

# [ PRESIDENTIAL DECREE NO. 463, May 17, 1974 ]

## **PROVIDING FOR A MODERNIZED SYSTEM OF ADMINISTRATION AND DISPOSITION OF MINERAL LANDS AND TO PROMOTE AND ENCOURAGE THE DEVELOPMENT AND EXPLOITATION THEREOF.**

**WHEREAS**, mineral production is a major support of the national economy, and therefore the intensified discovery, exploration, development and wise utilization of the country's mineral resources are urgently needed for national development;

**WHEREAS**, the existence of large undeveloped mineral areas and the proliferation of small mining claims deter modern development of the country's mineral resources and urgently require well-planned exploration, development and systematic exploitation of mineral lands to accelerate production and to bolster the national economy;

**WHEREAS**, effective and continuous mining operations require considerable outlays of capital and resources, and make it imperative that persons possessing the financial resources and technical skills for modern exploratory and development techniques be encouraged to undertake the exploration, development and exploitation of our mineral resources;

**WHEREAS**, the foregoing objectives cannot be achieved within the shortest possible time without removing the deficiencies and limitations of existing laws and improving the same in order to provide for a modernized administration and disposition of mineral lands and to promote and encourage the development and exploitation thereof.

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby issue this Decree, revising Commonwealth Act No. 137 otherwise known as the Mining Act, as amended, as follows:

### **CHAPTER I**

#### **TITLE AND DEFINITIONS**

**SECTION 1.** Short Title. - This Decree shall be known and may be cited as the "Mineral Resources Development Decree of 1974".

**SEC. 2.** Definition of Terms. - As used in and for the purpose of this Decree, the following terms, whether in the singular or plural, unless the context indicates otherwise, shall have the following meanings:

- (a) "State" means the Republic of the Philippines.
- (b) "President" means the President of the Republic of the Philippines.
- (c) "Government" means the Government of the Republic of the Philippines.
- (d) "Secretary" means the Secretary of Natural Resources.
- (e) "Director" means the Director of Mines.
- (f) "Minerals" means all naturally occurring inorganic substances in solid, liquid, or any intermediate state including coal. Soil

which supports organic life, sand and gravel, guano, petroleum, geothermal energy and natural gas are included in this term but are governed by special laws.

- (g) "Mineral Deposit" means a natural deposit or accumulation of minerals.
- (h) "Mineral Lands" are those lands in which minerals exist in sufficient quantity and grade to justify the necessary expenditures in extracting and utilizing such minerals.
- (i) "Quarry Resources" means any common stone or other common mineral substances as the Director may declare to be quarry resources such as, but not restricted to, marl, marble, granite, volcanic cinders, basalt, tuff and rock phosphate; Provided they contain no metal or metals or other valuable minerals in economically workable quantities.
- (j) "Exploration" is the examination and investigation of lands supposed to contain valuable minerals, by drilling, trenching, shaft sinking, tunneling, test pitting and other means, for the purpose of probing the presence of mineral deposits and the extent thereof.
- (k) "Development" refers to steps necessarily taken to reach an orebody or mineral deposit so that it can be mined.
- (l) "Exploitation" means the extraction and utilization of mineral deposits.
- (m) "Mining" or "to mine" means to extract, remove, utilize minerals, and include operations necessary for that purpose.
- (n) "Qualified person" means a Filipino citizen, of legal age and with capacity to contract, or a corporation or partnership registered with the Securities and Exchange Commission at least 60% of the capital of which is owned by Filipino citizens.
- (o) "Lessee" may include a leaseholder, claim owner or operator as the context of the provisions of this Decree may indicate.
- (p) "Regulations" means the rules and administrative orders promulgated by the Secretary to implement the provisions of this Decree, or issued by the Director as to such matters as may be delegated to him by the Secretary.

