

Type: REGULATION (PER)
By: MINISTER OF ENERGY AND MINERAL RESOURCES OF THE
REPUBLIC OF INDONESIA (MESDM)
Number: 15 YEAR 2018
Date: FEBRUARY 21, 2018 (JAKARTA)
Title: POST-OPERATION ACTIVITIES IN UPSTREAM OIL AND GAS
BUSINESS ACTIVITIES

BY THE GRACE OF THE ALMIGHTY GOD

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

Considering:

whereas in order to provide a guideline and ensure the implementation of post-operation activities in upstream oil and gas business activities as well as to implement the provisions of Article 17 paragraph (4) of Government Regulation Number 79 Year 2010 regarding Refundable Operational Costs and Income Tax Treatment in the Upstream Oil and Gas Business Line as amended by Government Regulation Number 27 Year 2017 regarding the Amendment to Government Regulation Number 79 Year 2010 regarding Refundable Operational Costs and Income Tax Treatment in the Upstream Oil and Gas Business Line, it is necessary to stipulate a Regulation of the Minister of Energy and Mineral Resources regarding Post-Operation Activities in Upstream Oil and Gas Business Activities;

In view of:

1. Law Number [22 Year 2001](#) regarding Oil and Gas (State Gazette of the Republic of Indonesia Year 2001 Number 136, Supplement to the State Gazette of the Republic of Indonesia Number 4152);
2. Government Regulation Number [17 Year 1974](#) regarding Supervision of the Implementation of Oil and Gas Exploration and Exploitation in Offshore Areas (State Gazette of the Republic of Indonesia Year 1974 Number 20, Supplement to the State Gazette of the Republic of Indonesia Number 3031);
3. Government Regulation Number [35 Year 2004](#) regarding Upstream Oil and Gas Business Activities (State Gazette of the Republic of Indonesia Year 2004 Number 123, Supplement to the State Gazette of the Republic of Indonesia Number 4435) as amended for several times with the most recent amendment by Government Regulation Number [55 Year 2009](#) regarding the Second Amendment to Government Regulation Number 35 Year 2004 regarding Upstream Oil and Gas Business Activities (State Gazette of the Republic of Indonesia Year 2009 Number 128, Supplement to the State Gazette of the Republic of Indonesia Number 5047);

4. Government Regulation Number [79 Year 2010](#) regarding Refundable Operational Costs and Income Tax Treatment in the Upstream Oil and Gas Business Line (State Gazette of the Republic of Indonesia Year 2010 Number 139, Supplement to the State Gazette of the Republic of Indonesia Number 5173) as amended by Government Regulation Number [27 Year 2017](#) regarding the Amendment to Government Regulation Number 79 Year 2010 regarding Refundable Operational Costs and Income Tax Treatment in the Upstream Oil and Gas Business Line (State Gazette of the Republic of Indonesia Year 2017 Number 118, Supplement to the State Gazette of the Republic of Indonesia Number 6066);
5. Presidential Regulation Number [95 Year 2012](#) regarding Delegation of the Performance of Duties and Functions of Upstream Oil and Gas Business Activities (State Gazette of the Republic of Indonesia Year 2012 Number 226);
6. Presidential Regulation Number [9 Year 2013](#) regarding Implementation of the Management of Upstream Oil and Gas Business Activities (State Gazette of the Republic of Indonesia Year 2013 Number 24);
7. Presidential Regulation Number [68 Year 2015](#) regarding the 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 the Amendment to Presidential Regulation Number 68 Year 2015 regarding the Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2016 Number 289);
8. Regulation of the Minister of Energy and Mineral Resources Number [13 Year 2016](#) regarding the Organization and Work Procedure of the Ministry of Energy and Mineral Resources (Official Gazette of the Republic of Indonesia Year 2016 Number 782);
9. Regulation of the Minister of Energy and Mineral Resources Number [8 Year 2017](#) regarding Gross Split Production Sharing Contract (Official Gazette of the Republic of Indonesia Year 2017 Number 116);

HAS DECIDED:

To stipulate: REGULATION OF THE MINISTER OF ENERGY AND MINERAL RESOURCES REGARDING POST-OPERATION ACTIVITIES IN UPSTREAM OIL AND GAS BUSINESS ACTIVITIES.

