



Limitation Of Authority Between Central And Local Governments In The Oil And Gas Business

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Abstract

The oil and gas revenue-sharing system for several regions has conflicting norms for regulating authority between the central government and regional governments in the oil and gas revenue-sharing system for several regional governments. In Article 14 Paragraph 3 of Law Number 23 of 2014 concerning Regional Government it is stated that only the central government can manage oil and gas business activities. -Law Number 22 of 2001 concerning Oil and Gas still regulates the authority/ involvement of local governments in fulfilling the clauses of the cooperation contract as an instrument of oil and gas business activities. The method used in writing this article is normative law. In this study, the authors want to know and obtain clarity about what the central authority over the oil and gas business is, and how the revenue-sharing funds are divided for the two local governments. The literature used in this paper comes from scientific journals and is supported by scientific books from various scientists. From the results of the research that has been done, in fact there is still involvement of local governments both in management in the form of fulfilling the clauses of the cooperation contract, especially in determining the work area and its return as well as environmental management.

Keywords: Authority, Local Government, Oil and Gas, Revenue Sharing Fund

A. Introduction

Local government is one of the tools of the government system. Local government is an administrative authority in an area smaller than the state of Indonesia, divided into regions. The region is further divided into districts and cities.¹ Each province, region, and city area has a government regulated by regulations. Law Number 23 of 2014 concerning Regional Government states that "regional government is the head of the region as an element of local government administration who leads the implementation of government affairs which are the authority of the autonomous region." According to Liang Gie, "local government is an empowered unit of state organization led by the head of local government to meet the interests of all regions of a group domiciled in their area."² First and foremost, the government must keep the skeleton visible to the public so that individuals can usually complete their lives. The current government creates conditions that serve itself, serve the regions, and allow each region to develop creatively and progress together. Article 1 Paragraph 2 of Law Number 23 of 2014 concerning Regional Government states that "Regional Government is the administration of government affairs by local governments and

¹ Eko Nuriyatman, 'Petroleum mining revenue sharing between the central government and local governments' (2019) Selat Journal. h. 2.

² Kaho Josef Riwu, *Analysis of Central and Local Government Relations in Indonesia* (2012). h. 45

regional people's representative councils according to the principle of autonomy and assistance duties with the principle of the widest autonomy in the system and principles of the Unitary State of the Republic of Indonesia as referred to in the Constitution of the Republic of Indonesia Year 1945". Kaufman argues that "the duty of government is to serve and govern society, further emphasizing the effort to put the public interest first, facilitate public affairs and provide public satisfaction, while the task of regulating emphasizes the power inherent in bureaucratic positions."³ To carry out this enormous task, the government must bear enormous responsibilities due to the scope and complexity of its responsibilities. In addition to having adequate human resources, strong institutions are also needed with apparatuses that show behavior according to the values and norms of the government and society.

The Constitution of the Republic of Indonesia Year 1945 (from now on referred to as UUD NRI 1945) has mandated the implementation of the broadest autonomy within the framework of the Unitary State of the Republic of Indonesia. For this reason, it is necessary to apply harmoniously the relationship between finance, public services, utilization of natural resources, and other resources between the central government and local governments. This provision is evidenced by Article 18 A of the 1945 Constitution of the Republic of Indonesia, which is as follows:

1. Power relations between central and state governments, regions and urban communities, or between regions and rules and urban communities, are managed by regulations with proper recognition of the firmness and diversity of districts.
2. The relationship between monetary and public administration and the use of different assets between the central government and the surrounding legislature is controlled and implemented reasonably and as a whole in view of the law.

