Law and Humanities Quarterly Reviews

Syafrinaldi, Thamrin, S., Admiral, Febrianto, S., Prayuda, R., & Rahdiansyah. (2022). Legal Analysis of Smoothness Handover of Rokan Block from Chevron Pacific Indonesia to Pertamina Company. *Law and Humanities Quarterly Reviews*, 1(4), 150-166.

ISSN 2827-9735

DOI: 10.31014/aior.1996.01.04.43

The online version of this article can be found at:
https://www.asianinstituteofresearch.org/

Published by:
The Asian Institute of Research

The *Law and Humanities Quarterly Reviews* is an Open Access publication. It may be read, copied, and distributed free of charge according to the conditions of the Creative Commons Attribution 4.0 International license.

The Asian Institute of Research Law and Humanities Quarterly Reviews is a peer-reviewed International Journal of the Asian Institute of Research. The journal covers scholarly articles in the interdisciplinary fields of law and humanities, including constitutional and administrative law, criminal law, civil law, international law, linguistics, history, literature, performing art, philosophy, religion, visual arts, anthropology, culture, and ethics studies. The Law and Humanities Quarterly Reviews is an Open Access Journal that can be accessed and downloaded online for free. Thus, ensuring high visibility and increase of citations for all research articles published. The journal aims to facilitate scholarly work on recent theoretical and practical aspects of law.

ASIAN INSTITUTE OF RESEARCH
Connecting Scholars Worldwide

Asian Institute of Research
Connecting Scholars Worldwide

The Asian Institute of Research
Law and Humanities Quarterly Reviews
Vol.1, No.4, 2022: 150-166
ISSN 2827-9735
Copyright © The Author(s). All Rights Reserved
DOI: 10.31014/aior.1996.01.04.43

Legal Analysis of Smoothness Handover of Rokan Block from Chevron Pacific Indonesia to Pertamina Company

Syafrinaldi[1], Thamrin S[2], Admiral[3], Surizki Febrianto[4], Rendi Prayuda[4], Rahdiansyah[5]

[1] Professor and Lecturer, Department of Law, Post Graduate Program, Universitas Islam Riau.
Email: syafrinaldi@law.uir.ac.id
[2] Professor and Lecturer, Department of Law, Post Graduate Program, Universitas Islam Riau.
Email: thamrins@law.uir.ac.id
[3] Lecturer, Department of Law, Post Graduate Program, Universitas Islam Riau.
Email: surizkifebrianto@alaw.uir.ac.id
[4] Lecturer, Department of International Relation, Faculty of Social and Political Science. Universitas Islam Riau.
Email: rendiprayuda@soc.uir.ac.id
[5] Professor and Lecturer, Department of law, Faculty of Law. Universitas Islam Riau.
Email: rahdiansyah@law.uir.ac.id

Abstract
Indonesia is a country enriched with natural resources. One of the sources is oil and natural gas. The spirit to manage and explore these resources emerged after Indonesia's independence through the 1945 Constitution of the Republic of Indonesia which was specifically stated in Article 33 (3) of the 1945 Constitution. Article 33 Paragraph (3) of the 1945 Constitution stipulates that "Earth and water and the natural resources contained therein shall be controlled by the state and used for the greatest prosperity of the people". From the provisions of Article 33 Paragraph (3) of the 1945 Constitution, it can be explained that the management of natural resources in the form of exploration and exploitation of natural resources within the Indonesian jurisdiction including oil and natural gas is the authority of the state. Mining commodities such as oil and natural gas, gold, silver, bronze, coal, and so on are non-renewable resources. As unrenewable natural resources, oil and gas are businesses with very high demand in Indonesia. It is one of the biggest income promises for Indonesia. In addition, the oil and gas business is capital and technology intensive. The objectives of the study on handover of Rokan Block from Chevron Pacific Indonesia to Pertamina Company are as follows: To analyze the legal smoothness of handover of Rokan Block from Chevron Pacific Indonesia to PT. Pertamina; and to analyze the the Implementation of the transfer of technology with the handover of the Rokan Block from Chevron Pacific Indonesia to Pertamina. The research methodology used in this study is normative one where all legal materials and the published documents are thoroughly analysed. The results of the study show that the handover of Rokan Block from Chevron Pacific Indonesia to Pertamina Company was running well according to law applicable eventhough the regional government in Riau was angry to the central government due to the ignorance of the interests of the local communities. Besides, more than fifty years the operation of Rokan Block by Chevron Pacific Indonesia the transfer of technology remained in theory and cannot be implemented at all. The failure is due to the absence of strict law in Indonesia.

Keywords: Handover, Rokan Block and Oil and Gas

1. Introduction

Indonesia is a country enriched with natural resources. One of the sources is oil and natural gas. The spirit to manage and explore these resources emerged after Indonesia's independence through the 1945 Constitution of the Republic of Indonesia ("UUD 1945") which was specifically stated in Article 33 (3) of the 1945 Constitution. Article 33 Paragraph (3) of the 1945 Constitution stipulates that "Earth and water and the natural resources contained therein shall be controlled by the state and used for the greatest prosperity of the people". The increasing need for energy causes oil and gas to become one of Indonesia's main commodities which contributes the most to state revenue. Just energy sovereignty has become Indonesia's ideal to run the community's economy by realizing upstream to downstream business activities. Economic relations that occur in upstream business activities, namely carrying out exploration activities (activities to find and prove the existence of underground oil and gas reserves) and exploitation (activities to produce oil and natural gas from a predetermined working area by carrying out various kinds of activities, which consist of drilling and completion of wells, construction of transportation, storage and processing facilities for separating and refining oil and natural gas in the field and other supporting activities), while downstream activities include processing, transportation and marketing activities.

The management of upstream oil and gas business activities is carried out through a cooperation contract. A cooperation contract is a production sharing contract or other form of cooperation contract in exploration and exploitation activities that are more profitable for the state and the results will be used for the greatest prosperity of the people.[1] This cooperation contract is executed based on a Production Sharing Contract (PSC). The period of time for a cooperation contract (KKS) has been regulated under Article 14 paragraph (1) of Law Number 22 Year 2001 concerning Oil and Gas that is implemented no later than 30 (thirty) years later in paragraph (2) it is declared a business entity or a permanent establishment may apply for an extension of the cooperation contract period of not more than 20 (twenty) years.

The ministerial regulation issued in 2018, namely Regulation of the Minister of Energy and Mineral Resources (ESDM) Number 23 of 2018 in lieu of Regulation of the Minister of Energy and Mineral Resources Number 15 of 2015 concerning Management of Oil and Gas Work Areas where the Cooperation Contract will end, in Article 2 states that it is clear that the government is providing a way for existing contractors to continue managing a working area (WK) whose cooperation contract is about to expire. There is a chance that the blocks that are about to expire can be re-auctioned and extended by the existing contractor.[2]

The upstream oil and gas sector in Indonesia has contributed very significantly to state revenues. In 2005, government revenue from the upstream oil and gas sector reached 33% of the State Revenue and Expenditure Budget (APBN). In 2015 it fell to 20.6% and in 2016 it only reached 7.7%. The decline in this percentage was caused by various factors, including the high and low price of oil which was influenced by the dynamics of the global oil and gas industry, and the recent downward trend in production or lifting. In addition, the increase in revenues from non-oil and gas sectors has increased APBN revenues which have a percentage impact on the total APBN (Lubiantara, 2017).

