

Malacañang
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 473

TASKING THE DEPARTMENT OF ENERGY (DOE) TO PURSUE THE IMMEDIATE EXPLORATION, DEVELOPMENT AND PRODUCTION OF CRUDE OIL FROM THE CAMAGO-MALAMPAYA RESERVOIR

WHEREAS, Article XII, Section 2 of the Constitution declares that all minerals, petroleum and other mineral oils, and other natural resources are owned by the State, and that the exploration, development, and utilization of these resources shall be under the full control and supervision of the State;

WHEREAS, on December 1990, the Republic of the Philippines, represented by the Department of Energy ("DOE"), entered into Service Contract No. 38 ("SC 38") and engaged the services of a consortium, today composed of Shell Exploration B.V., Shell Philippines LLC, Chevron Malampaya LLC and PNOC-Exploration Corporation, as Contractor for the exploration, development and production of petroleum resources in an identified area offshore northwest of the province of Palawan;

WHEREAS, on 30 April 1998, the DOE and the SC 38 Contractor jointly declared that the petroleum found in the areas designated as the Camago-Malampaya and San Martin reservoirs are in commercial quantity;

WHEREAS, while the Camago-Malampaya Reservoir is known to contain both natural gas and oil resources, the SC 38 Contractor had expressed its position that it cannot undertake the development of the Camago-Malampaya oil leg since, based on its own evaluation, it is not commercially viable;

WHEREAS, oil exploration and production activities need to be urgently conducted in the Camago-Malampaya Reservoir at this time that extracting the volumes of resources from the oil leg is still possible as the conduct of the activity has not yet been significantly undermined by the continued production of natural gas;

WHEREAS, the increasing prices of oil and petroleum products in the world market also has made it urgent and imperative for the Government to aggressively pursue its energy independence agenda, including the development and production of domestic oil reserves;



4

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Lead Agency. The DOE, on behalf of the State, is hereby directed to immediately pursue the exploration, development and production of crude or black oil from the Camago-Malampaya Reservoir, respecting the existing rights of the SC 38 Contractor over the area and with paramount consideration of the national interest.

SECTION 2. Integrated Assistance. The DOE shall undertake the above-mentioned activities through the Philippine National Oil Company ("PNOC"), the government corporation mandated to undertake and transact business relative primarily to oil and petroleum operations, or its subsidiaries.

For this purpose, the DOE and PNOC or its designated subsidiary shall at once commence discussions on and define the terms of service for the exploration, development and production of crude or black oil from the Camago-Malampaya Reservoir.

In defining the terms of service thereof, the DOE and PNOC or its designated subsidiary may consult the SC 38 Contractor with the end in view of optimizing the joint operations of the concerned stakeholders in the production of natural gas and crude or black oil from the Camago-Malampaya Reservoir.

SECTION 3. Third Party Participation. The PNOC or its designated subsidiary may, if necessary, engage the participation of third parties in the exploration, development and production of the crude or black oil from the Camago-Malampaya Reservoir, subject to existing rights over the area, the requirements of applicable laws, government rules and regulations and prior approval of the DOE.

SECTION 4. Reports. The DOE shall submit regular reports to the President on the progress of its efforts in the implementation of this Executive Order.

SECTION 5. Repealing Clause. All other executive issuance, rules and regulations or parts thereof which are inconsistent with the provision of this Executive Order are hereby repealed, amended or modified accordingly.

SECTION 6. Separability Clause. If any section or provision of this Executive Order shall be declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.



SECTION 7. Effectivity. This Executive Order shall take effect immediately following its publication in the Official Gazette or in a newspaper of general circulation.

Done in the City of Manila, this 29th day of November, in the year of Our Lord, Two Thousand and Five.

Gloria Arroyo



By the President:

Ma. Mercedes N. Gutierrez
MA. MERCEDITAS N. GUTIERREZ
Acting Executive Secretary



CERTIFIED COPY:

Lamberto R. Barbin
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