



Volume 38 No 2, May 2023
DOI: 10.20473/ydk.v38i2.43924

Fakultas Hukum Universitas Airlangga, Jalan Dharmawangsa Dalam Selatan
Surabaya, 60286 Indonesia, +6231-5023151/5023252
Fax +6231-5020454, E-mail: yuridika@fh.unair.ac.id

Yuridika (ISSN: 0215-840X | e-ISSN: 2528-3103)
by <http://e-journal.unair.ac.id/index.php/YDK/index> under a Creative
Commons Attribution 4.0 International license.

FAKULTAS HUKUM UNIVERSITAS AIRLANGGA



Article history: Submitted 2 February 2023; Accepted 14 April 2023; Available Online 1 May 2023.

Old Well Management from Investment Law Perspective

Sang Ayu Putu Rahayu¹, Rahayu Fery Anitasari², Mia Pitaloka Krisna Putri³
and Anak Agung Ayu Diah Setyawati⁴

rahayufh@mail.unnes.ac.id

^{1 2 3 4} Universitas Negeri Semarang, Indonesia

Abstract

Upstream oil and gas business activities are exploration and exploitation activities carried out by cooperation contract contractors (KKKS) in a work area with a cooperation contract, which in this case uses the type of PSC. In a working space, a part of the field is not cultivated by KKKS, which is commonly called an Old Well. Factually Old Well management regulations still need amendments and updates to developments, especially in upstream oil and gas contracts, which have now been switched to gross split PSC. This study adopted a normative method, with data sources drawn from primary and secondary legal materials. Ultimately, it is appropriate and reasonable to amend the management of Old Wells, considering that upstream business activities continue to develop and undergo changes. Therefore, understanding the old well management scheme, in line with regulatory changes in upstream oil and gas business activities, is essential. Furthermore, until now, what is still used is the type of operating cooperation (KSO) for old well management, but basically, the appropriate cooperation contract model to be used in the direction of Old Wells that can meet the needs of all parties involved in the type of profit-sharing contract, while still meeting the minimum clause requirements that must be in the Old Well management contract following the operational procedure guidelines (PTK) for the management of Old Wells. In this regard, the government should consider using a gross split production-sharing contract (PSC) scheme to manage oil and gas wells in Old Wells.

Keywords: Old Well; Oil & Gas; KSO; PSC.

Introduction

Oil and gas (hereafter referred to as oil and gas) are natural resources that play a vital role in national development. The non-renewable nature of oil and gas causes their management to be carried out correctly. To manage oil and gas industry activities with ideals of prosperity and welfare for the people, the implementation is separated into management performance from the upstream and downstream

sectors with two different management systems. The goal is to optimally manage oil and gas.¹ The management of upstream oil and gas business activities uses a contract system to implement oil and gas exploration and exploitation activities.

By contrast, downstream oil and gas business activities are managed by business licenses. Using the contract system in upstream business activities creates peculiarities with its many risks and limitations, and the government is one of the contractors. This government involvement resulted in upstream business activity contracts in two legal domains, namely the private legal realm² and the public, so that PSC can be referred to as a government contract. In upstream business activities, parties who sign contracts with the government are called contractors and carry out warranties to maximize shareholder wealth.³ This means that both parties have the same reason and goal, namely, obtaining profits (profits), where the government needs other parties to carry out their upstream activities for the benefit of the state, while the other party carries out upstream activities to obtain profits for the welfare of their companies. This shows that the contract for upstream oil and gas business activities must not only focus on the interests of the government, but also the interests of contractors who bear all the risks of activities. Therefore, protecting both parties is essential for paying attention to and implementing the system.

The management of upstream oil and gas business activities uses a contract system to implement oil and gas exploration and exploitation activities. By contrast, downstream oil and gas business activities are managed by business licenses. The two oil and gas management schemes have different characteristics, so to not widen the analysis of this research later, the discussion will be limited to upstream oil and gas business activities only. A cooperation contract (PSC) is a type of contract used as a form of implementation of oil and gas natural resource management in upstream

¹ Badan Kebijakan Fiskal (BKF), *Aspek Fiskal Bisnis Hulu Migas* (PT Nagakusuma Media Kreatif 2017).[51].

