

**[ REPUBLIC ACT NO. 5092, June 17, 1967 ]**

**AN ACT TO PROMOTE AND REGULATE THE EXPLORATION, DEVELOPMENT, EXPLOITATION AND UTILIZATION OF GEOTHERMAL ENERGY, NATURAL GAS AND METHANE GAS; TO ENCOURAGE ITS CONSERVATION; AND FOR OTHER PURPOSES.**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. *Short title of Act.*—The short title of this Act shall be "Geothermal Energy, Natural Gas and Methane Gas Law."

SEC. 2. *Definition of terms.*—When used in this Act, the following terms shall, unless the context otherwise indicates, have the following respective meanings:

(a) "Act" means this "Geothermal Energy, Natural Gas and Methane Gas Law."

(b) "Bore" means any well, hole, pipe, or excavation of any kind which is bored, drilled, sunk or made in the ground for the purpose of investigating, prospecting, obtaining, or producing geothermal energy, natural gas and methane gas, or which taps or is likely to tap geothermal energy, natural gas and methane gas; and includes any hole in the ground which taps geothermal energy, natural gas and methane gas. "Geothermal energy" means energy derived or derivable from and produced within the earth by natural heat phenomenon; and includes all steam, and water vapor, and every mixture of all or any of them that has been heated by natural underground energy, and every kind of matter derived from a bore and for the time being with or in any such stead, water, water vapor, or mixture.

(d) "Government" means the Government of the Philippines.

(e) "State" means the Republic of the Philippines.

(f) "Person" includes a natural person, corporation, or partnership.

SEC. 3. *State ownership.*—All geothermal sources or occurrences of geothermal energy, natural gas and methane gas in public and/or private lands in the Philippines, whether found in, on or under the surface of dry lands, creeks, rivers, lakes, or other submerged lands within the territorial waters of the Philippines belong to the State, inalienable and imprescriptible and their exploration for, tapping and utilization shall be governed by the provisions of this Act.

SEC. 4. *Title to land.*—The ownership or the right to the use of lands for agricultural,

industrial, commercial, residential, mining, petroleum, or for any purpose other than for the exploration, tapping, or use of geothermal energy, natural gas and methane gas, does not include the ownership of, nor the right to explore for, tap, or utilize the geothermal energy, natural gas and methane gas in, on or under the surface of such land.

SEC. 5. *Granting of geothermal energy, natural gas and methane gas rights.*—The right to explore for, tap, or utilize geothermal energy, natural gas and methane gas may be obtained and exercised only by means of permits and/or leases granted to duly qualified persons in accordance with the provisions of this Act: Provided, That no such permit shall be required if the exploration is undertaken by the owner of the land himself or by his agent: Provided, further, That where geothermal energy, natural gas and methane gas is already being used for any domestic purpose whatever (including cooking, heating, washing, and bathing) at the time this Act takes effect, the user thereof may continue using the same to similar or lesser extent without the need of securing a permit or lease under this Act unless the Director of Mines, having regard to the public interest, otherwise directs.

The Government reserves the right to undertake the exploration for, tapping, or utilization of geothermal energy, natural gas and methane gas either by itself or through its instrumentalities, or through competent persons qualified to undertake such work as independent contractor or contractors.

SEC. 6. *Qualifications of applicants.*—Applicants for permits or leases under this Act shall have the following qualifications:

In case of an individual, he shall be a citizen of the Philippines, be of legal age, and have the capacity to contract obligations.

In case of an association of individuals, it shall be either a partnership or a corporation duly organized and constituted under the laws of the Philippines, at least sixty *per centum* of the capital of which is and shall at all times be owned and held by citizens of the Philippines.

Any applicant shall present evidence showing that sufficient finance, organization, resources, technical competence, skills, and experience necessary to conduct the operations to be undertaken under the permit and/or lease being applied for, in a manner which is in accordance with the best method known to the industry, are available to the applicant.

SEC. 7. *Lands covered by permits, leases are subject to public easements.*—All lands covered by permits and/or leases granted under this Act shall be subject to public easements established or recognized by existing or future laws.

