

**[ DOE DEPARTMENT CIRCULAR NO. DC 2003-11-010, November 14, 2003 ]**

**PROVIDING FOR THE RULES AND REGULATIONS GOVERNING  
THE BUSINESS OF RETAILING LIQUID PETROLEUM PRODUCTS**

WHEREAS, R.A. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998" applies to all persons or entities engaged in any and all activities of the domestic downstream oil industry and mandates the DOE to promote the entry of new industry participants;

WHEREAS, R.A. 8479 also mandates the DOE to promote fair trade practices, monitor marketing processes and quality of petroleum products and stop the operation of businesses involved in the sale of petroleum products not complying with the national standards of quality;

WHEREAS, Batas Pambansa Blg. 33, as amended by Presidential Decree No. 1865, and the Implementing Rules and Regulations therefor, define and penalize certain prohibited acts that are considered inimical to the public interest and national security, including illegal trading in petroleum and/or petroleum products, hoarding of petroleum products, adulteration and underdelivery, among others;

WHEREAS, there now exist petroleum Retail Outlets or gasoline stations engaged in the Retailing of Liquid Petroleum products which do not comply with safe and appropriate technologies for the petroleum products retail business;

WHEREAS, there is also an increasing proliferation of unsafe practices in Liquid Petroleum Product Retailing particularly with the use of inappropriate containers (e.g. "bote-bote"), storage tanks and tank vehicles;

WHEREAS, the Retailing of Liquid Petroleum Products is subject to pertinent permits and licenses issued by government authorities including the Department of Environment and Natural Resources, Bureau of Fire Protection, Bureau of Internal Revenue and Local Government Units;

WHEREAS, all matters affecting the safe and proper handling, transport, storage, installation and use of equipment and facilities in the downstream oil industry shall be governed by the pertinent provisions of the different national and international safety codes observed and adopted by the industry;

WHEREAS, the continued operation of unsafe and sub-standard Retail Outlets may (i) expose the consuming public to fire, security, health and environmental risks; (ii) deny the public the proper quality and quantity of the Liquid Petroleum Products they purchase; (iii) deprive legitimate Retail Outlets of additional sales volume; (iv) deprive the government of revenue derived from licensing fees, local business taxes and pump calibration charges, among others; and (v) encourage the marketing of Liquid Petroleum Products sourced from illegal activities such as smuggling, filferage, theft and the like;

WHEREAS, certain provisions of Department Circular No. 98-03-004, otherwise known as the Rules and Regulations Implementing R.A. 8479, and the Rules and Regulations in the Implementation of Batas Pambansa Blg. 33, as amended by Presidential Decree No. 1865, need to be further clarified, updated, amended and/or repealed, particularly in the conduct of the Liquid Petroleum Product Retailing business;

NOW, THEREFORE, in consideration of the foregoing premises, the following rules are hereby promulgated to govern the Retailing of Liquid Petroleum Products.

## **RULE I GENERAL PROVISIONS**

### *Section 1. Title*

This Department Circular shall be known and cited as "The Rules and Regulations Governing the Business of Retailing Liquid Petroleum Products" or "Retail Rules."

### *Section 2. COVERAGE*

These Retail Rules shall apply to all Persons engaged or intending to engage in the business or Retailing Liquid Petroleum Products.

Except as provided below, the terms used in these Retail Rules shall have the same meaning as the terms used in Department Circular No. 98-03-004, as amended (Implementing Rules and Regulations of the Downstream Oil Industry Deregulation Act of 1998):

