

Exploration Opportunities in the Philippines

Fiscal Terms

BE PART of a new milestone as the country takes another leap in the promising business of petroleum exploration in this underexplored corner of the globe. Let the search continue as the Philippines opens all its viable exploration corridors to probe the archipelago's complex geology, and unearth accumulations reaching a total of 25 trillion cubic feet of gas and 4 billion barrels of oil within the country's thick sedimentary depocenters.

INVEST under a rewarding partnership with the Philippine Government and enjoy a conducive business environment through a profit-intensive scheme and competitive fiscal terms that rivals those of neighboring countries in the Asia-Pacific Region. The consortium of Shell, Chevron and PNOC-EC in 2001 invested some USD2.1 Billion for the Malampaya Project which was cost recovered in just four years of production. Over the years, the Petroleum Service Contract System has been established in a way that is appealing to the industry's major players such as Total, Shell and Chevron. This is coupled with the increasing demand for petroleum products and the uptrend in prices making the prospect for petroleum even brighter.

EXPLORE petroleum-prospective areas under an improved licensing system of the PCECP. Fourteen (14) Pre-Determined Areas (PDAs), with a total area of 7.24 million hectares, are initially being offered along with corresponding technical data that may aid interested parties in the preparation of proposals during a 180-day PDA application period, start of which shall be announced by DOE. Alternately, nominations for other areas of interest outside of PDAs may be submitted at any time that will be subjected to a 60-day challenge period.

Area

Per PD 87
Onshore 50,000 to 750,000 hectares
Offshore 80,000 to 1,500,000 hectares

Contract Duration

-7 years for exploration
(can be extended up to 3 years)
-25 years for production;
(can be extended for another 15 years);
Total number of years of the contract shall not exceed 50 years

Filipino Participation Incentive Allowance (FPIA)

Minimum of 1.5% and maximum of 7.5% of gross proceeds for service contracts with at least 15% participation by Filipino companies

Cost Recovery

-70% maximum of gross proceeds or actual expenses per calendar year whichever is lower; unrecovered costs for the current calendar year to be carried over in the succeeding calendar year
-100% recoverable costs for non-capital expenditures;
-capital expenditures depreciated over 5 to 10 years

Production Sharing

Government = 60% of net proceeds
Contractor = 40% of net proceeds

Corporate Income Tax Rate

30% of grossed-up contractor share on net proceeds which is paid out of government share

Signature Bonus Developmental Assistance

Minimum of USD 50,000

Minimum of USD 60,000 (75% for the DEPARTMENT and 25% for the scholarship and institutional assistance to universities/colleges identified by the DEPARTMENT)
In succeeding years: USD 5,000 for scholarship per year (cumulative)
Production phase - to be negotiated based on production rate (minimum of USD 10,000 per year cumulative)

Prod. Bonuses - Oil

Minimum of:
USD 300,000 at start of production;
USD 500,000 at 25,000 BOPD;
USD 1 MM at 50,000 BOPD;
USD 2 MM at 75,000 BOPD

Prod. Bonuses - Gas

Minimum of:
USD 300,000 at start of production
USD 500,000 at 250 MMCFGD;
USD 1 MM at 500 MMCFGD; and
USD 2 MM at 750 MMCFGD

Training Allowance

Minimum of USD 20,000 per year during exploration period (cumulative);
Minimum of USD 50,000 per year during production year (cumulative, to be negotiated based on production rate)



Republic of the Philippines
DEPARTMENT OF ENERGY
<http://www.doe.gov.ph/>
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PCECP
Philippine Conventional Energy Contracting Program

The Department of Energy
Philippine Conventional Energy
Contracting Program

petroleum exploration



Invest...
Explore...
Succeed...

Evaluation Criteria

In evaluating the documents submitted by each applicant, the DOE Centralized Review and Evaluation Committee (C-REC) will assess the application based on the criteria listed below.

