

**THE OFFSHORE INSTALLATION REMOVAL  
BASED ON INDONESIAN REGULATIONS  
(LEGAL BRIEF)**

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1. Indonesia embraces extensive marine territory. As an archipelagic state, it has small and big islands, islets and rocks spreading all over its territory. The outcome of a research conducted in 2000 revealed that the number of islands all over the national territory has reached 17,508.<sup>1</sup> Five thousand seven hundred and seven islands are named, while 11,801 islands are unnamed. Presently, the total size of Indonesia's territory (land and water) is 5,193,250 square kilometers (km<sup>2</sup>), embracing 2,027,080 square kilometers of land territory and 3,166,170 square kilometers of water territory.<sup>2</sup>

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<sup>1</sup> The other data owned by the Geospacial Information Agency under Bakosurtanal Republic of Indonesia states that nowadays the islands registered and coordinated are 13.466 in number. Through United Nations Group of Experts on Geographical Names (UNGEGN), where Indonesia is a member state, can offer information every year if there is any additional number of islands.. The accounting of the islands' number is done by National Team on the Mapping of Indonesian Earth Surface. Many societies have a view that Republic of Indonesia own the islands' number more than the number mentioned above, that is to say more than 17.000 islands. Nevertheless the number of 17.000 islands might be possibly right, since the societies suppose that "gosong" (low tide elevation), namely a land just existing when the sea water is in low tide is also supposed as an island by the society. Besides low tide elevation (gosong), the unnamed island is supposed as the island as well. Such the thing causing the society have a view that Indonesia has the number of islands more than 17.000 ones. The most important thing is that the territory with thousands islands in number are joined and united in the Union State of Indonesian republic (NKRI). The thing which is not overcome is that Indonesia is adjacent to ten neighbour states in number. The boundaries exist on ninety two outermost islands which need to be well guarded and managed, since those islands are used as baselines to make delimitation lines between Indonesia and the neighbour states. See The Geospacial Information Agency of Bakosurtanal RI, Indonesia Owns 13.466 Islands Registered and Coordinated (*Indonesia Memiliki 13.466 Pulau yang Terdaftar dan Berkoordinat*), See [http://bakosurtanal.go.id/berita-surta/show/indonesia\\_owns\\_13.466\\_islands\\_registered\\_and\\_coordinated](http://bakosurtanal.go.id/berita-surta/show/indonesia_owns_13.466_islands_registered_and_coordinated) (indonesia-memiliki-13-466-pulau-yang-terdaftar-dan-berkoordinat)

<sup>2</sup> Robert Cribb and Michele Ford, Indonesia as an Archipelago: Managing Islands, Managing the Seas, P.1. <https://ses.library.usyd.edu.au/bitstream/2123/16146/2/Cribb%20%26%20Ford%20Indonesia%20as%20an%20Archipelago.pdf>. Badan Pembinaan Hukum Nasional, Indonesia Merupakan Negara Kepulauan yang Terbesar di Dunia, See <http://bphn.go.id/news/2015102805455371/INDONESIA-MERUPAKAN-NEGARA-KEPULAUAN-YANG-TERBESAR-DI-DUNIA>, Nations Encyclopedia, Indonesia-Location, size, extent, See <http://www.nationsencyclopedia.com/Asia-and-Oceania/Indonesia-LOCATION-SIZE-AND-EXTENT.html>

2. If an archipelagic territory exists in a position between two oceans and two continents, it constitutes a centre of international traffic for foreign ships of all kinds.<sup>3</sup> Besides the role of passage area or transit for ships, many parts of the waters under the sovereignty and jurisdiction of a territory constitute a good location for installing offshore installations for exploration and exploitation of natural resources, particularly oil and gas existing in the seabed and its subsoil. Indonesia is obliged to guarantee the safety of navigation for all foreign ships passing through its national water territory and to give due publicity to any danger existing therein,<sup>4</sup> mainly the existing locations of offshore installations that have been abandoned or disused.
3. Technically, the removal of offshore installations refers to the guidelines existing in Government Regulation of the Indonesian Republic Number 17 Year 1974 regarding Control of Offshore Oil and Gas Exploration and Exploitation Operation.<sup>5</sup> Any offshore installation which is disused shall be entirely removed in a period established by the Director General, with conducting adequate activities to ensure the security of project and navigation lanes<sup>6</sup>. The entrepreneur is obliged to make a written notification to Director General latest in a period of seven days before the offshore installation removal is conducted, with describing some points as follows a) location of the offshore installation declared in geographical coordinates; b) date of the commenced removal activities<sup>7</sup>. The Entrepreneur is obliged to report finalization of the removal with stating any parts of the offshore installation which are removed and any other parts of the offshore installation which can not be removed, in a period latest in 14 days after the project activities finalized<sup>8</sup>. Further there is the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical

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<sup>3</sup> Komar Kantaatmadja, *International Compensation for Oil Pollution of the Sea (Gantirugi Internasional Pencemaran Minyak di Laut)*, Bandung: Alumni, 1981, P. 3.

<sup>4</sup> Indonesia is obliged to guarantee the safety of navigation based on both International law as stipulated in article of United Nations Convention on the Law of the Sea 1982 and domestic law as stipulated in article of Laws Number 6 Year 1996.

<sup>5</sup> Government Regulation of Indonesian Republic Number 17 Year 1974 (Peraturan Pemerintah RI Nomor 17 Tahun 1974) (L.N.1974 No.20. T.L.N.1974 No.3031) is government regulation specifying and implementing the Law of Indonesian Republic Number 1 Year 1973 concerning the Continental Shelf of Indonesia.

