



# GOVERNMENT REGULATIONS

## MINERAL AND COAL MINING

(Law No.4/2009 dated January 12, 2009)

BY THE GRACE OF GOD ALMIGHTY  
THE PRESIDENT OF REPUBLIC OF INDONESIA

Considering :

- a. that mineral and coal in the mining jurisdiction of Indonesia which constitute non-renewable natural resources are endowed by God Almighty and play an important role in fulfilling the needs of people at large and therefore, the management of mineral and coal must be controlled by the government to give real added value to the national economy in pursuit of people's welfare and prosperity in a just manner;
- b. that mineral and coal mining businesses which constitute mining businesses outside geothermal, oil and gas as well as ground water play an important role in giving real added value to the national economic growth and sustainable regional development;
- c. that in consideration of national and international developments Law No. 11/1967 on the Principles of Mining is no longer relevant and therefore, amendment to the law and regulation on mineral and coal mining capable of creating businesses to manage and exploit mineral and coal potentials in a self-reliant, reliable, transparent, effective, efficient and environment-oriented way is needed to ensure sustainable national development;
- d. that based on the considerations as referred to in letters a, b and c, it is necessary to enact Law on Mineral and Coal Mining;

In view of :

Article 5 paragraph (1), Article 20 and Article 33 paragraph (2) and paragraph (3) of the 1945 Constitution of the Republic of Indonesia (*BN No. 7152 pages 14A-23A*);

By the joint approval of  
THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF  
INDONESIA  
and  
THE PRESIDENT OF REPUBLIC OF INDONESIA,

DECIDES :

To stipulate:

LAW ON MINERAL AND COAL MINING.

### CHAPTER I GENERAL PROVISIONS

Article 1

Referred to in this Law as :

1. Mining is part or whole phases of activities carried out within the frame of mineral and coal research, management and exploitation covering general inspection, exploration, feasibility study, construction, mining, processing and purification, transportation and sales, as well as post-mining activities.
2. Mineral is a naturally-formed inorganic compound which has certain physical and chemical characteristics as well as regular or mixed crystal structure which forms rock, either in separate or integrated form.
3. Coal is a naturally-formed carbon organic compound sediment from residue of plants.

4. Mineral mining is the mining of mineral groups in the form of ore or rock outside geothermal, oil and gas as well as ground water.
5. Coal mining is the mining of carbon sediment found inside the earth, including solid bitumen, peat and asphalt rock.
6. *Mining business is a mineral or coal exploitation business covering phases of activities in general inspection, exploration, feasibility study, construction, mining, processing and purification, transportation and sales as well as post-mining.*
7. Mining business permit, hereinafter referred to as IUP, is a permit to carry on a mining business.
8. IUP for exploration is a business permit issued to carry out phases of activities in general inspection, exploration and feasibility study.
9. IUP for operational production is a business permit issued after the completion of IUP for exploration to carry out phases of operational production.
10. *Smallholder mining permit, hereinafter referred to as IPR, is a permit to carry on a mining business in the smallholder mining area with limited area and investment.*
11. Special mining business permit, hereinafter referred to as IUPK, is a business permit to carry on a mining business in the special mining business area.
12. IUPK for exploration is a business permit issued to carry out phases of activities in general inspection, exploration and feasibility study in the special mining business area.
13. IUPK for operational production is a business permit issued after the completion of IUPK for exploration to carry out phases of operational production in the special mining business area.
14. General inspection is a phase of mining activities to know the regional geological condition and indication of mineralization.
15. Exploration is a phase of mining activities to get detailed and accurate information on the location, form, dimension, spread, quality and measurable resources of mineral as well as information on the social condition and the environment.
16. Feasibility study is a phase of mining business activities to get detailed information on all related aspects to determine the economic and technical feasibility of a mining business, including environmental impact analysis as well as post-mining planning.
17. Operational production is phases of mining business activities covering construction, mining, processing, purification, including transportation and sales, as well as environmental impact controlling facilities based on the results of a feasibility study.
18. Construction is a mining business activity to construct all production operation facilities, including environmental impact controlling facilities.
19. Mining is part of a mining business activity to produce minerals and/or coal and by-product minerals.
20. Processing and purification is a mining business activity to increase the quality of minerals and/or coal as well as to benefit from and get by-product minerals.
21. Transportation is a mining business activity to remove minerals and/or coal from a mining area and/or processing and purification place to a place of delivery.
22. Sales is a mining business activity to sell the results of mineral and coal mining.
23. Corporate body is any legal entity which is engaged in the mining field, established under the Indonesian law and domiciled in the territory of the Unitary Republic of Indonesia.
24. Mining service is supporting service related to a mining business activity.
25. Environmental impact analysis, hereinafter referred to as Amdal, is a study conducted on the large and significant impact of a planned business and/or activity on the environment, needed for the process of making a decision on the execution of business and/or activity.

26. Reclamation is an activity carried out during the whole phases of mining business to arrange, restore and improve the quality of the environment and ecosystem to enable them to function again according to their appropriation.
27. Post-mining activity, hereinafter referred to as post-mining, is a planned, systematic, and continued activity carried out after the completion of part or whole of mining business activity to restore environmental and social functions according to the local conditions in the entire mining area.
28. Empowerment of the community is an effort to improve the capacity of the community, either individually or collectively, to improve their living standards.
29. Mining area, hereinafter referred to as WP, is an area which has mineral and/or coal potentials, is not bound to the definition of government administration and is part of the national spatial layout.
30. Mining business area, hereinafter referred to as WUP, is part of WP which has data, potentials and/or geological information.
31. Mining business permit area, hereinafter referred to as WIUP, is an area granted to an IUP holder.
32. Smallholder mining area, hereinafter referred to as WPR, is part of WP where a smallholder mining business activity is carried out.
33. State reserve area, hereinafter referred to as WPN, is part of WP reserved in the interest of national strategy.
34. Special mining business area, hereinafter referred to as WUPK, is part of WPN which can be exploited.
35. Special mining business permit area in WUPK, hereinafter referred to as WIUPK, is an area granted to an IUPK holder.
36. Central government, hereinafter referred to as the Government, is the President of the Republic of Indonesia

who holds the power of the Government of the Republic of Indonesia as meant in the 1945 Constitution of the Republic of Indonesia.

37. Regional government is a governor, regent or mayor and regional apparatuses as an element of the organization of regional government.
38. Minister is the minister who carries out state affairs in the field of mineral and coal mining.

## CHAPTER II

### PRINCIPLES AND OBJECTIVES

#### Article 2

Mineral and/or coal mining shall be managed under the principles as follows:

- a. benefit, justice, and balance;
- b. siding with national interests;
- c. participative, transparent, and accountable;
- d. sustainable and environment-oriented.

#### Article 3

In support of sustainable national development, the management of mineral and coal shall be aimed at :

- a. ensuring the realization and control of mining business activities in an effective, efficient and competitive way;
- b. ensuring the benefit of mineral and coal mining in a sustainable and environment-oriented way;
- c. ensuring the availability of mineral and coal as raw materials and/or energy sources to meet the domestic needs;
- d. supporting and developing national capacity to enable the nation to compete with other countries at national, regional and international levels;
- e. improving the income of the local community, the region and the country and creating job opportunities for the greatest benefit of the people's welfare; and
- f. ensuring legal certainty about mineral and coal mining business activities.

## CHAPTER III

## THE CONTROL OF MINERAL AND COAL

## Article 4

- (1) Mineral and coal as non-renewable natural resources constitute national wealth controlled by the state for the greatest benefit of the people's welfare.
- (2) The control of mineral and coal by the state as referred to in paragraph (1) shall be realized by the Government and/or regional governments.

## Article 5

- (1) In the national interests, the Government, after consulting the House of Representatives of the Republic of Indonesia, can set a mineral and/or coal policy which gives a priority to the domestic interests.
  - (2) The national interests as referred to in paragraph (1) can be realized through the control of production and exports.
  - (3) In conducting the control as referred to in paragraph (2), the Government has the authority to set the annual production of each commodity for each province.
  - (4) Regional governments shall comply with the Government-set production as referred to in paragraph (3).
  - (5) Further provisions on the mineral and/or coal policy which gives a priority to the domestic interests as referred to in paragraph (1) and the control of production and exports as referred to in paragraph (2) and paragraph (3) are to be provided for in a government regulation.
- b. enacting law and regulation;
  - c. setting national standards, guides and criteria;
  - d. setting a system of licensing national mineral and coal mining;
  - e. setting WP after coordinating with regional governments and consulting the House of Representatives of the Republic of Indonesia;
  - f. issuing IUP; nurturing, settling public conflicts and controlling mining businesses located in more than 1 (one) provinces and/or waters more than 12 (twelve) miles from the coastline;
  - g. issuing IUP, nurturing, settling public conflicts, and controlling mining businesses located in more than 1 (one) provinces and/or waters more than 12 (twelve) miles from the coastline;
  - h. issuing IUP, nurturing, settling public conflicts, and controlling production operation mining businesses which have a direct environmental impact on more than 1 (one) provinces and/or waters more than 12 (twelve) miles from the coastline;
  - i. issuing IUPK for exploration and IUPK for operational production;
  - j. evaluating IUP for operational production issued by regional governments, which have caused environmental damage and do not apply good mining aspects;
  - k. setting production, marketing, usage and conservation policies;
  - l. setting policies on cooperation, partnership and empowerment of the community;
  - m. formulating and setting non-tax state receipts from mineral and coal mining businesses;
  - n. nurturing and controlling the management of mineral and coal mining by regional governments;
  - o. nurturing and controlling the enactment of bylaws in the mining field;
  - p. making . . . . .

## CHAPTER IV

THE AUTHORITY TO MANAGE MINERAL  
AND COAL MINING

## Article 6

- (1) The Government's authority in the management of mineral and coal mining covers:
  - a. setting national policies;

- p. making inventory, inspection, and research as well as exploration to get data and information on mineral and coal as materials to make WUP and WPN;
- q. managing information on geological conditions, information on mineral and coal resource potentials, and information on mining at a national level;
- r. nurturing and controlling the reclamation of post-mining areas;
- s. drawing up a balance sheet of mineral and coal resources at a national level;
- t. developing and improving the added value of mining business activities; and
- u. improving the capacity of apparatuses of the Government, provincial governments, and regency/municipal governments in the management of mining businesses.

(2) The Government's authority as referred to in paragraph (1) shall be realized in accordance with the legislation.

