MINISTRY OF ENERGY AND MINERAL RESOURCES

DIRECTORATE GENERAL OF OIL AND GAS

PETROLEUM RESOURCES OF INDONESIA

Bali, 17 March 2009

AGENDA

1. ROLE OF OIL AND GAS INDUSTRIES
2. GOVERNANCE IN OIL AND GAS SECTOR
3. SEDIMENTARY BASINS IN INDONESIA
4. DATA MANAGEMENT
5. STIPULATION OF OIL AND GAS ACREAGE
6. EXPLORATION ACTIVITY
7. OIL AND GAS COOPERATION CONTRACT
8. OIL AND GAS RESERVE AND PRODUCTION

ROLE OF OIL AND GAS INDUSTRIES

Sustainable Development

- Source of State Revenue
- Feed stocks
- Domestic Fuels
- Multiplier Effects

OIL AND GAS INDUSTRIES

- HIGH TECH
- CAP. INTENS.
- HIGH RISK
- HUMAN RESOURCES

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GOVERNANCE IN OIL AND GAS SECTOR

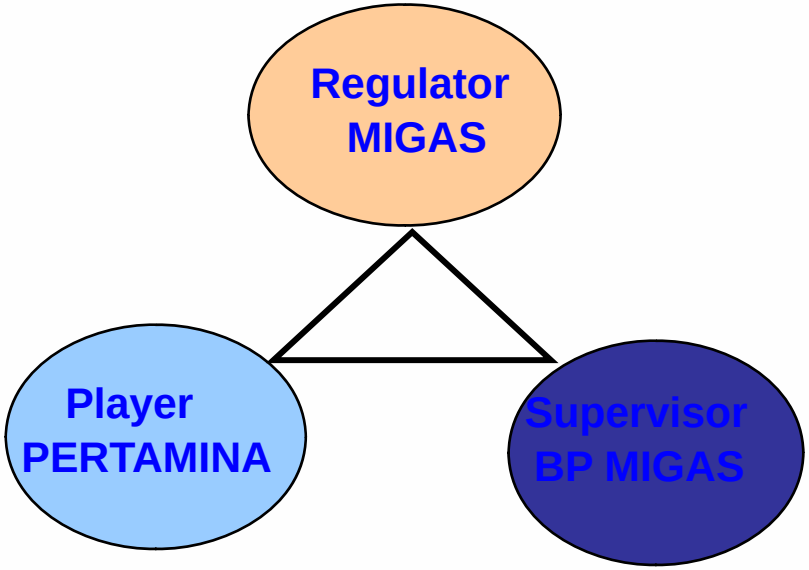
OIL AND GAS NEW POLICY

Previous

- **Regulator**
- **Player**

Pertamina

New



1971 - 2001 **2001 - recent**

BACKGROUND

- To promote national welfare
- Strategic resources play an importance role in the national economy
- an important role in giving an actual added value to increased and sustainable national economic growth
- The previous oil and gas law is no longer suitable for development oil and gas business activities

SECTOR REFORM

- Enactment of a new oil and gas law
- Ending Pertamina's monopoly and the opening up of all aspects in the petroleum sector to create greater competition while preserving Pertamina as an important company.
- Greater pricing mechanism transparency
- Establishment of new institution for upstream and downstream petroleum regulation
- Introduction of efficiency improvements in hydrocarbon exploration and production

GOAL OF THE NEW STATE OWNED LIMITED LIABILITY (PERTAMINA)

a. Preparing a limited liability company oil and gas business activities from Upstream - Downstream - Commerce internally and Internationally (no longer regulator)

b. Profit oriented

c. Preparing public service obligation in Oil-Based fuel supply for domestic if required

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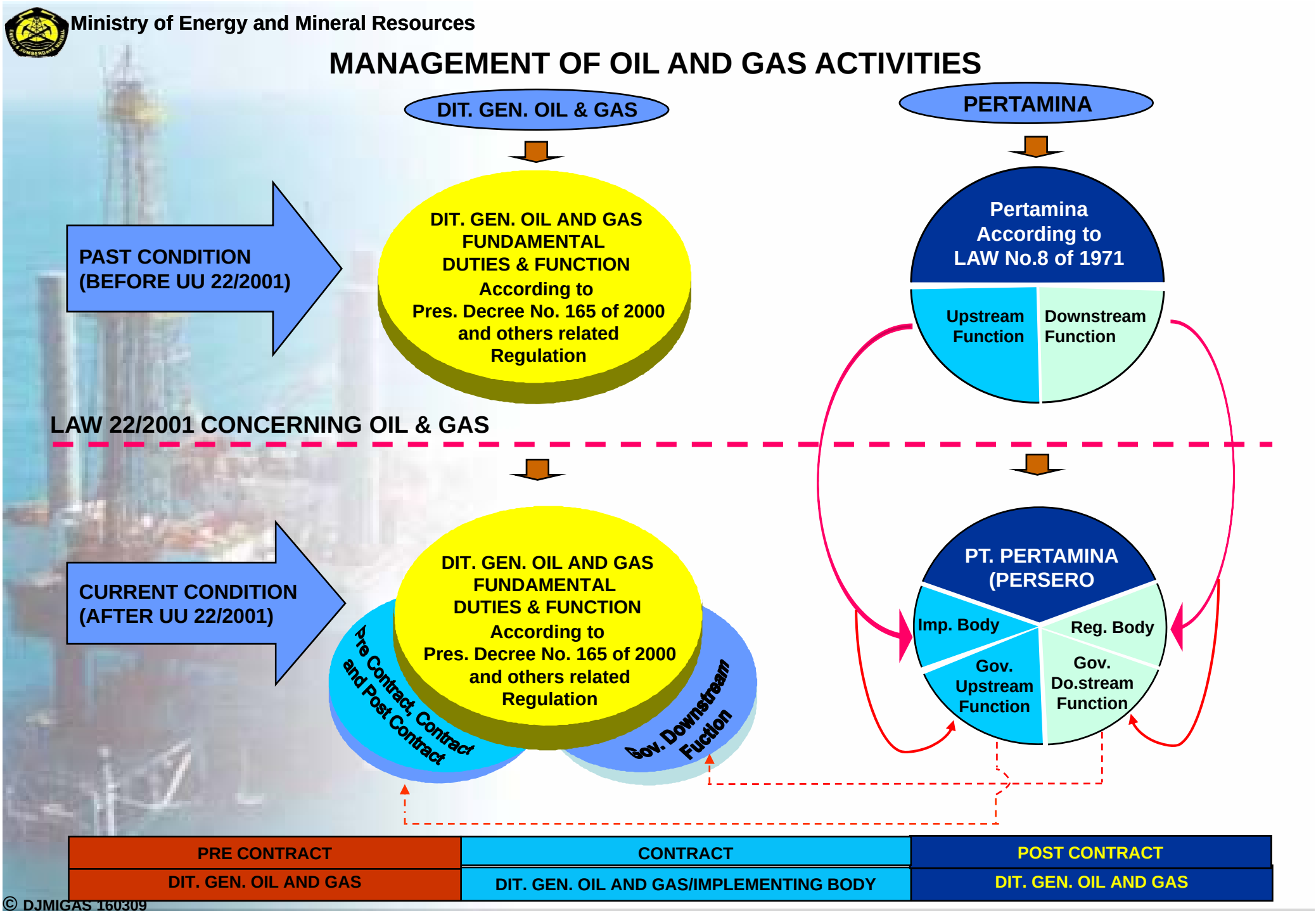
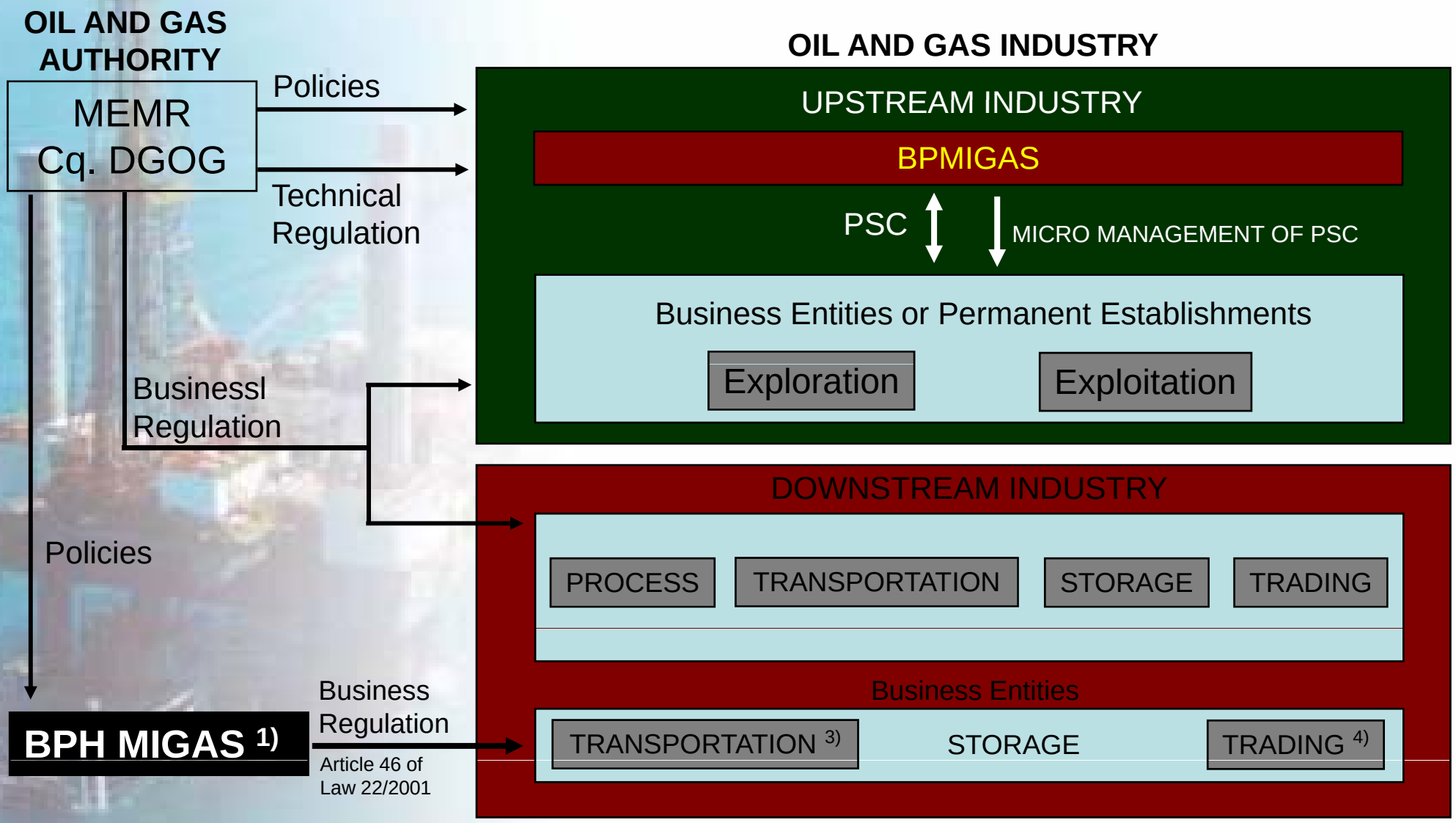
MANAGEMENT OF OIL AND GAS ACTIVITIES



The Principle of Oil and Gas Law

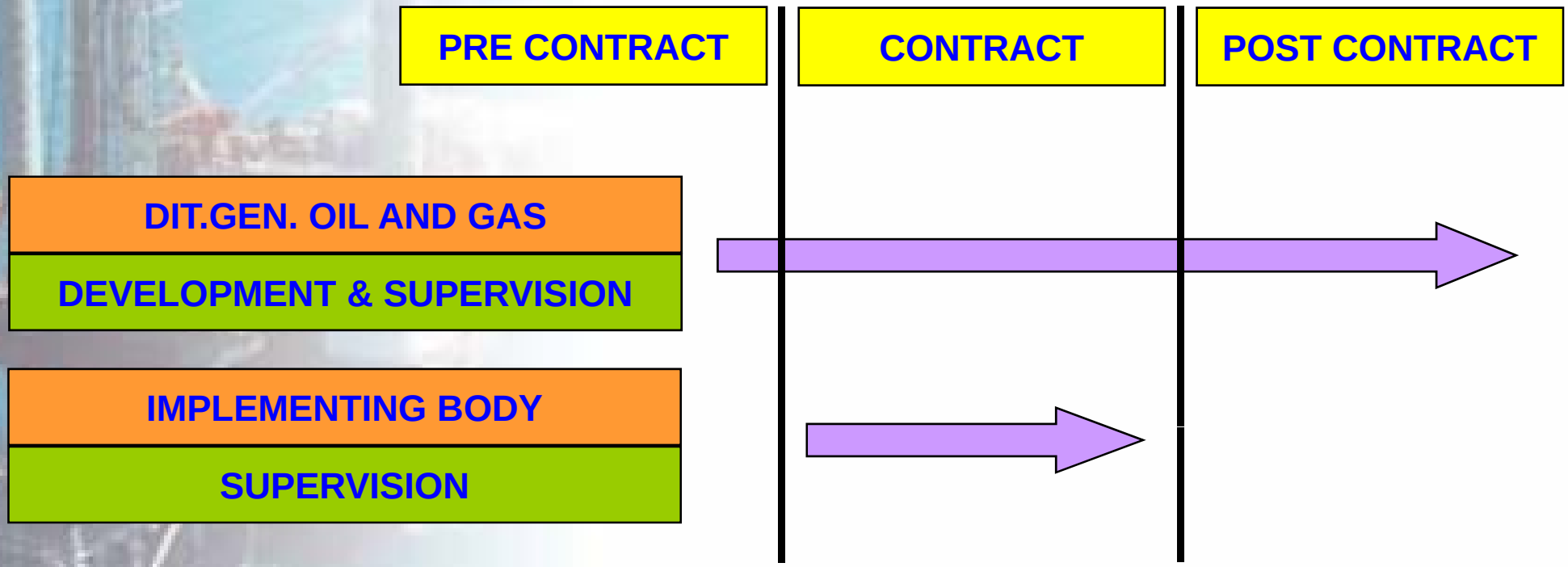
1. Oil and natural gas within territory of Indonesia are a national asset, controlled by Government.
2. Government as the mining right holder establish an Implementing Body which controls the operational management.
3. Upstream business activities shall be conducted through the cooperative contracts.
4. Downstream business activities shall be conducted through the mechanism of appropriate, fair, and transparent business competition.

