

[REPUBLIC ACT NO. 740, June 18, 1952]

AN ACT TO AMEND SECTIONS ONE TWO, THREE, FOUR, FIVE, SIX, SEVEN, AND TEN, TO INSERT SECTION 2-A IN, AND TO REPEAL SECTIONS EIGHT AND NINE OF ACT NUMBERED TWO THOUSAND SEVEN HUNDRED NINETEEN, OTHERWISE KNOWN AS THE COAL LAND ACT, AS AMENDED, AND FOR OTHER PURPOSES.

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

SECTION 1. Sections one, two, three, four, five, six, seven and ten of Act Numbered Two thousand seven hundred nineteen, otherwise known as the Coal Land Act, as amended, are hereby amended so as to read as follows:

"SEC. 1. Coal-bearing lands in the Philippines shall not be disposed of in any manner except as provided in this Act.

"The ownership and the right to the use of land for agricultural, industrial, commercial, residential, or for any purpose other than mining does not include the ownership of, nor the right to extract or utilize, the coal which may be found on or under the surface. The ownership of, and the right to extract and utilize the coal included within all areas for which public agricultural land patents are granted are excluded and excepted from all such patents. The ownership of, and the right to extract and utilize the coal included within all areas for which Torrens titles are granted are excluded and excepted from all such titles.

SEC. 2. Any unreserved and unappropriated coal-bearing lands may be leased by the Secretary of Agriculture and Natural Resources in blocks or tracts of not less than fifty nor more than twelve hundred hectares each in such manner as may, in the opinion of the Secretary of Agriculture and Natural Resources, allow the economic development and exploitation of the coal deposit: *Provided*, That an applicant may be granted a lease or leases on not more than six separate blocks or tracts of coal land in any one province: *And provided, further*, That the aggregate area of all such blocks or tracts shall not be more than twelve hundred hectares in the whole Philippines. The lease may be granted to any person twenty-one years of age or over who is a citizen of the Philippines or to any association, partnership or corporation organized under the laws of the Philippines: *Provided*, That at least sixty *per centum* of the capital of such corporation or association is owned and held at all times by such citizens.

"SEC. 3. Leases under the provisions of this Act shall be issued upon

publication, in the manner and subject to the rules prescribed by the Secretary of Agriculture and Natural Resources, for a period of not more than twenty-five years, renewable for another twenty-five years subject to such terms and conditions as may be authorized by law at the time of such renewal, and no such lease shall be assigned or sublet except with the consent of the Secretary of Agriculture and Natural Resources, and in this case only to persons, partnerships, associations, or corporations having the qualifications required of lessees: *Provided*, That failure of an applicant to prosecute his coal lease application with reasonable diligence and to have the area covered thereby surveyed within one year from the date said application is filed in the Bureau of Mines shall be considered a waiver of his aforesaid coal lease application. Every lease shall contain a clause by which the lessee shall bind himself to comply with the rules and regulations issued by the Secretary of Agriculture and Natural Resources for the purpose of insuring the exercise of reasonable diligence, skill, and care in the operation of said property and for the prevention of undue waste, together with such other rules and regulations as the said Secretary may make for the protection of the interests of the Government and for the promotion of the public welfare. For the privilege of mining, extracting, and disposing of the coal in the lands covered by his lease, the lessee shall pay to the Government of the Philippines through the Collector of Internal Revenue, such royalties as may be specified in the lease, which shall not be less than ten centavos per ton of one thousand and sixteen kilos, to be due and payable upon the removal of the coal from the locality where mined and an annual rental, payable in advance on the date of the approval of the lease and on the same date every year thereafter on the lands covered by such lease, at the rate of two pesos and fifty centavos per hectare or fraction thereof for each and every year for the first ten years, and five pesos per hectare or fraction thereof for each and every year thereafter during the life of the lease: *Provided*, That such rental for any year shall be credited against the royalties as they accrue for that year as provided in this Act: *And provided, further*, That such rental and royalties paid during any year shall be credited against the specific tax provided for in section one hundred forty-three of the national internal revenue code, as amended.

"SEC. 4. Any person, association, partnership, or corporation holding a lease of coal lands under this Act may, at any time surrender such lease or any portion thereof, and with the approval of the Secretary of Agriculture and Natural Resources and through the same procedure and upon the same terms and conditions as in the case of the first lease granted under this Act, secure and hold additional leases on such blocks or tracts as provided in this Act, covering additional lands separate from or contiguous to those embraced in the original lease or leases, but in no event shall the total number of such lease exceed six in any one province, or the total area embraced in such original and new leases exceed in the aggregate twelve hundred hectares in the whole Philippines.

"SEC. 5. Subject to the approval of the Secretary of Agriculture and Natural Resources, lessees holding under leases contiguous blocks or areas may consolidate their said leases or holdings so as to include in a