The peculiarities to watch out for various problems and advantages can be summarized in the point of view of the problem, in particular the irregularities between central and provincial relations, especially in terms of monetary balance, the spread of results from the use of regular assets in developing countries. Based on the opinion expressed by Sarundajang, there are two views on the role that local governments must carry out in central and local government finances. First, there is an emphasis on the role of local government as an expression of the will and identity of the community. Second, local government is an

³ Muhammad Akbal, 'Harmonization of authority between central and regional governments in the implementation of regional autonomy' (2017) 11 SUPREMASI: Journal of thought, social science research, law and its teaching. h. 104

institution that provides exceptional services to the regions and provides services that benefit the regions exclusively.⁴ Regions require adequate financing to carry out commitments to carrying out their independence and as a component of disseminating the implementation of state government power. Nonetheless, it should be understood that the regions can rely on limited wealth to generate unique territorial wages; hence, the exercise of regional independence does not suggest the necessity of each region covering all territories. It is fully funded by the local government and must be funded by local sources of revenue. In such situations, the central government must direct other funding sources to local governments, which is mandatory. The monetary decentralization strategy is the answer for the central and regional legislatures to mutually use monetary assets that can be issued within Indonesia's national borders for use and are separated relatively and reasonably between the two degrees of government. The monetary relationship between the central government and the environmental legislature can be outlined as a framework that directs how assets are divided between different levels of government and how to track provincial sources of financing to aid in implementing public areas. The monetary relationship between the central government and local governments is characterized as a framework that governs how assets are divided between different levels of government and how to trace provincial sources of financing to aid in implementing public areas. The amount of distribution from the center to the regions is often considered a government step to advance the region. The existence of the division of State Administration has an important reason, namely for progress at the regional level. It is related to regional autonomy, which "provides broad, real and responsible authority to the regions in a proportional manner which is realized by regulating the distribution and utilization of national resources and the balance of central and regional government finances and this is implemented in accordance with the principles of democracy, community participation, government and justice as well as regional potential and diversity implemented within the framework of the Republic of Indonesia."⁵ For this policy to be successful and beneficial for the central and local governments, several important aspects need to be considered in transferring funds from the center to the regions. Affordable income for regions to carry out government responsibilities is one of the most important considerations.

⁴ Ahmad Yani, *Hubungan Keuangan Antara Pemerintah Pusat Dan Daerah Di Indonesia* (Raja Grafindo Persada 2002). h. 39-61

⁵ Rustian Kamaluddin, 'Perimbangan Keuangan Pusat Dan Daerah Dalam Rangka Otonomi Daerah' (2009) 3 *Jurnal Hukum Inovatif*. h. 2.

According to Elmi, the objectives of the central government to make profit-sharing funds to local governments are:

1. As a tangible means to reduce inequality in the vertical and horizontal distribution of national funds.
2. Efforts to streamline government spending by delegating part of the authority to state financial management so that people living in affected areas can reap the benefits.

Central government funding only incentivizes regions to increase their local revenues, which are an essential component of regional revenues but are other regional revenue sources. Article 117 Paragraph 1 of Law of the Republic of Indonesia Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments, in which less oil mining is returned to the regions concerned, only 15.5 percent, while the rest is included in the central government treasury. Paragraph 5, which regulates the production sharing of natural gas mining, is beneficial to the regions, which is as much as 30.5 percent for the producing areas.

The Cepu Block research is the focus of the central government's authority study of the oil and gas basin system for several regions; we are considering the mining location of the Cepu Block, which consists of two government areas, namely the governments of Bojonegoro and Tuban, East Java and Blora, Central Java. According to data taken from the website related to the total mining working area of the Cepu Block is "919.19 square km – with the State Administration of 624.64 square km in Bojonegoro Regency, 255.60 square km in Blora Regency and 38.95 square km in Tuban Regency. ExxonMobil ensures the Cepu Block can produce 170,000 barrels per day of crude oil, and provide revenue of 4 million US dollars per day to the government, assuming a crude oil price of 35 dollars per barrel".⁶

The difference in revenue sharing between the two producing regions will result in regional revenue inequality, and regions with the same natural resources will feel unfair. Article 1 Number 49 of Law of the Republic of Indonesia Number 2 of 2015 concerning the Stipulation of Government Regulations instead of Law Number 2 of 2014 concerning Amendments to Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government, states that "Profit Sharing Fund is a fund sourced from certain revenues of the

⁶ PT. SARANA PATRA HULU CEPU, 'Apa Itu Blok Cepu ? Dan Bagaimana Sejarah Berdirinya Blok Cepu ?' (2019)
https://sphc.co.id/index.php/post/69/apa_itu_blok_cepun_dan_bagaimana_sejarah_berdirinya_blok_cepun_?> diakses 2 Juli 2022.

