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# Legal Study Analysis of Development of Mini Fuel Terminals in Talaud Islands District, Indonesia

Grace Henni Tampongangoy

Faculty of Law, Universitas Sam Ratulangi, Indonesia

Email: Gracehenni1984@gmail.com

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## **Abstract**

The need for fuel oil is extremely high, particularly in developing areas, such as the Talaud Islands Regency, which is a subdivision of the Sangihe Islands Regency. Because fuel oil is frequently scarce and expensive in the Talaud Islands Regency, a fuel terminal is required to ensure the accuracy and speed of distribution to the location. As a result, a mini fuel oil terminal is required, but it must adhere to existing requirements that are constructed legally. This study used polling which is the technique used to get information. Polling is a technique that use samples to ascertain respondents' attitudes or beliefs. Polls are used to gather information about a phenomenon. In this example, the information sought is the community's attitude, perspectives, and beliefs concerning evolving issues. Face-to-face interviews (personal interviews) and field observations were used to collect data, with researchers communicating directly with members of the surrounding community, Pertamina parties, the Regional Government, and the landowner of the terminal building site. According to the study's findings, and in accordance with the Memorandum of Understanding between PT. Pertamina and the Regional Government of the Talaud Islands Regency, SP-037/R0000/2020-50 On November 13, 2020, the construction of the Oil Fuel Terminal is legally viable to operate or can be built by meeting the licensing conditions for the Construction of a Mini Fuel Oil Terminal.

Keywords: Legal Studies; Development; Tbbm, Talaud Island Regency

#### Introduction

Fuel oil scarcity is a significant issue for civilization, as the demand for fuel cannot be supplied owing to depleting natural resources. Indonesia's energy consumption is in desperate need, owing to the fact that it is used in a variety of industries, including industry, transportation, and others. Fuel consumption in Indonesia increased 3.19 % to 48.59 million kiloliters in the third quarter of 2021, compared to the same period in 2020 (Nizar, 2021). This was due to an increase in the consumption of public fuel. According to data from the Ministry of Energy and Mineral Resources, fuel consumption

reached 48.56 million kiloliters (KL) till September 2021, with gasoline distribution accounting for 24.03 million KL, diesel fuel accounting for 23.32 million KL, and avtur accounting for 1.21 million KL. Besides that, there were 380 thousand KL of kerosene and 6.1 million metric tons of LPG (Setiawan, 2021). As a result, the process of supplying fuel demands has a significant impact on people's lives, as evidenced by Presidential Regulation No. 191 of the Republic of Indonesia covering the supply, distribution, and retail selling price of fuel oil. However, frequent oil scarcity and rising oil costs are issues that frequently arise in the field (Iqbal, 2022). Fuel scarcity or shortage is also a problem in a number of Indonesian regions. As a corollary, there are import disruptions all the way up to criminal activity such as gasoline stockpiling. As a natural consequence, in order to achieve fairness and the principle of justice for all Indonesians (Hutabarat et al., 2022), the government has announced a one-price fuel program that began on January 1, 2017 and will be implemented in stages. Talaud Islands Regency is one of the districts that has benefited from the one-price fuel policy (Ministry of Energy and Mineral Resources, 2017).

Talaud Islands Regency is one of the districts in North Sulawesi province, Indonesia with the capital city of Melonguane. This district originated from the division of the Sangihe and Talaud Islands Regencies in 2002. The Talaud Islands Regency is located in the north of the island of Sulawesi. This region is the northern most region in Eastern Indonesia, bordering with the Davao del Sur, Philippines on the north. Additionally, Talaud Islands regency at the end of 2019, the total population was accounted for 109.150 people.

Talaud Islands Regency is a maritime area with a sea area of about 37.800 km² (95,24%) and a land area of 1.251.02 km². Furthermore, there are three main islands in the Talaud Islands Regency, namely Karakelang Island, Salibabu Island, and Kabaruan Island. As well as other small islands that fall into the 3T Regional Criteria (behind, outermost, frontmost) include Miangas Island, Kakorotan, Marampit Karatung, Mangupun, Malo, Intata, Garat, Saraa, and Karang Napombalu Island. Talaud Islands Regency is still classified as one of Indonesia's underprivileged regions, with some areas remaining isolated due to geographical reasons limiting basic infrastructure, economy, socio-culture, transportation, telecommunications, as well as information and security defense.

