



FOSTER WHEELER INTERNATIONAL
CORPORATION

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Alan J. McKerracher
Vice President

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Our Ref: AJM/jjs
Your Ref:

3 July 1986

General Abdulrahman Ramly
President Director
Pertamina
Jalan Medan Merdeka Timur No 1
Jakarta
INDONESIA

Dear Mr Ramly

We refer to the meeting on 21 May 1986 between Prof. IR. K. H. Kho of the Agency for the Development and Application of Technology (BPP Teknologi) and Messrs Alan J McKerracher and Thomas N Sherman of Foster Wheeler Asia Limited. We discussed the benefits that could be obtained by Pertamina and the Republic of Indonesia if an Export Orientated Refinery was commissioned enabling Indonesia to obtain maximum benefit from its petroleum resource.

We wish to reaffirm our interest in this venture and offer Pertamina the leadership of our corporate organization to accomplish the following:

- Design and construction of the Export Orientated Refinery.
- Arrangement of suitable financing consistent with:
 - . The Indonesian Government's economic objectives;
 - . The requirements of the international lending agencies;
 - . The requirements of the Commercial Banks.

An integral part of the financing plan will be the continuous export of the refined products at constantly competitive prices.

[Handwritten signature]

- Profitable management and operation of the Export Orientated Refinery.

Foster Wheeler International Corporation has the global resource to achieve the Export Orientated Refinery.

We have assigned to Foster Wheeler Energy Ltd (FWEL) the responsibility of leadership for this Project because:

- FWEL have the necessary resources totalling approximately 1,600 technical staff members located in the UK (Reading) Office.
- FWEL have a total process engineering staff of 130 graduate chemical engineers who have extensive experience of evaluating, selecting and optimising process technologies and of working closely with process licensors.
- FWEL have a Market Analysis organization capable of conducting price and market surveys, supply and demand projections, economic investigations and formulating marketing strategies.
- FWEL have substantial experience in the application of export credits, commercial loans and subsidised credits (aid funds) from single or multinational sources, as well as other financing options such as lease purchase and counter-trade.
- Through our affiliated Company, Foster Wheeler Management Operations Ltd, we have considerable experience of plant management, operation and maintenance of commercial and industrial establishments.
- Through our affiliated Company, Foster Wheeler Trading Company, we have the ability to:
 - . Identify the markets for the variety of products that could be produced by the Refinery;
 - . Associate, if necessary, with other internationally known organizations needing the products of the Refinery...

Commercial Plan

~~11/20/81~~

We believe that in order to take the implementation of the Export Orientated Refinery to the next stage, it would be necessary to produce a Commercial Plan.

We ask that representatives of Pertamina and Foster Wheeler should meet and discuss in greater detail, particularly:

- How we should jointly organize ourselves to attain the objective which is:
 - . To achieve in the shortest possible time a financially viable Export Orientated Refinery.
- Basis of the financing plan which would be dependent upon:
 - . The ability to continuously market the products of the Refinery at competitive prices.
 - . The price of crude to be used by the Export Orientated Refinery..
 - . The viability of the venture.

It would be a pleasure to meet with you to discuss the above.

Yours sincerely
FOSTER WHEELER INTERNATIONAL CORPORATION



ALAN J MCKERRACHER
VICE PRESIDENT

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PS: One original of this letter has been sent to:

. Dr B J Habibie
State Minister for Research and Technology