Article 7

(1) The provincial government's authority in the management of mineral and coal mining covers:

- a. enacting bylaws;
- b. issuing IUP, nurturing, settling public conflicts and controlling mining businesses located in more than 1 (one) regencies/municipalities and/or waters 4 (four) miles up to 12 (twelve) miles from the coastline;
- c. issuing IUP, nurturing, settling public conflicts and controlling production operation mining businesses located in more than 1 (one) regencies/municipalities and/or waters 4 (four) up to 12 (twelve) miles from the coastline;
- d. issuing IUP, nurturing, settling public conflicts and controlling mining businesses which have a direct environmental impact on more than 1 (one) regencies/municipalities and/or the waters 4 (four) miles up to 12 (twelve) miles from the coastline;

- e. making inventory, inspection and research as well as exploration to get data and information on mineral and coal in accordance with its authority;
- f. managing information on geological conditions, information on mineral and coal resource potentials as well as information on mining in the province;
- g. drawing up a balance sheet of mineral and coal resources in the province;
- h. developing and improving the added value of mining business activities in the province;
- i. developing and improving a public role in mining businesses by observing environmental conservation efforts;
- j. coordinating the issuance of permits and controlling the use of explosives in mining areas in accordance with its authority;
- k. submitting information on the results of inventory, general inspection and research and exploration to the Minister and regents/mayors;
- l. submitting information on the results of production, domestic sales and exports to the Minister and regents/mayors;
- m. nurturing and controlling the reclamation of post-mining areas; and
- n. improving the capacity of apparatuses of provincial government and regency/municipal governments in the management of mining businesses.

(2) The provincial government's authority as referred to in paragraph (1) shall be realized in accordance with the legislation.

Article 8

(1) The regency/municipal government's authority in the management of mineral and coal mining businesses shall cover:

- a. enacting bylaws;

b. issuing . . . . .

- b. issuing IUP and IPR, nurturing, settling public conflicts, and controlling mining businesses located in the regency/municipality and/or waters up to 4 (four) miles from the coastline;
- c. issuing IUP and IPR, nurturing, settling public conflicts and controlling production operation mining businesses whose activities are found in the regency/municipality and/or waters up to 4 (four) miles from the coastline;
- d. making inventory, inspection and research as well as exploration to get data and information on mineral and coal;
- e. managing information on geological conditions, information on mineral and coal potentials as well as information on mining in the regency/municipality;
- f. drawing up a balance sheet of mineral and coal resources in the regency/municipality;
- g. developing and empowering the local community in mining businesses by observing environmental conservation efforts;
- h. developing and improving the added value and benefit of mining business activities to the optimum level;
- i. submitting information on the results of inventory, general inspection, and research as well as exploration and exploitation to the Minister and governor;
- j. submitting information on the results of production, domestic sales and exports to the Minister and governor;
- k. nurturing and controlling the reclamation of post-mining areas; and
- l. improving the capacity of apparatuses of the regency/municipal government in the management of mining businesses.

- (2) The regency/municipal government's authority as referred to in paragraph (1) shall be realized in accordance with the legislation.

**CHAPTER V**  
**MINING AREAS**  
**Part One**  
**General**  
**Article 9**

- (1) WP as part of the national spatial layout serves as the basis to set mining activities.
- (2) WP as referred to in paragraph (1) shall be set by the Government after coordinating with the regional government and consulting the House of Representatives of the Republic of Indonesia.

**Article 10**

The effort to set WP as referred to in Article 9 paragraph (2) shall be made :

- a. in a transparent, participative and responsible way;
- b. in an integrated way by observing views from relevant government agencies, and the public as well as by taking into account ecological, economic and socio-cultural as well as environment-oriented aspects; and
- c. by observing regional aspirations.

**Article 11**

The Government and regional governments shall conduct a mining inspection and research as part of preparations for WP.

**Article 12**

Further provisions on the border, area and mechanism to set WP as referred to in Article 9, Article 10 and Article 11 are to be provided for in a government regulation.

## Article 13

WP consists of :

- a. WUP;
- b. WPR; and
- c. WPN.

## Part Two

## Mining Business Areas

## Article 14

- (1) The effort to set WUP shall be made by the Government after coordinating with the regional government and notified in writing to the House of Representatives of the Republic of Indonesia.
- (2) The coordination as referred to in paragraph (1) shall be done with the relevant regional government based on data and information owned by the Government and the regional government.

## Article 15

The Government can delegate part of its authority to set WUP as referred to in Article 14 paragraph (1) to the provincial government in accordance with the legislation.

## Article 16

One WUP consists of 1 (one) or several WIUPs located in more than 1 (one) provinces, regencies/municipalities, and/or in 1 (one) regency/municipality.

## Article 17

The area and border of WIUP for metal mineral and coal shall be set by the Government in coordination with the regional government based on the criteria owned by the government.

## Article 18

The criteria of setting 1 (one) or several WIUPs within 1 (one) WUP shall be as follows :

- a. geographical location;
- b. conservation aspects;
- c. the supporting power of environmental protection;
- d. the optimum use of mineral and/or coal resources; and
- e. population density rate.

## Article 19

Further provisions on the procedure to set the border and area of WIUPs as referred to in Article 17 are to be provided for in a government regulation.

## Part Three

## Smallholder Mining Area

## Article 20

Smallholder mining activities shall be carried out in a WPR.

## Article 21

WPR as referred to in Article 20 shall be set by the regent/mayor after consulting the Regional Legislative Assembly of the regency/municipality concerned.

## Article 22

The criteria of setting WPR are as follows:

- a. holding secondary mineral deposits found in the river and/or between the side and the riverbank;
- b. holding primary metal or coal deposits at a maximum depth of 25 (twenty-five) meters;
- c. terrace sediment, flood plain, and ancient river sediment;
- d. the maximum area of WPR is 25 (twenty-five) hectares;
- e. mentioning the type of commodity to be mined; and/or
- f. being an area or place of smallholder mining activities carried out for at least 15 (fifteen) years.

#### Article 23

In setting WPR as referred to in Article 21, the regent/mayor shall announce the WPR plan to the public in a transparent way.

#### Article 24

The area or place of smallholder mining activities that have been carried out but have not been set as WPR shall receive priority in the effort to set WPR.

#### Article 25

Further provisions on the guidance and procedure to set WPR as referred to in Article 21 and Article 22 are to be provided for in a government regulation.

#### Article 26

Further provisions on the criteria and mechanism to set WPR as referred to in Article 22 and Article 23 are to be provided for in the regional regulations of the regency/municipality.

#### Part Four

#### State Reserve Area

#### Article 27

- (1) In the interests of the national strategies, the Government, by the approval of the House of Representatives of the Republic of Indonesia and by observing regional aspirations, shall set WPN as an area reserved for certain commodities and conservation area within the frame of keeping the balance of the ecosystem and environment.
- (2) Part of the area of WPN reserved for certain commodities as referred to in paragraph (1) can be made ready by the approval of the House of Representatives of the Republic of Indonesia.
- (3) The time limit to set WPN as conservation area as referred to in paragraph (1) can be decided by the approval of the House of Representatives of the Republic of Indonesia.

- (4) The areas which are to be earmarked for the purposes as referred to in paragraph (2) and paragraph (3) shall have their status changed into WUPK.

#### Article 28

The change in the status of WPN as referred to in Article 27 paragraph (2), paragraph (3) and paragraph (4) into WUPK can be made by taking into account :

- a. the fulfillment of domestic need for industrial raw materials and energy;
- b. the state source of foreign exchange earnings;
- c. the regional conditions based on limited infrastructures and facilities;
- d. having the potential to develop into an economic growth center;
- e. the supporting capacity of the environment; and/or
- f. the use of high technology and huge investment.

#### Article 29

- (1) WUPK as referred to in Article 27 paragraph (4) which is to be developed shall be set by the Government after coordinating with the regional government.
- (2) The mining business activities in WUPK as referred to in paragraph (1) shall come in the form of IUPK.

#### Article 30

One WUPK consists of 1 (one) or several WIUPKs located in more than 1 (one) provinces, regencies/municipalities and/or in 1 (one) regency/municipality.

#### Article 31

The area and border of WIUPK for metal mineral and coal shall be set by the Government in coordination with regional governments based on the criteria and information owned by the Government.

## Article 32

The criteria to set 1 (one) or several WIUPKs in 1 (one) WIUPK are as follows:

- a. geographical location;
- b. conservation aspects;
- c. the supporting capacity of environment protection;
- d. the optimum use of mineral and/or coal resources;  
and
- e. population density rate.

## Article 33

Further provisions on the procedure to set the area and border of WIUPK as referred to in Article 31 and Article 32 are to be provided for in a government regulation.

## CHAPTER VI

## MINING BUSINESSES

## Article 34

- (1) Mining businesses shall be classified into:
  - a. mineral mining; and
  - b. coal mining.
- (2) The mineral mining as referred to in paragraph (1) letter a shall be classified into:
  - a. radioactive mineral mining;
  - b. ferrous mineral mining;
  - c. non-ferrous mineral mining; and
  - d. rock mining.
- (3) Further provisions on the classification of a mining commodity into a mineral mining group as referred to in paragraph (2) are to be provided for in a government regulation.

## Article 35

The mining businesses as referred to in Article 34 shall come in the form of :

- a. IUP;
- b. IPR; and
- c. ILPK.

## CHAPTER VII

## MINING BUSINESS PERMITS

## Part One

## General

## Article 36

- (1) IUP shall consist of two phases:
  - a. IUP for exploration covering general inspection, exploration and feasibility study;
  - b. IUP for operational production covering construction, mining, processing and purification as well as transportation and sales.
- (2) The holder of IUP for exploration and the holder of IUP for operational production can carry out part or whole of the activities as referred to in paragraph (1).

## Article 37

IUP shall be issued by :

- a. regent/mayor if WIUP is located in a regency/municipality;
- b. governor if WIUP is located in more than 1 (one) regencies/municipalities in 1 (one) province after receiving recommendations from the relevant regents/mayors in accordance with the legislation; and
- c. the Minister if WIUP is located in more than 1 (one) provinces after receiving recommendations from the relevant governors and regents/mayors in accordance with the legislation.

## Article 38

IUP shall be issued to:

- a. corporate bodies;
- b. cooperatives; and
- c. individuals.

