

# TERMS AND PROCEDURES OF SETTING ALLOCATION, USE AND PRICES OF NATURAL GAS (Regulation of the Energy and Mineral Resources Minister of the Republic of Indonesia No. 06/2016 dated February 24, 2016)

BY THE GRACE OF GOD ALMIGHTY  
THE ENERGY AND MINERAL RESOURCES MINISTER OF  
THE REPUBLIC OF INDONESIA,

Considering :

- a. that the use of natural gas as non-renewable natural resource needs to be controlled in a sustainable way by adopting a policy to set allocation, use and prices of natural gas with the aim of supporting national energy resilience and self reliance for the greatest benefit of the people's prosperity;
- b. that to achieve the goal as referred to in letter a and to use natural gas more optimally, it is necessary to revise Regulation of the Energy and Mineral Resources Minister No. 37/2015 on the Terms and Procedures of Setting Allocation, Use and Prices of Natural Gas;
- c. that based on the considerations as referred to in letters a and b to implement provisions in Articles 47, 48, 50, 86 and 87 of Government Regulation No. 35/2004 on Upstream Oil and Gas Business Activities as twice amended the latest by Government Regulation No. 55/2009, it is necessary to stipulate Regulation of the Energy and Mineral Resources Minister on Terms and Procedures of Setting Allocation, Use and Prices of Natural Gas;

In view of :

1. Law No. 22/2001 on Natural Oil and Gas (Statute Book of 2001 No. 136, Supplement to Statute Book No. 4152);
2. Law No. 30/2007 on Energy (Statute Book of 2007 No. 96, Supplement to Statute Book No. 4476);
3. Government Regulation No. 35/2004 on Upstream Oil and Gas Business Activities (Statute Book of 2004 No. 123, Supplement to Statute Book No. 4435) as already twice amended the latest by Government Regulation No. 55/ 2009 (Statute Book of 2009 No. 128, Supplement to Statute Book No. 5047);

4. Government Regulation No.36/2004 on Downstream Oil and gas Business Activities (Statute Book of 2004 No. 124, Supplement to Statute Book No. 4436) as already amended by Government Regulation No. 30/ 2009 (Statute Book of 2009 No. 59, Supplement to Statute Book No. 4996);
5. Government Regulation No. 79/2010 on Operating Expenses Which Can Be Refunded and Treated As Income Tax in the Upstream Oil and Gas Business Field (Statute Book of 2010 No. 139, Supplement to Statute Book No. 5173);
6. Presidential Regulation No. 95/2012 on the Transfer of Tasks and Functions in Upstream Oil and Gas Business Activities (Statute Book of 2012 No. 226);
7. Presidential Regulation No. 9/2013 on the Management of Upstream Oil and Gas Business Activities (Statute Book of 2013 No. 24);
8. Presidential Regulation No. 68/2015 on the Energy and Mineral Resources Ministry (Statute Book of 2015 No. 32);
9. Regulation of the Energy and Mineral Resources Minister No. 19/2009 on Piped Gas Business Activities (State Gazette of 2009 No. 274);
10. Regulation of the Energy and Mineral Resources Minister No. 18/2010 on the Organization and Work Mechanism of the Energy and Mineral Resources Ministry (State Gazette of 2010 No. 552) as already twice amended the latest by Regulation of the Energy and Mineral Resources Minister No. 30/2014 (State Gazette of 2014 No. 1725);

#### D E C I D E S :

To stipulate :

REGULATION OF THE ENERGY AND MINERAL RESOURCES MINISTER ON TERMS AND PROCEDURES OF SETTING ALLOCATION, USE AND PRICES OF NATURAL GAS.

#### CHAPTER I

#### GENERAL PROVISIONS

#### Article 1

Referred to in this Ministerial Regulation as :

1. Natural gas is the result of natural process in the form of hydrocarbon under the atmospheric pressure and temperature in the form of gas phase obtained from a natural oil and gas mining process including non-

conventional natural gas and flare gas.

