

[EXECUTIVE ORDER NO. 80, May 28, 2019]

RATIONALIZING THE RULES FOR THE ENGAGEMENT OF THIRD PARTY PARTICIPANTS UNDER PETROLEUM SERVICE CONTRACTS, REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 556 (s. 2006)

WHEREAS, Section 2, Article XII of the Constitution declares that all minerals, petroleum and other mineral oils, and other natural resources are owned by the State, and that the exploration, development, and utilization of these resources shall be under the full control and supervision of the State;

WHEREAS, Section 4, Presidential Decree No. (PD) 87, as amended, otherwise known as the "Oil Exploration and Development Act of 1972," allows the Government to promote and undertake the exploration, development, and production of the country's indigenous petroleum resources by engaging technically competent and financially capable contractors through service contracts;

WHEREAS, Section 11 of PD 87 allows holders of service contracts to assign or transfer their rights thereto by way of farm-in/farm-out contracts upon the prior approval of the Department of Energy (DOE);

WHEREAS, the exploration, development, and utilization of energy resources such as oil and gas are capital-intensive activities, and farm-in/farm-out agreements, by distributing the risks and financial burden among several industry players, facilitate the undertaking of such activities;

WHEREAS, the PNOC Exploration Corporation (PNOC EC), being the upstream oil and gas subsidiary of the Philippine National Oil Company (PNOC), participates in a number of petroleum service contracts, either as operator or non-operating partner; and

WHEREAS, it is the aim of the Government to achieve energy independence for the Filipino people by, among others, enhancing the country's competitiveness as an oil and gas investment destination through the adoption of industry practices;

NOW, THEREFORE I, RODRIGO ROA DUTERTE, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

SECTION 1. Engagement of Third Parties. The PNOC EC is hereby permitted to enter into farm-in/farm-out agreements through which: (a) third parties can participate in the service contracts awarded by the Government to PNOC EC; and (b) PNOC EC can participate in the service contracts awarded by the Government to third parties. In all cases, PNOC EC shall enter into farm-in/farm-out agreements only with reputable, technically competent and financially capable entities.