WHO IS DOING WHAT IN OIL AND GAS INDUSTRY



1) Only for supply and distribution of petroleum product (fuel) and pipelined-gas

DEVELOPMENT AND SUPERVISION OF UPSTREAM OIL & GAS BUSINESS ACTIVITIES



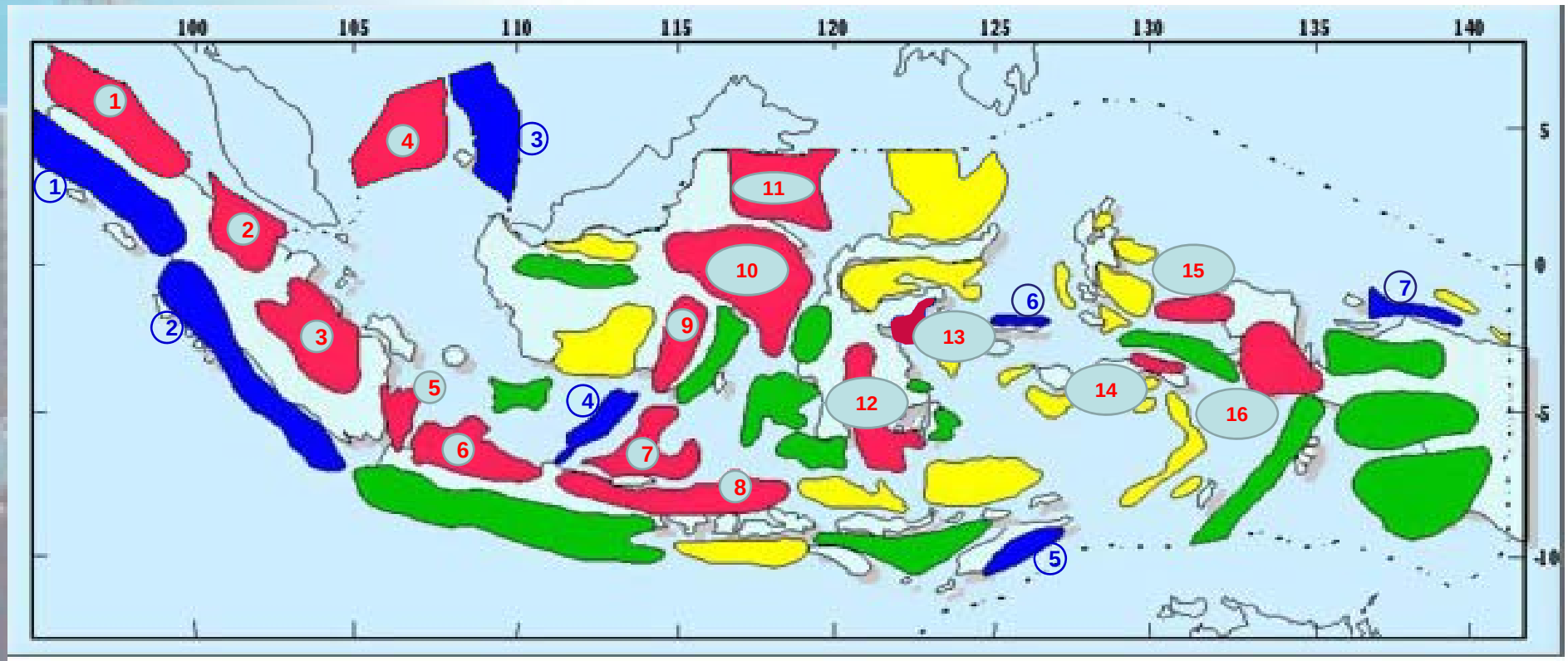
WHO ELIGIBLELY CONDUCT THE BUSINESS

The entity eligible to conduct the business

- State-owned company
- Local owned company
- Cooperatives/small enterprise
- Private company (including permanent establishment)

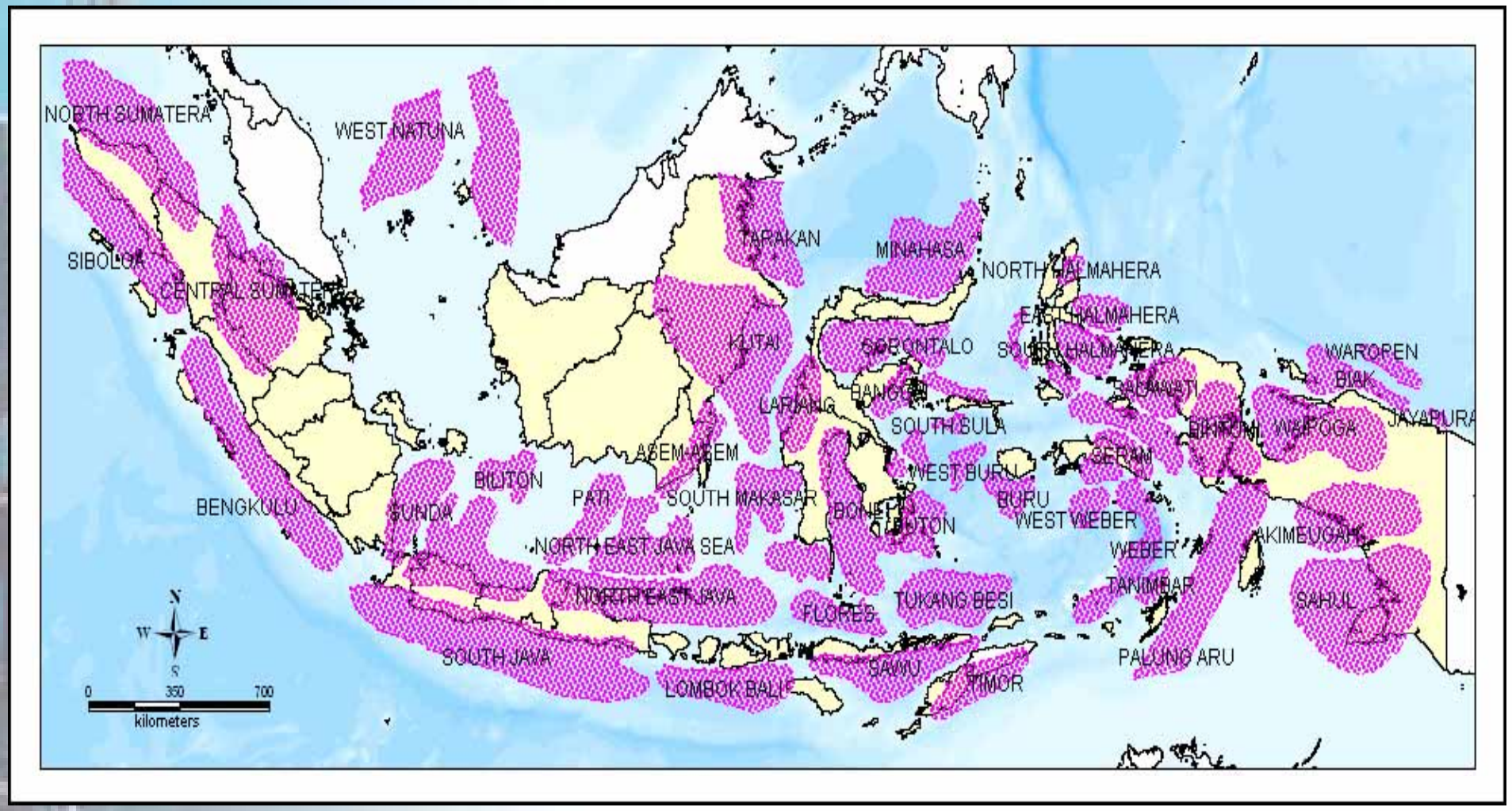
SEDIMENTARY BASINS IN INDONESIA

TERTIARY SEDIMENTARY BASINS IN INDONESIA



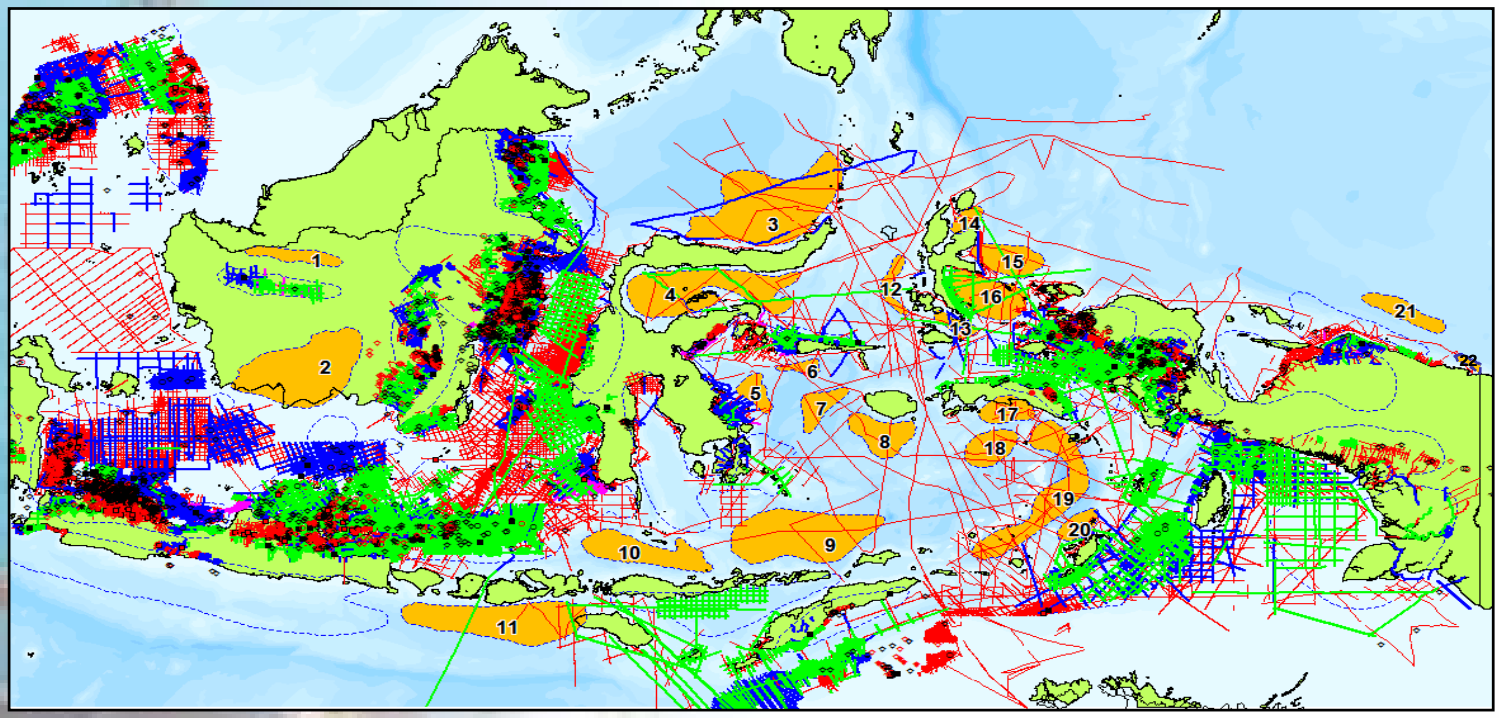
INDONESIA OFFSHORE PETROLEUM BASINS

Status : November 2008



Total : 55 Basins

UNEXPLORED BASINS

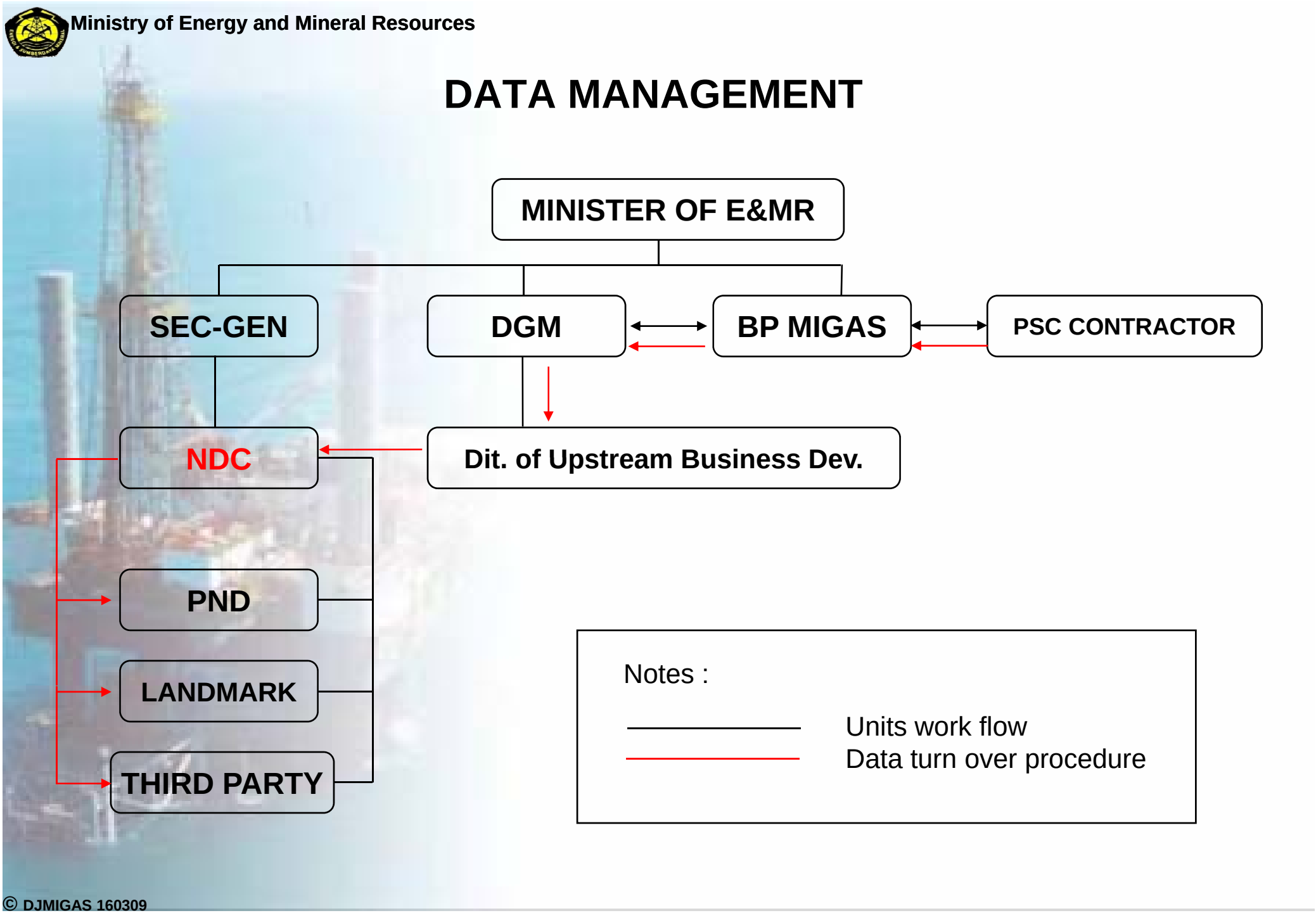


- Almost all of *Unexplored Basins* located in of shore/deep water area, except for Ketungau and Pembuang basins, hence need a more expensive exploration cost and also higher exploration risk since the minimum geology understanding of these area.
- Most of *Unexplored Basins* has only minimum seismic data, so that a detail seismic survey will be needed.