State Budget allocated to producing regions based on a certain percentage to reduce inequality financial capability between the central government and local governments."

Based on these two laws, there are several problems in the distribution of mining products, especially petroleum mines, which are regional authorities for the region's prosperity. However, there is a conflict of norms between Article 1,4 Paragraph 3 of Law Number 23 of 2014 concerning Local Government and Article 1,1 Paragraph 3 of Law Number 22 of 2001. In addition, referring to Law of the Republic of Indonesia Number 23 of 2014 with Article 11 Paragraph 3 of Law Number 22 of 2001, the problem arises whether local governments still have Authority regarding the percentage of oil and gas production sharing funds for their regions, considering that the allocation of funds to the central government is quite large at 84.5 percent, so it seems clear that there is a conflict of norms in it.

B. Research Methods

Based on the problems examined by the author, the author chooses to use normative legal research methods. Normative legal research methods or literature law research methods are methods or methods used in legal research carried out by examining existing library materials. The method used by researchers is a doctrinal approach that is a normative approach method or uses normative methods. It is because the problem that the author tries to raise is included in the concept of Law that is normative and sociological; namely, the object of study is positive Law.

In this study, the author wants to know and get clarity on the central authorities over the oil and gas business and how the distribution of profit-sharing funds for the two regional governments. This study analyzes secondary data that the author obtained from various literature using the law approach, a conceptual approach used when implementing oil and gas.

C. Discussion

1. Authority Terminology

The word authority comes from the primary word authority, which is interpreted as the right of Authority, which means the right and power possessed to do something. As in the Big Indonesian Dictionary (KBBI), "Authority means the right or power you have to do something. When viewed from this meaning, it can be ascertained that the Authority belongs to or exists in living things.⁷ Authority is a formal power, a power conferred by Law or from

⁷ Johansyah Syafri, 'Hanya Untuk Menjelaskan: "Keputusan Kepala Daerah Tidak Memerlukan Konsensus"' <<https://diskominfotik.bengkaliskab.go.id/web/detailberita/7649/2018/03/23/hanya-untuk-menjelaskan:->

the executive power of administration". According to Ateng Syafrudin, there is a difference between the definition of Authority and Authority, "authority (authority (authority gezag) is what is called formal power, power derived from power granted by law, while authority (competence bevoegheid) is only a certain "onderdeel" (part) of Authority."⁸ Authority is the ability given by laws and regulations and causes the effects of regulations, while the definition of Authority based on H.D.Stoud is "bevoegheid wet kan worden omscreven als het geheel van bestuurechtelijke bevoegheden door publiekrechtelijke rechtssubjecten in het bestuurechtelijke rechtsverkeer" which means that Authority can be explained into a holistic of budgets that are integrated using acquisition and use Authority of government by subject to rules in the public on the rules of the public itself.⁹ Authority is the choice to follow through with something or organize others to do or not do something to achieve a specific goal. According to Bagir Manan, "Authority in the language of Law is not the same as power (macht). Power simply describes the right to do or not to do. In Law, Authority at the same time means rights and obligations (rechten enlichten)".¹⁰ Authority itself, according to the Big Indonesian Dictionary (KBBI), is "the power to make decisions, order and delegate responsibility to others." From an accessible point of view, Authority is a person's right to move within certain restrictions others feel in a particular association.

2. Authority of the Central Government and Local Government

The definition of government in the Indonesian Dictionary is: "(1) a system that exercises Authority and power to regulate the social, economic, and political life of a country or its parts; (2) a group of persons who jointly bear limited responsibility for the exercise of power; (3) the ruler of a country (part of the country) or in this case the country which is e.g. the driver of the state so that the state needs a strong and wise; (4) the highest governing body.¹¹ In the rules of state administration, the essence of government functions is the implementation of government functions (studerende function). The implementation of government functions is directed at achieving the goal of realizing the welfare of citizens in a state (welfare state).

