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## **Indonesia: White Monkey (1995)**

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The first was to stage a Host Government Relations workshop in Jakarta for Mobil Oil Indonesia (MOI), the corporation's key affiliate. Since October 1994, I had taken on the new assignment from Humphrey to develop government relations (GR) plans for E&P's overseas affiliates. I had gone to Calgary, Stavanger, Saigon, Singapore and Lagos and worked with local management on specific plans for each of their business units, identifying who would do what when and why. I also developed GR plans with the business development teams in Kazakhstan and Peru. These duties had successfully put into place a series of operating principles and internal procedures we believed would improve E&P's chances of success in securing new exploration acreage

from host governments, make existing operations more efficient and otherwise improve Mobil's reputation in a host country. No brain surgery here. Pretty routine.

My second agenda item was to grab a platform to demonstrate I still had professional juice. Since the new chairman's SRP study began, I had been systematically shut out of all meetings, visits, discussions, and decision-making sessions about what the function of public affairs should and could be at Mobil. I needed a forum to say my piece about that.

I scheduled the Host Government Relations workshop in Jakarta to coincide with an invitation I had received to give a speech at the annual meeting of the Perhumas, the Indonesian Public Relations Society, which was being held in concert with the 50th anniversary of Indonesia's independence and the 40th anniversary of the International Public Relations Association.

The title of the speech was "Engineering Trust—The Art of Excellent Public Relations." I loved the irony. Trust. I distrusted the gang that had taken over Mobil so much, I was engineering a trip to Indonesia and Korea to save my job. Yet, after more than five years and a half-dozen trips to Indonesia, Mobil's operations in the world's fourth-largest country were as well known as my turf. In the tug-of-war with Corporate, I needed to play cards that proved an E&P GR guy could add value.

## **II. TRIP TO JAKARTA**

On Friday, September 8, I was up at 5 a.m. and Sun Oak drove me to Dulles for the 8:35 a.m. United Airlines flight to L.A. On the ride out I thought through my situation. It wasn't good. Since the beginning of the SRP studies, I had been cut out; my voice, in effect, silenced. But I had ideas, and I used a timely invitation to speak at the annual meeting of the Public Relations Society of Indonesia and say my piece. The heart of any relationship, of course, is trust, something that is in short supply at work. And as I worked on my speech during the Singapore Airlines flights from L.A. to Jakarta, I was entering Asia at just the time when mistrust among Asian neighbors was the regular grist of the daily news.

The ride, though the blink of an eye compared to Captain Cook's trip, was still a long time to sit still in one chair. And on this flight to Asia I continued to scan the papers for examples of what to do and not to do; about the best ways to get along with your neighbors. Finding examples that illustrated the point was easy. There were riots in Dili, East Timor, whose predominantly Catholic residents were abandoned 20 years ago by Portugal and who were left to fend for themselves amidst the largest Muslim nation on Earth. Then the French set off a nuclear bomb test on their colonial islands in Tahiti, sparking riots and condemnation throughout Asia.

There was the flexing of Islamic fundamentalist muscle in the key

Indonesian political party, and the police ban on political assembly and labor unions and the outrage these policies caused in Western capitals.

Linkage between political power and religion is just as tight in Indonesia as everywhere. Take the five-year old Association of Indonesian Muslim Intellectuals (AIMI) for example. It is said that ICMI is a political corridor for power in Indonesia. Its current chief is B. J. Habibe, President Suharto's would-be successor and the nation's minister of research and technology. I kept an eye on stuff like this, because Habibe also is the guru of Pertamina's behemoth Natuna project, a gas field containing 40 trillion cubic feet of gas discovered by Exxon in which Pertamina, Indonesia's state oil company, wants Mobil to invest some \$10 billion. The Natuna field, located in Indonesia's portion of the South China Sea off Kalimantan on the island of Borneo, is three times larger than Mobil's Arun field in Aceh Province in Sumatra and will require an investment of \$42 billion in order to develop the infrastructure capable of producing 14 million tons of LNG a year. Later in the year, on October 20, in a hotel room at the Ritz Carlton in Pentagon City, Virginia, Minister Habibe would sit down with Humphrey and put the "hard touch" on Mobil to join the Natuna project by purchasing from 22 percent to 26 percent of Pertamina's share. Would Mobil be forced to listen to Habibe and pay \$10 billion in order to maintain neighborliness with Indonesian leaders while the Arun field in Aceh declines?



Mobil's problems with declining reserves in Indonesia at the time posed manageable challenges, which, though serious, were of a fairly tame variety. It could be stickier. There was the house arrest of Burmese human rights activist Aung San Suu Kyi by the gangsters who had taken over that country. The problems caused by this persecution were what faced the 35-year-old blond red-cheeked Cajun, who worked in frontier exploration for Texaco, who sat next to me on the Hong Kong-Singapore leg. He was a decent sort who was five years with Texaco after a stint as a Louisiana regulator of its offshore petroleum industry. He was the type of guy who combed local newspapers and cut out stories about snakes eating goats in Malaysia or about other snakes found in toilets in Singapore condos, so he can have the stories ready to flash on overhead viewgraphs during meetings in Houston—just to lighten up what otherwise would be dry chat about offshore seismic lines.

It was dark outside and I had tired after hours of reading, so we struck up a chat. We soon learned we worked for Mobil and Texaco, and our visit went from there. He said he was on his way to Yangon, Myanmar. Huh?

"Oh, you mean Rangoon, Burma," I said, recalling my politically incor-

rect geography. “Did you see the movie *Beyond Rangoon*?”

Sun Oak and I had seen the flick two weeks before. It was an okay version of events in 1986-88 when bad guys took over Burma. Of course, Hollywood was at work: To show Asian political trouble, get yourself one of the Arquette girls (say, the one who starred as the blowzy blonde in *True Romance*, the most violent flick of the previous season) and dye her hair brown, and have her play a lonely, emotionally wounded physician from the U.S. recovering from the death of her husband and child and who finds herself and new meaning in life by aiding the oppressed people of Burma being put down by military goons. Oh, yeah, make sure she’s a babe and that she has to run through some river or get caught in the rain or something so her shirt sticks to her chest. Hollywood. But, like I said, for a boulee version of events, it was okay. Honest.