² Tallon DH& D, *Anglo-French Comparisons* (Clarendon Press Oxford 1989).[15].

³ AR Pudyantoro, *Proyek Hulu Migas: Evaluasi Dan Analisis Petro Ekonomi* (Petromindo 2014).[4].

business activities that can be carried out with a production sharing contract (PSC) and other types of arrangements. The regulation on the use of PSC can be found in Article 1 Number 19 of Law Number 22 of 2001 concerning Oil and Gas, which states that the management of upstream business activities in Indonesia opens opportunities for contractors to choose PSC schemes other than PSCs. However, the fact that until now has been used is the type of PSC. It is unclear what other forms of PSC are intended, but the law provides conditions for what must be met in making PSCs in oil and gas mining. Based on the opinion of Simamora, the world's oil and gas mining business, paying attention to the contract structure and legal terms can be accomplished by choosing five primary forms: concession, PSC, risk service contract, service contract, and joint venture. However, not all oil and gas contracts can function adequately if implemented in Indonesia, considering that Indonesia had previously used a concession system.

PSCs are used because of their characteristics that impose risks on contractors, such as natural resource risks, contractual risks, technical risks, risks of political and regulatory changes, and the risk of macroeconomic and global fluctuations, thereby minimizing state losses to manage oil and gas for the greatest prosperity of the people. Therefore, to date, the type of PSC is the most appropriate for use in Indonesia. During their development, PSC have undergone several changes. The last generation of PSC changes has become a gross split production sharing contract (gross split PSC) since 2017, with the Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 08 of 2017 concerning⁴ gross split profit-sharing contracts, which must be found from the pre-contractual stage to the contractual location. This awful split profit-sharing contract has the exact nature of a cost recovery scheme profit-sharing contract, both of which are contracts in the commercial category that aim to make a profit. It can be understood that profit is the goal of all the economic activities carried out by various parties. In the Cooperation contract in the form of profit sharing, a pre-contractual is needed

⁴ M Fajri, 'Analisis Hukum Skema Kontrak Gross Split Terhadap Peningkatan Investasi Hulu Minyak Dan Gas Bumi' (2020) *Jurnal Hukum & Pembangunan*. [54-70].

with the auction method, which is a competitive process for business actors to obtain PSC for specific work areas (which are subsequently as WK) in the hope of securing commercial value from the WK, which will later be managed. In the PSC, there is a relationship between auction and competition, where the auction is a competition or competition to compete for two things: obligations and rights in a procurement system for goods/services.⁵

In upstream business activities, the perspective of implementing old well management does not use an auction system, but is submitted by KKKS contractors to obtain KKKS WK. However, its implementation is still included in the category of upstream business activities, so it is naturally affected by changes in the type of cooperative management with gross split production sharing contracts in upstream oil and gas business activities. Therefore, understanding the old well management scheme, in line with regulatory changes in upstream oil and gas business activities, is essential. The research method used to solve the problem is the normative method, which uses primary and secondary legal materials related to implementing upstream business activities, especially the management of old wells.

Management of Petroleum Mines by the People in Old Wells

Upstream oil and gas business activities are exploration and exploitation activities carried out by cooperation contract contractors (KKKS) in a work area with a cooperation contract, which in this case uses the type of PSC. In a working space, a part of the field is not cultivated by KKKS, which is commonly called an Old Well. The definition of Old Wells can be found in the provisions of Regulation of the Minister of Energy and Mineral Resources Number 1 of 2008, which states that Old Wells are petroleum wells drilled before 1970 and were once produced. The Old Well is in a working area bound by PSC but is no longer cultivated by KKKS. The executor of the management of this Old Well is BUMD or KUD (hereafter referred to as the Village Unit Cooperative). The management of Old Wells, which

⁵ Y Sogar Simamora, *Prinsip Hukum Kontrak Dalam Pengadaan Barang dan Jasa Oleh Pemerintah* (Fakultas Hukum Universitas Airlangga 2015).[170].

also uses contractual schemes, is essential to analyze the type of contract applied to upstream business activities in general, namely, PSC. Although it is at the level of an Old Well, its reactivation will benefit the surrounding community and state.⁶ Hence, its management must be carried out appropriately, without harming the parties. Factually Old Well management regulations still need amendments and updates to developments, especially in upstream oil and gas contracts, which have now been switched to gross split PSC.