## Article 39

- (1) IUP for exploration as referred to in Article 36 paragraph (1) letter a shall at least contain the following information:

- a. name of company;
  - b. location and size of area;
  - c. general spatial layout plan;
  - d. statement of readiness;
  - e. investment capital;
  - f. extended phases of activities;
  - g. *rights and obligations of IUP holder*;
  - h. validity period of phases of activities;
  - i. type of licensed business;
  - j. plan for the development and empowerment of the community near the mining area;
  - k. taxation;
  - l. settlement of conflict;
  - m. regular fees and exploration fees; and
  - n. amdal.
- (2) IUP for operational production as referred to in Article 36 paragraph (1) letter b shall at least contain the following information:
- a. name of company;
  - b. size of area;
  - c. mining site;
  - d. processing and purification site;
  - e. transportation and sales;
  - f. investment capital;
  - g. validity period of IUP;
  - h. period of phases of activities;
  - i. settlement of land problems;
  - j. environment including reclamation and post-mining;
  - k. guarantee funds for reclamation and post-mining;
  - l. extension of IUP;
  - m. rights and obligations of IUP holder;
  - n. plan for the development and empowerment of the community near the mining area;
  - o. taxation;
  - p. non-tax state revenues consisting of regular fees and production fees;
  - q. settlement of disputes;
  - r. occupational safety and health;
  - s. mineral or coal conservation;
  - t. use of domestic goods, services and technology;
  - u. application of good economic and mining technical principles;
  - v. development of Indonesian workers;
  - w. management of data on mineral or coal; and
  - x. control, development and application of mineral or coal mining technology.

#### Article 40

- (1) IUP as referred to in Article 36 paragraph (1) shall be issued to 1 (one) type of mineral or coal.
- (2) The holder of IUP as referred to in paragraph (1) that finds other mineral in WIUP it manages shall receive priority to manage the other mineral.
- (3) The holder of IUP that intends to manage the other mineral as referred to in paragraph (2) shall file an application for a new IUP to the Minister, governor and regent/mayor according to their respective authority.
- (4) The holder of IUP as referred to in paragraph (2) can state its intention not to manage the other mineral it has found.
- (5) The holder of IUP that does not intend to manage the other mineral it has found as referred to in paragraph (4) shall keep the other mineral so that other party will not benefit from it.
- (6) IUP for the other mineral as referred to in paragraph (4) and paragraph (5) can be granted to other party by the Minister, governor and regent/mayor according to their respective authority.

#### Article 41

IUP cannot be used for purposes other than those referred to in IUP.

Part Two  
IUP for Exploration  
Article 42

- (1) IUP for exploration in ferrous mineral mining can be issued for a maximum period of 8 (eight) years.
- (2) IUP for exploration in non-ferrous mineral mining can be issued for a maximum period of 3 (three) years and non-ferrous mineral of certain type for a maximum period of 7 (seven) years.
- (3) IUP for exploration in rock mining can be issued for a maximum period of 3 (three) years.
- (4) IUP for exploration in coal mining can be issued for a maximum period of 7 (seven) years.

Article 43

- (1) In the event of exploration and feasibility study, the holder of IUP for exploration that gets quarried mineral or coal shall report them to the IUP issuer.
- (2) The holder of IUP for exploration that intends to sell the mineral or coal as referred to in paragraph (1) shall apply for a preliminary permit for transportation and sales.

Article 44

The preliminary permit as referred to in Article 43 paragraph (2) shall be issued by the Minister, governor, or regent/mayor according to their respective authority.

Article 45

The quarried mineral or coal as referred to in Article 43 shall be subject to production fees.

Part Three

IUP for Operational Production

Article 46

- (1) Any holder of IUP for exploration is guaranteed to obtain IUP for operational production as the continuation of their mining businesses.

- (2) IUP for operational production can be issued to corporate bodies, cooperatives or individuals through the auction of WIUP for metal mineral or coal if they have data on the results of a feasibility study.

Article 47

- (1) IUP for operational production in metal mineral mining can be issued for a maximum period of 20 (twenty) years and can be twice extended for 10 (ten) years each.
- (2) IUP for operational production in non-metal mineral mining can be issued for a maximum period of 10 (ten) years and can be twice extended for 5 (five) years each.
- (3) IUP for operational production in the mining of non-metal mineral of certain type can be issued for a maximum period of 20 (twenty) years and can be twice extended for 10 (ten) years each.
- (4) IUP for operational production in rock mining can be issued for a maximum period of 5 (five) years and can be twice extended for 5 (five) years each.
- (5) IUP for operational production in coal mining can be issued for a maximum period of 20 (twenty) years and can be twice extended for 10 (ten) years each.

Article 48

- IUP for operational production shall be issued by :
- a. the regent/mayor when mining site, processing and purification site and port are located in one regency/municipality;
  - b. the governor when mining site, processing and purification site and port are located in different regencies/municipalities after receiving recommendations from the relevant regents/mayors in accordance with the legislation; and

- c. the Minister when mining site, processing and purification site and port are located in different provinces after receiving recommendations from the relevant governors and regents/mayors in accordance with the legislation.

#### Article 49

Further provisions on the procedures of issuing IUP for exploration as referred to in Article 42 and IUP for operational production as referred to in Article 46 are to be provided for in a government regulation.

#### Part Four

##### Mineral Mining

##### Paragraph 1

##### Radioactive Mineral Mining

#### Article 50

WUP for radioactive mineral shall be set by the Government and its realization shall be based on the legislation.

##### Paragraph 2

##### Metal Mineral Mining

#### Article 51

WIUP for metal mineral shall be issued to corporate bodies, cooperatives and individuals through auctions.

#### Article 52

- (1) Every holder of IUP for exploration of metal mineral shall be granted WIUP covering a minimum area of 5,000 (five thousand) hectares and a maximum area of 100,000 (one hundred thousand) hectares.
- (2) In the area to which IUP for exploration of metal mineral has been issued IUP can be issued to other party to manage other mineral found in different places.
- (3) IUP as referred to in paragraph (2) is issued after taking into account views from the first holder of IUP.

#### Article 53

Every holder of IUP for operational production of metal mineral shall be granted WIUP covering a maximum area of 25,000 (twenty-five thousand) hectares.

#### Paragraph 3

##### Non-Metal Mineral Mining

#### Article 54

WIUP for non-metal mineral shall be granted to corporate bodies, cooperatives and individuals by applying for areas to the issuer of permit as referred to in Article 37.

#### Article 55

- (1) Every holder of IUP for exploration of non-metal mineral shall be granted WIUP covering a minimum area of 500 (five hundred) hectares and a maximum area of 25,000 (twenty-five thousand) hectares.
- (2) In the area to which IUP for exploration of non-metal mineral has been issued IUP can be issued to other party to manage other mineral found in different places.
- (3) IUP as referred to in paragraph (2) is issued after taking into account views from the first holder of IUP.

#### Article 56

Every holder of IUP for operational production of non-metal mineral shall be granted WIUP covering a maximum area of 5,000 (five thousand) hectares.

#### Paragraph 4

##### Rock Mining

#### Article 57

WIUP for rock shall be granted to corporate bodies, cooperatives and individuals by applying for areas to the issuer of permit as referred to in Article 37.

## Article 58

- (1) Every holder of IUP for exploration of rock shall be granted WIUP covering a minimum area of 5 (five) hectares and a maximum area of 5,000 (five thousand) hectares.
- (2) In the area to which IUP for exploration of rock has been issued IUP can be issued to other party to manage other mineral found in different places.
- (3) IUP as referred to in paragraph (2) can be issued after taking into account views from the first holder of IUP.

## Article 59

Every holder of IUP for operational production of rock shall be granted WIUP covering a maximum area of 1,000 (one thousand) hectares.

## Part Five

## Coal Mining

## Article 60

WIUP for coal shall be granted to corporate bodies, cooperatives and individuals through auctions.

## Article 61

- (1) Every holder of IUP for exploration of coal shall be granted WIUP covering a minimum area of 5,000 (five thousand) hectares and a maximum area of 50,000 (fifty thousand) hectares.
- (2) In the area to which IUP for exploration of coal has been issued IUP can be issued to other party to manage other mineral found in different places.
- (3) IUP as referred to in paragraph (2) shall be issued after taking into account views from the first holder of IUP.

## Article 62

Every holder of IUP for operational production of

coal shall be granted WIUP covering a maximum area of 15,000 (fifteen thousand) hectares.

## Article 63

Further provisions on the procedures of applying for WIUP as referred to in Article 51, Article 54, Article 57 and Article 60 are to be provided for in a government regulation.

## CHAPTER VIII

## THE REQUIREMENTS OF MINING BUSINESS PERMITS

## Article 64

The Government and regional governments according to their respective authority shall transparently make public the plan to carry out mining business activities in WIUP as referred to in Article 16 as well as to issue IUP for exploration and IUP for operational production as referred to in Article 36.

## Article 65

- (1) Corporate bodies, cooperatives and individuals as referred to in Article 51, Article 54, Article 57, and Article 60 that are engaged in mining businesses shall meet administrative, technical, environmental and financial requirements.
- (2) Further provisions on administrative, technical, environmental and financial requirements as referred to in paragraph (1) are to be provided for in a government regulation.

## CHAPTER IX

## SMALLHOLDER MINING PERMITS

## Article 66

Smallholder mining activities as referred to in Article 20 shall be classified into :

- a. metal mineral mining;
- b. non-metal mineral mining;
- c. rock mining; and/or
- d. coal mining.

#### Article 67

- (1) Regents/mayors shall issue IPR particularly to local population, namely individuals, groups of individuals and/or cooperatives.
- (2) Regents/mayors can delegate the granting of IPR as referred to in paragraph (1) to sub-district heads in accordance with the legislation.
- (3) To obtain IPR as referred to in paragraph (1), applicants shall file applications to the relevant regent/mayor.

#### Article 68

- (1) The area of mining for 1 (one) IPR that can be granted to:
  - a. an individual shall be a maximum of 1 (one) hectare;
  - b. a group of individuals shall be a maximum of 5 (five) hectares; and/or
  - c. a cooperative shall be a maximum of 10 (ten) hectares.
- (2) IPR shall be issued for a maximum period of 5 (five) years and can be extended.

#### Article 69

The holder of IPR shall have the right to:

- a. get nurturing and controlling services in the fields of occupational safety and health, the environment, mining technique and management from the Government and/or regional governments; and
- b. obtain capital assistance in accordance with the legislation.

#### Article 70

The holder of IPR shall :

- a. carry out mining activities no later than 3 (three) months after IPR has been issued;
- b. comply with the law and regulation on occupational

safety and health, mining and environmental management, and meet the existing standards;

- c. manage the environment in cooperation with the relevant regional government;
- d. pay regular fees and production fees; and
- e. submit a periodic report on the realization of smallholder mining businesses to the issuer of IPR.

#### Article 71

- (1) In addition to the obligations as referred to in Article 70, the holder of IPR shall also comply with mining technical requirements in carrying out smallholder mining activities as referred to in Article 66.
- (2) Further provisions on mining technical requirements as referred to in paragraph (1) are to be provided for in a government regulation.

