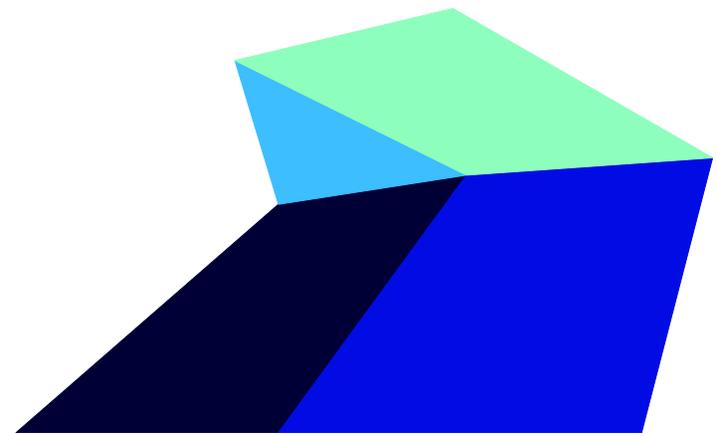


INTSOK Norwegian Oil and Gas
Partners

2015 Indonesia
Advisor Report

Prepared by Diah Noor
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New legislation under discussion in Indonesia

The revision of the oil and gas law has long been discussed with the House of Representative and is still under the discussion. Both the Government and Parliament will have their own versions of the draft, but hope to finalize it within this year.

A local newspaper recently published an article regarding the Government's proposal for the draft law and their plan to turn SKKMIGAS into a special state-owned enterprise. This seems to be the current state:

The Indonesia oil and gas No.22/2001 law had created a number of criticism and was challenged by the Constitutional Court in 2012 declaring that numerous articles in the law violated the 1945 Constitution. The Court also ruled the existence of the upstream regulator (BP Migas) was unconstitutional. Based on the court's decision, there is an urgency for the Government of Indonesia to establish a new oil and gas law. This revision of the oil and gas law has become one of the major issues in the House of Representative program. Both the Government and the House of Representative Commission VII (looking after the energy sector) are planning to propose their own draft revisions and discuss them in special panel.

The Minister of Energy and Mineral Resources disclosed the draft for the first time in early April this year during a hearing with the House of Representative Commission VII saying that upstream oil and gas activities will be conducted fully based on licenses given by the Government to a specially assigned state enterprise (will be set up to replace the existing upstream oil and gas regulatory task force, SKK MIGAS) and to Pertamina. Under this scheme, the specially assigned SOE will have the authority to sign contracts with energy companies working in Indonesia whilst Pertamina will also have the authority to manage oil and gas blocks on its own under a direct appointment by the Government.

Details of the story can be found through this link <http://www.thejakartapost.com/news/2015/04/09/govt-overhaul-oil-and-gas-business.html>

INTSOK/Innovation Norway will monitor and follow up the work on the new oil & gas law and we will be happy to answer any questions on this.

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