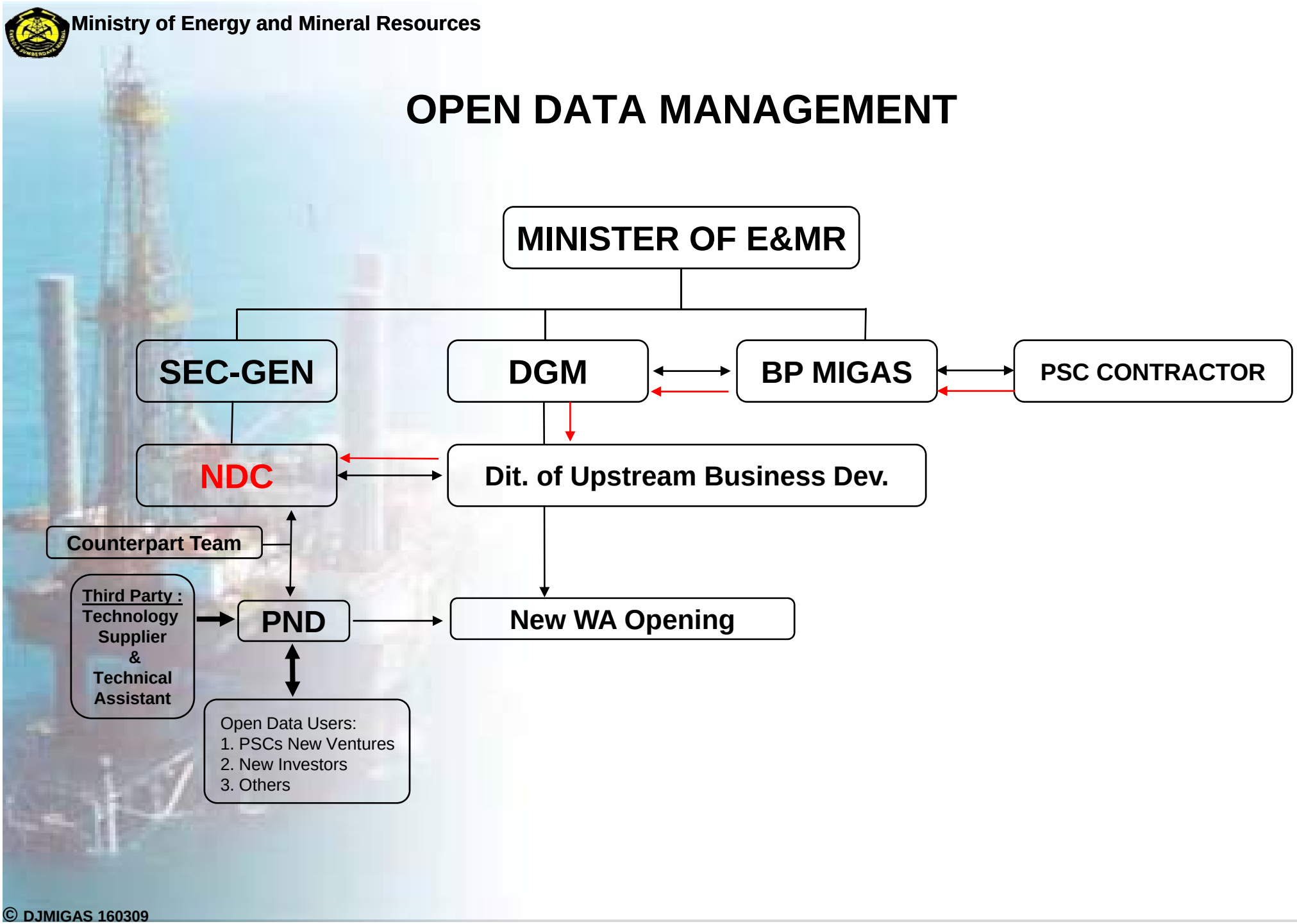
NO	UNEXPLORE BASINS	WIDE (Km^2)	WATER DEPTH (m)
1	Ketungau	9,048	Onshore
2	Pembuang	55,300	Onshore
3	Minahasa	70,010	500-5500
4	Gorontalo	48,660	500-3500
5	Sala Bangka	6,735	2500-3500
6	South Sula	3,682	2500-5500
7	West Buru	9,274	3500-5500
8	Buru	15,580	1500-5500
9	Tukang Besi	51,690	1500-4500
10	Flores	24,550	500-4500
11	Lombok Bali	47,490	500-4500
12	North Obi	5,776	1500-3500
13	South Obi	5,279	100-1500
14	North Halmahera	4,702	100-1500
15	East Halmahera	15,360	100-2500
16	South Halmahera	22,450	Onshore-2500
17	South Seram	9,954	Onshore-4500
18	West Weber	12,650	500-5500
19	Weber	39,110	2500-7500
20	Tanimbar	6,884	Onshore-4500
21	Waropen	11,310	2500-3500
22	Jayapura	1,692	100-3500

DATA MANAGEMENT

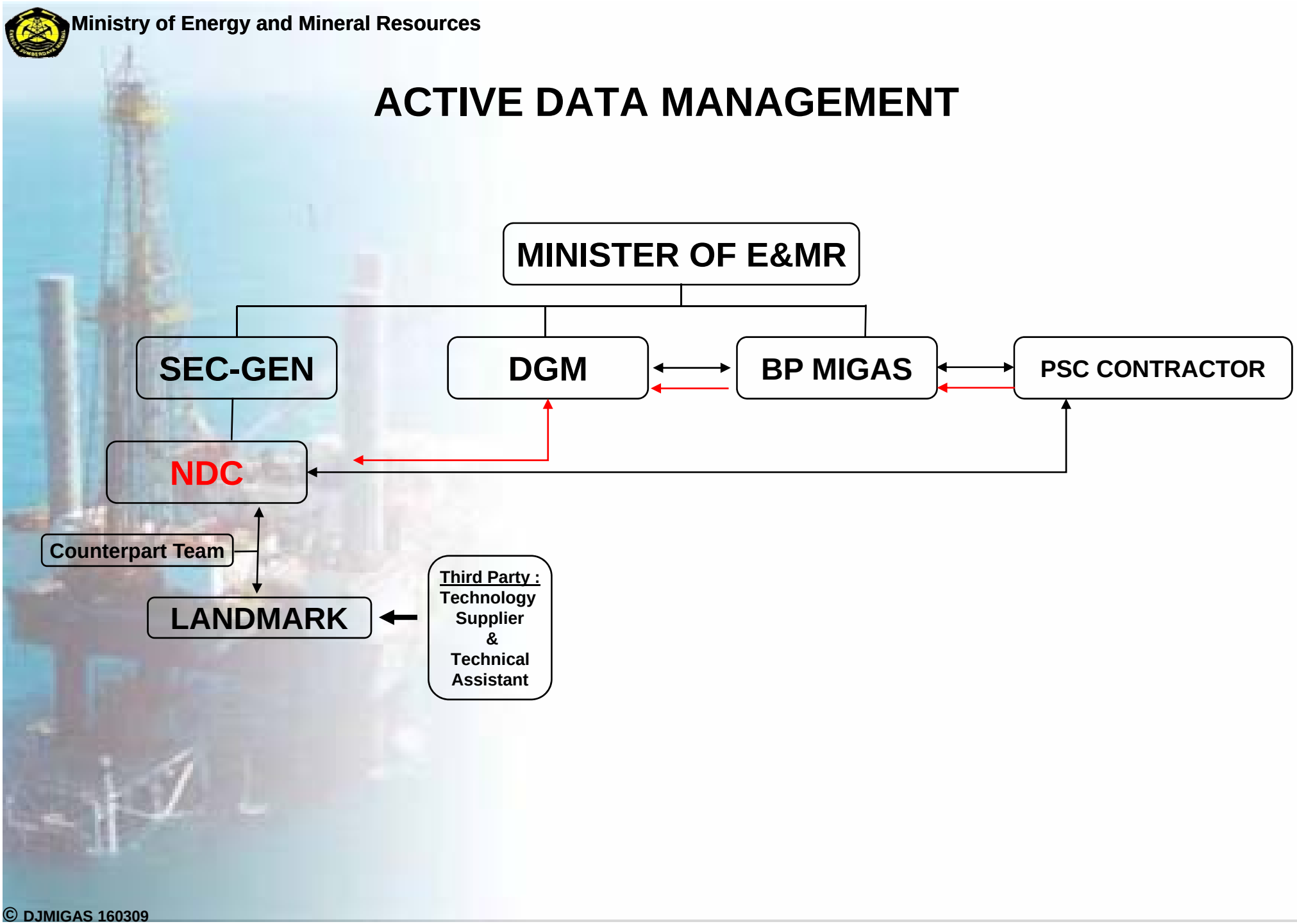
DATA MANAGEMENT



OPEN DATA MANAGEMENT



ACTIVE DATA MANAGEMENT



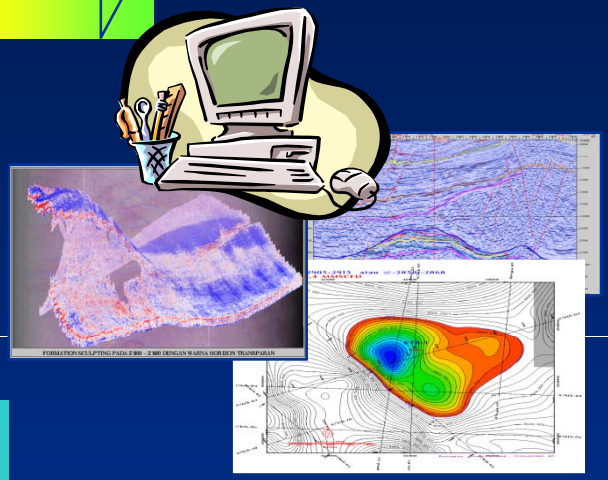
STIPULATION OF OIL AND GAS ACREAGE

FLOW CHART OF STIPULATION OF OIL AND GAS ACREAGE

INISIATIF OF OPENING ACREAGE
- STUDY OF GEOLOGY REGIONAL DATA INVESTOR INTERESTING DISCOVERY IN CERTAIN AREA

INVENTARITATION AND COLLECTING EXPLORATION DATA

INTERPRETATION AND EVALUATION DATA



- BLOCK COORDINATE
- TERM & COND, PSC
- BID INFORMATION

STIPULATION OF OIL AND GAS ACREAGE

FAVOURABLE TO BE OFFERED

EVALUATION TECHNICAL AND ECONOMICAL

TENDER OIL AND GAS ACREAGE

NOT FAVOURABLE TO BE OFFERED

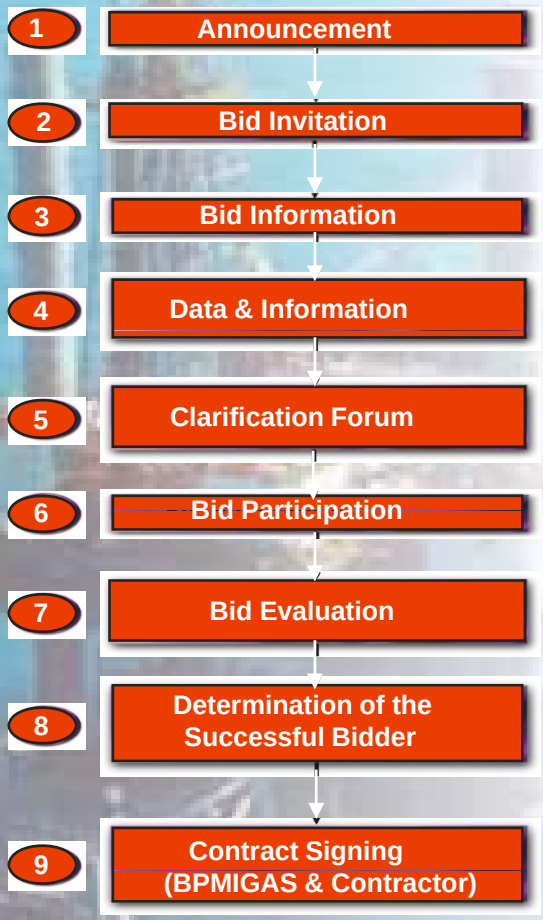
ACQUIRING BLOCKS

A. ACQUIRED THROUGH TENDER
B. AVAILABLE BLOCKS 2001-2004
C. PROPOSAL BY INTERESTED COMPANY
D. JOINT STUDY BY INTERESTED COMPANY

BLOCK OFFERING SYSTEM

A. ACQUIRED THROUGH REGULER TENDER

Blocks prepared and designated by Migas and offered through tender.



1. Announcement

Special announcement of the new offered working acreage.

2. Bid Invitation

Invitation will be disseminated to all companies through our home page at http://www.geomigas.com

3. Bid Information

It contains the information of the tender process including instructions to the tender participant. The tender participant must purchase the Bid Information at MIGAS

4. Data & Information

It is mandatory that any tender participant will have to purchase an official Government a data package through and set by MDM prior to submitting the tender document.

