

CORPORATE RESPONSE & HUMAN NEEDS EAST JAVA MUDFLOW DISASTER



LAPINDO BRANTAS, INC (LBI)



- Lapindo is an Oil and Gas company which majority owned by Indonesian Nationals. Lapindo was established in 1996 with the purchase of HUFFCO's working interest and became the Operator of the Brantas Block.
- Operated in Brantas Block, East Java. The main production is gas. Natural gas production and exploration efforts will provide clean energy and cheap for the communities and the industries.

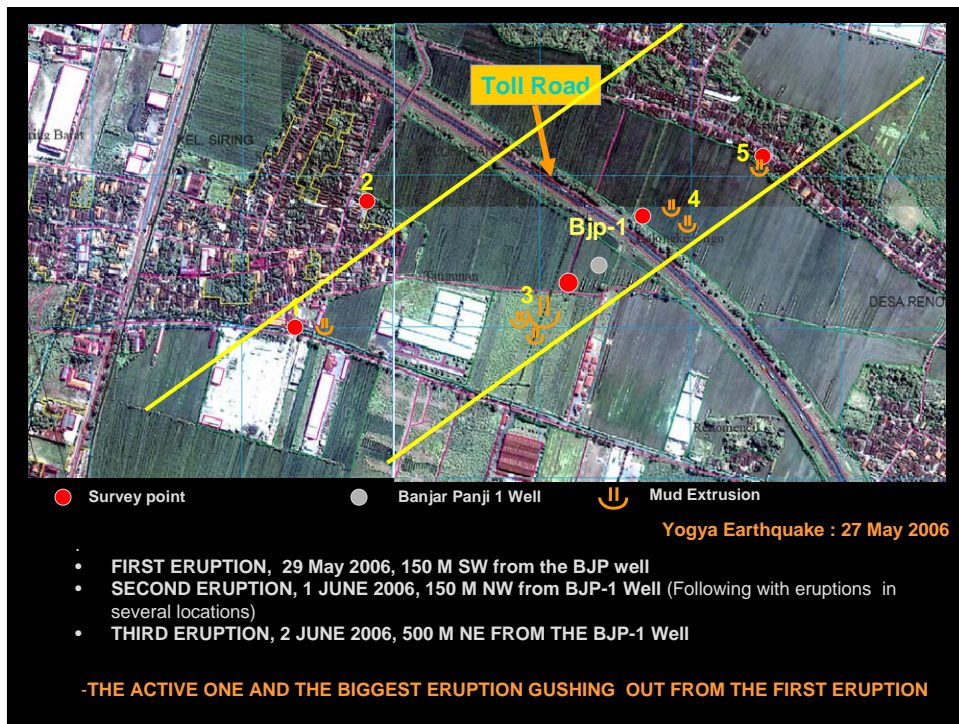
LAPINDO BRANTAS, INC (LBI)



- The implementation of oil and gas exploration activities as natural resources is supervised by the Government of Indonesia under Production Sharing Contract (PSC)
- Lapindo undertake exploration and exploitation activities join with other working interest holders of the Brantas PSC, PT Medco E&P Brantas and Santos (Brantas) Pty.Ltd as regulated under Joint Operation Agreement (JOA)

Production History & Environmental Management

- In implementing its activities, Lapindo concern and place the Safety, Health and Environmental programs in a top priority
- Achieved "Blue" rank of managing environment at operations areas by the Ministry of Environment since 2005
- Producing gas starting 1999 of 4 MMSCFD from Wunut Field
- From the existing 21 production wells which located in East Java, produce gas in average of 25 MMSCFD. The gas supplies industries and communities in East Java.



Where was the Sidoarjo mud eruption coming from and what causes the mud eruption ?

