

[DOE DEPARTMENT CIRCULAR NO. DC-2003-03-002, March 21, 2003]

PROVIDING FOR THE RELAXATION OF THE MINIMUM INVENTORY REQUIREMENTS OF ALL OIL COMPANIES AND BULK SUPPLIERS OPERATING IN THE COUNTRY

WHEREAS, under the Downstream Oil Industry Deregulation Act of 1998 (RA 8479), in relation to the Department of Energy Act of 1992 (RA 7638), the Secretary of Energy is authorized to exercise such powers concomitant with the policy of ensuring continuous, adequate and stable supply of energy, in respect of the conservation, stockpiling and storage of energy resources;

WHEREAS, Executive Order No. 134 requires the Oil Companies and Bulk Suppliers to maintain a sufficient minimum inventory of petroleum, for purposes of ensuring 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;

WHEREAS, Section 5 of Department Circular No. 2003-01-001, requires all Oil Companies, except Refiners operating in the country, and Bulk Suppliers to maintain a minimum inventory equivalent to fifteen (15) Days Supply of Petroleum Products, excluding LPG, which shall be maintained at seven (7) Days Supply.

WHEREAS, the same Section provides that Refiners shall maintain a minimum inventory equivalent to thirty (30) Days Supply consisting of Petroleum Crude Oil and refined Petroleum Products;

WHEREAS, Section 7 of the same Circular provides for the Secretary of the Department of Energy to make a determination as to the commencement and duration of the compliance of the Minimum Inventory Level Requirement;

WHEREAS, with the outbreak of the US-Iraq war, current crude prices in the world market started to soften and the country has recorded a high level of inventory of in-country stocks of petroleum;

NOW THEREFORE, the following rules are hereby promulgated, relaxing the minimum inventory level requirement to all Oil Companies and Bulk Suppliers operating in the country.

SECTION 1. Minimum Inventory Level - All Oil Companies, except Refiners and Bulk Suppliers operating in the country, shall maintain a minimum inventory equivalent to seven (7) Days Supply of Petroleum Products, excluding LPG, which shall also be maintained at seven (7) Days Supply.