One of the biggest upstream oil and gas sector in Indonesia is the Rokan Block managed by PT Chevron Pacific Indonesia, the United States based company. Request for extension of the cooperation contract to the Minister of Energy and Mineral Resources, as was done by the old contractor and the new contractor. The application for a cooperation contract extension is regulated in the Minister of Energy and Mineral Resources Regulation Number 23 of 2018 concerning the Management of the Oil and Gas Work Area where the Cooperation Contract will end, for the previous contractor in carrying out a contract extension as referred to in Article 3 paragraph (1) is submitted no later than 10 years. and no later than 2 years prior to the end of the cooperation contract by fulfilling the requirements for a cooperation contract extension application and this is the same for the

[1] See the consideration of Law No. 22 of 2001 on Oil and Natural Gas. This law came into force on 23 November 2001; State Gazette of 2001 Number 136.
[2] Article 13 Regulation of the Minister of Energy and Mineral Resources Number 23 of 2018 concerning Management of Oil and Gas Work Areas where the Cooperation Contract will end.

application by PT Pertamina. The Minister decided for the management of the Rokan Block to PT Pertamina before the contract ended, therefore from 2018 on, government is keen on preventing a decline in oil production in the Rokan Block, the government issued a transition period so that there would be no losses to this old block.

After 50 years of being managed PT Chevron Pacific Indonesia, the management of the Rokan Block in Riau has finally returned to the bosom of the motherland. Starting in 2021, the Indonesian government will appoint PT Pertamina (Persero) to manage the block, which has an area of 6,220 kilometers. It is recorded that since its operation in 1971 to December 31, 2017, oil production in the Rokan Block has reached 11.5 billion barrels. The Rokan Block itself currently has oil reserves of up to 500 million to 1.5 billion barrels of oil equivalent without using Enhance Oil Recovery or EOR[3].

Arcandra Tahar, who at that time served as deputy minister of Energy and Mineral Resources (ESDM), revealed that there were four reasons the government appointed Pertamina to manage the Rokan block. The four reasons are as follows:[4]

1. Pertamina in its proposal has submitted a signature bonus of US $ 784 million or around Rp. 11.3 trillion. This signature bonus will later go to the state treasury.
2. The value of the firm work commitment for investment provided by Pertamina during the initial 5 years is worth 500 million US dollars or around Rp 7.2 trillion.
3. The increased potential for state revenue during the 20 years of the country after obtaining a potential income of 57 billion US dollars or around Rp 825 trillion rupiah.
4. Discretion of the Minister of Energy and Mineral Resources. This discretionary decision is based on a change in the fiscal system from Cost Recovery [5] to *Gross Split*.[6]

Through these business considerations, the government decided to entrust the management of the Rokan Block to Pertamina after comparing it with the proposal submitted by Chevron. The Rokan Block production has decreased very significantly until the contract ended in 2021. That was due to the fact that PT CPI did not show good faith during the transition period by not opening up space for the management transition period and not investing through drilling activities. In fact, drilling is one of the requirements for the continuity of oil production in the Rokan Block. In the transition process there were obstacles for the reason that the production sharing contract scheme used in the Rokan Block contract was to use a cost recovery scheme or a net profit-sharing scheme. After the cooperation contract is continued with Pertamina, the gross split contract scheme is used. Under the gross profit-sharing scheme on oil, the government obtains 43% and the contractor obtains 57%, of the share while the government gets 52% of the share and 48% goes to the contractor for the gas share. However, there is still chance that the contractor's profit sharing could increase depending on the conditions of the oil and gas field.

The implementation of oil and gas block contracts with the gross split scheme is considered to have not provided legal certainty. Under the Minister of Energy and Mineral Resources Regulation Number 52 of 2017 concerning Amendments to the Regulation of the Minister of Energy and Mineral Resources Number 8 of 2017 concerning Production Sharing Contracts, precisely Article 7 provides flexibility for the government to increase the percentage of profit sharing imposed on oil and gas contractors without clear boundaries.

As a result, companies are given special financial incentives to invest, but must also be prepared to take risks if natural resources are not found. In line with this, the contract gives the company "sole and exclusive right" to

[3] EOR is a method or method used to increase oil reserves in a well. The trick is to raise the volume of oil that could not be produced before. This EOR method optimizes an oil well with thick, heavy, poor permeability and irregular faultlines so that it can be lifted to the surface.
[4]https://ekonomi.kompas.com/read/2018/08/02/063000826/penyerahan-blok-rokan-untungkan-pertamina-kecewakan-chevron?page=all
[5] Is the return of operating costs incurred by the oil and gas contractor as long as reserves have not been found until they are commercially produced.
[6] is a calculation scheme for the results of the management of the oil and gas working area (oil and gas) between the Government and the Oil and Gas Contractor calculated in advance. Through the gross split scheme, the State will get oil and gas revenue sharing and taxes from exploration and exploitation activities so that State revenues become more certain. The state will not lose control either, because the determination of the working area, production capacity and lifting, as well as profit sharing is still in the hands of the State. Therefore, the implementation of this scheme is believed to be better than the previous profit sharing scheme, namely the Production Sharing Contract (cost recovery scheme).

carry out Petroleum Operations under an agreement signed by the parties. This is intended to encourage companies to seek natural resources, which later on when these natural resources are found, it is possible for the company to recover costs that have been spent and then collect profits according to what has been agreed in the contract. However, if the company does not succeed in finding oil and gas resources as stated above, it will bear the loss (Likosky, 2009).

Apart from the technical aspects and the calculation of profits from exploitation that will be obtained by Pertamina Company in the future, as stated above, the legal aspects of the agreement or contract as well as the agreement on the handover of the Rokan Block are aspects that should be carefully considered, there are other things that need to be considered from the success of the Indonesian Government in taking over this management, the analysis is whether the Rokan Block submission from PT CPI to PT Pertamina has been done with due observance of proper legal regulations, this needs to be reviewed in order to avoid lawsuits that may occur due to legal flaws from the handover of the Rokan Block. In addition, this success is not merely about Indonesia's ability exploiting independently and obtaining a large income for the state, but how the economic aspects will be felt by the people of Riau Province and what technological advantages might affect the performance of PT Pertamina in the future. This writing will analyse two issues, namely the legal handover of Rokan Block from Chevron Pacific Indonesia to Pertamina Company and the implementation of transfer of technology from foreign skilled labor to Indonesian.

2. Result and Discussion

2.1. Smoothness Handover of Rokan Block and the Implementation of Transfer of Technology

With the expiration of the contract that entitles the Rokan Block management by the Government to PT. Chevron Pacific Indonesia in July 2021 The Indonesian government has made the right decision by appointing Pertamina Company as a State-Owned Enterprise will be the successor in managing the Rokan Block for the next 20 years. The appointment of Pertamina Companyas the contractor that will manage the Rokan Block for the next 20 years will be carried out by the Government by considering many factors such as political, economic, human resources and technology factors.

From the contract law standpoint, the problem of time is one of the things that can lead to the termination of a bond between parties such as between the Indonesian Government and Chevron Pacific Indonesia in the management of the Rokan Block. On this basis, the Government finally appointed Pertamina Companyas a State-Owned Company as the new contractor for the Rokan Block.

