AGENDA

• Supply Chain Investment
• Indonesia Deepwater Megaprojects
• Sample of Deepwater Services Investment
• Sample of Challenges & Government Support
• Simultaneous Investment Readiness
• Company Representation
• Q & A
Supply Chain Investment

Operators arrange the financing, licensing, and organisation of a project. They vary in size and in-house capability, and thus in how they use the supply chain.

This sector provides support and services directly to both operators and contractors. This can range from the specific (e.g. offshore catering and specialist training) to the generic (e.g. recruitment and IT support).

Operators (Tier 1)

All types of exploration, development and production companies: Integrated majors, large and small independents, energy utility companies, non-operating companies, exploration companies.

Reservoirs
- Reservoir engineering / management consultancies
- Seismic data acquisition & processing contractors

Wells
- Wells services contractors
- Drilling contractors
- Well engineering consultancies
- Cement contractors

Facilities
- Engineering, operation, maintenance and decommissioning contractors
- Engineering consultancies
- Structure and topsides design and fabrication

Marine and Subsea
- Marine / subsea contractors
- Heavy lift contractors
- Pipelay contractors
- Floating production storage units

Support & Services
- Catering / facility management
- Sea / air transport
- Warehouse / logistics
- Communications
- Recruitment
- Training
- Health, safety and environment services
- Medical services
- Banking / finance
- Legal
- Insurance
- Accountancy
- Energy consultancies

Source: Oil & Gas UK
• Presidential Instruction by law to maintain & accelerate gas production
• Efficiency & optimize production facilities i.e reactivate suspended wells PSC sharing facilities
• Accelerate new fields development & marginal fields
• Shifting activities from onshore to offshore
• Explore & develop from western to eastern Indonesia
• Acceleration of Deepwater activities
SAMPLE OF DEEPWATER SERVICES INVESTMENT

- Vessels support & installation i.e transportation barges & tug boats, drilling vessels, pipe & umbilical laying, heavy lifts
- Offshore Support Vessel/OSV (RoV Intervention & Interface)
- Subsea Manifolds, Pipeline Ends & In-Line Structures, Subsea Connections & Jumpers, Subsea Wellhead & Trees, URF
- Offshore Technical Inspection & Manpower Supply
- Subsea Structures & Equipment......and other technology providers as below
1. Worldwide Supply Scarcity
   - No deep water units available locally
   - Supplies availability > 2 years onwards
   - Major deep water upgrade is not feasible
   - Limited subsea deep water expertise

2. Changing Deepwater Market
   - Typical 30 days services availability
   - Only prioritize for long term contract (> 3 years)
   - Tight competition among contractors
   - Indonesia rigid procurement process

Real-Case Solution: Makassar Strait PSC Contracting Strategy

GOVERNMENT RECOGNITION
   - Risks & challenges acknowledgement
   - Working group establishment
   - Multiple PSCs contracting strategy

JOINT SOLUTION
   - Binding PSC rig sharing agreement
   - One rig tender package
   - One PSCs drilling schedule
   - Joint cooperation of PSCs & Regulatory Bodies
# SIMULTANEOUS INVESTMENT READINESS

## PSC PROJECT PROFILES
- Oil & Gas Book 2015
- PSC & OGSC* Visits
- Indonesia PSC Tender Websites
- SKKMigas Project Management & Megaproject Acceleration Units (IDD, Masela, Muara Bakau, etc)

## INVESTMENT REQUIREMENTS
- Company structure ownership
- Entity establishment
- Basic company permits
- Special business permits
- Operational permits
- Association membership
- Business plan

## TENDER PREQUALIFICATION
- Compliance to PTK 007 Rev. III
- Indonesia entity establishment
- Products/services deliverability
- 3% bid bond guarantee
- Company local bank account
- Local content commitment
- QHSE commitment
- Business consortia

## LOCAL CONTENT REQUIREMENTS
- Local content template calculation
- Local content audit by SKKMigas
- Flexibility to work with local partner(s)
- Local availability of products & services
- Local content certificate
- APDN** registry books

## TENDER & CONTRACTING
- Tender > Open, Direct Selection & Direct Appointment, Self-Management
- Lump sum or reimbursable
- PSC Contract Award recommendation
- SKKMigas Contract Award approval
- 5% Performance Bond guarantee
- Kick off meeting
- Evaluation & close out

## STAKEHOLDERS MANAGEMENT
- Production Sharing Contract (PSC)
- SKKMigas, MIGAS, ESDM
- Government Bodies
- Local community
- Main/Sub Contractors
- Company business partners

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* OGSC = Oil & Gas Service Companies
**APDN = Domestic Products Appreciation
COMPANY REPRESENTATION

DIRECT INVESTMENT (1)
- Foreign shareholders majority
- Max. foreign shareholding 51%
- Refer to investment negative list
- Prequalify as National Company
- Level III Local Content
- Foreign company management control & liabilities

AGENCY APPOINTMENT (2)
- Appointment of Indonesia partner by Power of Attorney
- Majority shareholding: Indonesian
- Waived from investment negative list
- Prequalify as Domestic Company
- Level II/I Local Content
- Shared management & liabilities

LOCAL BRANCH SETUP (3)
- New branch company setup
- Company management: Indonesian
- Majority shareholding: Indonesian
- Waived investment negative list
- Prequalify as Domestic Company
- Level I Local Content
- Cascaded management & liabilities

BRIDGING REFERENCES
- Business Licenses & Special Enterprise Permits
- Investment Negative List
- Company Establishment & Shareholding Composition
- Company Profiling i.e Populated Working Experiences
- Local Content (Product & Services > 35%)
- PSCs Vendor List Registration
- Procurement regulatory compliance (PTK 007 Revision III)
- Contracting Strategy & Tender Requirements
- Due Diligence of Local Partner(s)
- Business Development, Marketing & Operation
Thank You