But the shadow heroine of the movie was the real-life Daw Aung San Suu Kyi, who recently had won a Nobel Peace prize from the Norwegians after years of house arrest in Rangoon. And on the day we were traveling this human rights icon was meeting with the U.S. ambassador to the U.N., Madeleine Albright, who had gone to Ms. Suu Kyi’s house for a visit and to be photographed for the newspapers. Ambassador Albright was all-a-quote, saying ASEAN countries should not deal with Burma’s ruling gang, aka State Law & Order Resolution Council (SLORC) until they deal with Ms. Suu Kyi, who was only released this past July after six years under house arrest. Ms. Suu Kyi, daughter of General Aung San, who led Burma’s struggle for independence, was the head of the reform National League for Democracy, which won elections in 1990 voided by the current money-hungry junta, whose tactics were featured in the just-seen Hollywood film. The gangsters had released Ms. Suu Kyi from house arrest in July and were now trying to figure out how to open up economic reforms while holding power.

Mobil had not taken on Burma just yet. But my Texaco seatmate was working in a world where French Total, Dutch/UK Shell, and U.S. Unocal and Arco were all now trying to get back on track in Burma and cut deals with the petroleum ministry under SLORC’s thumb and which is trying to end its political and economic isolation.

This had a familiar rhythm for oil industry guys. Gangsters take over governments, then consolidate power by isolating themselves and their countries by throwing out “western” investors. Then, after a time, these gangsters find state bank accounts low, and then try to reengage the world by offering acreage to the international oil industry for exploration. Of course, when the human rights crowd gets wind of this, they threaten to boycott any company that accepts the offer, and then urge countries that might begin to do business in these countries to adopt sanctions against such

companies. The advocates expect such threats will convince the bad guys to stop doing the bad things and do good things according to how the people in the fashionable sections of Washington, New York, London and L.A. think they should.

Boy, this can be slow going, but it's a living for people like me. Count on the French and Dutch to be first back. The U.S. companies, because of a moralistic domestic political landscape inhabited by shy shareholders, tend to get back later. But locals always want the Americans. Always. They bring smiles, vitamins, greenbacks and, if necessary, the U.S. Marines Corps and 7th Fleet to keep things orderly. My Cajun pal confirmed that Total and Shell have been jerks in the Burma bush. To date, the Unocals and Texacos had done a decent job getting along with the locals.

U.S. field guys, whatever the company, basically want to do what's right and will, if allowed to use their common sense on the ground, unencumbered by lots of policies required out of HQ. My seat companion and I, of course, agree that we as Americans usually try to only do what is right, even if we cut out stories about snakes in toilets for the amusement of pals back home. No harm, no foul. We express this point of view while seated, at 30,000 feet above the muck, in First Class.

The problem is that many at home in the U.S. forget what the stakes in Asia are. Most concentrate on the economic challenges posed by Japan and developing Asian economies in Korea, Taiwan, Hong Kong, Singapore, Malaysia, Indonesia, et al. Yanks forget the money generated by these outfits is accomplished by (mostly) legally organized and contract-honoring trading partners. But forget money for a moment. Just think people—as in China—home to one-fifth of all humanity. What is the world to do about the inability of China to listen, to keep their word and, well, to go straight?



After a brief refueling stop in Hong Kong, I laid over in Singapore, getting to the Sheraton Tower, 39 Scotts Road, by midnight Saturday, September 9. The next morning we left the hotel at 6:15 a.m. to get the 8 a.m. flight from Singapore to Jakarta. The English spoken by the ethnic Chinese cabbie who drove us from the hotel to Singapore Changi Airport was perfect. In a conversation about where we were from, he proudly told us his daughter was a student at Michigan State in East Lansing.

Just as we landed, I went through the September 9 edition of the Economist, and found a brief article that posited that the wave of corporate reengineering exercises (like the variety of internal exercises at Mobil being sherpa'ed by Arthur D. Little, Booz-Allen Hamilton, et al) was creating a kind of "corporate anorexia." A report from Penn's Wharton Business School concluded that reengineering was having—get this—a negative

impact on a company's innovative edge. Holy smoke, stop the presses! I mean, hello?

Next to this news flash, the magazine printed a little piece about a recent conference sponsored by—that's right—Arthur D. Little, in which reps from 20 companies agreed on a panel in Cambridge that reengineering, tried at nearly 70 percent of all the biggest U.S. and most European companies, needs some reengineering itself.

According to the story in the Economist, the Arthur D. Little panel concluded that the reengineering "cult" is too narrow, involving redesigning a business around basic processes—a euphemism for cost cutting. These newly enlightened reformers want a more "holistic" approach aimed at long-term growth. Coming from Arthur D. Little (the sherpa to the Corporate Public Affairs study conducted behind closed doors which concluded with a 46 percent layoff, retirement and overall reduction in staff) this was so rich I was laughing when we landed in Jakarta.

### **III. WAITING IN THE HALL**

Mobil Oil Indonesia's public affairs manager, John Mangsot, and his deputy, K.I. Mohammed, picked me up at the airport shortly after I cleared customs at 9 a.m. and drove me to the Grand Hyatt Jakarta, at Julan M. H. Thamrin, where we had a light breakfast and coffee in the lounge overlooking a traffic circle. We set our agenda for the various workings of the week, and they soon left me to (thankfully) crash for hours. I lazed away the rest of the day, sleeping, reading and repairing after the flight. The heavy lifting would occur first thing Monday, when I was scheduled to stage a government relations workshop with the management of Mobil Oil Indonesia (MOI) at a conference suite at the Jakarta Hilton.

I got the signal right off the next morning that the session with the MOI crew didn't have a chance. Instead of being brought in as trusted members of the team, we cooled our heels in a corridor of the Jakarta Hilton for a half-hour while MOI's new Leadership Council, aka MLC, did MOI's important work behind closed doors until well past 9 a.m.

MOI's Public Affairs guys, whose leader in corporate HQ was me, were definitely no longer in with the new MOI elite. The MLC long ago had read the body language of their new general manager that Mangsot and his small operation did not have juice. The function and its works were not core, and were, therefore, to be treated like outsiders. This was the new orthodoxy coming from the new chairman's study team in Fairfax, and as for me, well, by definition whoever local Public Affairs brought into the mix in Jakarta couldn't know anything; so a visitor, even one who reported to the Division chief, would have no stroke in Jakarta.

This was the form of the problem, at least. The fact that I had been to

Jakarta under two previous local management regimes, knew the country and the business and political operations, well, accounted for little in this context. What mattered with this regime was the belief of the new MOI general manager that this is what the new chairman wanted. None of this would be said, but everybody on the MLC knew that us being left in the hall like bellhops set the right tone.

I learned we would have failed no matter what. There was plenty swirling in MOI's stew. They were dealing with Mobil's most serious problem: the imminent decline of Mobil Corporation's most valuable asset—the Arun gas field, and the consequent implications for Mobil Oil, E&P, MOI and Mobil in Indonesia, as well as Mobil Corp. The new general manager was on the hottest tin roof Mobil had.