The implementation of the single-price fuel policy reached Talaud Islands Regency in July 2017. The launch of Talaud's one-price gasoline scheme was commemorated with the opening of Compact Gas Station 76.95806 at Melonguane District, Karakelang Island. Compact gas stations are built to address fuel needs in locations where it is not yet viable to build conventional gas stations or where there are no alternative distributors, inland areas, or islands located independently of the fuel port (Energia, 2017). However, some regions of Talaud continue to encounter regular challenges, especially a scarcity of fuel oil and a high price for fuel oil. For the last two decades, the Talaud Islands have been able to meet their fuel requirements (rri.co.id). Economic stability in Talaud Islands Regency is frequently harmed by this circumstance.

The peoples demand for fuel is really significant. One way for the general public to receive fuel is through public gas stations (hereinafter referred to as SPBU), where fuel is supplied by PT. Pertamina from the fuel oil terminal (hereinafter referred to as TBBM) and then distributed through tank cars (Septrio, 2019). The Talaud Islands Regency must have enough facilities and infrastructure in order for the community's economic activities to thrive. The only facilities currently available in the Talaud Islands Regency are gas stations which are waiting for fuel distribution from TBBMs outside the Talaud Islands Regency, which means that if there is a no fuel available at the gas stations, they must wait for fuel distribution from TBBMs in other areas, which automatically happens if there is no fuel available at the gas stations. As a consequence, the time it takes for BBM to become available is longer than it takes for TBBM to become available in the Talaud Islands Regency. To address this issue, facilities for the supply of fuel oil are required to support community activities as well as investors that wish to invest in the



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Talaud Islands Regency. As a matter of fact, building a fuel oil terminal in the Talaud Islands should be a key priority right now. However, when it comes to the construction of TBBM, it must follow all existing norms and legislation.

Based on the description on the background, as the basis for carrying out analysis and evaluation activities from the legal aspect of a feasibility study in the context of the Development of a Fuel Oil Terminal, the things that are studied are:

- 1. Analyzing legal provisions that must be met before running a business
- 2. Analyzing the legality of documents in the form of legal entities, licensing requirements, validity and authenticity of certificate documents. The guarantees provided if the business is financed with a loan. The feasibility of the legal aspect can be seen by obtaining:
  - 1) Taxpayer Identification Number (hereinafter referred to as NPWP),
  - 2) Principle permit from the Regent and Governor
  - 3) Building Permit (hereinafter referred to as IMB),
  - 4) Trading Business Permit (hereinafter referred to as SIUP),
  - 5) Location Permit/Permit for Management of Pipe and Cable Laying at sea.
  - 6) Hoarding Permit
  - 7) Commercial Business License
  - 8) Permission from the Ministry of Transportation for the establishment of a Special Terminal for Fuel Oil.
  - 9) Permission from the Environment Agency
  - 10) Land Legality/Certificate

#### Literature Review

#### **Fuel Oil**

Domestic oil refineries and fuel oil imports provide the bulk of the country's fuel supply, which is then distributed throughout the country to meet the demands of the general public, industry, transportation, and power plants. The government is in charge of ensuring that fuel oil is readily available across Indonesia (Rohman, 2009).

Fuel oil (also known as BBM) is an organic chemical that is required for the combustion process that produces energy or power. BBM is the end product of the distillation process used to separate petroleum from mining materials (Ridlo, 2021). The distribution of fuel is a continuation of the fuel supply system. Distribution system, fuel is distributed from depots to consumers where BBM which has 3 types of fuel namely kerosene, diesel and premium has a different distribution system due to differences in fuel use and differences in consumer needs.

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#### Research Methods

In this study, the method used to find information is polling. Polling is a method that uses a sample to describe the attitudes or opinions of respondents. Polling is used to get information about a phenomenon, in this case what you want to get is the attitude, views, confidence of the community towards the growing issue (PPID, 2017). Therefore, it can be said that polling is a practical application of the survey method. The data collection techniques used are face-to-face interviews (personal interviews) and observations in the field where researchers collect data by conducting data collection by conducting direct communication with the surrounding community, Pertamina parties, the Regional Government, and the location land owner, and making direct observations at the location of the fuel terminal construction plan. The data source used in this study is the primary data source, which is the source of data obtained directly from the original source or primary data.

## **Results and Discussion**

Legal aspects based on Article 33 articles 2 and 3 of the 1945 Constitution assert that the state controls the branches of production that are critical to the state and affect the lives of a large number of people, as well as Law No. 22 of 2001 regulating Oil and Gas at the time. Given that oil and gas are strategic natural resources that contribute significantly to industrial raw material supply and foreign exchange production, management must be carried out optimally to maximize their use for the prosperity and welfare of the people. As a wake of a Memorandum of Understanding between PT. Pertamina and the Regional Government of Talaud Islands Regency No. SP-037/R00000/2020-50 dated November 13, 2020, the legality of the Fuel Oil Terminal's construction is practicable.

