

DEPARTMENT CIRCULAR NO. 2000-05-009

ESTABLISHMENT OF A CORRIDOR OF FOCUS AS PART OF THE WINDOW OF OPPORTUNITY FOR PHILIPPINE PETROLEUM EXPLORATION

WHEREAS, offshore areas contribute significant quantities of petroleum production in the ASEAN region and available data in the Department of Energy indicate the high prospectivity for petroleum in the Corridor of Focus as herein defined;

WHEREAS, the existence of substantial petroleum deposits in deepwater areas west of Palawan has been demonstrated with the commercial discovery of natural gas and associated oil in the Malampaya Field within Service Contract No. 38;

WHEREAS, there is a growing need for petroleum in the Philippines and in the region and an evolving regional grid for natural gas;

WHEREAS, in order to harness the full potential of indigenous petroleum and to enhance energy supply, the government shall embark on a campaign to encourage foreign and local investors to explore in areas surrounding the said field and relevant infrastructure;

WHEREAS, the discoveries of substantial petroleum deposits in southwestern Philippines should be sustained in line with efforts to promote the stability of energy supply and prices;

NOW, THEREFORE, premises considered and in order to attain the aforementioned objectives, the following are hereby promulgated:

1. A three (3)-year Window of Opportunity for offshore petroleum exploration in proximity to the Malampaya Field and associated infrastructure, to be known as Corridor of Focus shall be open starting on 16 June 2000 until 15 June 2003.
2. The Corridor of Focus shall specifically include the following geographical areas:
 1. Offshore areas surrounding Palawan
 2. Sulu Sea
 3. Offshore areas surrounding Mindoro
3. During the Period of the Window of Opportunity, Petroleum Service Contractors who will participate in work programs in the Corridor of Focus shall have the option to either suspend or transfer work obligations from one existing contract area to any area in the Corridor of Focus, thereby entitling a Petroleum Service Contractor to either suspend or transfer its work obligations for a particular contract year, provided that:
 - (a) For consortia wherein 10 % - 50 % participating interest of the consortium members explore in the Corridor of Focus, suspension of contractual work obligations shall be allowed;
 - (b) For consortia wherein more than 50 % participating interest of the consortium members explore in the Corridor of Focus, transfer of contractual work obligations shall be allowed;
4. Discount on data fees on available and relevant data and such other fees normally imposed by the Department of Energy for any operator of a Geophysical Survey and Exploration Contract or Service Contract entered into during the Window of Opportunity shall be granted.
5. The Department of Energy shall issue implementing guidelines under this Circular.

Fort Bonifacio, Taguig, Metro Manila, 22 May 2000.

(Sgd.) **Secretary MARIO V. TIAOQUI**