

**[ DOE DEPARTMENT CIRCULAR NO. DC 2010-03-0005, March 24, 2010 ]**

**PROVIDING ADDITIONAL GUIDELINES FOR A TRANSPARENT AND COMPETITIVE SYSTEM OF AWARDING SERVICE/OPERATING CONTRACTS FOR COAL AND PETROLEUM PROSPECTIVE AREAS AMENDING FOR THIS PURPOSE DEPARTMENT CIRCULAR NO. DC 2006-12-0014**

WHEREAS, on April 2, 2009, the DOE issued Department Circular No. DC2009-04-0004 providing for investment promotion and public contracting rounds for awarding geothermal, petroleum and coal service/operating contracts;

WHEREAS, under Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008", geothermal energy has been considered as a renewable energy and shall be under the direct supervision and implementation by the Renewable Energy Management Bureau (REMB);

WHEREAS, the DOE issued Department Circular No. DC2009-07-0011 providing for the guidelines governing a transparent and competitive system of awarding Geothermal RE Contract, partially superseding Department Circular No. 2009-04-0004 with regard to provisions involving geothermal areas;

WHEREAS, Department Circular No. DC2009-04-0004 does not cover petroleum and coal areas not offered or offered but without qualified proponent in the previous public contracting rounds but are deemed potential areas for exploration and development by foreign and local investors who are willing to apply for a Service Contract or CoalOperating Contract on these areas;

WHEREAS, due to the increasing cost of imported crude oil and coal which imposes an unduly heavy burden on the country's international reserves, there is a need to actively pursue the exploration, development and utilization of indigenous petroleum and coal resources through public contracting rounds by nomination/publication for petroleum and coal areas not offered or offered without qualified proponents in the previous Philippine Energy Contracting Rounds (PECR) but are deemed by foreign and local investors to be worth exploring and developing.

NOW, THEREFORE, in consideration of the aforementioned premises, the following amendments and additional provisions to the Circular shall govern the contracting rounds by publication or direct negotiation for the purpose of awarding petroleum service contracts and coal operating contracts.

*SECTION 1.* Section 3 of the Circular is amended to read as follows: "

Section 3.a **Public Contracting By Nomination/Publication.**

a.1 Nomination Period

Official nomination by prospective applicants for petroleum or coal areas shall commence forty-five (45) calendar days from the opening of the proposals submitted for the regular PECR. The Department reserves the right to suspend the period for public contracting for nomination/publication in preparation for the next regular PECR.

a.2. Nomination of Prospective Areas by the Applicant/s

a.2.1 Applicants for petroleum or coal service/operating contract/s shall formally nominate the area/s of their interest for the DOE's consideration. Before the application is accepted for the DOE consideration, the following shall be submitted:

- a. Technical Description of the nominated area/s
- b. Certification of Non-Overlap of nominated area/s with existing contract/nominated area/s from the Information Technology Management Services (ITMS) of the DOE.
- c. Certification from the Department of Environment and Natural Resources (DENR) and/or Local Government Units (LGU) that the nominated area/s is/are not within a Protected Area/s.

a.2.2 The Energy Resource Development Bureau (ERDB) shall within fifteen (15) working days from receipt of the nomination with complete documents shall recommend for approval the opening of the subject area for public contracting round by publication to the Secretary, through the concerned Undersecretary.

a.2.3 Upon approval by the Secretary of the nominated area/s for public contracting round by publication, the ERDB shall, within fifteen (15) working days from receipt of approval, prepare the contracting round documents with a description of available data and prospects on petroleum and coal resources in the area applied for.

The proponent, in coordination with the DOE, shall, at its own expense, cause the publication in two (2) newspapers of general circulation the nominated petroleum or coal area.

The items for publication shall include, among others, the following: