

Government Regulation SIA Number 32/1969 on the Implementation of Law Number 11/1967 on the Basic Provisions of Mining

(State Gazette of the Republic of Indonesia 1967 Number 22 Supplement to State Gazette Number 2831)

The President of the Republic of Indonesia.

Having considered:

- a. That within the scope of providing a basis for the exploitation of red mineral resources within the mining jurisdictional territory of Indonesia it is deemed necessary to lay down implementing regulations of Law No.11, year 1967, on the Basic Provisions of Mining or what is also designated as the Basic Mining Law;
- b. That it is deemed necessary to adjust statutory (among other things Mijndonnantie (Mining Ordinance) State Gazette 1930 No. 38). to the spirit and objectives of the Constitution of the Republic of Indonesia and the Basic Mining Law;
- c. The in relation thereto, it is deemed necessary to lay down a Government Regulation on the implementation of the Basic Mining Law in conformity with the basic policy of the State concerning the Economy, Finance, and Development as well as with the current technical progress.

Having observed:

1. Section (2) of Article 5 of the 1945 Constitution;
2. Edict of the People's Provisional Consultative Congress No. XXIII/MPRS/1966;
3. Law No. 5, year 1960 (State Gazette of the Republic of Indonesia year 1960, No. 104, Supplement to State Gazette No 2043);
4. Law No. 11, year 1967 (State Gazette of the Republic of Indonesia, 1967, No 22 Supplement to Gazette No 2831);

HAS DECIDED

While Canceling :

1. The Ordinance of July 6,1922, State Gazette 1922 No 480;
2. The Ordinance of November 25, 1923, State Gazette 1923 No 565;
3. The Ordinance of June 4, 1926, State Gazette 1926 No 219;
4. The Mining Ordinance, State Gazette 1930 No 38, insofar as it does not concern the mining of petroleum and natural gas;
5. The Ordinance of April 12, 1948, State Gazette 1948 No 87;
6. The Decree of the Governor - General No 2X of April 6, 1926, State Gazette 1926 No 137;

7. The Decree of the Governor - General No. 17 of September 16, 1930, State Gazette 1930 No 348;

8. The Decree of the Governor - General No. 21 of January 26, 1935 State Gazette 1935 No 42;

To lay down:

GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA ON THE IMPLEMENTATION OF LAW NO. 11, YEAR 1967, CONCERNING THE BASIC PROVISIONS OF MINING (STATE GAZETTE OF THE REPUBLIC OF INDONESIA, YEAR 1967. NO. 22, SUPPLEMENT TO STATE GAZETTE NO. 2831).

CHAPTER I

IMPLEMENTATION OF MINING OPERATIONS

AND FORM OF DECISIONS OF MINING

AUTHORIZATIONS

Article 1.

The mining of minerals referred to in the strategic and the vital group may be carried out, only after a Mining Authorization has been acquired from the Minister of Mines, hereafter in this Government Regulation designate as the Minister.

Article 2

1. The Mining Authorization referred to in Article 1 of this Government Regulation shall be granted in the form of:
 - a. A Decision for Mining Assignment;
 - b. A Decision of People's Mining - Permit;
 - c. A Decision for granting of Mining Authorization
2. The Decision for Mining Assignment is a Mining Authorization granted by the Minister to a Government agency to conduct mining.
 1. The Decision of People's Mining - permit is a Mining Authorization granted by the Minister to the local people to conduct mining on a small scale in a very limited area.
 2. The Decision for the granting of a Mining Authorization implies a Mining Authorization granted by the Minister to a State Enterprise a Regional Enterprise, or any other body or individual to conduct mining.

CHAPTER II

MINING ASSIGNMENT

Article 3.

1. The Decision for Mining Assignment which constitutes an assignment to a Government agency to conduct mining shall incorporate implementing provisions on the assignment.
2. If it is deemed necessary, in the assignment referred to in Section (1) of this article, dispensations may be granted for obligations stipulated in the Basic Mining Law and its implementing

regulations.

3. If in the assignment referred to in Section (2) of this article no provisions are made on the said dispensations, then the provisions on Mining Authorization in this Government Regulation shall be effective in full.

Article 4.

The assignment referred to in letter a, Section (1), Article 2 of this Government Regulation may be canceled if:

- a. The relevant operations are, by declaration of the Minister, converted into a mining enterprise; for this purpose a Decision for the granting of a Mining Authorization is required.
- b. The relevant operation are discontinued

CHAPTER III

PEOPLE'S MINING

Article 5.

