

Type: REGULATION (PER)

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

Number: 15 YEAR 2017

Date: 10 FEBRUARY 2017 (JAKARTA)

Title: PROCEDURES FOR THE ISSUANCE OF SPECIAL MINING BUSINESS
LICENSE OF PRODUCTION OPERATION AS THE OPERATIONAL
CONTINUATION OF CONTRACTS OF WORK OR COAL CONTRACTS
OF WORK

BY THE GRACE OF THE ONE ALMIGHTY GOD

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

Considering:

- a. whereas in the context of providing guidelines on the issuance of Special Mining Business License of Production Operation as the operational continuation of contracts of works or coal contracts of work, it is necessary to set out provisions on the procedures for the issuance of Special Mining Business License of Production Operation;
- b. whereas based on the consideration as intended in point a, it is necessary to stipulate Regulation of the Minister of Energy and Mineral Resources regarding Procedures for the Issuance of Special Mining Business License of Production Operation as the Operational Continuation of Contracts of Works or Coal Contracts of Work;

In view of:

1. Law Number [4 Year 2009](#) regarding Mineral and Coal Mining (State Gazette of the Republic of Indonesia Year 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 4959);
2. Government Regulation Number [23 Year 2010](#) regarding Implementation of Mineral and Coal Mining Business Activities (State Gazette of the Republic of Indonesia Year 2010 Number 29, Supplement to State Gazette of the Republic of Indonesia Number 5111) as amended several times most recently by Government Regulation Number [1 Year 2017](#) regarding the Fourth Amendment to Government Regulation Number 23 Year 2010 regarding Implementation of Mineral and Coal Mining Business Activities (State Gazette of the Republic of Indonesia Year 2017 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 6012);
3. Government Regulation Number [55 Year 2010](#) regarding Development and Supervision of Mineral and Coal Mining Business Management (State Gazette of the Republic of Indonesia Year 2010 Number 85, Supplement to State Gazette of the Republic of Indonesia Number 5142);

4. Presidential Regulation Number [68 Year 2015](#) regarding Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2015 Number 132) as amended by Presidential Regulation Number [105 Year 2016](#) regarding Amendment to Presidential Regulation Number 68 Year 2015 regarding Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2016 Number 289);
5. Regulation of the Minister of Energy and Mineral Resources Number 13 Year 2016 regarding Organization and Working Procedures of the Ministry of Energy and Mineral Resources (Official Gazette of the Republic of Indonesia Year 2016 Number 782);
6. Regulation of the Minister of Energy and Mineral Resources Number [05 Year 2017](#) regarding Increase of Added Value of Minerals Through Mineral Processing and Smelting Activities Domestically (Official Gazette of the Republic of Indonesia Year 2017 Number 98);

HAS DECIDED:

To stipulate:

REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES REGARDING PROCEDURES FOR THE ISSUANCE OF SPECIAL MINING BUSINESS LICENSE OF PRODUCTION OPERATION AS THE OPERATIONAL CONTINUATION OF CONTRACTS OF WORK OR COAL CONTRACTS OF WORK.

CHAPTER I GENERAL PROVISIONS

Article 1

Referred to herein as:

1. Special Mining Business License of Production Operation hereinafter referred to as Production Operation IUPK shall be business license issued after the completion of the implementation of Special Mining Business License of Exploration for implementing the production operation phase in Special Mining Business License Area.
2. State Allocation Area hereinafter briefly referred to as WPN shall be a portion of a mining area allocated for national strategic purposes.
3. Special Mining Business License Area hereinafter briefly referred to as WIUPK shall be an area granted to the holder of a Special Mining Business License.
4. Contract of Work hereinafter briefly referred to as KK shall be an agreement between the Government of the Republic of Indonesia and a company having the status as Indonesian legal entity for conducting mineral mining activities.
5. Coal Contract of Work hereinafter briefly referred to as PKP2B shall be an agreement between the Government of the Republic of Indonesia and a company having the status as Indonesian legal entity for conducting coal mining activities.

6. Minister shall be the minister administering government affairs in the mineral and coal mining sector.
7. Director General shall be the director general having the duty of administering the formulation and implementation of policies in the mineral and coal mining activity development, control and supervision.