5. Clarification Forum

6. Bid Participation

The tender participant should submit the entire tender document before or on the closing date of the tender

7. Bid evaluation

The tender Team evaluates the Submitted document based on the technical analysis, financial outlay and commitment (such as signature bonus), and especially the firm commitment of the Work Program as proposed by Bidder

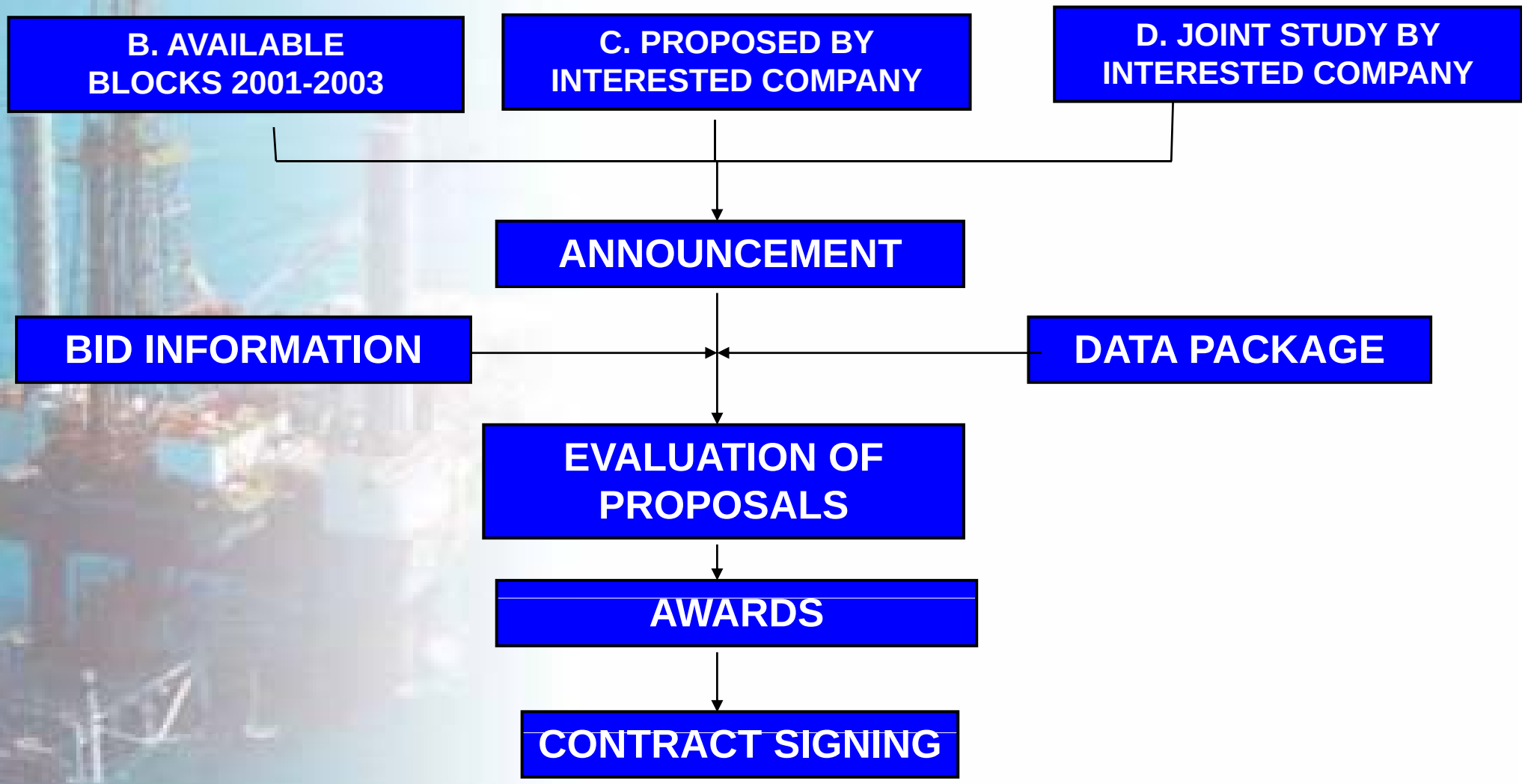
8. Determination of the Winning Bidder

Based on The Tender Team Recommendation, The Director General of Oil and Gas appoints the successful Bidder

9. Contract Signing

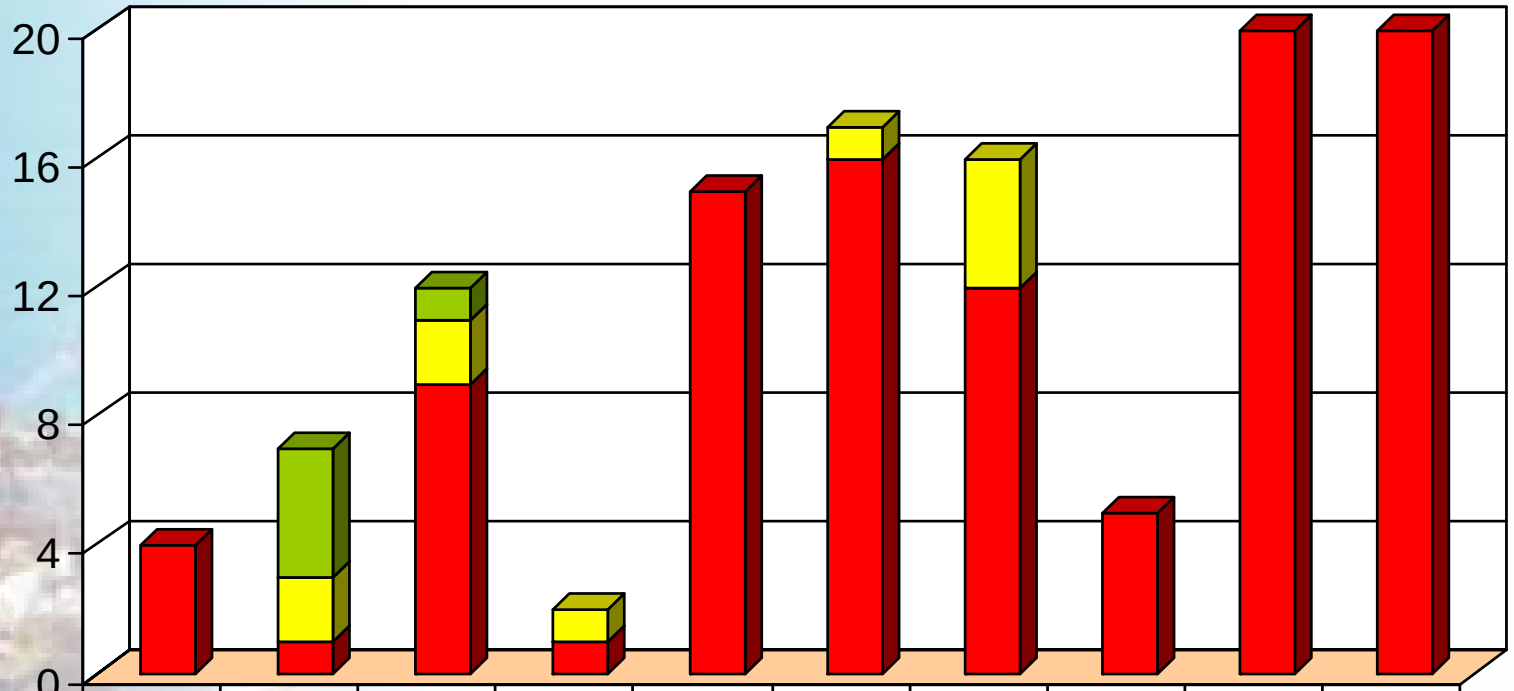
BPMIGAS and the successful Bidder will sign The Cooperation Contract

B. AVAILABLE BLOCKS 2001-2004
C. PROPOSAL BY INTERESTED COMPANY
D. JOINT STUDY BY INTERESTED COMPANY



CONTRACT SIGNING

(1999 - 2008)

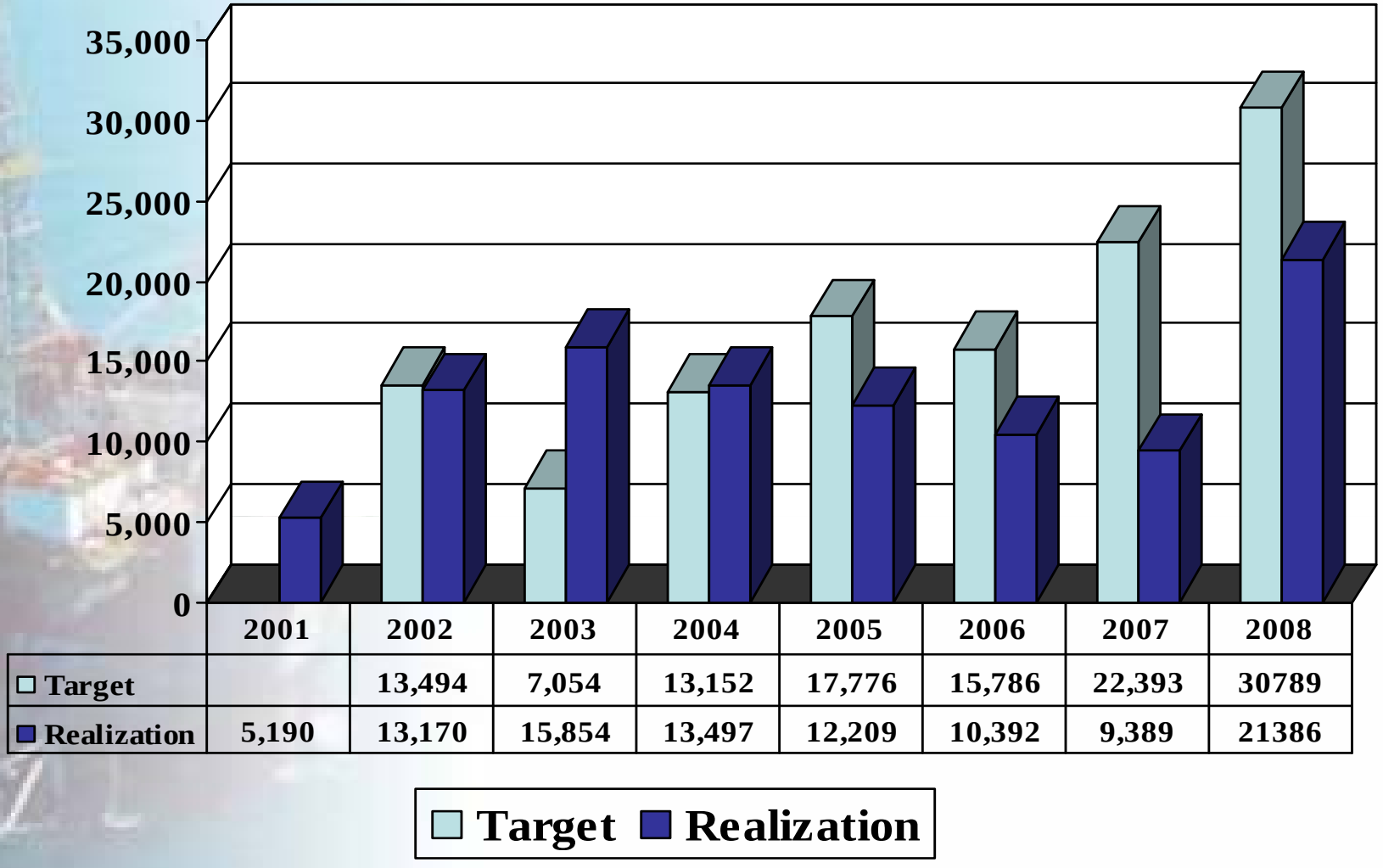


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TAC		4	1							
PSC-ext		2	2	1		1	4			
PSC-std	4	1	9	1	15	16	12	5	27	34

EXPLORATION ACTIVITY

SEISMIC SURVEY 2D (km)

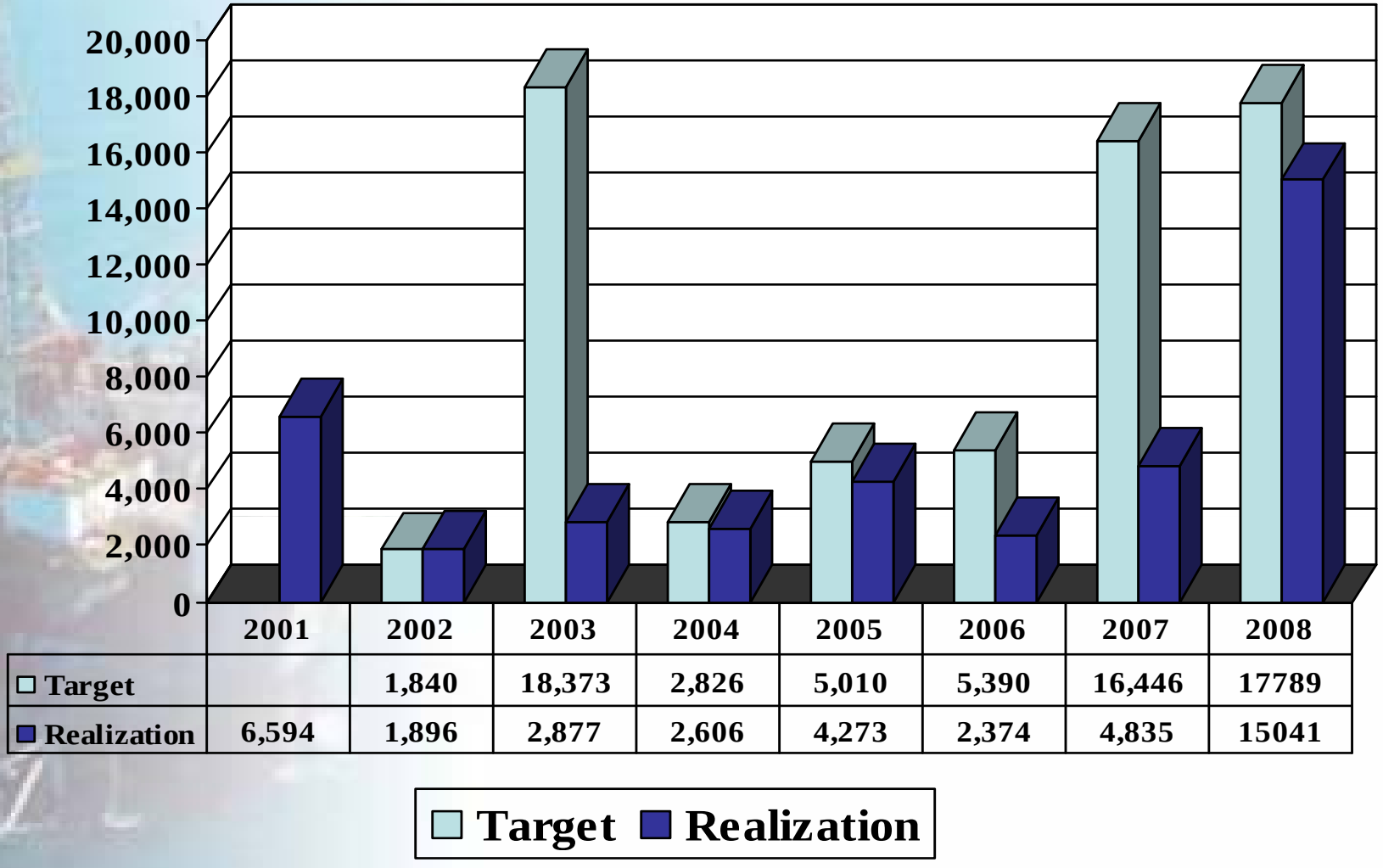
(2001 - 2008)