2. Non-conventional natural gas is natural gas obtained from reservoir where natural gas is formed with low permeability, including shale gas, tight sand gas, coal methane gas, and methane hydrate using certain technology such as fracturing.
3. Flare gas is gas produced by exploration and production or processing of natural oil or gas burned because it cannot be handled by the available production or processing facilities so that it has not been utilized.
4. Gas debris is a non-hydrocarbon compound in natural gas which constitutes a byproduct produced by exploration and production or processing of natural oil or gas,
5. Working area is a certain area within the Indonesian mining jurisdiction to carry out exploration and exploitation.
6. Natural gas buyer is a corporate body holding natural gas commercial business permit or natural gas consumer.
7. Contractor is a corporate body or permanent business establishment designated to carry out exploration and exploitation in a working area based on a cooperation contract with the Upstream Oil and Gas Regulatory Special Task Force.
8. Allocation of natural gas is a certain volume of natural gas which will be made available to meet domestic needs and/or exports for a certain period of time.
9. Use of natural gas is the use of natural gas to meet the need for fuels, raw materials, and/or other needs.
10. Indonesian balance sheet of natural gas is the estimate of domestic natural gas demand and supply for a certain period of time.
11. Field economy is economic benefit of field development activity in a working area which will contribute to state revenues optimally and will give adequate income to contractor.
12. Household is a natural gas consumer that uses natural gas to meet own need (end consumer) with the use of natural gas reaching up to 50 m<sup>3</sup>/month.

13. Small  
to be continued

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13. Small subscriber is a natural gas consumer that uses natural gas to meet his/her need (end consumer) with the use of natural gas reaching up to 1000 m<sup>3</sup>/month.
14. Natural gas-based industry is an industry that uses natural gas as raw material and/or fuel that cannot be replaced with other fuel.
15. Minister is the minister that carries out government affairs in the natural oil and gas field.
16. Ministry is the ministry that is tasked with carrying out government affairs in the energy and mineral resources field to assist the President in running the state administration.
17. Director General is the director general that is tasked with formulating and implementing policies and technical standardization in the natural oil and gas field.
18. Upstream Oil and Gas Regulatory Special Task Force, hereinafter called SKK Migas, is a unit that is tasked with controlling upstream oil and

gas business activities based on cooperation contracts under the guidance, coordination and supervision of the Minister.

19. State-owned company is a corporate body whose capital is entirely or partially owned by the state through direct participation obtained from separated state wealth.
20. State owned company engaged in strategic industry is a state-owned company engaged in the industry that controls the interests of the people at large, increases or produces value added of strategic natural resources, or has link to the interest of state defense and security within the framework of fulfilling the tasks of state administration.
21. Regional government-owned company is a corporate body whose capital is entirely or partially owned by a regional government whose administrative territory covers the concerned working area.

## CHAPTER II

## POLICY ON ALLOCATION AND USE OF NATURAL GAS

## Article 2

- (1) The policy on the allocation and use of natural gas is aimed at ensuring the availability of natural gas efficiently and effectively to meet domestic needs oriented to the advantage of natural gas.
- (2) The Minister shall set the policy on the allocation and use of natural gas as referred to in paragraph (1) by making an effort to meet the domestic need optimally.
- (3) The policy on the allocation and use of natural gas as referred to in paragraph (2) is set based on the National Energy Policy by taking into account :
  - a. public interests;
  - b. state interests;
  - c. the Indonesian balance sheet of natural gas;
  - d. deposits and market opportunities of natural gas;
  - e. available and planned infrastructures according to the Master Plan of National Natural Gas Transmission and Distribution Networks; and/or
  - f. field economy of natural oil and gas deposits to be allocated. The Indonesian balance sheet of natural gas as referred to in paragraph (3) letter c is set by the Minister every year.

## Article 3

- (1) The Minister shall set the allocation and use of natural gas as well as the prices of natural gas for domestic needs and/or exports.
- (2) The natural gas as referred to in paragraph (1) is derived from natural gas produced by contractors of upstream oil and gas business activities.

## Article 4

To support the fulfillment of domestic need for natural gas as referred to in Article 3, the Minister can set a policy on the supply of natural gas from imports.

