

New Implementation Guidelines for Mineral and Coal Mining Under Ministry of Energy and Mineral Resources Regulation No. 18 of 2025



Summary

- On 18 November 2025, the Minister of Energy and Mineral Resources enacted MR 18/2025 to implement and further clarify various regulatory frameworks set out under GR 39/2025, which lastly amends the framework for mineral and coal mining business activities.
- Among its key updates, MR 18/2025 revises the eligibility criteria for business entities participating in auctions for metal mineral and coal WIUP, introduces several new obligations for parties that obtained WIUP or WIUPK through priority rights and expands the grounds under which exploration stage IUPs or IUPKs may be extended.
- Moreover, MR 18/2025 provides clearer pathways for handling overlaps and streamlines multi-permit management.



Background

On 14 November 2025, the Minister of Energy and Mineral Resources (“**MEMR**”) issued Regulation No. 18 of 2025 (“**MR 18/2025**”) on the Implementing Regulation of Government Regulation No. 39 of 2025 (“**GR 39/2025**”), which lastly amends Government Regulation No. 96 of 2021 on the Implementation of Mineral and Coal Mining Business Activities. For further analysis of GR 39/2025, please refer to our publication linked [here](#).

MR 18/2025, which took effect on 18 November 2025, seeks to provide clear implementing rules on several provisions introduced under GR 39/2025 and introduces substantive updates aimed to tighten, refine and enhance the regulatory framework for mineral and coal business activities, while strengthening compliance standards.

This legal update highlights the key updates introduced under MR 18/2025 that impact business actors in the mineral and coal mining industry, particularly with respect to administrative procedures, compliance and ongoing operational requirements.

Key Update and Changes

- ***Revised Participants Eligibility Criteria for WIUP Auctions***

MR 18/2025 revises the eligibility framework for Mining Business Permit Area (*Wilayah Izin Usaha Pertambangan* or “**WIUP**”) auctions for metal minerals and coal concessions, replacing the previous regime set out under MEMR Regulation No. 7 of 2020 on Procedures for the Granting of Areas, Licensing and Reporting in Mineral and Coal Mining Business Activities (“**MR 7/2020**”). Under MR 7/2020, all wholly national private enterprises (irrespective of their business scale) were eligible to participate in such WIUP auction of any size. MR 18/2025 introduces a categorized set of criteria for such enterprises where:

1. WIUP of up to 500 ha is now limited to wholly national private enterprises classified as micro or small businesses domiciled within the same province as the WIUP.
2. WIUP larger than 500 ha is restricted to wholly national private enterprises classified as medium or large businesses.

In addition, MR 18/2025 no longer allows individuals, limited partnerships or general partnerships to participate in auctions for WIUP for either size category.

- ***New Requirements for New Priority Right Holders***

MR 18/2025 introduces new requirements for parties that have received a priority right (*pemberian prioritas*) over WIUP for metal minerals and coal concessions. These parties must now satisfy the following key requirements:



1. settle the data-information compensation payment in a prescribed amount within seven business days of receiving the approval;
2. procure the exploration surety bond in a prescribed amount in the form of a term deposit within the same seven-day period; and
3. apply for the exploration-stage Mining Business License (*Izin Usaha Pertambangan* or “IUP”) within ten business days of receiving the approval.

Failing that, the relevant party will be considered to have withdrawn from the granted priority rights, and the priority right approval will be revoked. Moreover, the relevant party and its affiliates will be blacklisted and prohibited from accessing licensing services for five years.

- ***Additional Criteria for Extension of Exploration IUP and IUPK Validity***

In addition to the criteria previously set out under GR 39/2025, MR 18/2025 introduces additional criteria under which holders of exploration IUP and Special Mining Business Licenses (*Izin Usaha Pertambangan Khusus* or “IUPK”) may request an extension, namely:

1. the extension is required to facilitate the settlement of outstanding non-tax state revenue obligations;
2. exploration equipment has already been mobilized to the mining area; and/or
3. the extension is required to support the development of mining-related facilities and supporting infrastructure, including those required for exploration activities.

- ***Clarified Compensation Amount for WIUP Assigned Entities***

MR 18/2025 reaffirms the provision under Government Regulation No. 25 of 2023 on Mining Area that business entities assigned by the Government to prepare a WIUP for coal and metal mineral concession retain the right to match the highest bid in the relevant auction of WIUP for that area.

Importantly, MR 18/2025 now addresses the compensation formula for when the assigned entities do not win the relevant WIUP auction. In such cases, the winning bidder must reimburse 75% of the actual realized exploration preparation costs incurred by the assigned business entity.

- ***Further Detail for Radioactive Mineral and Rare Earth Metal WIUP***

MR 18/2025 provides further detail on the allocation of radioactive mineral and rare earth metal WIUP under GR 39/2025, where it now outlines the procedural steps for WIUP designation and introduces eligibility thresholds for entities permitted to conduct exploitation and downstream activities.



Notably, MR 18/2025 only allows State Owned Enterprises (“**SOEs**”) to be the operator for radioactive mineral exploitation, thereby centralizing state control over these resources.

- ***Revised WIUPK Offering and Joint Venture Requirements***

MR 18/2025 revises the legal framework for simultaneous offerings of WIUPK for metal minerals and coal to SOE and Regional-Owned Enterprise (“**BUMD**”) under MR 7/2020 and the relevant MEMR decree. Key changes include:

1. the timeframe for SOE or BUMD to submit their intent is extended from 14 calendar days to 15 business days from the offer;
2. if there is more than one interested party, the agreement to establish a joint venture between the SOE and BUMD must now be submitted to the MEMR within 30 calendar days, shortened from the previous 60-day requirement; and
3. joint ventures established by SOE and BUMD may involve third parties, provided that the SOE and BUMD collectively hold at least 75% equity ownership.