Up to the present the causes are being studied and researched by the experts/scientists





Studies and Evaluations Sidoarjo Mudflow Disaster

Local

- IAGI Team (Indonesian Geologists Association)
(Pertamina, UNPAD, ITS, LEMIGAS, TRISAKTI)
- ITB Team (Bandung Institute of Technology)

International

- Osaka City University by Kumai Group
- Kyoto University
- Moscow State University
- Oslo University
- Others

SAMPLES OF MUD VOLCANO AT SEVERAL AREAS IN EAST JAVA

ACTIVE MUD VOLCANO
(PURWODADI)



MUD VOLCANO AT KARANGANYAR, EAST JAVA





Emergency Actions

- Handle evacuations spontaneously and responsively to save and protect people (employees and villagers)
- Save and protect infrastructures and living areas starting the day one of the incident
- Provide basic necessities such as food, medical, amenities for refugees and displaced people

Managing Evacuees

- Lapindo and SATLAK coordinate the evacuation of the displaced villagers to the safer places
- Injured people are taken care by Health & Medical units and Lapindo's Medical Advisors
- SATLAK and Lapindo coordinates facilities at shelter places at Pasar Baru Porong and several tents
- Foods for refugees supplied by Public Kitchen facilitated by catering and KODAM V/Army
- Communications to the displaced villagers are handled by SATLAK and Lapindo

COSTS FINANCED BY LAPINDO

Evacuation

- **Phase I (before gas pipeline ruptured): 3.080 families or 11.456 persons**
- **Phase II (after the rupture of gas pipeline): 6.815 families or 25.692 persons**
- **Total refugees at current Pasar Baru Porong: 906 Fam or 3.184 persons**





Integrated Mitigation Team

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- 29 May 2006, no specific established team, Lapindo together with Government hand to hand handle evacuation, refugees and the constructions of mud ponds & levees
- 15 June 2006 established SATLAK (Integrated Team of Sidoarjo Local Government) led by Regent of Sidoarjo. Lapindo part of its member
- 27 June 2006 established SATKORLAK /Integrated Team of East Java Province led by Governor of East Java. Lapindo part of its member
- 8 Sept 2006, Presidential Decree 13 concerning the establishment of National Mudflow Mitigation Task Force in Sidoarjo. The Task Force scope of works cover:
 - a. Well Control – Subsurface works
 - b. Mud Management - Surface works
 - c. Social & social support

All costs financed by Lapindo Brantas Inc

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- 8 April 2007, Presidential Decree 14/2007 concerning the establishment of Sidoarjo Mudflow Mitigation Agency (BPLS)

The scope of works cover:

- a. Well Control – Subsurface works
- b. Mud Management - Surface works
- c. Social & social support

Costs financed by Lapindo and the Indonesian Government/State Budget

Lapindo's Expenditures to finance Mudflow in Sidoarjo

No	DESCRIPTION	BUDGET (USD)	EXPENDITURES Up to March 2007
1	Social Issues	12,152,000.-	26,056,684.-
2	Well Control	80,524,000.-	68,942,101.-
3	Mud Management	47,325,000.-	59,073,672.-
TOTAL:		140,000,000.-	154,072,457.-

The above costs exclude liability to purchase lands/buildings/rice fields based on latest affected area of 22 March 2007

Reasons & Considerations.....

- ***Corporate concern in humanity aspects and social solidarity, although Lapindo is not guilty***
- ***Commitments to comply with Presidential Decrees 13/2006 and 14/2007***



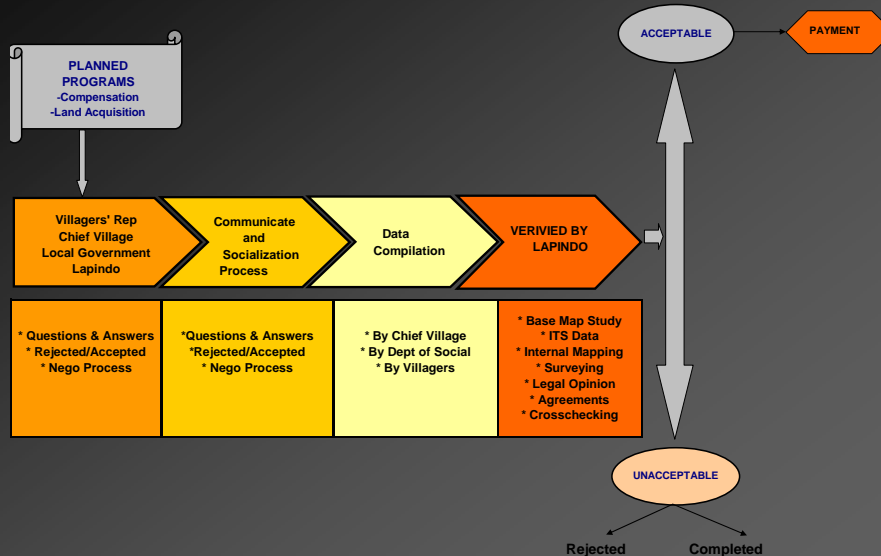
Social Activities



- Social Support
- Medical
- Mass Circumcision
- Public Kitchen
- Worker compensation
- House Lease
- Factories Claims
- School Transportation
- Other Social Support



