

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

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Outline

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

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- 2. Creation of the Review and Evaluation Committee (REC)**
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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

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

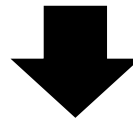
Notification on the approval/rejection shall be made within fifteen (15) working days from receipt of the nomination



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-calendar-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 non-refundable application fee of Php 1,000,000 upon submission documents;
- Opening of Application (60th 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

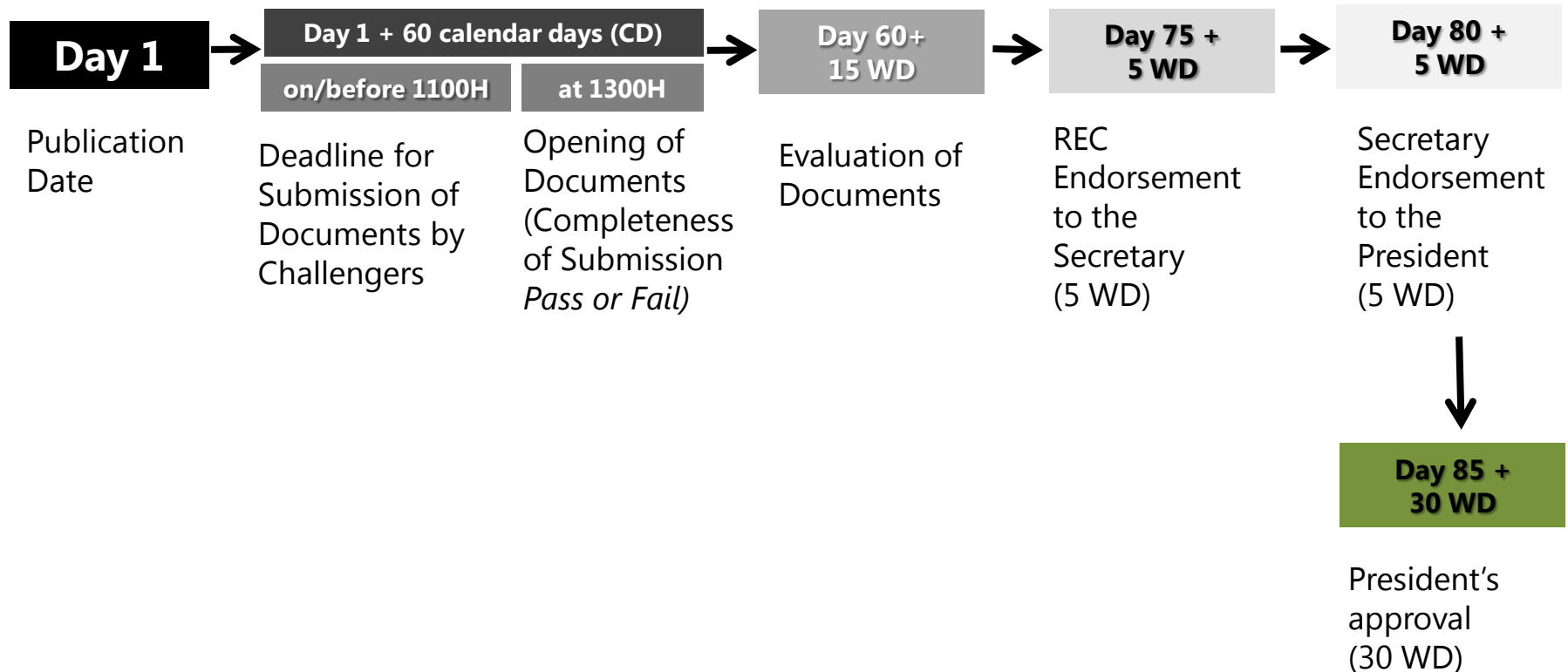


Endorsement of Secretary to the President/Awarding of PSC

- 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!

