

GUNTINGAN BERITA

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New agency takes over Pertamina's role

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The government officially launched on Monday the Implementing Body, the highest authority in the oil and gas upstream sector and installed director general of oil and gas Rachmat Sudibyo as its first chairman.

Rachmat was installed as chairman on Monday morning by Minister of Energy and Mineral Resources Purnomo Yusgiantoro.

Rachmat will retain his position as director general of oil and gas at the ministry until the government

appoints a replacement, according to Purnomo.

The Implementing Body, which is more commonly known by the acronym Balak, took over the decades-long monopoly held by state oil and gas company Pertamina over the country's upstream sector.

It will perform various functions previously carried out by Pertamina, including the signing of exploration and production contracts with production sharing contractors, supervising the upstream sector and regulating the sector.

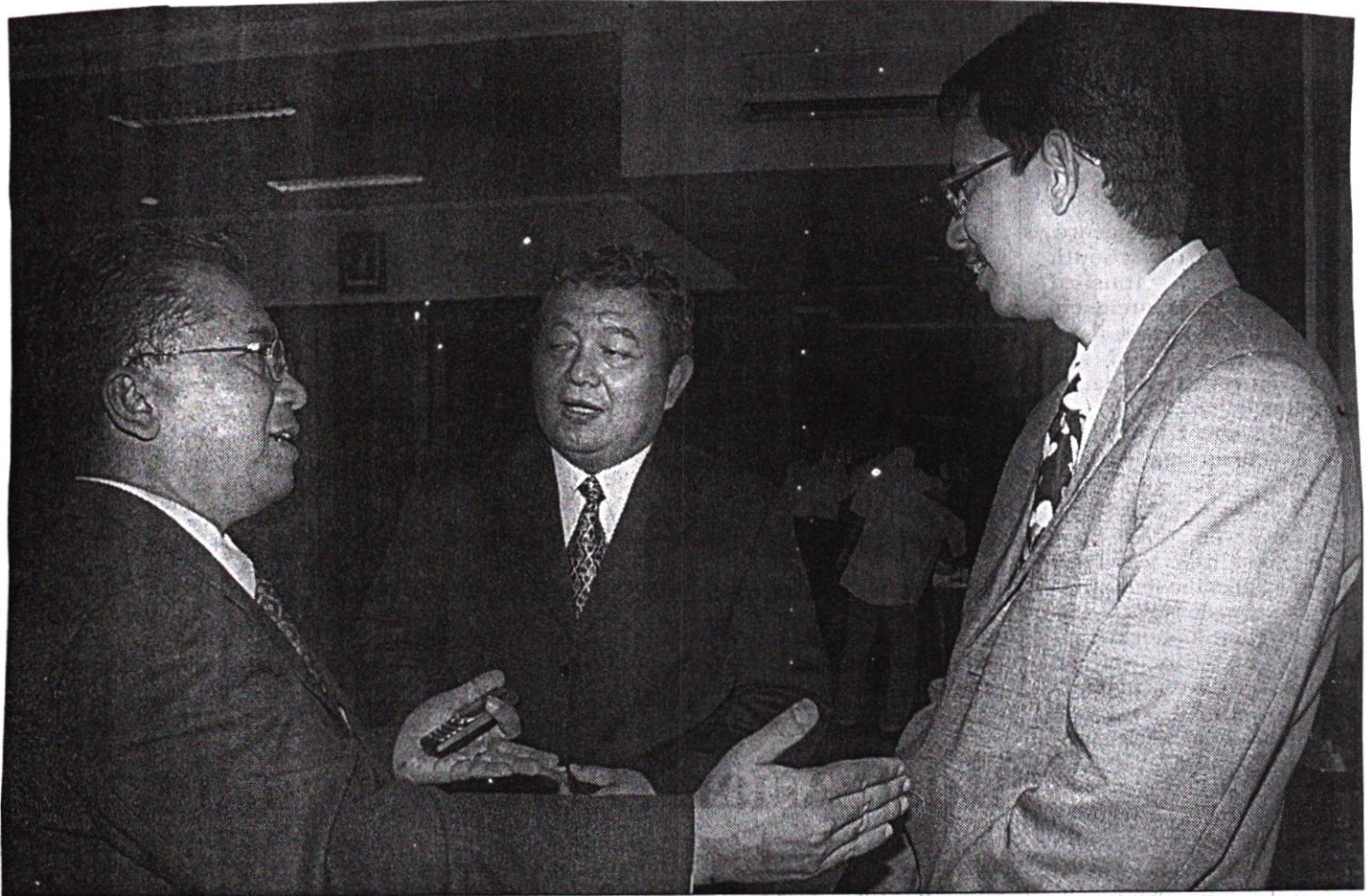
The establishment of Balak is stipulated in Law No. 22/2001 on oil and gas which aims to liberalize the country's oil and gas sector, strip Pertamina of its monopoly and turn it into a common company like other oil and gas contractors operating in the country.

Rachmat will take up his office at Patra Jasa building on Jl. Gatot Subroto, South Jakarta and lead 300 former

employees of Pertamina's special directorate for the supervision of production sharing contractors.

This directorate was dissolved following the establishment of Balak and all its workers were transferred to Balak, where, after one year, they will be asked to choose whether to continue working at the new agency or return to Pertamina.

Rachmat said the first task to be performed by Balak was to officially take over the Coastal Plains Pekanbaru (CPP) block in Riau from American oil and gas company PT Caltex Pacific Indonesia on Tuesday following the expiration of its contract.



JP/Mulkan Salmons

FIRST BALAK CHAIRMAN: Newly installed chairman of the Implementing Body in the oil and gas upstream sector Rachmat Sudibyo (center) engages in conversation with Wahyudin Mudiana (left), senior vice president of oil and gas firm Caltex, and company corporate relations manager Pramono Indroharto on the sidelines of a ceremony. The government officially launched the Implementing Body (Balak) on Monday.