SEC. 8. *Operations of permittees/lessees subject to mining rights.*—The operations of permittees and/ or lessees under the provisions of this Act shall be subject to existing mining or petroleum rights, grants, permits, leases, and concessions and the same shall not adversely affect the operations of the latter. Any question in this regard shall be decided and settled by the Director of Mines.

SEC. 9. *Right to enter private land.*—Holders of permits and/or leases granted under the provisions of this Act. their men, contractors or operators, upon written notice

sent to the owner of the land at least ten days in advance, are granted the right to enter and re-enter from time to time upon private lands covered by their permits and/or leases for the purpose of conducting geological and/or geophysical studies, make any bore therein, with the right to use all instruments and apparatus necessary to carry out such studies, subject to the obligations to indemnify the owner or legal occupant of the land for all material damage suffered by the property, its annexes or appurtenances as a result of such studies: Provided, That in no case shall the occupancy of private buildings, yards or gardens be authorized against the will of their owner.

In the event the right granted in this section shall be denied by the owner of the private land or by its legal occupant, the permittee and/or lessee may apply for and, upon posting such bond as may be fixed and approved by the municipal court of the municipality where the land is situated, the court shall issue an order allowing such right to enter pending the final determination of the proper amount that shall be paid by the permittee and/or lessee to the landowner or legal occupant.

SEC. 10. *Easements over private land.*—When easements of temporary or permanent occupancy over private lands are needed by a permittee or lessee for the purpose of carrying out any works essential to his operations under the provisions of this Act, he may enter into necessary agreement with the owner or legal occupant of such private land. If no agreement can be reached, or if the owner or legal occupant refuses to grant such easement, or in general, when any obstacle of whatever nature exists to the immediate and certain acquisition of the necessary surface area, or of any right indispensable to the permittee or lessee for the purpose of the concession, the municipal court of the municipality where the land is situated shall, upon application of the permittee or lessee and posting of the necessary bond, grant to the said permittee or lessee authority to use and occupy the land needed by him in his operations, pending final determination of the case which shall include among others the reasonable value or rental of the land to be occupied and the compensation for any resulting damage that the landowner or legal occupant may suffer as a result of such occupation.

When the occupation of a private land is needed by the permittee or lessee in connection with his permit and/or lease granted under this Act for the purpose of constructing, maintaining, operating, and drilling bores, tanks, reservoirs, waterways, pipelines, roads, railroads, tramlines, telephone and telegraph lines, airfields, radio stations, powerhouses, transmission lines, pumping stations wharves, piers, and terminals, which are hereby declared to be for public use or benefit, the right of eminent domain may be exercised by the Government through the permittee or lessee, in accordance with the applicable laws on the matter.

In all cases, whether it be an order of the court or a voluntary agreement between the permittee and/or lessee and the private landowner, as referred to in this section, a copy of such order or agreement shall be furnished to the Director of Mines.

For the purpose of this section the necessity of the work will be presumed in the cases of bore drilling and auxiliary works, construction of pipelines, tanks, pumping plants, power systems, warehouses, shops, and means of transport and communication.

SEC. 11. *Right to enter public land and easement over the same.*—Except lands

covered by armed forces reservations, all public lands may be entered into by the holder of a permit and/or lease issued under this Act if the same is covered by the said permit and/or lease.

When easement or right of temporary or permanent occupancy over said public land is needed by said holder of a permit and/or lease for the purpose of carrying any work essential to his operations under this Act, except in areas covered by military reservation, such right may be granted by the Director of Mines with due regard to prior rights of third parties and to the purpose for which the reservation had been established. The presumption of necessity stated in Section ten applies likewise in this case.

SEC. 12. *Application for permit.*—Application for permit shall be accompanied by a plan showing the bearings and distances of the boundaries and latitude and longitude to the nearest second of corner 1. It shall be filed with the Director of Mines who shall examine and act upon the same as well as upon the qualification, and authorize the publication of a notice thereof at least once a week for three consecutive weeks in the Official Gazette and in a newspaper of general circulation published in English in the City of Manila, notwithstanding any provision of law to the contrary.

