

[Act No. 2719, May 14, 1917]

AN ACT TO PROVIDE FOR THE LEASING AND DEVELOPMENT OF COAL LANDS IN THE PHILIPPINE ISLANDS.

Be it enacted by the Senate and House of Representatives, of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Coal-bearing lands of the public domain in, the Philippine Islands shall not be disposed of in any manner except as provided in this Act.

The Government shall be understood to reserve its right to any coal deposits on land of the public domain reserved for provincial, municipal or school purposes, or granted in any manner to provinces or municipalities, or the usufruct of which has been granted to private corporations, and likewise on lands of the public domain or granted under the provisions of the Public Land Act, if at the time of the disposition thereof the Government was not aware of the existence of such coal deposits.

SEC. 2. Any unreserved, unappropriated coal-bearing public land may be leased by the Secretary of Agriculture and Natural Resources in blocks or tracts of not less than four hundred nor more than twelve hundred hectares each, in such manner as may, in the opinion of the Secretary of Agriculture and Natural Resources, allow the economic exploitation of the coal. The lease may be granted to any person above the age of twenty-one years who is a citizen of the Philippine Islands or of the United States, or to any association of such persons, or to any corporation organized under the laws of the Philippine Islands: *Provided*, That a majority of the stock of such corporation shall at all times be owned and held by citizens of the United States or the Philippine Islands: *And provided further*, That any person, association, or corporation qualified to become a lessee under this Act, and owning any located or patented claim to any coal lands in the Philippine Islands, may, within one year from the passage of this Act, enter into an arrangement with the Secretary of Agriculture and Natural Resources whereby such claim shall be fully relinquished to the Government as a condition precedent to acquiring a lease under the provisions of this Act, said owner, in consideration of such relinquishment, being given the preference in applications for leasing contiguous tracts. The Department Secretaries, acting jointly, are authorized to pay a compensation in exchange for such relinquishment if they see fit.

SEC. 3. Leases under the provisions of this Act shall be issued upon publication, in the manner and subject to the rules prescribed by the Secretary of Agriculture and Natural Resources, for periods of not more than fifty years each, subject to renewal on such terms and conditions as may be authorized by law at the time of such renewal, and no such lease shall be assigned or sublet except with the consent of the Secretary of Agriculture and Natural Resources, and in this case only to persons and associations of persons or corporations having the qualifications required of lessees. Every lease shall contain a clause by which the lessee shall bind himself to comply with the rules and regulations issued by the Secretary of Agriculture and Natural Resources for the purpose of insuring the exercise of reasonable diligence, skill, and care in the operation of said property and for the prevention of undue waste, together with such other rules and regulations as the said Secretary may make for the protection of the interests of the Government and for the promotion of

the public welfare. For the privilege of mining, extracting, and disposing of the coal in the lands covered by his lease, the lessee shall pay to the Government of the Philippine Islands, through the Collector of Internal Revenue, such royalties as may be specified in the lease, which shall not be less than ten centavos per ton of one thousand and sixteen kilos, said royalties to be due and payable at the end of each month succeeding that of the shipment of the coal from the mine, and an annual rental, payable in advance on the date of the approval of the lease and thereafter at the beginning of each year, on the lands covered by such lease, at the rate of two pesos and fifty centavos per hectare for the first year and five pesos per hectare for each and every year thereafter during the continuance of the lease: *Provided*, That such rental for any year shall be credited against the royalties as they accrue for that year.

SEC. 4. Any person, association, or corporation holding a lease of coal lands under this Act may, with the approval of the Secretary of Agriculture and Natural Resources and through the same procedure and upon the same terms and conditions as in the case of an original lease under this Act, secure a further or new lease covering additional lands contiguous to those embraced in the original lease, but in no event shall the total area embraced in such original and new leases exceed in the aggregate twelve hundred hectares: *Provided*, That upon satisfactory showing by the lessee that all of the workable deposits of coal within the limits of the land leased will be exhausted or removed within three years thereafter, the Secretary of Agriculture and Natural Resources may, within his discretion, lease to such lessee an additional tract of land or coal deposits, which, including the coal area remaining in the original lease, shall not exceed twelve hundred hectares, through the same procedure and subject to the same requirements as in case of the original lease.

SEC. 5. Subject to the approval of the Secretary of Agriculture and Natural Resources, lessees holding under leases small blocks or areas may consolidate their said leases or holdings so as to include in a single holding a total of not to exceed twelve hundred hectares, provided all lessees have at the time of such consolidation complied individually with all their obligations towards the Government.

SEC. 6. Each lease shall be for such leasing block or tract of land as may be offered or applied for, not exceeding in area twelve hundred hectares of land, and no person, association, or corporation, except as hereinafter provided, shall be permitted to take or hold any interest as a stockholder or otherwise in more than one such lease under this Act, and any interest held in violation of this proviso shall be forfeited to the Government by appropriate proceedings instituted by the Attorney-General for that purpose in any court of competent jurisdiction, except that any such ownership and interest hereby forbidden which may be acquired by descent, will, judgment, or decree may be held for two years, and not longer, after its acquisition.

SEC. 7. Any person who shall purchase, acquire, or hold any interest in two or more such leases, except as herein provided, or who shall knowingly purchase, acquire, or hold any stock in a corporation having an interest in two or more such leases, or who shall knowingly sell or transfer to one disqualified to purchase, or, except as in this Act specifically *provided*, disqualified to acquire, any such interest, shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and by a fine not exceeding two thousand pesos: *Provided*, That any such ownership and interest hereby forbidden', which may be