## CHAPTER III

## THE SETTING OF ALLOCATION, USE AND PRICES OF NATURAL GAS

## Part One

## Allocation and Use of Natural Gas for Domestic Needs

## Article 5

The allocation and use of natural gas for domestic needs as referred to in Article 3 paragraph (1) is designated by observing priorities in the allocation and use of natural gas to :

- a. support government programs to supply natural gas for transportation, households and small subscribers;
- b. increase national natural oil and gas production;
- c. support fertilizer industry;
- d. support natural gas-based industry
- e. supply electrical power; and
- f. support industry using natural gas as fuel.

## Article 6

- (1) The allocation and use of natural gas for transportation as referred to in Article 5 letter a is designated as as part of the effort to diversify fuels for the transportation sector.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
  - a. state-owned company assigned by the Minister to supply and distribute natural gas;
  - b. regional government-owned company located in an natural oil and gas producing region; or
  - c. corporate body holding a commercial permit to engage in the supply of gas fuel for transportation.
- (3) The allocation and use of natural gas as referred to in paragraph (2) cannot be commercialized other than for end users or holders of gas fuel commercial permits.

## Article 7

- (1) The allocation and use of natural gas for households and small subscribers as referred to in Article 5 letter a is designated as part of the effort to diversify fuels for households and small subscribers.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
  - a. state-owned company assigned by the Minister to supply and distribute natural gas;
  - b. regional government-owned company developing natural gas networks for households and small subscribers;
  - c. regional government-owned company located in an natural oil and gas producing region; or
  - d. corporate body holding a commercial permit to engage in the supply of gas for households and small subscribers;

- (3) The allocation and use of natural gas as referred to in paragraph (2) cannot be commercialized other than for households and small subscribers.

#### Article 8

The allocation and use of natural gas to increase national natural oil and gas production as referred to in Article 5 letter b is designated as part of efforts to increase natural oil and gas production to support national natural oil and gas supplies.

#### Article 9

- (1) The allocation and use of natural gas for fertilizer industry as referred to in Article 5 letter c is designated for the use of natural gas as a raw material in the production of fertilizers to maintain domestic fertilizer supplies.
- (2) The allocation and use of natural gas as referred to in paragraph (1) shall be prioritized to state-owned company assigned to meet the need for subsidized fertilizers.

#### Article 10

- (1) The allocation and use of natural gas for natural gas-based industry as referred to in Article 5 letter d is designated as part of the effort to improve the competitiveness of domestic industry.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
- a. state-owned company which is engaged in the natural oil and/or gas field and sells natural gas to natural gas-based industry;
  - b. regional government-owned company which is located in a natural oil and gas producing region and sells natural gas to natural gas-based industry in its region;
  - c. liquefied petroleum gas processing corporate body using natural gas as raw material;
  - d. natural gas-based corporate body using natural gas as raw material; or
  - e. corporate body holding a commercial permit to sell natural gas to natural gas-based industry.
- (3) The allocation and use of natural gas as referred to in paragraph (2) letters a, b, and e cannot be commercialized other than for natural gas-based industry.
- (4) If part of the allocation and use of natural gas as referred to in paragraph (3) cannot yet be distributed to natural gas-based industries, the Minister will evaluate the allocation of natural gas.



## Article 11

- (1) The allocation and use of natural gas to supply electrical power as referred to in Article 5 letter e is designated as part of the effort to meet domestic electrical power supplies.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to :
  - a. state-owned company assigned to meet electrical power supplies for power generators;
  - b. regional government-owned company which is located in a natural oil and/or gas producing region and holds a permit to supply electrical power;
  - c. state-owned company which is engaged in the natural oil and/or gas field to sell natural gas to a corporate body holding an electrical power supply permit;
  - d. regional government-owned company which is located in a natural oil and gas producing region and sells natural gas to a corporate body holding an electrical power supply permit;
  - e. corporate body which holds an electrical power supply permit to use natural gas as fuel for power generators; or
  - f. corporate body which holds a commercial permit to sell natural gas to a corporate body holding an electrical power supply permit.
- (3) The allocation and use of natural gas as referred to in paragraph (2) letters c, d, and f cannot be commercialized other than for a corporate body holding an electrical power supply permit.
- (4) If part of the allocation and use of natural gas as referred to in paragraph (3) cannot yet be distributed to a corporate body holding an electrical power supply permit, the allocation of natural gas can be sold to other corporate body holding a commercial permit on condition that it
  - a. has/controls pipeline infrastructure to distribute natural gas to end users;
  - b. can only sell natural gas to end users; and
  - c. sells natural gas at fair prices.

