

**Regulatory and Fiscal Policy Reform
are needed to Grow the Oil and Gas
Industry in Indonesia**

**2016 IPA Annual General Meeting
Jakarta, 7 December 2016**

KEY MESSAGES

- **Oil prices have remained low** for two years with forecasts staying in a low to mid range for a more prolonged period.
- Oil and gas **companies continue to rationalize** their portfolio and investment plans.
- Indonesia's oil and gas **production continues to decline**.
- Substantial fiscal and regulatory **reform is needed** for Indonesia to compete for investment.
- **Gol is keen to attract more investment** and is **looking to enable** this through regulation changes but **many competing stakeholders** makes it challenging.
- A year of **good dialogue** between Gol and IPA.
- IPA will **continue to partner** with the government to help formulate and implement reforms.



GOVERNMENT REFORM EFFORTS - 2016

There are several significant efforts done by Government in terms of upstream investment climate improvement:

- Continuing to look to **simplify the permitting process** across ministries, led by the Coordinating Minister for the Economy
- Addressing the transition process for **expiring PSC's**
- Continuing the implementation of gross split sliding scale type of contracts for **non conventional oil and gas**
- **Revisions to GR79** are in progress
- Discussions of **Gross Split sliding scheme** for conventional assets have started
- Considering several **gas governance** systems and address industry pricing issues / requirements
- Implementation of **new Oil & Gas Law** will now come from the DPR; expected to be addressed in 2017



IPA INVOLVEMENT IN REFORM EFFORTS - 2016

A year of strong and frequent dialogue with Government of Indonesia:

- Board **interaction with GoI**: Minister ESDM, Vice Minister ESDM, Coordinating Minister for Maritime Affairs, Chairman SKK Migas & DG Migas highlighting issues, requesting involvement and making recommendations
- **Involved in multiple Forum Group Discussions** on Gas Governance, Deepwater development, EOR and Permitting simplification
- The RAC and F&T Committees have been actively **involved in the discussions on the GR79 revision with the government** and relevant stakeholders. The IPA Board attended several meetings with MEMR, MOF and SKK Migas to discuss high level concerns
- **Worked with the government on the implementation of Regulation No. 38** for the Gross Split Sliding Scale for Non-Conventional Oil and Gas Assets
- **Submitted input to ESDM on draft of new Oil & Gas Law**



2017 REFORM FOCUS

What does 2017 look like? What do we have line of sight to?

- Continue the detailed analysis and discussion for the implementation of **Gross Split Sliding Contract Scheme** for the conventional oil and gas and ensure that the scheme will be acceptable to the investors.
- Endeavor to ensure **Gas Governance** Regulations are conducive to the upstream gas business
- Involved in drafting of **new Oil & Gas Law** through the DPR and government
- Continue the discussion for the proposal of **10% Participating Interest for Regional governments.**
- Continue working on Deepwater, EOR, Gas Governance and Permitting issues through dialogue and focus group discussions





“ Terima Kasih ”

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