I had believed my chore that day was to help the guys who managed MOI get their story straight about Arun, and see where improvements in procedures, programs or messages might be made in MOI's various dealings with government officials. The Host GR workshop was a technique to get at this series of relationships, with as many authors and owners of the message as possible, and get everybody singing from the same song sheet. Again, no brain surgery here.

What I was doing was no secret to the division management. The reenergized strategy to win friends with host governments was part of a new division-wide initiative.



First some context. In the world of exploration, which is the initial and most fundamental function of the oil industry, dealing with the risks associated with the exploration itself can be exquisitely complex. At root is a basic truth—to find oil or gas you have to drill blind into the earth. You can guess, estimate, speculate, deduce and otherwise use every science to reduce your level of blindness. But, in fact, nine in every 10 wells drilled is dry, dust, and stone-cold empty. The exploration game is won by how well you reduce that failure rate in an industry activity in which every well—dry or wet—costs millions. But before each well, there is the possibility of a discovery and every explorationist is an optimist with the instincts of a roulette habitué in Reno. The trick for any oil company is to manage these cowboys.

This is a particular problem for Mobil, dating back to the breakup of Rockefeller's Standard Oil Trust in 1911. At that time, the part of the Standard Oil Trust that became Mobil did not have enough oil in the ground. Exxon (the successor of Standard Oil of New Jersey—Esso) got all the Trust's oil in the ground. Mobil (the successor of Standard Oil of New York—Socony) got a few of the Trust's refineries and a string of gasoline stations in the market that would be called Soconyland—New York and

New England. Ever since, the crude-short Mobil has been trying to get oil in the ground.

Mobil's skill at marketing and in developing technology to create superior and high value lubricants distinguished the company for decades. But after World War II, the pressures on Socony Mobil to secure its own oil reserves caused its Board of Directors to refocus its mission. Mobil decided that the reserved and conservative tone of its executive team, dominated by Ivy Leaguers, should give way to a new type of executive—night school graduates who were dealmakers. The personification of this new breed was William Tavaloureas, who became Mobil's president. Tav had a genius for dealing with Arabs, who, to put it bluntly, had oil in the ground and Mobil wanted it. For the Saudis and other Persian Gulf oil sheiks, Tav's Mediterranean sensibility, learned from his family in Brooklyn, translated into trust. This meant increased shares of Saudi production in the Aramco consortium, entrée into the other Persian Gulf oil sheikdoms, like Abu Dhabi and Qatar, trading advantages and an overall boost in the bob-and-weave of international oil supplies, trading and transportation. It meant access to oil at a good price, which, given the right conditions, is as good as—and often better than—oil in the ground.

But Mobil still needed more. Despite all the fancy Arab oil trading—all the technology transfers of petrochemical plants, cross-Arabian pipelines, lube blending plants, coatings technologies, downstream refining and distribution systems in exchange for discount oil—none of this could match the impact on Mobil of the 15 trillion cubic feet Arun natural gas field in Aceh Province, Sumatra, in Indonesia. This E&P discovery of the Arun field in 1971 led to the creation of a new LNG industry in Asia by 1979, when the first deliveries were made to Japan. The Arun operations now produced 25 percent of Mobil's earnings, and, for years, it was an article of faith within E&P that all Mobil needed was another mega-discovery like Arun.

One afternoon, after a weary day of listening to a new series of budget revisions and management reforms being undertaken to help E&P adapt to the changing conditions in the markets, an executive in the exploration department leaned over to me and said: "hell, there ain't nothing wrong with Mobil a discovery won't fix."

This article of faith had not sprung up in a vacuum. With the establishment of the OPEC oil producers cartel, and the subsequent 1973 Arab oil embargo, the consensus was that oil companies that did not have enough crude of their own needed "access" to crude. This is where Tav made his mark, because his relations in the Arab world gave Mobil a greater competitive access to oil.

The price hikes that followed the embargo, however, eventually created

enough incentives elsewhere in the world (North Sea, Mexico, Canada, et al) that explorationists actively searched for and found new sources of oil. This put competitive pressure on the OPEC cartel—both on its members' ability to restrict supply and on its ability to command higher prices. As non-OPEC oil supplies increased, OPEC could no longer hold. Market pressures burst the oil cartel in 1986 and oil prices went into free fall, changing the oil game yet again.

After 1986, the belief was that finding oil wasn't going to be the key to a company or country's success, it was finding a huge amount of oil, an elephant, a company-maker like Arun. In response, most in the industry, including Mobil, began organizing themselves to conduct frontier exploration programs designed to find those fabled elephants that could transform a company, a country and the economic structures of the world. Since most in the industry believed they understood the world's major petroleum systems, what was called for was exploration in areas where no one had looked before, but which had geologies that promised mega-discoveries.

To do this required huge cultural changes inside the companies. The leaders of Mobil's E&P spent two years persuading themselves and later Ex-Com that a deliberate strategy of risking large levels of capital on exploration wells in promising new frontier areas was the best way to find the new "Aruns" that would remake the company's future. E&P created new business units to explore for these new giant fields, and later units to exploit the opportunities in the former Soviet Union to exploit existing resources.

But the strategy to look for big discoveries in new areas had not panned out. In fact, statistics showed that the old fashioned development of existing reserves and areas near those reserves was much more profitable. More discoveries, new and more efficient competition, improved technology, and newly established worldwide networks of trading and supplies were combining to keep prices low with no prospect of an increase. By the fall of 1994, E&P executives knew the rules governing the oil business had changed—again.

By that time, the existing reserves of oil companies in Venezuela, Peru, Angola, Nigeria, Malaysia, Burma, Vietnam, China, Qatar, Algeria, Pakistan and the producing fields and exploration acreage opening up in Kazakhstan, Azerbaijan, and Russia and even the prospect of oil from Iran and Iraq (if they ever shed their outlaw regimes) meant a new formula for survival in the oil patch.

In the emerging world, an international oil company like Mobil with limited resources of its own had to become associated with state oil producing companies either on a local or strategic basis or be at such a competitive disadvantage in the international markets that over time these corporations might not survive. The new game became who could establish prof-

itable, long-term partnerships with which oil-rich state first. And, of course, you also had to keep the relationship you already had from going bad. This is where I was instructed to work—at the process of improving our internal relationship systems with host governments in such places as Nigeria and Indonesia so that we could protect our existing assets, and in new countries—like Qatar—so that we get new assets before the competition.