1. The Application for a People's Mining Permit to conduct mining operations referred to in Section (3), Article 2, of this Government Regulation shall be submitted to the Minister by stating:
 - a. The intended area of operation;
 - b. The type of mineral to be exploited
2. The Minister may delegate the issuance of People's Mining Permit to the relevant Governor, Head of the Province thereby stipulating the requirements and directives required to be observed when issuing the permit.
 1. (3) In cases referred to in Section (2) of this article, the application for a People's Mining Permit shall be submitted to the relevant Governor, Head of the Province.
 2. (4) The People's Mining Permit shall be granted for a maximum period of 5 (five) years and may, if necessary, be extended for an indential period.

Article 6.

1. The size of the area that may be granted People's Mining Permit shall not exceed 5 (five) hectares.
2. The total size of the area for a People's Mining Permits granted to a person or non cooperative body shall not exceed 25 (twenty-five) hectares.

CHAPTER IV

MINING AUTHORIZATION

PART ONE - Contents and Nature of Mining Authorization

Article 7.

1. The holder of a Mining Authorization has the authority to conduct mining for one or more minerals determined in the relevant Mining Authorization.
2. (2) A Mining Authorization may be:
 - a. A Mining Authorization for General Survey;
 - b. A Mining Authorization for Exploration;
 - c. A Mining Authorization for Exploitation;
 - d. A Mining Authorization for Processing and Refining;
 - e. A Mining Authorization for Transportation;
 - f. A Mining Authorization for Sales

Article 8.

1. A Mining Authorization to conduct a General Survey is called a General Survey Mining Authorization.
2. A Mining Authorization for General Survey is granted by the Minister for a maximum period of 1 (one) year at the request of the relevant party.
3. The Minister may extend the period referred to in Section (2) of this article for an additional period of 1 (one) year at the request of the relevant party, provided that such request is presented prior to the expiration of the current period.

Article 9.

1. A Mining Authorization to conduct exploration is called a Mining Authorization for Exploration.
2. A Mining Authorization for Exploration is granted by the Minister for a maximum period of 3 (three) years, at the request of the relevant party.
3. The Minister may extend the period referred to in Section (2) of this Article as many as 2 (two) times, each time for a period of 1 (one) year, at the request of the relevant party, presented prior to the expiration of the current period.
4. In case the holder of a Mining Authorization for Exploration has declared that he will proceed with exploitation, the Minister may at the request of the relevant party grant an extension a maximum period of 3 (three) more years for the construction of exploitation facilities.

Article 10.

1. A Mining Authorization to conduct exploitation is called Mining Authorization for Exploitation.
2. A Mining Authorization for Exploitation is granted by the Minister for a maximum period of 30 (thirty) years at the request of the relevant party
3. The Minister may extend the period referred to in Section (2) of this article by as many as 2 (two) times, each time for a period of 10 (ten) years at the request of the relevant party, such request to be presented prior to the expiration of the current period.

Article 11.

1. A Mining Authorization to conduct processing and refining is called a Mining Authorization for Processing and Refining.
2. A Mining Authorization for Processing and Refining is granted by the Minister for a maximum period of 30 (thirty) years, at the request of the relevant party.
3. The Minister may extend the period referred to in Section (2) of this article each time for a period of 10 (ten) years at the request of the relevant party, which shall be presented prior to the expiration of the current period.

Article 12.

1. A Mining Authorization to conduct transportation is called a Mining Authorization for Transportation.
2. A Mining Authorization for Transportation and a Mining Authorization for Sales.
3. A Mining Authorization for Transportation and a Mining Authorization for Sales are granted by the Minister for a maximum period of 10 (ten) years, at the request of the relevant party.
4. The Minister may extend the period referred to in Section (3) of this article, each time for a period of 5 (five) years, at the request of the relevant party, which shall be presented prior to the expiration of the current period.

PART TWO- Procedure for Acquisition of Mining Authorization

Article 13.

(1) Applications for Mining Authorization shall be presented in the form laid down by the Minister and on the condition that:

- a. For each area there shall be submitted a separate application for a Mining Authorization.
- b. Separated fields shall not be eligible for application as one Mining Authorization are.
2. A map showing the explicit boundaries shall be attached to an application for Mining Authorization for General Survey, Exploration , and Exploitation; in particular with regard to applications for Mining Authorization for Exploration and Exploitation, the applicant shall also state the type of mineral to be exploited.
 1. The maps referred to in Section (2) of this article shall be drawn on the following scales.
 - a. For a Mining Authorization for general survey: a sketch map on a minimum scale of 1:200.000 (one to two hundred thousand);
 - b. For a Mining Authorization for Exploration: a sketch map on minimum scale of 1:50.000 (one to fifty thousand);
 - c. For a Mining Authorization for Exploitation: a sketch map on a minimum scale of 1:10.000 (one to ten thousand);
 4. The maps for a Mining Authorization for Exploitation referred to in letter c, Section (3) of this article shall describe and indicate:

- a. The astronomical directions and the distance from one boundary point to another of the Mining Authorization which shall not exceed 500 (five hundred) meters;
- b. That one of the boundary points shall be connected with one triangular point or other fixed main point illustrated on the basic map issued by the authorized topographical agency.
- c. The location of the minerals found, which shall be measured from one of the boundary points of the area of the Mining Authorization.
- d. The location of areas covered by People's Mining Permits, if any.
5. If the map referred to in Section (4) of this article cannot be attached at the time of the presentation of the application for a Mining Authorization for Exploitation, then, it shall be presented subsequently within a period of 6 (six) months at the latest.