#### Article 72

Further provisions on the procedures of issuing IPR are to be provided for in the regional regulation of the regency/municipality concerned.

#### Article 73

- (1) Regency/municipal governments shall nurture smallholder mining businesses in terms of management, mining technology, capital and marketing in an effort to improve their capability.
- (2) Regency/municipal governments shall be responsible for technical security in smallholder mining businesses covering:
  - a. occupational safety and health;
  - b. environmental management; and
  - c. post-mining.
- (3) To render technical security as referred to in paragraph (2), the regency/municipal governments shall appoint mining inspector functional officials in accordance with the legislation.

- (4) The regency/municipal governments shall record the production of all smallholder mining businesses in their respective territory and report it periodically to the Minister and the relevant governor.

## CHAPTER X

### SPECIAL MINING BUSINESS PERMITS

#### Article 74

- (1) IUPK shall be issued by the Minister by paying attention to regional interests.
- (2) IUPK as referred to in paragraph (1) shall be issued for 1 (one) type of metal mineral or coal in 1 (one) WIUPK.
- (3) The holder of IUPK as referred to in paragraph (1) that finds other mineral in WIUPK it manages shall be given a priority to manage it.
- (4) The holder of IUPK that intends to manage other mineral as referred to in paragraph (2) shall apply for a new IUPK to the Minister.
- (5) The holder of IUPK as referred to in paragraph (2) can state intention not to manage the other mineral it has found.
- (6) The holder of IUPK that does not intend to manage the other mineral it has found as referred to in paragraph (4) shall keep the other mineral so that other party will not benefit from it.
- (7) IUPK for other mineral as referred to in paragraph (4) and paragraph (5) can be issued to other party by the Minister.

#### Article 75

- (1) IUPK as referred to in Article 74 paragraph (1) shall be issued on the basis of considerations as referred to in Article 28.
- (2) IUPK as referred to in paragraph (1) can be issued to Indonesian corporate bodies, namely state-owned companies, regional government-owned companies and private companies.

- (3) State-owned companies and regional government-owned companies as referred to in paragraph (2) shall receive a priority in obtaining IUPK.
- (4) Private companies as referred to in paragraph (2) shall participate in auctions of WIUPK to get IUPK.

#### Article 76

- (1) IUPK consists of two phases:
  - a. IUPK for exploration covering general inspection, exploration and feasibility study;
  - b. IUPK for operational production covering construction, mining, processing and purification, as well as transportation and sales.
- (2) The holder of IUPK for exploration and the holder of IUPK for operational production can carry out part or whole of the activities as referred to in paragraph (1).
- (3) Further provisions on the procedure of securing IUPK as referred to in paragraph (1) are to be provided for in a government regulation.

#### Article 77

- (1) Every holder of IUPK for exploration is guaranteed to obtain IUPK for operational production as the continuation of their mining business activities.
- (2) IUPK for operational production can be issued to Indonesian corporate bodies as referred to in Article 75 paragraph (3) and paragraph (4) that have data on the results of a feasibility study.

#### Article 78

IUPK for exploration as referred to in Article 76 paragraph (1) letter a shall at least contain :

- a. name of company;
- b. size and location of area;
- c. general spatial layout plan;
- d. statement of readiness;

- e. investment capital;
- f. extended time of phases of activities;
- g. rights and obligations of the IUPK holder;
- h. period of time for phases of activities;
- i. type of business granted;
- j. plan for the development and empowerment of the community near the mining area;
- k. taxation;
- l. settlement of land dispute;
- m. regular fees and exploration fees; and
- n. amdal.

#### Article 79

IUPK for operational production as referred to in

Article 76 paragraph (1) letter b shall at least contain:

- a. name of company;
- b. size of mining area;
- c. mining site;
- d. processing and purification site;
- e. transportation and sales;
- f. investment capital;
- g. period of time of phases of activities;
- h. settlement of land problems;
- i. environmental management, including reclamation and post-mining;
- j. funds for guaranteed reclamation and post-mining;
- k. validity period of IUPK;
- l. extension of IUPK;
- m. rights and obligations;
- n. development and empowerment of the community near the mining area;
- o. taxation;
- p. regular fees and production fees as well as income portion of the state/regions, consisting of net production and profit sharing since the production starts;
- q. settlement of disputes;
- r. occupational safety and health;
- s. mineral or coal conservation;

- t. use of domestic goods, services, technology, engineering and design;
- u. application of good economic and technical mining principles;
- v. development of Indonesian workers;
- w. management of data on mineral and coal;
- x. control, development and application of mineral or coal mining technology; and
- y. share divestment.

#### Article 80

IUPK cannot be used for purposes other than those contained in IUPK.

#### Article 81

- (1) In the event of exploration and feasibility study, the holder of IUPK for exploration that has found quarried metal mineral or coal shall report it to the Minister.
- (2) The holder of IUPK for exploration that intends to sell metal mineral or coal as referred to in paragraph (1) shall apply for a preliminary permit for transportation and sales.
- (3) The preliminary permit as referred to in paragraph (2) shall be issued by the Minister.

#### Article 82

The quarried mineral or coal as referred to in Article 81 shall be subject to production fees.

#### Article 83

The requirements of the size of area and period of time according to groups of mining businesses applicable to the holders of IUPK shall cover:

- a. the size of 1 (one) WIUPK for a phase of exploration for ferrous mineral mining shall be a maximum of 100,000 (one hundred thousand) hectares.

- b. the size of 1 (one) WIUPK for a phase of operational production for ferrous mineral mining shall be a maximum of 25,000 (twenty-five thousand) hectares.
- c. the size of 1 (one) WIUPK for a phase of exploration for coal mining shall be a maximum of 50,000 (fifty thousand) hectares.
- d. the size of 1 (one) WIUPK for a phase of operational production for coal mining shall be a maximum of 15,000 (fifteen thousand) hectares.
- e. the period of IUPK for exploration for metal mineral mining shall be a maximum of 8 (eight) years.
- f. the period of IUPK for exploration for coal mining shall be a maximum of 7 (seven) years.
- g. the period of IUPK for operational production for metal mineral or coal shall be a maximum of 20 (twenty) years and can be twice extended for 10 (ten) years each.

#### Article 84

Further provisions on the procedure of obtaining WIUPK as referred to in Article 74 paragraph (2) and paragraph (3) and Article 75 paragraph (3) are to be provided for in a government regulation.

### CHAPTER XI

#### THE REQUIREMENTS OF SPECIAL MINING BUSINESS PERMITS

#### Article 85

The Government shall transparently make public the plan to carry out mining business activities in WIUPK as referred to in Article 30 and issue IUPK for exploration and IUPK for operational production as referred to in Article 76.

#### Article 86

- (1) Corporate bodies as referred to in Article 75 paragraph (2) that carry out activities in WIUPK shall meet administrative, technical, environmental and financial requirements.
- (2) Further provisions on administrative, technical, environmental and financial requirements as referred to in paragraph (1) are to be provided for in a government regulation.

### CHAPTER XII

#### MINING DATA

#### Article 87

To support preparations for WP and development of mining sciences and technology, the Minister or governors according to their respective authority can assign state and/or regional research institutes to conduct inspection and research on mining.

#### Article 88

- (1) Data obtained from mining business activities shall belong to the Government and/or regional governments according to their respective authority.
- (2) Data owned by regional governments on mining businesses shall be conveyed to the Government for the management of mining data at a national level.
- (3) The management of data as referred to in paragraph (1) shall be conducted by the Government and/or regional governments according to their respective authority.

#### Article 89

Further provisions on the procedures of assigning state and/or regional research institutes to conduct inspection and research as referred to in Article 87 and the management of data as referred to in Article 88 are to be provided for in a government regulation.

CHAPTER XIII  
RIGHTS AND OBLIGATIONS

Part One

Rights

Article 90

The holders of IUP and IUPK can carry out part or whole of phases of mining businesses, either exploration or operational production.

Article 91

The holders of IUP and IUPK can benefit from public infrastructures and facilities in the interest of mining activities after fulfilling the legislation.

Article 92

The holders of IUP and IUPK shall have the right to hold mineral, including by-product mineral or coal they have produced after paying exploration fees or production fees, except by-product radioactive mineral.

Article 93

- (1) The holders of IUP and IUPK are not allowed to transfer their IUP and IUPK to other parties.
- (2) The transfer of ownership and/or shares at the Indonesian stock exchange can be conducted only after certain phases of exploration have been carried out.
- (3) The transfer of ownership and/or shares as referred to in paragraph (2) can only be conducted on condition that :
  - a. the holders of IUP and IUPK shall notify the Minister, governor, or regent/mayor according to their respective authority of the matter; and
  - b. the transfer of ownership and/or shares does not run counter to the legislation.

Article 94

The holders of IUP and IUPK shall be ensured of their rights to engage in mining businesses in accordance with the legislation.

Part Two

Obligations

Article 95

The holders of IUP and IUPK shall:

- a. apply the principles of good mining technique;
- b. manage finance according to the Indonesian accounting system;
- c. increase the added value of mineral and/or coal resources;
- d. conduct development and empowerment of the local community; and
- e. comply with the tolerable limit of the supporting capacity of the environment.

Article 96

In applying the principles of good mining technique, the holders of IUP and IUPK shall :

- a. implement provisions on occupational safety and health in the mining sector;
- b. ensure the safety of mining operations;
- c. manage and monitor the mining environment, including reclamation and post-mining;
- d. make mineral and coal resources conservation efforts;
- e. manage mining residue from mining business activities in the form of solid, liquid or gas substance until it meets the environmental quality standards before being disposed of to the environmental media.

Article 97

The holders of IUP and IUPK shall ensure that the application of environmental quality standards accords with the characteristics of the relevant region.

Article 98

The holders of IUP and IUPK shall conserve the function and supporting capacity of the relevant water resources in accordance with the legislation.

Article 99

- (1) The holders of IUP and IUPK shall submit a reclamation plan and a post-mining plan at the time of applying for IUP for operational production or IUPK for operational production.
- (2) Reclamation and post-mining shall be carried out according to the appropriation of post-mining area.
- (3) The appropriation of post-mining area as referred to in paragraph (2) shall be put in the agreement between the holder of IUP or IUPK and the land title holder on the use of land.

Article 100

- (1) The holders of IUP and IUPK shall make available guaranteed funds for reclamation and post-mining.