During the Host GR workshop that followed, it was clear that the 10 MOI managers who were Indonesians (half of MOI's 20 senior managers) did not fit into MOI's current ruling coalition. The Indonesians, in fact, enjoyed the give-and-take of the workshop. But the 10 boulees (mostly Yank/Brit/Aussie-ex-pat types) were far more careful. When points of contention arose, instead of giving way and adopting an accepting attitude, the reaction among the expats was to take offense, as if they knew what to do and didn't need any outsiders' help.

After a bit of interaction with a few of the Indonesians and more open boulees, we had a bit of success chatting up the Host GR study of the past year, and how lessons learned might help MOI explain to the government how and why it needs to adjust its workforce and work processes in the light of the Arun gas field's decline.

At the Jakarta office, I'd heard about the affiliate's new program called MOI 2000—building for the year 2000 and beyond. I'd visited with pals in communications, personnel, LNG marketing and producing departments. The root problem for my Host GR program was that none of the boulees figured anything I could do would help them with the radical changes that were planned under MOI 2000, which, in effect, was designed to trim staff from more than 1,100 to about 700.

Did MOI, a U.S.-based contractor employing 1,100 Indonesians and whose grip on LNG in Indonesia was so critical, believe it could trim its payroll up to 20 percent during an Indonesian election year? This would be an act so destabilizing to the sense of security in the Indonesian workforce, there was no way that Pertamina or BPPKA, the bureaucracy that supervised foreign companies, would approve it. MOI 2000 was a western-style layoff, downsizing, reengineering in a one-party, state owned-and-operated political environment in which full employment is the goal and boulee operating style is not accepted. MOI was dreaming. But local management was not looking for my help. From their point of view, the central fact for MOI was that 400 of its 1,100 employees were in make-work government ordered jobs, and government relations or no, the Arun gas field was declining and Mobil's earnings would drop \$250 million a year beginning in 1998—good GR or bad GR. Nothing I did or said would fix the facts: Mobil's golden

goose—the Arun field—was getting old and going dry. The general manager’s problem was that he knew it, that he was responsible, that he had to fix it and that he didn’t know how.

#### **IV. ACEH TRIP**

Well, what can I say? The MOI workshop was not a hit. But seminars like mine come and go. I had plenty of other things to contend with. I still had to audit the community relations program near the Arun gas field in Aceh, and also give a speech at the request of Perhumas, the Public Relations Society of Indonesia, in honor of the country’s 50th anniversary.

On Tuesday, September 12, Mangsot led us on Sempati Airlines Flight 502 from Jakarta, on Java, to Medan, in North Sumatra, and then on a Perlita Air flight to Luok Sukon in Aceh Province at the northern tip of Sumatra. In Medan, the Perlita flight was boarded by a delegation of VIPs led by General Aire Kumaat, who has spent the past two years as the Panglima—military chief—for Northern Sumatra, which happened to include Indonesia’s richest gas fields, Aceh and Natuna. Gen. Kumaat was accompanied on this flight by more than 20 subordinates, with their wives. Some of this delegation were staff types. Others were Ranger paratrooper “jump & die” types complete with silver kris knives in their belts and fierce expressions on their dark, acne-scarred faces.

It turned out Mangsot and Gen. Kumaat were college-era buddies in the early 1960s. When Mangsot was at Yojajakarta in a civilian university, Gen. Kumaat was attending a military school next door. They were carousing student pals during the era featured in the film “The Year of Living Dangerously.” Mangsot once told me that the army took him and a handful of other student government leaders to the river to show them the floating bodies of his fellow students who thought they should be rebels and back the Reds during the era of the counter-coup staged by Suharto.

Such memories weren’t on the horizon that day for either former student, however. When Mangsot was introduced to the general’s wife, Gen. Kumaat put his finger to his lips to shush Mangsot in case he might bring up their college days. The general whispered loudly enough so his wife could hear that she didn’t want to hear stories about their wild student days. This brought a robust laugh from the military delegation and an invitation to Mangsot to join the group on the flight to the airstrip at Luok Sukon. This was a good-spirited group.

The flight was filled with Indonesians traveling to the Arun gas field from shopping or vacation or family visits elsewhere in the archipelago. The Perlita Air service, which served as a kind of commuter-airline, was originally started by Mobil and its Indonesian partner, Pertamina, to ferry workers to and from the field during construction and after startup. The gas operations today

employ more than 1,000 Indonesians, and are the foundation for a series of subsidiary industries, such as fertilizer, cement and the like. The hostesses on the flight are dressed in red, white and blue uniforms and have Pegasus pins on their name tags. The logo on the plane's rear stabilizer is a flying red sea horse, just enough of a variation to keep the patent counsel for Mobil in the U.S. off Indonesia's back.

The airstrip at Luok Sukon was built by Mobil as a gesture of good will to the Aceh governor and the bupati (mayor) of Luok Sukon. Larry Atwood, E&P's international operations executive vice president in Fairfax, had authorized the project, as well as the general funds that paid for the food for the military stationed in Aceh, for local medical clinics used by 150,000 civilians, and a variety of support to the local mosques and universities. Atwood knew that expenditures on this stuff is cheap for the good will they earn.

The airstrip was later improved to enable jet aircraft to land—making the airport capable of being a full-service transport facility. All of this, of course, had been Indonesia's intention to begin with. Countries like Indonesia always wanted outfits like Mobil to construct and then maintain social and physical infrastructure. That's part of the quid pro quo: western oil company gets some of its petroleum, and the country gets some of its petroleum, too, and some roads, some schools, some hospitals, some mosques (churches), etc.

Getting executive management in Fairfax HQ, often dominated by green-screeners, number-crunchers, second-guessing pencil pushers and other politically-motivated navel gazers, to endorse such outlays is never a sure thing. So it is part of an operating manager's job to place such expenditures inside budgets as "operations—maintenance," or "field facilities upgrades," and the like, where they can easily be justified as business expenses and not called, well, public relations programs. Atwood, and the other E&P operating chiefs, were not confused by these matters, however. They gave me license to make sure they have such programs that would serve the field operation's public relations purposes, but which could be justifiably applied to operations budgets.

In fact, Mobil rarely took open credit for such construction. I learned the protocols on these matters from Atwood after one my first trips to Indonesia when I first got with E&P. I got wind of the pending airport improvement project during a trip to Aceh. I figured we'd want to highlight this kind of work for PR purposes not only in Aceh, but in Jakarta and in the U.S. Development assistance of this sort to a host community was good stuff, and promoting it in company newspapers and annual reports and in government testimony would help tell our story about the nature of Mobil's relationships in the communities where we do business. I had made this suggestion to Atwood after Humphrey's staff meeting one Monday morning. He took me aside and whispered.

