

**REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES OF THE REPUBLIC OF
INDONESIA**

NUMBER 1 OF 2025

ON

**AMENDMENT TO REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES NUMBER
37 OF 2016 ON PROVISIONS ON THE OFFERING OF 10% (TEN PERCENT) PARTICIPATING INTEREST IN
OIL-AND-GAS WORKING AREAS**

BY THE GRACE OF GOD ALMIGHTY

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

Considering:

- a. that for the optimization and effectiveness of regional and national roles, as well as to increase the attractiveness of investment in upstream oil-and-gas business activities through the ownership of participating interests in cooperation contracts, it has been deemed necessary to make adjustments to several provisions set out in Regulation of the Minister of Energy and Mineral Resources Number 37 of 2016 on Provisions for Offering 10% (Ten Percent) Participating Interest in Oil-and-Gas Working Areas;
- b. that based on the consideration as referred to in letter a, it has been deemed necessary to establish Regulation of the Minister of Energy and Mineral Resources on the Amendment to Regulation of the Minister of Energy and Mineral Resources Number 37 of 2016 on Provisions on the Offering of 10% (Ten Percent) Participating Interest in Oil-and-Gas Working Areas.

Observing:

1. Article 17 paragraph (3) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 22 of 2001 on Oil-and-Gas (State Gazette of the Republic of Indonesia of 2001 Number 136, Supplement to the State Gazette of the Republic of Indonesia Number 4152) as amended by Law Number 6 of 2023 on the Enactment of Regulation of the Government in Lieu of Law Number 2 of 2022 on Job Creation into Law (State Gazette of the Republic of Indonesia of 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
3. Law Number 39 of 2008 on State Ministries (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916) as amended by Law Number 61 of 2024 on the Amendment to Law Number 39 of 2008 on State Ministries (State Gazette of the Republic of Indonesia of 2024 Number 225, Supplement to the State Gazette of the Republic of Indonesia Number 6994);
4. Regulation of the Government Number 35 of 2004 on Upstream Oil-and-Gas Business Activities (State Gazette of the Republic of Indonesia of 2004 Number 123, Supplement to the State Gazette of the Republic of Indonesia Number 4435) as amended several times, most recently by Regulation of the Government Number 55 of 2009 on the Second Amendment to Regulation of the Government Number 35 of 2004 on Upstream Oil-and-Gas Business Activities (State Gazette of the Republic of Indonesia of 2009 Number 128, Supplement to the State Gazette of the Republic of Indonesia Number 5047);
5. Regulation of the President Number 9 of 2013 on the Organization of Upstream Oil-and-Gas Business Activities Management (State Gazette of the Republic of Indonesia of 2013 Number 24) as amended by

Regulation of the President Number 36 of 2018 on the Amendment to Regulation of the President Number 9 of 2013 on the Organization of Upstream Oil-and-Gas Business Activities Management (State Gazette of the Republic of Indonesia of 2018 Number 62);

6. Regulation of the President Number 169 of 2024 on the Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia of 2024 Number 365);
7. Regulation of the Minister of Energy and Mineral Resources Number 37 of 2016 on Provisions on the Offering of 10% (Ten Percent) Participating Interest in Oil-and-Gas Working Areas (Official Gazette of the Republic of Indonesia of 2016 Number 1795);
8. Regulation of the Minister of Energy and Mineral Resources Number 23 of 2021 on the Management of Oil-and-Gas Working Areas for Expiring Cooperation Contracts (Official Gazette of the Republic of Indonesia of 2021 Number 822);
9. Regulation of the Minister of Energy and Mineral Resources Number 9 of 2024 on the Organization and Work Procedures of the Ministry of Energy and Mineral Resources (Official Gazette of the Republic of Indonesia of 2024 Number 414);

HAS DECIDED:

To establish:

REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES ON THE AMENDMENT TO REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES NUMBER 37 OF 2016 ON PROVISIONS ON THE OFFERING OF 10% (TEN PERCENT) PARTICIPATING INTEREST IN OIL-AND-GAS WORKING AREAS.

