul Setyatmoko	Country General Manager
26	Ophir Indonesia (Bangkanai) Ltd.	Mr. Anggoro Kasyanto	President
27	OPIC Indonesia	Mr. Lee Hong Hsiang	Chief Representative
28	Pacific Oil & Gas (Kisaran) Limited	Mr. Amritzar Aimar	General Manager
29	Pertamina (Persero) PT.	Mr. Gunung Sardjono Hadi	President Director PHE

No.	Company	Representative	Title
30	PetroChina In'l Companies In Indonesia	Mr. Gong Bencai	President
31	Petronas Carigali Muriah Ltd.	Mr. Zaini b.Md. Nor-Yusoff	President
32	Premier Oil Indonesia	Mr. Gary Selbie	President
33	PTTEP South Malunda Limited	Mr. Titi Thongjen	General Manager
34	Ranhill Jambi Inc.Pte.Ltd.	Mr. Wiseno Benny Murtono	Acting General Manager
35	Saka Indonesia Pangkah Limited	Mr. Tumbur Parlindungan	General Manager
36	Samudra Energy	Mr. Adriansyah Chaniago	CEO
37	Santos (Sampang) Pty. Ltd.	Mr. Ignatius Tenny Wibowo	President & General Manager
38	Semeru Energy Limited	Mr. Jeff Steketee	General Manager
39	Shell Indonesia, PT	Mr. Darwin Silalahi	Country Chairman
40	Star Energy (Kakap) Ltd.	Mr. Rudy Suparman	President & CEO
41	Statoil Indonesia Halmahera II AS	Mr. Helge G. Håland	Country Manager Indonesia
42	Sugih Energy, Tbk., PT	Mr. Andhika Anindyaguna	President Director
43	Talisman Energy Inc.	Mr. Francisco Gea	General Manager
44	Tately N.V.	Ms. Nina Marlina	VP Business Support
45	Total E&P Indonesia	Mr. Hardy Pramono	President & General Manager
46	Triangle Pase Inc.	Mr. Erry Gunarso	Acting President
47	VICO Indonesia	Mr. Paolo Giraudi	President & CEO

INDONESIAN PETROLEUM ASSOCIATION

ASSOCIATE MEMBERS

No.	Company	Representative	Title
1	Abhitech Matra Indah, PT	Mr. Arief 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	Archer Well Company (Malaysia) Pte. Ltd	Mr. Brace Fibisono	President Director
5	Armada Gema Nusantara, PT	Mr. Syed Ali Alsagoff	Country Manager
6	Armindo Prima, PT	Ms. Winniarlita Irmawati, MM	President Director
7	Badak LNG, PT	Mr. Salis S. Aprilian	President Director
8	Bain & Company, Inc.	Mr. John Ernest McCreery	
9	Baker Botts L.L.P.	Mr. Russell Wilkinson	
10	Baker Hughes Indonesia	Mr. Philip Blakeman	Sales Director
11	Baruna Raya Logistics, PT	Mr. Faisal Mohamad Nur	
12	BGP Indonesia, PT	Mr. Zhang Haitao	President Director
13	Binder Indonesia, PT	Ms. Endah	Sales & Marketing
14	BMT Asia Pacific Indonesia, PT	Mr. Johnny Tjea	President Director
15	Bureau Veritas Indonesia, PT	Mr. Didie Tedjosumirat	Director
16	Cameron Systems, PT	Mr. John Chappell	Regional Manager Oceania
17	CARSURIN, PT	Ms. Sheila Maria Tiwan	President Director / CEO
18	CGG Services Indonesia, PT	Mr. Tjandra Siswojo	President Director
19	China Petroleum Technology & Dev't Corp	Mr. Chen Wen Hai	
20	CIC Environmental Services PT.	Ms. Lidya Chandra	
21	Citra Tubindo Tbk., PT	Mr. Joe C. Barlett	General Director
22	Citrabuana Indoloka, PT	Mr. Taufik Hidayat	Director
23	Corelab Indonesia, PT	Mr. Louis King	Operations Manager
24	Deloitte Petroleum Services	Mr. Simon Crellin	
25	Denvegraha (DNV GL), PT	Mr. Dedi Murdiadi	Head of Section Oil & Gas
26	Donggi-Senoro LNG, PT	Mr. Aditya Mandala	Corporate Affairs Director
27	Dowell Anadrill Schlumberger, PT	Mr. Tri Utomo	DNM Operarion Manager ING
28	Dwi Lestari Nusantara, PT.	Mr. Edison Sinaga	General Manager
29	EagleBurgmann Indonesia, PT	Mr. Soebagio Soegiharto	General Manager
30	Ernst & Young	Mr. Hari Purwantono	Partner