“Geeze, Tom,” he whispered. “Don’t do that. Humphrey doesn’t know about the airstrip and he’ll have my ass and yours if he finds out about it. Let’s just do the project and let the good will we get speak for itself.”

There was also a bit of gamesmanship involved. Part of the lore in Asian and African operations is to never tip your hand to your supervisors in HQ, who by definition cannot and could not ever understand what your operations face. I learned this when I saw Atwood cut the community affairs program budget for Nigeria’s E&P affiliate. This budget was compiled every year and widely circulated in HQ for all to see. Such budgets had uses when outsiders—say, a member of Congress, a State Department diplo, a do-gooder from an environmental outfit, shareholder, whoever—wanted to know how much good the company did in the communities where it operated.

But these budgets were bogus, I learned. During our visit on the budget one year, Atwood was arbitrarily cutting the Nigeria budget line \$350,000, in effect slashing the public and community affairs budget in half. As he initialed the cut in his distinctive signature, I protested.

“Relax,” he explained, “the money will be spent.”

Atwood explained he had heard from one of his pals in Mobil Producing Nigeria’s operating department in Lagos that the current general manager had put \$300,000 in the public and community affairs budget for the maintenance of the new 10-mile road Mobil had built to tie its oil terminal on the coast to the main town, named Eket, on the Qua Ibo River in Akwa Ibom State. Atwood, who had been general manager in Nigeria as well as Indonesia, knew that a better place for the general manager to budget the money for this road was under the “field operations” budget, which covered a host of expenditures.

“Besides,” he was saying, “any general manager who can’t find a place to hide \$50,000 someplace else in the budget to use for this kind of thing doesn’t deserve the job.”

Of course, any executive vice president who can’t cut a budget and not harm his operation doesn’t deserve his post either. Atwood had made sure his pencil marks on the budget line clearly identified his initials, ensuring he would get credit for his budget-cutting with his supervisors at the Ex-Com who weren’t quite so savvy about how things actually worked. Such expenditures—roads, airports, hospitals, schools or whatever—were going to happen because they were essential to stay in business, whatever you called them. But doing them in Indonesia, Nigeria, Peru, Kazakhstan, Vietnam, wherever, and surviving the political ways of Corporate HQ were two different things. To do both required gamesmanship.

After we flew over the Arun gas field operations, the Perlita plane came to rest at the airport hanger that Atwood had built without anybody knowing. Standing that day in front of the building was a delegation of 25 Army officers in clean fresh starched fatigues, waiting to greet the visiting general

and take him to the reception that evening being held by his troops in honor of his recent promotion.

I waited on board as the military VIPs disembarked and were taken to a small air-conditioned VIP lounge. After I disembarked, Adnan, the Arun field community relations guy, came over to me to gather my bags and make sure I stayed inside Mobil's cocoon. We were quickly joined by a large Texan named Gary White, the area operations supervisor, who gave handshakes all around. White, an eccentric ex-pat who'd spent most of his life in third world posts, was sweating in the tropical heat and worried about my bag. He and his wife would later host me at dinner at the restaurant at Bukit Indah, the Mobil residential compound, 10 miles away.

"Look," Gary said, "I'll see you later. My main mission for the past few hours has been to keep 400 uniformed troops off the tarmac. Now that our guy is here, we've got to make sure they get where they want."

Mangsot came out of the VIP lounge. "My Maximum Boss," he said, teasing me. "You have to meet the general. It won't do for you to be here and not say hello."

I went inside the lounge. Mangsot made a show of saying I was from Mobil's headquarters near Washington and that I was a particular friend of Indonesia, and so on. This pleasing message brought knowing nods of understanding. The military brass and their spouses were courteous, shy even. The general said he was pleased to meet me. That was about it. I wasn't invited to join in the meeting, but we accomplished our exchange as any friendly partners would. The warriors protecting their country's most valuable asset (and Mobil's) in the boonies of their own republic had the most congenial smiles and were pleased with their air-conditioned surroundings.

I couldn't help but take special note of this modest exchange of civility. After all, such relationships were basic stuff to an operating unit accustomed to doing what it takes to get a job done, and not worrying much about seeking permission of HQ controllers. Under a field operations budget, with the words "public affairs" nowhere near it, E&P and its works could fund an army, build an airport and otherwise underwrite an entire economic and social infrastructure in this northernmost and often rebellious section of the fourth most populous nation on Earth. And in being part of such a crew, a guy like me earned his way leaving no footprints and steering such projects along so they cause no fuss.

Of course, this wasn't problem free. Aceh was one of those locales where some of the polite in protected environs are accustomed to pointing fingers and saying others involved in such lesser worlds are not quite up to snuff.

Now, I don't mean this to sound as though I am unsympathetic to human rights and protection for the poor. On the contrary, I have always believed, in my own perhaps self-centered way, that such rights and protections were pre-

cisely what I was trying to make come true. But, such phenomena are in short order everywhere, particularly in neighborhoods where a family might expect to fend for itself on as little as \$300 a year. In such places, all manner of things go wrong. How wrong, and with what intent, is often in dispute.

In Aceh, for example, the Indonesians employed by Mobil, and all those who are associated with the LNG operations, are unfailingly grateful for the energy operations, and for the income, social order, progress and predictability such operations bring. Yet others elsewhere weren't so sure. In 1994, for example, Amnesty International issued a report about Indonesia's behavior in Aceh:

*Some 2,000 civilians, including children and the very elderly, were killed by Indonesian soldiers in or near the province of Aceh between 1989 and 1993. Some died in public executions; others were killed secretly and their often mutilated bodies were left in public places. Scores of the dead were dumped in mass graves.*

To any who reside in the civilized world, such an indictment is hard to ignore, and coming as it does from the Nobel Prize-winning Amnesty International, it is hard not to believe. And to be sure there were a few anti-Javanese bad guys in the neighborhood, funded by Islamic fundamentalists in the Middle East and supplied by their allies across the strait in Malaysia, who at times did run into the bloody jaws of the gunmen employed by the law in these parts. But, despite the allegations of mass graves, etc., none of our guys have ever been able to find any facts that support these rumors, circulated and then printed as truth by Amnesty International, that 2,000 have been killed in this way.

Much of my work with the press, with human rights advocates, with congressional staffers, is dealing with matters of this kind. This is a straightforward chore. For, at no time, has anyone in the LNG operations ever seen evidence of such a slaughter or that our operations were at the center of a military terror directed toward patriotic men, women and children. On the contrary, those in and near the plant looked on the local military as one residing in Queens might view a foot patrolman walking on Hillside Avenue. Our efforts in D.C. have been successful, as initiatives in Congress to act on these allegations have all failed. In this one rarely takes "credit."