Article 2

The scope of this Ministerial regulation shall include:

- a. procedures for the issuance of Production Operation IUPK as the operational continuation of :
 1. Metal mineral KK which is being converted into Production Operation IUPK; and
 2. KK or PKP2B which term is about to expire; and
- b. the management of KK or PKP2B areas the KK or PKP2B of which has expired.

Article 3

- (1) The holder of Metal Mineral KK may convert the type of their mining license into Production Operation IUPK as operational continuation.
- (2) The holder of expiring KK or PKP2B may submit application for conversion into Production Operation IUPK renewal as the continuation of operations without any tender.

Article 4

At the time a Production Operation IUPK is issued, the KK or PKP2B area shall become Production Operation IUPK Area in compliance with laws and regulation.

CHAPTER II ISSUANCE OF PRODUCTION OPERATION IUPK RESULTING FROM THE CONVERSION OF MINING CONCESSION FROM METAL MINERAL KK

Part One Procedures for the Submission of Application

Article 5

- (1) The holder of Metal mineral KK intending to convert the type of mining concession into Production Operation IUPK as intended in Article 3 paragraph (1) must submit application to the Minister c.q. Director General.
- (2) Application as intended in paragraph (1) must be completed with the following:
 - a. map and boundary coordinates of the area with the size in accordance with laws and regulations;

- b. receipt of the payments of dead rent and royalty; and
- c. work plan and budget.

Part Two Evaluation

Article 6

- (1) The Director General on behalf of the Minister shall evaluate the application as intended in Article 5.
- (2) The Director General must report the results of the evaluation as intended in paragraph (1) to the Minister by no later than 7 (seven) business days as from the receipt of complete application documents.

Part Three Stipulation

Article 7

The Minister shall issue Production Operation IUPK based on the results of evaluation as intended in Article 6 in the event that the applicant for Production Operation IUPK has complied with the provisions of laws and regulations.

Article 8

The provisions in KK as well as other agreements between the government and the holder of KK shall become inseparable parts of the Production Operation IUPK issued and shall remain applicable up to the period of time set out in the Production Operation IUPK.

Part Four Term and Renewal

Article 9

- (1) Production Operation IUPK as intended in Article 7 shall be issued for a term proportionate to the remaining term of Metal Mineral KK.
- (2) Production Operation IUPK as intended in paragraph (1) may be renewed for 2 (two) times respectively for a period of 10 (ten) years in accordance with laws and regulations.

Part Five Rights and Obligations

Article 10

- (1) Production Operation IUPK as intended in Article 9 shall contain rights and obligations in accordance with laws and regulations, unless stipulated otherwise as intended in Article 8.

- (2) In the implementation of Production Operation IUPK, all approvals granted by the Government and Regional Government dan Pemerintah shall remain applicable insofar as they are not contradictory to laws and regulations.

CHAPTER III ISSUANCE OF PRODUCTION OPERATION IUPK RENEWAL

Part One Procedures for the Submission of Application

Article 11

- (1) The holders of expiring KK or PKP2B must submit application for Production Operation IUPK renewal as intended in Article 3 paragraph (2) to the Minister c.q. Director General by no sooner than 2 (two) years and no later than 6 (six) months prior to the expiry of KK or PKP2B.
- (2) The application as intended in paragraph (1) must at least meet the following requirements:
- a. administrative requirements;
 - b. technical requirements;
 - c. environmental requirements; and
 - d. financial requirements.
- (3) Administrative requirements as intended in paragraph (2) sub-paragraph a shall include:
- a. application;
 - b. composition of the board of directors and list of shareholders; and
 - c. certificate of domicile.
- (4) Technical requirements as intended in paragraph (2) sub-paragraph b shall include:
- a. map and coordinates of area;
 - b. final report of production operation activities;
 - c. report on the implementation of environment management;
 - d. work plan and budget;
 - e. balance sheet of resources and reserves;
 - f. reclamation and post-mining plan;
 - g. production operation supporting facilities and infrastructure development plan; and

- h. availability of mining and/or geological experts having experience of at least 3 (three) years.
- (5) Environmental requirements as intended in paragraph (2) sub-paragraph c shall include:
 - a. statement of readiness for complying with laws and regulations in the environmental protection and management; and
 - b. approval of environmental documents in accordance with laws and regulations on environmental protection and management.
- (6) Financial requirements as intended in paragraph (2) sub-paragraph d shall include:
 - a. financial statements of the last 3 (three) years which have been audited by a public accountant; and
 - b. proof of full payment of dead rent and royalty for the last 3 (three) years.