%22keputusan-kepala-daerah-tidak-memerlukan-konsensus%22#:~:text=Dalam Kamus Besar Bahasa Indonesia,yang dipunyai untuk melakukan sesuatu.> diakses 23 June 2022.

⁸ Ateng Syafrudin, *Menuju Penyelenggaraan Pemerintahan Negara Yang Bersih Dan Bertanggung Jawab* (2000). h. 22

⁹ Irfan Fachruddin, 'Pengawasan Peradilan Administrasi Terhadap Tindakan Pemerintah' (Alumni 2004). h. 30

¹⁰ Nurmayani Nurmayani, *Pelaksanaan Pemungutan Pajak Hotel Dan Kontribusinya Terhadap Pendapatan Asli Daerah Di Kota Bandar Lampung*, vol 5 (2011). h. 2

¹¹ <http://kbbi.web.id/perintah>, diunduh pada 25 Mei 2022

State administrative Law pertains to state administrative bodies insofar as these functions are necessary in the lives of citizens. State administration relations are a partnership between the ruler and the community, carried out through state administration rules. In the country's administrative Law, the actions of state administrative rules carried out by the government result in the interaction of rules. Regulatory actions carried out by the government in its capacity to be a ruler (overhead) result in the emergence of an interaction of state administrative rules between the government and the public which must always be directed to achieve the goals of government in a country with its rules. State administrative Law plays two roles. On the one hand, the rules of the state government provided the rulers with legal means to achieve their goals. On the one hand, it protects citizens and other regulators from imperfect and illegal government actions. Therefore, constitutional rules provide a means for state administration and state guarantees. Furthermore, De Haan also stated that government actions must not only be synchronous using the principle of legality (based on laws and regulations, but also bound by legitimacy, namely the conformity of their contents using rules).¹²

In order to recognize government guarantees in providing legitimate security to individuals against every administrative action taken, the activities of state administration carried out by public authorities must be according to the norms of the use of government authorities. Guidelines on the use of government authority contain general principles and strict norms. General standards of government authority are regulated in the Government Administration Law and the State Administrative Court Law. In state administrative law, government actions must comply with legal requirements for exercising governmental Authority. In Article 8 of Law Number 30 of 2014, Government Administration is determined that each "Decision and/or Action must be determined and/or carried out by the authorized Government Agency and/or Official Government Agency and/or Official in exercising the mandatory Authority based on: a. laws and regulations; and b. General Principles of Good Government (hereinafter referred to as AUPB). Government Administration Officials are prohibited from abusing their Authority in determining and/or carrying out decisions and/or actions".¹³

Article 9 of Law Number 30 of 2014 Government Administration stipulates that every Decision and Action must be based on the provisions of laws and regulations and AUPB.

¹² *ibid.*

¹³ Erlin Triartha Yuliani, 'Perbandingan Antara Konsep Fiktif Negatif Dalam Uu 5 Tahun 1986 Tentang Peradilan Tata Usaha Negara Dengan Konsep Fiktif Positif Dalam Uu 30 Tahun 2014 Tentang Administrasi Pemerintahan' (2020) 6 Jurnal Komunikasi Hukum (JKH) 64.

These laws and regulations include: "a. regulations per Law on which Authority is based; and b. laws and regulations that form the basis for determining and/or carrying out decisions and/or actions ."In making decisions and taking action, government officials and agencies must include or indicate the provisions of laws and regulations that are the basis for Authority and decision-making. Authorized Government Agencies and Officials may determine and take decisions and actions as long as they benefit the public, regardless of the absence or ambiguity of such laws and regulations and by the General Principles of Good Government (from now on referred to as AUPB).