Compensation Payment Plan Process 1



On Going Programs

1. Two Years House Contract (95% completed)
2. Two years Land/Rice fields lease (80% completed)
3. Purchasing assets (verifications & payment processes)
4. Permanent Relocation (planning stages)
5. 3RD Party claims settlement (Factories, Business Owners, Small scale Enterprises (verifications & payments))

Socializations & Communications

- **Conduct socialization for programs/events/plans by Local Government and Lapindo**
- **Conduct regular meetings/discussions with Chief Villages, Local Authorities, Key Persons and Community Leaders**
- **Distributed Daily Updated News**
- **Issued Press Releases/Fact-sheet for reporters/journalist and media centers**

Socializations & Communications

- **Distributed flyers/pamphlets/posters**
- **Information Boards at several locations**
- **POSKO (Communication Center) available at several locations**

Socialization Programs to the Affected Villagers



CON'T



CON'T



Bu Lusi (1)

Mari Laporkan Alamat Baru Kital!

LAPINDO BRANTAS, INC.

Jangan-jangan malah disalahgunakan...

Alamat kontrakan baru kita? Untuk apa Bu?

Mas Parto, dik Tutik, apa panjenengan sudah melaporkan alamat tempat tinggal baru kita ke Satlak dan Lapindo?

Tidak, justru dengan melapor, komunikasi antara warga, Satlak, dan Lapindo terjaga, sehingga kita bisa dilibatkan dalam mencari solusi bersama.

Terus apa lagi?

Berdasar surat kesepakatan bersama, uang bantuan Biaya Hidup/Lauk-pauk pada bulan ke-2 hingga ke-6 baru bisa diberikan jika kita sudah melaporkan alamat baru kita.

Ternyata penting... tapi bagaimana cara melaporkannya?

Pertama, minta surat keterangan dari aparat desa di mana kita tinggal sekarang. Kedua, surat keterangan itu dibawa ke aparat desa kita yang lama. Selanjutnya, aparat desa yang lama (Koruk/Kades) akan melaporkan ke Satlak di Pendopo Kabupaten Sidoarjo atau ke Kantor Lapindo di Jin Gatot Subroto, Desa Telel, Kec Gedugan, Sidoarjo. Telp. 031-8912638 extensi 137.

Kapan sebaiknya kita melapor Kung?

Sebaiknya secepatnya paling lambat satu (1) bulan setelah kita menerima uang sewa rumah.

Mari segera melaporkan alamat baru kital!
Agar komunikasi tetap terjaga dan bantuan Uang Biaya Hidup /Lauk-pauk dari Lapindo tidak terlambat pembayarannya.

David Humas Lapindo
Jl. Cendek Surmas, Ds. Telel RT 07 RW 01, Kec. Gedugan, Sidoarjo. 61254 Telp. 031-8912638

Reasons to Claim

- Lost opportunity/Lost Income
- Damaged Assets/Materials
- Immaterial Losses
- Stop Operations / Production
- Temporary/Permanent Relocation
- Cash and Carry

Compensations & Assistances provided to the Affected Villagers

1

- Transportation assistances for school kid
- Provide monthly wage compensation to unemployed labors amounting to Rp. 700,000 per month per person
The factories ceased its operations
- Provide compensation to the farmers which their rice fields used for mud ponds and water treatment
- Provide compensation of the damage plantations and rice fields submerged by mud
- Provide 2-year house lease assistance of Rp. 5,000,000 per family; monthly living assistance of Rp 300,000 per month per person for 9 months and moving cost of Rp 500,000 per family.

