

**Breakout Session 2
Upstream Sector**

Efficiency in the Upstream Petroleum Contracting Process through Flexible Modes of Application

Demujin F. Antiporda
Supervising Science Research Specialist

*Petroleum Resources Development Division
Energy Resource Development Bureau*

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The Philippine Conventional Energy Contracting Program (PCECP)

1. Legal Basis
2. Who May Apply?
3. What Application to File?
4. How to Apply?
 - a. *Pre-Determined Areas or “PDAs”*
 - b. *Nominated Areas*
 - c. *Challenge Period*
5. Evaluation and Awarding
6. Timeline



Legal Basis

1. Presidential Decree (PD) No. 87:

“ The Oil Exploration and Development Act of 1972 ” provides for the award of PSCs through direct negotiation or public bidding;

2. Republic Act (RA) No. 7638:

“ 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;

3. DOE Department Circular No. DC2014-02-0005 (previous):

“ Reiterating a Transparent and Competitive System of Awarding Service and Operating Contracts for Petroleum and Coal Prospective Areas... ”

4. DOE Department Circular No. DC2017-12-0017 (current):

“ Adopting the Philippine Conventional Energy Contracting Program (PCECP) of Awarding Petroleum Service Contracts (PSCs)... ”



Who May 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?

➤ Interested parties may submit applications for:

1. **Pre-Determined Areas (PDAs)**

- Offered and published by the DOE;
- Includes a data package per PDA;
- Php 200,000 application fee (all applicants, non-refundable)
- 180-day application period
- Offering of PDAs – **at least once a year**

2. **Nominated Areas**

- Submitted by applicants for DOE's approval;
- Published by nominating parties at their own expense
- Php 200,000 application fee (nominating applicants, non-refundable)
- 60-day challenge period
- Php 1,000,000 challenge fee (other applicants, non-refundable)
- **Any time of the year**

➤ PCECP shall adhere to a “One Application – One Contract Area” Policy



How to Apply – Pre-Determined Areas (PDAs)

Identification of Pre-Determined DOE Areas

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



Publication of DOE Areas

- Published by DOE in two (2) newspapers and at the DOE website;
- Initiates a **180 calendar-day** application period;
- Promotional activities / International Road Shows may be done



Application Period

- Submit Application Letter with complete legal, technical and financial documents;
- Payment of **Php 200,000** application fee;
- **Deadline of Application** (180th day after publication, 1100H)
- **Opening of Application** (180th day after publication, 1300H) – applicants shall be notified if qualified or not based on **completeness** of submitted documents



How to Apply – Nominated Areas

Identification of Applicant's Own Area of Interest

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



Area Nomination

- Requires a Nomination Letter including:
 - ✓ **Technical Description and Maps** of nominated area/s; and
 - ✓ **Certification of Non-Overlap** from the DOE-ITMS;



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

- DOE shall notify within fifteen (15) working days upon receipt of nomination;
- Upon approval, nominating party shall be given (15) working days to:
 - ✓ Submit Application Letter with complete legal, technical, financial documents;
 - ✓ Payment of **Php 200,000** application fee;
 - ✓ **Publish** the nominated area, existence of application and invitation for challenge



How to Apply – Nominated Areas

Publication of the existence of the application for challenge

- The nominating applicant shall cause **the publication of the existence of 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*
 4. *Other information that the REC deems appropriate*
- Initiates a **60 calendar-day** challenge period per **area under challenge**



Challenge Period

- Submit an Application Letter including complete legal, technical and financial documents;
- Payment of non-refundable application fee of **Php 1,000,000** upon submission documents;
- **Deadline of Application** (60th day after publication, 1100H)
- **Opening of Application** (60th day after publication, 1300H) – applicants shall be notified if qualified or not based on **completeness** of submitted documents



Evaluation and Awarding Process

Evaluation of Applications

- **15-working-day** evaluation period pursuant to the DOE Citizen's Charter;
- The REC shall adhere to an established [Evaluation Criteria](#)