## Article 12

- (1) The allocation and use of natural gas for industry using natural gas as fuel as referred to in Article letter f is designated as part of the effort to help improve the competitiveness of domestic industry.
- (2) The allocation and use of natural gas as referred to in paragraph (1) can be given to:
  - a. state-owned company which is engaged in the strategic industry to use natural gas as fuel;
  - b. state-owned company which is engaged in the natural oil and/or gas sector to sell natural gas to industry using natural gas as fuel;



- c. regional government-owned company which is located in a natural oil and gas producing region to sell natural gas to industry using natural gas as fuel in its area; or
  - d. corporate body which holds a commercial permit to sell natural gas to industry using natural gas as fuel.
- (3) The allocation and use of natural gas as referred to in paragraph (2) letters b, c, and d cannot be commercialized other than for industry using natural gas as fuel.
- (4) If part of the allocation and use of natural gas as referred to in paragraph (3) cannot yet be distributed to industry using natural gas as fuel, the allocation of natural gas can be sold to other corporate body holding a business permit on condition it:
- a. has/controls pipeline infrastructure to distribute natural gas to end users;
  - b. can only sell natural gas to end users; and
  - c. sells natural gas at fair prices.

### Article 13

If the allocation and use of natural gas that has been designated as referred to in Articles 10, 11, and 12 cannot yet be followed by natural gas sale agreement with a period of 12 months after being designated, the Minister will evaluate the allocation of natural gas.

### Article 14

- (1) If all priorities in the allocation and use of domestic natural gas as referred to in Article 5 have been met, the seller of natural gas which is the portion of the state or contractor can call a tender for natural gas that has not been absorbed.
- (2) SKK Migas shall file an application to the Minister for approval of allocation and price of natural oil and gas as provided for in this Ministerial Regulation.

## Part Two

### Designation of Allocation of Natural Gas for Exports

### Article 15

- (1) The allocation of natural gas for export as referred to in Article 3 paragraph (1) will be set if :
- a. domestic consumers' gas need has been met;
  - b. adequate domestic infrastructure is not available; or

- c. the competitiveness of domestic consumers does not meet field economy.
- (2) If the competitiveness of domestic consumers does not meet field economy as referred to in paragraph (1) letter c, the allocation of natural gas can be designated for domestic consumers and export altogether so that the field economy can be met.

### Part Three

#### Prices of Natural Gas

##### Article 16

- (1) The prices of natural gas are set by taking into account:
- a. field economy;
  - b. domestic and international prices of natural gas;
  - c. value added of the domestic use of natural gas.
- (2) In addition to provisions as referred to in paragraph (1) the prices of natural gas for domestic needs must be set by taking into account:
- a. the purchasing power of domestic consumers;
  - b. support for government program to supply natural gas for transportation, households and small subscribers; and
  - c. the prices of substitute fuel or energy.

### Part Four

#### Allocation and Prices of Flare Gas and Debris Gas

##### Article 17

- (1) Contractor shall file a plan for the optimum use of flare gas to SKK Migas;
- (2) Contractor can use flare gas through the following mechanism:
- a. addition of upstream gas facilities; or
  - b. used by corporate body holding a processing and/or commercial permit.
- (3) The Director General on behalf of the Minister shall set the allocation and prices of flare gas as referred to in paragraph (2) by taking into account proposal from the contractor after being evaluated by SKK Migas.
- (4) The price of flare gas as referred to in paragraph (3) is also set by taking into account:
- a. the purchasing power of domestic consumers; and

- b. support for government program to supply natural gas for transportation, households and small subscribers.
- (5) If flare gas is used by procuring additional upstream facilities, the price of flare gas is set based on the economic calculation limited to the addition of facilities to use flare gas.
- (6) If flare gas is used by corporate body holding a natural gas processing and/or commercial permit, the price of natural gas shall be based on the economy of facilities built to use flare gas.