	2001	2002	2003	2004	2005	2006	2007	2008
Target		13,494	7,054	13,152	17,776	15,786	22,393	30789
Realization	5,190	13,170	15,854	13,497	12,209	10,392	9,389	21386

SEISMIC SURVEY 3D (km^2)

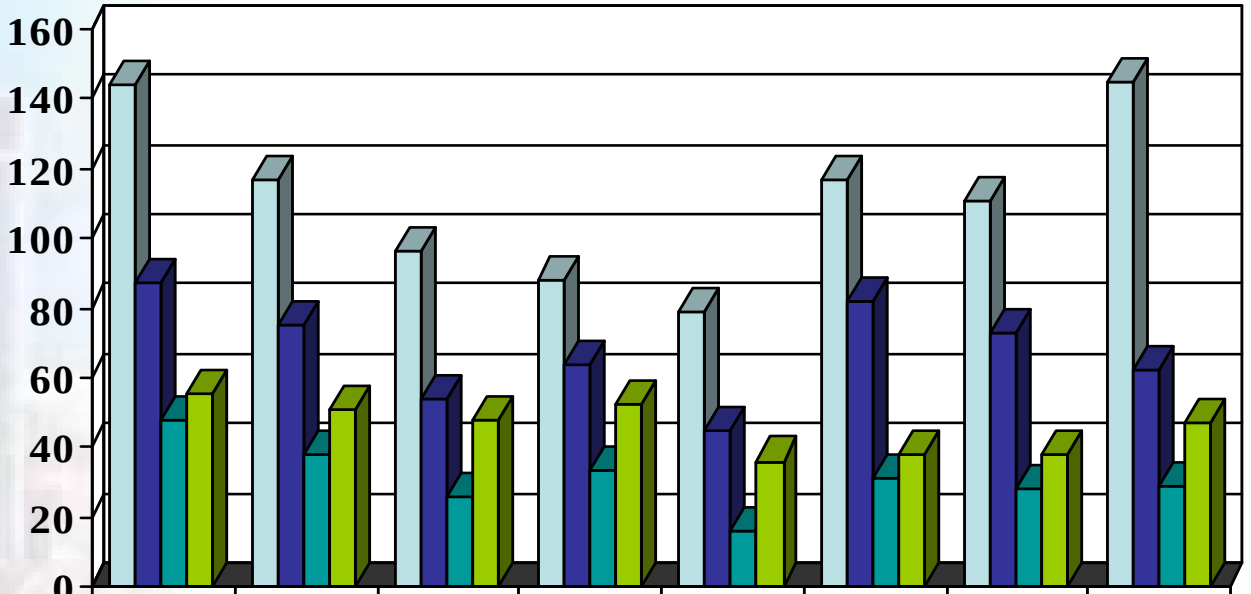
(2001 - 2008)



	2001	2002	2003	2004	2005	2006	2007	2008
Target		1,840	18,373	2,826	5,010	5,390	16,446	17789
Realization	6,594	1,896	2,877	2,606	4,273	2,374	4,835	15041

EXPLORATION WELL

(2001-2008)



	2001	2002	2003	2004	2005	2006	2007	2008
Target	144	117	96	88	79	117	111	145
Realization	87	75	54	64	45	82	73	62
Discovery	48	38	26	33	16	31	28	29
Success Ratio (%)	55	51	48	52	36	38	38	47

Target Realization Discovery Success Ratio (%)

OIL AND GAS COOPERATION CONTRACT

MAIN PRINCIPLES OF COOPERATION CONTRACT

a. **Natural resources ownership under the government up to the point of transfer;**

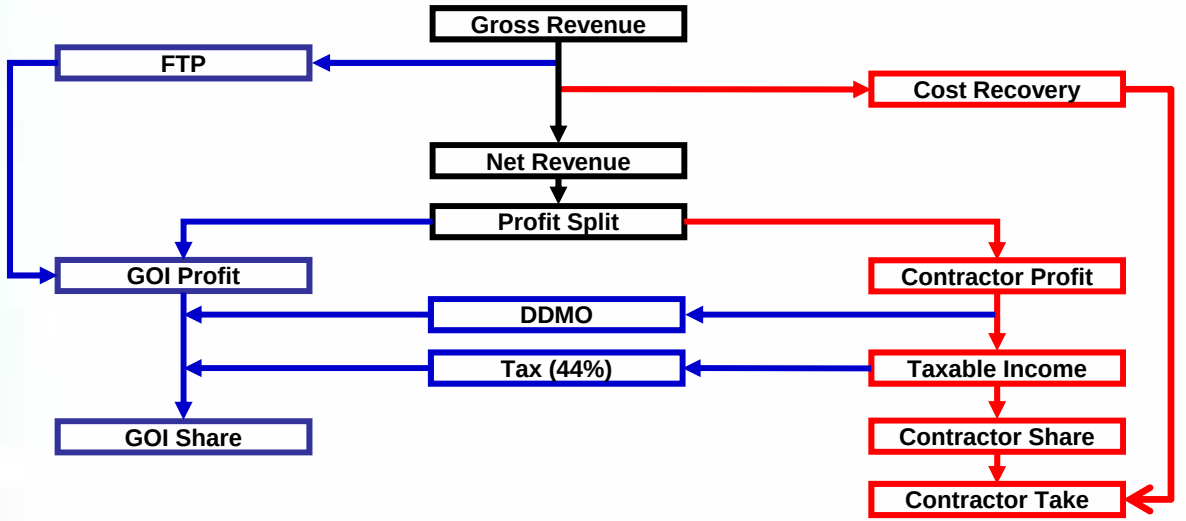
b. **The implementing Body controls the management operations;**

c. **All capital and risk shall be undertaken by Business Entity or Permanent Establishment**

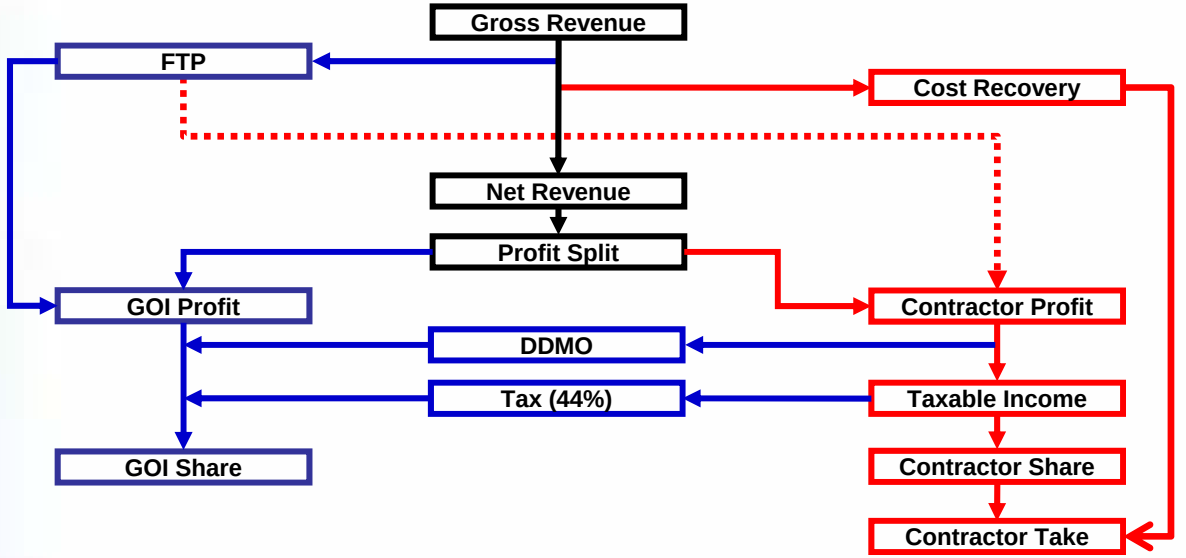
Articel 6, Oil and gas Law No. 22/2001

PRODUCTION SHARING CONTRACT MECHANISM

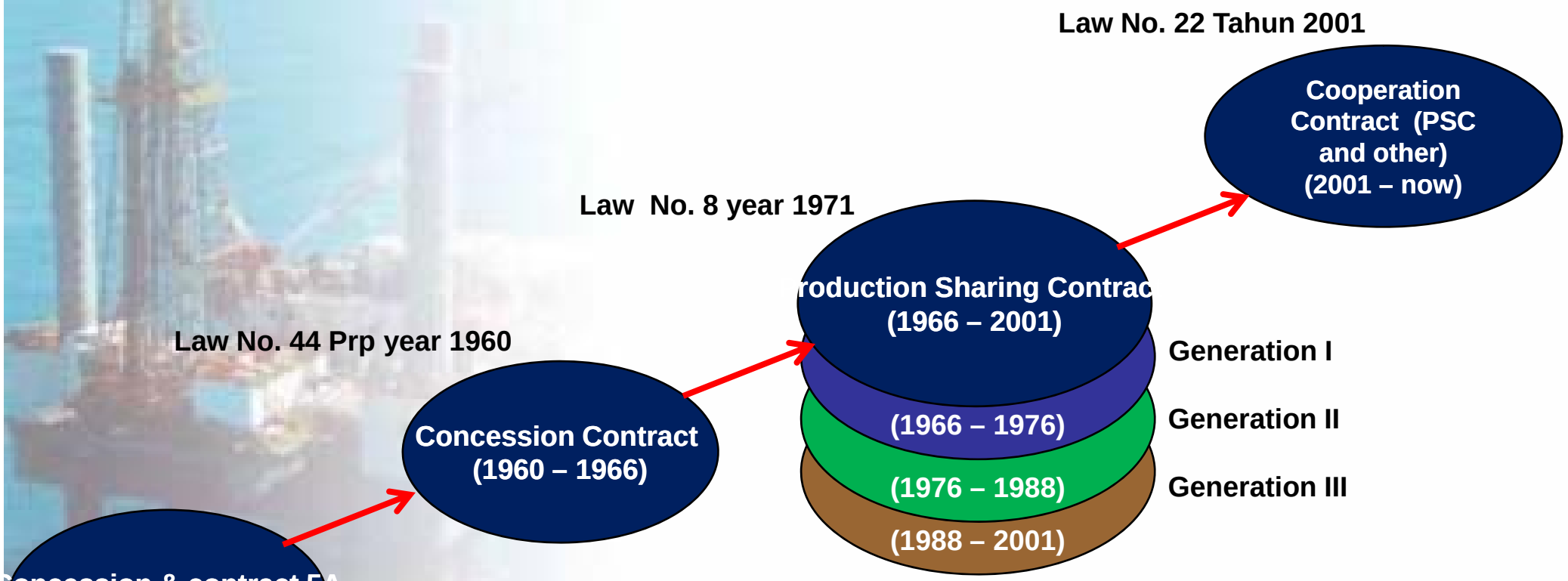
FTP Non-shareable



FTP Shareable



HISTORY OF OIL AND GAS CONTRACT



PSC GENERATION

GENERATION – 1 (1966 – 1976)	GENERATION – 2 (1976 – 1988)	GENERATION– 3 (1988 – 2001)
• Oil split = 65% (Government) : 35% (Contractor) • Cost Recovery (Capital and non-capital cost) = 40% (cap/year) • DMO fee = US$ 0.2 / barrel (without grace period)	• Oil split = 85% (Government) : 15% (conttractor) • Gas split = 70% (Government) : 30% (contractor) • Cost recovery (Depreciation of capital + non capital) = 100% (non cap) • *Declaration of commerciality* : 49% Government income • Investment Credit for oil and gas field development = 20% (from capital) • DMO fee for 5 first five year equal to export price (after 5 year = US$ 0.2 / barrel)	• Implementation of incentive package (1988, 1989, 1992, 1993) • Implementation of First Tranche Petroleum (FTP) • Cost recovery (Depreciation Capital l + non-capital) = 100% (non cap) • Declararation of Commerciality was abolished, change to Plan of Development (POD) • Implementation of Investment Credit • DMO fee first 5 year production equal to export price (After 5 year = 10 – 25% export price / barrel)