- (2) The Minister, governors or regents/mayors according to their respective authority can appoint third parties to conduct reclamation and post-mining using the guaranteed funds as referred to in paragraph (1).
- (3) The provisions as referred to in paragraph (2) shall apply if the holder of IUP or IUPK does not conduct reclamation and post-mining according to the plan agreed upon.

Article 101.....  
 ( to be continued )

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# GOVERNMENT REGULATIONS

## MINERAL AND COAL MINING

(Law No.4/2009 dated January 12, 2009)

[Continued from Business News No. 7770 pages 1A-19A]

### Article 101

Further provisions on reclamation and post-mining as referred to in Article 99 as well as on guaranteed funds for reclamation and post-mining as referred to in Article 100 are to be provided for in a government regulation.

### Article 102

The holders of IUP and IUPK shall increase the added value of mineral and/or coal resources in carrying out mining, processing and purification activities as well as in making use of mineral and coal.

### Article 103

- (1) The holders of IUP and IUPK for operational production shall process and purify output of the domestic mining.
- (2) The holders of IUP and IUPK as referred to in paragraph (1) can process and purify the mining output from other holders of IUP and IUPK.
- (3) Further provisions on the need to increase the added value as referred to in Article 102 as well as on the processing and purification as referred to in paragraph (2) are to be provided for in a government regulation.

### Article 104

- (1) Where processing and purification are concerned, the holders of IUP for operational production and IUPK for operational production as referred to in Article 103 can cooperate with corporate bodies, cooperatives or individuals that have secured IUP or IUPK.
- (2) IUP secured by the corporate bodies as referred to in paragraph (1) shall be IUP for operational production

issued by the Minister, governors, regents/mayors according to their respective authority especially for processing and purification activities.

- (3) The holders of IUP and IUPK as referred to in paragraph (1) are banned from processing and purifying outputs from mining businesses that do not have IUP, IPR, or IUPK.

### Article 105

- (1) Corporate bodies that are not engaged in mining businesses and intend to sell quarried mineral and/or coal shall first secure IUP for operation production for sales.
- (2) IUP as referred to in paragraph (1) can only be issued for 1 (one) sales by the Minister, governor, or regent/mayor according to their respective authority.
- (3) Quarried mineral or coal that is to be sold as referred to in paragraph (1) is subject to production fees.
- (4) The corporate bodies as referred to in paragraph (1) and paragraph (2) shall submit a report on proceeds from the sales of quarried mineral and/or coal to the Minister, governor, regent/mayor according to their respective authority.

### Article 106

The holders of IUP and IUPK shall give a priority to the use of local workers, goods and services in accordance with the legislation.

### Article 107

In carrying out operational production, corporate bodies as the holders of IUP and IUPK shall involve local businessmen living in the area in accordance with the legislation.

## Article 108

- (1) The holders of IUP and IUPK shall draw up a program on the development and empowerment of the community.
- (2) The program as referred to in paragraph (1) shall be consulted with the Government, regional government and community.

## Article 109

Further provisions on the development and empowerment of the community as referred to in Article 108 are to be provided for in a government regulation.

## Article 110

The holders of IUP and IUPK shall submit all the data on the results of exploration and operational production to the Minister, governor or regent/mayor according to their respective authority.

## Article 111

- (1) The holders of IUP and IUPK shall submit periodic reports on their business plan and realization of mineral and coal mining business activities to the Minister, governor or regent/mayor according to their respective authority.
- (2) Further provisions on the model, type, time and procedure of the reports as referred to in paragraph (1) are to be provided for in a government regulation.

## Article 112

- (1) After 5 (five) years of production, corporate bodies as the holders of IUP and IUPK whose shares are owned by foreign parties shall divest their shares to the Government, regional government, state-owned company, regional government-owned company or national private company.
- (2) Further provisions on the share divestment as referred to in paragraph (1) are to be provided for in a government regulation.

## CHAPTER XIV

THE SUSPENSION OF MINING BUSINESS PERMITS  
AND SPECIAL MINING BUSINESS PERMITS

## Article 113

- (1) The suspension of mining business activities can be granted to the holders of IUP and IUPK :
  - a. in case of force majeure;
  - b. in case of obstruction leading to partial or complete suspension of mining business activities;
  - c. if the supporting capacity of the environment in the area can no longer shoulder the burden of operational production of mineral and/or coal resources in the area.
- (2) The suspension of mining business activities as referred to in paragraph (1) does not reduce the validity period of IUP or IUPK..
- (3) Any application for the suspension of mining business activities as referred to in paragraph (1) letters a and b shall be filed to the Minister, governor or regent/mayor according to their respective authority.
- (4) The suspension as referred to in paragraph (1) letter c can be done by the mining inspector or on the basis of an application from the public to the Minister, governor, or regent/mayor according to their respective authority.
- (5) The Minister, governor, or regent/mayor according to their respective authority shall issue a written decision on whether or not to accept the application as referred to in paragraph (3) by providing reasons no later than 30 (thirty) days after receiving the application.

## Article 114

- (1) Suspension period due to force majeure and/or obstruction as referred to in Article 113 paragraph (1) can be given for 1 (one) year at the most and can be extended on one occasion at the most for 1 (one) year.
- (2) If within a period of time before the expiry of the suspension period the holders of IUP and IUPK have been ready to carry out operational activities, the said

activities shall be reported to the Minister, governor or regent/mayor according to their respective authority.

- (3) The Minister, governor, or regent/mayor according to their respective authority shall revoke the decision on suspension after receiving the report as referred to in paragraph (2).

#### Article 115

- (1) If the suspension of mining business activities is granted because of force majeure as referred to in Article 113 paragraph (1) letter a, the obligation of the holders of IUP and IUPK to the Government and regional governments is no longer valid.
- (2) If the suspension of mining business activities is granted because of obstruction as referred to in Article 113 paragraph (1) letter b the obligation of the holders of IUP and IUPK to the Government and regional governments shall remain valid.
- (3) If the suspension of mining business activities is granted because of the supporting capacity of the environment in the area as referred to in Article 113 paragraph (1) letter c, the obligation of the holders of IUP and IUPK to the Government and regional governments shall remain valid.

#### Article 116

Further provisions on the suspension of mining business activities as referred to in Article 113, Article 114 and Article 115 are to be provided for in a government regulation.

### CHAPTER XV

#### THE EXPIRY OF MINING BUSINESS PERMITS AND SPECIAL MINING BUSINESS PERMITS

#### Article 117

IUP and IUPK expire because :

- a. they are returned;
- b. they are revoked; or
- c. their validity period expires.

#### Article 118

- (1) The holders of IUP and IUPK can again return their IUP or IUPK with a written statement to the Minister, governor, or regent/mayor according to their respective authority by providing clear reasons.
- (2) The returning of IUP or IUPK as referred to in paragraph (1) is declared valid after being approved by the Minister, governor, or regent/mayor according to their respective authority after the holders of IUP and IUPK meet their obligation.

#### Article 119

IUP or IUPK can be revoked by the Minister, governor, or regent/mayor according to their respective authority if :

- a. the holder of IUP or IUPK does not meet the obligation set in the IUP or IUPK and the legislation;
- b. the holder of IUP or IUPK commits a criminal offence as referred to in this Law; or
- c. the holder of IUP or IUPK is declared bankrupt.

#### Article 120

If after the period of time set in the IUP and IUPK has expired no application for the expansion or extension of phases of activities is filed or an application is filed but it does not meet the requirements, IUP and IUPK shall expire.

#### Article 121

- (1) The holder of IUP or IUPK whose IUP or IUPK expires because of the reasons as referred to in Article 117, Article 118, Article 119, and Article 120 shall meet and settle the obligation in accordance with the legislation.
- (2) The obligation of the holder of IUP or IUPK as referred to in paragraph (1) is considered fulfilled after receiving approval from the Minister, governor, or regent/mayor according to their respective authority.

## Article 122

- (1) IUP or IUPK which has been returned or revoked or whose validity period has expired as referred to in Article 121 shall be returned to the Minister, governor, or regent/mayor according to their respective authority.
- (2) WIUP or WIUPK whose IUP or IUPK has expired as referred to in paragraph (1) shall be offered to corporate body, cooperative or individual through a mechanism in accordance with this law.

## Article 123

If IUP or IUPK has expired, the holder of IUP or IUPK shall submit all data obtained from the results of exploration and operational production to the Minister, governor, or regent/mayor according to their respective authority.

## CHAPTER XVI

## MINING SERVICE BUSINESSES

## Article 124

- (1) The holder of IUP or IUPK shall use local and/or national mining service companies.
- (2) In case of no mining service companies as referred to in paragraph (1), the holder of IUP or IUPK can use other mining service companies of Indonesian legal entities.
- (3) The types of mining service businesses cover :
- a. consultations, planning, execution, and equipment test in the fields of :
    - 1) general inspection;
    - 2) exploration;
    - 3) feasibility study;
    - 4) mining construction;
    - 5) transportation;
    - 6) mining environment;
    - 7) post-mining and reclamation; and/or
    - 8) occupational safety and health.

b. consultations, planning, and equipment test in the fields of :

- 1) mining; or
- 2) processing and purification.

## Article 125

- (1) If the holder of IUP or IUPK uses mining services, the holder of IUP or IUPK shall continue to take responsibility for mining business activities.
- (2) The executor of mining service business can be corporate body, cooperative or individual according to the classification and qualifications set by the Minister.
- (3) The operator of mining service business shall give a priority to local contractors and workers.

## Article 126

- (1) The holder of IUP or IUPK is banned from involving its subsidiary and/or affiliate in mining service business in the mining business area it manages, without any permit from the Minister.
- (2) The permit from the Minister as referred to in paragraph (1) will be issued if:
- a. no similar mining service company is found in the area; or
  - b. no mining service company is interested in/able to carry out the activities.

## Article 127

Further provisions on the operation of mining service businesses as referred to in Article 124, Article 125 and Article 126 are to be provided for in a ministerial regulation.

## CHAPTER XVII

## STATE AND REGIONAL REVENUES

## Article 128

- (1) The holder of IUP or IUPK shall pay state revenues and regional revenues.

- (2) The state revenues as referred to in paragraph (1) shall consist of tax revenues and non-tax state revenues.
- (3) The tax revenues as referred to in paragraph (2) shall consist of:
  - a. taxes that become the authority of the Government in accordance with the laws and regulations in the taxation field; and
  - b. import duties and excises.
- (4) The non-tax state revenues as referred to in paragraph (2) shall consist of:
  - a. regular fees;
  - b. exploration fees;
  - c. production fees; and
  - d. compensation for data and information.
- (5) The regional revenues as referred to in paragraph (1) shall consist of:
  - a. regional taxes;
  - b. regional levies; and
  - c. other legal revenues based on the legislation.