Article I

Several provisions under Regulation of the Minister of Energy and Mineral Resources Number 37 of 2016 on Provisions on the Offering of 10% (Ten Percent) Participating Interest in Oil-and-Gas Working Areas (Official Gazette of the Republic of Indonesia of 2016 Number 1795) have been amended as follows:

1. Provisions of Article 1 have been amended, therefore reads as follows:

Article 1

Under this Regulation of the Minister, the following definitions are employed:

1. Working Area is a certain area within the Indonesian mining jurisdiction for the implementation of exploration and exploitation.
2. Contractor is a business entity or permanent establishment that is determined to conduct exploration and exploitation in a Working Area based on a cooperation contract with the Special Task Force for Upstream Oil-and-Gas Business Activities.
3. Cooperation Contract is any production sharing contract or another form of cooperation contract in exploration and exploitation activities that is more beneficial for the State and of which results are used for the maximum prosperity of the people.
4. 10% (Ten Percent) Participating Interest, from this point onwards is referred to as 10% PI, is a maximum of ten percent participating interest in a Cooperation Contract which must be offered by Contractors to regionally-owned enterprises or state-owned enterprises.
5. State-Owned Enterprise (Badan Usaha Milik Negara), from this point onwards is referred to as

BUMN, is a business entity in which the entirety of its capital is owned by the state through direct participation sourced from separated state assets and engaged in the oil-and-gas business sector.

6. Regionally-Owned Enterprises (Badan Usaha Milik Daerah), is a business in which the entirety or majority of its capital is owned by regions.
7. Subsidiary of Regionally-Owned Enterprise is a company of which shares are partially or entirely owned by Regionally-Owned Enterprises established by a regional government, which administrative area includes a field for which the first field development plan has been approved and existing fields in the extended Working Area or the management transfer Working Area with its share participation based on reservoir extension.
8. Minister is the minister who organizes government affairs in the energy and mineral resources sector.
9. Ministry is the ministry that organizes government affairs in the energy and mineral resources sector.
10. Special Task Force for Upstream Oil-and-Gas Business Activities (Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi), from this point onwards is referred to as SKK Migas is the task force that implements the organization of upstream oil-and-gas business activity management under the development, coordination, and supervision of the Minister.

2. The title of Chapter II has been amended, therefore reads as follows:

CHAPTER II

PROCEDURES ON THE OFFERING OF 10% (TEN PERCENT) PARTICIPATING INTEREST

3. Provisions of letter a of Article 3 have been amended, therefore Article 3 reads as follows:

Article 3

Regionally-Owned Enterprises as referred to in Article 2 shall fulfill the following provisions:

- a. Regionally-Owned Enterprises may take the form of:
 1. regional public corporations in which the capital is entirely owned by one region and is not divided into shares; or
 2. regional companies in which at least 99% (ninety-nine percent) of their shares are owned by the regional government and the remaining shares are fully affiliated with the regional government;
- b. its status is validated through regional regulation; and
- c. do not engage in any business activities other than the management of participating interests.

4. Provision of paragraph (3) of Article 5 has been amended, therefore Article 5 reads as follows:

Article 5

- (1) Distribution of the percentage of provincial and/or regency/city share participation in a Regionally-Owned Enterprise as referred to in Article 4 letter a and determination of the amount of participating interest to be offered to each province as referred to in Article 4 letter c, shall be based on the reservoir extensions of oil-and-gas reserves in each province/regency/city to be produced.

- (2) In the event that all of the reservoir extensions of oil-and-gas reserves as referred to in Article 4 letter a are located in 1 (one) regency/city, the distribution of the percentage of provincial or regency/city share participation shall be set at 50% (fifty percent) respectively.
- (3) In the event that all of the reservoir extensions of oil-and-gas reserves as referred to in Article 4 letter a are located in more than 1 (one) regency/city, the distribution of the percentage of share participation of provinces and several regencies/cities shall be coordinated and stipulated by governors by involving regents/mayors whose administrative areas includes a field for which the development plan is approved by the distribution of the percentage of share participation in accordance with the percentage of reservoir extensions as well as taking into account the social and economic aspects of the surrounding community.

5. Provisions of Article 6 have amended, therefore read as follows:

Article 6

- (1) The determination of reservoir extensions of oil-and-gas as referred to in Article 5 shall be conducted after data access.
- (2) The determination of reservoir extensions of oil-and-gas as referred to in paragraph (1) shall be based on the certification results from 1 (one) independent agency.
- (3) The independent agency as referred to in paragraph (2) shall be determined based on a mutual agreement between the governor and the regent/mayor.