Yet, among those inclined to shake their fingers and worse, are those in Mobil eager to take authority away from E&P. In this, my efforts in Aceh were part of a much wider game, which at the moment was nothing grander than an effort to save my own skin. My problem was that the game in which I found myself at that moment under the new management regime in Indonesia, meant any outsider skilled at the techniques in which I might excel might cool his heels in a hotel hallway in Jakarta. And in Fairfax, the new

chairman's SRP gamesmen were tagging my work as a cost center that could be handled by outside contractors.



The next day, September 13, Mangsot picked us up at the guesthouse at Bukit Indah for our early-morning tour of the PT Arun LNG plant. We got the standard update, review and status report from two secondees from Mobil Research & Development to the Pertamina plant. We toured the LNG plant, through the pipeway and around the tanks and along the elevated berm that ran along the beach and gentle waves in the Strait of Malacca.

Dutifully impressed, as always, I went to Arun's central field office (called Point A, after the discovery well site), where I got a briefing from MOI's field operations team. The senior operations guy onsite that day was a fellow named Thor Simon-Annin, who was the son of the former chief of Pertamina's E&P unit, whose ethnic mix was Ambon-Manadou. Simon-Annin had a stylish moussed up haircut, with razor-trimmed sideburns cut just above the top of his ears. He wore lightly tinted Ralph Lauren glasses. He had the broad shoulders/narrow waist physique of a hard-body type, wore a pale blue Polo knit pullover, and Dockers-style khaki pants. Thor spoke perfect American-English, accented slightly with Texanisms, owing to his tours working in E&P HQ in Dallas, where his children played Little League, and where they probably were taken for Latinos owing to their complexion.

Thor was doing a stint just now in Arun before he took an ever more responsible post at MOI's HQ in Jakarta. His chore that day was to take care of the visiting boulee from Fairfax, a job he did with complete professionalism. Thor was Mobil at its best.

But the story he and his Mobil colleagues told that day was far from optimistic. The Arun gas field itself, once 15 trillion cubic feet (TCF), was estimated to begin its long decline in 1997 and MOI's exploration program nearby had not found adequate replacement gas reserves. The discoveries nearby were okay, but short. The North Sumatra Offshore block contained only 1.2 TCF; the block at South Lhok Sukon 500 billion cubic feet (BCF); the Pase block nearby 100 BCF. Such amounts would help on the margins but would not support the local infrastructure and employment levels, nor meet the gas demands of the Arun LNG customers in Japan and Korea. The future at the Arun field remained grim, and smooth sailing was unlikely. Touring the gas-producing field that day, I kept imaging ghost towns in Nevada, where silver and gold mines once supported boom towns but today just tumbleweed.

First take the social context. Since 1300 AD, when Muslim traders began converting the local population in the northernmost tip of Sumatra, the converted Acehnese have remained one of the most independent-minded, spirit-

ed communities in Southeast Asia, which given the competition from North Sumatra's Batak, Indochina's Vietnamese and others is really saying something. Acehnese would simply not be told what to do, and tolerated no foreign conqueror. Throughout 300 years of colonial rule, the Dutch had been utterly unable to subdue Aceh province, despite many bloody attempts. In recent years, the Acehnese were no more tolerant of the Javanese who ruled from Jakarta. Throughout, Aceh, as far as the wider world was concerned, remained a cultural, social and political backwater.

Until 1971, that is, when a Mobil crew drilled an exploratory well seeking oil at a drill site called Point A on Block B, where Mobil had exploration rights under a Production Sharing Contract with Pertamina, the Indonesian state oil and gas enterprise. What the well discovered was an Aggie's dream—one of the world's great hydrocarbon deposits, capable of altering history, building states and companies, and transforming a society. The Arun discovery was a 35-square-mile field containing at least 15 trillion cubic feet of natural gas.

At first, the Mobil managers involved were disappointed. What everybody in 1971 wanted was oil, not gas. What do you do with gas so far away from anything that could burn it? A few among the green eye-shade crowd in HQ even wanted to abandon the reserve. However, a cagey general manager based in Jakarta and Singapore said: let's liquefy the gas and ship it to Japan where we can find buyers wanting guaranteed energy supplies for 30 years. Nothing like this had been done before. But, after months of negotiations and internal rough and tumble in Mobil, the deal was done. For his reward, the general manager who dreamed this up was kept in Asia for a while longer and then brought to headquarters in New York where his advice and experience were ignored. He retired early to work for Japanese trading companies.

The LNG operation has two parts: the Arun field itself and the PT Arun LNG plant. The ownership of the Arun gas field is 30 percent Mobil, 70 percent Pertamina. The gas field was developed using four separate well-clusters, which from the air look like postage stamps stuck on lush green fields of jungle and rice paddies, with each "stamp" having up to 24 wells per cluster. Today there are a total of 80 wells, each producing about 50 million CF a day. Each well is between two to five miles deep. Some are called Big Bore wells, which are outfitted with 9 1/2 inch tubes at wellhead, 30 percent larger than the originals. To keep production up at the Arun field, Mobil in 1992 spent \$50 million on a dehydration unit, and another \$500 million on a booster compressor.

Point A, the operations HQ for the Arun field located in Luok Sukon, serves as Mobil Oil Indonesia's outpost in Aceh. From Point A, the gas is piped over four lines 30 miles away to the LNG plant facility near the town

of Lhukseumewe on the coast. Shares of the PT Arun LNG plant were agreed to in 1973, with Pertamina taking 55 percent, Mobil 30 percent, and Jilco, the consortium of Japanese buyers, 15 percent. The plant is one of the best-run facilities in the world. The British Safety Council has given it 10 swords of safety, and it has also received the 5 Star award for the second year in a row, one of the best safety records in the world. Not only is the plant safe, it is among the most efficient, operating (with the help of a few expansions) at 130-150 percent of its design capacity, 97 percent of the time.

The PT Arun plant began producing in 1978, with a single LNG cargo load delivered in 1978, and 219 cargoes a year at its peak in 1993. Each cargo vessel carries 125,000 cubic meters of LNG. The loads are slowly tapering off now, and will be down to 202 loads a year in 2000, and then trailing off. Since startup, the PT Arun plant has shipped more than 2,600 cargoes to Japan and Korea. Each cargo earns Mobil's shareholders 30 percent of the \$10 million profit per load, making the Arun complex, well, important, and the fact that Mobil has no ready replacement, very important.