Article 14.

In the application for a Mining Authorization, the applicant shall automatically be deemed to have chosen a domicile at the District Court of the Province, where the requested Mining Authorization area is located.

Article 15.

1. To assure the implementation of the relevant mining activities the Minister is authorized to request and to assess the evidence of the ability and capability of the relevant applicant for Mining Authorization.
2. The Mining Authorization shall not be used purely as a capital item in attracting cooperation with a third party.

Article 16.

If applications for Mining Authorizations for Exploration and/or Exploitation are presented for an identical area by several private enterprises, then, the earlier submitted application shall be considered first, with the priority that priority shall be given to a cooperative body.

Article 17.

1. Before approving an application for a Mining Authorization for Exploration and/or Exploitation, the Minister shall ask the opinion of the relevant Governor/Regional Chief of the Province.
2. Those who have a title to the surface and/or those interested parties who may claim compensation following the issuance of a Mining Authorization, may present their objections to the Governor/Regional Chief The Province within a period of 3 (three) months at the latest, after the receipt of the Minister's request for an opinion on the Mining Authorization referred to in Section (1) of this article.
3. The relevant Governor/Regional Chief of the Province shall convey the objections referred to in Section (2) of this article to the Minister at the shortest possible time, accompanied with a report stating the reasons for the objections.
4. The objections referred to in Section (3) of this article may be accepted by the Minister only if the relevant mining activities will be surely detrimental to the interest of the local people/inhabitants.
5. If within a period of 4 (four) months after the date of despatch of the Minister's request for an opinion referred to in Section (1) of this article, the Minister has not received a statement of objection referred to in Section (2) of this article, then the relevant Governor/Regional Chief of the

Province shall be deemed to have declared that no objections have been made to the application of the Mining Authorization in question.

PART THREE- Size of the Mining Authorization Area

Article 18.

The area of a Mining Authorization for General Survey, for Exploration, and for Exploitation shall be granted in a straight-line projection of a piece of land, of which the size shall be determined at the granting of relevant Mining Authorization.

Article 19.

1. The size of the area granted for one Mining Authorization for General Survey shall not exceed 5,000 (five thousand) hectares.
2. The size of the area granted for one Mining Authorization for Exploration shall not exceed 2.000 (two thousand) hectares.
3. The size of the area granted for one Mining Authorization for Exploitation shall not exceed 1.000 (one thousand) hectares.

Article 20.

To acquire a Mining Authorization for an area in excess of what is allowable by the provisions stated in Article 19 of this Government Regulation, the applicant shall first obtain special permission from the Minister.

Article 21.

1. The total acreage of several Mining Authorizations for General Survey, for Exploration, and for Exploitation which may be granted to a body or individual holder of a Mining Authorization shall not exceed, respectively, a 25,000 (twenty-five thousand) hectares, 10,000 (ten thousand) hectares, and 5,000 (five thousand)hectares of the mining jurisdictional territory of Indonesia.
2. acquire a total area for several Mining Authorizations exceeding the acreage referred to in Section (1), of this article, applicants for Mining Authorization shall first acquire permission from the Minister.

Article 22.

1. Mining operations based on a Mining Authorization shall not be carried out in places declared as closed territory in the public interest and places specifically determined as such by the Minister.
2. In case where prior to the determination by the Minister as referred to in Section (1) of this article, certain places have been declared as closed territories in the public interest by any other agency, then, mining activities may only be conducted with the permission on the Minister, taking into account the opinion and considerations of the relevant agency.

PART FOUR- Transfer of a Mining Authorization

Article 23.

1. A Mining Authorization may be transferred to another body/person with the permission of the Minister.

2. The permission of the Minister may be granted only if the receiving party of the relevant a Mining Authorization complies with the requirements stipulated in the Basic Mining Law and its implementing regulations.
3. If the individual holder of a Mining Authorization dies while his heirs cannot comply with the requirements referred to in Section (2) of this article, then, with the permission of the Minister, the relevant Mining Authorization may be transferred to another body or person who has fulfilled those requirements.