At any time during the period of publication of said notice, an adverse claim stating the nature and grounds thereof, may be filed with the Director of Mines. If no adverse claim is filed within the said period of publication, it shall be conclusively presumed that no such adverse claim exists and thereafter no adverse claim from third parties shall be heard; and the permit shall be issued by the Director of Mines for the Republic of the Philippines which shall state the principal rights and obligations of the permittee.

The applicant for a permit should prosecute his application with due diligence by seeing to it that his application is in order and that he has submitted satisfactory evidence showing that he possesses the qualifications required by law and the regulations. In case of conflict of applications for permit under the provisions of this Act, priority of the filing of application shall determine as to who has the preferential right, provided that his application is put in order and satisfactory evidence of the required qualifications is submitted within the period provided for by the regulations. Any adverse claim filed during the period of publication of the notice shall be decided by the Director of Mines.

SEC. 13. *Size and shape of permit areas.*—A permit shall be granted in blocks rectangular in shape except when allowed by the Director of Mines in cases where it is contiguous with the seas, bays, lakes or with other permits or leases already granted and, as much as possible, its longer dimension shall not be more than five times its shorter dimension. Each permit area shall not be more than five thousand hectares. No person shall acquire more than ten permits in the whole territory of the Philippines.

SEC. 14. *Rights conveyed under a permit.*—The permit conveys upon the holder thereof, his heirs and assigns, from the date of its granting and during its term and any extension thereof, the exclusive right to explore the block covered, to do geological and geophysical work, to conduct drilling operations, and to do such other work related to exploration or that has for its object the discovery of geothermal

energy, natural gas or methane gas. The actual production and utilization of any geothermal energy, natural gas and methane gas that may be discovered is not included in the right granted under a permit.

SEC. 15. *Exploration work obligations.*—With the application for permit and before the start of each calendar year thereafter during the life of the permit, the applicant/permittee shall submit to the Director of Mines a program of exploration work to be undertaken by him within his permit during that year. Beginning from the date of the granting of the permit and up to the first anniversary date thereof and every permit year thereafter during the life of the permit, he is obligated to spend in the direct prosecution of exploration work within his permit such as topographical or geological reconnaissance or detailed survey, mapping or cross sectioning, geophysical surveys, core or exploratory drilling, or any combination of said work, not less than two pesos per hectare per year of fraction thereof: *Provided*, That in no case shall the total amount for each permit be less than one thousand pesos a year: *Provided, further*, That for purposes of renewal of the permit necessary drilling as required in Section sixteen hereof, shall have been conducted therein.

The permittee or lessee shall give satisfactory evidence to the Government of such expenditures duly supported and justified by technical report or reports prepared in accordance with the regulations which shall be submitted within ninety days after the end of the corresponding calendar year.

Any amount actually spent for exploration work in excess of any minimum amount required for any year and duly approved by the Bureau of Mines may be carried forward to exploration work obligations required for the succeeding years: *Provided*, That such excess expenditures may not be carried forward to any period of renewal: *Provided, however*, That should there be any unspent balance of the required work obligations for any year, the same shall be forfeited in favor of the Bureau of Mines and shall form part of its Mines Special Fund.

Failure to comply with the minimum work obligations in any one year as hereinabove provided or to submit the required technical report within the period given, shall be sufficient cause for the cancellation of the permit by the Secretary of Agriculture and Natural Resources upon recommendation of the Director of Mines and termination of the right of the permittee without prejudice to collecting from the permittee whatever difference there is between the minimum amount required and that actually spent for any year. And no new or additional areas and/or rights under this Act shall be granted to a permittee who has thus failed to comply with his minimum work obligation in any of his subsisting permit and/or lease under this Act until after he shall have corrected his defaults.

SEC. 16. *Term of permit.*—The initial term of a permit shall not be more than three years counted from the date of its issuance: *Provided*, That if the permittee has drilled a well or wells within the area covered by his permit at any time during the initial term with a total footage of not less than one thousand feet and has complied with the provisions of this act and the regulations and with the terms of the permit, the Secretary of Agriculture and Natural Resources may grant an extension thereof for a term of two years, for its entire area or for any part thereof, upon application made prior to the expiration of the original term of the permit: *Provided, further*, That if during the term of the first extension, the permittee has also drilled a well or