#### Article 18

- (1) The processing of debris gas is done by contractor based on the commercial value of debris gas.
- (2) proceeds from the sale of debris gas is treated as the reduction of operating expenses.

### CHAPTER IV

#### PROCEDURES OF PROPOSING AND SETTING ALLOCATION, USE AND PRICES OF NATURAL GAS

##### Part One

##### Procedure of Proposing and Setting Allocation

##### and Use of Natural Gas

#### Article 19

- (1) Application for the allocation and use of natural gas for domestic needs and exports is filed by contractor through SKK Migas to the Minister.
- (2) The application for the allocation and use of natural gas for domestic needs as referred to in paragraph (1) is filed by enclosing :
  - a. a copy of approval of Plan of Development, along with supporting data, including deposits, production profile, field economy including estimate of production sharing for contractor already securing approval of Plan of Development I from the Minister or subsequent Plan of Development from the Head of SKK Migas; or
  - b. a copy of resources and estimate, production profile, result of production test, document of pattern and number of wells already drilled, production facilities (plan and existing), estimate of gas deliverability, and estimate of gas production sharing for contractor wishing to propose the production of natural gas before the Plan of Development, and
  - c. other documents explaining would-be buyer of natural gas, and infrastructure to distribute natural gas.
- (3) The application for allocation of natural gas for exports as referred to in paragraph (1) is filed by enclosing

documents explaining would-be buyer of natural gas, volume of natural gas, infrastructure used to distribute and/or deliver natural gas, time plan to deliver natural gas.

- (4) SKK Migas passes on the application for allocation and use of natural gas from the contractor as referred to in paragraph (1) along with considerations to the Minister no later than 60 (sixty) calendar days before natural gas is distributed and/or delivered.

#### Article 20

- (1) Application for allocation and use of natural gas can be filed by would-be buyer of natural gas to the Minister through the Director General by taking into account domestic natural gas needs.
- (2) The application for allocation and use of natural gas as referred to in paragraph (1) is filed by enclosing documents explaining plan for the use of natural gas by would-be buyer of natural gas, volume of natural gas, the purchasing power of natural gas consumers, infrastructure for the use of natural gas.
- (3) The Director General asks SKK Migas to give considerations with regard to the application from would-be buyer of natural gas as referred to in paragraph (1).

#### Article 21

- (1) The Director General shall assess the application for allocation and use of natural gas as referred to in Articles 19 and 20.
- (2) To conduct the assessment as referred to in paragraph (1), the Director General can coordinate with other relevant agencies.

#### Article 22

- (1) In giving considerations to the Minister as referred to in Article 19 paragraph (4) and Article 20 paragraph (3) the Head of SKK Migas shall observe provisions as contained in this Ministerial Regulation.
- (2) The Head of SKK Migas shall stipulate a guide to giving considerations as referred to in paragraph (1) by observing the principles of fair business, transparency, justice and accountability.
- (3) In assessing the application for allocation and use of natural gas as referred to in Article 21, the Director General shall observe :
  - a. the Indonesian balance sheet of natural gas;
  - b. provisions on allocation and use of natural gas as referred to in Article 5, 6, 7, 8, 9, 10, 11, or 12;

- c. status and capability of would-be buyer of natural gas;
- d. type and capacity of facilities that will be, are being and have been installed or put up to distribute and/or use natural gas.

- (4) Based on the result of assessment by the Director General as referred to in paragraph (3), the Minister shall approve or reject the application for allocation and use of natural gas.
- (5) If the application for allocation and use of natural gas is rejected, the Director General shall notify the contractor through SKK Migas or buyer of natural gas.

#### Article 23

Contractor through SKK Migas shall report to the Minister no later than 6 (six) days before the natural gas sales purchase agreement has expired.