## **CHAPTER II**

### **OWNERSHIP OF MINERAL LANDS AND MINERAL DEPOSITS**

**SEC. 3.** State Ownership of Mineral Deposits. -All mineral deposits in public or private lands within the territorial limits of the Philippines whether found in, on, or under the surface of dry lands, beds of creeks, rivers, lakes, or other submerged lands within the territorial waters or on the continental shelf or its analogue in an archipelago seaward from the shores of the Philippines which are not under the jurisdiction of other countries, belong to the State, inalienably and imprescriptively, and the administration, disposition and exploitation thereof shall be governed by this Decree and by rules and regulations promulgated thereunder and other laws.

**SEC. 4.** Minerals Excluded from Other Rights to Lands. - The ownership or the right to use public or private lands whether exposed or submerged, for agricultural, logging, industrial, commercial, residential, petroleum exploration and/or

exploitation purposes or for any purpose other than mining, does not include the ownership of, nor the right to develop, exploit or utilize, the mineral deposits found in, on or under the surface of such lands, except with respect to quarry resources as provided for in this Decree.

**SEC. 5.** Mineral Deposits Open to Location and Lease. - Subject to any existing rights or reservations, all valuable mineral deposits in public land including timber or forest land as defined in Presidential Decree, No. 389, otherwise known as the Forestry Reform Code or in private land not closed to mining location, and the land in which they are found, shall be free and open to prospecting, occupation, location and lease.

### **CHAPTER III**

#### **MINERAL RESERVATIONS**

**SEC. 6.** Establishment and Reversion of Mineral Reservations. - Upon the recommendation of the Secretary, based on the reports submitted by the Director, the President may set aside and establish an area of the public domain as a mineral reservation and prescribe the terms and conditions for its disposition and operation, or may also alter or modify the boundaries of any mineral reservation from time to time or revert any mineral reservation to the public domain without prejudice to any prior subsisting rights.

**SEC. 7.** Existing Claims in Reservation. - Whenever lands are reserved for purposes other than mining, the rights of the claimowners or lessees of valid mining claims existing within the reservation at the time of its establishment shall not be prejudiced or impaired.

**SEC. 8.** Exploration and Exploitation of Reserved Lands. - When lands within reservations, which have been established for purposes other than mining, are found to be more valuable for their mineral contents, they may, upon recommendation of the Secretary be withdrawn from such reservation by the President and established as a mineral reservation.

When practicable, prospecting and exploration of minerals in reserved lands may be undertaken by the Bureau of Mines or by any proper government agency. Said reservation shall be opened to mining by the Government or its instrumentality or by any qualified person through competitive bidding under such terms and conditions as may be prescribed by the Secretary, or through contracts of service with any party or parties, domestic or foreign, duly qualified as to organization, finances, resources, experience and technical competence, subject in any case to the approval of the President.

In the event that the proper government agencies cannot undertake the prospecting and exploration of minerals in the reserved lands, qualified persons or corporations may be permitted to undertake such prospecting and exploration in accordance with the rules and regulations promulgated by the Secretary. The right to exploit therein shall be awarded by the President under such terms and conditions as recommended by the Director and approved by the Secretary, *Provided*, That the persons or corporations who undertook prospecting and exploration of said area shall be given priority.

**SEC. 9.** Reservation Closed to Mining Location. -Mineral reservations are closed to mining location; Provided, however, That the Government may, prospect, develop and exploit such reservations, through its agencies or instrumentalities or through an independent contractor selected by negotiated contract or after a public bidding which shall be conducted by the Secretary through the Director after proper notice duly published, subject in any case to the approval of the President.

**SEC. 10.** Offshore Areas Established as Mineral Reservation. - All submerged lands beneath the territorial waters and on the continental shelf or its analogue in an archipelago, are hereby established as mineral reservations subject to existing rights and the President may declare these reservations, or parts thereof, open or closed to mining location to be disposed of in the same manner as other mineral reservations. Submerged lands are those under water during low tide as determined by the Bureau of Coast and Geodetic Survey.

## **CHAPTER IV**

### **LOCATION OF CLAIMS**

**SEC. 11.** Locations in Public and Private Lands. -Only qualified persons may locate mining claims within public and private lands. However, a prospector may locate for another person: Provided, That he is first duly authorized by means of a public instrument registered with the mining recorder concerned before undertaking such location work.

