

[ **ERB, June 21, 1974** ]

**GOVERNING THE IMPORTATION, PRODUCTION, MARKETING,  
HANDLING STORAGE, SALE, BUSINESS AND TRADE OF  
LIQUEFIED PETROLEUM GAS (LPG)**

Pursuant to the authority vested upon it by Section 2(b), 6(a) and 8(c) and (f) of Republic Act No. 6173, as amended, otherwise known as the Oil Industry Commission Act, the Oil Industry Commission hereby adopts and promulgates the following rules and regulations governing the importation, production, marketing, handling, storage, sale and other similar activities connected with the business and trade of Liquefied Petroleum Gas (LPG) for the information and guidance of all.

**Rule I  
General Provisions**

*SECTION 1. Title* — These rules shall be known and cited as the rules and regulations governing the business and trade of Liquefied Petroleum Gas (LPG).

*SECTION 2. Scope and Coverage* — The provisions of these rules and regulations shall apply to the importation, production, marketing, handling, storage, sale and other similar activities connected with the business and trade of Liquefied Petroleum Gas (LPG).

*SECTION 3. Definition of Terms* — For the purposes of these rules and regulations:

- a. Commission shall mean the Oil Industry Commission.
- b. Act shall refer to Republic Act No. 6173, as amended.
- c. **Liquefied Petroleum Gas (LPG)** shall mean commercial propane gas or commercial butane gas or a mixture of the two gases as defined by the Philippine Trade Standard (PTS) No. 314-02-00.
- d. **Marketer** shall mean an LPG importer, oil company LPG marketing company and independent marketer.
- e. **Consumer** shall mean one who consumes or uses LPG for his own needs.
- f. **LPG Cylinder** shall refer to any portable pressure-vessel or container of a minimum capacity of 2-kilogram net content LPG and maximum capacity of 100-kilogram net content LPG, conforming to the specification set by either the US Department of Transportation (DOT, formerly the ICC), British Standard (BS), Japan Industrial Standard (JIS), Indian Standard (IS), or the Deutsche Industrie Norme (DIN), and refillable only at authorized or licensed refilling plants.

g. **Person** shall mean any being, natural or juridical, that engages or is capable of engaging in the production, importation, marketing, handling, storage, sale and other similar activities connected with the business and trade of LPG.

h. **Filipino Citizen** shall include a partnership, association, company or corporation wholly owned and controlled by citizens of the Philippines.

i. **Dealership Agreement** shall refer to the contract governing the marketer-dealer, dealer-sub-dealer, dealer-retail outlet or subdealer-retail outlet relationships.

j. **Filling Plant** shall refer to installations that have LPG bulk storage and filling facilities expressly for resale of LPG.

k. **Qualified Serviceman** shall refer to an individual who has been jointly certified by the association of LPG producers/importers/marketers and the dealers' confederation, or by a training school recognized by the government to have successfully completed an approved training course for LPG servicemen.

*SECTION 4.* No person or entity shall engage in the business of importing, producing, marketing, refilling, storing subdealing or retailing LPG unless an application is filed with and a license or authority issued by the Commission in the manner provided for in these rules and regulations: Provided, however, that in cases of marketers, dealers, sub-dealers, and retail outlets existing and operating at the time of the effectivity of these rules and regulations payment of the corresponding annual license fee shall be sufficient basis for the issuance/renewal of the corresponding license or authority to operate.

In cases of retail outlets, the appointing dealer or sub-dealer shall be responsible for obtaining the required license or authority by filing with the Commission the necessary application. The Commission may grant the license or authority on the basis of documents at hand.

*SECTION 5.* No person shall install equipment, facilities or other fixed-type installations for the use in the LPG industry unless properly licensed by the Commission in the manner provided for in these rules and regulations.

*SECTION 6.* Dealership agreements may be transferred from one person to another provided that the transferee possesses all the qualifications prescribed by these rules and regulations and the transfer is with the consent of the supplying marketer, dealer or sub-dealer as the case may be.

No change or substitution of a dealer, sub-dealer or retail outlet shall be made except for cause which shall be determined by the Commission. However, in the event that a dealer, sub-dealer or retail outlet voluntarily withdraws from operation, notice of such intent to withdraw, copy furnished the Commission, shall be given the marketer, dealer or sub-dealer concerned which shall immediately take measures towards the protection of the consumers served by said dealer, sub-dealer or retail outlet.

In no case shall the transfer change or substitution be made effective unless approved by the Commission.

## **Rule II Producer**

*SECTION 1. Producer defined* — A producer shall mean an LPG importer or petroleum refinery which produces LPG as a regular product stream. It shall include any of the following existing petroleum refineries and such petroleum refinery or LPG importer that may hereafter be authorized to produce or import LPG and other petroleum products:

- a. Bataan Refining Corporation
- b. Caltex Philippines, Inc.
- c. Filoil Refinery Corporation
- d. Pilipinas Shell Petroleum Corporation

*SECTION 2. LPG Product Quality* — No Liquefied Petroleum Gas (LPG) shall be marketed, sold or offered for sale to the public unless the same conforms to the specifications prescribed by the Philippine Bureau of Standards.