#### Article 24

- (1) If the natural gas sales purchase agreement is to be extended, the contractor through SKK Migas or buyer of natural gas shall file an application for allocation and use of natural gas to the Minister no later than 6 (six) months before the natural gas sales purchase agreement has expired.
- (2) If contractor or buyer of natural gas is to increase the volume of allocation and use of natural gas, the contractor through SKK Migas or buyer of natural gas shall file an application for allocation and use of natural gas to the Minister.
- (3) To obtain the allocation and use of natural gas from the Minister as referred to in paragraphs (1) and (2), contractor or buyer of natural gas shall follow terms and procedures as referred to in Articles 19, 20, 21, and 22.

### Part Two

#### Procedure of Proposing and Setting the Prices of Natural Gas

#### Article 25

- (1) Application to set the price of natural gas is filed by contractor through SKK Migas to the Minister.
- (2) The application to set the price of natural gas as referred to in paragraph (1) is filed by enclosing at least:
  - a. proposal for the selling price of natural gas and justification to set formula;
  - b. economy of natural gas sale;
  - c. source of natural gas, principle and pattern of distributing and/or delivering natural gas, contract

volume, delivery point, date of starting and concluding the distribution of natural gas, and/or estimate of the delivery of natural gas per day;

- d. a copy of approval of allocation of natural gas from the Minister;
  - e. a copy of approval of Plan of Development and supporting data, including deposits, production profile, field economy including the estimate of production sharing for the contractor already securing approval of Plan of Development I from the Minister or subsequent Plan of Development from the Head of SKK Migas or a copy of resources and estimate of production profile, result of production test, document of pattern and number of wells drilled, production facilities (planned and existing), estimate of gas deliverability and estimate of natural gas production sharing, for the contractor wishing to propose the production of natural gas before the Plan of Development;
  - f. statistics of domestic and export prices of natural gas;
  - g. a copy of negotiation document of natural gas price;
  - h. a copy of natural gas sale purchase agreement.
- (3) SKK Migas shall pass on the application for the price of natural gas filed by the contractor as referred to in paragraph (1) along with considerations to the Minister no later than 30 (thirty) calendar days before natural gas has been distributed and/or delivered.

#### Article 26

- (1) The Director General shall evaluate the application to set the price of natural gas as referred to in Article 25.
- (2) To conduct the evaluation as referred to in paragraph (1), the Director General can coordinate with SKK Migas and other relevant agencies.
- (3) Based on the result of the evaluation as referred to in paragraph (1), the Minister shall approve or reject the application to set the price of natural gas.
- (4) If the application to set the price of natural gas is rejected, the Director General shall notify the contractor through SKK Migas.

#### Article 27

- (1) If a natural gas sale purchase agreement is to be extended, the contractor through SKK Migas shall file an application to set the price of natural gas to the Minister no later than 3 (three) months before the natural gas sale purchase agreement has expired.

- (2) If contractor or buyer of natural gas is to increase the volume of allocation and use of natural gas, the contractor through SKK Migas shall file an application to set the price of natural gas to the Minister.
- (3) To secure approval to set the price of natural gas from the Minister as referred to in paragraphs (1) and (2), the contractor shall follow the procedure of proposing and setting the price of natural gas according to provisions in Articles 25 and 26.

#### Article 28

- (1) The selling price of natural gas used as the basis for natural gas sale purchase agreement is the selling price of natural gas already set by the Minister.
- (2) The period of natural gas sale purchase agreement as referred to in paragraph (1) shall not exceed the period of cooperation contract.
- (3) The natural gas sale purchase agreement as referred to in paragraph (1) shall contain a clause of possible price change (price review).

#### Article 29

The application to set allocation and use of natural gas can be filed altogether if :

- a. natural gas sale purchase agreement is proposed to be extended;
- b. there is over production of natural gas field that must be handled urgently to maintain the continuation of natural oil and gas production as well as to avoid production cut.

### CHAPTER V

#### REPORTING

#### Article 30

Contractor through SKK Migas shall convey a report on the realization of natural gas sale purchase agreement to the Minister in this case the Director General every 6 (six) months and/or anytime if needed.

### CHAPTER VI

#### ADMINISTRATIVE SANCTIONS

#### Article 31

- (1) The Minister shall impose administrative sanctions on contractor or buyer of natural gas that violates provisions on the approval of allocation, use and price of natural gas.