Article 24.

In transferring a Mining Authorization an assessment of the capital, the business outfit and operational services already invested or expended for the realization of the Mining Authorization in question, may be calculated, for the establishment of the transfer value.

PART FIVE- Rights and Obligations of the Holder of a Mining Authorization

Article 25.

1. The holder of a Mining Authorization for General Survey discovering minerals in his Mining Authorization area shall have first priority to acquire a Mining Authorization for Exploration for the said minerals.
2. The holder of a Mining Authorization for Exploration having shown good results from his exploration for minerals covered by his Mining Authorization shall have the sole right for the acquisition of a Mining Authorization to exploit the minerals in question.
3. If the holder of a Mining Authorization for Exploration and/or Exploitation discovers minerals other than those stated in his Mining Authorization, then, he is given the first priority to acquire a Mining Authorization for Exploration and/or Exploitation of the relevant minerals.
4. In order to acquire a Mining Authorization on the basis of first priority or exclusive rights referred to in Sections (1), (2) and (3) of this article:
 - a. The holder of a Mining Authorization for General Survey shall have submitted his application for a Mining Authorization for Exploration prior to the expiration of the term of his Mining Authorization for General Survey;
 - b. The holder of a Mining Authorization for Exploration shall have submitted his application for a Mining Authorization for Exploitation prior to the expiration of the term of his Mining Authorization for Exploration;
 - c. The holder of a Authorization for Exploration and/or Exploitation of the other minerals in question prior to the expiration of the term of his Mining Authority for Exploration and /or Exploitation.

Article 26.

1. The holder of a Mining Authorization for Exploration has the right to carry out all operations to ascertain the grade, nature, and value of the minerals by utilizing the best mining equipments and techniques.
2. The holder of a Mining Authorization for Exploration has the right of ownership over minerals mined in conformity with his Mining Authorization for Exploration , having fulfilled the provisions on land rent and royalties referred to in article 54 and 56 of this Government Regulation.

3. The transportation and the sales of exploration products may not be effectuated only until a Mining Authorization for Transportation and for Sales or a special permit from the Minister have been obtained.

Article 27.

1. Prior to the start of his operations the holder of a Mining Authorization for Exploitation shall report his mining operational plan, as well as the target of production to the Minister.
2. The holder of a Mining Authorization for Exploitation has the right, within the proper limits of the provisions to operate a mine and to carry out all activities to produce minerals referred to his Mining Authorization.
3. The holder of a Mining Authorization for Exploitation has the right of ownership and the minerals mined in conformity with his Mining Authorization for Exploitation, having fulfilled the provisions on land rent and royalties referred to in Article 55 and 58 of this Government Regulation.
4. If the Mining Authorization for Exploitation referred to in Section (2) of this article does not concurrently include Mining Authorizations for Processing and Refining, Transportation, and Sales, then, a Mining Authorization for the respective fields of operation shall be applied for.

Article 28.

If in conducting mining operations the holder of a Mining Authorization discover other minerals concurrently in the relevant deposits then, he shall be granted first priority to acquire a Mining Authorization for the said minerals, with due observance of the provisions of the Basic Mining Law and its implementing regulations.

Article 29.

1. Notwithstanding the obligation to acquire permits according to other prevailing regulations the holder of a Mining Authorization owning the minerals referred to in Section (2), Article 26 and Section (3), Article 27 of this Government Regulation, may be given priority by the Minister to obtain a Mining Authorization comprising processing and refining, transportation, and sales of the said minerals, as well as their products.
2. Notwithstanding the obligation to acquire permits, according to other prevailing regulations, any other body/person obtaining minerals from a holder of a Mining Authorization referred to in Section (1) of this article may be granted a Mining Authorization by the Minister covering processing and refining, transportation, and sales of said minerals, inclusive of their products.

Article 30.

1. The holder of a Mining Authorization for General Survey who has submitted an application for a Mining Authorization for Exploration prior to the expiration of his Mining Authorization for General Survey, but has not received a decision thereto, is permitted, pending the issuance of the said decision, to continue the general survey in the area for which an application for a Mining Authorization for Exploration has been submitted, for a maximum period of 1 (one) more year, within which the Minister shall have issued a decision of acceptance or rejection of the said application.
2. The holder of a Mining Authorization for Exploration who has submitted an application for extension of his Mining Authorization for Exploration prior to the expiration of his Mining Authorization, but has not yet received a decision thereto is permitted, pending the issuance of said decision, to continue mining exploration in the relevant area for a maximum period of 1 (one) more year, within which the Minister shall have issued a decision of acceptance or rejection of the

application.