The Recommendations regarding the documents that must be prepared in terms of licensing for the construction of the Mini Fuel Oil Terminal are:

- 1. Letter of Permit in Principle from the Regent and from the Governor. Based on Law no. 23 of 2014 concerning Regional Government, the composition and authority of regional government according to this Law includes the Provincial Government, Regency Regional Government and DPRD (Regional People's Representative Assembly). Then based on the Regulation of the Minister of Marine Affairs and Fisheries of the Republic of Indonesia No. 8/PERMEN-KP/2019 concerning Administration of Permits for Utilization of Small Islands and Surrounding Waters in the Framework of Investment and Recommendations for Utilization of Small Islands or Zoning Plans for Coastal Areas and Small Islands (RZWP-3-K) where the development is located The Oil Fuel Terminal is located in the Talaud Archipelago Regency, precisely in the waters around the coastal island which is measured 12 miles from the coastline towards the archipelagic waters, which is under the authority of the Provincial government, so there must be a principle permit from the Governor (Minister of Marine Affairs and Fisheries, 2019).
- 2. Special Terminal Permit, based on the Regulation of the Minister of Transportation No. 51 of 2011 there must be a special terminal permit, because the planned location to be built is a fuel oil terminal, from the principle permit issued by the governor, it is used as the basis for administering a special terminal determination permit from the Ministry of transportation (Minister of Transportation, 2011).
- 3. Permits from the Environment Service and the Provincial Marine and Fisheries Service. Based on Law no. 1 of 2014 concerning amendments to Law no. 27 of 2007 concerning the Management of Coastal Areas and Small Islands. Covers the process of planning, utilization, supervision, and control of Coastal Resources including biological resources (Katiandagho, 2020). Based on observations, the development plan must be reclaimed and there are also mangroves as biological

resources on the coast, for that there must be a permit from the Environment Service, and the Provincial Marine and Fisheries Service. Based on the Presidential Regulation of the Republic of Indonesia Number 73 of 2012 concerning the National Strategy for Mangrove Ecosystem Management and Ministerial Regulation No.23/PERMEN-KP/2016) that the principle of planning for the management of Coastal areas and small islands is an inseparable entity from the regional development planning system for which mangrove forest destruction can be subject to criminal and civil sanctions (Kompasiana, 2017).

- 4. Based on Law no. 1 of 2014 everyone who uses space from part of coastal waters is required to have a location permit. The location permits as intended is the basis for granting a permit for the management of the installation of submarine pipes and cables.
- 5. Commerce Permit. Based on the Regulation of the Minister and Mineral Resources of the Republic of Indonesia Number 52 of 2018 concerning Amendments to the Regulation of the Minister of Energy and Mineral Resources Number 29 of 2017 concerning Licensing for Oil and Gas Business Activities (Ministry of Energy and Mineral Resources, 2018), where Oil and Gas Business Holders with a total number of at least 1.500 kl (one thousand five hundred kilo liters) must have a Business License.
- 6. Building Permit (IMB), based on Law no. 34 of 2001 concerning Regional Taxes and Levies.
- 7. Trading Business Permit (SIUP). Based on the Regulation of the Minister of Trade Number 7 of 2017 (Minister of Trade, 2017).
- 8. Taxpayer Identification Number (NPWP).
- 9. Recommended Land Certificate at Kiama Village location
- 10. Environmental Aspects where the Company and local governments are able to fulfill permits related to the environment in order to operate. These permits include Environmental Management Efforts (UKL), Environmental Monitoring Efforts (UPL), which must be issued by the Environmental Service (Liman & Suarjaya, 2017).

## Conclusion

After conducting this research, it was discovered that there are numerous conditions that must be followed in order for TBBM to be practicable to operate. Whereas if requirements for these papers are met, then the legal entity form of the Pertamina company is that of a Limited Liability Company (PT). More importantly, the responses of those interviewed indicate that they are enthusiastic about the Mini Fuel Oil Terminal Development program, including landowners, who have expressed support for the program. In order to ensure that the Talaud TBBM is built in the most feasible location possible, the area around Kiama Village has been recommended. This is because land ownership in the Kiama village area has no problem, and the land owner is able to complete several document requirements, including land certificates, so this aspect can be considered feasible to run.

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