

DEPARTMENT CIRCULAR NO. DC2023-XX-XXXX

PROVIDING GUIDELINES AND PROCEDURES ON THE REGISTRATION OF ALL SUBCONTRACTS ENTERED INTO BY PETROLEUM SERVICE CONTRACTORS AND COAL OPERATING CONTRACT OPERATORS

WHEREAS, Section 4 of the Republic Act (R.A) No. 7638, as amended, otherwise known as the "*Department of Energy (DOE) Act of 1992*", mandates the DOE to "*prepare, integrate, coordinate, supervise, and control all plans, programs, projects, and activities of the Government relative to energy exploration, development, utilization, distribution, and conservation*";

WHEREAS, Section 5 (k) of R.A 7638, as amended by Section 5 (p) of R.A No. 9136 otherwise known as the "*Electric Power Industry Act of 2001 (EPIRA)*", provides that among the functions of the DOE is to "*formulate such rules and regulations as may be necessary to implement the objectives of this Act*";

WHEREAS, Presidential Decree (PD) No. 87, as amended, otherwise known as "*The Oil Exploration and Development Act of 1972*", declares it the policy of the State "*to hasten the discovery of indigenous petroleum thru the utilization of the government and or private resources local and foreign under the arrangements embodied in this Act which are calculated to yield the maximum benefit to the Filipino people and the revenues to the Philippine Government for use in furtherance of national economic development, and to assure just returns to participating private enterprises, particularly those that will provide the necessary services, financing and technology and fully assume all exploration risks*";

WHEREAS, PD No. 972, as amended, otherwise known as "*The Coal Development Act of 1976*", declares it the policy of the State "*to immediately accelerate the exploration, development, exploitation, production and utilization of the country's coal resources*";

WHEREAS, PD No. 1354, as amended entitled "*Imposing Final Income Tax on Subcontractors and Alien Employees of Service Contractors and Subcontractors Engaged in Petroleum Operations in the Philippines under Presidential Decree No. 87*" mandates the registration of all contracts relating to oil operations entered into the between the service contractor and a subcontractor engaged in petroleum operations in the Philippines as an additional condition for reimbursement of operating expense.

WHEREAS, on 01 August 2014, the DOE promulgated Department Circular (DC) No. DC2014-08-0013 entitled "*Adopting New Mechanisms and Procedures in the Registration of All Subcontracts Entered into by Petroleum Service Contractors under Presidential Decree No. 87, as amended, and Coal Operating Contract Holders under Presidential Decree No. 972, as amended, Amending for this Purpose Office of Energy Affairs Circular Nos. 82-09-09, 82-09-09A and 89-08-09*", which prescribes the mechanisms and procedures for the registration of Subcontracts entered into by Petroleum Service Contractors and Coal Operating Contract Operator;

WHEREAS, there is a need to streamline and rationalize the registration process of the Subcontracts entered into by Petroleum Service Contractors and Coal Operating Contract Operators relative to the implementation of their respective contracts;

NOW, THEREFORE, for and in consideration of the foregoing premises, the following guidelines and procedures are hereby adopted and promulgated for compliance by all concerned:

Section 1. Scope and Application. This Circular shall govern the registration of all subcontracts entered into by Service Contractors under P.D. 87, as amended, and COC Operators under P.D. 972, as amended with subcontractors for cost recovery purposes.

For purposes of this Circular, subcontract/s shall mean all contracts or agreements entered into by Petroleum Service Contractors or Coal Operating Contract Operators for the implementation of their respective contractual obligations. This includes contracts relating to the administrative operation of their offices such as those covering janitorial services; lease of land, office space, staff houses, office cars, and office equipment; maintenance service thereof and other contracts of similar nature.

Section 2. Policy on Subcontract Registration.

- a. All subcontracts entered into by Service Contractors and COC Operators with subcontractors for the PSC or COC operations shall be registered with the DOE not later than thirty (30) calendar days from the date of execution thereof.

Subcontracts that are valid for multiple years shall likewise be registered annually not later than thirty (30) calendar days from the anniversary of its execution.

Any subcontract not registered in accordance with this Circular shall not be allowed for cost recovery.

