



**DECREE OF THE MINISTER OF ENERGY AND MINERAL RESOURCES
NO. 1906 K/30/MEM/2001
REGARDING
THE PROCEDURE FOR ESTABLISHING MINING RIGHTS AREAS
AND OIL AND GAS WORK AREAS
THE MINISTER OF ENERGY AND MINERAL RESOURCES**

- Considering :
- a. that within the framework of creating a conducive climate for investment, it is necessary to put in order and regulate the policies on giving and offering areas for oil and gas exploration and exploitation;
 - b. that based on the consideration referred to sub a, it is deemed necessary to establish by Decree of the Minister of Energy and Mineral Resources a Procedure for Establishing Mining Rights Areas and Oil and Gas Work Areas;
- In View of :
1. Law no.44 in lieu of a Government Ordinance of 1960 (State Bulletin of 1960 no.133, State Bulletin Supplement no.2070); (Ed.: State Bulletin and State Bulletin Supplement are hereinafter referred to as respectively SB and SBS)
 2. Law no.8 of 1971 (SB of 1971 no.76, SBS no.2971) as amended by Law no.10 of 1974 (SB of 1974 no.64, SBS no.3045);
 3. Government Ordinance no.29 of 1969 (SB of 1969 no.52, SBS no.2901);
 4. Government Ordinance no.35 of 1994 (SB of 1994 no.64, SBS no.3571);
 5. Presidential Decree no.234/M of 2000 dated 23 August 2000;
 6. Decree of the Minister of Energy and Mineral Resources no.150 of 2001 dated 2 March 2001;

HAS DECIDED :

To Establish: The Decree of the Minister of Energy and Mineral Resources Regarding the Procedure for Establishing Mining Rights Areas and Oil and Gas Work Areas.

**CHAPTER I
GENERAL PROVISIONS**

ARTICLE 1

In this Ministerial Decree:

1. Indonesian Legal Mining Area refers to Indonesia's entire land, waters, and continental shelf territory.
 2. Open Area refers to Indonesia's Legal Mining Area which is not as yet determined as a Mining Rights Area or a Work Area.
 3. Mining Rights Area refers to a certain area which is given to Pertamina for the execution of Exploration and/or Exploitation.
 4. Work Area refers to a certain area given to a Contractor for the execution of Exploration and/or Exploitation.
 5. Exploration refers to the mining operations which are executed in order to know and discover the existence of oil and gas reserves through studies and surveys.
 6. Exploitation refers to the mining operations which are executed with the purpose to produce oil and gas from existing reserves.
 7. Production Sharing Contract refers to the form of cooperation between Pertamina and a Contractor for the execution of oil and gas Exploration and Exploitation based on the principle of production sharing.
 8. Data refers to all facts, signs, indications, and information, be they in the form of scripts (characters), numbers (digitals), drawings (analog), magnetic media, documents, rock samples, fluids, or other forms obtained from general survey, and oil and gas exploration and exploitation.
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1. Data Access refers to the endeavour which may comprise looking at and acquiring Data from a Data management system through commonly applicable electronic and/or other means.
 2. Tender documents refers to the official documents which are required in offering Work Areas and are issued by the Directorate General.
 3. Bid documents refers to the official documents which are issued by prospective Contractors when participating in a tender of Work Areas and meet the requirements stipulated in the Tender Documents.
 4. Pertamina refers to the State Oil and Gas Company which was established and set up based on Law no.8 of 1971.
 5. Enterprise refers to any legal entity engaged in a business which is permanent and continuous in nature, is established based on the prevailing legislative rules, is operating, and is domiciled in the territory of the Republic of Indonesia.
 6. Permanent Business Venture refers to an Enterprise which is established in and is a legal entity from outside the Republic of Indonesia and is operating in the territory of the Republic of Indonesia.
 7. Contractor refers to an Enterprise or Permanent Business Venture which carries out Exploration and/or Exploitation in a Work Area based on a Production Sharing Contract with Pertamina.
 8. Minister refers to the Minister whose scope of task and duty encompasses Oil and Gas business operations.

9. Director General refers to the Director General whose scope of task and duty encompasses Oil and Gas business operations.
10. Department refers to the Department of Energy and Mineral Resources.
11. Directorate General refers to the Directorate General of Oil and Gas.

ARTICLE 2

The President as proposed by the Minister establishes an Open Area as a Mining Rights Area or Work Area.

CHAPTER II ESTABLISHMENT OF MINING RIGHTS AREAS AND OIL AND GAS WORK AREAS

ARTICLE 3

- 1) In order to acquire a Mining Rights Area in an Open Area, Pertamina shall submit a written application to the Minister.
- 2) The application referred to in sub-article (1) shall be completed with a work program and supporting technical documents.

ARTICLE 4

- 1) The Minister may based on the evaluation of the documents referred to in Article 3 give Pertamina a rejection or approval in principle of the application.
- 2) If an approval in principle is given by the Minister, Pertamina shall submit an application for approval to the Government Board of Commissioners for Pertamina.
- 3) If Pertamina obtains the approval from the Government Board of Commissioners for Pertamina, the Minister is to give the area concerned as a Mining Rights Area after having received the Presidential Decree concerned.