Based on the provisions of Ministry of Energy and Mineral Resources Regulation Number 1 of 2008, the agreement to produce petroleum in Old Wells is a type of agreement made between KKKS and KUD or BUMD to produce oil. Article 7 of the Minister of Energy and Mineral Resources Number 1 of 2008 stipulates that the Petroleum Production Agreement contains at least the following main provisions:

- a. Number and location of Old Wells produced;
- Rewards for petroleum production services
- The term, extension, and termination of the agreement;
- d. Mechanical aids or technology used;
- e. Workforce
- f. Petroleum quality and specifications;
- g. Aspects of occupational safety and health and environmental management;
- h. Dispute resolution.

The cooperative agreement between KKKS and BUMD or KUD was carried out to produce oil in an old WK well managed by KKKS. The term in the petroleum production agreement is five years at most, and can be extended for up to five years. The contract model for the operation of Old Wells that can be used is cost and fee or service rewards, which can also be serious with the type of profit sharing. As for the Production Service Reward contract, the contractor will provide production service rewards (fees) to KUD or BUMD in exchange for activities to produce oil at an agreed price following the agreement's content. The KKKS will cooperate with BUMD by signing an Agreement to Produce Petroleum in Old Wells. In this

⁶ Kementerian Energi dan Sumber Daya Mineral : Direktorat Jenderal Minyak dan Gas Bumi, 'Tingkatkan Produksi Migas, Pemerintah Dorong Reaktivasi Old Well, Kementerian Energi Dan Sumber Daya Mineral' (*Direktorat Jenderal Minyak dan Gas Bumi*, 2022) <<https://migas.esdm.go.id/post/read/tingkatkan-produksi-migas-pemerintah-dorong-reaktivasi-idle-well>> accessed 2 February 2023.

type of cooperation contract scheme, BUMD will produce petroleum from old oil wells and subsequently hand over to KKKS at the point of delivery, following the quality and specifications set. Based on the provisions of Article 11, Paragraph 2 of the Minister of Energy and Mineral Resources Regulation Number 1 of 2008, there is a provision obliged to provide service compensation to KUD or BUMD for all petroleum products from the results of the implementation of petroleum production. The KKKS provides production service rewards based on the actual amount of petroleum submitted. Compensation for these services is a substitute for the operating costs of producing oil and operating Old Wells. The service reward is an agreement between the KKKS and BUMD, as stated in the Agreement to Produce Petroleum in Old Wells in KKKS WK. Finally, it can be concluded that in 2022, there is still a type of cooperation that has changed and is not affected by upstream oil and gas cooperation. This means that the type of contract used is an agreement to produce Old Wells without relying on the PSC gross split regulations. However, if the implementation is with a kind of cooperation contract in terms of profit-sharing agreements, then it should be able to adjust to the rules that have been in force without cost recovery, but with a gross split.

Gross Split Production Sharing Contract

The influence of the existence of the state as a contractor and the management of oil and gas that is used for the greatest prosperity of the people requires efforts so that the government finds a type of contract that will not harm the country but can attract investors by regulating it in such a way that the rules for implementing oil and gas management need to be changed. The contracting mechanism for implementing investment in Indonesia's oil and gas sector, especially in upstream business activities, has undergone several changes. The last is the change in the PSC scheme from cost recovery to the gross split PSC scheme. The gross split PSC is regulated in the Regulation of the Minister of Energy and Mineral Resources Number 8 of 2017, where the terms of use of this type of contract have fulfilled the elements regulated in Law Number 22 of 2001 concerning Oil and Gas, namely the