- a. **API** - shall refer to the American Petroleum Institute
- b. **BFP** - shall refer to the Bureau of Fire Protection;
- c. **Bote-Bote** - shall refer to the manner of Retailing Liquid Petroleum Products in soda bottles, plastic containers, jugs and other similar portable containers not intended or suited for storing, handling and dispensing Liquid Petroleum Products;
- d. **DOST-ITDI** - shall refer to the Department of Science and Technology - Industrial Technology Development Institute;
- e. **Liquid Petroleum Products** - shall refer to Petroleum Products that are flammable liquids such as gasoline, kerosene and diesel and combustible liquid products formed in the course of refining crude petroleum through distillation, cracking, solvent refining and chemical treatment coming out as preliminary stocks from the refinery and sold through Retail Outlets; provided, that Liquid Petroleum Products shall refer to class I flammable liquids with a flash point below thirty seven and eight tenths (37.8°C) degrees Celsius; and class II flammable liquids with a flash point at or above thirty seven and eight tenths (37.8°C) degrees celsius, and below sixty (60°C) degrees Celsius. Combustible Liquid Petroleum products have flash points at or above sixty (60°C) degrees Celsius;
- f. **LGU** - shall refer to Local Government Units;
- g. **OIMB** - shall refer to the Oil Industry Management Bureau of the DOE;

h. **Portable Tank** - shall refer to any closed vessel for holding liquids but not intended for fixed installation;

i. **Retail Outlet** - shall refer to a gasoline station, outlet, facility or business establishment which sells or dispenses Liquid Petroleum Products directly to individual end users or to the public;

j. **Retailing** - shall refer to the act of selling and/or dispensing Liquid Petroleum Products directly to individual end users or to the public;

k. **Tank Truck** - shall refer to any single-propelled motor vehicle with or without a trailer, equipped with a cargo tank mounted thereon or built as an integral part thereof, and used for the transportation of Liquid Petroleum Products.

## **RULE II**

### **MINIMUM STANDARDS AND REQUIREMENTS**

#### *Section 4. RETAILING*

Any person engaged or intending to engage in the Retailing of Liquid Petroleum Products shall comply with the following minimum standards:

- a. The Retailing of Liquid Petroleum Products shall be conducted in duly approved premises with an initial minimum lot area of 100 square meters and where vehicles being served shall at all times be inside the duly approved business premises.
- b. The Retailing of Liquid Petroleum Products shall only be carried out through fixed and permanent dispensing pumps duly approved by the DOE and further subject to the following:
  - (i) The dispensing pump clearly indicates on its face the type of Liquid Petroleum Product being dispensed and its brand name, if any;
  - (ii) The dispensing pump accurately displays both the volume of Liquid Petroleum Product dispensed (in liters) and the corresponding amount (in Pesos) up to the 1/100<sup>th</sup> part;
  - (iii) The dispensing pump for gasoline displays the octane Rating of the product as required under Department Circular No. 2001-09-003;
  - (iv) All dispensing pumps and storage tanks of Liquid Petroleum Products are distinct and labeled to ensure that there shall be no product contamination or inadvertent mixing or misfueling of the different Petroleum products; and
  - (v) Dispensing pumps are properly calibrated and sealed in accordance with Section 12 of these Retail Rules.
- c. The owner and/or operator of the Retail Outlet must possess valid permits, licenses and certifications for the Retailing, storage, handling, transfer and/or dispensing of Liquid Petroleum Products from the LGU concerned, the BFP, the DENR, DOE and other relevant government authorities.
- d. The construction and operation of the Retail Outlet must comply with all applicable laws, rules, regulations and LGU ordinances.

- e. The operation of service bays shall be subject to and fully comply with the criteria and/or guidelines set by the DENR-EMB for such facilities and/or operations. Generated waste oil or petroleum from Retail Outlets shall be properly collected, stored and disposed of in accordance with the requirements of DENR DAO 92-29, as amended.
- f. The Prior Notice requirement provided for in Section 6 of these Retail Rules shall be fully complied with.