*SECTION 3. Producer to Guarantee Production* — All persons engaged in the manufacture or importation of LPG shall guarantee, subject to the availability of raw materials and normal operating conditions, the continuous production or importation of the said petroleum product viz-a-viz the production of other petroleum products at a level sufficient to meet its domestic consumption requirements.

*SECTION 4. Exports* — No exportation of LPG shall be allowed unless with the consent of, and approval by, the Commission and it is shown that the following elements exists:

- a. There is a surplus production of LPG;
- b. It is shown that the allowance thereof shall not reduce the supply level of LPG to meet current demand in the local market; and
- c. The export price thereof is competitive, as determined by the Commission.

## **Rule III Marketer**

*SECTION 1. Classification* — For the purpose of these rules and regulations, LPG marketers are classified as follows:

- a. LPG importer
- b. Oil Company
- c. LPG marketing company
- d. Independent marketer

*SECTION 2. (a) LPG Importer defined* — An LPG importer is one which imports and/or refills, sells LPG under its own brand name and sells in bulk to LPG marketing companies and independent marketers.

b. All LPG importers shall have the necessary resources including adequate qualified and duly licensed personnel, equipment and facilities to effectively conduct the operation of the business and to carry out the responsibility of rendering efficient service to their clientele.

*SECTION 3. (a) Oil Company defined* — An oil company is one which produces and/or refills, sells LPG under its own brand name to dealers and sells in bulk to LPG marketing companies and independent marketers. It shall refer to any of the following companies and such other companies that may be organized to market LPG and other petroleum products:

1. Caltex Philippines, Inc.
2. PetroPhil Corporation
3. Mobil Oil Philippines, Inc.
4. Pilipinas Shell Petroleum Corporation

b. All oil companies shall have the necessary resources, including adequate qualified and duly licensed personnel, equipment and facilities to effectively conduct the operation of the business and to carry out the responsibility of rendering efficient service to their clientele.

*SECTION 4. (a) LPG Marketing Company defined* — An LPG marketing company is one which buys and sells LPG in bulk from a producer, importer and/or oil company, refills own cylinders and/or cylinders of independent marketers and sells LPG under its own brand name.

b. **Qualifications.** An LPG marketing company shall have at least the following qualifications:

1. Filipino citizen or person/entity authorized by law;
2. Minimum paid-up capitalization of P2,000,000.00;
3. Supply agreement with a producer(s), importer(s) or oil company (companies) duly registered with the Commission.

c. **Personnel, facilities, and equipment.** To effectively carry out its responsibility of rendering efficient service to its clientele, an LPG marketing company shall have at least the following:

1. Office, plant and storage facilities capable of storing a minimum aggregate total of 50,000 kilograms of LPG;
2. One (1) bulk transport;

3. Sufficient number of qualified men duly licensed in accordance with existing laws, proportionate to the size of its operation but should be more than the requirement of an independent marketer.

*SECTION 5. (a) Independent Marketer defined* — An independent marketer is one which sells LPG under its own brand name or a brand name duly authorized by the owner, but does not refill its own cylinders which is being performed by an oil company, LPG importer, LPG marketing company or refiller.

b. **Qualifications.** All persons desiring to be an independent marketer shall possess at least the following qualifications:

1. Filipino citizen or person/entity authorized by law;
2. Minimum paid-up capitalization of P200,000.00;
3. Supply agreement with an oil company, LPG importer, or LPG marketing company duly registered with the Commission.

c. **Employment of Qualified Personnel; Facilities and Equipment.** To effectively carry out its responsibility of rendering efficient service to its clientele, an independent marketer shall have in its employ at least five (5) qualified servicemen and shall have at least the following:

1. A fixed store space and storage facilities adequate to store a minimum of 15,000 kilograms of LPG in conformity with the safety standards prescribed by these rules and regulations;
2. At least four (4) delivery trucks/pick-ups/jeeps used on a full-time basis for its LPG business.

*SECTION 6.* All marketers shall procure LPG cylinders only from duly licensed and reputable manufacturers and shall keep and maintain an updated record of LPG cylinder procurements.

## **Rule IV Refiller**

*SECTION 1. Refiller Defined* — A refiller shall mean any of the following:

- a. Any person or entity owning a filling plant(s) and performing solely the function of refilling cylinders for others;
- b. Any person or entity possessing a contract with a marketer for the operation of a filling plant designed for bottling LPG.

*SECTION 2. Qualifications, Facilities and Equipment* — A refiller shall be a Filipino citizen and shall possess at least the following:

- a. Filling plant or contract with a marketer for the operation of a filling plant;
- b. Weighing devices duly inspected and sealed;