It is quite interesting to study how the Government's strategy is to take over the management of the Rokan Block and then appoint Pertamina Companyas a new contractor, namely by issuing Regulation of the Minister of Energy and Mineral Resources (ESDM) RI No. 37 of 2016 concerning Provisions for Offer of 10% (Ten Percent) Participating Interest in Oil and Gas Working Areas[7]. Article 1 Number 4 of the 2016 Minister of Energy and Mineral Resources Regulation (PMESDM 2016) stipulated that 10% Participating Interest is a maximum amount of ten percent Participating Interest in a cooperation contract that must be offered by the contractor to Regional Owned Enterprises (BUMD) or State-Owned Enterprises (BUMN). Further, this provision is reaffirmed by Article 2 PMESDM 2016 that the intended 10% PI offer must be offered only to BUMD.

Mineral Ministry 2016 is one of the methods or weapons of the Central Government to reduce the desire of the regions through BUMD or other forms of business to obtain the management rights of the Rokan Block in Riau. As it is known that since 2002 PT. Bumi Siak Pusako is the first State Owned Enterprises in Indonesia that has won the trust of the Government to cooperate with Pertamina Company Hulu is managing the CPP Block due to the expiration of the Chevron Pacific Indonesia (CPI) contract.

[7] Stipulated on November 25, 2016.

The transition to the management of the Rokan Block as the second largest oil and gas producer in Indonesia from PT. Chevron Pacific Indonesia to Pertamina Company Hulu Rokan, whose contract expires on August 8, 2021, is an extraordinary policy breakthrough from the Indonesian government. However, even though this policy is one thing that should be highly appreciated by all groups. In his opinion, it is necessary to understand that the transfer and management that will later be handed over to the Indonesian State through State-Owned Enterprises (BUMN), namely PT PHR, seems to have a legal framework or rules of the game that are important to pay attention to.

Given, with this transition on the one hand. On the other hand, it seems that it has several things that must be considered legally in addition to smoothing the transition of management of the block to PT PHR, but it is also aimed at calculating indications of legal problems that can arise from this transition so that projections can be given later to avoid lawsuits. that occurs and can hinder and detrimental from the delivery in the future. So, with the considerations as stated above. In the formulation of this problem, in general we will discuss several main things including: First, the analysis of the handover of the Rokan block from PT CPI to PT PHR based on legal regulations governing oil and gas in Indonesia. Second, the analysis of the handover of rokan blocks from PT CPI to PT PHR is based on the review of the existing contracts between PT CPI. Third, there are several indications of legal problems as well as projected solutions in the procedure of handing over the Rokan block from PT CPI to PT PHR. In general, the three main points will be explained as follows.

Indonesia is very dependent on Oil and Natural Gas. This thesis is an undeniable reality that Indonesia is very dependent on Oil and Gas Natural Resources. Through this thesis, it is thought that the basis for why the Indonesian Government seeks to independently extract and manage the Oil and Gas Resources contained in the Rokan Block. As an initial illustration, it can be seen through the diagram below to explain how much influence the management of oil and natural gas has on Indonesia. As is the case, that almost all over the world, including Indonesia, it seems that it is understood that the management of Oil and Gas Resources is not carried out or happens just like that or mutatis mutandis. In fact, presumably there are rules that needs to be studied and considered in order to avoid things that could indicate a loss in the management of Oil and Gas Resources, both from the existing regulatory aspects, as well as the implementation mechanism of these regulations, including the parties who play a role (Negara, 2017).

The regulation as the rules and regulations of the implementation mechanism includes the parties who took part in the transition of the Rokan Block as referred to above. Consequently, Author will review several provisions that oversee and regulate the matter, consisting of Law Number 22 of 2001 concerning Oil and Gas (hereinafter referred to as the Oil and Gas Law), Law Number 11 of 2020 concerning Job Creation specifically in the Energy and Resources cluster. Mineral Resources (ESDM) (hereinafter referred to as the Job Creation Law), as well as several Constitutional Court Decisions (MK Decisions) related to material that will be reviewed in this study, Presidential Regulation Number 9 of 2013 concerning the Implementation of Management of Upstream Oil and Gas Business Activities Juncto Presidential Regulation Number 36 of 2018 concerning Amendments to Presidential Regulation Number 9 of 2013 concerning Implementation of Management of Upstream Oil and Gas Business Activities (hereinafter referred to as Perpres PPKH Migas), and Regulation of the Minister of Energy and Mineral Resources Number 23 of 2018 concerning Management of Work Areas Oil and Gas Cooperation Contracts with the Expiration of the Contract (hereinafter d is called Permen ESDM 23/2018). In order to systematize the discussion, further explanation of each of these regulations can be described as follows.

2.2. Analysis of Rokan Block Handover Base on Law Number 22 of 2001 on Oil Gas

For nearly 15 years since it was promulgated on November 23, 2001, the Oil and Gas Law has undergone 4 trials in the Constitutional Court because there are articles that are deemed contrary to the Indonesian constitution (UUD 1945), especially those related to Article 33 paragraph (2) and paragraph (3) The 1945 Constitution, although there was also one case which was declared unacceptable due to the issue of legal standing (Negara, 2017). Apart from that, during its journey to date. The Oil and Gas Law is related to the content regulated in it, in fact, there have been several changes regulated in the Job Creation Law as new content replaces some of the old material contained in the Oil and Gas Law itself.

This is why it is necessary to first emphasize in order to provide an explanation in the sub-chapter of this study which in the discussion is related to the handover of the Rokan Block from PT CPI to PT PHR with an analysis of the Oil and Gas Law later, will release some amended provisions or articles., nor repealed it. However, this does not mean that these provisions are not at all used as material for discussion. Rather, this will be discussed in the next sub-study in the formulation of this problem. Some of the articles referred to above, as a whole consist of Article 1, Article 4, Article 5, Article 23, Article 25, Article 52, Article 53, and Article 55, as well as the addition of one Article namely Article 23 A which is regulated in the Law. Job creation. Meanwhile, the amended provisions through the Constitutional Court Decision consist of Article 28 paragraph (2) and paragraph (3), Article 12 paragraph (3), and Article 22 paragraph (1) in the Constitutional Court Decision No. 002 / PUU-1/2003. Article 11 paragraph (2) as amended by the Constitutional Court Decision No. 20 / PUU.V / 2007. As well, the elimination of the authority and institutions of the Upstream Oil and Gas Regulatory Body (BP MIGAS) in the Constitutional Court Decision No. 36 / PUU.X / 2012.

Entering into the discussion regarding the Oil and Gas Law which consists of 14 chapters and 67 articles, it is necessary to explain that the provisions of the uu a quo contain 9 (nine) main points which are used as the main flow of thought for oil and gas management, including (Quarbani, 2014):

First, oil and gas as a source of natural wealth contained in the Indonesian mining jurisdiction is controlled by the state and maintained by the government as the holder of the Mining Authority. Mining Authority remains in the hands of the government so that the government can regulate, maintain and use this national wealth for the greatest welfare of the people. Subsequently, the government formed an Implementing Body.

Second, eliminating monopolistic businesses in both the upstream and downstream sectors. In the upstream business sector, which consists of exploration and exploitation, which are activities related to the extraction of natural resources in the form of oil and gas mining materials, the private sector can only carry out oil and gas business activities indirectly, namely as a contractor through cooperation with the Implementing Body. In the downstream business sector, which consists of processing, transportation, storage, and trading businesses, companies can carry out business based on business permits issued by the government.

Third, creating and guaranteeing a more real central and regional revenues from production, so that state revenues from the oil and gas sector can be enjoyed directly by the people in the regions concerned. For this purpose, the company or permanent establishment is obliged to surrender the state's share, state levies, pay bonuses, taxes, local taxes and levies, as well as applicable customs obligations. On state levies, state shares and bonuses are earmarked as central and regional revenues.

