

[DOE DEPARTMENT CIRCULAR NO. DC-2003-01-001, January 20, 2003]

GUIDELINES IMPLEMENTING THE MINIMUM INVENTORY REQUIREMENTS OF OIL COMPANIES AND BULK SUPPLIERS AS PROVIDED UNDER EXECUTIVE ORDER NO. 134

Pursuant to Executive Order No. 134 issued by the President of the Republic of the Philippines on 14 October 2002, Republic Act No. 7638, otherwise known as an "Act Creating the Department of Energy" and Republic Act No. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998", the Department of Energy hereby adopts the following guidelines to implement the minimum inventory requirement of all Oil Companies and Bulk Suppliers operating in the country, to ensure a continuous, adequate and stable supply of Petroleum Crude Oil and Products in cases where domestic and international events threaten or restrict the supply of Petroleum Crude Oil and Products to the Philippines such as, but not limited to, terrorist attacks, armed conflict in the Middle East and in other regions from which the Philippines draws or transits its supply of Petroleum Crude Oil and Products, and other similar events.

ARTICLE I
General Provisions

SECTION 1. Title - These guidelines shall be known as the "Implementing Guidelines for the Minimum Inventory Requirements of Petroleum of Oil Companies and Bulk Suppliers" and shall be hereafter referred to as the "Guidelines".

SECTION 2. Scope and Coverage - These Guidelines shall apply to all Oil Companies and Bulk Suppliers engaged in any activity of the Downstream Oil Industry in the Philippines.

SECTION 3. Definition of Terms - For purposes of these Guidelines the following terms shall have the following meanings:

- a. *Bureau* refers to the Energy Industry Administration Bureau of the Department of Energy or its successor;
- b. *Bulk plant/terminal/depot* refers to an intermediate distribution facility where delivery of Petroleum Products to and from the facility is undertaken by tank trucks, tankers/barges, pipes and other modes of transport in large quantities;
- c. *Bulk Sales/Supply* refers to cargoes which are transported through tank trucks, tankers/barges, pipes and other modes of transport in large quantities;
- d. *Bulk Supplier* refers to any Person engaged in the sale of Petroleum Products in bulk sourced through direct importation;

- e. *BPS* means the Bureau of Product Standards of the Department of Trade and Industry;
- f. *Crude Oil* refers to oil in its natural state before the same has been refined or otherwise treated, and excludes water, bottoms, sediments and foreign substances;
- g. *Days Supply* refers to the equivalent number of days of in-country stocks of Petroleum Crude Oil and Products based on the average daily sales or liftings for the past six (6) months;
- h. *DOE* refers to the Department of Energy of the Republic of the Philippines;
- i. *Downstream Oil Industry* refers to the business of importing, exporting, re-exporting, shipping, transporting, processing, refining, storing, distributing, marketing and/or selling of Crude Oil, gasoline, diesel, Liquefied Petroleum Gas (LPG), kerosene and other Petroleum Products;
- j. *Liquefied Petroleum Gas or LPG* refers to commercial propane gas or commercial butane gas or a mixture of the said two gases, with properties conforming to the specifications set by the BPS;
- k. *Minimum Inventory Level* refers to the minimum level of supply of Petroleum Crude Oil and Products to be stored by Oil Companies and Bulk Suppliers in their respective bulk plants, terminals or depots and stocks in-transit within the country;
- l. *Oil Company* refers to any Person who refines/manufactures/processes and/or imports/exports and stores, distributes and sells Petroleum Products;
- m. *Person* refers to any person, whether natural or judicial, who is engaged in any or a combination of activities in the Downstream Oil Industry;
- n. *Petroleum* refers to the naturally occurring mixture of compounds of hydrogen and carbon with a small proportion of impurities and shall include any mineral oil, petroleum gas, hydrogen gas, bitumen, asphalt, mineral wax and all other similar or naturally-associated substances, with the exception of coal, peat, bituminous shale and/or other stratified mineral fuel deposits;
- o. *Petroleum Products* refers to products formed in the course of refining crude petroleum through distillation, cracking, solvent refining and chemical treatment coming out as primary stocks from the refinery such as, but not limited to: LPG, naphtha, gasolines, solvents, kerosene, aviation fuels, diesel oils, fuel oils, waxes and petrolatums, asphalts, bitumens, coke and refinery sludges, or such refinery petroleum fractions which have not undergone any process or treatment as to produce separate chemically-defined compounds in a pure or commercially pure state and to which various substances may have been added to render them suitable for particular uses; Provided, that the resultant product contains not less than fifty percent (50.0%) by weight of such Petroleum Products;
- p. *Refiner* refers to any Person who locally refines Petroleum through distillation, conversion and treatment thereof.

ARTICLE II

Minimum Inventory Requirements