

**REQUIREMENTS AND GUIDANCE FOR  
COMMERCIAL BUSINESS PERMIT FOR BIOFUEL AS ALTERNATIVE FUEL**  
(Regulation of The Minister of Energy and Mineral Resources Number 051 of 2006  
dated October 10, 2006)

THE MINISTER OF  
ENERGY AND MINERAL RESOURCES,

Considering:

- a. that in the frame of implementing the provision of the First Dictum point 2 of Instruction of the President Number 1 of 2006 regarding Procurement and Utilization of Biofuel As Alternative Fuel, it is necessary to stipulate the commercial arrangement of Biofuel As Alternative Fuel;
- b. that based on the consideration as referred to in letter a and to accelerate the procurement and utilization of Biofuel as Alternative Fuel, it is necessary to stipulate the Requirements and Guidance for Commercial Business Permit for Biofuel as Alternative Fuel in a Regulation of Minister of Energy and Mineral Resources;

In view of:

1. Law Number 22 of 2001 (**BN No 6696 pages 16A-27A and so on**) regarding Oil and Natural Gas (Statute Book of Republic of Indonesia Year 2001 Number 136, Supplement to Statute Book Number 4152) as already amended by virtue of Judgment of the Constitution Tribunal Number 002/PUU-I/2003 dated December 21, 2004 (Statute Book of Republic of Indonesia Number 1 Year 2005);
2. Government Regulation Number 36 Year 2004 (**BN No. 7134 pages 17A-32A and so on**) regarding Oil and Natural Gas Upstream Business Activity (Statute Book of Republic of Indonesia Year 2004 Number 124, Supplement to Statute Book of Republic of Indonesia Number 4436);
3. Presidential Decree Number 187/M Year 2004 dated

October 20, 2004 (**BN No. 7128 pages 30A-31A**) as already amended several times recently by virtue of Presidential Decree Number 20/P Year 2005 dated December 5, 2005.

4. Presidential Regulation Number 5 Year 2006 dated January 25, 2005 (**BN No. 7297 pages 29A-30A**) regarding National Energy Policy;
5. Regulation of The Minister of Energy and Mineral Resources Number 0007 Year 2005 dated April 21, 2005 regarding Requirements and Guidance For Implementation of Business Permit of Oil and Natural Gas Upstream Business Activity;
6. Regulation of The Minister of Energy and Mineral Resources Number 0030 Year 2005 dated July 20, 2005 regarding Organization and Work Order of Ministry of Energy and Mineral Resources;
7. Regulation of The Minister of Energy and Mineral Resources Number 0048 Year 2005 dated December 20, 2005 regarding Standard and Quality (Specification) of as well as Supervision of Oil Fuel, Gas Fuel, Other Fuel, LPG, LNG and the Processed Products Marketed in the Home Country;

**D E C I D E S :**

To stipulate  
THE REGULATION OF THE MINISTER OF ENERGY AND  
MINERAL RESOURCES REGARDING REQUIREMENTS  
AND GUIDNCE FOR COMMERCIAL BUSINESS PERMIT  
FOR BIOFUEL AS ALTERNATIVE FUEL.

**CHAPTER I  
GENERAL PROVISION**

### Article 1

Referred to in this Regulation of the Minister as:

1. Alternative Fuel shall be liquid or gas fuel generated other than from the Natural Oil, Natural Gas and Processed Products.
2. Biofuel shall be the fuel generated from the vegetable material.
3. Commercial Business Permit for Biofuel as Alternative Biofuel which hereinafter referred to as Biofuel Commercial Business Permit shall be the permit granted to the Corporation to conduct the commercial business activity of Biofuel as Alternative Fuel.
4. Commercial Business Activity of Biofuel as Alternative Fuel shall be the business activity to provide Biofuel as Alternative Fuel comprising the activities of production, purchasing, selling, export and/or import as well as transportation and storage through the marketing of Biofuel as Alternative Fuel to the end consumers using a certain trade mark.
5. Corporation shall be a Company in terms of corporate body running a permanent and continuous type of business and is established pursuant to the prevailing legislation as well as running and having domicile within the territory of the Unitary State of the Republic of Indonesia.
6. Direct User shall be an individual and Corporation using the Biofuel as Alternative Fuel for own interest and otherwise for commercial purpose.
7. Minister shall be the minister whose tasks and responsibilities cover the Oil and Natural Gas business activity.
8. Director General shall be the Director General whose tasks and responsibilities cover the Oil and Natural Gas business activity.