3. The holder of a Mining Authorization for Exploration who has submitted an application for a Mining Authorization for exploitation prior to the expiration of his Mining Authorization for Exploration, but has not yet received a decision thereto is permitted, pending the issuance of the said decision, to continue exploration in the area for which an application for a Mining Authorization for Exploitation has been submitted, for a maximum period of 2 (two) more years, within which the Minister shall have issued a decision of acceptance or rejection of the said application.
4. The holder for a Mining Authorization for Exploitation, who has submitted an application for extension of his Mining Authorization for Exploitation prior to the expiration of his Mining Authorization, but has not yet received decision thereto is permitted, pending the issuance of the decision to continue exploitation in the area for which an application for extension of his Mining Authorization has been submitted, for a maximum period of 2 (two) more years, within which the Minister shall have issued a decision of acceptance or rejection of the said application.
5. The holder of a Mining Authorization for Processing and Refining who has submitted an application for an extension of his Mining Authorization for Processing and Refining prior to the expiration of his Mining Authorization, but has not received a decision thereto is permitted, pending the issuance of the said decision, to continue processing and refining for a maximum period of 2 (two) more years, within which the Minister shall have issued a decision of acceptance or rejection of the said application.
6. The holder of a Mining Authorization for Transportation and Sales, who, has submitted an application for extension of his Mining Authorization for Transportation and for Sales, prior to the expiration of his Mining Authorization, but has not yet received a decision thereto is permitted, pending the issuance of the decision, to continue transportation and sales for a maximum period of 1 (one) more year, within which the Minister shall have issued a decision of acceptance or rejection of the said application.

Article 31.

1. In cases of unforeseen emergency which may give rise to the work in the area of a Mining Authorization for General Survey, for Exploration, or for Exploitation being stopped totally or partially, the Minister may at the request of the holder of the relevant Mining Authorization determine the moratorium to be taken into account in establishing the term of the Mining Authorization.
2. During the moratorium referred to in Section (1) of this article, right and obligation of the relevant holder of the Mining Authorization shall be suspended.
3. The Minister shall issue a decision on the said moratorium, taking into account the considerations of the relevant Governor/Regional Chief of the Province concerning the emergency in the area of the relevant Mining Authorization, to ascertain whether or not the Mining operations can be resumed.
4. The Minister shall issue a decision on his acceptance or rejection of the request for a moratorium referred to in section (1) of this article within a period of 6 (six) months at the latest after presentation of the said request.

Article 32.

1. The holder of a Mining Authorization for General Survey is obliged to send in reports on the result of his survey to the Minister periodically once every 3 (months).

In addition to the obligation referred to in Section (1) of this article, the holder of a Mining Authorization is obliged to forward a report on the result of his entire general survey to the Minister within 3 (three) months after the expiration of the term of the Mining Authorization for General Survey.

Article 33.

The holder of a Mining Authorization for Exploration is obliged to forward a report on the result of his exploration to the Minister periodically once every 3 (three) months.

2. In addition to the obligation referred to in Section (1) of this article, the holder of a Mining Authorization for Exploration is obliged to forward a report on the result of his entire Exploration to the Minister, at the latest 6 (six) months after the expiration of the term of the Mining Authorization for Exploration.

Article 34.

1. Within a period of 6 (six) months after the acquisition of a Mining Authorization for Exploration, the relevant holder of the Mining Authorization is obliged to indicate the boundaries of the area covered by his Mining Authorization by putting up clear-cut boundary marks.
2. The marking of boundaries referred to in Section (1) of this article shall have been completed prior to the start of the relevant exploitation activities.

Article 35.

1. The holder of a Mining Authorization for Exploitation is obliged to forward a report on the progress of his activities to the Minister periodically one every 3 (three) months.
2. In addition to the obligation referred to in Section (1) of this article, the holder of a Mining Authorization for Exploitation is obliged to forward annual reports to the Minister on the progress of his activities.

Article 36.

1. The holders of Mining Authorization for Processing and Refining, for Transportation, and for Sales are obliged to forward reports on the progress of their activities to the Minister periodically once every 3 (three) months.
2. Besides the obligations referred to in Section (1) of this article, holders of Mining Authorizations for Processing and Refining, for Transportation, and for Sales are obliged to forward annual reports to the Minister on the progress of their activities.

Article 37.

1. Priority shall be given the holders of Mining Authorization to construct infrastructures needed for the conduct of the mining operations.
2. The construction of infrastructures referred to in Section (1) of this article shall meet the requirements. determined by the relevant Government agency.
 - a. In case holders of various types of Mining Authorization have a common interest in the construction of the infrastructures referred to in Section (1) and (2) of this article, then, the realization thereof were to be effected in mutual consultation.