But not just to Mobil. The Javanese federals have a stake, as well, since the state wants to keep its income from gas sales going, not only for the sake of the treasury in Jakarta, but also for Indonesian national security reasons. After all, the Acehnese have now grown accustomed to an economy driven by the gas field, and won't like it when their economy worsens as the gas disappears, which it will. This makes Mangsot's pal, General Kumaat, and Mobil's relationship with him and people like him, more than just a PR matter. And the guys that run Indonesia know it.

Take President Suharto, for example. That day, while driving through Lhukseumewe neighborhoods, we saw hundreds of uniformed pre-schoolers gathering with their parents at mosques and schools in orderly fashion. We weren't quite sure what was up, but we later learned that similar small gatherings were taking part throughout the nation that day in an anti-polio drive to immunize 21.7 million children under 5 years old. On the front page of the next day's Jakarta Post, there was a propaganda shot showing Suharto giving vaccine to youngster. In all, nearly 40 million people were involved in the campaign at 275,000 immunization posts across the country during a six-day campaign involving 825,000 people who administered vaccine under the watchful bureaucratic eye of 90 supervisors drawn from a variety of social and health service agencies. The paper said the Indonesian Health Ministry had prepared 64 million doses, at a cost of \$19 million. The drive began in the mid-1980s, when there were 3,000 polio cases. In 1992 that figure had dropped to 108 cases of polio in the entire country, with 23 in 1993 and 15 in 1994.

Drives to prevent disease tend to come with prosperity and order; when leaders have time to contemplate and gain an awareness of the benefits of pre-

ventive health measures. I'm not saying Indonesia needed the Arun gas field per se to pay the \$19 million, nor am I saying that when the Arun gas runs out the anti-polio money won't be found someplace else. But poor countries tend to pay attention to such preventive health matters only after the wealth creation systems are up and running. When they are in danger of disappearing, people pay attention.



In Jakarta, when you know you're being watched, it's smart PR to look for ways to keep a cooperative profile with as many in authority as you can. When I got wind the nation's professional PR leaders were looking for a keynote speaker at their PR convention, I made sure to say "yes" to the invitation. Besides, I figured, it would be a handy forum to make my case about public affairs policy. The idea would be circulate my speech in Fairfax later, perhaps get some mentions in the professional trade press, giving me a chance to get my licks in during the gang fight in HQ.

We took the Perlita flight out Luok Sukon in the afternoon, for a connection in Medan on a Geruda flight to Jakarta. We got to the Grand Hyatt by 6 p.m., with an hour to spare before dinner at the hotel's Han Restaurant with Perhumas's board of directors. One of Mangsot's staff guys named Mohammed, who was the key contact with Perhumas, set this up. We sat around a large circular table in a VIP room and had an array of delicious Chinese food. The leaders of the PR association included professionals from Caltex, Vico, the two huge Indonesian conglomerates named Humpuss and Bimantara, as well as the editor of Compass, the Indonesian Bahasa daily newspaper, and a few lady PR consultants. Those attending were all professionals; the independents were entrepreneurs and strivers. Despite the hour and trip, there was good cheer around the table, and eager anticipation for the speech the next morning. We passed around business cards.

Nothing would do but for me to use some Bahasa Indonesian, so I would impress the audience the next day. I wrote down the phrases and practiced, and the next day used every one: *salamat bagi* (good morning), *salamat siang* (good afternoon until 3 p.m.), *salamat sore* (good afternoon until 6 p.m.), *salamat malan* (good evening after 6 p.m.), *salamat jalam* (have a good journey).

We broke up about 9:30 p.m., and we all said our *salamat jalams*. I made my way to the business center to work some more and get my speech in shape, and make a clean print for Mohammed to copy for distribution the next morning.

In the lobby I ran into Dave Wilson, the Arun operations manager, a good guy who confirmed that Host GR workshop went so-so with the boulees, but, as far as he was concerned, had been a good focus on some essentials. The ex-pats, he assured me, weren't hostile to another session; and the

Indonesians liked the program. The problems with our GR workshop was the particular nature of the new leadership team.

“I mean our general manager went back to Fairfax this morning, and we had an MLC meeting and it took us a few hours before we could agree on an agenda on what to tell him we did when he got back,” Wilson was saying. “We all laughed and teased each other over that. I mean here we are the MLC, and we couldn’t come to closure on much at all when the boss isn’t around.”

## **V. WHITE MONKEY**

About 75 attended the Perhumas seminar and conference the next morning. My speech seemed to go well, stimulating an hour of interchange among the group. I had faxed a clean version to Humphrey in Fairfax the night before to replace the draft I’d showed him earlier. Because of his own SRP tug-of-war with the Ex-Com, I was confident he would distribute it widely at HQ. Knowing its visibility, I had spent some time with the concepts and arguments, which I hoped would be noted in the debate about the future of public affairs at Mobil.

Locally my objectives were more basic. I wanted Mobil (i.e., me) to set the agenda with the PR profession in Indonesia, and in doing so I wanted the SRP zealots to see that my ideas commanded respect on Mobil’s important turf. For this purpose, the venue was nearly perfect. Three of the VIPs attending the meeting as hosts and organizers were pals of Mangsot and his Jakarta PR crew and who were uniquely tied into the Suharto family. There was Teddy Kharsadi, director of the highway construction company called PT Citra Marga Nasaphala Persada, operator of the Cawang-Tanjung Priok Toll Road, which is owned by Tutut Suharto, the president’s daughter. Another was Toto Tasmara, corporate secretary of Humpuss, a conglomerate owned by Hotomo Mandala Putra Suharto, aka Tommie, son of Suharto. A third was Nica Watimena, public affairs manager for Bimantara, a conglomerate owned by Bambang Tri Suharto, another son of the country’s president. These hosts for the speech, business associates of key members of the Suharto family, were the public affairs executives for three of Indonesia’s five largest companies.

At the conclusion, Pertamina representatives asked Mangsot to print my talk into 1,000 pamphlets so they could be distributed by the state oil and gas enterprise across the country as the professional standard for public relations. Not bad, I figured. Centralized systems, at least in this case, have their uses. Professional newsletters in Jakarta, Singapore, London and the U.S. would later pick up the main points of my talk. So I got the visibility I’d hoped for.

At the conclusion of the day’s events, it was time for photographs, and gifts. Teddy Kharsadi, president of Perhumas and the PR guy for Tutut Suharto, the most entrepreneurial and successful of Suharto’s children, called

me to the front. Teddy was a stocky dude with blue silk business suit, white shirt and Italian tie. His graying razor-cut hair was neatly gelled and groomed. A cultured and cosmopolitan guy, Teddy had just returned from Manhattan where he was persuading some investment bankers and other potential investors about the reliability of his clients' highway building company.