ARTICLE 5

The Mining Rights Area referred to in Article 4 sub-article sub-article (3) is to be self-operated by the applicant.

CHAPTER III PREPARING AND OFFERING WORK AREAS

ARTICLE 6

- 1) The Directorate General conducts the planning and preparation of Work Areas and Open Areas.
- 2) In order to prepare the Work Areas as referred to in sub-article (1), the Directorate General

studies and manages the required Data.

3) For support in conducting the planning and preparation of Work Areas, the studies and management of Data as referred to in sub-article (1) and (2), the Director General may appoint other competent and expert parties.

ARTICLE 7

The Director General on behalf of the Minister determines which Work Areas are offered to prospective investors.

ARTICLE 8

1) The Director General offers Work Areas through tenders. In order to conduct the tenders of Work Areas, the Minister establishes a Work Area Tender Team (Tender Team) with its membership consisting of representatives of the Department, Pertamina, and other related units.

2) For the tenders of Work Areas as referred to in sub-article (1) the Directorate General prepares and issues the Tender Documents.

3) The Tender Documents referred to in sub-article (3) comprise i.a.:

- a. the schedule of the tender;
- b. the geological information on the Work Area;
- c. the Data Access;
- d. the draft Production Sharing Contract;
- e. the requirements which should at least be met by the prospective investors by submitting the work program and budget, the financial statement over the last 3 (three) years, and the technical documents in support of the work program.

ARTICLE 9

The draft Production Sharing Contract referred to in Article 8 sub-article (4) sub d is prepared by the Tender Team.

ARTICLE 10

Within the framework of attracting prospective investors, the Directorate General:

- a. Announces which Work Areas are offered through the printed media, electronic media, and other media;
- b. Promotes the Work Areas concerned at national as well as international oil forums.

CHAPTER IV EVALUATION AND DETERMINATION OF THE WINNER OF A TENDER

ARTICLE 11

- 1) Prospective investors who are interested to participate in tenders of Work Areas are to submit their Bid Documents which have been completed according to the requirements stated in the Tender Documents referred to in Article 8 sub-article (4).
- 2) The Bid Documents submitted by the tender participants become state-owned documents of confidential nature which may only be revealed to other party for justifiable purposes according to the prevailing legislative rules.

ARTICLE 12

- 1) Opening the Bid Documents to inspect whether they are administratively complete is done by the Tender Team witnessed by at least 5 (five) of its members.
- 2) The result of the inspection on the administratively completeness of the Tender Documents as referred to in sub-article (1) is recorded in an official report which is signed by the Tender Team members who have made and witnessed the inspection.

ARTICLE 13

The Tender Team conducts the final evaluation which is to be used to determine the winner of the Work Area tender based on for the State advantageous bid criteria comprising:

- a. the Exploration work programme;
- b. the financial capability;
- c. the company's performance.

ARTICLE 14

- 1) The Director General determines the winner of the tender based on the result of the Tender Team's final evaluation.
- 2) Within 7 (seven) work days since thereceipt of the announcement of the winner of the tender, the winner of the tender shall submit to the Director General a letter of being capable and in agreement with the requirement of the Production Sharing Contract.
- 3) If within 7 (seven) work days the winner of the tenders has not submitted a letter of capability or withdrawal, the Director General appoints the second ranked prospective winner to become the winner of the tender.
- 4) If there is no second ranked prospective winner as referred to in sub-article (3), the Work Area may be retendered.

ARTICLE 15

- 1) The Director General's decision on the determination of the winner of the tender of a Work Area as referred to in Article 14 sub-article (1) is irrevocable.
- 2) The winner of else tender referred to in Article 14 sub-article (1) is confirmed as the Contractor of the Work Area concerned after prior approval of the President.

CHAPTER V
APPROVAL OF A PRODUCTION SHARING CONTRACT

ARTICLE 16

- 1) The Director General on behalf of the Minister informs Pertamina in writing about the winner of the tender with attached the draft Production Sharing Contract.
- 2) Pertamina and the winner of the tender initiate the draft Introduction Sharing Contract.
- 3) Pertamina submits the initiated draft Production Sharing Contract for approval to the Chairman of the Government Board of Commissioners for Pertamina, and to the Minister in order to obtain the President's approval.

ARTICLE 17

- 1) The Minister submits the draft Production Sharing Contract for approval to the President.
- 2) Based on the President's approval, Pertamina, the Contractor, and the Minister on behalf of the Government, then sign the Production Sharing Contract.

CHAPTER VI
CONCLUDING PROVISIONS

ARTICLE 18

The preparation and offering of Work Areas effected by the Directorate General before the establishment of this Ministerial Decree are declared to remain operative based on this Ministerial Decree.

ARTICLE 19

This Ministerial Decree becomes effective on the date of its establishment.

ESTABLISHED IN JAKARTA, ON 20 JULY 2001
MINISTER OF ENERGY AND MINERAL RESOURCES

(DULY STAMPED AND SIGNED)

PURNOMO YUSGIANTORO