

SERGIO B. RAMOS, PETITIONER-APPELLANT, VS. THE SECRETARY OF AGRICULTURE AND NATURAL RESOURCES, THE DIRECTOR OF MINES AND JACINTO R. MANTO, RESPONDENTS-APPELLEES.*G.R. No. L-29097. January 28, 1974*

Ponente: ESGUERRA, J.

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Appeal from the decision of the Court of First Instance of Rizal, Branch IV (Quezon City), dismissing the petition for review of the decision of the Secretary of Agriculture and Natural Resources, which reversed that of the Director of Mines in CLA No. V-221 (Amd), involving a parcel of coal-bearing land situated in Danao City (Cebu) containing an area of 53.7193 hectares. The appealed decision awards the privilege to lease the area in question to the respondent, Jacinto R. Manto, subject to the payment of a royalty of P0.50 per long ton of coal extracted therefrom and a guarantee to extract at least 9,600 long tons of coal per annum.

The dismissal of the case without trial was based on lack of a cause of action, the lower court holding that there was no ground for reversing the decision as there was no grave abuse of discretion amounting to lack or excess of jurisdiction on the part of respondent Secretary of Agriculture and Natural Resources.

II. Facts of the Case

Respondent-appellee Jacinto R. Manto is the applicant for the lease of a coal-bearing land located in Danao City (Cebu) with an area of 53.7193 hectares under Bureau of Mines CLA No. V-221 (Amd). He filed his application on December 9, 1953, while petitioner Sergio B. Ramos applied for the same area on October 24, 1964, or more than ten years later. Pursuant to Section 3 of Act No. 2719, as amended, otherwise known as the Coal Land Act, and the rules and regulations promulgated by the Secretary of Agriculture and Natural Resources, the Director of Mines caused the publication in two newspapers of general circulation of the Notice of Public Bidding for the lease of said land, to be held, as it was in fact held, at the Bureau premises at Herran Street, Manila. Three bids were submitted, one by respondent-appellee Jacinto R. Manto for P0.10 royalty per long ton of 1,016 kgs. of extracted coal with a guaranteed extraction of 2,000 tons annually; Godofredo Manto (Jacinto's brother and his Attorney-in-fact) for P0.15 per long ton with a guaranteed extraction of 100 tons annually, and petitioner-appellant Sergio B. Ramos for P0.50 per long ton with a guaranteed extraction of 9,600 tons annually. Appellant's bid was chosen as the most advantageous to the Government and he was awarded on February 23, 1965, the privilege to operate and develop the area covered by the application of respondent-appellee Jacinto R. Manto, subject, however, to the condition that petitioner-appellant shall reimburse the former (Jacinto R. Manto) of the value of whatever improvements he may have introduced thereon, subject to appraisal by the Bureau of Mines, and of other expenses Manto might have incurred in connection with his prior application.

Respondent-appellee Jacinto R. Manto protested against the award but his protest was denied. He appealed in due time to the Secretary of Agriculture and Natural Resources who reversed the Director of Mines and set aside the

award in favor of petitioner-appellant. The lease was awarded to Jacinto R. Manto subject to the condition that he shall equal the terms of the winning bid of Sergio B. Ramos, which is to pay P0.50 royalty per long ton of extracted coal and to guarantee the extraction of 9,600 long tons of coal annually.

In deciding in favor of respondent-appellee Jacinto R. Manto, the Secretary of Agriculture and Natural Resources ruled:

"This Office, however, believes that the second allegation of appellant deserves due consideration for, after reviewing the history of appellant's Coal Lease Application No. V-221 (Amd.), this Office finds it difficult to disregard, without violating the principles of justice and equity, the following pertinent facts: That appellant filed his application way back on December 9, 1953; that since then up to the time of bidding (October, 1964), he complied with all requirements demanded of him by the Bureau of Mines, such as payment of the cost of investigation and survey of the subject area, the cost of publication, and the time-consuming acquisition of permission from the different owners of the lands from which the coal shall be extracted; that it was appellant who initiated the most difficult tasks in mining, that is, the exploration and excavation, the building of tunnels and roads, and the other development works necessary for the successful establishment of a coal mine; and that after so many years of painstaking and backbreaking labor, including untimely exposures to the elements, and the mental anxiety suffered by Manto and his family, and their investment of thousands of pesos on this particular mining project, and when everything was prepared, Sergio Ramos appeared, submitted his bid and, without ado, was awarded the privilege to lease the subject area, for the simple reason that his bid was higher than Manto's.

"All the foregoing and Manto's extraordinary diligence in complying with all that was required of him was not even considered. He was not given the opportunity to equal, at least the said bid of Ramos if only to give him (Manto) the chance to taste, so to speak, the fruits of the tree which he planted, watered, and nurtured until it reached the present stage of fruition.