Fourth, growing national oil and gas companies at home and abroad and being able to accommodate the development of future oil and gas business activities. As well as providing greater appreciation for the use of goods and services, domestic engineering and design capabilities.

Fifth, to provide clearer provisions regarding guarantees for the continuity of supply and service of BBM as well as regulations related to the fuel subsidy mechanism.

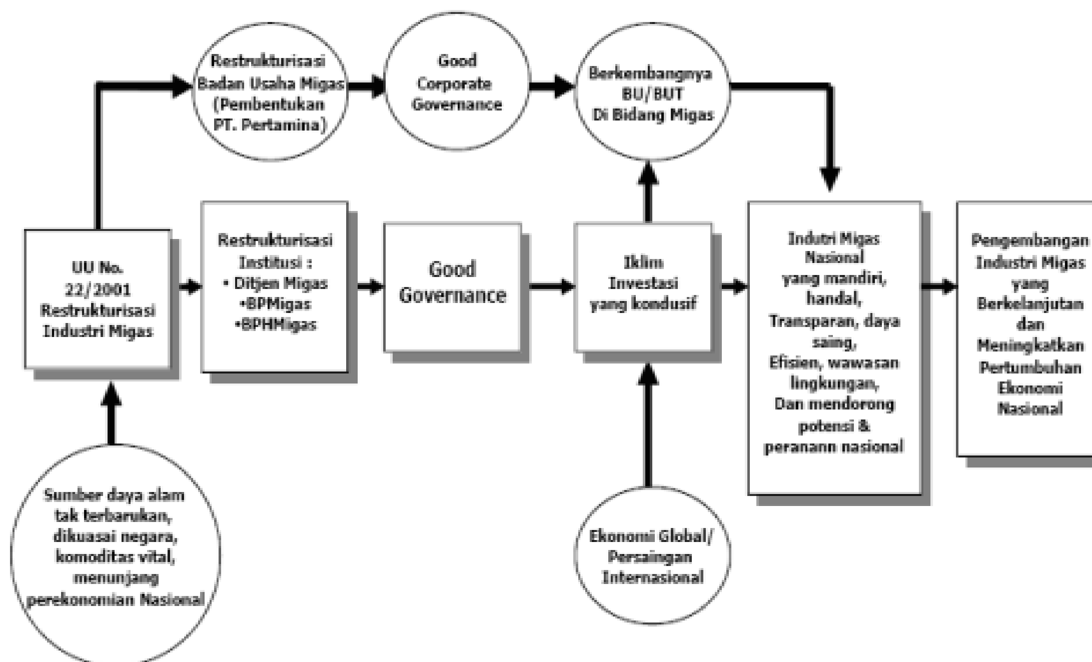
Sixth, ensuring adequate data provision, professional workforce, enhancing research and development functions and encouraging investment by creating a conducive investment climate.

Seventh, the existence of a work area management arrangement by the government that will be undertaken by a company or permanent business entity and for the provision of land to support the determination of the working area, the government can carry out a general survey in an effort to increase the value of the land offered to interested people.

Eighth, there is a guarantee of legal certainty, which is more stable (simple, firm and consistent arrangements) and eliminates excessive government interference, so that the business climate is expected to be healthier and more competitive.

Ninth, the realization of the anticipation of the prevention and handling of the increase in criminal acts in oil and gas business activities both in quantity through the appointment of Civil Servant investigators.

Furthermore, of the 9 (nine) main points of view are outlined in the mindset for the development of the national oil and gas industry as in the chart below.



Source: Flowchart of Development of the National Oil and Gas Industry

Of the 9 (nine) main lines of thought as mentioned above, this is what is further outlined in the construction of articles and the body of the Oil and Gas Law in Indonesia. However, if the nine main lines of thought as mentioned above are linked to the main question in the formulation of this first problem. So, in fact, out of the nine main lines of thought, there will only be 6 (six) points (1st to 6th line of thought points) which will be related and have direct relevance to the process of transitioning the Rokan Block from PT CPI to PT PHR. Bearing in mind, several other points (the 7th, 8th, and 9th main line of thought points) apart from not being directly related, this is actually the authority given to the executive and legislative bodies, both central and regional. improvement in the management of Oil and Gas (MIGAS) in general and not specifically for the transfer of the Rokan Block.

Therefore, with the brief explanation above, what will be examined in this sub-chapter specifically are legal questions related to whether the Rokan Block submission is in accordance with the 6 main points of thought as described earlier? Of course, to answer this question, it is necessary to analyze the points of the 6 lines of thought which are directly related to the process of handing over the management of the Rokan Block from PT CPI to PT PHR. Which later, if this is in line (between the process of handing over the Rokan Block and the 6 main points of thought) then it can be concluded without having to review the body and articles in the Oil and Gas Law. In view of this, the entire existing article is actually an embodiment of the nine main lines of thought. So, if the relevance can be explained, then mutatis mutandis the handover of the rokan block is in accordance with the construction in the Oil and Gas Law.

The analysis of the 6 main points of thought in relation to the process of handing over the Rokan Block to the Indonesian Government can be described as follows. ***First***, the analysis of the handover of the Rokan Block

from PT CPI to PT PHR is related to the main line of thought which states that Oil and Gas as a source of natural wealth contained in the Indonesian mining jurisdiction is controlled by the state and held by the government as the holder of the Mining Authority. Mining Authority remains in the hands of the government so that the government can regulate, maintain and use this national wealth for the greatest welfare of the people. Subsequently, the government formed an Implementing Body.

The analysis in the first point is related to the handover of the Rokan Block from PT CPI to PT PHR, presumably this can be confirmed as one of the government's actions aimed at fulfilling the first point of thought. Given, the main thing that is emphasized in the line of thought of this first point is by stating that oil and gas as a source of natural wealth contained in the Indonesian mining jurisdiction is controlled by the state and managed by the government. Of course, with the management that was initially taken over by foreign companies and switched to state-owned companies, it is one of the concrete forms of how the state, through its own companies, seeks to independently manage oil and natural gas as a source of natural wealth whose output will come from managing oil and gas independently. is intended for the greatest prosperity of the people.

Thus, the handover of the Rokan Block from PT CPI, which in fact is a foreign company, is managed independently by PT PHR, which is a state-owned company, is actually a concrete form of the implementation of the mandate in the first point of thought on the management of oil and natural gas in Indonesia. Finally, with this explanation, it can be concluded that the handover of the Rokan Block from PT CPI to PT PHR fulfills or matches the line of thought of the first point.

Second, the analysis of the handover of the Rokan Block from PT CPI to PT PHR is related to the main line of thought which states that eliminating monopolistic businesses in both the upstream and downstream sectors. In the upstream business sector, which consists of exploration and exploitation, which are activities related to the extraction of natural resources in the form of oil and gas mining materials, the private sector can only carry out oil and gas business activities indirectly, namely as a contractor through cooperation with the Implementing Body. In the downstream business sector, which consists of processing, transportation, storage, and trading businesses, companies can carry out business based on business permits issued by the government.

The analysis in the second point is related to the handover of the Rokan Block from PT CPI to PT PHR, presumably not only in accordance with the line of thought of this point. Rather, the transition process further strengthens Indonesia's position from the existence of a monopoly in the management of oil and natural gas itself.