CON'T

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- Purchase and/or relocate the damaged houses/lands/rice fields inundated by mud based on affected area map
- Paid compensation to villagers due to uncomfortable/bad smell, dust, noise, etc of Rp. 300,000.-/person
- Provide amenities and facilities at shelter locations
- Provide foods (3 times/day) at cost Rp. 15,000 – Rp 20,000
- Provide Temporary/Permanent Relocations for factories/companies/small businesses to be able to continue their activities
- Provide medical services & facilities and set-up medical centers for displaced villagers

Amenities at Pasar Baru Porong Shelter Location

- Jumlah kiosk/ruangan sebanyak 348 unit
- Pusat medis sebanyak 7 unit
- Keamanan sebanyak 2 unit
- Dapur Umum dengan makan 3X sehari sebanyak 2 unit
- Ambulance sebanyak 6 unit
- Tanki Air sebanyak 24 Unit
- Tanki Air di Desa Desa sebanyak 120 Unit
- Truck Air sebanyak 4 unit
- Toilet sebanyak 136 unit
- Mobile Toilet sebanyak 2 unit
- Jumlah Posko sebanyak 15 unit
- Sekretariat sebanyak 1 unit
- TV sebanyak 23 unit
- Dan lain lain sarana seperti buku pelajaran, kasur, selimut, sikat gigi, deterjen, obat-obtan dll.

Expenditures to provide amenities & Public Kitchen = Rp. 40 billion

Public Kitchen By Lapindo & Armies



Medical Facilities

NO	Hospitals	Total Out-patient	Total In-patient	In-patient Status
1	RSUD Sidoarjo	525	284	-
2	Puskesmas porong	45,833	546	2
3	Ambulan 118	5,440		
4	RS Bhayangkara	1,787	357	-
5	Pos Kesehatan PKS (Ditarik)	1,783	-	-
6	Pos Kesehatan PAN (Ditarik)	344		-
7	Pos Kesehatan Marinir (Ditarik)	488	-	-
8	RS Siti Hajar		14	-
9	RS Delta Surya		9	-
10	RSUD Dr. Sutomo		13	1
11	Kesdam (Kesehatan Daerah Militer)	116	-	-
	TOTAL	56,316	1,223	3

Affected Buildings

1

General Facilities:

- Schools: 33 units
- Islamic Centres: 15 units
- Mosques: 65 units
- Factories: 30 units
- Villages Offices: 4 units



Plantations/Rice fields Damages

2

- Sugar Cane : 64,015 Ha
- Rice fields: 309,7 Ha
- Various Plantations: 4 Ha
- Total: 377,715 Ha



House Lease Compensation – Phase I

(Before gas pipeline ruptured)

- 2-year House Lease:
(Rp 5.000.000/Fam):
- Monthly Living Assistance for 9 months:
(Rp 300.000/person/month)
- Moving Cost:
(Rp. 500.000/Fam.)

TOTAL: Rp.39.988.472.667
for 3.080 Fam/11.456 persons



Living Assistance of
Rp 300,000 Is given monthly
which is transferred
through the selected Banks
Provided Saving Books and ATM

PENERIMAAN JADUP MELALUI BANK BCA



House Lease Compensation – Phase II

(After Gas Pipeline Ruptured)

- 2-year house lease:
(Rp 5.000.000/Families):
- Monthly Living Assistance:
Rp. 300.000/persons
- Moving Cost Assistance:
(Rp. 500.000/Families)



**Total Rp. 55.508.591.000
For 6.816 Fam/25.695 persons**

Temporary Relocation & Compensation to the Impacted Factories/Business Owners

- Temporarily Relocations for 10 factories:
Rp. 5,269,240,302
- Permanent Relocations for 9 factories:
Rp. 1,180,000,000
- Evacuations Support:Rp. 320,000,000
- Compensation to 306 Small Businesses: Rp 4,3 billion
- 9 Companies signed the MOU (claims settlement):
Rp. 47 billion



Compensation to unemployed workers

- Refer to standard Regional Minimum Wage of Rp. 700,000/month/person:
- Paid to almost 2288 workers
- Total payment: Rp 6,188,800,000