- b. If no agreement is reached on the subject referred to in Section a above, then the final decision in respect thereto shall be made by the Minister.
4. Every holder of a Mining Authorization is obliged to allow other holders of Mining Authorizations operating in his area the opportunity to install/construct water systems and air purification and other relevant facilities needed for the conduct of their mining operations, without causing loss to each other.

PART VI- Termination of Mining Authorization

Article 38.

If, within the period determined at the issuance of a Mining Authorization, no application is submitted for other Mining Authorizations or for extension as referred to in Article 30 of this Government Regulation, the, the relevant Mining Authorization expires by the lapse of its term and all mining operations shall be terminated.

Article 39.

1. In the last 3 (three) years of the term of a Mining Authorization for Exploration, the Minister shall exercise special control over the activities.
2. During the period referred to in Section (1) of this article the holder of a Mining Authorization for Exploitation is obliged to follow directives given by the Minister.

Article 40.

A Mining Authorization for Exploration may be canceled by the Minister:

- a. If it turns out that work has not begun within a period of 6 (six) months after the issuance of the relevant Mining Authorization.
- b. At the request of the landowner or a third party, if work starts before payment of compensation is made or before assurances are given, as referred to in Articles 25, 26, and 27 of the Basic Mining Law.

Article 41.

1. By giving 6 (six) months' prior notice, the Minister may cancel a Mining Authorization for Exploitation in cases stated hereunder:
 - a. If it turns out that preparatory work for exploitation has not been started within a period of 6 (six) months after the issuance of the relevant Mining Authorization.
 - b. If it turns out that the exploitation activities have not been started within a period of 1 (one) year after the issuance of the Mining Authorization;
 - c. At the request of the landowner or third party, if work starts before payment of compensation is made or before assurances are given, as referred to in Articles 25, 26, and 27 of the Basic Mining Law;
 - d. If it turns out that without notifying the Minister, the holder of the Mining Authorization, has abandoned his operations for more than 6 (six) months.

2. Cancellation of a Mining Authorization for Exploitation shall be effected after giving the holder of the Mining Authorization the opportunity to defend his interest.
1. The defense of interest as referred to in Section (2) of this article shall be presented within a period of 3 (three) months following the notice of the intention of the Minister to cancel the Mining Authorization in question.

Article 42.

Mining Authorizations for Processing and Refining, for Transportation, and for Sales shall be canceled by the Minister in cases stated hereunder :

- a. If it appears that the holder of the Mining Authorization fails to fulfill the requirements stipulated in the decision on the granting of the relevant Mining Authorization.
- b. If the holder of the Mining Authorization fails to observe the directives given by the Minister or does not meet his obligations toward the State.

Article 43.

The holder of a Mining Authorization is obligated to return portions of the area of his Mining Authorization if they are no longer needed, and the procedure for the return shall be stipulated in the relevant Mining Authorization.

Article 44.

1. The holder of Mining Authorization may return his Mining Authorization to the Minister by submitting a written statement explaining the reason for the return.
2. The return of Mining Authorization shall not take effect until approved by the Minister. If within a period of 6 (six) months following the delivery of the statement referred to in Section (1) of this article, a decision of the Minister in respect thereto is not forthcoming, then, the return shall be deemed valid.

Article 45.

1. The return of a Mining Authorization for Exploration shall be accompanied with a report for completion of the reports referred to in Article 33 of this Government Regulation.
2. The return of a Mining Authorization for Exploitation shall be accompanied with a report for completion of the reports referred to in Article 35 of this Government Regulation.
3. The return of a Mining Authorization for Processing and Refining, for Transportation, and for Sales shall be accompanied with a report for completion of the reports referred to in Article 36 of this Government.

PART VII - Ownership of Property Found in the Former Area of Mining Authorization.

Article 46.

1. Within a period of 3 (three) months at the latest following the termination of a Mining Authorization for General Survey, or 6 (six) months following the termination of a Mining Authorization for Exploration, or 1 (one) year following the termination of a Mining Authorization for Exploitation, the Minister shall determine the period within which the holders of the respective Mining Authorizations shall be given the final opportunity to remove all their property left behind in the former area of their Mining Authorization, with the exception of the objects and the premises used

in the public interest during the term of relevant Mining Authorization. All that has not been removed, after the lapse of the said period, shall become property of the Stated.