- b. Purchase Orders, Tax Invoices, Billing Statement or other documents of similar nature shall not be considered a subcontract for purposes of this Circular.
- c. Only subcontracts included in the approved Work Program and Budget (WP&B) and Annual Procurement Plan (APP) may be registered.
- d. All subcontracts shall be subject to applicable taxes under the National Internal Revenue Code (NIRC), as amended.
- e. No subcontract shall provide petroleum and/or coal as payment for the services of the subcontractor.
- f. No subcontract shall involve the assignment or transfer of rights and responsibilities under the SC or COC. The registration of subcontracts shall

not be construed as an assignment or a transfer of rights and responsibilities under the SC or COC.

- g. The Service Contractor and COC Operator shall remain primarily responsible to the DOE for the work obligations and commitments under their respective contracts.
- h. The Service Contractor and COC Operator shall remain responsible for the compliance with the applicable safety, security, and environmental laws, rules and regulations of their subcontractors.

Section 3. Procedures for Registration of Subcontracts.

- a. The applicant shall secure an application number and a billing statement from the Petroleum Resources Development Division (PRDD) for petroleum operations, or from the Coal and Nuclear Minerals Division (CNMD) for coal operations. Each application shall cover only one (1) subcontract for registration.
- b. Upon the issuance of the billing statement, the applicant shall secure an Order of Payment from the Accounting Division of the Financial Services.
- c. The applicant shall pay the processing fee of Five Hundred Pesos (Php500.00)¹ to the Treasury Division within ten (10) calendar days from the issuance of the Order of Payment.
- d. After payment of the processing fee, the applicant shall submit the following documents to the Records Management Division (RMD) of the DOE:
 - i. Duly filled up application form (ERDB Form 2023-Subcon), signed by the authorized company representative.
 - ii. Original or certified true copy of the subcontract for registration with annexes, if any;
 - iii. Copy of the Official Receipt as proof of payment of the processing fee and
 - iv. Proof of inclusion of the subcontracted service in the APP.
- e. The RMD shall receive and transmit the application documents to the Energy Resource Development Bureau (ERDB) for technical evaluation.
- f. After technical evaluation, the ERDB shall endorse the same to the Legal Services for legal evaluation.

¹ Such fees shall be reviewed and updated periodically in the DOE Schedule of Fees and Charges.

- g. An application with incomplete documents or filed beyond the period under Section 2(a) hereof shall be disapproved.
- h. An application that passed the evaluation shall be approved. Accordingly, the subcontract covered by such application shall be registered and a registration number shall be issued therefor.

Section 4. Transitory Provision. All subcontracts entered into by Service Contractors and COC Operators prior to the effectivity of this Circular shall be registered with the DOE within a period of thirty (30) days from the effectivity of this Circular, subject to the requirement under Section 7 of DC 2014-08-0013. After the lapse of such period, any application for the registration of these subcontracts shall no longer be accepted.

Section 5. Separability Clause. If, for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 6. Repealing Clause. DOE BED Circular Nos. 80-06-03, 80-07-05, 80-08-06, 83-01-01, and 83-04-06 are hereby repealed. All circulars, orders, letters of instructions or issuances contrary to or inconsistent with this Circular are hereby repealed, modified, or amended accordingly.

Section 7. Effectivity. This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation. Let copies of this Circular be filed with the University of the Philippines Law Center – Office of National Administrative Register.

Issued this _____ day of _____ 2023 in Bonifacio Global City, Taguig City.

RAPHAEL P.M. LOTILLA
Secretary



**APPLICATION FOR THE REGISTRATION OF SUBCONTRACTS ENTERED INTO
BY PETROLEUM SERVICE CONTRACTORS AND COAL OPERATING
CONTRACT OPERATORS**

SC/COC No. : _____
Application No.: _____
Date Received: _____

Name of Applicant : _____

Business Address : _____

Telephone/Mobile No.: _____ Email Address: _____

O.R. Number : _____
(attached copy of O.R.)

SUMMARY OF SUBCONTRACT/S FOR REGISTRATION

Name of Subcontractor:	Contract Amount (including tax):
Service/s Provided:	Date of Execution:
	Contract Term:
Contract Description:	
APP Reference:	

The Applicant, in submitting this application/s and its supporting documents, voluntarily consents to the collection and processing of all Personal Data in accordance with Republic Act No. 10173 (Data Privacy Act of 2012), and allows the duly authorized representative/s of the DOE to use, disseminate and process the Personal Data for any lawful purpose.

Printed Name and Signature of Applicant or
Authorized Company's Representative

Designation/Position: _____