

PROVIDING GUIDELINES FOR THE DEVELOPMENT AND UTILIZATION OF SMALL OR SUB-COMMERCIAL DEPOSITS OF NATURAL MARSH GAS OR METHANE GAS IN THE PHILIPPINES, AND GRANTING GRATUITOUS PERM...

PRESIDENTIAL DECREE NO. 508, July 16, 1974

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WHEREAS, natural marsh gas or methane gas in small sub-commercial deposits abound throughout the country;

WHEREAS, the development and utilization of said natural marsh gas or methane gas is in accordance with, the policy of the government to develop other sources of energy;

WHEREAS, the development and utilization of these natural marsh gas or methane gas deposits do not require huge capital investments and highly specialized technical knowledge; and consequently are easier to develop;

WHEREAS, the Government must open these deposits for development and utilization and encourage their development and utilization;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order as part of the law of the land the following:

SECTION 1. All small or sub-commercial natural marsh gas or methane gas deposits found in any public or private lands, not exceeding 1000 feet in depth and not associated with crude oil deposit, within the territorial limits of the Philippines which are within free areas, national reserve areas, in any other areas not covered by valid and subsisting petroleum exploration or exploitation concessions, or by service contracts entered with the Government under Presidential Decree No. 87, may be developed for household use or utilized for small-scale industrial development.

SEC. 2. Any citizen of the Philippines, of legal age, having the capacity to contract and not convicted of any offense involving moral turpitude, or any association of individuals in the form of partnership or corporations duly organized and constituted under the laws of the Philippines, and at least sixty percent (60%) of the capital of which is and shall at all times be held and owned by citizens of the Philippines, may apply for a gratuitous permit to undertake the development and utilization of small or sub-commercial deposits of natural marsh gas or methane gas.

SEC. 3. An application for a gratuitous permit shall be filed with the Director of Mines, Manila, paying therefor a filing fee of P20.00. Upon compliance with all the requirements relative thereto, a permit shall be issued by the Director of Mines after which the permittee shall start the development and utilization of the gas deposits found within the area of his permit for household use or for small scale industrial development. A permittee shall in no case be entitled to more than one (1) permit for every petroleum region at any one time.

The area to be covered by a gratuitous permit application shall be not more than twenty (20) hectares, in a block rectangular in shape, and as much as possible the larger sides of the rectangle shall not be more than five times the shorter sides.

SEC. 4. A permit area may be validly covered by a subsequent petroleum exploration concession granted under the Petroleum Act of 1949, as amended, or by service contract entered with the Government under Presidential Decree No. 87, but no gratuitous permit shall be issued by the Director of Mines on an area already covered by an existing permit or lease granted under Republic Act No. 5092, and in accordance with the rules and regulations promulgated thereunder and on any area where natural gas or methane gas deposits are more than 1000 feet deep or when these deposits are associated with crude oil.

SEC. 5. The permittee shall have the right to enter any private land covered by his permit to conduct work thereon. If, however, the owner of such private land or its legal occupant denies him such right, he may apply for permission to enter such land, and upon posting such bond as may be fixed by the Director of Mines shall be issued an order allowing him such right pending the final determination of the proper amount that shall be paid by the permittee to the landowner or legal occupant.

SEC. 6. The permittee shall conduct operations on the area covered by his permit, a monthly operations of which shall be submitted by him to the Director of Mines for record and information.

SEC. 7. The term of this permit shall be for a period of two (2) years from the issuance thereof, renewable for another like period upon compliance with the terms of the permit. Should production be attained within the four (4) years period the permit may be extended for a series of 2 years period each but in no case to exceed a total of fourteen (14) years, if warranted by continuing gas production. Failure, however, of the permittee to conduct operations on the area within one (1) year shall be a cause for the cancellation of his permit.

SEC. 8. The Director of Mines is hereby authorized to assume jurisdiction and is charged with carrying out these guidelines to end that the utilization and development of these gas deposits shall be duly encouraged and properly regulated.

He shall prescribe the terms and conditions of the gratuitous permit to be issued, and the necessary application form therefor.

SEC. 9. As used herein, the following terms shall have the following respective meanings:

- Natural Marsh Gas or Methane Gas. — light, odorless, colorless, and inflammable gaseous hydrocarbon, occurring naturally as a product of decomposition or organic matter in marshes and mines.
- Free Areas. — all lands within the territorial limits of the Philippines excluding those submerged beneath bays, lakes, rivers or lagoons, but which are not within the, or including, national reserve areas, petroleum reservation, or covered by valid and existing exploration or exploitation concessions, or petroleum drilling leases acquired under the Petroleum Act (Act No. 2932), or of petroleum mining claims located and held under the Act of Congress of July 1, 1902, as amended.
- National Reserve Areas. — areas which have been included in any exploration or exploitation concession but which have been subsequently given up by the concessionaire voluntarily or in accordance with the requirement of Article 50 and 53 of the Petroleum Act of 1949, as amended; or areas covered by exploration or exploitation concession which have expired or have been cancelled; or areas which have been included within any of the two kinds of concessions but which are found to be in excess the maximum areas allowed by the Petroleum Act of 1949, as amended, for such concession.
- Permittee. — a person, association, partnership or corporation who is a holder of a gratuitous permit to develop and utilize natural marsh gas or methane gas.

SEC. 10. This Decree shall take effect immediately.

Done in the City of Manila, this 16th day of July, in year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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