

# [ PRESIDENTIAL DECREE NO. 1677, February 18, 1980 ]

## **AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 463, OTHERWISE KNOWN AS "THE MINERAL RESOURCES DEVELOPMENT DECREE OF 1974", AS AMENDED BY PRESIDENTIAL DECREE NO. 1385.**

**WHEREAS**, there is a need to discourage mining lessees from sitting on their claims to the prejudice of the Government and other qualified parties desirous to undertake the exploitation of the country's mineral resources;

**WHEREAS**, foreign investments are needed to explore, develop and exploit said mineral resources;

**WHEREAS**, the Constitution recognizes the validity of service contracts with foreign companies as a means to accelerate the development of our mineral resources;

**WHEREAS**, there is a need to clarify the rights and obligations of parties to mining service contracts;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree that:

**SECTION 1.** The word "Secretary" as found in Presidential Decree Nos. 463 and 1385 is hereby changed to "Minister".

**SEC. 2.** Section 16 of Presidential Decree No. 463, amended by Section 9 of Presidential Decree No. 1385, is further amended to read, as follows:

**"SEC. 16. Recognition of Declaration of Location.**—Upon payment of the prescribed fees and compliance with the requirements under existing rules and regulations on the matter, the declaration of location of a mining claim duly accomplished and notarized shall be registered by the mining recorder concerned."

**SEC. 3.** Section 24 of Presidential Decree No. 463, as amended by Section 13 of Presidential Decree No. 1385, is further amended to read, as follows:

**"SEC. 24. Expenditure Required.**—A claim owner/lessee under this Decree and under the Mining Act (Commonwealth Act No. 137); as amended, shall perform annual work obligations on his mining claim, the value of which shall be that as shall be *provided* in the Regulations.

"The annual work obligations for each mining claim registered under this Decree shall start from the date of recording thereof.

"Holders of mining claims who have filed lease applications under Presidential Decree No. 1214 shall perform annual work obligations on the mining claims from the date of filing of said applications, the value of which shall be that as shall be *provided* in the Regulations.

**SEC. 4.** Section 25 of Presidential Decree No. 463, as amended by Section 14 of Presidential Decree No. 1385, is further amended to read, as follows:

**"SEC. 25. *Group Development.*** – The claim owner/lessee may concentrate all the annual work obligations on any one or more of several contiguous or geologically related mining claims in one province if it can be shown to the Director that such concentration of work will be the most advantageous and beneficial in the development and operation of said mining claims; *Provided*, That any expenditure in excess of the minimum amount required for work obligations per hectare may be carried forward and credited to the work obligations of the group claims for the succeeding year: *Provided, further*, That if the expenditure incurred for any claim is less than that required in any year, the difference shall be paid and accrue to the Bureau of Mines and Geo-Sciences to be used exclusively for the purposes mentioned in Section 95 of the Decree."

**SEC. 5.** Section 27 of Presidential Decree No. 463, as amended by Section 15 of Presidential Decree No. 1385, is further amended to read, as follows:

**"SEC. 27. *Proof of Annual Work Obligations.***—The claim owner/lessee shall submit proof of compliance with the annual work obligations by filing an affidavit therefor and the statement of expenditures and technical report in the prescribed form in support thereof with the Mines Regional Officer concerned within sixty (60) days from the end of the year in which the work obligation is required: *Provided*, That failure of the claim owner to comply therewith for two (2) consecutive years shall constitute automatic abandonment of the mining claim: *Provided, further*, That if it is found upon field verification that no such work was actually done on the mining claim, the claim owner/lessee shall likewise automatically lose all his rights thereto notwithstanding submission of the aforesaid documents."

**SEC. 6.** Section 34 of Presidential Decree No. 463 is hereby amended to read, as follows:

**"SEC. 34. *Application for Lease.***— Application for lease of mining claims shall be filed with the Director within two (2) years from the date of the recording thereof. Failure to file the said application within the prescribed period automatically constitutes absolute abandonment of the mining claims, and the land embraced thereby shall be opened to location by qualified persons other than the original locator, his heirs, successors and assigns.

"No application for lease of mining claims shall be accepted for filing unless accompanied by an application fee as *provided* in the Regulations and by the following supporting papers:

1. A report under oath of a licensed mining engineer or licensed geologist to the effect that the mining claim is mineralized;
2. Proof of compliance with the required annual work obligations;
3. If the application is filed by an agent of the applicant, a certified copy of the registered power of attorney granted by the applicant;
4. In case the area applied for is a public land covered by concessions or rights other than mining, written notice to the permittee thereof; or the requirements

- called for under Presidential Decree No. 512, in case the area is a private land;
5. The program of work proposed to be undertaken on the area applied for;
  6. Proof of availability of technical competence and financial resources sufficient to develop the claim applied for as shall be *provided* in the Regulations; and
  7. Such other documents as may be prescribed in the Regulations."

**SEC. 7.** Section 36 of Presidential Decree No. 463 is hereby amended to read, as follows:

"**SEC. 36. Application Form.**—All applications for mining lease shall be in the form prescribed for the purpose, under oath, and shall state, among others, the full name, address, citizenship, civil status of the applicant, his place and date of birth."

**SEC. 8.** Section 37 of Presidential Decree No. 463 is hereby amended to read, as follows:

"**SEC. 37. Program of Work.**—A claim owner shall upon the filing of an application for mining lease, undertake exploration, development and/or mining activities thereon in accordance with the approved five-year program of work: *Provided*, That within the said period of five years, the mining area shall be placed in actual commercial production: And *provided, further*, That failure to do so within the period aforestated shall constitute automatic abandonment of the mining claims.

"In pursuance of the aforestated five-year program of work, the claim owner shall, at the start of every calendar year and during the existence of the mining lease, submit to the Bureau of Mines and Geo-Sciences for the approval of the Director an annual work program describing in detail the kind and nature of mining activities to be undertaken thereof for that particular year. Any deviation from the approved work program shall be with the approval of the Director.

"Holders of existing mining leases shall submit a revised or updated work program within six (6) months from the date of approval of this Decree.

"The Regulations shall prescribed in detail the contents of the work program."

**SEC. 9.** Section 44 of Presidential Decree No. 463, as amended by Section 20 of Presidential Decree No. 1385, is further amended to read, as follows:

"**SEC. 44. Mining Lease Rights.**—A mining lease contract shall grant to the lessee, his heirs, successors and assigns, the right to extract all mineral deposits found on or underneath the surface of his mining claims covered by the lease, continued vertically downward; to remove, process and otherwise utilize the mineral deposits for his own benefit and to use the lands covered by the lease for the purpose or purposes specified therein: *Provided*, That the Minister shall reserve the right to grant and use easements in, over, through or upon the said claims as may be needed by other lessees for right-of-way to enable them to have access to and/or facilitate the operation of their mining claims: *Provided, further*, That in case of conflict of interest between the lessees for this purpose, the Director is hereby authorized to mediate: *Provided*,