**SEC. 12.** Entry into Public and Private Lands. -A person who desires to conduct prospecting or other mining operations within public lands covered by concessions or rights other than mining shall first obtain the written permission of the government official concerned before entering such lands. In the case of private lands, the written permission of the owner or possessor of the land must be obtained before entering such lands. In either case, if said permission is denied, the Director, at the request of the interested person may intercede with the owner or possessor of the land. If the intercession fails, the interested person may bring suit in the Court of First Instance of the province where the land is situated. If the court finds the request justified, it shall issue an order granting the permission after fixing the amount of compensation and/or rental due the owner or possessor: *Provided*, That pending final adjudication of such amount, the court shall upon recommendation of the Director permit the interested person to enter, prospect and/or undertake other mining operations on the disputed land upon posting by such interested person of a bond with the court which the latter shall consider adequate to answer for any damage to the owner or possessor of the land resulting from such entry, prospecting or any other mining operations.

**SEC. 13.** Areas Closed to Mining Location. -No prospecting and location shall be allowed:

- (a) In military, mineral and other reservations, except by the Government;
- (b) In lands covered by valid and subsisting mining claims located under previous mining laws;
- (c) In lands covered by mining claims or leases acquired in accordance with the provisions of this Decree; and
- (d) Near or under buildings, cemeteries, bridges, highways,

waterways, railroads, reservoirs, dams, or any other public or private works, unless otherwise authorized by the Secretary with the permission of the Secretary of the Department of Public Works, Transportation and Communications.

The Secretary shall, upon recommendation of the Director, prescribe in detail the regulations implementing the various restrictions under this Section.

**SEC. 14.** Size of Mining Claim. - For purposes of registration of a mining claim under this Decree, the Philippine territory and its shelf are hereby divided into meridional blocks or quadrangles of one-half minute (1/2') of latitude and longitude, each block or quadrangle containing an area of eighty-one (81) hectares, more or less.

A mining claim shall cover one such block although a lesser area may be allowed if warranted by attendant circumstances, such as geographical and other justifiable considerations as may be determined by the Director: Provided, That in no case shall the locator be allowed to register twice the area allowed for lease under Section 43 hereof.

**SEC. 15.** Declaration of Location of a Mining Claim. - A qualified person may locate a mining claim by filing with the Director or his designated deputy, a declaration of location covering a meridional block or fraction thereof constituting his mining claim in a form prescribed for the purpose.

**SEC. 16.** Recording of Declaration of Location, Ministerial. - Upon payment of the required filing fee, recording of a duly accomplished and notarized declaration of location for a mining claim shall be ministerial on the part of the recorder concerned.

**SEC. 17.** Mining Register. - The Director shall cause a mining register to be kept in the Bureau of Mines, or in such other places as he may designate, on which all instruments concerning mining rights, such as acquisition, sub-lease, operating agreements, transfers, assignments, abandonment, cancellation and others, are recorded and registered in chronological order of receipt upon payment of the required fee. On each instrument recorded and registered, shall be annotated the date and time of filing, document number, page of register, register book number, year series, the amount of fee paid, and the official receipt number.

**SEC. 18.** System and Effect of Recording Mining Instruments. - All declarations of location, affidavits, authority, and all other documents or instruments regarding or affecting the possession of mining area or any right or title thereto, or interest therein, shall be recorded in the order of their receipt by the Mining Recorder after payment of the required fee, and from and after such recording, all documents or instruments in writing shall constitute notice to all persons and to the whole world of the contents of the same.

**SEC. 19.** Registration, Filing and Other Fees. -The Director is authorized to charge reasonable filing and other fees as he may prescribe by regulation for services to be rendered by the Bureau of Mines. The registration and filing fees shall accrue to the Mines Special Fund, and other fees to the Fiduciary Fund.

**SEC. 20.** Right Acquired by Registration of the Declaration of Location. - The recording of a declaration of location for a mining claim shall give the claim owner,