MANAGING OVERLAPPING LAND USAGE

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ABSTRACT

Fast increases of coal mining and plantation activities and large number companies with various sizes (from small local community cooperation institution to big scale international company) in VICO Indonesia Contract Area have impacted operation in: land acquisition process, drilling location construction, access road and pipeline condition and integrity. In some cases the mining activities have exposed VICO operation to significant safety issues that need to handle immediately which create issues on whose parties should responsible for the mitigation cost and cost recovery issues with government.

Refer to Government Regulation No. 35 Year 2004 On Upstream Oil and Gas Business Activities, Article 68 as legal basis, VICO Indonesia and BPMIGAS Kalimantan Sulawesi Representative office initiate a comprehensive overlapping land use agreement with 3rd parties who has permit to operate in the same area (mining and plantation) that cover both technical, cost exposure and liability, and non technical aspect. This agreement provided legal basis for each party in synchronizing their activities and tools to solve any operational issues. BPMIGAS Kalimantan Sulawesi and VICO have actively engaged Energy & Mineral Resources and Plantation departments of Kutai Kartanegara regency in development and implementation of Land Overlapping Usage Agreement or Perjanjian Pemanfaatan Lahan Bersama (PPLB).

The overlapping agreement covers:
- Classification of the areas: green area where 3rd parties may operate without permission; yellow area may operates with permission, red area is restricted for mining/plantation activities
- Technical requirement: excavation including the minimum distance to oil and gas facilities, height of slope and shoulder width of excavation
- Liabilities of both parties and Insurance

Since its implementation in 2007, among 96 coal and 5 palm plantation company, 54 coal and 4 palm plantation company has signed PPLB. The remaining are in various condition from initiation to finalization of the agreement, few companies not yet started any activities. There are a couple of good cooperation efforts between VICO and 3rd party companies that result in good efficiency and synergy between parties of PPLB agreement.

Lesson Learned and experiences that VICO cumulated during the 4 years PPLB development may help other Oil & Gas companies (especially on shore operations) in dealing with similar issue.

INTRODUCTION

Coal mining activities within VICO Operation area became critical issues when in early 2005 field operator in one of VICO wells Pam#10 found that the landslide was occurred on its access road. The landslide made the flow line lost its support and highly potential to crack (Figure 1). Obviously it was a negative impact of coal mining activity about a hundred meters away.

Later we found also that access road from Pam#12 to Pam#6 was damaged due to mining activity of PT BMSA (Figure 2).

It is realized that fast increases of coal mining and plantation activities and large number companies with various sizes (from small local community