fulfillment of substantive requirements held in Article 6 of Law Number 22 of 2001 regarding Oil and Gas, that in the gross split, PSC adheres to the characteristics of the implementation of the contract scheme that natural resources remain state-owned until the point of submission. Capital and risk are the responsibilities of the PSC. The main characteristics of upstream oil and gas business activities show much interest in the implementation of PSC. However, the state must minimize risks to protect the interests of the nation and state. There are many risks of upstream business activities, such as the risk of non-renewable natural resources, the risk of failure to obtain commercial oil and gas reserves, technical risks, and the risk of macroeconomic and global fluctuations. Thus, the government must be careful in determining the management actions of oil and gas natural resources so as not to cause losses to the country, which results in misery. In the gross split profit-sharing contract, it is also eligible to be at least obliged to make introductory provisions, including a. state revenue; b. the area of work and its return; c. the obligation to discharge funds; d. transfer of ownership of production products for oil and gas; e. term and conditions of contract renewal f. dispute resolution; g. the obligation to supply petroleum and natural gas for domestic needs; h. expiration of the contract, i, postoperative mining obligations; j. occupational safety and health; k. environmental management; l. transfer of rights and obligations m. necessary reporting; n. field development balance; o. the priority of the utilization of domestic goods and services; p. the development of surrounding communities and the guarantee of the rights of indigenous peoples; and q. the priority of the use of Indonesian labor.

The above provisions must exist and be contained in the formation of PSC so that whatever type of contract is agreed upon between the government and the state must contain these provisions. Suppose the changes that have occurred in the kind of cooperation in upstream oil and gas business activities do not follow the requirements of the legislation, especially the 2001 Oil and Gas Law. In this case, validity can be accounted for. The essence of the existence of a contract is the same, namely the exchange of rights and obligations, as in PSC, where the business of rights and obligations can also be called an achievement. The philosophy is that the

business of rights and obligations cannot be carried out in a balanced manner given each party's different rights and obligations, so fulfilling rights and obligations in proportion is an option that better reflects the win-win solution. The type of contract in the private and public realms results in relevant statutory provisions, either directly or indirectly, that must be considered and implemented. The regulation of the application of gross split will significantly affect the implementation of upstream business activities, exploration, and exploitation; therefore, it is necessary to analyze the impact on Old Wells. Even if it must be followed, policy regulations for implementing good senior management must also be immediately adjusted to avoid harming any party. Hence, the analysis in this study is essential by focusing on the appropriate model for implementing the Old Well management contract. Previously, based on the provisions of the Ministry of Energy and Mineral Resources Regulation Number 1 of 2008, the agreement to produce petroleum in Old Wells was a type of agreement between KKKS and KUD or BUMD to produce oil. In the provisions of Article 7 of the Ministry of Energy and Mineral Resources Number 1 of 2008, it is stipulated that the Petroleum Production Agreement contains at least the main provisions, namely: a. the number and location of Old Wells produced; b. the reward for petroleum production services; c. term, extension, and termination of the agreement; d. mechanical aids or technology used; e. workforce; f. petroleum quality and specifications; g. aspects of occupational safety and health and environmental management; and h. dispute resolution.

The cooperative agreement between KKKS and BUMD or KUD was carried out to produce oil in an old WK well managed by KKKS. The term in the petroleum production agreement is five years at most, and can be extended for up to five years. The contract model of cooperation in the operation of Old Wells that can be used is cost and fee or service reward, and it can also be with a type of profit-sharing. As for the Production Service Reward contract, the contractor will provide production service rewards (fees) to KUD or BUMD in exchange for activities to produce oil at an agreed price by the agreement's content. The KKKS will cooperate with BUMD by signing an Agreement to Produce Petroleum in Old Wells. In this type

of cooperation contract scheme, BUMD will produce petroleum from old oil wells and subsequently hand over to KKKS at the point of delivery, following the quality and specifications set. Based on the provisions of Article 11, Paragraph 2 of the Minister of Energy and Mineral Resources Regulation Number 1 of 2008, there is a provision obliged to provide service compensation to KUD or BUMD for all petroleum products from the results of the implementation of petroleum production. The KKKS provides production service rewards based on the actual amount of petroleum submitted. Compensation for these services is a substitute for the operating costs of producing oil and operating Old Wells. The service reward is an agreement between the KKKS and BUMD, as stated in the Agreement to Produce Petroleum in Old Wells in KKKS WK. Old Wells have been produced, and they still contain petroleum, which, based on technical and economic considerations, the contractor no longer makes. KUD can carry out the operation of Old Wells, or BUMD can work and make petroleum after obtaining approval from the Ministry of Energy and Mineral Resources (hereafter referred to as the Minister of Energy and Mineral Resources). Petroleum management is based on contracts or agreements to produce petroleum using PSC. The compensation of services from KKKS to KUD or BUMD for all petroleum products, which is the result of the implementation of oil production, is part of'sKS the operating costs. The involvement of KUD or BUMD in creating petroleum in this reactivation process is expected to absorb local labor, or mining circle work can improve the standard of living of the community both in the education, health, and economic sectors of the community in the mining area, so that the workforce will feel that they have and manage natural resources in their place.⁷

