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The Indonesian Minister of Energy and Mineral Resources (MoEMR) has delegated additional authorities to the Indonesian Investment Coordinating Board (Badan Koordinasi Penanaman Modal - BKPM) in issuing certain licenses for oil and gas activities.

On 14 June 2017, the MoEMR issued the MoEMR Regulation No. 40 of 2017 on Delegating Authority to Grant Licensing in the Oil and Gas Activities to the BKPM (MoEMR Regulation No.40) effective on 16 June 2017.

MoEMR Regulation No. 40 implements a part of the provisions in the Presidential Regulation No. 97 of 2014 on Implementation of Integrated-One-Door Services (Penyelenggaraan Pelayanan Terpadu Satu Pintu – PTSP Regulation) which aims to integrate the processes and issuances of all investment-related licences and non-licences under the auspices of the central and regional governments’ authorities into one centralised governmental institution (i.e. BKPM).

With respect to the MoEMR Regulation No. 40, the licensing authorities in the oil and gas sectors that have been delegated by the MoEMR to the BKPM will cover the following licenses:

1. survey license (Izin Survey);
2. oil and gas data utilization license (Izin Pemanfaatan Data Minyak dan Gas Bumi);
3. oil and gas processing activities license (Izin Usaha Pengolahan Minyak dan Gas Bumi);
4. oil and gas storage activities license (Izin Usaha Penyimpanan Minyak dan Gas Bumi);
5. oil and gas transportation activities license (Izin Usaha Pengangkutan Minyak dan Gas Bumi); and
6. oil and gas trading activities license (Izin Usaha Niaga Minyak dan Gas Bumi).

Additionally, the MoEMR Regulation has also stipulated the appointment of MoEMR’s representatives to BKPM to provide technical assistances necessary in assessing applications for such licenses and to give full support in implementing the integrated-one-stop service.

**Benefit**

The enactment of MoEMR Regulation No. 40 evidences MoEMR’s keen interest in creating an efficient and effective administration in the oil and gas sector. With the delegation of these authorities, potential investors will benefit from an integrated licensing application process as follows:

- certainty of the application period in the licensing process (i.e. PTSP Regulation has stipulated that any licensing process should be completed no more than seven working days from the acceptance of a completed and correct application)[1];
- ease of an electronic licensing process[2]. Potential investors may now create their access right to
electronic investment licensing and information service system (Sistem Pelayanan Informasi dan Perizinan Investasi Secara Elektronik – SPIPISE) established by the BKPM. Therefore, the investors can submit the application and upload any required documents through the SPIPISE, including carrying out the audit trail of the application.

**Conclusion**

MoEMR Regulation No. 40 is another concrete step taken by the Indonesian Government to move away from administrative bureaucracy towards streamlining licensing procedures across various sectors to facilitate and promote foreign investments.


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