Authority is the Authority to carry out administrative, legal acts distributed to certain State Administration bodies or officials in laws and regulations. If the state administration body cannot perform legal acts on behalf of the state, then the actions of such officials will be invalid. The non-authorization of administrative, legal acts of the country includes: (1) is not authorized in terms of substance/content (on beloved *heid ratio ne material*), that is, if a decision has no basis in laws and regulations or if it is issued by a State Administration agency or Official who is not authorized to issue it; (2) not authorized in terms of the jurisdiction of the Authority (on beloved *heid ratio on loci*), the decision of the State Administration issued by the State Administration agency or Official in substance concerns the subject matter that is outside the boundaries of the area (geographical) and its Authority, and (3) not authorized in terms of time (on beloved *a heid ratio on temporal*), the State Administration agency or Official does not have the Authority or is no longer authorized to issue State Administration decisions, for example, because of the past period of State Administration or applying other regulations while new regulations have been in force. Referring to Article 15 of Law Number 30 of 2014 Government Administration, there are restrictions on Authority for state administration agencies or officials. The Authority of Government Agencies and Officials is limited by the period or grace period of the Authority, the area or area in which the Authority applies, and c. the scope of the field or material of the Authority.¹⁴

3. Local Government Authority

In a unitary state, there is a separation of Authority between the central government and the regions below it, and as a result, there is a handover of the central government's affairs to

¹⁴ Tengku Mulia Dilaga Turiman Fachturahman Nur, SH, 'Kontruksi Hukum Kedudukan Dan Batas Kewenangan Pejabat Administrasi Negara/Pemerintahan' (2018) <<https://rajawaligarudapancasila.blogspot.com/2016/02/konstruksi-hukum-kedudukan-dan-batas.html>> diakses 28 July 2022.

the administrative regions below it.¹⁵ Constitutionally, Article 18 Paragraph 5 of the 1945 Constitution states that "regional governments exercise the widest autonomy, except government affairs which by law are determined to be the affairs of the Central Government."¹⁶ Except for matters that, according to this Law, are government affairs, local governments carry out the administration of government, which is their Authority, by the provisions mentioned above. Local governments have the greatest freedom to regulate and administer their government based on the principle of autonomy and assistance duties as the principle of local government as affirmed in Article 18 Paragraph 2 of the 1945 Republic Indonesia Constitution, stating "Regional governments of provinces, regencies, and cities regulate and manage their government affairs according to the principle of autonomy and assistance duties". They are granting autonomy to regions to accelerate the realization of community welfare through improved services, empowerment, and community participation.¹⁷ In addition, through autonomy, regions are expected to increase competitiveness by paying attention to the principles of democracy, equity, justice, privileges, and specificities, as well as regional potential and diversity in the Unitary State system of the Republic of Indonesia.

In addition to these two principles, there is still the principle of deconcentration, which is always inherent in the unitary state system. However, Article 18 Paragraph 2 of the 1945 Constitution does not mention the deconcentration principle. Some argue that the principle of deconcentration causes the so-called principle of deconcentration. Here, it is not personal cooperation using the regional government's Authority but is only related to using the central government's Authority. Therefore, the principle of deconcentration need not be claimed here. The inclusion of the principle of deconcentration in the regional government system after the amendment of the 1945 Constitution is intended to emphasize that in the future, there will be no more deconcentration tasks in the region.¹⁸

Autonomy is the implementation of decentralization, which requires the division of governance between the central government and autonomous regional governments. The division of affairs based on the following assumptions always remains a variety of government affairs that are wholly or permanently as government authority and some affairs

¹⁵ Waluyo Jati and Hanafi Yuliansyah, 'Pengaruh Strategi Pemasaran Online (Onlinearketing Strategy) Terhadap Minat Beli Konsumen' (2017) 125 Jurnal Pemasaran Kompetitif.

¹⁶ Pemerintah Republik Indonesia, 'Undang-Undang Dasar Negara Republik Indonesia 1945'.

¹⁷ SH RAHMAT DACHLAN, 'Asas-Asas Hukum Pemerintahan Daerah' (2013) <<https://sysindate.blogspot.com/>> diakses 28 July 2022.