Therefore, the operation of this Old Well is related to the condition that the contractor does not work on the WK, so that the KUD or BUMD can work and produce petroleum from the Old Well with the approval of the minister. Implementing business and petroleum production carried out by KUD or BUMD is

⁷ Kushariadia and Bambang Supadiyono, 'Pengusahaan Penambangan Minyak Bumi Pada Sumur Tua' (2021) 1 Prosiding SNTM.[29-37].

based on contractor agreements. Based on the Regulation of the Minister of Energy and Mineral Resources Number 01 of 2008, to work on Old Wells, one must apply to the contractor with a copy of the Minister, Director General, and BP Migas, which has now become SKK Migas by attaching administrative and technical documents. Applications made by BUMD or KUD are based on recommendations from the District or City Government, and then approved by the Provincial Government. Administrative documents that must be fulfilled include the establishment of KUD/ BUMD and its amendments that have received approval from the authorized agency; letter of registration of the company; TIN; certificate of domicile; recommendations from district/city governments and approved by local, provincial governments; and a written statement letter on the stamp regarding the ability to comply with the provisions of laws and regulations. In addition to administrative documents, there are technical documents that must be fulfilled, including a map of the location of the requested Old Well, the number of wells ordered, plans to produce petroleum (including proposed service rewards), occupational safety and health program plans and environmental management (including those responsible for implementation), and financial capabilities. The term of the agreement to produce petroleum in the direction of the old number is at most five years, and can be extended again for not more than five years.⁸ The petroleum production agreement must be considered in the Old Well management contract, which contains at least the number and location of the Old Wells to be produced. Reward for petroleum production. Terms, extension, and termination of the agreement. Mechanical aids and technologies used. Workforce. Petroleum quality and specifications. Petroleum surrender point. Aspects of occupational safety and health as well as environmental management. Dispute resolution. Regardless of the type of contract used, the minimum provisions in an Old Well management contract are as described above. Based on Ministry of Energy and Mineral Resources Regulation Number 01 of 2008, KUD or BUMD

⁸ Azhari, 'Pengaruh Pengusahaan Pertambangan Minyak Bumi Pada Sumur Tua Terhadap Penyerapan Tenaga Kerja Di Kabupaten Bojonegoro' (2016) Jurnal Elektronik Universitas Bojonegoro.[1-9].

works under the PSC Contractor by receiving a reward from the PSC Contractor. The contracts used were cost, fee, and profit-sharing. In the cost-and-fee contract, the contractor provides a fee to the KUD or BUMD in exchange for producing oil at the agreed price. This fee is the operating cost for the contractor. Profit-sharing costs.

Impact of Gross Split Production Sharing Contract on Old Well Management Implementation Scheme

Upstream oil and gas business activities were implemented using a contractual scheme, especially with cooperation contracts. The cooperation contract used in upstream business activities is a production-sharing contract. This type of contract underwent several changes until finally, the last generation used the gross split profit-sharing contract type. During their development, PSC have undergone several changes. The previous generation of PSC changes has been to become an awful split production sharing contract (gross split PSC) since 2017, with the enactment of the Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 08 of 2017 concerning gross split profit-sharing contracts. All upstream business activities should follow the new PSC gross split scheme. However, based on the research results at Pertamina EP Cepu, it is known that an awful split production sharing contract does not affect the old suitable management contract type.

