

[EXECUTIVE ORDER NO. 473, November 29, 2005]

TASKING THE DEPARTMENT OF ENERGY (DOE) TO PURSUE THE IMMEDIATE EXPLORATION, DEVELOPMENT AND PRODUCTION OF CRUDE OIL FROM THE CAMAGO-MALAMPAYA RESERVOIR

WHEREAS, Article XII, Section 2 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, on December 1990, the Republic of the Philippines, represented by the Department of energy ("DOE"), entered into Service Contract No. 38 ("SC 38") and engaged the services of a consortium, today composed of Shell Exploration B.V., Shell Philippines LLC, Chevron Malampaya LLC and PNOC-Exploration Corporation, as Contractor for the exploration, development and production of petroleum resources in an identified area offshore northwest of the province of Palawan;

WHEREAS, on 30 April 1998, the DOE and the SC 38 Contractor jointly declared that the petroleum found in the areas designated as the Camago-Malampaya and San Martin reservoirs are in commercial quantity;

WHEREAS, while the Camago-Malampaya Reservoir is known to contain both natural gas and oil resources, the SC 38 Contractor had expressed its position that it cannot undertake the development of the Camago-Malampaya oil leg since, based on its own evaluation, it is not commercially viable;

WHEREAS, oil exploration and production activities need to be urgently conducted in the Camago-Malampaya Reservoir at this time that extracting the volumes of resources from the oil leg is still possible as the conduct of the activity has not yet been significantly undermined by the continued production of natural gas;

WHEREAS, the increasing prices of oil and petroleum products in the world market also has made it urgent and imperative for the Government to aggressively pursue its energy independence agenda, including the development and production of domestic oil reserves;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Lead Agency. – The DOE, on behalf of the State, is hereby directed to immediately pursue the exploration, development and production of crude or black oil from the Camago-Malampaya Reservoir, respecting the existing rights of the SC 38 Contractor over the area and with paramount consideration of the national interest.