

[PRESIDENTIAL DECREE NO. 1442, June 11, 1978]

AN ACT TO PROMOTE THE EXPLORATION AND DEVELOPMENT OF GEOTHERMAL RESOURCES

WHEREAS, it is necessary for the economic and industrial development of the country to reduce our dependence on imported energy supplies and accelerate the development of geothermal resources which have been identified as a viable and untapped economical source of energy;

WHEREAS, it is in the national interest to allow service contracts for financial, technical, management or other forms of assistance with qualified domestic and foreign entities, for the exploration, development, exploitation, or utilization of the country's geothermal resources;

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

SECTION 1. *Exploration of and Development of Geothermal Resources by the Government.*—Subject to existing private rights, the Government may directly explore for, exploit and develop geothermal resources. It may also indirectly undertake the same under service contracts awarded through public bidding or concluded through negotiation, with a domestic or foreign contractor who must be technically and financially capable of undertaking the operations required in the service contract; *Provided*, that if the service contractor shall furnish the necessary services, technology and financing, the service contractor may be paid a fee not exceeding forty per centum (40%) of the balance of the gross value of the geothermal operations after deducting the necessary expenses incurred in the operations; *Provided, further*, that the execution of the activities and operations subject of the service contract, including the implementation of the work program and accounting procedures agreed upon, shall at all times be subject to direct supervision of the Government, through the Bureau of Energy Development.

Service contracts as above authorized shall be subject to approval of the Secretary of Energy.

Geothermal resources mean (a) all products of geothermal processes, embracing indigenous steam, hot water and hot brines; (b) steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations; (c) heat or other associated energy found in geothermal formations; and (d) any by-product derived from them.

SECTION 2. *Geothermal Contract Areas.*—Service contracts, as herein authorized, may cover public lands, government geothermal reservations, including those presently administered or unappropriated areas, as well as areas covered by exploration permits or leases granted under Republic Act No. 5092.

Service contracts for exploration and development of geothermal resources may also cover private lands, or other lands subject of agricultural, mining, petroleum or other rights or devoted to purposes other than the exploration or use of geothermal energy; *Provided*, that the right to enter private lands, and to establish easements