#### *Section 5. FUEL STORAGE, HANDLING, TRANSFER AND/OR DISPENSING*

The storage, handling, transfer and/or dispensing of Liquid Petroleum Products shall be subject to the following:

- a. Liquid Petroleum Products shall be transferred only from underground tanks by means of fixed pumps designed and equipped to allow the control of the flow and prevent leakage or accidental discharge;
- b. Liquid Petroleum Products shall not be dispensed from above-ground tanks, portable tanks, tank vehicles, drums, barrels or similar containers, e.g. bote-bote, into the fuel tanks of motor vehicles or containers;
- c. The product suction lines of storage tanks shall be elevated at least four (4) inches) from the bottom of the tanks to avoid water draw-off with the product;
- d. The discharge of Liquid Petroleum Products into or upon any street, highway, drainage canal or ditch, storm drain or flood control channel, lake or tidal waterway, or upon the ground shall be strictly prohibited.

#### *Section 6. PRIOR NOTICE*

No Person may engage in the business of Retailing Liquid Petroleum Products without previously notifying the OIMB in writing of its intention to engage in such activity. Such notification shall contain the following information:

- a. Business name, address, telephone/fax number of the business office;
- b. Location and complete address of Retail Outlet/s;
- c. Project or business plan indicating the scope of operation/activity;
- d. List of facilities and proof and availability of such facilities to support the proposed business; and
- e. Such other requirements as may be imposed by the OIMB from time to time.

#### *Section 7. DOCUMENTARY REQUIREMENTS*

In addition to the prior notice requirement of Section 6 of these Retail Rules, the following documents shall also be submitted to the OIMB:

- a. Before commencement of construction
  - (i) Barangay Clearance (Barangay concerned)
  - (ii) Department of Trade and Industry/Securities and Exchange Commission Registration
  - (iii) Zoning/Location Clearance (LGU concerned)
  - (iv) Environmental Compliance Certificate (DENR)
  - (v) Building permit (LGU concerned)
  - (vi) Discharge permit, if applicable (Laguna Lake Development Authority)

b. Before commencement of Operation

- (i) Fire Safety Inspection Certificate (BFP)
- (ii) Reference Standards/codes and compliant statement for Facility Design & operation
- (iii) Mayor's permit (LGU concerned)
- (iv) List of dispensing pumps, storage tanks and Tank Trucks, with corresponding capacities
- (v) Lay-out plan and latest photograph of the Retail Outlet

The documents enumerated in this Section 7 must be accompanied by original copies thereof for authentication purposes.

*Section 8. CONSUMER SAFETY AND INFORMATIONAL SIGNS*

The following signs shall be prominently displayed by the owner and/or operator of the Retail Outlet in strategic and appropriate locations within the premises of the said outlet for the awareness and information of the buying public and service station personnel:

- a. Price Display Board with updated prices for each Liquid Petroleum Product sold in the Retail Outlet pursuant to Rule V, Section 18a (1) of Department Circular No. 98-03-004;
- b. Signs which require the switching-off of cellular phones while filling pursuant to Department Circular No. 2002-05-002;
- c. No smoking signs; and
- d. Switch off engine while filling signs; and
- e. Other safety signs as may be required by the DOE, other government agencies and relevant LGUs.

*Section 9. CERTIFICATE OF COMPLIANCE*

The DOE, through the OIMB, shall issue a Certificate of Compliance upon the complete submission of and full compliance by the Retail Outlet owner and/or operator with the requirements provided in the foregoing Sections of this Rule. No Retail Outlet shall operate until a Certificate of compliance is so secured from the DOE.

The owner and/or operator shall be deemed to be engaged in the ILLEGAL TRADING of Liquid Petroleum Products if he/she operates without the Certificate of Compliance and/or violates any of the foregoing Sections, except for Section 8 hereof.

*Section 10. ISSUANCE OF RECEIPTS*

All transactions involving the Retail of Liquid Petroleum Products must be evidenced by an official receipt bearing the registered name and address of the seller and detailing the quantity, price and type of Liquid Petroleum Product sold, the date of the transaction and such other information required under Republic Act No. 8424, otherwise known as "An Act Amending the National Internal Revenue Code" and Section 237 of the National Internal Revenue Tax Code. Duplicate copies of official receipts shall be made available for verification by OIMB inspectors.

*Section 11. HOARDING*