



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. 2007-10 - 0007_{gcs}

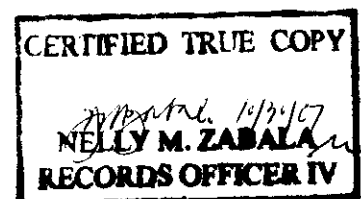
**LPG CYLINDER OWNERSHIP
AND OBLIGATIONS RELATED THERETO**

WHEREAS, pursuant to Republic Act Nos. 7638 (Department of Energy Act of 1992) and 8479 (Downstream Oil Industry Deregulation Act of 1998), Batas Pambansa Blg. 33 as amended by Presidential Decree 1865 (Defining and penalizing certain prohibited acts involving petroleum/petroleum products), and under pertinent rules and regulations, the DOE has the power to monitor, supervise and regulate the petroleum industry and impose corresponding administrative penalties for violations thereof;

WHEREAS, disputes and disagreements among industry players have increased in the recent years regarding generally, the ownership of liquefied petroleum gas (LPG) cylinders, owing to the absence of clear guidelines defining such ownership, misunderstanding by consumers and dealers alike, and the inordinate indifference of industry players to address this particular concern amongst themselves;

WHEREAS, the DOE has already issued Department Circular No. DC2000-05-007, requiring among others that the owners or sources of LPG cylinders to emboss their brand and ownership markings on LPG cylinders, in an attempt to identify the owners thereof for purposes of accountability;

WHEREAS, illegal practices in LPG industry are escalating, more particularly in the refilling LPG cylinders without the prior approval or consent of the owner of the LPG cylinders, in the process depriving the latter of reasonable business return, fomenting unsafe handling practice, and thus increasing risk and danger to the consuming public;



WHEREAS, there is now a pressing need to establish clear directives in order to diminish, if not totally eliminate, illegal practices and abuses such as above, to prevent evasion of liability on the part of LPG industry players, and to provide clear guidelines and reference on the ownership of LPG cylinders, to enable the Department to identify the proper liable persons and impose the appropriate penalty thereof;

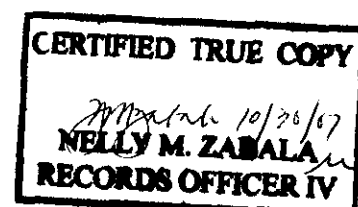
WHEREAS, in consideration of the foregoing, the following guidelines are hereby promulgated to govern these concerns:

SECTION 1. The brand owner whose permanent mark/markings appear/s on the LPG cylinder shall be presumed the owner thereof, irrespective of the party in custody or possession of the cylinder, and regardless of whether such cylinder is, or continues to be, properly marked, stamped or identified to contain its LPG brand, or whether such cylinder is in compliance, or continues to comply with any other product or quality standard prescribed under law, by the DOE or by the Department of Trade and Industry (DTI), unless there is any unequivocal proof or indication that such cylinder was sold, alienated, or otherwise disposed of by the brand owner to an unrelated third party under a written instrument.

SECTION 2. The brand owner shall have the obligation to ensure that its cylinders comply with all required product quality, quantity and safety standards and specifications before they are released for sale/distribution and while they are in circulation: Provided that receipt by the DOE of a verified notice or report from the brand owner regarding any loss, stolen or missing LPG cylinders shall *prima facie* relieve the cylinder owner of the obligation to ensure the quality, safety and exact net content of such LPG cylinders. Such report may be rebutted by contrary evidence.

SECTION 3. The brand owner shall issue authorization to entity/firm authorized to refill their LPG cylinders. Consequently, an entity/firm who shall refill LPG cylinders without authority from the brand owner shall be charged with "Illegal Refilling" and corresponding sanctions shall be applied;

SECTION 4. Upon notice of this Circular, all brand owners shall immediately commence LPG cylinder audit and recovery program for a period not exceeding six (6) months from effectivity of this Circular; and report the same to OIMB.

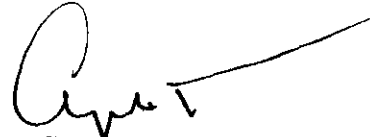


Provisions to complement this definition may be issued subsequently, as necessary.

Penalties and sanctions for violations of this Circular shall be covered by existing regulations, including DOE D.C. No. 2000-06-010, or amendments thereto.

This Memorandum Circular shall take effect immediately upon its publication in two (2) newspapers of general circulation.

Fort Bonifacio, Taguig City, OCT 13 2007.



ANGELO T. REYES
Secretary
Department of Energy