CHAPTER I GENERAL PROVISIONS

Article 1

Referred to herein as:

1. Upstream Business Activities shall be activities which revolve around or rely on exploration and exploitation business activities.
2. Post-Operation Activities in Upstream Business Activities hereinafter referred to as Post-Operation Activities shall be a set of equipment, installation, and/or supporting facility disassembly activities including permanent well plugging, site

restoration, and equipment, installation, and/or facility release or removal handling in Upstream Business Activities conducted prior to or on the termination of a production sharing contract.

3. Post-Operation Activity Funds shall be the accumulation of funds reserved and/or deposited by a contractor for conducting Post-Operation Activities.
4. Post-Operation Activity Costs shall be Post-Operation Activity Funds spent for conducting Post-Operation Activities.
5. Work Plan and Budget shall be annual activity planning and budget expenditure by a contractor for Upstream Business Activities in a work area.
6. Contractor shall be a business entity or permanent establishment designated to perform exploration and exploitation in a work area based on a Production Sharing Contract with the Special Task Force for Upstream Oil and Gas Business Activities or Aceh Oil and Gas Management Body.
7. Minister shall be the minister organizing governmental affairs in the field of oil and gas.
8. Directorate General shall be the directorate general which has the duty to implement policy formulation and implementation in the field of development, control, and supervision of oil and gas activities.
9. Director General shall be the director general who has the duty to implement policy formulation and implementation in the field of development, control, and supervision of oil and gas activities.
10. Special Task Force for Upstream Oil and Gas Business Activities hereinafter referred to as *SKK Migas* shall be special task force which perform the management implementation of Upstream Oil and Gas Business Activities under the development, coordination, and supervision of the Minister.
11. Aceh Oil and Gas Management Body hereinafter abbreviated to *BPMA* shall be a Government's body established to conduct joint management and control of Upstream Business Activities in the field of oil and gas located onshore and offshore in Aceh jurisdiction (0 (nil) up to 12 (twelve) nautical miles).

Article 2

- (1) Contractors shall be obligated to conduct Post-Operation Activities.
- (2) The implementation of Post-Operation Activities as referred to in paragraph (1) shall be conducted by using Post-Operation Activity Funds.

CHAPTER II POST-OPERATION ACTIVITIES

Part One Planning

Article 3

- (1) Contractors shall be obligated to submit a plan for Post-Operation Activities to the Head of *SKK Migas*.
- (2) During exploration activities, the plan for Post-Operation Activities as referred to in paragraph (1) shall be submitted as a part of a Work Plan and Budget.
- (3) During exploitation activities, the plan for Post-Operation Activities as referred to in paragraph (1) shall be submitted as a part of field development plan.
- (4) The plan for Post-Operation Activities as referred to in paragraph (1) shall at least contain:
 - a. identification of equipment, installations, and/or facilities to be disassembled including the wells to be plugged permanently; and
 - b. calculation of estimated Post-Operation Activity Costs.

Article 4

Contractors may propose a revision to the plan for Post-Operation Activities as referred to in Article 3 to the Head of *SKK Migas* for approval.

Article 5

SKK Migas shall be obligated to notify the Director General of the approval to the plan for Post-Operation Activities during exploitation activities as referred to in Article 3 paragraph (3) and/or revision to the plan for Post-Operation Activities as referred to in Article 4.

Part Two Implementation

Article 6

- (1) Contractors shall be obligated to notify the proposal for implementation of Post-Operation Activities to the Director General through the Head of *SKK Migas* by enclosing documents of the plan for Post-Operation Activities which have been approved as referred to in Article 3 and Article 4.
- (2) To conduct evaluation of proposal for the implementation of Post-Operation Activities as referred to in paragraph (1) and for smooth as well as accelerated process of evaluation of the implementation of Post-Operation Activities, the Director General shall establish a Post-Operation Activity Evaluation Team with representatives of the Directorate General, *SKK Migas* and/or relevant agencies as members.
- (3) By no later than 40 (forty) calendar days as from the complete and correct receipt of proposal for the implementation of Post-Operation Activities from Contractors, the Post-Operation Activity Evaluation Team as referred to in paragraph (2) shall conduct evaluation and notify the results of evaluation to the Director General for approval.