#### Article 129

- (1) The holder of IUPK for operational production of metal mineral and coal mining shall pay 4% (four percent) and 6% (six percent) of net profit earned since it starts production to the Government and the regional governments respectively.
- (2) The portion of the regional governments as referred to in paragraph (1) is set as follows:
  - a. 1% (one percent) for the provincial government;
  - b. 2.5% (two and a half percent) for the producing regency/municipal government; and
  - c. 2.5% (two and a half percent) for other regency/municipal governments located in the same province.

#### Article 130

- (1) The holder of IUP or IUPK is exempted from production fees as referred to in Article 128 paragraph (4) letter c and regional taxes and regional levies as

referred to in Article 128 paragraph (5) for soil/rock quarried in the mining.

- (2) The holder of IUP or IUPK is subject to production fees as referred to in Article 128 paragraph (4) letter c for the use of soil/rock quarried in the mining.

#### Article 131

The amount of taxes and non-tax state revenues collected from the holder of IUP, IPR or IUPK shall be set based on the legislation.

#### Article 132

- (1) The tariff of production fees shall be set based on the level of business control, production and the prices of mining commodities.
- (2) The tariff of production fees as referred to in paragraph (1) shall be set based on the legislation.

#### Article 133

- (1) Non-tax state revenues as referred to in Article 128 paragraph (4) constitute state and regional revenues which are divided based on the legislation.
- (2) Non-tax state revenues which constitute portion for the regional governments shall be directly paid to the regional treasury once every 3 (three) months after being paid to the state treasury.

### CHAPTER XVIII

#### THE USE OF LAND FOR MINING BUSINESS ACTIVITIES

#### Article 134

- (1) The right to WIUP, WPR, or WIUPK does not cover the right to soil on the surface of the earth.
- (2) Mining business activities cannot be carried out in the area declared off-limit to mining business activities in accordance with the legislation.
- (3) The mining business activities as referred to in paragraph (2) can be carried out after a permit is obtained from the Government agency in accordance with the legislation.

#### Article 135

The holder of IUP for exploration or IUPK for exploration can carry out activities only after obtaining approval from the holder of land titles.

#### Article 136

- (1) The holder of IUP or IUPK, before carrying out operational production activities, shall settle the question of land titles with the holder of land titles in accordance with the legislation.
- (2) The question of land titles as referred to in paragraph (1) can be settled in stages in accordance with the needs for land by the holder of IUP or IUPK.

#### Article 137

The holder of IUP or IUPK as referred to in Article 135 and Article 136 that has settled plots of land can be granted land titles in accordance with the legislation.

#### Article 138

The right to IUP, IPR, or IUPK does not constitute the ownership of land titles.

### CHAPTER XIX

#### NURTURING, SUPERVISION AND PUBLIC PROTECTION

##### Part One

##### Nurturing and Supervision

#### Article 139

- (1) The Minister shall nurture the management of mining businesses by the provincial governments and regency/municipal governments according to their respective authority.
- (2) The nurturing as referred to in paragraph (1) covers:
  - a. guidances and standards for the management of mining businesses;
  - b. counseling, supervision and consultations;
  - e. education and training; and
  - d. planning, research, development, monitoring, and

evaluation of mining businesses in the field of mineral and coal.

- (3) The Minister can delegate the authority to nurture the management of mining businesses by regency/municipal governments as referred to in paragraph (1) to the governors.
- (4) The Minister, governors or regents/mayors according to their respective authority are responsible for nurturing mining business activities carried out by the holder of IUP, IPR or IUPK.

#### Article 140

- (1) The Minister shall supervise the management of mining businesses by provincial governments and regency/municipal governments according to their respective authority.
- (2) The Minister can delegate the authority to supervise the management of mining businesses by regency/municipal governments as referred to in paragraph (1) to the governors.
- (3) The Minister, governors and regents/mayors according to their respective authority shall supervise the mining business activities carried out by the holder of IUP, IPR or IUPK.

#### Article 141

- (1) The supervision as referred to in Article 140 covers:
  - a. mining technique;
  - b. marketing;
  - c. finance;
  - d. processing of data on mineral and coal;
  - e. mineral and coal resources conservation;
  - f. occupational safety and health in the mining field;
  - g. safe mining operation;
  - h. environmental management, reclamation and post-mining;
  - i. use of local goods, services, technology and engineering and design capacity;
  - j. development of mining technical workers;

k. development . . . . .

- k. development and empowerment of the local community;
  - l. control, development and application of mining technology;
  - m. other activities in the field of mining businesses in the interests of the public;
  - n. management of IUP or IUPK; and
  - o. quantity, type, and quality of the output of mining businesses.
- (2) Supervision as referred to in paragraph (1) letter a, letter e, letter f, letter g, letter h, and letter l is conducted by mining inspectors in accordance with the legislation.
- (3) If neither the provincial governments nor regency/municipal governments have mining inspectors, the Minister shall assign appointed mining inspectors to conduct the nurturing and supervision as referred to in paragraph (2).

#### Article 142

- (1) Governors and regents/mayors shall report the realization of mining businesses in their respective areas at least once every 6 (six) months to the Minister.
- (2) The Government may reprimand regional governments if the execution of their authority runs counter to this Law and other laws and regulations.

#### Article 143

- (1) Regents/mayors shall nurture and supervise smallholder mining businesses.
- (2) Further provisions on the nurturing and supervision of smallholder mining businesses are to be provided for in the regional regulations of the regencies/municipalities.

#### Article 144

Further provisions on the standards and procedures of nurturing and supervision as referred to in Article

139, Article 140, Article 141, Article 142, and Article 143 are to be provided for in a government regulation.

#### Part Two

#### Public Protection

#### Article 145

- (1) Community members who are directly exposed to the negative impact of mining business activities shall have the right to :
- a. get fair compensation as a result of the mismanagement of mining activities in accordance with the legislation.
  - b. file a lawsuit with the court against the losses resulting from the mismanagement of mining businesses.
- (2) Further provisions on the public protection as referred to in paragraph (1) are set based on the legislation.

### CHAPTER XX

#### RESEARCH AND DEVELOPMENT AS WELL AS

#### EDUCATION AND TRAINING

#### Part One

#### Research and Development

#### Article 146

The Government and regional governments shall encourage, conduct and/or facilitate mineral and coal research and development.

#### Part Two

#### Education and Training

#### Article 147

The Government and regional governments shall encourage, conduct and/or facilitate education and training in the management of mineral and coal.

#### Article 148

The Government, regional governments, private sector and community can conduct education and training.

CHAPTER XXI  
INVESTIGATION

Article 149

- (1) In addition to investigators of the Indonesian Police, civil servants whose scope of duty and responsibility covers the mining sector shall be given special authority as investigators in accordance with the legislation.
- (2) The civil servant investigators as referred to in paragraph (1) shall have the authority to :
  - a. investigate the truth of reports or information related to criminal offences in mining business activities;
  - b. investigate individuals or bodies suspected of committing criminal offences in mining business activities;
  - c. summon and/or take by force people to be heard and questioned as witnesses or suspects in criminal offences in mining business activities;
  - d. search places and/or facilities believed to have been used to commit criminal offences in mining business activities;
  - e. investigate mining facilities and infrastructures and stop the use of equipment believed to have been used to commit criminal offences;
  - f. seal and/or confiscate mining equipment used to commit criminal offences as evidence;
  - g. invite and/or ask for assistance from experts needed to investigate criminal offences in mining business activities; and/or
  - h. stop investigations into criminal cases in mining business activities.

Article 150

- (1) Civil servant investigators as referred to in Article 149 can arrest criminal suspects in mining business activities.
- (2) Civil servant investigators as referred to in paragraph (1) shall notify the start of investigation and submit the results of their investigation to the Indonesian Police in accordance with the legislation.

- (3) Civil servant investigators as referred to in paragraph (1) shall stop their investigation if there is no sufficient evidence and/or the case is a criminal offence.
- (4) The authority as referred to in paragraph (2) and paragraph (3) shall be carried out in accordance with the legislation.

CHAPTER XXII  
ADMINISTRATIVE SANCTION

Article 151

- (1) The Minister, governors, or regents/mayors according to their respective authority have the right to impose administrative sanction on the holders of IUP, IPR or IUPK for violating provisions in Article 40 paragraph (3), Article 40 paragraph (5), Article 41, Article 43, Article 70, Article 71 paragraph (1), Article 74 paragraph (4), Article 74 paragraph (6), Article 81 paragraph (1), Article 93 paragraph (3), Article 95, Article 96, Article 97, Article 98, Article 99, Article 100, Article 102, Article 103, Article 105 paragraph (3), Article 105 paragraph (4), Article 107, Article 108 paragraph (1), Article 110, Article 111 paragraph (1), Article 112 paragraph (1), Article 114 paragraph (2), Article 115 paragraph (2), Article 125 paragraph (3), Article 126 paragraph (1), Article 128 paragraph (1), Article 129 paragraph (1), or Article 130 paragraph (2).
- (2) The administrative sanction as referred to in paragraph (1) shall come in the form of :
  - a. written warning;
  - b. suspension of part or whole of exploration or operational production; and/or
  - c. revocation of IUP, IPR, or IUPK.

Article 152

If regional governments do not implement provisions in Article 151 and the results of evaluation made by the Minister as referred to in Article 6 paragraph (1) letter j, the Minister can suspend and/or revoke IUP or IPR in accordance with the legislation.

## Article 153

If regional governments object to the suspension and/or revocation of IUP and IPR by the Minister as referred to in Article 152, the regional governments can raise the objection in accordance with the legislation.

## Article 154

Any dispute arising from the execution of IUP, IPR, or IUPK shall be settled through the domestic court and arbitration in accordance with the legislation.

## Article 155

Any legal consequence arising from the suspension and/or revocation of IUP, IPR or IUPK as referred to in Article 151 paragraph (2) letter b and letter c shall be settled in accordance with the legislation.

## Article 156

Further provisions on the procedure of imposing administrative sanction as referred to in Article 151 and Article 152 are to be provided for in a government regulation.

## Article 157

The regional governments which do not meet provisions in Article 5 paragraph (4) shall be subject to administrative sanction in the form of temporary withdrawal of their authority over the right to manage mineral and coal mining businesses.

## CHAPTER XXIII

## CRIMINAL PROVISIONS

## Article 158

Anybody who carries out mining business without IUP, IPR or IUPK as referred to in Article 37, Article 40 paragraph (3), Article 48, Article 67 paragraph (1), Article 74 paragraph (1) or paragraph (5), shall be sentenced to a maximum of 10 (ten) years in jail and fined a maximum of Rp 10,000,000,000 (ten billion rupiahs).