Land Lease and Crop Failures

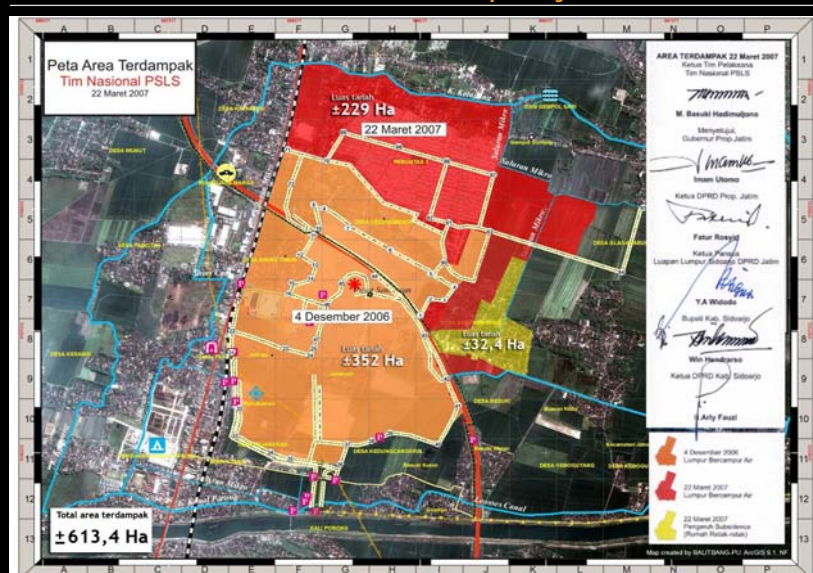
- Crop Failures and Land Leases (293 HA)
 - Crop Failures: Rp. 1,502,806,315
 - Land Lease used for Mud Ponds : Rp. 9,554,615,760
 - Verifications for purchasing affected rice fields (377.71 HA) are being processed



Affected area based on 4 Dec. 2007 Affected Area Map
(before gas pipeline rupture)

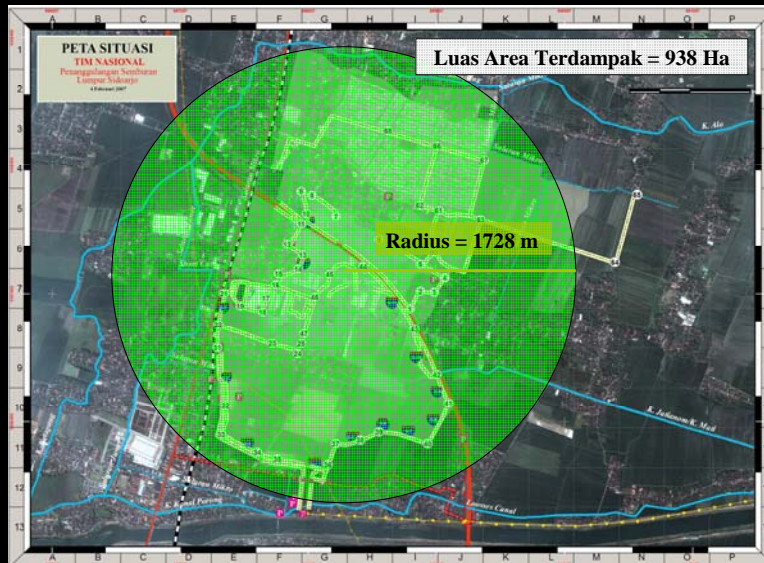


Latest affected areas based on 22 March 2007 Map. Additional affected areas happened after the rupture of Pertamina Gas Pipeline. Government declares the incident as a purely disaster