This can be seen from the previous monopoly that the Indonesian government tried to suppress in managing oil and natural gas only in the downstream business sector which consisted of processing, transportation, storage and trading businesses that could be carried out by companies based on business permits issued by the government. With the transfer of management and placing PT PHR as the manager of the Rokan Block, it will also eliminate the form of monopoly which can be interpreted as the absolute elimination of monopoly, which is not only in the downstream oil and gas sector but in the upstream oil and gas sector which consists of the exploration and exploitation process which is an activity. related to the draining of natural resources in the form of oil and gas minerals, previously the Rokan Block was managed by a private party (PT CPI) as a contractor in cooperation with the Implementing Body. So, with the management shift that will be carried out independently by Indonesia through PT PHR, ultimately the form of monopoly can be pressed into three fields at once, namely in the upstream sector, downstream sector, to the commercial sector in managing oil and gas (oil and gas) in Indonesia.

Through the explanation above, it can be reaffirmed that the handover of the Rokan Block from PT CPI, which in fact is a foreign company, is managed independently by PT PHR, which is a state-owned company, is actually a concrete form of implementing the mandate in the second point of mind on an effort to suppress monopoly that occurred in the field of oil and natural gas management in Indonesia. Finally, with this explanation it can be concluded that the handover of the Rokan Block from PT CPI to PT PHR has fulfilled or is in accordance with the second point of thought.

Third, the analysis of the handover of the Rokan Block from PT CPI to PT PHR is related to the main point of the line of thought which states that creating and guaranteeing more real central and regional revenues from production results, so that state revenues from the oil and gas sector can be enjoyed directly by the people in the regions. concerned. For this purpose, the company or permanent establishment is obliged to surrender the state's share, state levies, pay bonuses, taxes, local taxes and levies, as well as applicable customs obligations. On state levies, state shares and bonuses are earmarked as central and regional revenues.

The analysis in the third point is related to the handover of the Rokan Block from PT CPI to PT PHR, presumably not only has a positive impact in terms of independent management as has been touched on in the previous points of thought flow. However, with the transfer of Rokan Block management to PT PHR, it can have a more real impact on central and regional revenues both from production and tax returns, considering that this previously seemed less effective because it involved foreign companies (PT CPI).

In other words, revenue sharing is related to central and regional revenues after the transfer of Rokan Block management independently by the state through PT PHR. This, in turn, can make it easier and give a more effective impact where the revenue regulation can later be regulated separately in cooperation with both the central and regional governments. Therefore, based on the above analysis, the submission of the Rokan Block from PT CPI, it can be concluded that this is a form of implementation of the third point of thought on the management of oil and natural gas in Indonesia.

Fourth, the analysis of the handover of the Rokan Block from PT CPI to PT PHR is related to the main line of thoughts which states that growing and developing national oil and gas companies at home and abroad and can accommodate the development of future oil and gas business activities. As well as providing greater appreciation for the use of goods and services, domestic engineering and design capabilities. The analysis in the fourth point is related to the handover of the Rokan Block from PT CPI to PT PHR, this can be confirmed at the outset. Whereas by using a state-owned company to take over and independently manage the Rokan Block as one of the largest oil and gas producers in Indonesia, it is actually intended to make the most of the people's welfare based on economic matters. On the other hand, the transfer of management independently is also aimed at growing and developing national oil and gas companies at home and in the country before finally being able to compete with foreign companies both in managing oil and natural gas (oil and gas) in Indonesia as well as competing in the management of oil and gas. found abroad.

Finally, with the maximum and independent utilization of this, domestic oil companies to manage oil and natural gas (oil and gas) in Indonesia. This, presumably will also have an impact as a series with a greater appreciation of the use of goods and services, domestic engineering and design capabilities as part of the transfer of technology which will be discussed further in the study of the next problem formulation. So that the handover of the Rokan Block from PT CPI to PT PHR as explained above. In fact, this is a concrete form of the implementation of the mandate in the fourth point of mind on the management of oil and gas in Indonesia. Finally, with this explanation, it can be concluded that the handover of the Rokan Block from PT CPI to PT PHR fulfills or matches the line of thought of the fourth point.

Fifth, the analysis of the handover of the Rokan Block from PT CPI to PT PHR is related to the main line of thought which states that it provides clearer provisions regarding the guarantee of the continuity of the supply and service of BBM as well as the arrangements related to the fuel subsidy mechanism. The analysis in the fifth point is related to the handover of the Rokan Block from PT CPI to PT PHR, presumably this does not directly overlap with the handover process. Given that, in this fifth point, the emphasis is on providing clearer provisions and guaranteeing the continuity of the provision of BBM services as well as regulating the fuel subsidy mechanism, which is the authority of the executive branch together with the legislative bodies both central and regional in general.

However, if it is lowered to the level of clarity of rules, including those relating to contracts. In fact, the explanation regarding this matter will be analyzed in the next sub-study on the formulation of this problem

which specifically examines the problem of the Rokan Block management contract that will be carried out by PT PHR. So, from the analysis of the fifth point which is the main line of thought in relation to the handover of the Rokan Block from PT PCI to PT PHR, this will later be emphasized in the discussion point regarding the contract that will be carried out by PT PHR and the Government of Indonesia.

Sixth, the analysis of the handover of the Rokan Block from PT CPI to PT PHR is related to the main point of the line of thought which states that ensuring adequate data provision, professional workforce, enhancing research and development functions and encouraging investment through creating a conducive investment climate. The analysis in the sixth point is related to the handover of the Rokan Block from PT CPI to PT PHR, it can be explained that one of the enthusiasm brought about by the desire to take over the management of the Rokan Block is primarily aimed at increasing inventory by placing state-owned companies as the main managers so that In the future, the application of this desire is expected to be able to create a more conducive investment climate, considering that the company implementing oil and gas management is a state-owned company.

In addition, the handover of the Rokan Block itself to date is related to the provision of data that has been provided from PT CPI as the company that previously managed the block up to 90%, including those related to the technical implementation of the oil and gas industry in the Rokan Block. So, with the data that has been received, it is hoped that it will be able to help PT PHR in creating a professional workforce, increasing research and development functions which will ultimately lead to the creation of a conducive investment climate and an increase in investment. So that the handover of the Rokan Block from PT CPI to PT PHR, can again be emphasized that this is actually a form of the implementation of the mandate in the sixth point of mind on the management of oil and natural gas in Indonesia. Finally, with this explanation, it can be concluded that the handover of the Rokan Block from PT CPI to PT PHR fulfills or conforms to the sixth point of thought.

1. Analysis of the Rokan Block Handover Based on Law No. 11 of 2020 on Job Creation at the Energy and Mineral Resources cluster

The analysis of the Rokan Block handover in the discussion of this sub-chapter which refers to Law Number 11 of 2020 concerning Job Creation specifically in the Energy and Mineral Resources (ESDM) cluster (hereinafter referred to as the Job Creation Law), is actually a complement to the discussion in the previous point. Given that under this Job Creation Law, there are only few changes to articles that were previously regulated under the material content of the Oil and Gas Law. These articles include Article 1, Article 4, Article 5, Article 23, Article 25, Article 52, Article 53, and Article 55, as well as the addition of one Article, namely Article 23 A which is regulated under the Job Creation Law.

2. Analysis of the Handover of the Rokan Block Based on Law Number 11 of 2020 concerning Job Creation specifically in the Energy and Mineral Resources (ESDM) cluster

The analysis of the submission of the Rokan Block in the discussion of this sub-chapter which refers to Law Number 11 of 2020 concerning Job Creation specifically in the Energy and Mineral Resources (ESDM) cluster (hereinafter referred to as the Job Creation Law), is actually a complement to the discussion in the previous point. Given that under this Job Creation Law, there are only a few changes of articles that were previously regulated in the material content of the Oil and Gas Law. These articles include Article 1, Article 4, Article 5, Article 23, Article 25, Article 52, Article 53, and Article 55, as well as the addition of one Article, namely Article 23 A which is regulated in the Job Creation Law.

