

# Salient Features of the Proposed Department Circular for the Awarding of New Petroleum Service Contracts

***Guillermo H. Ansay***

*Chief Science Research Specialist*

*Petroleum Resources Development Division*

E-Power Mo

12 July 2017

Philippine International Convention Center, Manila



# Outline

---

## **Department Circular (DC) for the Philippine Conventional Energy Contracting Program (PCECP) for Petroleum**

- 1. Legal Basis**
- 2. Creation of the Review and Evaluation Committee (REC)**
- 3. Who Can Apply?**
- 4. What Application to File?**
- 5. How to Apply?**
  - A. Pre-Determined Areas**
  - B. Nominated Areas Outside Pre-Determined Areas**
  - C. Challenge Period**
- 6. Evaluation and Awarding**
- 7. Timeline**



# Legal Basis

---

**1. Presidential Decree No. 87:**

*“ The Oil Exploration and Development Act of 1972 ”*

**2. Republic Act (RA) No. 7638:**

*“ The Department of Energy (DOE) Act of 1992 ”*

**3. DOE Department Circular No. DC2014-02-0005:**

*“ Reiterating a Transparent and Competitive System of Awarding Service and Operating Contracts for Petroleum and Coal Prospective Areas, Repealing for this Purpose Department Circular Nos.DC2011-12-0010 and DC2012-02-0003 ”*



# Creation of the Review and Evaluation Committee (REC)

---

**Chair:** Undersecretary-in-charge of the Energy Resource Development Bureau (ERDB)

**Vice Chair:** Assistant Secretary nominated by the Chair

**Members:** Director of the ERDB  
Director of the Financial Services (FS)  
Director of the Legal Services (LS)  
Director of the Information Technology and Management Services (ITMS)



# Creation of REC Secretariat / TWG

---

**Head:** Assistant Director of the ERDB

**Members:**

- Chief, Petroleum Resources Development Division (PRDD)
- Chief, Coal and Nuclear Minerals Division (CNMD)
- Chief, Conventional Energy Resource Compliance Division (CERCD)
- Chief, Upstream Conventional Energy Legal Services Division (UCELSD)
- Chief, Information Services Division (ISD)
- Chief, Information and Data Management Division (IDMD)



# Who Can Apply?

---

1. All Applicants, either local or foreign, should be technically, legally and financially qualified.
2. Applicants may be an individual company or group of companies forming a joint venture / consortium;



# What Application to File?

---

1. Mode of Application – Interested parties may apply for areas that are:
  - a. Pre-Determined by DOE (with Data Packages) and/or;
  - b. Outside the Pre-Determined Areas Submitted for DOE's approval
2. One Application – One Contract Area Policy;



# A. How to Apply? – Procedures (1/4) for Pre-Determined Areas

## Identification of Pre-Determined DOE Areas

- Pre-determined areas shall be approved by the REC;
- Additional areas may be proposed by the REC as deemed appropriate;
- **Data packages** shall be made available for each DOE area



## Publication of DOE Areas

- Published in two (2) newspapers and at the DOE website;
- Promotional activities outside of the Philippines may be done to encourage foreign participants;
- Area remains open for competitive selection until a nomination for an area, with the corresponding application, has been filed



## Area Nomination

- Requires a Letter of Intent with complete legal, technical and financial documents;
- Payment of Php 200,000 upon submission of said application documents;
- Submission shall be acknowledged within fifteen (15) working days from receipt





## B. Procedures (2/4) – Nomination Outside of Pre-Determined Areas

### Identification of Applicant's Own Area of Interest

- An applicant shall first ensure compliance to the [Petroleum Area Specifications](#) for the area to be nominated;



### Area Nomination

- Requires a **Letter of Intent** including:
  - **Technical Description and Maps** of nominated area/s; and
  - **Certification of Non-Overlap** from the DOE-ITMS;
- Submission shall also include complete legal, technical and financial documents;
- Payment of Php 200,000 upon submission of said application documents



### DOE's Approval/Rejection of the Applicant's Area

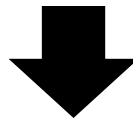
Notification on the approval/rejection shall be made within fifteen (15) working days from receipt of the nomination



# Procedures (3/4) – Challenge Period

## Publication of the existence of the application for challenge

- The DOE shall cause **the publication of the existence of the application on the nominated area/s** with an invitation for challenge in two (2) newspapers of general circulation which shall include the following:
  1. *Timeline for the Contracting Program*
  2. *Location Map and Technical Description of the Area under challenge*
  3. *Notice/Reminder that Applications shall be prepared and submitted in accordance with the PCECP Guidelines*
- Initiates a **60-working-day** challenge period per **area under challenge**



## Submission of Counter-Proposals

- All interested parties shall submit a **Letter of Intent** including complete legal, technical and financial documents;
- Payment of **Php 1,000,000** upon submission of said documents;
- Opening of Application (60<sup>th</sup> day after publication, 1300H) – applicants shall be notified if qualified or not based on **completeness** of submitted documents



# Procedures (4/4) – Evaluation to Awarding

## Evaluation of Applications

- **15-working-day** evaluation period pursuant to the DOE Citizen's Charter;
- REC Criteria
  - Legal Qualification - Pass or Fail;
  - Work Program - 40%
  - Technical Qualification - 20%
  - Financial Qualification - 40%



## Endorsement to the Secretary

- Highest-ranked applicant who initially meets the REC Criteria shall be selected and endorsed by the REC (5 working days) to the Secretary;
- All applicants shall be notified of the results of the REC's evaluation

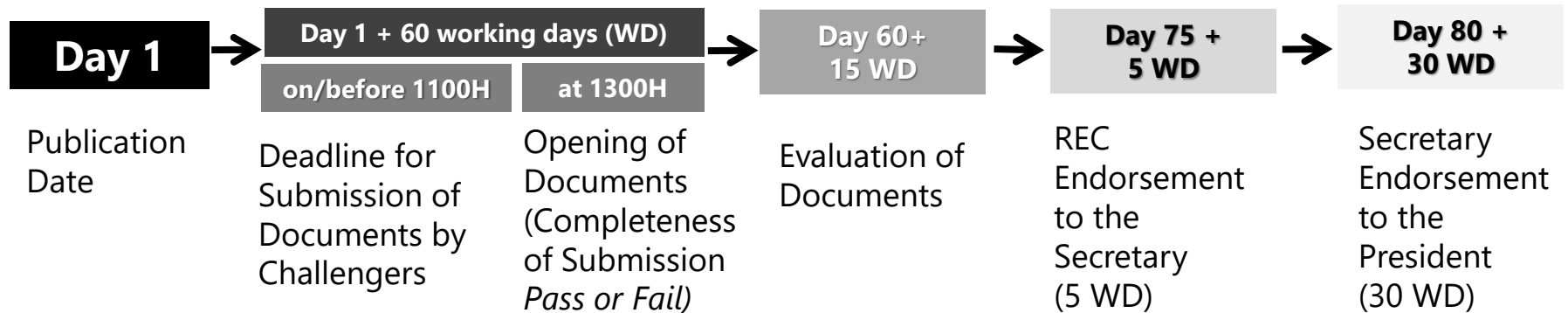


## Endorsement of Secretary to the President/Awarding of PSC

- Endorsement of PSC by DOE Secretary to the President for signature;
- Payment of processing fee by the winning applicant (Php0.48/hectare);
- Finalization and execution of PSC



# Timeline (Publication of Application to Awarding)



---

Thank you!

