

[PRESIDENTIAL DECREE NO. 927, April 30, 1976]

FURTHER AMENDING THE CHARTER OF THE PHILIPPINE NATIONAL OIL COMPANY (PNOC) AS PROVIDED FOR IN PRESIDENTIAL DECREE NO. 334, AS AMENDED, AND FOR OTHER PURPOSES.

WHEREAS, the Philippine National Oil Company was organized principally to assure an adequate and stable supply of oil and petroleum;

WHEREAS, the continuing increase in the cost of oil and petroleum makes it imperative that the exploration and development of other sources of energy be accelerated;

WHEREAS, the Philippine National Oil Company is best suited to undertake the task; at the same time, in order that the Philippine National Oil Company may better realize the purposes for which it has been organized and so that it may continue to be an effective instrument in the attainment of national goals, it is necessary that powers be broadened;

SECTION 1. Sections 2, 3, 4, 5, 6, 8, 11 and 12 of Presidential Decree No. 334 are hereby amended to read as follows:

"SECTION 2. Declaration of Policy.—It is the declared policy of the State to promote industrial and over-all economic development through the effective and efficient utilization of energy sources, including oil and oil-based resources. In line with this policy, the establishment of an organized entity is necessary in order to assure adequate supply of oil and oil products as well as power and energy to all users and consequently finable the unimpeded and efficient growth of the economy.

"SECTION 3. Creation, Name, Domicile and term.—There is hereby created a body corporate to be known as the Philippine National Oil Company, hereinafter referred to as the "Company," which shall undertake and transact the corporate business relative primarily to oil or petroleum operations and other energy resources exploitation as defined hereunder, and for that purpose, the Company shall have capacity to sue and be sued.

"Oil or Petroleum Operations" shall include actual exploration, production, refining, tankage and/or shipping, storage, transport, marketing, and related activities concerning oil and petroleum products.

"Energy resources exploitation" shall include exploration, discovery, development, extraction, utilization, refining, processing, transport, and marketing of all forms of energy resources. "Energy resources" means any substance, mineral or otherwise, which by itself or in combination with other substances or after processing or refining or the application to it of technology emanates, gives off, generates or causes, the emanation or generation of heat or power or energy such as, but not limited to, petroleum or oil, coal, marsh gas, methane gas, geothermal sources of heat and power, uranium and other minerals and fossils deposits.

The principal office of the Company shall be determined by its Board of Directors. It may establish such offices, agencies, subsidiaries, branches or correspondents in the Philippines or abroad as its business operations would require.

The Company shall have a term of fifty (50) years from the issuance hereof, which shall be deemed renewed for an equal period unless sooner dissolved by law.

"SECTION 4. *Purposes.*—The company shall have the following purposes:

- a. To provide and maintain an adequate and stable supply of oil and petroleum products for the domestic requirement and for that purpose to engage in, control, supervise and regulate the transportation, storage, importation, exportation, refining, supply, sale and distribution of crude oil, refined petroleum and petroleum based products, whether imported or produced by local refineries;
- b. To promote the exploration, exploitation and development of local oil, petroleum and other energy resources;
- c. To foster conditions relating to oil or petroleum operations and other energy resources exploitation conducive to a balanced and sustainable growth of the economy.

"SECTION 5. *Powers and Functions of the Company.*—The Company shall have the following powers and functions:

- a. To undertake, by itself or otherwise, exploration, exploitation and development of all energy resources of the country, including surveys and activities related thereto;
- b. To establish, maintain, control and direct in any area within the national territory as it may deem appropriate, a petroleum and energy base territory and construct, install or maintain therein duty-free ports adequate for the use of vessels engaged in offshore oil drilling operations, airports sufficient for direct service flights, telecommunications center and ship-to-shore communications facilities, provide electric power and fresh water supply, and perform such other acts as it may deem necessary and advantageous or convenient to such operations;
- c. To lease, at reasonable rates, to private domestic entities or persons such portion or portions of the petroleum and energy base, including facilities necessary for warehousing, logistical centers for the storage of oil drilling and oil well supplies, fabrication of off-shore drilling components and structures, mechanical repair facilities and the like; spaces for the office, habitation and recreational requirements of personnel directly engaged in offshore oil drilling and in manning the various logistical support operations and their immediate dependents;
- d. To undertake all other forms of petroleum or oil operations and other energy resources exploitation;
- e. To enter into contracts, with or without public bidding, with any person or entity, domestic or foreign, and with governments for the undertaking of the varied aspects of oil or petroleum operation, and