The arrangement used is a common type of cooperation contract, which is an agreement to produce Old Wells following the provisions of Regulation of the Minister of Energy and Mineral Resources Number 1 of 2008. KUD and BUMD can cooperate with the KKKS.⁹ In this case, KKKS is a Pertamina EP Cepu in WK Cepu to produce oil and gas. KUD or BUMD can cooperate by going through the procedure of applying to the PSC with a copy to Minister CQ. Director General and SKK Migas attached administrative and technical documents. The intended application

⁹ Ananda Prima Yurista and Dian Agung Wicaksono, 'Politik Hukum Pertambangan Minyak Bumi Pada Sumur Tua Sebagai Strategi Menuju Ketahanan Energi Di Indonesia (Politics of Law in Oil Mining on Old Well as a Strategy to Energy Security in Indonesia)' (2015) 4 *Jurnal Rechts Vinding*. [311-325].

is based on recommendations from the District Government and is approved by the Provincial Government. If the application for petroleum exploitation in an Old Well has been approved, it must follow the approval by entering into a petroleum production agreement. Petroleum mining activities in Old Wells are conducted under a contract to produce petroleum. BUMD must submit all petroleum products from the results of implementing petroleum products to the PSC, and the quality and specifications are agreed upon in the agreement. KKKS gives BUMD a reward for all the results of the implementation of petroleum production.

To be able to carry out petroleum production in Old Wells, BUMD must meet the requirements of the technical documents for application to petroleum exploitation in Old Wells, namely occupational safety and health program plans and environmental management, including the proposal of the person in charge of implementation, the technology used to produce petroleum, and financial capabilities. It does not rule out the possibility of BUMD cooperating with partners. Therefore, in the end, it can be concluded that, although the same is true in upstream business activities, which should have a gross split profit-sharing contract, because the status is already in the WK of one of the PSCs, it still uses different procedures and types of arrangements, which until now is an agreement to produce Old Wells with a different concept from the gross split profit-sharing contract. An operating cooperation scheme (KSO) was used in this study.

A Suitable Cooperation Contract Model Will be used to Manage Old Wells to Meet All Parties' Needs

Upstream oil and gas business activities are exploration and exploitation activities carried out by cooperation contract contractors (KKKS) in a work area with a cooperation contract, which in this case uses the type of PSC. In a working space, a part of the field is not cultivated by KKKS, which is commonly called an Old Well. The definition of Old Wells can be found in the provisions of Regulation of the Minister of Energy and Mineral Resources Number 1 of 2008, which states that Old Wells are petroleum wells drilled before 1970 and were once produced.

The Old Well is in a working area bound by PSC but is no longer cultivated by KKKS. The executor of the management of this Old Well is BUMD or KUD (hereafter referred to as the Village Unit Cooperative). Producing petroleum in Old Wells involves taking, lifting, or raising petroleum from Old Wells to the point of surrender agreed upon by the parties. In good senior management, KUD or BUMD reactivates and produces Old Wells at its own expense using mechanical aids or technology approved by the KKKS.

Furthermore, the oil produced by this process was handed over to the PSC. KUD or BUMD will receive a service reward for the cost of producing oil and transportation up to the point of delivery agreed upon in the Old Well production agreement in the form of money and not in-kind or petroleum.¹⁰ Until now, only PT. Pertamina EP collaborated to operate Old Wells with KUD and BUMD. One of these is the PT Pertamina EP Cepu. The management of Old Wells has not been able to contribute significantly to oil production if it is not carried out using reliable technology. The management of Old Wells, which also uses contractual schemes, is essential to analyze the type of contract applied to upstream business activities in general, namely, PSC. Although it is at the level of an Old Well, its reactivation will benefit the surrounding community and state. Hence, its management must be carried out appropriately, without harming the parties. Factually Old Well management regulations still need amendments and updates to developments, especially in upstream oil and gas contracts, which have now been switched to gross split PSC. However, using more reliable technology, such as artificial lifts or stimulation, will be less economical for KUD or BUMD. However, BUMD can still cooperate with partners as third parties. The requirements for making a minimum Old Well agreement include provisions regarding the number and location of Old Wells to be produced. Merit rewards. The term of the Old Well agreement is at most five years and can be extended by five years, with an extension period of at least six

¹⁰ David Eka E, 'Pemerintah Ajak Koperasi Dan BUMD Kelola Sumur Tua Migas' (*Bisnis.com*, 2020) <<https://ekonomi.bisnis.com/read/20200519/44/1242409/pemerintah-ajak-koperasi-dan-bumd-kelola-sumur-tua-migas>> accessed 2 February 2023.

months before the time expires. This condition must also be met, because the PSC period has not yet ended.