## Article 159

The holder of IUP, IPR, or IUPK who intentionally submits the report as referred to in Article 43 paragraph (1), Article 70 letter e, Article 81 paragraph (1), Article 105 paragraph (4), Article 110, or Article 111 paragraph (1) by providing incorrect or false information shall be sentenced to a maximum of 10 (ten) years in jail and fined a maximum of Rp10,000,000,000 (ten billion rupiahs).

## Article 160

- (1) Anybody who conducts exploration without IUP or IUPK as referred to in Article 37 or Article 74 paragraph (1) shall be sentenced to a maximum of 1 (one) year and fined a maximum of Rp200,000,000 (two hundred million rupiahs).
- (2) Anybody who holds IUP for exploration but conducts operational production shall be sentenced to a maximum of 5 (five) years in jail and fined a maximum of Rp10,000,000,000 (ten billion rupiahs).

## Article 161

Anybody or holder of IUP for operational production or IUPK for operational production that accommodates, benefits from, processes and purifies, transports, sells mineral and coal that do not come from the holder of IUP, IUPK or permit as referred to in Article 37, Article 40 paragraph (3), Article 43 paragraph (2), Article 48, Article 67 paragraph (1), Article 74 paragraph (1), Article 81 paragraph (2), Article 103 paragraph (2), Article 104 paragraph (3), or Article 105 paragraph (1) shall be sentenced to a maximum of 10 (ten) years in jail and fined Rp10,000,000,000 (ten billion rupiahs).

## Article 162

Anybody who obstructs or disrupts the mining business activities of the holder of IUP or IUPK that has met the qualifications as referred to in Article 136 paragraph (2) shall be sentenced to a maximum of 1 (one) year in jail or fined a maximum of Rp100,000,000 (one hundred million rupiahs).

## Article 163

- (1) If the criminal offence as referred to in this chapter is committed by a corporate body, in addition to jail sentence and fine imposed on its management the corporate body shall also be subject to fine plus 1/3 (one-third) of the maximum fine imposed on it.
- (2) In addition to the fine as referred to in paragraph (1), the corporate body can be subject to additional sanction in the form of :
- a. the revocation of business permit; and/or
  - b. the revocation of status of the corporate body.

## Article 164

In addition to provisions in Article 158, Article 159, Article 160, Article 161, and Article 162, the perpetrator of criminal offence can be subject to additional sanction in the form of :

- a. the seizure of equipment used to commit the criminal offence;
- b. the seizure of profit earned from the criminal offence; and/or
- c. the obligation to pay all expenses arising from the criminal offence.

## Article 165

Anybody that issues IUP, IPR, or IUPK in breach of this Law and abuses his/her authority shall be sentenced to a maximum of 2 (two) years in jail and fined a maximum of Rp200,000,000 (two hundred million rupiahs).

## CHAPTER XXIV

## OTHER PROVISIONS

## Article 166

Any problem that arises from the execution of IUP, IPR or IUPK with regard to environmental impact shall be settled in accordance with the legislation.

## Article 167

WP shall be managed by the Minister in a nationally-integrated WP information system to harmonize the coordinate system and basic map in issuing WUP, WIUP, WPR, WPN, WUPK and WIUPK.

## Article 168

To increase investment in the mining field, the Government can provide tax relief and facilities in accordance with the legislation, except otherwise stipulated in IUP or IUPK.

## CHAPTER XXV

## TRANSITIONAL PROVISIONS

## Article 169

When this Law begins to take effect:

- a. Contracts of work and agreements of work for the operation of coal mining that have been in existence before this Law comes into force shall remain valid until the contracts/agreements expire.
- b. Provisions in article of the contracts of work and agreements of work for the operation of coal mining as referred to in letter a shall be adjusted to this Law no later than 1 (one) year after this Law is promulgated, except on state receipts.
- c. Exception to state receipts as referred to in letter b is an effort to raise state receipts,

## Article 170

The holders of contract of work as referred to in Article 169 that have been engaged in production shall conduct purification as referred to in Article 103 paragraph (1) no later than 5 (five) years after this Law has been promulgated.

## Article 171

- (1) The holders of contract of work and agreement of work for the operation of coal mining as referred to in Article 169 that have conducted phases of activities in

exploration . . . . .

exploration, feasibility study, construction or operational production, no later than 1 (one) year after this Law has been promulgated, shall submit a business plan for all areas of contract/agreement until the expiry of the contract/agreement to secure approval from the Government.

- (2) If the provisions as referred to in paragraph (1) are not fulfilled, the size of mining area that has been given to the holders of contract of work and agreement of work for the operation of coal mining shall be adjusted to this Law.

#### Article 172

Applications for contract of work and agreement of work for the operation of coal mining that have been filed to the Minister no later than 1 (one) year before this Law is put into force and have secured in-principle approval or permit for preliminary inspection shall continue to be respected and can be processed without any auction based on this Law.

### CHAPTER XXVI

#### CONCLUSION

#### Article 173

- (1) When this Law begins to take effect, Law No. 11/1967 on the Principles of Mining (Statute Book of 1967 No. 22, Supplement to Statute Book No. 2831) shall be revoked and declared null and void.
- (2) When this Law begins to take effect, all regulations which serve as the Implementation regulations of Law No. 11/1967 on the Principles of Mining (Statute Book of 1967 No. 22, Supplement to Statute Book No. 2831) shall remain valid, provided they do not run counter to this Law.

#### Article 174

The regulations needed to implement this Law shall be stipulated no later than 1 (one) year after this Law has been promulgated.

#### Article 175

This Law shall come into force as from the date of promulgation.

For public cognizance, this Law shall be promulgated by placing it in the Statute Book of the Republic of Indonesia.

Endorsed in Jakarta

on January 12, 2009

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

sgd.

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta

on January 12, 2009

THE MINISTER OF LAW AND HUMAN RIGHTS,

sgd.

ANDI MATTALATTA

STATUTE BOOK OF THE REPUBLIC OF INDONESIA

OF 2009 NO. 4

ELUCIDATION  
OF LAW NO.4/2009  
ON  
MINERAL AND COAL MINING

I. GENERAL

The 1945 Constitution, Article 33. paragraph (3) affirms that land, waters and natural resources contained therein are controlled by the state and are used for the greatest possible benefit of the people's prosperity. Considering that mineral and coal as natural resources contained in the earth constitute unrenewable natural resources, they must be managed as optimally, efficiently, transparently, sustainably, environment-friendly and fairly as possible for the greatest benefit of the people's prosperity in a sustainable way.

To meet provisions in Article 33 paragraph (3) of the 1945 Constitution, Law No. 11/1967 on the Principles of Mining has been issued. During its more than four decades of existence, the Law has contributed significant contributions to the national development.

In further developments, the law whose content is centralistic in nature is no longer relevant to the current situation and future challenges. In addition, the development of the mining sector must adjust itself to the strategic environmental changes, either at a national or international level. The main challenge facing the mineral and coal mining is the impact of globalization that encourages democratization, regional autonomy, human rights, environmental protection, development of technology and information, intellectual property rights and demand for an increased role of the private sector and the community.

To face the strategic environmental challenges and answer all the problems, it is necessary to enact a new law on mineral and coal mining to serve as a legal basis for the reformation and rearrangement of activities in

the operation and management of mineral and coal mining.

This Law contains main thoughts as follows :

1. Mineral and coal as unrenewable resources are controlled by the state and the development and efficient use of mineral and coal are conducted by the Government and regional governments, along with business players.
2. The Government later gives opportunities to corporate bodies of Indonesian legal entity, cooperatives, individuals and the local community to operate mineral and coal mining based on permits and those in line with the regional autonomy are given by the Government and/or regional governments according to their respective authority.
3. Within the frame of decentralization and regional autonomy the management of mineral and coal mining is based on the principles of externality, accountability and efficiency involving the Government and regional governments.
4. Mining businesses must be able to give the greatest possible economic and social benefit to the Indonesian people's welfare.
5. Mining businesses must be able to speed up the development of areas, boost the economic activities of the community/small-and medium-scale businessmen and encourage the growth of mining-supporting industries.
6. To ensure sustainable development, mining business activities must be carried out by observing the principles of the environment, transparency and public participation.

## II. ARTICLE BY ARTICLE

## Article 1

Sufficiently clear.

## Article 2

Letter a up to Letter c

Sufficiently clear.

Letter d

The principles of sustainability and environment-orientation referred to herein are the well-planned principles which integrate economic, environmental and socio-cultural dimensions in all mineral and coal mining businesses to create prosperity at present and in the future.

Article 3 up to Article 5

Sufficiently clear.

## Article 6

Paragraph (1)

Letter a and Letter b

Sufficiently clear.

Letter c

National Standards in the field of mineral and coal mining are technical specifications or something standardized.

Letter d up to Letter r

Sufficiently clear.

Letter s

Referred to as the balance sheet of mineral and coal resources at a national level is the balance sheet which demonstrates the quantity of resources, deposits and production of mineral and coal on a national scale.

Letter t and Letter u

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 7 up to Article 14

Sufficiently clear.

## Article 15

The delegated authority is the authority in setting WUP for non-metal mineral and rock in one regency/municipality or in more than one regencies/municipalities.

## Article 16

Sufficiently clear.

## Article 17

Referred to as size is either maximum or minimum size.

Borders are set under experts' views acceptable to all parties.

Article 18 up to Article 20

Sufficiently clear.

## Article 21

WPR is set based on the plan by synchronizing data and information through the WP information system.

## Article 22

Letter a

Referred to as the side and riverbank is the area of accumulating secondary mineral enrichment (pay streak) in the meander of river.

Letter b up to Letter f

Sufficiently clear.

## Article 23

Announcement on the WPR plan is made at the office of village head and the relevant office/agency, complete with a situation map demonstrating location, size, and borders as well as coordinate list in addition to list of the holders of titles to land located in WPR.

## Article 24 up to Article 26

Sufficiently clear.

## Article 27

## Paragraph (1)

The setting of WPN in the national interests is meant to encourage the national economic growth, energy resilience and national strategic industries as well as to increase the competitive edge of national industries in the face of global challenges.

Certain commodities referred to herein include copper, tin, gold, iron, nickel and bauxite as well as coal.

The conservation referred to herein also includes efforts to manage mineral and/or coal whose sources are limited.

## Paragraph (2)

Referred to as part of its area is meant to set the percentage of the size of the area to be managed.

## Paragraph (3)

Referred to as the time limit is that WPN set for conservation can be managed after a certain period of time has passed.