<sup>6</sup> Article 21 paragraph 1 of Government Regulation of Indonesian Republic Number 17 Year 1974 (Peraturan Pemerintah RI Nomor 17 Tahun 1974) (L.N.1974 No.20. T.L.N.1974 No.3031).

<sup>7</sup> Article 21 paragraph 2 of Government Regulation of Indonesian Republic Number 17 Year 1974 (Peraturan Pemerintah RI Nomor 17 Tahun 1974) (L.N.1974 No.20. T.L.N.1974 No.3031).

<sup>8</sup> Article 21 paragraph 2 of Government Regulation of Indonesian Republic Number 17 Year 1974 (Peraturan Pemerintah RI Nomor 17 Tahun 1974) (L.N.1974 No.20. T.L.N.1974 No.3031).

Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011) is designed to achieve the following purposes: guarantee the safety of work personnel; implement environmental management; guard offshore installation as state asset; and guarantee the navigation safety<sup>9</sup>.

4. Article 2 of the Ministry Regulation Number 01 Year 2011 states that the removal of offshore installation is exercised if the offshore installation is not used any more or will be used again for activities of oil and gas exploration and exploitation in another location. The removal of offshore installation must be conducted by applying technological devices which meet Indonesian national standard, regional standard or international standard and by applying a technical rule that is good and fulfills the work safety aspect, working health and environment preservation. The removal is carried out by the Contractor of Joint Work Contract, called Kontraktor Kontrak Kerja Sama (“KKKS”), after the contractor obtains an approval from the Director General of Oil and Gas (Dirjen Migas). For the purpose of gaining the approval, KKKS has to submit an application to Director General of Oil and Gas,<sup>10</sup> including a document of offshore installation removal planning. The Director General of Oil and Gas begins evaluating the document of the removal planning within thirty working days after the complete document is received.<sup>11</sup> During the evaluation, KKKS has to make a presentation of the removal planning document. Afterwards, the document is certified as complete and correct. In at most ten working days, the Director General of Oil and Gas gives an approval for offshore installation removal. This approval is valid for only three years. The approval is no more valid if the planning mentioned above is changed or is

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<sup>9</sup> Article 3 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011). See <http://prokum.esdm.go.id/permen/2011/Permen%20ESDM%2001%202011.pdf> See also <http://migas.esdm.go.id/post/read/Pedoman-Teknis-Pembongkaran-Instalasi-Lepas-Pantai-Minyak-dan-Gas-Bumi>. Technical Guidelines for the Removal of Oil and Gas Offshore Installation, P.1.

<sup>10</sup> Article 6 paragraph 1 and 2 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011). Satuan Kerja Sementara Pelaksana Kegiatan Usaha Hulu Migas (SKS Pelaksana Hulu Migas). SKS Pelaksana Hulu Migas or SKK Migas is an ad hoc institution substituting BP Migas. The substitution or transfer is established through the Decision of Minister for Energy and Mineral Resources Number 3135 K/08/MEM/2012 Year 2012 as implementation of the President Regulation Number 95 Year 2012 concerning the Transfer of Migas Upstream Activity’s Task and Function.

<sup>11</sup> Article 7 of the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

not exercised within 3 years of commencing the removal of the installation.<sup>12</sup> In carrying out the dismantling of offshore installation, KKKS is obliged to use a dismantling officer with appropriate competence and qualification or utilize the services of national companies that have obtained Certificate of Registration from the Director General of Oil and Gas.<sup>13</sup> Before carrying out the demolition, KKKS has to disseminate the dismantling, transfer and transport plans to the public and related agencies, install navigation signs around the demolition site, and ensure that all wells are permanently closed in conformity with the Indonesian National Standard.<sup>14</sup>

5. In addition, KKKS has to confirm that all infrastructures connected to the offshore installation have been disconnected and that all piping systems and other equipment are free of hazardous and toxic materials.<sup>15</sup> After the dismantling process, KKKS must place the dismantled materials in the approved storage location and clean the seabed to remove the remnants of the dismantling work or derivatives of past production activities with a minimum coverage of clearance area in accordance with the prohibited area with a radius of 500 meters.<sup>16</sup> Also, KKKS must ensure safety, health and environmental management at the time of the dismantling or removal and storage of offshore installation materials. It is stipulated as well that the Director General of Oil and Gas shall conduct guidance and supervision on the implementation of offshore installation disposal in accordance with the provisions of the law.<sup>17</sup> KKKS shall submit a report to the Director General of Oil and Gas concerning the implementation of the installation removal no later than 14 days after the

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<sup>12</sup> Article 7 paragraph 5 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

<sup>13</sup> Article 10 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

<sup>14</sup> Article 11 (a, b, c,) of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

<sup>15</sup> Article 11 (d, e, f) of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

<sup>16</sup> Article 12 paragraph 2 and 3 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

<sup>17</sup> Article 14 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

demolition activity is completed.<sup>18</sup> Based on technical evaluation of the report, it may be accepted. Within 30 working days after receipt of the report, the Director General of Oil and Gas should issue a site clearance certificate.<sup>19</sup>

## References

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<sup>18</sup> Article 14 paragraph 2 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).

<sup>19</sup> Article 14 paragraph 2 of the the Ministry Regulation for Energy and Mineral Resources Affairs concerning Technical Guidelines for the Removal of Offshore Oil and Gas Installation (The Ministry Regulation Number 01 Year 2011).