2. In case the Minister does not determine the period referred to in Section (1) of this article, then, at the latest within a period of 6 (six) months following the expiration of a Mining Authorization for General Survey, or 1 (one) year following the expiration of a Mining Authorization for Exploration or 2 (two) years following the expiration of a Mining Authorization for Exploitation all that has not been removed from the former area of the relevant Mining Authorization shall become property of the State by law and shall be placed under the control of the Minister.
3. In case the assets referred to in Section (1) of this article cannot be used in the public interest and cannot be removed from the former area the relevant Mining Authorization, the Minister may grant special permission for the transfer of the ownership of the assets to an other party.
4. Before leaving his former area of Mining Authorization, whether due to cancellation or for other reasons the holder of the Mining Authorization shall take measures to safeguard the objects as well as structures and the condition of the neighboring grounds against deterioration which might jeopardize public safety.
5. The Minister may lay down arrangements to safeguard constructions and to control the condition of the grounds to be observed by the holder of a Mining Authorization prior to abandoning the former area of Mining Authorization.

CHAPTER V

REGIONAL MINING LICENSE

Article 47.

1. The implementation of the arrangements for the mining for minerals which do not fall under the category of the vital or the strategic minerals, and which fall within the competence of the Provincial Government where those minerals as referred to in Section (2), Article 4, of the Basic Mining Law occur, shall be guided by the provisions laid down by the Minister on the procedure for the issuance of Mining Authorization.
2. A Mining Authorization issued by the Provincial Government to conduct mining operations referred to in Section (1) of this article shall be designated a Provincial Mining License.
3. In case an area which is considered for a Provincial Mining License is situated partially or wholly in the area of a Mining Authorization granted by the Minister, prior to issuance of the Provincial Mining License, the relevant Provincial Government shall first hear the opinion of the holder of the relevant Provincial Government shall first hear the opinion of the holder of the relevant Mining Authorization which shall constitute a special condition to be included in the Provincial Mining License and observed by the holder of the relevant Mining Authorization.
4. After granting the Provincial Mining License the relevant Provincial government is obliged to submit a written report to the Minister.
5. In addition to the obligation referred to in Section (3) of this article, once every 6 (six) months the relevant Provincial Government is obliged to submit a written report to the Minister on the progress of the operations, and the production under all Provincial Mining Licenses in the relevant Province.

CHAPTER VI

MINERAL DISCOVERY REWARDS

Article 48.

1. First priority to acquire a Mining Authorization for General Survey or for Exploration shall be granted to an Indonesian citizen who discovers a mineral deposit.
2. If the discoverer is not granted Mining Authorization for General Survey and/or for Exploration as referred to in Section (1) of this article, then a reward for the discovery of the mineral deposit may be granted to him by the Government or by the party who subsequently acquires the Mining Authorization for General Survey or for Exploration.

Article 49.

The discoverer of a mineral deposit is only entitled to have first priority or to receive a reward as referred to in Article 48 of this Government Regulation, if he beforehand reports in detail in writing to the Minister of his discovery and the Minister shall acknowledge the truth of the said report in writing.

Article 50.

Further provisions on the rewards for the discovery of mineral deposits shall be stipulated by the Minister.

CHAPTER VII

RELATION BETWEEN MINING AUTHORIZATION AND LAND RIGHTS

Article 51.

1. If a Mining Authorization is granted for a tract of land which is free from any surface rights and the holder of the relevant Mining Authorization has paid land rent as referred to in Articles 53, 54 and 55 of this Government Regulation, then, he is granted relaxation for any impositions and expenses required for the use of the surface.
2. The relaxation for payments due as referred to in Section (1) of this article shall be stipulated jointly by the Minister and such other Minister in charge of agrarian affairs, or any other Minister as the case may be.

CHAPTER VIII

LANDRENT, ROYALTIES FOR EXPLORATION AND EXPLOITATION

Article 52.

In this Government Regulation what is referred to as:

- a. • hLand rent• h, means a levy owing to the State by way of a quid pro quo for allowing the opportunity to conduct general survey, exploration or exploitation in the area of a Mining Authorization.
- b. • hRoyalties for exploration• h means a production levy owing to the State if the holder of a Mining Authorization for Exploration gains result in the form of minerals attracted the levy being due by way of quid pro quo for the opportunity allowed the holder for exploration.
- c. • hRoyalties for exploitation• h means a production levy owing to the State for the production gained from the exploitation of one or more minerals.

Article 53.

1. The holder of Mining Authorization for General Survey is obliged to pay an annual land rent for each hectare of the area of the Mining Authorization.
2. Payment of the land rent referred to in Section (1) of this article shall be made at the beginning of each year or at the beginning of a fixed period due for payment.

Article 54.

1. The holder of a Mining Authorization for exploration is obliged to pay annual land rent for each hectare of his area of Mining Authorization.
2. Payment of the land rent referred to in Section (1) of this article shall be made at the beginning of each year or at the beginning of a fixed period due for payment.

Article 55.

1. The holder of a Mining Authorization for Exploration shall pay an annual land rent for each hectare of the area of his Mining Authorization.
2. Payment of land rent referred to in Section (1) of this article shall be made at the beginning of each year or at the beginning of a fixed period due for payment.