Changed Articles	Law Number 22 of 2001 on Oil and Gas	Law Number 11 of 2020 on Job Creation
Article 1 point 21	Central Government, hereinafter called Government, is an instrument of the Unified States of the Republic of Indonesia consisting of the President and the Ministers.	Central Government is the President of the Republic of Indonesia who holds the governmental power of the Republic of Indonesia assisted by the Vice President and ministers as referred to in the 1945 Constitution of the Republic of Indonesia.

Article 1 point 22	Regional Administration is the Head of the Region together with the other instruments of the Autonomous Region as the Regional Executive Body.	Regional Government is the head of the region as an element of the Regional Government who leads the implementation of government affairs which fall under the authority of the autonomous region.
Article 1 point 23	Minister is the Minister whose field of duty and responsibility covers the Oil and Natural Gas business activities.	**Article 1 point 23 was removed**
Article 4 paragraph (1), paragraph (2), and paragraph (3).	(1) Oil and Gas as strategic non-renewable natural resources contained in the Indonesian Legal Mining Territory are national assets controlled by the state. (2) The control by the state as referred to in paragraph (1) shall be carried out by the Government as the holder of the Mining Authority. (3) The Government as the holder of the Mining Authority establishes an Implementing Body as referred to in Article 1 point 23.	(1) Oil and Gas as strategic non-renewable natural resources contained in the Indonesian Legal Mining Territory are national assets controlled by the state. (2) The control by the state as referred to in paragraph (1) shall be exercised by the Central Government through Oil and Gas business activities. (3) Oil and Gas business activities as referred to in paragraph (2) consist of Upstream Business Activities and Downstream Business Activities.
Article 5	Oil and gas business activities consist of: (1) Upstream Business Activities covering: a. Exploration b. Exploitation (2) Downstream business activities covering: a. Processing; b. Transportation; c. Storage; d. Trade.	(1) Oil and Gas business activities are carried out based on Business Licensing from the Central Government. (2) Oil and Gas business activities consist of: a. Upstream Business Activities; and b. Downstream Business Activities. (redundant dg Article 4 paragraph (3)) (3) Upstream Business Activities as referred to in paragraph (2) letter a consist of: a. Exploration; and b. b. Exploitation. (4) Downstream Business Activities as referred to in paragraph (2) letter b consist of: a. Processing; b. Transportation; c. Storage; and d. Commerce.
Article 23	(1) The Downstream Business Activities as referred to in Article 4 figure 2, may be carried out by the Business Entity after obtaining a Business License from the Government. (2) The Business License required for the Oil business activities and Natural Gas business activities as referred to	(1) Downstream Business Activities as referred to in Article 5 paragraph (2) letter b, may be implemented by a Business Entity after fulfilling the Business License from the Central Government. (2) Business entities that fulfill

	in sub section (1) is differentiated into: a. Business License for processing; b. Business License for Transportation; c. Business License for Storage; d. Business License for Trading. (3) Each Business Entity may be given more than 1 (one) Business License as long as it is not in contradiction with the legislative regulations in force.	the Business License as referred to in paragraph (1) can carry out business activities: a. Processing; b. Reinforcement; c. Storage; and / or d. Commerce. (3) The Business Licensing that has been granted as referred to in paragraph (1) may only be used in accordance with the designation of the business activity. (4) Application for Business Licensing as referred to in paragraph (1) must be made using the Business Licensing system electronically managed by the Central Government.
Article 25	(1) The Government may issue a written reprimand, suspend the activities, freeze the activities, or revoke the Business License as referred to in Article 24 based on: a. the violation of one of the conditions mentioned in the Business License; b. a repetition of the violation on the conditions of the Business License; c. failure to fulfil the conditions laid down based on this Act. (2) Before the revocation of the Business License as referred to in sub section **(l)** the Government will give an opportunity to the Business Entity during a certain period within which to remedy the violation which has been committed or the fulfilment of the conditions which have been laid down.	(1) The Central Government can impose administrative sanctions on: a. violation of one of the requirements stated in the Business Licensing; and / or b. the non-compliance of the requirements stipulated under this Law. (2) Further provisions regarding the procedures for the imposition of administrative sanctions as referred to in paragraph (1) are regulated in a Government Regulation.
Article 52	Whoever carries out an Exploration and 01 Exploitatiatr without being in possession of a Cooperation Contract as referred to in Article 11 sub section **(l),** shall be subject to imprisonment of at the most 6 (six) years and a fine of at the mast Rp 60,000,000,000.00 (sixty billion rupiah).	Anyone who carries out Exploration and / or Exploitation without having a Business License or Cooperation Contract shall be sentenced to imprisonment for a maximum of 6 (six) years and a maximum fine of Rp. 60,000,000,000.00 (sixty billion rupiah).
Article 53	Whoever carries out: a. Processing as referred to in Article 2 without a Processing Business 1-icence, shall be subject to	If the action as referred to in Article 23A results in a victim / damage to health, safety, and / or the environment, the perpetrator will be

	imprisonment of at the most 5 (five) years and a fine of at the most Rp 50,000,000,000.06 (fifty billion rupiah); b. The transportation as referred to in Article 23 without a transportation business License, shall be subject to imprisonment of at the most 4 (four) years and a fine of at the most Rp 40,000,000,000.00 (farty billion rupiah); c. The storage as referred to in Article 23 without a Storage Business License, shall be subject to imprisonment of at the most 3 (three) years and a fine of at the most Hp 30,000,000,000.00 (thirty billion rupiah); d. Trade as referred to in Article 23 without a Trading Business License, shall be subject to imprisonment of at the most 3 (three) years and **a** fine of at the most Rp 30,000,000,000.00 (thirty billion rupiah).	punished with imprisonment for a maximum of 5 (five) years or a maximum fine of Rp.50,000,000,000.00 (fifty billion rupiahs.).
Article 55	Whoever intentionally carries out the transportation and or trade? in Fuel Oil which is subsidized by the Government outside the Indonesian legal ***territory shall*** be subject to imprisonment of at the most 6 (six) years and a fine of at the must **Rp** 60,000,000,000.00 (sixty billion rupiah).	Anyone who misuses the Transportation and / or Trading of Fuel Oil, gas fuel, and / or liquefied petroleum gas which is subsidized by the Government will be sentenced to imprisonment for a maximum of 6 (six) years and a maximum fine of Rp.60,000,000,000.00 (six). tens of billion rupiah).

2.3. The Implementation of Transfer of Technology of the Handover of Rokan Block by PT Chevron Pacific Indonesia to PT Pertamina

Matters of transfer of technology is something that is easy to stipulate in the rule of law but very difficult to implement. PT. Chevron Pacific Indonesia (CHEVRON PACIFIC INDONESIA) as a foreign company that has been operating oil and gas in Indonesia for a very long time has a very capable technology capability to do this oil and gas business. This US company started the oil and gas business in Indonesia. As it is known, the oil and gas business are a capital and technology intensive business. Technology itself is created by innovative and creative human resources. CPI was first established in Indonesia in early 1924[8]. Standard Oil Company of California (Socal) and Texas Oil Company (Texaco) formed a joint venture company in Sumatra, named N.V. Nederlandsche Pacific Petroleum Maatschappij or NPPM. The company found a non-productive oil well which was eventually closed. In 1944, NPPM geologists, Richard H. Hopper and Toru and his team discovered the largest oil well in Southeast Asia, in the Minas area, Riau. This well was originally named Minas No. 1. Minas is famous for its Sumatra Light Crude (SLC) oil which is good and has a low Sulphur content.