No.	Company	Representative	Title
31	EXLOG Sarana Indonesia, PT	Mr. Wimborn M. Hutapea	Director
32	Expro Indonesia, PT	Mr. Ade Rakhmat	Sr. Technical Sales
33	Future Pipe Industries, PT	Mr. Dimas Yuditya	Sales Engineer
34	Gaffney, Cline & Associates	Mr. Florent Rousset	General Manager
35	GE International Operations Company, Inc	Mr. Iwan Chandra	President
36	Geolog Indonesia, P.T.	Mr. Adel Gasmi	Director
37	Geoservices, PT	Dr. H.L. Ong	President Director
38	GSM Konsep Internasional, PT	Mr. M. Hanafin	Company Representative
39	Halliburton Indonesia, PT	Mr. Shannon Slocum	President Director
40	Hitek Nusantara Offshore Drilling, PT	Mr. Kamil	President Director
41	Horizon Geoconsulting, PT	Mr. Andy Livsey	Manager Geological Services
42	IADC Southeast Asia Chapter	Mr. Chit Hlaing	
43	Iceland Drilling Indonesia, PT	Mr. Arni Thor Jonsson	Regional Manager Indonesia
44	Iliadi Cipta Energi, PT	Mr. Alan Perdana	
45	Imeco Inter Sarana, PT	Mr. Sarwi H. Notoatmodjo	Director
46	Institut Sains & Teknologi AKPRIND	Ms. Sri Mulyaningsih	
47	Institute of Technology Bandung	Dr. Hendra Grandis	
48	Institute of Technology Medan	Mr. Gustam Lubis, ST, MT	
49	Institute of Technology Sepuluh Nopember	Mr. Syaeful Bahri	
50	Integrated Petroleum Services , PT	Mr. Abdul Halim Abdul Hamid	President Director
51	Intertek Utama Services, PT	Mr. Jose Richard Gamo	President Director
52	Islamic University of Riau	Ms. Ira Herawati	
53	Istech Resources Asia, PT	Mr. GP Ganesan	Accounting Director
54	Java Velosi Kencana, PT	Mr. Chris Bruderlin	
55	JGC Corporation	Mr. Hiroyasu Fukuyama	Chief Representative
56	Kaliraya Sari, PT	Ir. Vincent Darja	Managing Director
57	KAP Siddharta & Widjaja	Mr. Thomas Thrasher	
58	Korosi Specindo, PT	Mr. Baskifo Yulinardo	Marketing Manager
59	KPMG Siddharta Advisory PT	Ms. Leornie Quek	
60	Lerindro International, PT	Mr. Andrew H. Suryadi	President Director
61	Linklaters Singapore Pte. Ltd.	Mr. Christopher Bradley	
62	Managed Pressure Operations PT	Mr. Trever McKen	
63	McDermott Indonesia, PT	Mr. Mudhito (Adhi) Prakosa	Country Manager
64	McKinsey & Company	Miss Penny Burt	