OIL AND GAS RESERVE AND PRODUCTION

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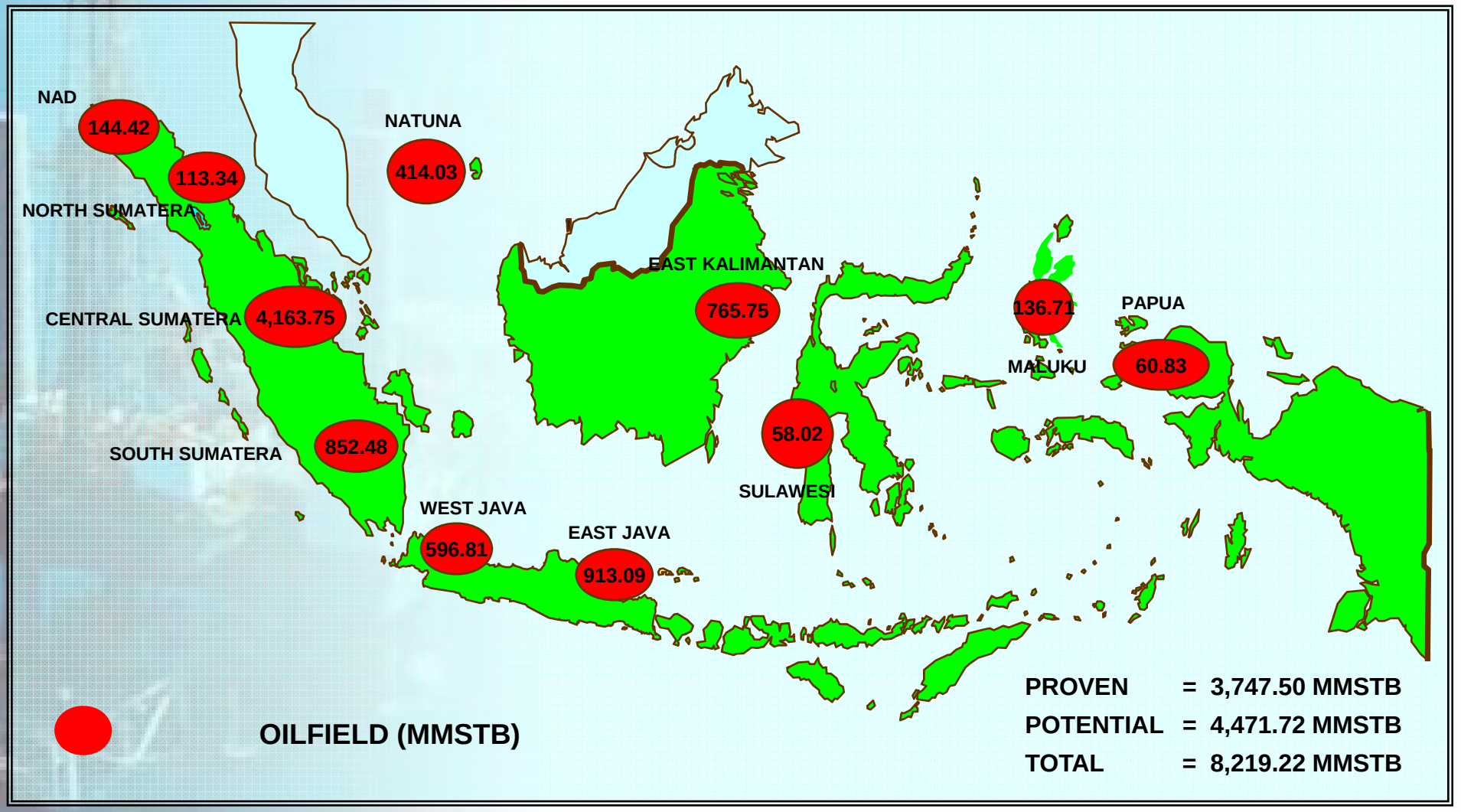
DISTRIBUTION OF OIL RESERVE IN INDONESIA

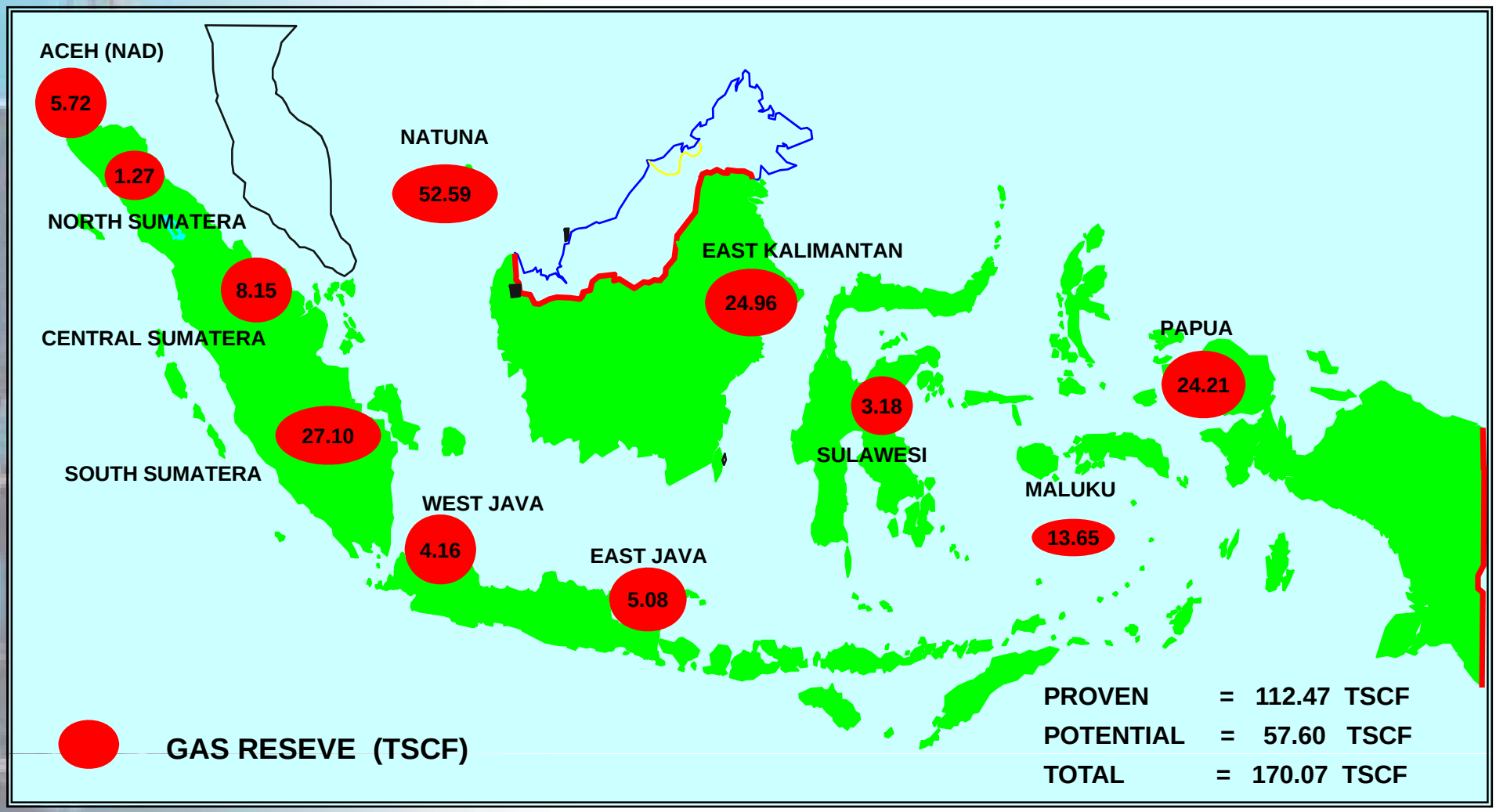
1 JANUARY 2008



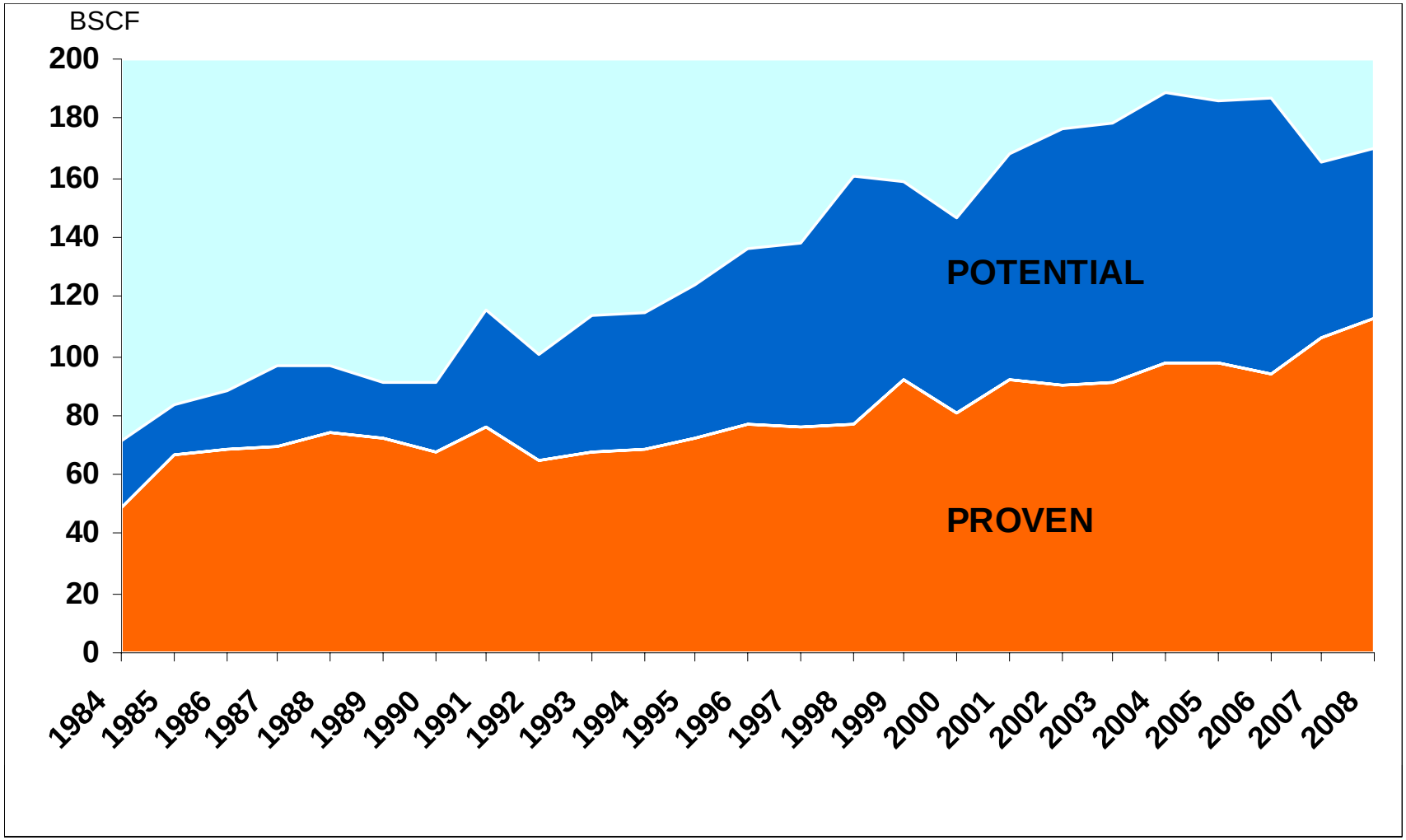
Ministry of Energy and Mineral Resources