In the early 1950s, NPPM changed its name to Caltex Pacific Oil Company (CPOC), and started exporting oil from Minas, via Perawang. New oil wells were also found in the Duri Bengkalis and Petapahan areas. The name Caltex was changed back in the early 1960s to the Caltex Pacific Company (CPC). As more oil wells were discovered in the Caltex operating area, a regional map of the natural resources of oil and gas was created. This

[8] See https://id.wikipedia.org/wiki/Chevron_Pacific_Indonesia, accessed on 24 January 2021.

map of the area of operation is commonly called the Kangaroo Block, because of its kangaroo-like shape. Apart from the Kangaroo Block, Caltex (which in the 1970s changed its name back to PT Caltex Pacific Indonesia) at that time also operated the Coastal Plains Pekanbaru Block (CPP Block) and Mount Front Kuantan Block (MFK Block).

In 1980, after seeing the enormous potential for oil and gas content in Minas, CPI felt that it needed a breakthrough to increase oil production in the Duri oil field. In 1980, the largest Steam Injection System project in the world was built, namely the Duri Steam Flood, which was inaugurated by President Soeharto in the mid-1980s. Finally in 2005, Caltex, as a subsidiary of Chevron and Texaco Inc. was acquired by Chevron together with Texaco and Unocal, so since then the name PT Caltex Pacific Indonesia officially changed to PT Chevron Pacific Indonesia. The issue of transfer of technology has long been regulated in various laws and regulations in Indonesia.

2.4. Transfer of Technology Based on the Indonesian Regulations

a. Law No. 1 of 1967 on Foreign Investment

In considering the consideration of the 1967 PMA Law, it is clearly recognized that Indonesia's inability to manage its natural resources such as natural gas and gas. This is because Indonesia as a country which has only been independent for 22 years still has many shortcomings such as capital, technology and reliable human resources. The abundant natural resources available in Indonesia have not yet been touched and then have economic value which can be used to develop the economy in order to provide prosperity to all Indonesian people.

Article 12 of the PMA Law regulates technology transfer in polite language that the use of foreign workers must be slowly replaced by Indonesian workers which can be done through training and education of workers at home and abroad. The provisions of Article 12 of the PMA Law are what is meant by the provisions on technology transfer that could never be implemented until the PMA 1967 Law was repealed and replaced by Law No. 25 of 2007 concerning Investment. It can be said that since Indonesia's independence until the end of the 1967 PMA Law, the story of technology transfer has only existed on paper. It only exists in legal and economic theory.

b. Law No. 25 of 2007 on Capital Investment (Capital Investment Law)

Investment is all forms of investment activities, both by domestic investors and foreign investors to carry out business in the territory of the Republic of Indonesia[9]. So the 2007 PM Law combines 2 previous laws, namely Law no. 1 of 1967 concerning Foreign Investment and Law no. 6 of 1968 concerning Domestic Investment. The provisions in Law Number 25 of 2007 concerning Investment which regulate technology transfer are only briefly regulated in Article 10 Paragraph (4) which states that investment companies employing foreign workers are required to organize training and transfer technology to Indonesian workers. . The word obligatory here does not have any implications because this provision is not accompanied by a sanction. Even though it has been 62 years after Indonesia's independence, the 2007 PMA Law was made to replace the PMA Law of 1967, in terms of substance related to the aspect of technology transfer, there has not been any change, namely coercion from the state so that foreign capital companies are required to transfer technology to national companies that become national companies. partners within a certain period of time. It has become a legal feature that a provision will be effective to comply with if there is coercion which is indicated by the existence of sanctions by the state for the offender.

2.5. Legislations on the field of Intellectual Property Rights

Intellectual property includes the fields of arts, culture, science and technology. On the one hand, if there are regulations that regulate and oblige the transfer of technology on behalf of foreign capital companies to domestic capital companies, then the intellectual property regime such as patents, for example, where the state gives full

[9] See Article 1 Point (1) UUPM 2007.

exclusive rights to the inventor to enjoy his patent rights both morally and the economy. Patents can be either a product or a process. So, if it is related between patents which are actually technology and technology transfer, it is very difficult to combine these things. Patents are rights granted to inventors for their inventions that meet the criteria of novelty, inventive step and applicable in the industry. Meanwhile, transfer of technology can only be understood as a relationship between individuals or workers and technology. How a new technology that has just been marketed and used in the industrial world certainly requires special knowledge to be able to run it and then has the ability to create even newer technology which is an improvement from previous technology. According to Wikipedia Technology transfer, also called transfer of technology (TOT)[10], is *the process of transferring (disseminating) technology from the person or organization that owns or holds it to another person or organization. These transfers may occur between universities, business (of any size, ranging from small, medium to large, governments, across geopolitical borders, both formally and informally, and both openly and secretly. Often it occurs by concerted effort to share skill, knowledge, technologies, manufacturing methods, samples, and facilities among the participants. to ensure that scientific and technological developments are accessible to a wider range of users who can then further develop and exploit the technology into new products, processes, applications, materials, or services. It is closely related to (and may arguably be considered a subset of) knowledge. Horizontal transfer is the movement of technologies from one area to another.*

Technology transfer can also be interpreted as the share of knowledge from one person to another or from one organization to another. At the conceptual level, technology transfer is very easy to manage, but in its implementation, it is very difficult to realize. The supremacy of the monopoly rights over patents is a factor that is hard to beat. Mastery of economic potential in totality to reap profits is the dominant thing for inventors and the industrial world.

2.6. Challenge of the Technology Transfer Process

The objectives of the transfer of technology is to facilitate the spread of technology from one country to another, Indonesian Mining Law and other relevant laws do not regulate this clearly in its articles. Whereas technology transfer is a strategic means in increasing the mastery and utilization of science and technology. So it stands to reason that current technology transfer in Indonesia has not taken place smoothly, either because there are no common perceptions and conceptions about technology transfer or for reasons of developed countries economic politics that are hesitant in helping developing countries to master and utilize technology from developed countries. Lack of regulations on transfer of technology also adds to the failure and obstacles of the technology transfer. This lack of sanctions gives investor the chance to slack off on their promises to transfer the technology thus causing disadvantage to Indonesia while still benefiting them. There are two ways of transfer technology under the Law No. 14 of 2001, those are through a license contract regulated Articles 69 - 87, and the implementation of patents by the government (government use principle) related to the interests of defence and security, as well a very urgent need for the benefit of the regulated society (Irawan, 2019). However, these two ways of technology transfer does not really help with the mastery of advanced technology by the Indonesian people. The causes include (Rahmah, 2019):

First, the license contract is carried out privately between the private sector with private (B to B) and subject to private law (civil law) which is based on freedom of contract, consensualism and pacta sun servanda. PSA is clearly stronger in terms of contract making license compared to PSA / BUMN / BUMD, so the contents of the contract are more protect the interests of PSA, especially related to protection against the technology (IPR) it has. Likewise happened to compulsory license. So far there has not been much of a role accelerate mastery of advanced technology (latest technology) by PSA / BUMN / BUMD, so that Indonesia is still very dependent on it foreign products without being able to make substitute products in domestic. Mas Rahmah's research results in 2006 showed that the effectiveness of the compulsory license for the acceleration of the technology transfer process still lacking. This is because the type of license is mandatory it is seldom chosen in an effort to master and develop technology.

