

[EXECUTIVE ORDER NO. 683, December 01, 2007]

**AUTHORIZING THE USE OF FEES, REVENUES AND RECEIPTS
FROM SERVICE CONTRACT NO. 38 FOR THE IMPLEMENTATION
OF DEVELOPMENT PROJECTS FOR THE PEOPLE OF PALAWAN**

WHEREAS, on 11 December 1990, the Republic of the Philippines, represented by the Department of Energy (DOE), entered into Service Contract No. 38 (SC 38) and engaged the services of a consortium composed today of Shell B.V., Shell Philippines LLC, Chevron Malampaya LLC and PNOC-Exploration Corporation (EC), as Contractor for the exploration, development and production of petroleum resources in an identified offshore area, known as the Camago-Malampaya Reservoir, to the West Philippines Sea;

WHEREAS, Sec. 8 of Presidential Decree No. 910, authorizes the use of the fees, revenues and receipts from SC 38 for such purpose as may be directed by the President of the Philippines;

WHEREAS, President as Chief Executive has a broad perspective of the requirements to develop Palawan as a major tourism destination from the point of view of the National Government, which has identified the Central Philippines Superregion, of which Palawan is a part, for tourism infrastructure investments

WHEREAS, there is a pending court dispute between the National Government and the Province of Palawan on the issue of whether Camago-Malampaya Reservoir is within the territorial boundaries of the Province of Palawan thus entitling the said province to 40% of the Net Government Share in the proceeds of SC 38 pursuant to Sec. 290 of Republic Act No. (RA) 7160, otherwise known as the "Local Government Code";

WHEREAS, Sec. 25 of RA 7160 provides that the President may, upon request of the local government unit (LGU) concerned, direct the appropriate national government agency to provide financial, technical or other forms of assistance to the LGU;

WHEREAS, the duly-authorized representatives of the National Government and the Province of Palawan, with the conformity of the Representatives of the Congressional Districts of Palawan, have agreed on a Provisional Implementation Agreement (PIA) that would allow 50% of the disputed 40% of the Net Government Share in the proceeds of SC 38 to be utilized for the immediate and effective implementation of development projects for the people of Palawan;

NOW, THEREFORE, I, GLORIA M. ARROYO, President of the Philippines, by virtue of the power vested in me by law, do hereby order:

SECTION 1. Subject to existing laws, and the usual government accounting and