Article 7

- (1) Contractors which have obtained the approval as referred to in Article 6, shall be obligated to immediately conduct equipment, installation, and/or facility disassembly activities including permanent well plugging as well as location restoration following the completion of disassembly.
- (2) Contractors shall be obligated to deliver a report on the implementation of equipment, installation, and/or facility disassembly activities including permanent well plugging as well as location restoration following the completion of equipment, installation, and/or facility disassembly activities including permanent well plugging as well as location restoration as referred to in paragraph (1) to the Director General by no later than 30 (thirty) calendar days.

Article 8

With respect to the disassembled equipment, installations, and/or facilities, the implementation of disassembly and removal process must be conducted in accordance with the provisions of laws and regulations.

Part Three Obligations

Article 9

Before conducting Post-Operation Activities, Contractors shall be obligated to:

- a. conduct dissemination of the plan for Post-Operation Activities to the public and relevant agencies;
- b. posting safety signs around the disassembly location;
- c. ensuring that all infrastructures connected to the installations have been disconnected;
- d. ensuring that all pipe systems and other equipment are free from hazardous and toxic materials; and
- e. ensuring that installations are free from hazardous and toxic material waste.

Article 10

In conducting Post-Operation Activities, Contractors shall be obligated to use the applicable Indonesian National Standard and/or international standard in accordance with the plan for Post-Operation Activities which have been approved as referred to in Article 3 and Article 4.

CHAPTER III POST-OPERATION ACTIVITY FUNDS

Part One Reservation

Article 11

- (1) Contractors shall be obligated to reserve Post-Operation Activity Funds in accordance with the estimated Post-Operation Activity Costs constituting a part of the plan for Post-Operation Activities as referred to in Article 3.
- (2) The reservation for Post-Operation Activities as referred to in paragraph (1) shall be conducted with the following provisions:
 - a. placing Post-Operation Activity Funds in stages in accordance with the Work Plan and Budget; and
 - b. must be deposited for the first time in the year in which each production declared commercial commences.
- (3) The Post-Operation Activity Funds as referred to in paragraph (2) sub-paragraph b shall be reserved and deposited in a joint account between *SKK Migas* and Contractors with a commercial bank of the Government of Indonesia in Indonesia.
- (4) In the event of interest income from the reservation of Post-Operation Activity Funds, it shall be calculated as the accumulation of amount of Post-Operation Activity Funds which must be reserved by Contractors.

Article 12

- (1) The reservation of Post-Operation Activity Funds as referred to in Article 11 paragraph (1) conducted by Contractors the Production Sharing Contract of which uses the cost recovery mechanism shall be calculated as recoverable operating costs.
- (2) With respect to reservation of Post-Operation Activity Funds as referred to in Article 11 paragraph (1) conducted by Contractors the Production Sharing Contract of which is in the form of Gross Split Production Sharing Contract, the reservation of Post-Operation Activity Funds shall be charged to Contractors and shall be calculated as the income deduction component of Contractors in the calculation of income tax.

Article 13

Contractors shall be obligated to make adjustment to the reservation of Post-Operation Activity Funds in the event of change in the plan for Post-Operation Activities as referred to in Article 4 resulting in the change in estimated Post-Operation Activity Costs.

Part Two Use

Article 14

- (1) Post-Operation Activities shall be conducted by using the Post-Operation Activity Funds which have been reserved by Contractors as referred to in Article 11.
- (2) The use of Post-Operation Activity Funds by Contractors shall be made in accordance with the plan for implementation of Post-Operation Activities as referred to in Article 6.

Article 15

In the event that the total realization of Post-Operation Activity Costs is lower or higher than the amount of the reserved Operation Activity Funds, the difference between the total realization of Post-Operation Activity Costs and the amount of the reserved Operation Activity Costs shall become deduction or increment of operating costs of each work area or the field concerned, after obtaining the approval of the Head of *SKK Migas*.