Criteria	Key Elements	Weight (%)
Legal Qualifications	Completeness and validity of required legal documents	PASS or FAIL
Work Program	Resource potential and exploration approach Work Commitment	40
Financial Qualifications	Development Concepts Evidence of Available Funds Financial Track Record	40
Technical Qualifications	Experience Track Record	20

The weighing factors are indicative based on the Department Circular (DC) No. DC2017-12-0017, and DOE reserves the right to reject any or all proposals submitted. Applications will only be accepted upon presentation of the Official Receipt of payment for the non-refundable application fee of Php 200,000 per Pre-Determined Areas (PDAs) or nominated area applied for; or Php 1,000,000 per nominated area with existing applications. The winning applicant shall be charged an additional processing fee of Php 0.48 per hectare.

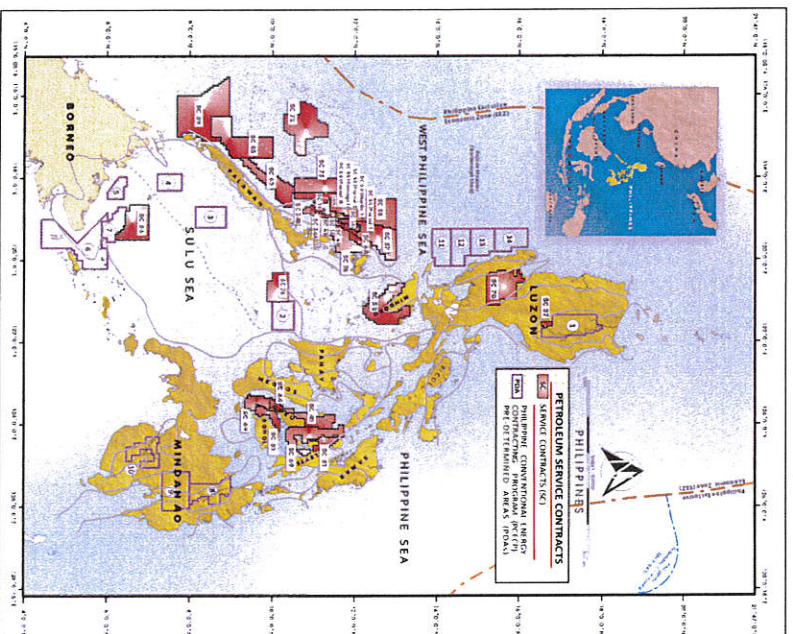
Timeline

TIMELINE FOR PRE-DETERMINED AREAS (PDA)

ACTIVITY	DATE
Launching of PCECP	Day 1
Deadline for Submission of Documents by PDA applicants	Day 1 + 180 calendar days : 1100H
Opening of Documents	Day 1 + 180 calendar days : 1330H
Evaluation of Documents	Day 181 + 15 working days
Endorsement of Winning Applicant/s to DOE Secretary	Day 196 + 5 working days