6. Provisions of Article 7 have been amended, therefore read as follows:

Article 7

- (1) Each Regionally-Owned Enterprise shall only be granted the management of 10% PI for 1 (one) Working Area.
- (2) In the event that a Regionally-Owned Enterprise appointed by the governor:
 - a. has managed 10% PI in a Working Area;
 - b. has operated another Working Area; or
 - c. has conducted business activities other than upstream oil-and-gas business activities,the management of 10% PI shall be conducted by other Regionally Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises appointed by the governor.
- (3) In the event that the management of 10% PI is conducted through other Regionally-Owned Enterprises, as referred to in paragraph (2), it must fulfill the provisions as referred to in Article 3.
- (4) Subsidiaries of Regionally-Owned Enterprises as referred to in paragraph (2) shall be established by Regionally-Owned Enterprises that receive the offering of 10% PI.
- (5) In the event that the management of 10% PI is conducted through the establishment of the Subsidiary of Regional-Owned Enterprises as referred to in paragraph (2), the following provisions of must be fulfilled:
 - a. the basis of authority for its establishment shall be set out in a regional regulation;
 - b. the establishment of a Subsidiary of Regionally-Owned Enterprise has been validated by the ministry that organizes government affairs in the law sector;
 - c. there is no private element in the ownership of shares;

- d. does not manage participating interests in other Working Areas; and
- e. does not engage in any business activities other than the management of the 10% PI.

7. Provisions of paragraph (1) and paragraph (3) of Article 9 have been amended, therefore Article 9 reads as follows:

Article 9

- (1) Contractors must submit a written offer of 10% PI to the Regionally-Owned Enterprise appointed by the governor as referred to in Article 8 paragraph (3), with copies forwarded to the Minister, the Head of SKK Migas, and the governor.
- (2) Submission of the written offer of 10% PI to the Regionally-Owned Enterprise as referred to in paragraph (1) shall be carried out within a maximum period of 60 (sixty) calendar days from the date of receipt of the letter from the Head of SKK Migas as referred to in Article 8 paragraph (4).
- (3) In the event that a Regionally-Owned Enterprise is interested in the offer as referred to in paragraph (2), the Regional-Owned Enterprise must submit a statement of interest and commitment in writing to the Contractor with copies forwarded to the Minister, the Head of SKK Migas, and the governor within a maximum period of 60 (sixty) calendar days from the date of receipt of the offer letter from the Contractor as referred to in paragraph (1).
- (4) In the event that a Regionally-Owned Enterprise declares the statement of interest and commitment as referred to in paragraph (3), the Regionally-Owned Enterprise may conduct due diligence and data access in relation to the Working Area and Cooperation Contract in accordance with the provisions of the laws and regulations within a maximum period of 180 (one hundred and eighty) calendar days after the submission of the statement of interest and commitment as referred to in paragraph (3).
- (5) In the event that a Regionally-Owned Enterprise conducts due diligence and access to data in relation to the Working Area and Cooperation Contract as referred to in paragraph (4), the Regionally-Owned Enterprise must submit letter of continuation or discontinuation of interest and commitment as referred to in paragraph (3) to the Contractor, with copies forwarded to the Minister, and the Head of SKK Migas by no later than 180 (one hundred and eighty) calendar days after the due diligence and data access have been conducted.
- (6) In the event that a Regionally-Owned Enterprise forward the statement of interest and commitment as referred to in paragraph (5), the Contractor and Regionally-Owned Enterprise shall follow up with the process of transferring the 10% PI in accordance with the Cooperation Contract.

8. Provision of Article 10 has been amended, therefore reads as follows:

Article 10

Provisions on the procedures for the offering of 10% PI to other Regionally-Owned Enterprises and Subsidiaries of Regional-Owned Enterprises shall apply the procedures for the offering of 10% PI as set out in Article 3 to Article 9.

9. Provisions of Article 12 have been amended, therefore reads as follows:

Article 12

- (1) The offering of 10% PI to Regionally-Owned Enterprises or Subsidiaries of Regional-Owned Enterprises shall be implemented through a cooperation scheme of Regionally-Owned Enterprises

or Subsidiaries of Regional-Owned Enterprises with Contractors.

- (2) The cooperation scheme with Contractors, as referred to in paragraph (1), shall be conducted by way of advance financing by the Contractor toward the amount of obligation of Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises.
- (3) The amount of obligation of Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises as referred to in paragraph (2) shall be calculated proportionally from the operational costs incurred during the exploration and exploitation period based on the work and budget plan.
- (4) Upon the payment of the amount of obligation as referred to in paragraph (3), Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises are entitled to obtain a refund of the costs which have been incurred by Contractors during the exploration and exploitation period.
- (5) The refund of financing as referred to in paragraph (3) shall be taken from the share of Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises from the results of oil and/or gas production in accordance with the Cooperation Contract without incurring interest.
- (6) The amount of refund as referred to in paragraph (5) annually shall be conducted in accordance with the normal business practice of the amount of obligation as referred to in paragraph (3) while still ensuring the existence of revenue sharing for oil and gas production in a certain amount for Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises.
- (7) The refund period as referred to in paragraph (6) shall begin at the time of production until the fulfillment of the obligations of the Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises as referred to in paragraph (3) within the period of the Cooperation Contract.

