

ABSTRACT

COMPARATIVE STUDY IMPLEMENTATION OF PSC GROSS SPLIT & PSC COST RECOVERY SYSTEM IN PERTAMINA UPSTREAM BUSINESS UNITS

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The oil and gas fiscal system in Indonesia has gone through a long historical process, since 2000 Indonesia's oil and gas production has continued to experience a decline in production while the level of oil and gas consumption has increased. The government continues to look for solutions to stimulate investors to become more interested in increasing investment as well as the effectiveness and efficiency of Upstream Oil and Gas operations by implementing the Gross Split PSC oil and gas fiscal system in 2017. These changes have an impact on Pertamina which previously used the PSC Cost Recovery system, Pertamina first times implementing a Gross Split PSC in 2017 in one of its business units following later in another 2018. Pertamina needs to develop an internal strategy to implement a Gross Split PSC to be more sustainable and profitable in the future by conducting a comparative study with the PSC Cost recovery.

This comparative study research method uses qualitative methods, by collecting primary data through in-depth interviews with officials and practitioners in Pertamina who have experience in PSC Cost Recovery and PSC Gross Split and secondary data through Pertamina's internal documents and external documents both in the form of regulations, books, articles, seminars, presentations, journals and research on oil and gas fiscal in Indonesia.

The results showed that there was an internal business process which was a valued chain process which significantly changed the implementation of the Gross Split PSC Cost Recovery & PSC namely (1) Administration & bureaucracy, (2) Operations and (3) Procurement. By comparing the implementation of the three processes, the conclusion is that the Gross Split PSC has considerable benefits for Pertamina, the three valued processes mentioned above have had an impact on business improvement (effective and efficient) and better financial performance for Pertamina.

Keywords: *PSC Cost Recovery, PSC Gross Split, Implementation, Business Process, Valued Chain activity, Administration & Bureaucracy, Operation, Procurement, Business improvement, Financial performance, Impact.*