Part Two Evaluation

Article 12

- (1) The Director General on behalf of the Minister shall evaluate the applications as intended in Article 11.
- (2) The Director General must submit report on the results of evaluation as intended in paragraph (1) to the Minister by no later than 7 (seven) business days as from the receipt of complete application documents.

Part Three Stipulation

Article 13

- (1) The Minister may approve or refuse application for Production Operation IUPK renewal based on the results of evaluation as intended in Article 12.
- (2) The approval or refusal of application for Production Operation IUPK renewal as intended in paragraph (1) shall be conducted by no later than 2 (two) months prior to the expiry of KK or PKP2B.

Article 14

Production Operation IUPK renewal as intended in Article 13 shall constitute:

- a. the first Production Operation IUPK renewal for application submitted by the holder of KK or PKP2B which has never been renewed; or
- b. the second Production Operation IUPK renewal for application submitted by the holder of KK or PKP2B which has obtained the first renewal;

Part Four
Term and Renewal

Article 15

- (1) Production Operation IUPK renewal shall be issued for a term of 10 (ten) years.
- (2) The first Production Operation IUPK renewal as intended in Article 14 sub-article a may be renewed 1 (one) time for 10 (ten) years in accordance with laws and regulations.

Part Five
Rights and Obligations

Article 16

Production Operation IUPK renewal as intended in Article 15 shall contain rights and obligations in compliance with laws and regulations.

CHAPTER IV
THE MANAGEMENT OF KK AREA OR PKP2B AREA IN THE AREA
OF EXPIRING KK OR PKP2B

Article 17

- (1) KK or PKP2B area which constitutes potential and/or reserved/mining area the KK or PKP2B of which is expiring due to the expiry of its term and/or not obtaining Production Operation IUPK renewal may:
 - a. be designated as an Exploration WIUPK;
 - b. be designated as a Production Operation IUPK Area; and/or
 - c. be proposed to become a WPN, based on evaluation by the Minister in accordance with laws and regulations.
- (2) The area of a Metal Mineral KK which constitutes a potential and/or reserved/mining area which is not accommodated in a Production Operation IUPK resulting from a conversion of mining concession from a Metal Mineral KK may:
 - a. be designated as Metal Mineral Exploration WIUPK Eksplorasi;
 - b. be designated to become Metal Mineral Production Operation IUPK Area; and/or
 - c. be proposed to become a WPN, based on evaluation by the Minister in accordance with laws and regulations.

Article 18

Exploration WIUPK or Production Operation IUPK Area as intended in Article 17 paragraph (1) sub-paragraph a and sub-paragraph b may be offered again by way of priority or tender in accordance with laws and regulations.

Article 19

- (1) Metal Mineral Exploration WIUPK or Metal Mineral Production Operation IUPK Area as intended in Article 17 paragraph (2) sub-paragraph a and sub-paragraph b may be offered again by way of priority or tender in compliance with laws and regulations.
- (2) In the implementation of tender for Metal Mineral Exploration WIUPK or Metal Mineral Production Operation IUPK Area as intended in paragraph (1), business entity holding the previous metal mineral mining Contract of Work which has been converted into Production Operation IUPK shall have the right to equalize.

CHAPTER V CLOSING PROVISIONS

Article 20

This Ministerial Regulation shall come into effect as of the date of its promulgation.

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

Stipulated in Jakarta
On February 10, 2017

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

Signed

IGNASIUS JONAN

Promulgated in Jakarta
On February 10, 2017

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

Signed

WIDODO EKATJAHJANA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2017 NUMBER 267

Issued as true copy
MINISTRY OF ENERGY AND MINERAL RESOURCES
Head of the Legal Affairs Bureau,

Signed

Hufron Asrofi

Note

Source: LOOSE LEAVES OF REGULATIONS OF THE MINISTER OF ENERGY
AND MINERAL RESOURCES YEAR 2017