9. Governor shall be the Governor acting as the Government representative in the region.

### CHAPTER II

#### REQUIREMENTS AND PROCEDURE FOR BIOFUEL COMMERCIAL BUSINESS PERMIT

#### Article 2

The corporation running the Commercial Business Activity of Biofuel as Alternative Fuel shall be obliged to hold the Commercial Business Permit for Biofuel from the Minister.

#### Article 3

- (1) To obtain the Commercial Business Permit for Biofuel as referred to in Article 2, the Corporation shall submit the application to the Minister through the Director General by enclosing the administrative and technical data.
- (2) The administrative Data as referred to in paragraph (1) shall consist of:
  - a. Deed of Incorporation of Corporation and the amendment thereto already ratified by the competent authority;
  - b. Company Profile;
  - c. Taxpayer Reference Number;
  - d. Company Registration Certificate;
  - e. Certificate of Domicile of Corporation;
  - f. Duly stamped written statement on the ability to fulfill the legislation; and
  - g. Duly stamped written statement on the preparedness for field inspection by the Directorate General.
- (3) The technical data as referred to in paragraph (1) shall consist of:
  - a. source of acquisition of material/Biofuel as exploited Alternative Fuel;
  - b. standard and quality (specification) data on Biofuel as Alternative Fuel to trade;
  - c. name and trade name of Biofuel as Alternative Fuel for retail;
  - d. business feasibility information;
  - e. duly . . . . .

- e. duly stamped written statement on the ability to provide the Biofuel as Alternative Fuel; and
- f. Duly stamped written statement on the ability to fulfill the work safety and health aspect as well as environmental management.

#### Article 4

- (1) Director General shall verify and evaluate the administrative and technical data for the application as referred to in Article 3 within the period of at the longest 10 (ten) working days.
- (2) Corporation shall be obliged to complete the administrative and technical data relating to the application as referred to in Article 3 within the period of at the longest 10 (ten) working days as of the receipt of notice.
- (3) In the frame of clarifying the administrative and technical data as referred to in Article 3, the Director General may request the Corporation to hold presentation;
- (4) In the event the administrative and technical data as referred to in paragraph (2) are already complete and correct, for the examination of data conformity and information on the Corporation plan, a location visit may be conducted.
- (5) Director General shall be obliged to complete the verification and evaluation in at the longest 10 (ten) working days after the presentation and receipt of the complete and correct requirements and/or location visit.

#### Article 5

- (1) In the event the application as referred to in Article 3 already fulfills the requirements, the Director General on behalf of the Minister shall grant Biofuel Commercial Business Permit for the Corporation.
- (2) In the event the application as referred to in Article 3 fails to fulfill the requirements, the Director General

on behalf of the Minister shall refuse the application of the Corporation and give the reasons thereof.

#### Article 6

- (1) Biofuel Commercial Business Permit as referred to in Article 5 shall be provided for the period of at the longest 20 (twenty) years.
- (2) Biofuel Commercial Business Permit which validity already expires as referred to in paragraph (1) shall be extendible by proposing the application not later than 60 (sixty) days prior to the expiration of the Biofuel Commercial Business Permit.
- (3) The extension of Biofuel Commercial Business Permit as referred to in paragraph (2) may be given based on the company performance and annual evaluation.

### CHAPTER III

#### GUIDANCE FOR BIOFUEL COMEMRCIAL BUSINESS PERMIT IMPLEMENTATION

#### Article 7

The corporation holding the Biofuel Commercial Business Permit shall be obliged to own and/or control over the facilities and instruments of the Commercial Business Activity of Biofuel as Alternative Fuel.

#### Article 8

- In performing the construction of facilities and instruments of Commercial Business Activity of Biofuel as Alternative Fuel, the Corporation shall be obliged to:
- a. use the goods and equipment fulfilling the standard in accordance with the legislation;
  - b. adopt the good technical rule;
  - c. give priority for the utilization of goods, equipment, service, technology as well as ability for domestic engineering and design;
  - d. give priority for the employment of Indonesian manpower by taking into account the utilization of local manpower in accordance with the required standard of competence;
  - e. ensure the work and environmental safety and health;
  - f. assist the development of the local community.

### Article 9

*In performing the Commercial Business Activity of Biofuel as Alternative Fuel, the Corporation shall be obliged to:*

- a. ensure the availability of Biofuel as Alternative Fuel on sustainable basis and give priority for the domestic need fulfillment;
- b. ensure and be responsible to the supplier/end user level for the standard and quality of Biofuel as Alternative Fuel traded in accordance with the standard and quality (specification) stipulated by the Minister;
- c. ensure the selling price of Biofuel as Alternative Fuel to the fair level;
- d. ensure the procurement of facility and instrument of Commercial Business Activity of Biofuel as adequate Alternative Fuel;
- e. ensure and be responsible for the use of equipment, accuracy and system of the measuring devices used fulfilling the standard in accordance with the legislation;
- f. own and use the certain name and trade mark of Biofuel as Alternative Fuel for retail;
- g. submit report to the Director General on the implementation of the Commercial Business Activity of Biofuel as Alternative Fuel on quarterly basis or at any time if required.