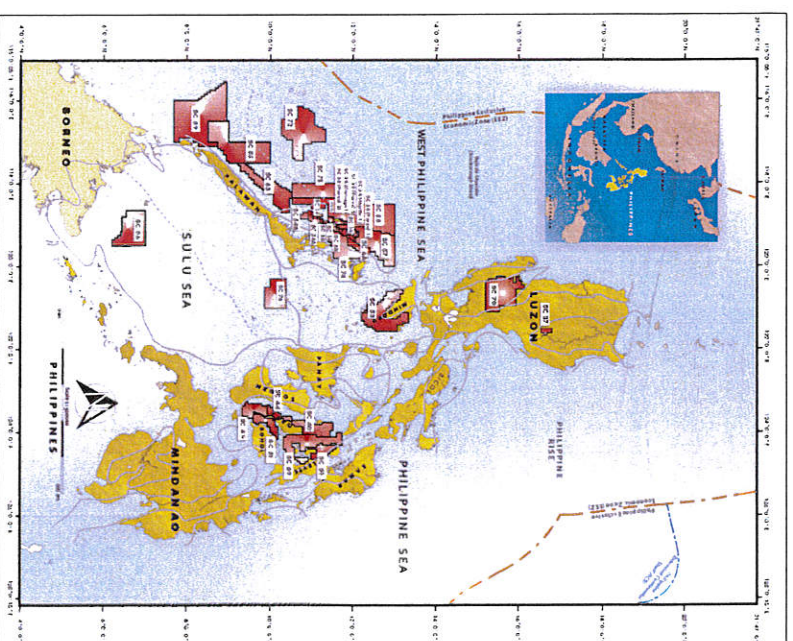
TIMELINE FOR NOMINATED AREAS

ACTIVITY	DATE
Publication Date of Nominated Area	Day 1
Deadline for Submission of Documents by applicants	Day 1 + 60 calendar days : 1100H
Opening of Documents	Day 1 + 60 calendar days : 1330H
Evaluation of Documents	Day 61 + 15 working days
Endorsement of Winning Applicant to DOE Secretary	Day 76 + 5 working days



PRE-DETERMINED AREAS (PDAs) FOR OFFER

Area	Hectareage	Location
Area 1	748,000	Cagayan Basin
Area 2	448,000	East Palawan Basin
Area 3	440,000	East Palawan Basin
Area 4	288,000	East Palawan Basin
Area 5	212,331	Sulu Sea Basin
Area 6	1,282,335	Sulu Sea Basin
Area 7	358,000	Sulu Sea Basin
Area 8	448,000	Agusan-Davao Basin
Area 9	748,000	Agusan-Davao Basin
Area 10	384,000	Cotabato Basin
Area 11	488,000	West Luzon
Area 12	464,000	West Luzon
Area 13	452,000	West Luzon
Area 14	480,000	West Luzon
Total	7,240,666	



LIST OF PETROLEUM SERVICE CONTRACTS

SC	SERVICE CONTRACTS (SC)
54	The Philodril Corp. - NW Palawan (Area = 108,146,587 has.)
55	The Philodril Corp. - NW Palawan (Area = 53,293,945 has.)
56	The Philodril Corp. - NW Palawan (Area = 70,887,52 has.)
57	PNOC - Exploration Corp. - Cagayan Basin (Area = 36,000,00 has.)
58	Shell Philippines Exploration B.V. - Palawan (Area = 83,000,00 has.)
59	Forum Exploration Inc. - N. Cebu (Area = 340,000,00 has.)
60	GasGrid Pre Limited - Central Cebu (Area = 75,000,00 has.)
61	China Intl. Mining Pet. Co Ltd. - Southern Cebu (Area = 197,000,00 has.)
62	PHINMA Pet. & Geothermal Inc. - East Visayan (Area = 332,000,00 has.)
63	Mindoro Palawan Oil and Gas-Onshore Mindoro (Area = 724,000,00 has.)
64	Nido Pet. Phil. Pvt. Ltd. - NW Palawan (Area A / B = 43,515 / 56,000 has.)
65	Palawans Explo. & Prod. Corp. - West Palawan (Area = 988,000,00 has.)
66	Total E & P Ltd. - Sulu Sea (Area = 622,000,00 has.)
67	PNOC - Exploration Corp. - N. Calabrian, NW Palawan (Area = 712,000,00 has.)
68	Nido Pet. Phil. Pvt. Ltd. - West Palawan (Area = 3,344,000,00 has.)
69	PNOC - Exploration Corp. - West Palawan, SWP (Area = 1,476,000,00 has.)
70	Nido Pet. Phil. Pvt. Ltd. - SW Palawan (Area = 528,000,00 has.)
71	PHINMA Pet. & Geothermal Inc. - Visayan Basin (Area = 528,000,00 has.)
72	Forum (GSEC 201) Ltd. - Reedbank (Area = 880,000 has.)
73	PXP Energy Corporation - NW Palawan (Area = 426,800 has.)
74	PXP Energy Corporation - NW Palawan (Area = 626,000 has.)
75	Ratio Petroleum Ltd. - East Palawan (Area = 416,000 has.)