Note: Total affected areas is about 613,4 Ha

Estimated Impacted Areas Inundated by mud if no actions to mitigate

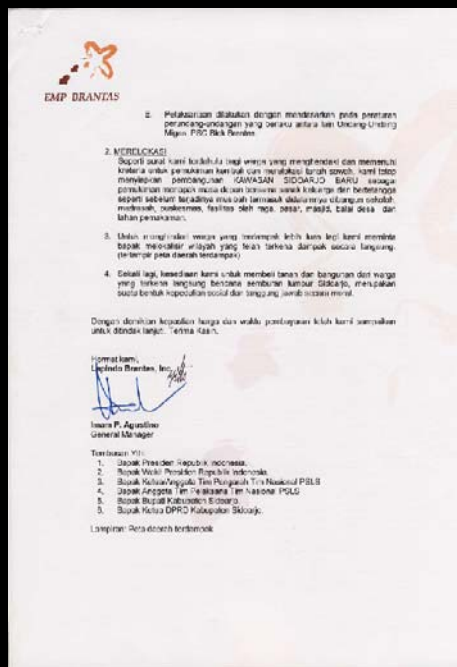
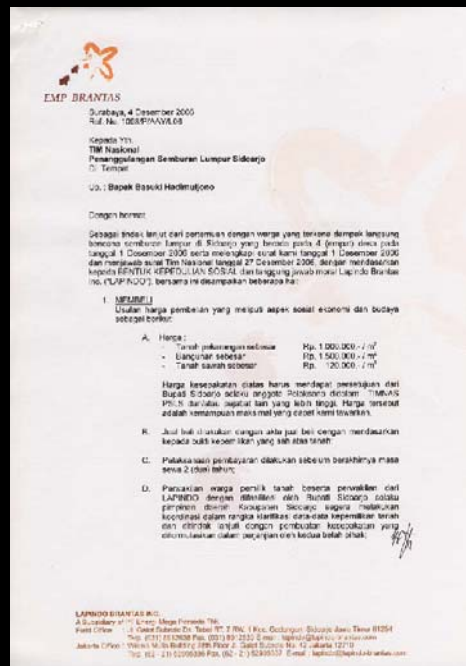


Affected Areas which assets of the displaced villagers need to be purchased/relocated, based on 22 March 2007 Map

- Stipulated by the PERPRES NO.14 Year 2007:
- Options:
 - PURCHASE**
 - Rice field :Rp. 120.000,00/m²
 - Land : Rp 1.000.000,00/m²
 - Building: Rp. 1.500.000,00/m²
 - RELOCATION**
Prepared at Kawasan Sidoarjo Baru (KSB)
- Present Status:
 - Process verifications and 20% advance payment
 - About 12 villages affected or around 9500 houses
- Estimated Cost : Rp 3,8 to Rp 4 trillion



Finally, Lapindo agreed to accept the request of National Team through Lapindo's letter of 4 Dec.



Realization of Purchased Lands/Houses/Rice fields By PT Minarak Lapindo Jaya

No:	Desa	Jenis Tanah	Jumlah Pemilik	Jumlah Bidang	LUAS TANAH (M ²)	LUAS BANGUNAN (M ²)	NILAI TOTAL JUAL BELI 100% (Rp)	UM 20 %
1	Mindi	Sawah	31	106	184206	-	22104720000	4420944000
2	Jatirejo	Sawah	46	66	93865	-	11263800000	2252760000
3	Siring	Sawah	3	7	5777	-	693240000	138648000
4	Kedungbendo	Sawah & Bangunan	18	18	940	3,557	5923500000	1184700000
	Total		98	197	284,788	3,557	39,985,260,000	7,997,052,000



Medical Services & Facilities

- Serve medical treatments for the displaced people
- Total cost : Rp. 2,151,385,227,-
- Total patients:
 - Out-patients : 56.316 persons jiwa (cummulative)
 - In-patients: 1.223 persons



Medical Services & Facilities



School Transportation Services

- Relocate some schools inundated by mud to the safer locations
- Renovate damage school buildings
- Provide transportation for school children
- Educational Assistance = Rp. 220,079,900.--



Burial Assistance

- Temporary Cemetery at Mindi Village
- Compensation: Rp. 1.000.000,00/person



Problems in Lapindo's Perspective

- *Unclear financial burden as if Lapindo is solely must be responsible to the incident while Lapindo is not guilty*
- *Victims of respective group ask for various compensations in different schemes which difficult to meet a consensus*
- *Uneasy to deal with victims in the upset and unhappy conditions which trigger to anarchy*
- *Media Reports*

Suggestions

- *The Authorities and the Government must stand in the front without thinking first who's right, who's wrong and who's responsible*
- *All parties must be concern and help cooperatively, think that the incident is a disaster so that the interest of the victims/affected communities should be number one, to ignore individuals/parties/politics interests*

Benefits of Mud



Benefits of Mud



Thank You