Article 56.

1. The holder of a Mining Authorization for Exploration is obliged to pay royalties for exploration from sales of his products mined during the exploration.
2. The royalties for exploration referred to in Section (1) of this article shall be determined on the basis of fixed rates according to the production of the relevant mines.

Article 57.

During the period of assessment and construction lasting from the end of the exploration period until the start of the exploitation period the holder of the relevant Mining Authorization shall be subject levies applicable to the exploration period.

Article 58.

1. The holder of a Mining Authorization for Exploitation is obliged to pay royalties for exploitation, for the products gained from the area of his Mining Authorization.
2. The royalties for exploitation referred to in Section (1) of this article shall be determined on the basis of fixed rates according to the production from the relevant mines.

Article 59.

In case mining operations are performed under a working contract, then, the payment referred to in Article 52 of this Government Regulation shall be made by the relevant contractor.

Article 60.

All payment of levies as referred to in Articles 53, 54, 55, 56 and 58 of this Government Regulation constitute cost elements.

Article 61.

1. The Minister, after hearing the opinion of the Minister of Finance, shall make regulation concerning the amounts of levies and the procedures for the collection of land rent, royalties for exploration, and for exploration as referred to in Articles 53, 54, 55, 56 and 58 of this Government Regulation.
2. The Minister is obliged to report to the Government on the implementation of the regulations referred to in Section (1) of this article.

Article 62.

1. In conformity with Section (3), Article 28, of the Basic Mining Law, the Province shall be given a portion of the revenues from the land rent, royalties for exploration, and for exploitation derived from the mining activities in the relevant Province.
2. The ratio of the sharing of the revenues derived from the levies referred to in Section (1) of this article between the Central Government and the Provincial Government is 30 (thirty) percent and 70 (seventy) percent respectively.
3. The ratio of the sharing between the Regional Government of the First Level of that portion of the Province of the revenues derived from the levies as referred to in Section (1) of this article, shall be subsequently determined by the Minister of Internal Affairs.

Article 63.

The specification of use of the revenues derived from the levies referred to in Section (2) of Article 62 of this Government Regulation including procedures for the deposit, the withdrawal, and the safeguarding thereof shall be subsequently regulated jointly by the Minister and the Minister of Finance and the Minister of Internal Affairs.

CHAPTER IX**MINING SUPERVISION****Article 64.**

The Administration, the supervision and the regulation of the labor safety and the regulation of the implementation of mining operations shall be centralized at the Ministry in charge of mining .

Article 65.

The procedure for exercising supervision, the regulation of labor safety and the regulation of the implementation of mining operations as referred to in Article 64 of this Government Regulation, which are designed for security, labor safety, and the efficiency of the implementation of mining operations, shall be regulated by Government Regulation.

CHAPTER X**SUPERVISION OF THE UTILIZATION****Article 66.**

1. In the interest of the matter, the Minister may reserve part of the jurisdictional mining Area of Indonesia where the mining certain minerals may be exclusively conducted by the State.

2. In the interest of the nation and notwithstanding the authority of other Ministers, the Minister may lay down an export prohibition of certain mineral products.
3. In the interest of the Nation the Minister may decide that certain mineral products be reserved by way of partial compensation against the levies due, which products shall be delivered to the Government by the relevant holder of a Mining Authorization or if mining is conducted on a working contract basis, by the relevant contractor.

CHAPTER XI

PENALTY PROVISIONS

Article 67.

1. The threat of penalty incorporated in Article 33 of the Basic Mining Law shall be applicable to the breach of the provisions referred to in Articles 39 and 43, and of Sections (4) and (5) of Article 46 of this Government Regulation.
2. Violations of the provisions of Articles 39 and 43, and of Sections (4) and (5) of Article 46, are ordinary offences

CHAPTER XII

FINAL PROVISIONS

Article 68.

In cases which have not been sufficiently provided for by this Government Regulation the Minister shall make further regulations in respect thereto.

Article 69.

This Government Regulation shall come into effect as of the date of enactment and is designated as • hGovernment Regulation on the Implementation of the Basic Mining Law• h

Lest nobody shall pretend ignorance of this Government Regulation it is hereby instructed that it be enacted by publication thereof in the State Gazette of the Republic of Indonesia.

Enacted in Djakarta

on December 31, 1969d

STATE SECRETARY OF R.I.

SGD.

ALAMSJAH

Done in Djakarta this 31st

day of December, 1969

PRESIDENT OF R.I.

SGD.

SOEHARTO

ARMY GENERAL

STATE GAZETTE OF THE REPUBLIC OF INDONESIA, YEAR 1969 NO. 60.