10. Provisions of Article 15 have been amended, therefore reads as follows:

Article 15

- (1) Transfer of 10% PI from Contractors to Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises as referred to in Article 9 paragraph (6), or BUMN as referred to in Article 11 paragraph (3) must obtain approval from the Minister based on the consideration of the Head of the SKK Migas.
- (2) In order to obtain approval for the transfer of 10% PI as referred to in paragraph (1), Contractors must submit an application to the Minister through the Head of the SKK Migas by enclosing the following:
 - a. copy of the data confidentiality agreement signed by the parties;
 - b. copy of the official report of the data opening signed between the Contractor and the recipient of the data/information and a representative of the Ministry as the witnessing party;
 - c. profile of the company receiving the 10% PI transfer;
 - d. copy of the deed of establishment of the company and the amendment from the company receiving the 10% PI which is authenticated by a notary;
 - e. agreement for the transfer of 10% PI drawn up before a notary; and
 - f. guarantee letter from the shareholder of the company receiving 10% PI to support and be responsible for the smooth running of oil operations in accordance with their participating interest.
- (3) Within a maximum period of 30 (thirty) calendar days after the receipt of a complete application as referred to in paragraph (2), the Head of SKK Migas must submit an application for approval for the transfer of 10% PI to the Minister accompanied by the considerations.

- (4) The Minister shall grant approval for the application for the transfer of the 10% PI within a maximum period of 60 (sixty) calendar days after the receipt of the application for approval for the transfer of the 10% PI as referred to in paragraph (3).

11. Provisions of Article 16 have been amended, therefore reads as follows:

Article 16

- (1) Since the approval of the transfer of 10% PI as referred to in Article 15 paragraph (4), the following provisions shall apply within the period of the Cooperation Contract:
- a. the shareholders of Subsidiaries of Regionally-Owned Enterprises that manage the 10% PI may only transfer the shares they own to:
 1. Regionally-Owned Enterprises established by the regional government that will transfer their shares; or
 2. Regionally-Owned Enterprises which are affiliated with them for shares owned by Regionally-Owned Enterprises,provided that there is no private element in the ownership of shares of Regionally-Owned Enterprises that receive the transfer of shares; and
 - b. Regionally-Owned Enterprises or Subsidiaries of Regional-Owned Enterprises or BUMN that manage 10% PI shall be prohibited from transferring their interests to other parties.
- (2) The transfer of shares as referred to in paragraph (1) letter a shall be implemented in accordance with the provisions of laws and regulations on the supervision of business in the energy and mineral resources sector.

12. Provisions of Article 19 have been amended, therefore reads as follows:

Article 19

Regional governments of which Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises have secured the management of 10% PI shall be responsible in accordance with their authorities:

- a. to simplify and accelerate the process of issuing licenses required in the implementation of Cooperation Contract activities in the regions; and
- b. to assist in the settlement of arising problems related to the implementation of Cooperation Contract activities in the regions.

13. Between Chapter V and Chapter VI 1 (one) chapter has been inserted, namely Chapter VA, therefore reads as follows:

CHAPTER VA SANCTIONS

14. Between Article 19 and Article 20 1 (one) article has been inserted, namely Article 19A, therefore reads as follows:

Article 19A

- (1) The Minister shall issue a written reprimand to any Regionally-Owned Enterprises or Subsidiaries of Regional-Owned Enterprises or regional governments as referred to in Article 19, which fail to comply with the provisions of this Regulation of the Minister.
- (2) In the event that the Regionally-Owned Enterprise or Subsidiary of the Regionally-Owned Enterprise or the regional government as referred to in Article 19, after obtaining a written reprimand and still do not fulfill the provisions in this Regulation of the Minister within a maximum period of 60 (sixty) days from the issuance of the reprimand as referred to in paragraph (1), the Minister may suspend or freeze the 10% PI.
- (3) In the event that the Minister grants a freezing of the 10% PI as referred to in paragraph (2), the rights obtained by Regionally-Owned Enterprises or Subsidiaries of Regionally-Owned Enterprises based on Cooperation Contracts shall not be granted during the freezing period.
- (4) In the event that the Minister grants a suspension or freezing of the 10% PI as referred to in paragraph (2), to the Regionally-Owned Enterprises or Subsidiaries of the Regionally-Owned Enterprises or the regional government as referred to in Article 19, shall be given the opportunity to fulfill the provisions in this Regulation of the Minister within a maximum period of 60 (sixty) days after the stipulation of any suspension or freezing.
- (5) In the event that after the expiry of the 60 (sixty) days period as referred to in paragraph (4), the Regionally-Owned Enterprise or Subsidiaries of Regionally-Owned Enterprise or the regional government, as referred to in Article 19, does not implement the obligation to fulfill the provisions of this Regulation of the Minister, the Minister may revoke the 10% PI.