Article 16

In the event that a Production Sharing Contract expires and there are remaining Post-Operation Activity Funds following the completion of Post-Operation Activities:

- a. for a Production Sharing Contract which uses the cost recovery mechanism, the remaining Post-Operation Activity Funds shall be the property of the State and must be deposited to the State treasury as non-tax state revenue; or
- b. for a Production Sharing Contract in the form of a Gross Split Production Sharing Contract, the remaining Post-Operation Activity Funds shall be refunded to Contractors.

Article 17

- (1) Contractors shall be obligated to conduct Post-Operation Activities until the expiry of period of a Production Sharing Contract.
- (2) In the event that a Production Sharing Contract expires and the Minister designates another party as a new Contractor as Work Area operator, the obligation to conduct Post-Operation Activities and reservation of Post-Operation Activity Funds shall be conducted by the new Contractor.
- (3) The Post-Operation Activity Funds which have been reserved by a previous Contractor in a Work Area as referred to in paragraph (2), may be used by a new Contractor which operates the Work Area.

CHAPTER IV DEVELOPMENT AND SUPERVISION

Article 18

The Director General shall conduct development and supervision of the implementation of Post-Operation Activities.

CHAPTER V MISCELLANEOUS PROVISIONS

Article 19

In the event that Post-Operation Activities are conducted in Aceh administrative region, all matters related to the duties and functions of *SKK Migas* shall be conducted by *BPMA*.

CHAPTER VI TRANSITIONAL PROVISIONS

Article 20

At the time this Ministerial Regulation enters into force, the reservation and use of Post-Operation Activity Funds which have been reserved and have not been used prior to the entry into force of this Ministerial Regulation, must be adjusted and/or implemented in accordance with the provisions of this Ministerial Regulation.

Article 21

At the time this Ministerial Regulation enters into force:

- a. Contractors the Production Sharing Contract of which has not provided for Post-Operation Activities shall be obligated to conduct Post-Operation Activities in accordance with the provisions of this Ministerial Regulation;
- b. to conduct the Post-Operation Activities as referred to in sub-article a, Contractors shall be obligated to provide Post-Operation Activity Funds and use the Post-Operation Activity Funds in accordance with the provisions of this Ministerial Regulation;
- c. the amount and method for reservation of Post-Operation Activity Funds shall be stipulated by the Head of *SKK Migas* and be reported to the Director General;
- d. The reservation of Post-Operation Activity Funds as referred to in sub-article b conducted by Contractors the Production Sharing Contract of which uses the cost recovery mechanism shall be calculated as recoverable operating costs; and
- e. With respect to reservation of Post-Operation Activity Funds as referred to in sub-article b conducted by Contractors the Production Sharing Contract of which is in the form of Gross Split Production Sharing Contract, the reservation of Post-Operation Activity Funds shall be charged to Contractors and shall be calculated as the deduction component in the calculation of income tax of the Contractors.

CHAPTER VII CLOSING PROVISIONS

Article 22

At the time this Ministerial Regulation enters into force, Regulation of the Minister of Energy and Mineral Resources Number [01 Year 2011](#) regarding Technical Guidelines on Oil and Natural Gas Offshore Installation Disassembly (Official Gazette of the Republic of Indonesia Year 2011 Number 4), shall be revoked and declared null and void.

Article 23

This Ministerial Regulation shall enter into force on the date of its promulgation.

For public cognizance, hereby ordering the promulgation of this Ministerial Regulation by placing it in the Official Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on February 21, 2018
MINISTER OF ENERGY AND MINERAL RESOURCES OF THE
REPUBLIC OF INDONESIA,

signed
IGNASIUS JONAN

Promulgated in Jakarta
on February 23, 2018
DIRECTOR GENERAL OF
LAWS AND REGULATIONS
MINISTRY OF LAW AND HUMAN RIGHTS OF THE
REPUBLIC OF INDONESIA,
signed
WIDODO EKATJAHJANA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2018 NUMBER 305

Issued as a true copy
MINISTRY OF ENERGY AND MINERAL RESOURCES
Head of the Legal Affairs Bureau,
signed and stamp
Hufron Asrofi
NIP. 19601015 198103 1 002

NOTE

Source: LOOSE LEAF OF REGULATIONS OF THE MINISTER OF ENERGY
AND MINERAL RESOURCES YEAR 2018