## Paragraph (4)

Sufficiently clear.

## Article 28

Sufficiently clear.

## Article 29

## Paragraph (1)

Referred to as coordination is accommodating all regional interests related to WUPK in accordance with the legislation.

## Paragraph (2)

Sufficiently clear.

## Article 30

Sufficiently clear.

## Article 31

Referred to as size is either maximum or minimum size.

Borders are set based on experts' views acceptable to all parties.

## Article 32 and Article 33

Sufficiently clear.

## Article 34

## Paragraph (1)

## Letter a and Letter b

Sufficiently clear.

## Paragraph (2)

## Letter a

Referred to as radioactive mineral mining is the mining as referred to in the law on nuclear power.

## Letter b

Metal mineral mining referred to herein includes mineral by-products.

## Letter c and Letter d

Sufficiently clear.

## Paragraph (3)

Sufficiently clear.

## Article 35 up to Article 37

Sufficiently clear.

## Article 38

## Letter a

Corporate bodies referred to herein also include state-owned companies and regional government-owned companies.

## Letter b and Letter c

Sufficiently clear.

## Article 39

## Paragraph (1)

Sufficiently clear.

## Letter a up to Letter c

Sufficiently clear.

## Letter d

Statement of readiness referred to herein includes *environmental management cost* as a result of exploration activities.

## Letter e up to Letter n

Sufficiently clear.

## Paragraph (2)

Sufficiently clear.

## Article 40 and Article 41

Sufficiently clear.

## Article 42

## Paragraph (1)

The period of 8 (eight) years covers 1 (one) year of general inspection, 3 (three) years of exploration which can be extended twice covering 1 (one) year each; 1 (one) of feasibility study which can be extended twice covering 1 (one) year each.

## Paragraph (2)

The period of 3 (three) years covers 1 (one) of general inspection; 1 (one) year of exploration and 1 (one) year of feasibility study.

Referred to as non metal minerals of certain types include limestone for cement industry, diamond and precious stone.

The period of 7 (seven) years covers 1 (one) year of general inspection; 3 (three) years of exploration which can be extended twice covering 1 (one) year each; 1 (one) year of feasibility study which can be extended once for 1 (one) year.

## Paragraph (3)

The period of 3 (three) years covers 1 (one) year of general inspection; 1 (one) year of exploration and 1 (one) year of feasibility study.

## Paragraph (4)

The period of 7 (seven) years covers 1 (one) year of general inspection; 2 (two) years of exploration which can be extended twice covering 1 (one) year each; and 2 (two) years of feasibility study.

## Article 43 up to Article 45

Sufficiently clear.

## Article 46

## Paragraph (1)

Sufficiently clear.

## Paragraph (2)

Referred to as data on the results of feasibility study are synchronized data owned by the Government and regional governments.

## Article 47

## Paragraph (1)

The period of 20 (twenty) years referred to herein includes 2 (two) years of construction.

## Paragraph (2)

Sufficiently clear.

## Paragraph (3)

Referred to as non metal minerals of certain types include limestone, diamond and precious stone.

The period of 20 (twenty) years referred to herein covers 2 (two) years of construction.

## Paragraph (4)

Sufficiently clear.

## Paragraph (5)

The period of 20 (twenty) years referred to herein covers 2 (two) years of construction.

## Article 48 up to Article 50

Sufficiently clear.

## Article 51

Metal mineral mining referred to herein include by-product minerals.

Article 52

Paragraph (1)

Sufficiently clear.

Paragraph (2)

If in WIUP there are other minerals found in different places vertically or horizontally, other party can manage the mineral in question.

Paragraph (3)

Sufficiently clear.

Article 53 and Article 54

Sufficiently clear.

Article 55

Paragraph (1)

Sufficiently clear.

Paragraph (2)

If in WIUP there are other minerals found in different places vertically or horizontally, other party can manage the mineral in question.

Paragraph (3)

Sufficiently.

Article 56 and Article 57

Sufficiently clear.

Article 58

Paragraph (1)

Sufficiently clear.

Paragraph (2)

If in WIUP there are other minerals found in different places vertically or horizontally, other party can manage the mineral in question.

Paragraph (3)

Sufficiently clear.

Article 59 and Article 60

Sufficiently clear.

Article 61

Paragraph (1)

Sufficiently clear.

Paragraph (2)

If in WIUP there are other minerals found in different places vertically or horizontally, other party can manage the mineral in question.

Paragraph (3)

Sufficiently clear.

Article 62 up to Article 66

Sufficiently clear.

Article 67

Paragraph (1) and Paragraph (2)

Sufficiently clear.

Paragraph (3)

The application referred to herein must have adequate duty stamp and a recommendation from the village head/customary chief about the truth of the history of the applicant to receive a priority to get IPR.

Article 68 and Article 69

Sufficiently clear.

Article 70

Letter a and Letter b

Sufficiently clear.

Letter c

Environmental management activities cover prevention and control of pollution and restoration of the environment including reclamation of former mining sites.

Letter d

Sufficiently clear.

Letter e

Report is submitted once every 4 (four) months.

Article 71 up to Article 73

Sufficiently clear.

Article 74

Paragraph (1)

Observing the regional interests referred to herein means empowering regions.

Paragraph (2)

Metal mineral mining referred to herein includes by-product minerals.

Paragraph (3) up to Paragraph (7)

Sufficiently clear.

Article 75 and Article 76

Sufficiently clear.

Article 77

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Referred to as data on the results of feasibility study are synchronized data owned by the Government and regional governments.

Article 78

Letter a up to Letter c

Sufficiently clear.

Letter d

Statement of readiness includes environmental management cost arising from exploration activities.

Letter e up to Letter n

Sufficiently clear.

Article 79

Letter a up to Letter x

Sufficiently clear.

Letter y

The inclusion of clause share divestment is valid only if the shares are owned by foreign investors in

accordance with the legislation.

Article 80 up to Article 82

Sufficiently clear.

Article 83

Letter a up to Letter d

Sufficiently clear.

Letter e

The period of 8 (eight) years covers 1 (one) year of general inspection, 3 (three) years of exploration which can be extended twice covering 1 (one) year each; 1 (one) year of feasibility study which can be extended once for 1 (one) year.

Letter f

The period of 7 (seven) years covers 1 (one) year of general inspection; 2 (two) years of exploration which can be extended twice covering 1 (one) year each; and 2 (two) years of feasibility study.

Letter g

The period of 20 (twenty) years referred to herein covers 2 (two) years of construction.

Article 84 up to Article 92

Sufficiently clear.

Article 93

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Referred to as certain phases of exploration are the discovery of 2 (two) prospective areas in exploration activities.

Paragraph (3)

Sufficiently clear.

Article 94 and Article 95

Sufficiently clear.

## Article 96

Letter a up to Letter d

Sufficiently clear.

Letter e

Referred to as mining residue includes tailing and coal waste.

## Article 97

*Sufficiently clear.*

## Article 98

These provisions are needed considering that mining businesses in water sources can change the morphology of water sources, either at the upper or lower reach of water sources.

## Article 99 and Article 100

Sufficiently clear.

## Article 101

Provisions on guaranteed funds on reclamation and guaranteed funds on post-mining cover the amount, procedure of payment and disbursement, and report on the use of guaranteed funds.

## Article 102

Added value referred to herein is meant to improve the final products of mining businesses or the use of by-product minerals.

## Article 103

Paragraph (1)

The obligation to conduct domestic processing and purification is intended among others to improve and optimize the mining value of products, the supply of raw materials to industries, the absorption of labour force, and an increase in state revenues.

Paragraph (2) and Paragraph (3)

Sufficiently clear.

## Article 104

Sufficiently clear.

## Article 105

Paragraph (1)

Referred to as shall first secure IUP for operational production for sales is the effort to take care of a permit to transport and sell quarried minerals and/or coal.

Paragraph (2)

Permit is issued after an audit and evaluation of quarried minerals and/or coal has been done by the relevant technical agency.

Paragraph (3) and Paragraph (4)

*Sufficiently clear.*

## Article 106

The use of local workers always considers the competency of workers and the know how of workers.

These provisions are meant to support and grow the national capability to be able to compete with other nations.

## Article 107

Sufficiently clear.

## Article 108

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Referred to as the community is the community domiciled around the mining operations.

Article 109 up to Article 112

Sufficiently clear.

## Article 113

## Paragraph (1)

## Letter a

Force majeure referred to herein includes war, civil unrest, rebellion, epidemic, earthquake, flood, fire and natural disasters beyond the capacity of human beings.

## Letter b

Obstruction referred to herein includes blockade, strike, and labour dispute out of the mistakes of the holder of IUP or IUPK and the law and regulation issued by the Government so that the ongoing mining business activities are obstructed.

## Letter c

Sufficiently clear.

## Paragraph (2)

Sufficiently clear.

## Paragraph (3)

Application must contain explanations on the force majeure and/or obstruction leading to the partial or total stoppage of mining business activities.

## Paragraph (4)

Application from the community must contain explanations on the supporting capacity of the local environment related to mining business activities.

## Paragraph (5)

Sufficiently clear.

## Article 114 up to Article 117

Sufficiently clear.

## Article 118

## Paragraph (1)

Clear reasons referred to herein include the absence of prospects in technical, economic or environmental terms.

## Paragraph (2)

Sufficiently clear.

## Article 119

Sufficiently clear.

## Article 120

Improvement referred to herein means an increase from the phase of exploration to the phase of operational production.

## Article 121 up to Article 123

Sufficiently clear.

## Article 124

## Paragraph (1)

National companies can set up their branches in regions.

## Paragraph (2) and Paragraph (3)

Sufficiently clear.

## Article 125 up to Article 134

Sufficiently clear.

## Article 135

Approval from the holder of land titles is meant to settle plots of land disrupted by exploration activities, such as drilling, test ditch and sampling.

## Article 136 up to Article 144

sufficiently clear.

## Article 145

## Paragraph (1)

The community referred to herein are those who are exposed to the direct negative impact of mining business activities.

## Paragraph (2)

Sufficiently clear.

## Article 146 up to Article 164

Sufficiently clear.

Article 165

Referred to as anybody is the official issuing IUP, IPR or IUPK.

Article 166 up to Article 168

Sufficiently clear.

Article 169

Letter a

Sufficiently clear.

Letter b

All articles contained in the contract of work and

the agreement of work for the operation of coal mining must be adjusted to this Law.

Letter c

Sufficiently clear.

Article 170 up to Article 175

Sufficiently clear.

SUPPLEMENT TO STATUTE BOOK OF  
THE REPUBLIC OF INDONESIA NO. 4959

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