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

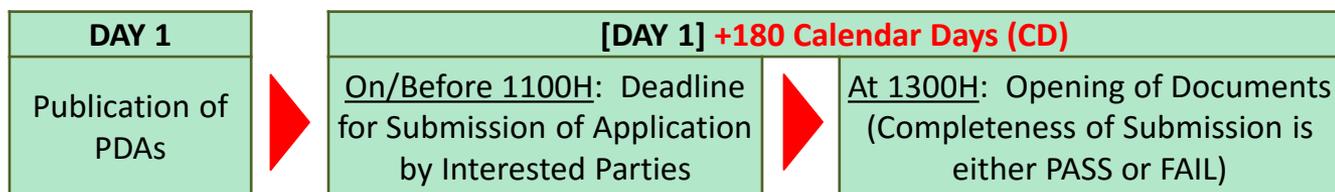
- Endorsement of PSC by DOE Secretary to the President for signature (5 working days);
- Payment of processing fee by the winning applicant (Php0.48/hectare);
- Finalization and execution of PSC



PCECP: Timeline for Pre-Determined Areas (PDAs)

(Timeline starts every time DOE launches/offers and publishes a set of PDAs)

Stage 1: APPLICATION PERIOD *(for all PDA applicants)*



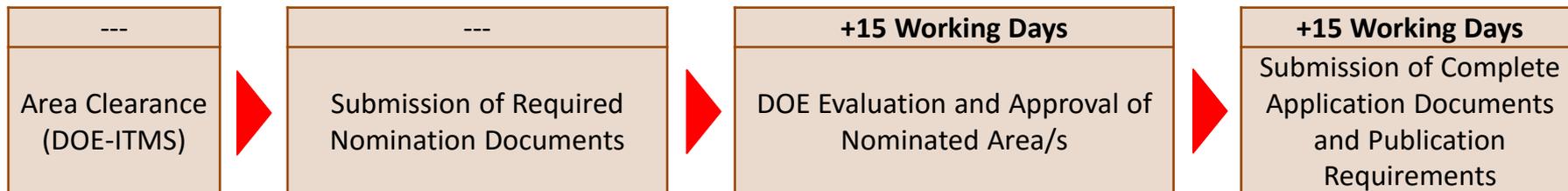
Stage 2: EVALUATION AND AWARDING PROCESS *(for DOE and other concerned government agencies)*



PCECP: Timeline for Nominated Areas

(Timeline starts every time a nomination is received by the DOE for approval)

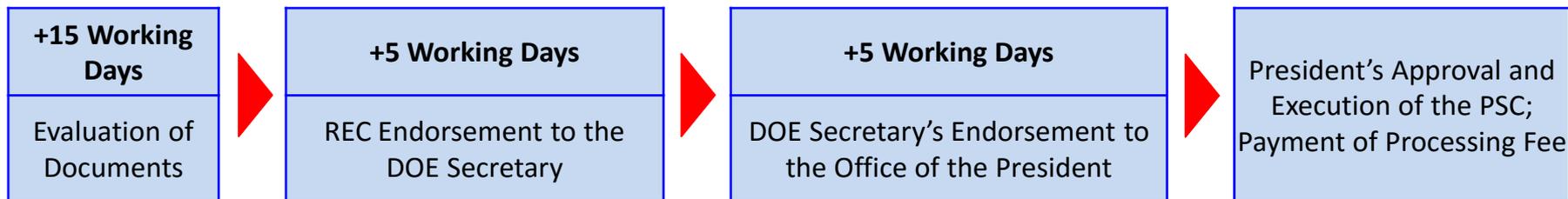
Stage 1: NOMINATION *(for nominating parties only)*



Stage 2: CHALLENGE PERIOD *(for non-nominating applicants only)*



Stage 3: EVALUATION AND AWARDING PROCESS *(for DOE and other concerned government agencies)*



THANK YOU

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CONTACT US:

THE PETROLEUM RESOURCES DEVELOPMENT DIVISION (PRDD)

Trunkline: (+632) 479-2900 local 237

Direct Line: (+632) 812-4016

Fax: (+632) 840-2206

GUILLERMO H. ANSAY

Division Chief

gil_ansay@yahoo.com

(Mobile: 0917-556-0743)

DEMUJIN F. ANTIPORDA

Supervising Science Research Specialist

dfa68@yahoo.com

(Mobile: 0922-852-9621)