Mechanical aids or technologies used, KUD/BUMD, should provide the workforce with the ability to carry out agreements and appoint the person in charge of the technical implementation of the operation of Old Wells, who must obtain approval for appointment from the directorate general of oil and gas. The quality and specifications of petroleum followed the agreement between BUMD/KUD and KKKS. The point of petroleum handover follows the agreement between BUMD/KUD and KKKS. Occupational Safety and Health Technical aspects of management and capital. Resolution of the problem through deliberation and consensus, if not achieved through the Indonesian National Arbitration Board. Rights and obligations of the parties. Regardless of the type of agreement used, the above minimum requirements must be met in an Old Well business agreement.

Conclusion

Until now, in 2023, the enactment of the gross split production sharing contract type had no impact on the scheme for implementing the management of Old Wells because the direction remained the same using the kind of agreement to produce Old Wells, which until now is the type of operating cooperation (KSO). However, any changes should be adjusted for the following reasons. The rules regarding the management of Old Wells in 2008 mentioned the minimum requirements only; therefore, other types of contracts can be used if they meet the minimum standards. However, it is appropriate and reasonable to amend the management of Old Wells, considering that upstream business activities continue to develop and undergo changes. Furthermore, until now, what is still used is the type of operating cooperation (KSO), but basically, the appropriate cooperation contract model to be used in the management of Old Wells that can meet the needs of all parties involved in the type of profit-sharing contract, while still meeting the minimum clause requirements that must be in the Old Well management contract following the operational procedure guidelines (PTK) for the management of Old Wells. In

this regard, the government should consider using a gross split production-sharing contract (PSC) scheme to manage oil and gas wells in Old Wells.

Bibliography

Azhari, 'Pengaruh Pengusahaan Pertambangan Minyak Bumi Pada Sumur Tua Terhadap Penyerapan Tenaga Kerja Di Kabupaten Bojonegoro' (2016) Jurnal Elektronik Universitas Bojonegoro.

Badan Kebijakan Fiskal (BKF), *Aspek Fiskal Bisnis Hulu Migas* (PT Nagakusuma Media Kreatif 2017).

E DE, 'Pemerintah Ajak Koperasi Dan BUMD Kelola Sumur Tua Migas' (*Bisnis.com*, 2020) <<https://ekonomi.bisnis.com/read/20200519/44/1242409/pemerintah-ajak-koperasi-dan-bumd-kelola-sumur-tua-migas>> accessed 2 February 2023.

Fajri M, 'Analisis Hukum Skema Kontrak Gross Split Terhadap Peningkatan Investasi Hulu Minyak Dan Gas Bumi' (2020) Jurnal Hukum & Pembangunan.

Kementerian Energi dan Sumber Daya Mineral : Direktorat Jenderal Minyak dan Gas Bumi, 'Tingkatkan Produksi Migas, Pemerintah Dorong Reaktivasi Old Well, Kementerian Energi Dan Sumber Daya Mineral' (*Direktorat Jenderal Minyak dan Gas Bumi*, 2022) <<https://migas.esdm.go.id/post/read/tingkatkan-produksi-migas-pemerintah-dorong-reaktivasi-idle-well>> accessed 2 February 2023.

Kushariadi, 'Pengusahaan Penambangan Minyak Bumi Pada Sumur Tua' (2021) 1 Prosiding SNTM.

Pudyantoro A, *Proyek Hulu Migas: Evaluasi dan Analisis Petro Ekonomi* (Petromindo 2014).

Simamora YS, *Prinsip Hukum Kontrak Dalam Pengadaan Barang dan Jasa Oleh Pemerintah* (Fakultas Hukum Universitas Airlangga 2015).

Tallon DH& D, *Anglo-French Comparisons* (Clarendon Press Oxford 1989).

Yurista AP, 'Politik Hukum Pertambangan Minyak Bumi Pada Sumur Tua Sebagai Strategi Menuju Ketahanan Energi Di Indonesia (Politics of Law in Oil Mining on Old Well as a Strategy to Energy Security in Indonesia)' (2015) 4 Jurnal Rechts Vinding.

--This page is intentionally left blank--