15. Chapter VII has been removed.

16. Article 22 has been removed.

Article II

This Regulation of the Minister shall come into force from the date of its promulgation.

For public cognizance, it is ordered that this Regulation of the Minister be promulgated in the Official Gazette of the Republic of Indonesia.

Established in Jakarta

On 2 January 2025

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

Signed.

BAHLIL LAHADALIA

Promulgated in Jakarta

On 6 January 2025

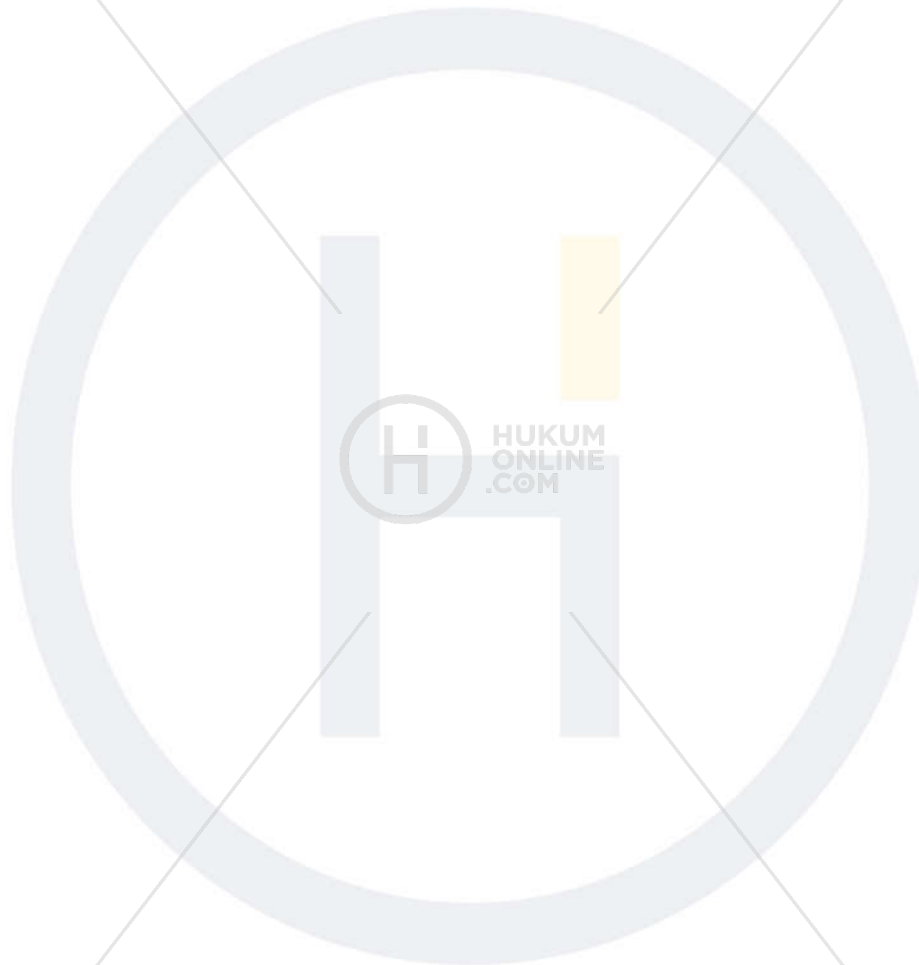
THE DIRECTOR GENERAL OF LAWS AND REGULATIONS OF THE MINISTRY OF LAW

OF THE REPUBLIC OF INDONESIA

Signed.

DHAHANA PUTRA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA OF 2025 NUMBER 3



DISCLAIMER

"This translation was produced by Hukumonline for the purpose of understanding Indonesian law only and does not constitute an official translation published by the Indonesian Government. Hukumonline has made every effort to ensure the accuracy and completeness of the information that is contained within this translation, however, we are not responsible for any errors, omissions and/or mistakes that occur in the source text. Hukumonline reserves the right to change, modify, add or remove any errors or omissions without any prior notification being given. These services are not intended to be used as legal references, advice and/or opinions and no action should be taken as regards the reliability of any of the information contained herein without first seeking guidance from professional services."