¹⁸ Jimly Asshiddiqie, *Konstitusi Dan Konstitusionalisme Indonesia* (Sinar Grafika 2019). h. 59

as regional government affairs. The affairs of the central government concern the ensuring of the biodiversity of the nation and state nationally. As a manifestation of decentralization, the central government handed over government authority to the regions. The transfer of Authority consists of:¹⁹

- a. Authoritative material: Authority material is all government affairs consisting of general government affairs and other government affairs;
- b. The greedy man: Humans who are handed Authority are people who live in the area concerned as a unit of legal society.
- c. The territory assigned Authority: The area handed over to the Authority is an autonomous region.

The transfer of government authority by the central government to regional governments can be done in 2 ways:

1. The doctrine of ultra vires states that the central government delegates Authority to individual autonomous regions. Only delegated Authority can be exercised in autonomous regions. The central government retains Authority over the remaining special powers from the Authority delegated to autonomous regions.
2. Open-end arrangement or general competence, also called general competence, means autonomous regions can handle everything the center does not control. That shows that the center delegates governmental Authority to the regions, enabling them to exercise it according to their own needs and initiatives outside the center's scope. In this case, the central government did not specify the Authority given to the regions.

In addition to these models, the discussion of the theory of autonomy and decentralization is also known as the model of division of Authority based on the regional household system. The regional household system is an order concerned with dividing Authority, duties, and responsibilities of regulating and managing government affairs between the central and regional governments. According to Bagir Manan, there are several regional household systems: the formal household system, the material household system, and the natural and authentic household system.²⁰

¹⁹ *ibid.*

²⁰ Bagir Manan, 'Hubungan Pusat Daerah Dalam Penyelenggaraan Otonomi Daerah Seminar Otonomi Daerah Dan Perimbangan Keuangan Pusat Dan Daerah' (Hata Internasional Legal Counsellors, Jakarta, 1999). h. 9

Due to geographical conditions, the complexity of community development, the diversity of local socio-cultural structures, and State Administration and democratization in government administration, the central government cannot handle all government affairs.' Responsibilities in the context of their autonomy obligations consist mainly of the following:

- a) Matters handed over by the center to the territory from the provisions for the handover of affairs as provided for in the government regulations.
- b) Matters which are the original Authority as stipulated in the Law establishing the region.²¹

Thus, there are matters that. 100% organized central,y such as defense, foreign,n, and monetary policy. Moreover, there has never been any government business 100% handed over to local governments. Even if some government affairs are handed over to local governments, the central government still has to uphold all its responsibilities. Because the final responsibility for government administration lies with the central government, the central government cannot hand over 100% of government affairs to the regions. Local matters such as irrigation, education, health, cooperatives, small industry, agriculture, and public libraries are indeed left to the regions, but the levels are not 100%. The central government still handles some of the affairs handed over to the regions, such as supervision and determination of standards, criteria, and procedures.²²

4. Authority of the Central Government and Local Government in the Business of Oil and Gas Administration

Article 33 Paragraph 3 of the 1945 Constitution clearly states that "the earth, water, and natural resources contained therein are controlled by the state and used for the greatest prosperity of the people." the meaning that is controlled by the state means that there is the utilization of the state managed by the central government with the aim of the prosperity of the people. The utilization of Natural Resources is managed and divided based on the division of Authority over the control and management of Natural Resources in a Region. The Central Government, as the principal holder of Authority as outlined in Article 1 paragraph 1 of the 1945 Constitution, handed over part of its Authority to the Regional Head to administer government based on a decentralized system; this was not spared by the distribution of finance between the central and regional governments and also the implementation of regional interests.