[10] See https://en.wikipedia.org/wiki/Technology_transfer accessed on 24 January 2021.

Second, so far the principle of implementation by the Government (government use) is only used for short-term interests related to urgent community needs. For example, a disease outbreak certain drugs that require the availability of drugs at the same price affordable. There are no technology transfer activities in it. The meaning is juridically, there is no specific technology transfer arrangement in the system Indonesian economic law.

The first challenge that awaits Indonesia is the lack of skilled human resources. Indonesia's education does not emphasize adequate training for the students and does accommodate students with necessary skills in the fields, which is required for every industry. The vocational institution graduates are not equipped with the required industrial skills. Which in turn leads to industry importing the human resources from another place, those include foreign workers who are already equipped with necessary skills. Often time, those vocational institution graduates ended up working the menial job. The oil and gas industry involves exploration, exploitation and drilling, development, storage and transportation. The oil and gas are unrenewable resources. To perform such tasks, experts in the oil and gas mining are necessary so that there won't be any unnecessary problems. Moreover, there are also demands for skilled resources in the digital fields to operate data, software engineers, machine learners, technical engineers, as well as security experts. These jobs required strong analytical skills to manage all these data.

The second is cultural. The oil and gas industry require several soft skills attributes, those include orderly and proper planning, punctuality, accuracy as well as compliance. However, the culture is not known for these attributes. Many of the people in the society rarely practice any of these said attribute. Those in turn could affect the industry in a bad way. A slight inaccuracies and/or incompliance could affect the industry. Therefore, changes in this cultural aspect or habitual aspect needed to be changed for the technology transfer to succeed. Another cultural aspect that could be an obstacle is language barrier. Most Indonesians are not known to be fluent in English, however, most sources of the technology are from overseas. Therefore, all the manuals, documentations, license etc. are in English. The worker needs to master English language in order to master these technologies. This in turn will require another expert who not only skilled in mastering the machinery, but also skilled in English language. Some might opt for a foreign worker which in turn will give Indonesia a slight disadvantage.

The third challenge is fund. An additional problem that has impeded technology transfer has been the high cost of the technology transfer. The implication of the high cost of transferring technology are four. First, it is evident that technology is not a free commodity; if available, it as available only as a cost. Second, it is equally evident that this cost is largely a contractual cost and is separate from the production cost necessary for the utilization of the technology. Once required, the technology must still be supplemented by the application of capital, labour and raw material inputs to the production of the final product. Third, it is not evident but nonetheless true that if the latter inputs are packaged with the technology transfer, then the form of the packaging determines whether the average production cost of the final product is in fact the minimum attainable average cost; if there is an insufficient regard for factor proportions an efficiency cost is added in the transfer of technology. Finally, in view of the high contractual cost and the likely efficiency cost, it is not evident that technology transfer is an attractive form of technological improvement; alternative forms may be less costly (Hamdani & Mahmood, 1976).

Funds have been one of the biggest obstacles in technology transfer especially for the developing countries. Lack of funds might cause the process of technology to come to a standstill. In order to avoid a standstill, there needs to be an adequate planning on the budget so that the process would run as expected.

Another challenge is technology itself. Many times the technology would require a small technology part as a supporting industry. One technology might require another part to be assembled. Moreover, in case that the machine broke out and in need of a material that is not available in Indonesia, it might also cause some problems in the future. If the domestic industry does not have these necessary part, often times, the choice would be to import these part or materials, which again, not very beneficial for Indonesia.

3. Conclusions

The analysis of the handover of the Rokan Block with a touchstone against Law Number 22 of 2001 concerning Oil and Gas (Migas), as well as an analysis of the handover process and policies to independently manage the Rokan Block through PT PHR and six points in the line of thought as described above. It can be concluded that the process of handing over the management of the Rokan Block from PT CPI to PT PHR has met the criteria in Law Number 22 Year 2001 concerning Oil and Natural Gas (Oil and Gas Law). This shows that the process of the technology did not always run very smoothly. The private sector solely desires to gain from the country. However, they are keen on keeping the technology to themselves. The fact that the contract is carried out through the pacta sunt servanda principle could also cause several problems if either party is not being careful while another party is deemed to have bad faith.

Matters on technology transfer is a problem that has always been faced by developing countries since industrial sector became the very backbone on helping to develop the country thus strengthen the economy. However, to carry out this development, most developing countries including Indonesia face several main obstacles in technology transfer, namely: skilled human resources, culture, funds, the technology itself, and lack of governmental oversight.

References

Article 13 Regulation of the Minister of Energy and Mineral Resources Number 23 of 2018 concerning Management of Oil and Gas Work Areas where the Cooperation Contract will end.

Benny Lubiantara, 2017, Paradigma Baru Pengelolaan Sektor Hulu Migas and Ketahanan Energi [New Paradigm of Upstream Oil and Gas Sector Management and Energy Security], Grasindo, Jakarta, P. 3

EOR is a method or method used to increase oil reserves in a well. The trick is to raise the volume of oil that could not be produced before. This EOR method optimizes an oil well with thick, heavy, poor permeability and irregular faultlines so that it can be lifted to the surface.

Hamdani, Khalil A., and M.A. Mahmood. Analytics of the Technology Transfer Cost Issue's; The Pakistan Development Review 15, no. 2 (1976): 154-70. Accessed May 4, 2021. http://www.jstor.org/stable/41258322.

https://ekonomi.kompas.com/read/2018/08/02/063000826/penyerahan-blok-rokan-untungkan-pertamina-kecewakan-chevron?page=all

https://en.wikipedia.org/wiki/Technology_transfer accessed on 24 January 2021

https://id.wikipedia.org/wiki/Chevron_Pacific_Indonesia, accessed on 24 January 2021.

Ibnu Sina Candra Negara, Consitutional Design for Oil and Gasses Law Which shall be used to the Greater Benefit of the People, Jurnal Konstitusi, Vol. 14, No. 1, 2017, P. 46

Indah Dwi Qurbani, Analisis Perubahan Atas Undang-Undang Nomor 22 Tahun 2001 on Oil and Gas [Analysis of Changes to Law Number 22 of 2001 on Oil and Gas], Jurnal Hukum Lingkungan, Vol. 1, Issue 1, 2014, P. 139-140

Irawan, Candra. Pengaturan Alih Teknologi Pada Kegiatan Penanaman Modal Untuk Percepatan Penguasaan Teknologi di Indonesia [Arrangements for Technology Transfer in Investment Activities to Accelerate Technology Mastery in Indonesia], Supremasi Hukum: Jurnal Penelitian Hukum, Vol. 28, No. 1, 2019, P. 74

Likosky, Michael., Contracting and Regulatory Issues in the Oil and Gas and Metallic Minerals Industries, P. 10 – 12.

Mas Rahmah, Compulsory Licensing Bagi Percepatan Alih Teknologi Di Indonesia [Compulsory Licensing for the Acceleration of Technology Transfer in Indonesia], http://repo.unair.ac.id/data/richfiles/abstrak%20Sosial%20upload(4).pdf cited by

The consideration of Law No. 22 of 2001 on Oil and Natural Gas. This law came into force on 23 November 2001; State Gazette of 2001 Number 136.