"True it is that Ramos was being required to reimburse Manto for the latter's improvements and expenses, but the order containing such directive did not provide the period within which the appraisal of the improvements and expenses must be conducted and the period within which the payment therefor should be made. Neither did it set aside a provision as to what should be done in case Ramos should fail to make the afore-mentioned reimbursement.

"Justice and equity dictate that Manto sought to be given the privilege to lease the area covered by his Coal Lease Application No. V--221 so long as he could pay the same amount of fifty centavos (P0.50) for each long ton of coal and extract the same quantity of coal per annum, as offered by Ramos; and, only upon Manto's refusal to meet these requirements should the lease application be approved in favor of Ramos, after the latter has reimbursed the former for the value of the improvements and expenses incurred in connection with Manto's lease application within a reasonable and definite period."

Appellant Sergio B. Ramos's motion for reconsideration of the above decision having been denied by the respondent Secretary, he instituted this special civil action in the court a quo. The dismissal of his action, without trial, for lack of a cause of action eventually brought the case on ordinary appeal to this Court when petition for review of lower courts' decision had not been prescribed by law as the proper remedy.

In his appeal, petitioner assigns the following errors alleged to have been committed by the lower court:

I

THE LOWER COURT ERRED IN HOLDING THAT THE DECISION OF RESPONDENT-APPELLEE SECRETARY OF AGRICULTURE AND NATURAL RESOURCES SOUGHT TO BE JUDICIALLY REVIEWED AND ANNULLED WAS RENDERED BY SAID OFFICIAL IN ACCORDANCE WITH LAW AND SOUND DISCRETION.

II

THE LOWER COURT ALSO ERRED IN CONCLUDING THAT THE PRECEDENCE IN THE APPLICATION ON THE DISPUTED MINING AREA BY RESPONDENT-APPELLEE JACINTO MANTO IS A LEGAL BASIS FOR THE DECISION OF RESPONDENT-APPELLEE SECRETARY SUBJECT OF THE PETITION FOR REVIEW AND IN FINDING THAT RESPONDENT-APPELLEE MANTO HAS SPENT NO LESS THAN P61,655.00 IN THE DISPUTED COAL MINES, DESPITE TOTAL WANT OF EVIDENCE THEREFOR.

III

THE LOWER COURT LIKEWISE ERRED IN HOLDING THAT PETITIONER-APPELLANT'S POSSESSION OF SIX (6) COAL MINING AREAS IN CONTRAST TO RESPONDENT-APPELLEE MANTO'S SOLE MINING CLAIM ON THIS DISPUTED AREA AS GROUND FOR UPHOLDING THE DECISION OF RESPONDENT-APPELLEE SECRETARY.

IV

THE LOWER COURT FINALLY ERRED IN DISMISSING THE PETITION FOR REVIEW HEREIN FOR LACK OF CAUSE OF ACTION.

The errors assigned all boil down to the question whether respondent Secretary of Agriculture and Natural Resources committed grave abuse of discretion in (1) holding that the precedence in the filing of the application for lease of the coal lands by respondent-appellee Jacinto R. Manto is sufficient legal basis for the award of the lease to said Manto; in (2) finding that Manto had spent P61,655.00 in the development of the disputed coal mines, when there is no evidence to support such expenditure, and (3) in holding that it is more just and equitable to award the lease to Manto.

Appellant's claim of grave abuse of discretion is anchored on the fact that the Director of Mines decided in the first instance in favor of the petitioner-appellant that he has a better right to lease the area in question. But respondent Secretary of Agriculture and Natural Resources upon appeal disagreed with the Director of Mines, reversed his decision and awarded the lease to respondent Manto subject to the conditions aforementioned. In disposing of this case we are guided by the following rules laid down by this Court, in *Timbancaya vs. Vicente*, L-19100, Dec. 27, 1963, 9 SCRA pp. 852, 854-855.

"The invariable rule laid down by this Court in reviewing administrative decisions of the Executive Branch of the Government is that the findings of fact made therein must be respected so long as they are supported by substantial evidence, even if not overwhelming or preponderant (*Ang Tibay vs. C.I.R.*, 69 Phil. 635); that it is not for the reviewing court to weigh the conflicting evidence, determine the credibility of witnesses, or otherwise substitute its own judgment for that of the administrative agency on the sufficiency of the evidence (*Lao Tang Bun vs. Fabre*, 81 Phil. 682); that the administrative decision in matters within the executive jurisdiction can only be set aside on proof of grave abuse of discretion, fraud, or error of law (*Lovina vs. Moreno*, L-17821, Nov. 22, 1963).