After a few opening remarks, Teddy presented me with a carved ebony statue. It was like many Indonesian icons based on Hindu or animist mythology, with distorted wild-looking animalistic features. This particular figure was of a man-like creature, with a fearsome simian face, standing astride a serpent-like dragon. The figure was about to bash in the dragon's brains with a large rock he held hoisted over his head.

Speaking before the audience, Kharsadi told me, "This is Hanoman, the White Monkey. In the Ramayana story, Hanoman is famous as Rama's protector who fought hard to defend Sri Rama's wife, Shinta, from Rahwana, the kidnapper. In our Ramayana, Hanoman is a faithful guardian. In your mythology, I'd say this would be like the Lawman from the Old West."

I was touched by Teddy's gesture, and remain proud of the gift and sentiment. After all, lawmen were essential protectors and required so a community could eventually establish trust and safety for all. But I knew many of the Old West's lawmen sometimes were little more than gunslingers and worked for guys capable of, well, some bad stuff. I also knew such guardians to their patrons were often nothing more than pawns to be sacrificed, if needed, as minor pieces in an afternoon's game of chess. I kept all that to myself.

## **VI. BEHIND THE WAYANG SCREEN**

The next day, Mangsot took me on a protocol visit to see Rais, Pertamina's director of Public Affairs & Environment, and who was slated for reassignment to the Natuna LNG project, Pertamina's gazillion-dollar LNG joint venture with Exxon in the South China Sea. The \$40 billion project to develop the 40 trillion cubic feet Natuna natural gas reserve (nearly three times the size of Arun) had kicked around for years.

Exxon and Pertamina had found it politic to formally announce their joint venture at the meeting of the Asia Pacific Economic Conference (APEC) held the previous November in Jakarta. President Clinton and Commerce Secretary Ronald Brown held up the contract as their commercial trophy that week, claiming credit for the breakthrough. The facts that Exxon only signed a document stating it would continue to discuss development, and that Pertamina didn't trust Exxon and wanted Mobil to purchase 30 percent of the project and perhaps operatorship, well, none of that was mentioned in President Clinton's announcement. In such matters, one mustn't let such arcana get in the way of a photo-op.

For these matters, despite the ups and downs of negotiations, have a

momentum; Rais and others in the Pertamina bureaucracy were starting to carve up who would do what on the Natuna development project. Among those who saw Natuna as a possible lifeboat was Mangsot himself, who the previous evening told me about his situation with MOI under the new general manager, Bill Drogan's, MLC. We'd gone shopping at Pasaraya, the department store in Block M, where I got some large wayang puppets for home. During our time together, Mangsot voiced his frustration. Mangsot said he knew that Drogan targeted him to get the ax under MOI 2000's employee reduction project. Mangsot, ever loyal, said he would always look out for Mobil, but fearing he was going to get hit, he'd already lined up work with Rais at the Natuna project just in case.

Mangsot and I had worked together for several years. Despite the distance, we trusted each other and worked well together. Mangsot, as a Christian from the town of Manadou in northern Sulawesi, did not possess the reserve of the Javanese who dominated Indonesian culture. Mangsot's character was robust and engaging. He expressed his feelings easily. In Indonesian culture, this ability had the side effect of often translating as a kind of catnip to the opposite sex. Consequently, Mangsot had a reputation of being a ladies man constantly in demand.

When Atwood wanted to give Mangsot the public affairs job in Jakarta three years before, he called me to give the background on the guy. Atwood wanted to make sure I understood why Mangsot was his choice and not to have me screw it up. He also wanted me to know that Mangsot knew how, if need be, to arrange to be discreet. The reason Atwood wanted Mangsot was his performance as permit handler with Pertamina had earned him a popular legacy in the Pertamina bureaucracy, an essential value for the MOI public affairs job. Mangsot also possessed great personal charm. But that charm had a downside. Atwood told me how years before, when he first got the job as general manager in Jakarta, the guys from MOI security came in with a stack of letters about Mangsot. The letters were from husbands of women whom Mangsot had, well, entertained.

"When I became general manager in Jakarta, I had all these letters the security guys gave me," Atwood told me, "and I said to Mangsot, 'John, you see this stack of letters? I tell you I am going to begin another folder beginning today, and if I get any more letters on you, it's your ass.' And you know what? That was the last of the letters from the husbands of Mangsot's girlfriends."

We waited briefly outside Rais's office and were ushered in by his assistant, a woman who arranged for us to have some coffee. Rais, a sturdy athlete of about 55, had been recovering from a soccer injury the last time I saw him. When I inquired whether he was back on his game, he sparked to life, surprised at my memory. No surprise. Mangsot had reminded me before he walked in.

As we exchanged pleasantries, Rais mentioned in passing that on September 8, the previous week, he and the rest of Pertamina's brass had celebrated Indonesia's 5,000th LNG cargo at Pertamina's PT Batak LNG plant at Bontang, Kalimantan.

Wait a minute, I thought. 5,000 cargoes... That had to include Arun, too. The conversation continued and, indeed, not only was Arun production included, most the cargoes, 2,568 cargoes, to be exact, came out of Mobil's Arun operations; the other 2,432 came from Exxon's operation at Bontang.

These cargoes are amazing. There are 125,000 cubic meters of LNG per vessel, with each shipment meaning a profit margin of \$10 million, of which Mobil gets 30 percent. Of the six LNG processing trains at PT Arun, the output of five goes to customers in Japan, with the other train's output destined for Korea Gas. Think of it: 5,000 cargoes, with Indonesia grossing \$10 million per. Sure, Mobil gets 30 percent out of half, with Exxon getting the other slice from PT Batak. But on any ledger that is big dough, lots, for a long time. But Arun was running out...

Rais smiled when he saw me register that the celebration was being held someplace other than Aceh. His eyes flashed a moment's concern, indicating he wondered whether I had taken offense.

"Your general manager is so mad at me that the celebration didn't take place at the PT Arun plant in Aceh, Sumatra," he said, easing the moment.

"I guess you didn't want our manager to get a swelled head," I replied, doing my part to keep it light.

Rais relaxed with my joke. All friends and smiles here. But behind the Indonesian wayang screen, despite the humor, the fact that the event didn't take place at Aceh was significant. When a ceremonial favor was to be handed out, it went to Exxon, not Mobil. To a friend of Indonesia, this is an event, subtle, unstated, but of which one is to take quiet note and to consider.