DISTRIBUTION OF GAS RESERVE IN INDONESIA

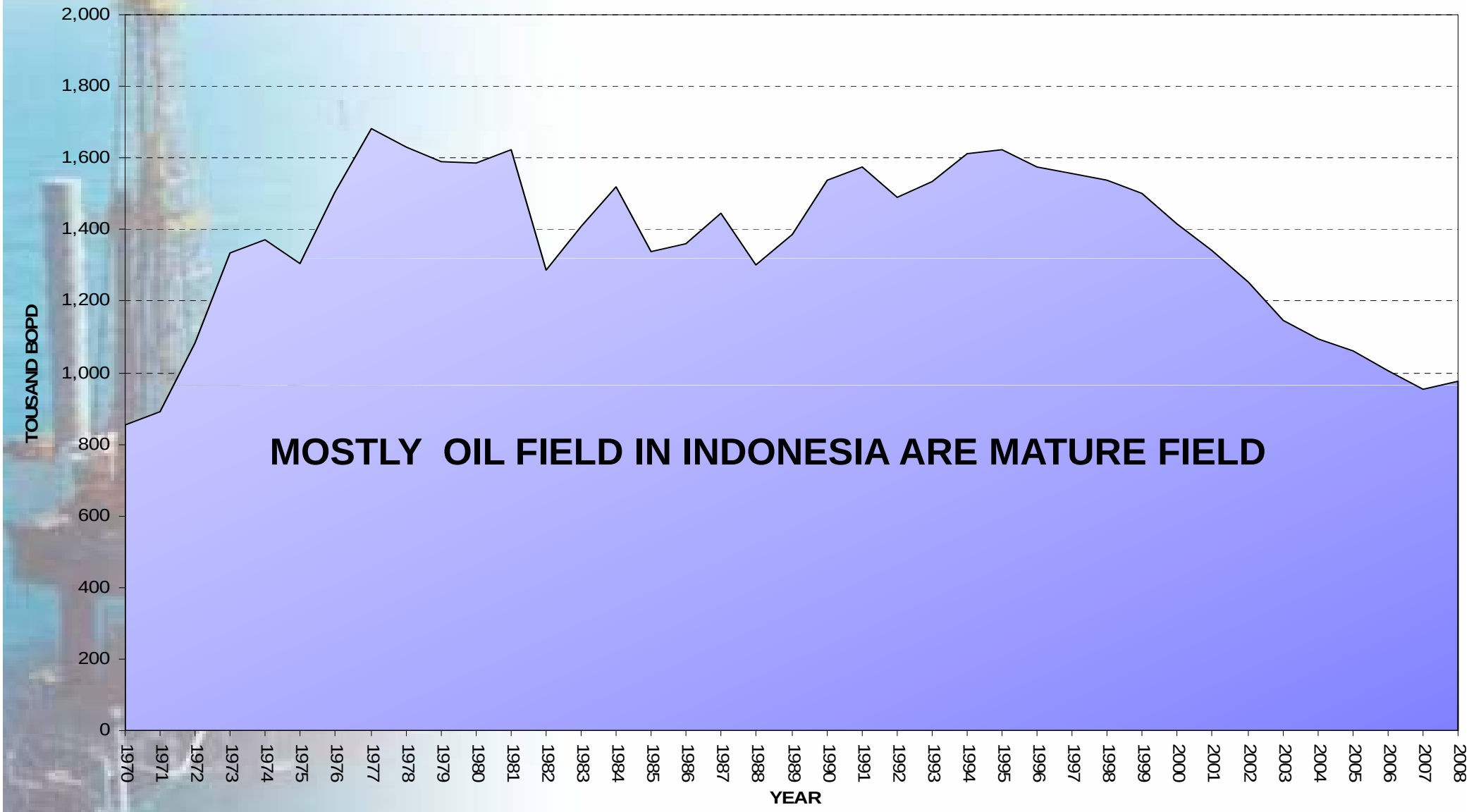
1 JANUARY 2008



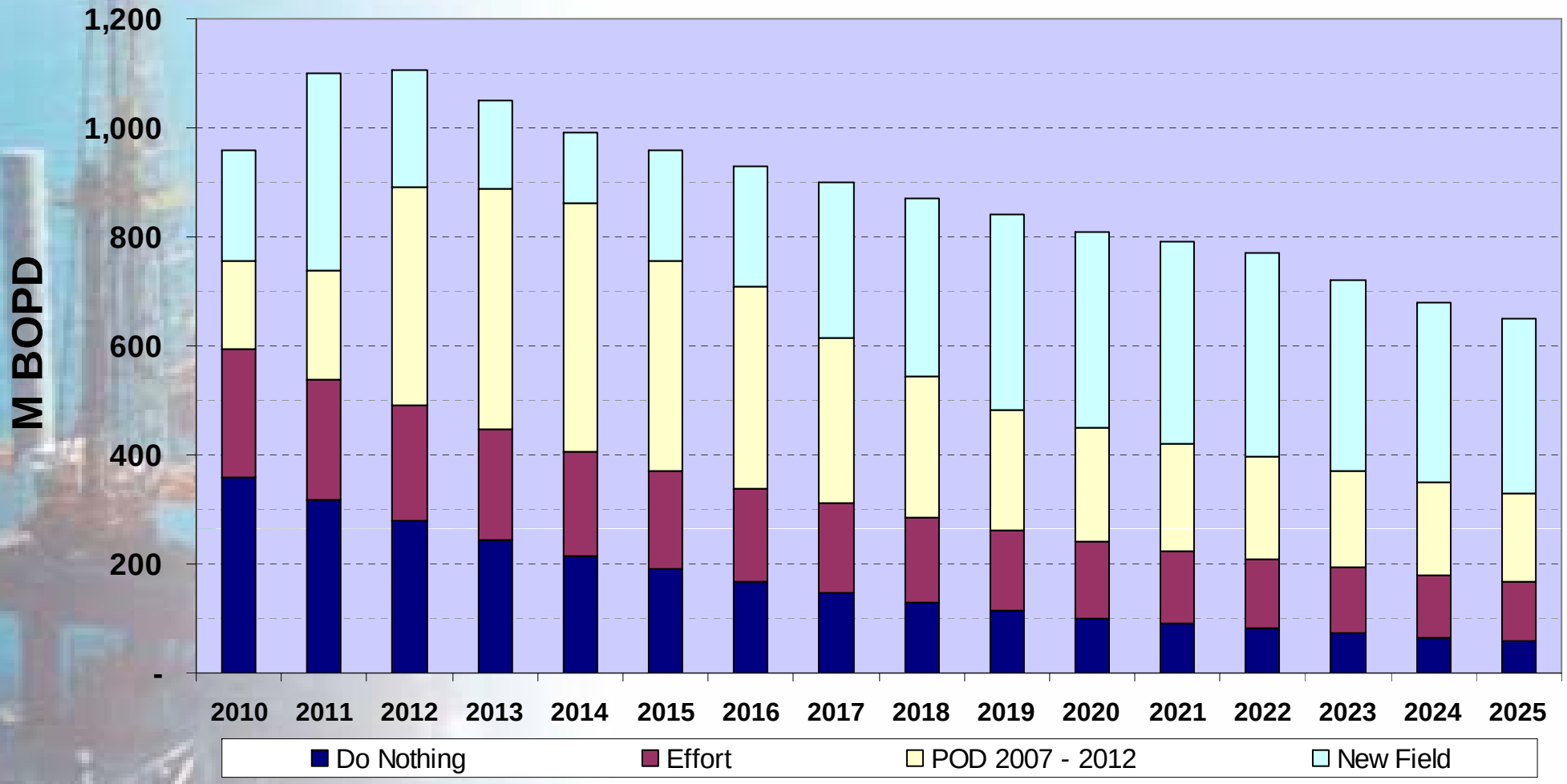
INDONESIA GAS RESERVE
(1984 - 2008)



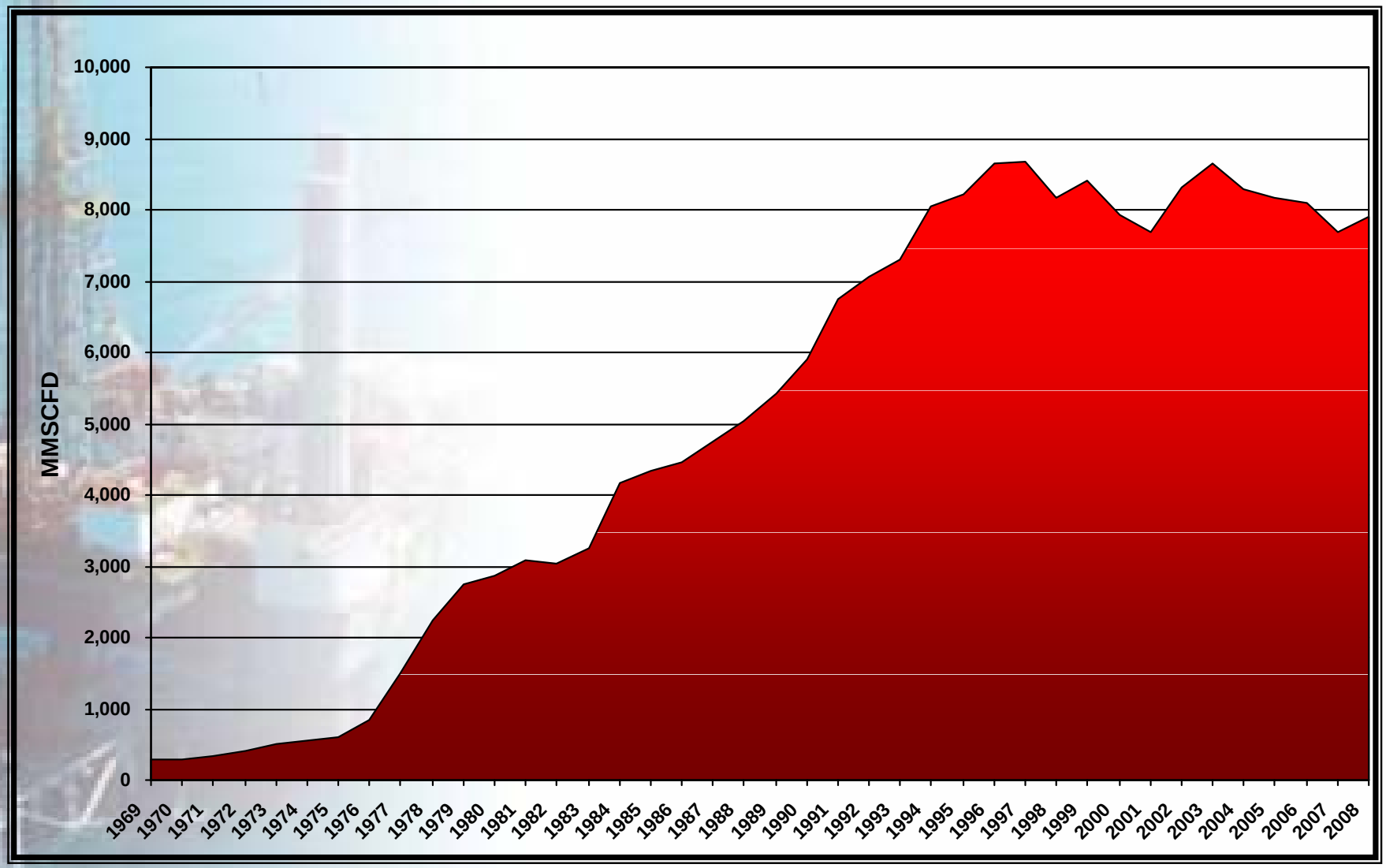
INDONESIA OIL PRODUCTION (1970 – 2008)



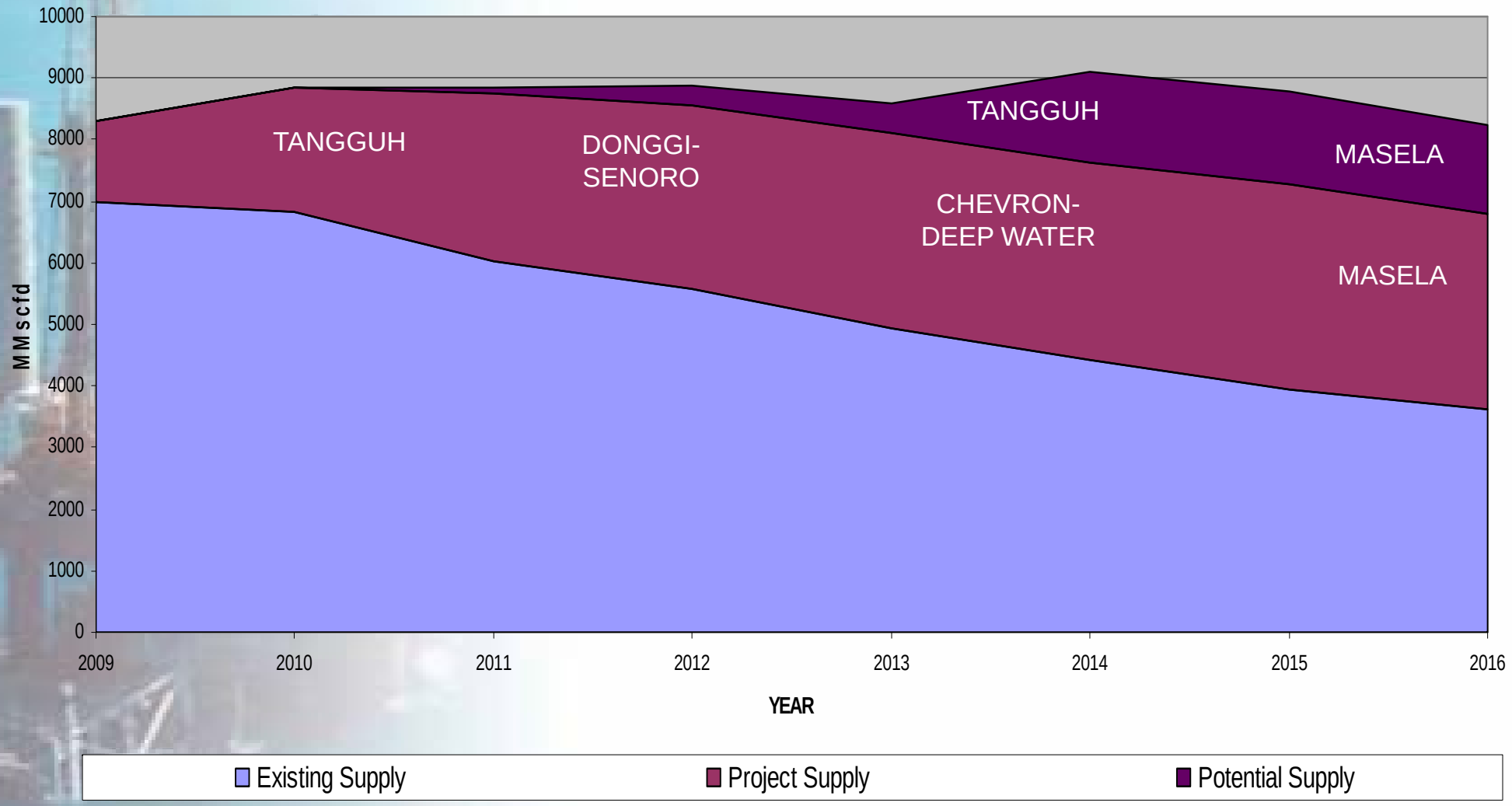
PREDICTION OF INDONESIA OIL PRODUCTION (2010 - 2025)



INDONESIA GAS PRODUCTION (1969 – 2008)