### Article 10

*In the event the Corporation holding the Biofuel Commercial Business Permit intends to export and/or import the Biofuel as Alternative Fuel, it shall obtain the recommendation from the Minister.*

### Article 11

- (1) The direct user of Biofuel as Alternative Fuel may

*import the Biofuel as Alternative Fuel directly for own use after obtaining the recommendation from the Minister.*

- (2) The direct user is not allowed to market and/or sale and purchase Biofuel as Alternative Fuel.
- (3) The direct user marketing and/or selling and purchasing the Biofuel as Alternative Fuel shall be subjected to sanction in accordance with the legislation.

### Article 12

- (1) Corporation holding the Biofuel Commercial Business Permit may trade the Biofuel as Alternative Fuel to the end consumers.
- (2) The Oil Fuel mixed with Biofuel as Alternative Fuel can only be traded by the Corporation holding the General Commercial Business Permit for Oil Fuel.
- (3) The Biofuel as Alternative Fuel as referred to in paragraph (1) and Oil Fuel mixed as referred to in paragraph (2) shall fulfill the standard and quality (specification) stipulated by the Minister.
- (4) Corporation holding the Biofuel Commercial Business Permit in conducting the Commercial Business Activity of Biofuel as Alternative Fuel may appoint the supplier by giving the priority to the cooperatives, small-scale business and/or national private company through a selection.

## CHAPTER IV

### UP-BUILDING AND SUPERVISION

#### Article 13

- (1) Director General shall up-build and supervise the Commercial Business Activity of Biofuel as Alternative Fuel.

(2) Director . . . . .

- (2) Director General shall up-build and supervise the standard and quality of Biofuel as Alternative Fuel traded by the domestic Corporation.

## CHAPTER V ADMINISTRATIVE SANCTION

### Article 14

- (1) Director General on behalf of the Minister shall give the written reprimand to the Corporation committing violation to one of the requirements of Biofuel Commercial Business Permit.

- (2) Within the period of 30 (thirty) days after the written reprimand as referred to in paragraph (1), if such Corporation still commits the violation or repeats the violation, the Director General on behalf of the Minister may suspend the Commercial Business Permit for Biofuel as Alternative Fuel for the period of at the longest 3 (three) months.

- (3) In the event the Corporation fails to adhere to the requirements stipulated by the Minister during the suspension period as referred to in paragraph (2), the Director General on behalf of the Minister may freeze the Commercial Business Activity for Biofuel as Alternative Fuel for the period of at the longest 3 (three) months.

- (4) In the event of the providing of written reprimand, suspension and activity freeze as referred to in paragraphs (1), (2) and (3), the Corporation is given the opportunity to eliminate the violation committed or fulfill the requirements as already stipulated within the period of at the longest of 60 (sixty) days as of the freezing.

- (5) In the event of the lapse of the period of 60 (sixty) days as referred to in paragraph (4), the Corporation fails to eliminate the violation and fulfill the stipulated requirements, the Director General on behalf of the Minister may revoke the relevant Biofuel Commercial Business Permit.

### Article 15

In the event it is known that the administrative and technical data submitted by the Corporation as referred to in Article 3 is not correct, the Director General on behalf of the Minister revoke the relevant Biofuel Commercial Business Permit.

### Article 16

All arising losses due to the written reprimand, suspension and freezing as well as revocation of Biofuel Commercial Business Permit as referred to in Articles 14 and 15 shall become the expenses of the relevant Corporation.

## CHAPTER VI CLOSING PROVISION

### Article 17

- (1) The Minister shall delegate the authority to the Governor for providing the Biofuel Commercial Business Permit with the production capacity up to 10,000 (ten thousand) tons per annum.

- (2) The Governor in providing the Biofuel Commercial Business Permit as referred to in paragraph (1) shall refer to the provisions of this Regulation of the Minister.

- (3) Governor shall be obliged to submit report to the Minister on the providing of Biofuel Commercial Business Permit as referred to in paragraph (1) semi annually and/or at any time if required.

### Article 18

This Regulation of Minister shall become effective as of the date of stipulation.

Stipulated in Jakarta  
on October 10, 2006

THE MINISTER OF  
ENERGY AND MINERAL RESOURCES  
sgd  
PURNOMO YUSGIANTORO

—==( RY )==—