²¹ YW Sunindhia, *Praktek Penyelenggaraan Pemerintahan Di Daerah* (Bina Aksara 1987). h. 22

²² *ibid.*

Since the enactment of regional autonomy, there has been a policy from the central government to return production funds to regional governments, which initially tended to be fully controlled by the central government. Because the concept of a unitary state in the Unitary State of the Republic of Indonesia is centralized, the provision that the state is said to be "divided into parts" because it automatically receives part of the natural resources (SDA) taken from the area. That at 6:3 of 15, or in the sense that 15% of the regional share is divided into 6% of non-producing areas of the state and 6% of the income area, while 3% is the state.²³

Wahyudi Kumorotomo revealed that the formula for economic equality was made without a clear explanation.²⁴ No evidence of profit sharing or percentages can be found in parliamentary documents. In addition, there has been little change in fiscal relations between levels of government. However, the general provisions for tax distribution between levels of government remain the same as in previous laws and regulations. Decentralization policies continue to be influenced by political negotiations among different levels of government.

In the context of autonomy, opportunities are open for regions to manage natural resources to accelerate welfare achievement, especially in the regions. The 1945 Constitution mandated a local government that regulated and managed its government affairs according to the autonomy and assistance duties principle.²⁵ However, the mandate of implementing local government through decentralization policies in practice takes work. Differences in geographical and demographic conditions can cause problems in implementing regional autonomy.

The enactment of Law Number 23 of 2014 concerning Regional Government, which replaced Law Number 32 of 2004 concerning Regional Government, added to Indonesia's increasingly complicated regulation of oil and gas energy. The regulation of local government authority in upstream business activities, as stipulated in Article 14 Paragraph 3 of Law Number 23 of 2014 concerning Regional Government is contrary to Article 11 Paragraph (1) of Law Number 22 of 2001 concerning Oil and Gas. in article states that "Business Entities or Permanent Business Forms carry out Upstream Business Activities as referred to

²³ Syaiful Bakhri, *Migas Untuk Rakyat: Pergulatan Pemikiran Dalam Peradilan Mahkamah Konstitusi* (Grafindo Khaanah Ilmu 2013).

²⁴ Wahyudi Kumorotomo, *Desentralisasi Fiskal: Politik Dan Perubahan Kebijakan, 1974-2004* (Kencana Prenada Media Group 2008).

²⁵ Dwi Kherisna Payadnya and I Wayan Suarba, *Kewenangan Pemerintah Daerah Dalam Pengelolaan Sumber Daya Alam* (2015). h. 1

in Article 5 point 1 based on Cooperation Contracts with Implementing Entities"²⁶ which is now replaced by the Special Work Unit for Upstream Oil and Gas Business Activities (SKK Migas). However, in Law Number 23 of 2014, Article 14 Paragraph 3 states that Government affairs related to oil and gas management are the Authority of the Central Government. Meanwhile, the Authority of local governments is regulated in the annex to Law 22 of 2001 concerning Oil and Gas; in the Law, it is stated that in matters of implementing Oil and Gas, the Authority of local governments is in the form of fulfilling cooperation contract clauses, especially in determining work areas and their return and environmental management.

D. Concluding

Article 14 Paragraph 3 of Law Number 23 of 2014 concerning Regional Government states that oil and gas management is the central government's Authority, but this does not necessarily make the Authority of local governments disappear. In its implementation, local governments still have the Authority to fulfill cooperation contract clauses, especially in determining work areas and their returns and environmental management. Suggestions that can be conveyed are 1) The central government should immediately review Article 14 Paragraph (3) of Law 23 of 2014, which states that the Authority to manage oil and gas lies with the central government, and amend Law 22 of 2001 because it is not by applicable regulations. The central government must be better able to measure the need of producing regions according to what has been mandated by Law. 2) With unclear regulations regarding Oil and Gas Production Sharing Funds for several regional governments, the distribution carried out by the central government must be carried out proportionally, democratically, fairly, and transparently by taking into account the potential, conditions, and needs of the regions. So that economic growth between regions is distinct.

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²⁶ Indonesian Republic, 'Undang-Undang Republik Indonesia Nomor 22 Tahun 2001 Tentang Minyak Dan Gas Bumi' (2001) 159 Marine Biology 1.

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