"These principles negate the power of a reviewing court to re-examine the sufficiency of the evidence in an administrative case as if originally instituted therein, and do not authorize the court to receive additional evidence that was not submitted to the administrative agency concerned. Common sense dictates that the question whether the administrative agency abused its discretion in weighing the evidence should be resolved solely on the basis of the proof that the administrative authorities had before them and no other."

Judged by the foregoing guidelines, this Court finds no abuse of discretion on the part of both the respondent Secretary and of the trial judge in deciding in favor of respondent-appellee Manto. In affording him a chance to

equal the bid of petitioner Ramos, respondent Secretary wisely exercised his discretion on the matter as Manto has been in possession of the coal area for ten years and has invested P61,655 in the exploitation and development thereof. It would be more in keeping with the economic development of the country to distribute the benefits of its Natural Resources to as many citizens as are qualified to exploit the same. Petitioner Ramos has already six mining coal areas located at (1) Bitlang, Cebu City; (2) Mantalongon, Dalagit, Cebu; (3) Argao, Cebu; (4) Binaliw, Danao City; (5) Baliang, Danao City; and (6) Coal Revocable Permit No. V-60 at Camp 10, Toledo City, while Manto has none except the disputed area. On this score alone, Manto should have preference to the disputed area.

Although there is no express provision of the rules and regulations governing the lease and development of coal lands in the Philippines issued by the Secretary of Agriculture and Natural Resources on May 26, 1922, allowing the applicant to equal the highest bid at the public auction, said rules and regulations confer upon the Secretary of Agriculture and Natural Resources wide latitude of discretion in awarding the lease to the applicant or to any other qualified persons. It is therein provided as follows:

"After due notice and publication of all applications have been complied with, lease may be awarded by the Secretary of Agriculture and Natural Resources to the applicant or to the person or corporation best qualified, in the opinion of the Secretary of Agriculture and Natural Resources, to carry out the provisions of the lease."^[1]

Consequently, there was no abuse of discretion on the part of the Secretary of Agriculture and Natural Resources in allowing applicant Jacinto R. Manto to equal the bid of petitioner-appellant and awarding to the former the coal area in question. It should be noted that the provisions regarding the applicant's privilege to equal the highest bid in case he is out bidden at the public auction expressly refers to disposable lands of the public domain. This provision, although not carried in the rules and regulations regarding lease of coal lands, is a sound policy that should be applied to the lease of coal lands inasmuch as said lands are not disposable and remain the property of the government during the period of the concession. In applying said policy, respondent Secretary of Agriculture and Natural Resources could not have acted more judiciously.

Appellant claims that Manto did not present evidence to prove his investment of P61,655, and to show his financial inability to exploit the area, he entered into a marketing and operating agreement with the appellant on June 17, 1963. This agreement is not fatal to appellee's position. Under the agreement appellant Ramos buys only the extracted coal at the mine site but Manto remains as the operator or extractor of the coal and Ramos has to pay P15.00 per ton, with promise to give additional percentage to Manto if Ramos can sell it at a better price. This is no evidence of Manto's financial incapacity. On the contrary the record shows that Manto presented a sworn statement, dated October 14, 1964, to the Bureau of Mines stating his investment of said sum. This evidence was accepted without objection by petitioner-appellant. In the Department of Agriculture and Natural Resources on appeal, the respondent Manto made this same statement as integral part of the memorandum he filed (Annex "A", page 82, Record), and petitioner also did not impugn the same. In the Court a quo this memorandum was again presented in support of the motion to dismiss (Annex "C", page 92, Record) and petitioner failed to assail the same.

Appellant contends that the findings and decision of the Director of Mines in his favor should not have been reversed by the Secretary of Agriculture and Natural Resources, but his argument loses sight of the fact that as Department Head the said Secretary can review and reverse such findings and conclusions of his subordinate, the Director of Mines, and it is the decision of the Secretary that is conclusive upon the Court in the absence of grave abuse of discretion, collusion, fraud and clear error of law and fact.

In brief, the decision of the respondent Secretary is supported by substantial evidence and is not vitiated by any of

the infirmities which warrants judicial reversal.

FOR ALL THE FOREGOING, the decision appealed from is hereby affirmed. Costs against appellant.

Makalintal, C.J., Ruiz Castro, Teehankee, Makasiar, and Muñoz Palma, JJ., concur.

[1] The Disposal of Coal Lands Regulations Governing the Leasing and Development of Coal Lands in the Philippine Islands, Issued on May 26, 1922, by Rafael Corpus, Secretary of Agriculture & Natural Resources.

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