- ***Priority Sequencing for Metal Mineral and Coal IUP over Non-Metal and Rock WIUP***

MR 18/2025 establishes a clearer permitting hierarchy to address overlapping issues. Under the new framework, WIUP for non-metal and rock concessions cannot be granted in WIUP areas already designated for metal minerals or coal, or where an application for a metal mineral or coal IUP is still being processed.

In such circumstances, the MEMR or the relevant Governor may only grant WIUP for non-metal and rock in the same area after the issuance of the metal mineral or coal IUP for the relevant area.

- ***Broaden Requirements for Production Operation IUP or IUPK Consolidation***

GR 39/2025 established the general rule for consolidating multiple production operation IUPs, provided they cover the same commodity and are at the same activity stage.

MR 18/2025 also now allows a production operation IUP holder to consolidate its multiple production operation IUPs or IUPKs and further strengthens this framework by introducing an additional requirement that all permit areas must be located within a single, contiguous and adjoining block.

MR 18/2025 also provides clarity to the consolidation process. Consolidation application must be submitted to the MEMR and are now subject to defined maximum area thresholds, and the validity of the consolidated permits will follow the shortest remaining term among the permits being merged.

- ***Expanded Pathways for IUP or IUPK Consolidation***



MR 18/2025 also expands the consolidation framework beyond production-operation stage permits and single-entity holdings. Consolidation may now be initiated not only by the license holders, but also by regional governments or ministries/agencies.

Such consolidation is not limited to production-operation stage permits but is subject to five substantive criteria, namely (i) they must sit within a single, contiguous block, (ii) involve the same commodity, (iii) they are at the same activity stage, (iv) be held under the same business entity or its affiliate and (v) involve a merger.

The validity of the consolidated IUP or IUPK may follow either the longest remaining term among the permits or the timeframe required to complete the applicable value-added or downstreaming program.

- ***Overlap Resolution Mechanism for Cross-Commodity IUP and SIPB Areas***

MR 18/2025 introduces more detailed resolutions for resolving overlapping areas between non-metal mineral IUP, rock IUP or Rock Mining Permit (*Surat Izin Penambangan Batuan* or “**SIPB**”) and metal mineral or coal IUP. MR 18/2025 sets out three frameworks:

1. If a non-metal mineral IUP, rock IUP or SIPB overlaps with a metal mineral or coal IUP and the former fails to secure consent from the metal mineral or coal IUP holder, the non-metal mineral IUP, rock IUP, or SIPB will be revoked. Alternatively, the overlapping portion of the WIUP will be relinquished and returned to the state.
2. If the non-metal mineral, specific non-metal mineral, rock IUP or SIPB predates the metal-mineral or coal IUP, the earlier permit holder (i) may continue operating until expiry but cannot extend the permit and (ii) must not mine any metal minerals or coal. Any inadvertently excavated material must be transferred to the adjacent metal/coal IUP holder.
3. If cross-commodity overlap occurs and the metal mineral or coal IUP holder consents to non-metal mineral or rock operations, a new WIUP may be issued to either an affiliate of the metal mineral or coal IUP holder or another business entity approved by that holder.

- ***Applicable Maximum Area Thresholds for IPR***

MR 18/2025 now sets definitive thresholds on the maximum area of People’s Mining Permit (*Izin Pertambangan Rakyat* or “**IPR**”). The relevant Governor may only grant IPR covering up to 5 hectares for individuals and up to 10 hectares for Cooperatives.

- ***Transitional Provisions***

To ensure legal certainty and continuity during the regulatory transition period, MR 18/2025 includes several key transitional provisions as follows:



- (a) Applications of WIUP for non-metal minerals and rock must be applied through OSS, with full implementation no later than six months after the enactment of MR 18/2025.
- (b) WIUP and WIUPK designated before MR 18/2025 came into force may be awarded either through an auction or through the priority rights mechanism in accordance with the procedures and requirements under MR 18/2025.
- (c) Applications for the approval of People's Mining Area (*Wilayah Pertambangan Rakyat*) management documents that were already in process prior to enactment must be reviewed and evaluated in accordance with the new standards under MR 18/2025.

Conclusion

MR 18/2025 provides comprehensive changes and clearer guidance to the mineral and coal mining legal framework, recalibrating rules and closing structural gaps left by prior regulations. The changes tighten eligibility parameters, reinforce commodity prioritization, and introduce compliance obligations that raise the operational standards for all industry participants.

The regulation also brings clarifications to areas with regulatory ambiguity. Spatial requirements for consolidation and overlap management are now codified, reducing discretion and creating anticipated pathways for resolving cross-commodity overlap issues. New mechanisms for WIUP and WIUPK allocation, whether through priority rights, auctions or SOE-led offerings, create a more accountable licensing landscape supported by defined timelines and differentiated eligibility thresholds.

MR 18/2025 also streamlines multi-permit management and accelerates decision timelines. By establishing explicit rules for extensions, consolidations, joint-venture structuring, and area limits, the regulation underscores a proactive commitment to disciplined, integrated and compliance-driven sector oversight, requiring business actors to proactively align their licensing and operational strategies with the new regime.



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