No.	Company	Representative	Title
65	MHE - Demag Indonesia PT.	Ms. Kezia Natania	
66	M-I Production Chemical Indonesia		
67	Mitra Energi Gas Sumatera, PT	Mr. Santoso Hapriadi	General Manager
68	Mitsubishi Corporation	Mr. Yasuyuki Shindo	GM Energy Business Group
69	Mutiara Biru Perkasa, PT	Mr. Brian Hergert	Director
70	Oentoeng Sutia & Partners	Mr. Avinash Panjabi	
71	Offshore Works Indonesia, PT	Mr. Rizal Shah	President Director
72	OPAC Barata, PT	Mr. Jeremy Dyer	Director
73	Oscos Utama, PT	Mr. Antonius Nurimba	President Director
74	P2 Energy Solutions	Mr. Brian Lim	Account Executive
75	Panyu Chu Kong Steel Pipe Co., Ltd.	Mr. Oscar Yeong	
76	Perforindo Teknik Nusantra, PT	Mr. Indra Adji	Country Manager
77	Persek. Linda Widyawati & Partners	Mr. Jeroen Koster	
78	Petratama Abdi Nusa (PetraNusa)	Ir. Mohamad Noer	Director
79	Petros Technologies Indonesia, PT	Ms. Anna Glagoleva	
80	Petrosea Tbk., PT	Mr. Rick Ness	President Director
81	PGS Nusantara, PT	Mr. Simon Irwin	Country Manager
82	PPPTMGB "LEMIGAS"	Mr. Bambang Widarsono	
83	Precision Energy Services Indonesia	Ms. Mirana Ganettasari	
84	PricewaterhouseCoopers	Mr. Anthony J. Anderson	Technical Advisor
85	Pusdiklat "Migas"	Mr. Zaenal Arifin	
86	Risco Energy Investments Pte. Ltd.	Mr. Ken Sauer	Managing Director
87	Schlumberger Geophysics Nusantara, PT	Mr. Phil Ward	President Director
88	SGS Indonesia, PT	Mr. Deny Sitorus	Manager OGC
89	Smith Tool Indonesia, PT	Mr. Adrian Scholten	
90	STTNAS Yogyakarta	Ir. Sukartono, MT	
91	Sucofindo, PT	Mr. Iqbal Akbar	Vice President Oil & Gas
92	Sudjaca Palembang, PT	Mr. Hendra Sudjaka	Director
93	Supraco Indonesia, PT	Mr. Misyah A. Bahwal	Managing Director
94	Tenaris-Seamless Pipe Indonesia Jaya, PT	Mr. Pungky Hermawan	Commercial Manager
95	The Lantau Group	Mr. Neil Semple	
96	TNB & Partners	Ms. Tasdikiah Siregar	
97	Trans Nusantara Multi Construction,	Mr. Anton Tjahjono	President Director
98	Tripatra Engineering, PT	Mr. Joseph Pangalila	President Director

No.	Company	Representative	Title
99	Tugu Pratama Indonesia, PT	Mr. Sigit Suciptyono	Marketing Director
100	University of Brawijaya	Mr. Adi Susilo	
101	University of Diponegoro	Mr. Reddy Setyawan	
102	University of Gadjah Mada	Prof. Dr. Sismanto M.Si.	
103	University of Hasanuddin	Mr. Sabrianto Aswad	
104	University of Indonesia	Mr. Mahmud Sudibandriyo	
105	University of Lambung Mangkurat	Mr. Ibrahim Sota	
106	University of Lampung	Mr. Ordas Dewanto, M.Si.	
107	University of London	Mr. Robert Hall	
108	University of Padjadjaran	Dr. Ir. Ildrem Syafri, DEA	
109	University of Pakuan	Ir. Agus Karmadi	
110	University of Petroleum	Mr. Wirawan Widya M.	
111	University of Sriwijaya	Dr. Ir. H. Marwan Asof	
112	University of Trisakti	Ir. Agus Guntoro	
113	UPN "Veteran"	Ir. Agus Santoso, Msi	
114	Wahana Sugih, PT	Mr. Glenn Haryanto	Director
115	Weatherford Indonesia, PT	Mr. Andrew Robert Law	President Director
116	Widyawan & Partners	Mr. Widyawan, SH	Managing Partners
117	Wira Insani PT.	Ms. Mirana Ganettasari	
118	Wood Mackenzie	Mr. Vijay Krishnan	



INDONESIAN PETROLEUM ASSOCIATION

Indonesia Stock Exchange Building, Tower II, 20th Floor (Suite 2001)
Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190, Indonesia

Telephone: (62-21) 515-5959; Facsimile: (62-21) 5140-254 /6
Email: inquiries@ipa.or.id; Website: www.ipa.or.id