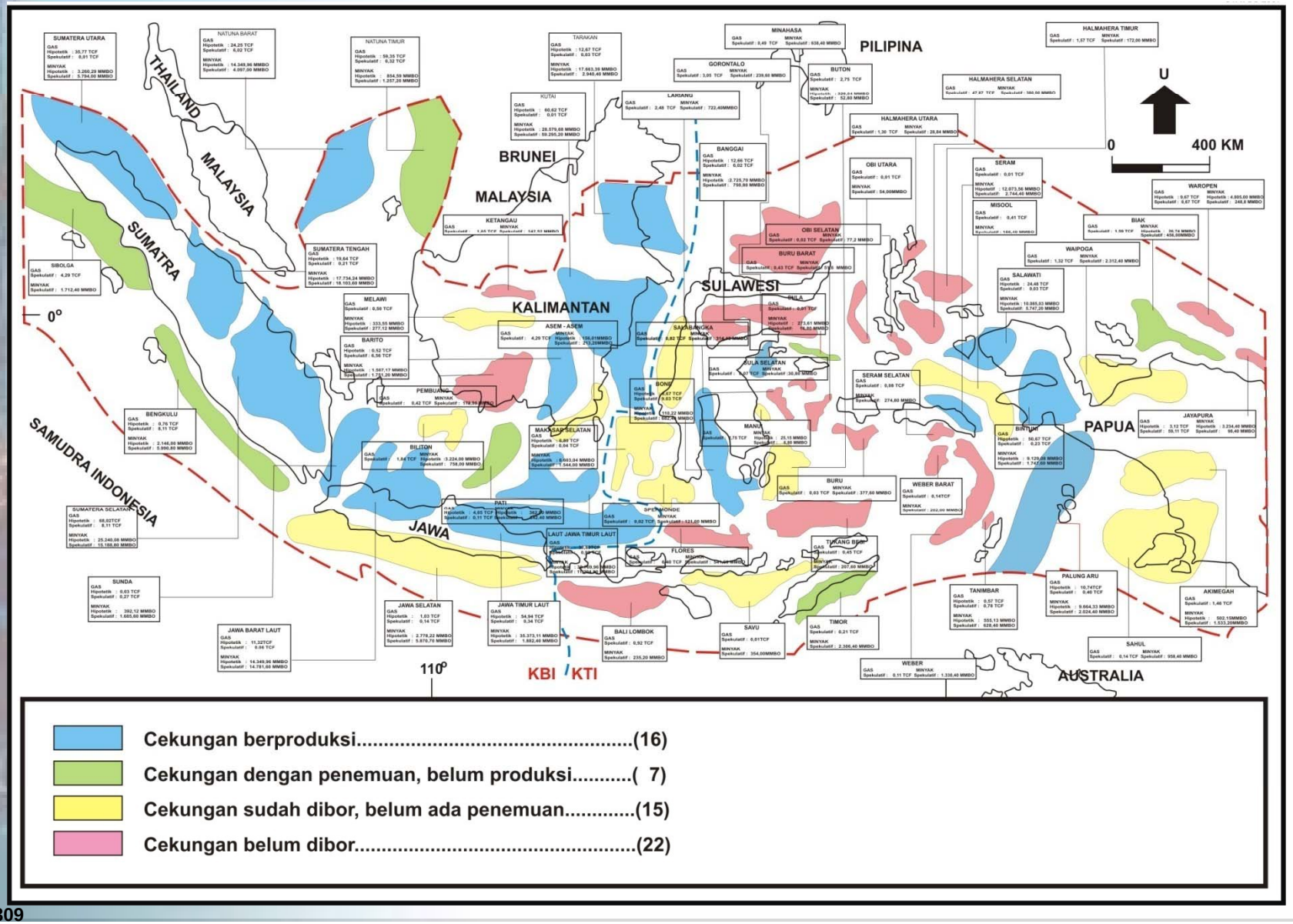


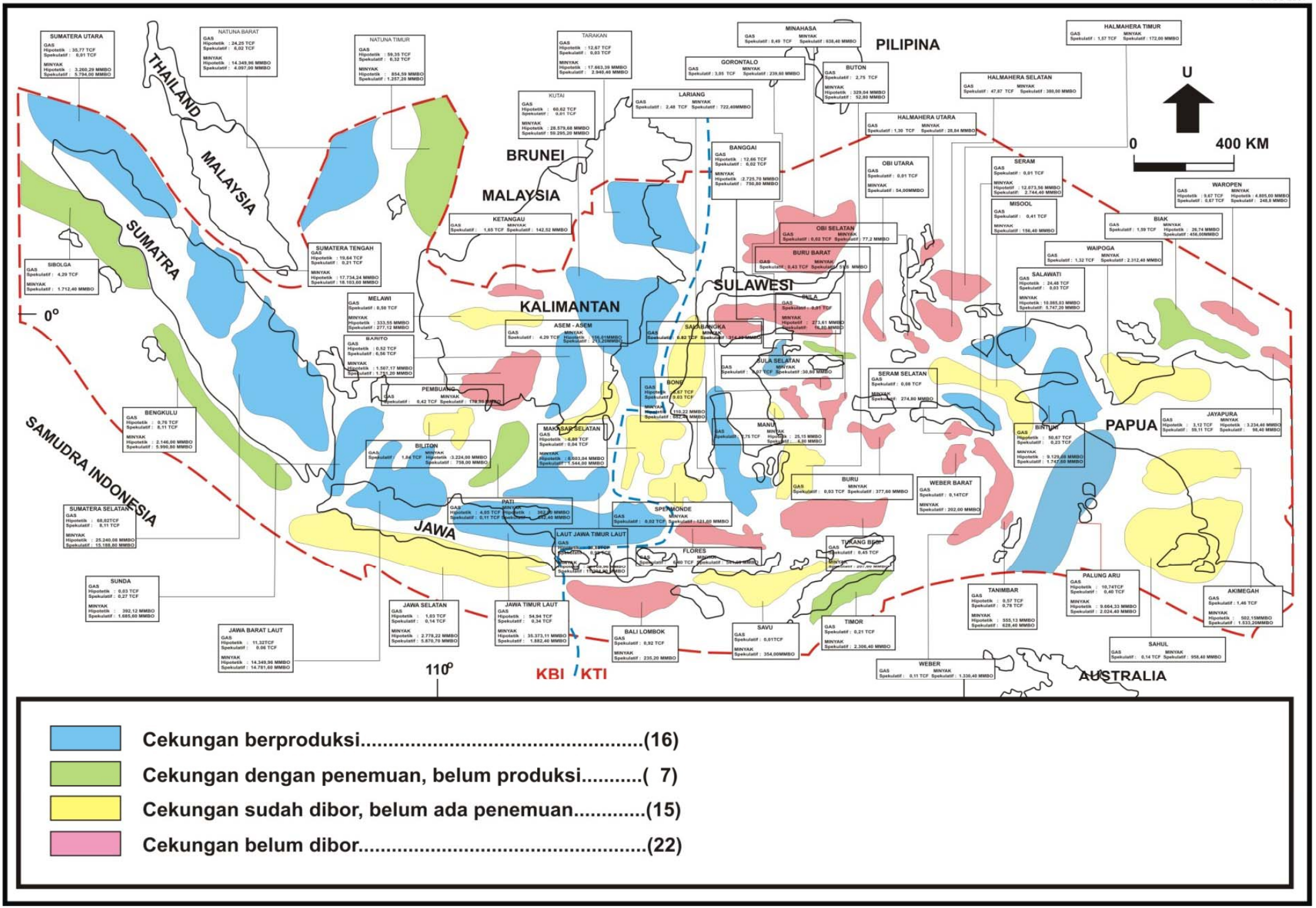
PREDICTION OF INDONESIA GAS SUPPLY
(2009 - 2016)



THANK YOU

TERTIARY SEDIMENTARY BASINS IN INDONESIA




SUMATERA UTARA
GAS
Hipotetik : 35,77 TCF
Spekulatif : 0,01 TCF
MINYAK
Hipotetik : 3.260,29 MMBO
Spekulatif : 5.794,00 MMBO
NATUNA BARAT
GAS
Hipotetik : 24,25 TCF
Spekulatif : 6,02 TCF
MINYAK
Hipotetik : 14.349,96 MMBO
Spekulatif : 4.097,00 MMBO
NATUNA TIMUR
GAS
Hipotetik : 59,35 TCF
Spekulatif : 6,32 TCF
MINYAK
Hipotetik : 854,59 MMBO
Spekulatif : 1.257,20 MMBO
TARAKAN
GAS
Hipotetik : 12,67 TCF
Spekulatif : 0,03 TCF
MINYAK
Hipotetik : 17.662,39 MMBO
Spekulatif : 2.940,40 MMBO
MINAHASA
GAS
Spekulatif : 0,49 TCF
MINYAK
Spekulatif : 638,40 MMBO
PILIPINA
HALMAHERA TIMUR
GAS
Spekulatif : 1,57 TCF
MINYAK
Spekulatif : 172,00 MMBO
GORONTALO
GAS
Spekulatif : 3,05 TCF
MINYAK
Spekulatif : 239,60 MMBO
BUTON
GAS
Spekulatif : 2,75 TCF
MINYAK
Hipotetik : 329,04 MMBO
Spekulatif : 52,80 MMBO
HALMAHERA SELATAN
GAS
Spekulatif : 47,87 TCF
MINYAK
Spekulatif : 380,00 MMBO
U
0
400 KM
KUTAI
GAS
Hipotetik : 60,62 TCF
Spekulatif : 0,01 TCF
MINYAK
Hipotetik : 28.579,68 MMBO
Spekulatif : 59.295,20 MMBO
LARIANG
GAS
Spekulatif : 2,48 TCF
MINYAK
Spekulatif : 722,40MMBO
HALMAHERA UTARA
GAS
Spekulatif : 1,30 TCF
MINYAK
Spekulatif : 28,84 MMBO
THAILAND
MALAYSIA
BRUNEI
MALAYSIA
BANGGAI
GAS
Hipotetik : 12,66 TCF
Spekulatif : 6,02 TCF
MINYAK
Hipotetik : 2.725,70 MMBO
Spekulatif : 750,80 MMBO
OBI UTARA
GAS
Spekulatif : 0,01 TCF
MINYAK
Spekulatif : 54,00MMBO
SERAM
GAS
Spekulatif : 0,01 TCF
MINYAK
Hipotetik : 12.673,56 MMBO
Spekulatif : 2.744,40 MMBO
WAROPEN
GAS
Hipotetik : 9,67 TCF
Spekulatif : 0,67 TCF
MINYAK
Hipotetik : 4.805,00 MMBO
Spekulatif : 248,8 MMBO
KETANGAU
GAS
Spekulatif : 1,65 TCF
MINYAK
Spekulatif : 142,52 MMBO
OBI SELATAN
GAS
Spekulatif : 0,02 TCF
MINYAK
Spekulatif : 77,2 MMBO
MISOOL
GAS
Spekulatif : 0,41 TCF
MINYAK
Spekulatif : 156,40 MMBO
BIAK
GAS
Spekulatif : 1,59 TCF
MINYAK
Hipotetik : 26,74 MMBO
Spekulatif : 456,00MMBO
SUMATERA TENGAH
GAS
Hipotetik : 19,64 TCF
Spekulatif : 0,21 TCF
MINYAK
Hipotetik : 17.734,24 MMBO
Spekulatif : 18.103,60 MMBO
BURU BARAT
GAS
Spekulatif : 0,43 TCF
MINYAK
Spekulatif : 516 MMBO
WAIPOGA
GAS
Spekulatif : 1,32 TCF
MINYAK
Spekulatif : 2.312,40 MMBO
SUMATRA
SIBOLGA
GAS
Spekulatif : 4,29 TCF
MINYAK
Spekulatif : 1.712,40 MMBO
SULAWESI
SALAWATI
GAS
Hipotetik : 24,48 TCF
Spekulatif : 0,03 TCF
MINYAK
Hipotetik : 10.085,93 MMBO
Spekulatif : 5.747,20 MMBO
0°
MELAWI
GAS
Spekulatif : 0,50 TCF
MINYAK
Hipotetik : 333,55 MMBO
Spekulatif : 277,12 MMBO
KALIMANTAN
PALA
GAS
Spekulant : 0,01 TCF
MINYAK
Hipotetik : 273,61 MMBO
Spekulatif : 16,80 MMBO
ASEM - ASEM
GAS
Spekulatif : 4,29 TCF
MINYAK
Hipotetik : 156,01MMBO
Spekulatif : 213,20MMBO
SAKABANGKA
GAS
Spekulatif : 6,82 TCF
MINYAK
Spekulatif : 314,40 MMBO
BARITO
GAS
Hipotetik : 0,52 TCF
Spekulatif : 6,56 TCF
MINYAK
Hipotetik : 1.567,17 MMBO
Spekulatif : 1.751,20 MMBO
SULA SELATAN
GAS
Spekulatif : 1,07 TCF
MINYAK
Spekulatif :30,80 MMBO
SERAM SELATAN
GAS
Spekulatif : 0,08 TCF
MINYAK
Spekulatif : 274,80 MMBO
PEMBUANG
GAS
MINYAK
Spekulatif : 0,42 TCF
Spekulatif : 178,80 MMBO
BONE
GAS
Hipotetik : 4,87 TCF
Spekulatif : 9,03 TCF
MINYAK
Hipotetik : 110,22 MMBO
Spekulatif : 882,24 MMBO
BENGKULU
GAS
Hipotetik : 0,76 TCF
Spekulatif : 8,11 TCF
MINYAK
Hipotetik : 2.146,00 MMBO
Spekulatif : 5.990,80 MMBO
MANUI
MINYAK
Hipotetik : 25,15 MMBO
Spekulatif : 4,90 MMBO
PAPUA
JAYAPURA
GAS
Hipotetik : 3,12 TCF
Spekulatif : 59,11 TCF
MINYAK
Hipotetik : 3.234,46 MMBO
Spekulatif : 98,40 MMBO
BINTUNI
GAS
Hipotetik : 50,67 TCF
Spekulatif : 0,23 TCF
MINYAK
Hipotetik : 9.129,08 MMBO
Spekulatif : 1.747,60 MMBO
MAKASAR SELATAN
GAS
Hipotetik : 6,80 TCF
Spekulatif : 0,04 TCF
MINYAK
Hipotetik : 6.003,94 MMBO
Spekulatif : 1.544,80 MMBO
BILITON
GAS
Spekulatif : 1,84 TCF
MINYAK
Hipotetik : 3.224,00 MMBO
Spekulatif : 758,00 MMBO
SAMUDRA INDONESIA
BURU
MINYAK
GAS
Spekulatif : 0,03 TCF
Spekulatif : 377,60 MMBO
WEBER BARAT
GAS
Spekulatif : 0,14TCF
MINYAK
Spekulatif : 202,00 MMBO
PATI
GAS
Hipotetik : 4,05 TCF
MINYAK
SUMATERA SELATAN
GAS
Hipotetik : 68,92TCF
Spekulatif : 8,11 TCF
MINYAK
Hipotetik : 25.240,08 MMBO
Spekulatif : 15.188,80 MMBO
SPERMONDE
GAS
Spekulatif : 0,02 TCF
Spekulatif : 121,60 MMBO
JAWA
LAUT JAWA TIMUR LAUT
GAS
TUKANG BESI
GAS
Spekulatif : 0,45 TCF
MINYAK
FLORES
GAS
MINYAK
SUNDA
GAS
Hipotetik : 0,03 TCF
Spekulatif : 0,27 TCF
MINYAK
Hipotetik : 392,12 MMBO
Spekulatif : 1.685,60 MMBO
TANIMBAR
GAS
Hipotetik : 0,57 TCF
Spekulatif : 0,78 TCF
MINYAK
Hipotetik : 555,13 MMBO
Spekulatif : 628,40 MMBO
PALUNG ARU
GAS
Hipotetik : 10,74TCF
Spekulatif : 0,40 TCF
MINYAK
Hipotetik : 9.664,33 MMBO
Spekulatif : 2.024,40 MMBO
AKIMEGAH
GAS
Spekulatif : 1,46 TCF
MINYAK
Hipotetik : 502,15MMBO
Spekulatif : 1.533,20MMBO
JAWA SELATAN
GAS
Hipotetik : 1,03 TCF
Spekulatif : 0,14 TCF
MINYAK
Hipotetik : 2.778,22 MMBO
Spekulatif : 5.879,70 MMBO
JAWA TIMUR LAUT
GAS
Hipotetik : 54,94 TCF
Spekulatif : 0,34 TCF
MINYAK
Hipotetik : 35.373,11 MMBO
Spekulatif : 1.882,40 MMBO
BALI LOMBOK
GAS
Spekulatif : 0,92 TCF
MINYAK
Spekulatif : 235,20 MMBO
SAVU
GAS
Spekulatif : 0,61TCF
MINYAK
Spekulatif : 354,00MMBO
TIMOR
GAS
Spekulatif : 0,21 TCF
MINYAK
Spekulatif : 2.306,40 MMBO
SAHUL
GAS
Spekulatif : 0,14 TCF
MINYAK
Spekulatif : 958,40 MMBO
JAWA BARAT LAUT
GAS
Hipotetik : 11,32TCF
Spekulatif : 0,06 TCF
MINYAK
Hipotetik : 14.349,96 MMBO
Spekulatif : 14.781,60 MMBO
WEBER
GAS
Spekulatif : 0,11 TCF
MINYAK
Spekulatif : 1.330,40 MMBO
110°
KBI
KTI
AUSTRALIA
Cekungan berproduksi.....(16)
Cekungan dengan penemuan, belum produksi.....(7)
Cekungan sudah dibor, belum ada penemuan.....(15)
Cekungan belum dibor.....(22)