

**[ DOE DEPARTMENT CIRCULAR NO. DC 2005-04-004, April 20, 2005 ]**

**INVESTMENT PROMOTION AND CONTRACTING ROUNDS FOR  
GEOTHERMAL AND COAL PROSPECTIVE AREAS**

WHEREAS, Section 1 of Presidential Decree No. 1442, otherwise known as "An Act To Promote The Exploration And Development Of Geothermal Resources", and Section 6 of Presidential Decree No. 972, as amended, otherwise known as "The Coal Development Act of 1976", allow the Government to promote and offer prospective geothermal and coal areas for competitive proposals for geothermal service contract and coal operating contract;

WHEREAS, the Department of Energy (DOE) desires to conduct geothermal and coal investment promotion and utilize the competitive mode as much as practicable for the granting of geothermal service contract and coal operating contract over areas that were predefined by the Energy Resource Development Bureau (ERDB) of the DOE based on a blocking reference system to facilitate the identification of the most technically efficient and cost-effective exploration and production programs for each of the offered areas;

WHEREAS, in order to further increase the development and utilization of indigenous geothermal energy and coal resources, there is a need to attract both local and foreign investments for geothermal energy and coal exploration, development and production;

NOW, THEREFORE, in consideration of the aforementioned premises, the following procedure shall govern the competitive system of awarding geothermal service contracts and coal operating contracts:

**1. Contracting Rounds**

1.1 The Energy Resource Development Bureau (ERDB) shall determine prospective areas within the Philippine territory for competitive contracting rounds. The Secretary of Energy, upon the recommendation of the ERDB Director and the Undersecretary having supervision over ERDB, shall declare such areas open for Geothermal Service Contract (GSC) and or Coal Operating Contract (COC) proposals. The contracting round shall have a duration of three (3) months beginning from the date of announcement until the deadline of submission of proposals. During this period and three months immediately prior to the start of each contracting round, no geothermal and/or coal contract application on a first-come-first-served basis shall be accepted by the DOE. For the year 2005, this moratorium period for geothermal, petroleum and/or coal contract application shall commence on May 1, 2005.

1.2 The ERDB shall prepare the contracting round documents, with a description of available data and the geothermal/coal prospectivity of each area. It shall then request the DOE Contract Negotiating Panel (CNP), as constituted under Department Order No. 2003-05-005, to disseminate information on the contracting round. The notices will include among others the following:

- a. Map of the area being offered during the contracting round;
- b. Schedules including the commencement of the contracting rounds; and
- c. Other information as appropriate

1.3 Participants to the contracting rounds shall submit the following documents for evaluation by the DOE CNP:

a. Work Program

- a.1 Draft of the proposed GSC/COC, with comments, if any;
- a.2 The proposals for work program and minimum expenditure in respect to the area or areas specified in the application.

b. Financial Documentation

- b.1 Latest audited financial statement of the corporation and annual reports for the last three (3) years;
- b.2 Duly filled-out information sheet of the corporation;
- b.3 Resume/Profile of the corporation/incorporators/ offices;
- b.4 Particulars of the kinds of financial resources available to the applicant including capital, credit facilities and guarantees so available.
- b.5 Copy of latest income business tax returns duly stamped