- (2) The administrative sanctions as referred to in paragraph (1) are in the form of:
- written warning; and/or
  - cancellation of allocation, use and/or price of natural gas.
- (3) The written warning as referred to in paragraph (2) letter a is issued twice at the most with a time span of 1 (one) month.
- (4) If contractor or buyer of natural gas, after receiving the written warning as referred to in paragraph (3), neither improves the mistake nor meets the given provisions, the Director General can propose the revocation of allocation, use and price of natural gas to the Minister.
- (5) If the Director General proposes the revocation of allocation, use and price of natural gas to the Minister as referred to in paragraph (4), the Director General shall notify SKK Migas to find would-be buyer of natural gas.
- (6) The Minister issues a decision on the revocation of allocation, use and price of natural gas while at the same time endorsing allocation, use and price of natural gas for new buyer of natural gas and later SKK Migas follows up on it by switching the distribution and/or delivery of natural gas.
- (7) The endorsement of allocation, use and price of natural gas for new buyer of natural gas as referred to in paragraph (6) shall follow the procedure as provided for in this Ministerial Regulation.

## CHAPTER VII

### OTHER PROVISIONS

#### Article 32

Liquefied Natural Gas processing business and Compressed Natural Gas commercial activities are treated as industries using natural gas as fuel as referred to in Article 5 letter f and Article 12.

#### Article 33

Corporate body that receives allocation of natural gas shall have or control infrastructure facilities to distribute and/or use natural gas.

## CHAPTER VIII

### TRANSITIONAL PROVISIONS

#### Article 34

- (1) If applications for allocation, use and price of natural gas are filed before the stipulation of this Ministerial

Regulation, while the distribution and/or delivery of natural gas has not been conducted, they can be processed to obtain approval or rejection of allocation, use and price of natural gas.

- (2) The approval of allocation, use and price of natural gas that has been issued before the issuance of this Ministerial Regulation shall remain valid until the period of allocation, use and price of natural gas expires.
- (3) If the approval of allocation of natural gas as referred to in paragraph (2) ends no later than 3 (three) months after this Ministerial Regulation takes effect, the corporate body will be given a chance to make operational adjustments to the distribution and/or trade of natural gas until 6 (six) months after the approval of allocation and use of natural gas expires according to provisions in this Ministerial Regulation.

#### Article 35

- (1) Natural gas commercial corporate bodies that have secured allocation of natural gas but do not sell natural gas to end users before this Ministerial Regulation takes effect can carry out natural gas commercial activities until the allocation and use of natural gas expires.
- (2) In addition to end users as referred to in paragraph (1), natural gas commercial activities can be carried out no later than 2 (two) years before this Ministerial Regulation takes effect.

#### Article 36

- (1) If corporate bodies have obtained allocation and use of natural gas and has/controls pipeline infrastructures to distribute natural gas before this Ministerial Regulation takes effect, the allocation and use of natural gas shall remain valid until the period of allocation of natural gas expires.
- (2) If the period of allocation of natural gas as referred to in paragraph (1) ends, the corporate bodies can file another application for allocation and use of natural gas according to this Ministerial Regulation.

### CHAPTER IX

### CONCLUSION

#### Article 37

When this Ministerial Regulation begins to take effect, Regulation of the Energy and Mineral Resources Minister No. 37/2015 on Terms and Procedures of Setting Allocation, Use and Prices of Natural gas (State Gazette of 2015 No. 1589) shall be revoked and declared null and void.

## Article 38

This Ministerial Regulation shall come into force as from the date of promulgation.

For public cognizance, this Ministerial Regulation shall be promulgated by placing it in the state Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On February 24, 2016

THE ENERGY AND MINERAL RESOURCES MINISTER OF  
THE REPUBLIC OF INDONESIA,

sgd.

SUDIRMAN SAID

Promulgated in Jakarta

On February 25, 2016

THE DIRECTOR GENERAL OF LAWS AND REGULATIONS AT  
THE LAW AND HUMAN RIGHTS MINISTRY OF  
THE REPUBLIC OF INDONESIA,

sgd.

WIDODO EKATJAHJANA

STATE GAZETTE OF 2016 NO. 316

(S)