

AN ACT TO PROVIDE FOR THE LEASING AND DEVELOPMENT OF COAL LANDS IN THE PHILIPPINE ISLANDS.

Act No. 2719, May 14, 1917

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Be it enacted by the Senate and House of Representatives, of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Coal-bearing lands of the public domain in, the Philippine Islands shall not be disposed of in any manner except as provided in this Act.

The Government shall be understood to reserve its right to any coal deposits on land of the public domain reserved for provincial, municipal or school purposes, or granted in any manner to provinces or municipalities, or the usufruct of which has been granted to private corporations, and likewise on lands of the public domain or granted under the provisions of the Public Land Act, if at the time of the disposition thereof the Government was not aware of the existence of such coal deposits.

SEC. 2. Any unreserved, unappropriated coal-bearing public land may be leased by the Secretary of Agriculture and Natural Resources in blocks or tracts of not less than four hundred nor more than twelve hundred hectares each, in such manner as may, in the opinion of the Secretary of Agriculture and Natural Resources, allow the economic exploitation of the coal. The lease may be granted to any person above the age of twenty-one years who is a citizen of the Philippine Islands or of the United States, or to any association of such persons, or to any corporation organized under the laws of the Philippine Islands: Provided, That a majority of the stock of such corporation shall at all times be owned and held by citizens of the United States or the Philippine Islands: And provided further, That any person, association, or corporation qualified to become a lessee under this Act, and owning any located or patented claim to any coal lands in the Philippine Islands, may, within one year from the passage of this Act, enter into an arrangement with the Secretary of Agriculture and Natural Resources whereby such claim shall be fully relinquished to the Government as a condition precedent to acquiring a lease under the provisions of this Act, said owner, in consideration of such relinquishment, being given the preference in applications for leasing contiguous tracts. The Department Secretaries, acting jointly, are authorized to pay a compensation in exchange for such relinquishment if they see fit.

SEC. 3. Leases under the provisions of this Act shall be issued upon publication, in the manner and subject to the rules prescribed by the Secretary of Agriculture and Natural Resources, for periods of not more than fifty years each, subject to renewal on such terms and conditions as may be authorized by law at the time of such renewal, and no such lease shall be assigned or sublet except with the consent of the Secretary of Agriculture and Natural Resources, and in this case only to persons and associations of persons or corporations having the qualifications required of lessees. Every lease shall contain a clause by which the lessee shall bind himself to comply with the rules and regulations issued by the Secretary of Agriculture and Natural Resources for the purpose of insuring the exercise of reasonable diligence, skill, and care in the operation of said property and for the prevention of undue waste, together with such other rules and regulations as the said Secretary may make for the protection of the interests of the Government and for the promotion of the public welfare. For the privilege of mining, extracting,

and disposing of the coal in the lands covered by his lease, the lessee shall pay to the Government of the Philippine Islands, through the Collector of Internal Revenue, such royalties as may be specified in the lease, which shall not be less than ten centavos per ton of one thousand and sixteen kilos, said royalties to be due and payable at the end of each month succeeding that of the shipment of the coal from the mine, and an annual rental, payable in advance on the date of the approval of the lease and thereafter at the beginning of each year, on the lands covered by such lease, at the rate of two pesos and fifty centavos per hectare for the first year and five pesos per hectare for each and every year thereafter during the continuance of the lease: Provided, That such rental for any year shall be credited against the royalties as they accrue for that year.

SEC. 4. Any person, association, or corporation holding a lease of coal lands under this Act may, with the approval of the Secretary of Agriculture and Natural Resources and through the same procedure and upon the same terms and conditions as in the case of an original lease under this Act, secure a further or new lease covering additional lands contiguous to those embraced in the original lease, but in no event shall the total area embraced in such original and new leases exceed in the aggregate twelve hundred hectares: Provided, That upon satisfactory showing by the lessee that all of the workable deposits of coal within the limits of the land leased will be exhausted or removed within three years thereafter, the Secretary of Agriculture and Natural Resources may, within his discretion, lease to such lessee an additional tract of land or coal deposits, which, including the coal area remaining in the original lease, shall not exceed twelve hundred hectares, through the same procedure and subject to the same requirements as in case of the original lease.

SEC. 5. Subject to the approval of the Secretary of Agriculture and Natural Resources, lessees holding under leases small blocks or areas may consolidate their said leases or holdings so as to include in a single holding a total of not to exceed twelve hundred hectares, provided all lessees have at the time of such consolidation complied individually with all their obligations towards the Government.

SEC. 6. Each lease shall be for such leasing block or tract of land as may be offered or applied for, not exceeding in area twelve hundred hectares of land, and no person, association, or corporation, except as hereinafter provided, shall be permitted to take or hold any interest as a stockholder or otherwise in more than one such lease under this Act, and any interest held in violation of this proviso shall be forfeited to the Government by appropriate proceedings instituted by the Attorney-General for that purpose in any court of competent jurisdiction, except that any such ownership and interest hereby forbidden which may be acquired by descent, will, judgment, or decree may be held for two years, and not longer, after its acquisition.

SEC. 7. Any person who shall purchase, acquire, or hold any interest in two or more such leases, except as herein provided, or who shall knowingly purchase, acquire, or hold any stock in a corporation having an interest in two or more such leases, or who shall knowingly sell or transfer to one disqualified to purchase, or, except as in this Act specifically provided, disqualified to acquire, any such interest, shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and by a fine not exceeding two thousand pesos: Provided, That any such ownership and interest hereby forbidden, which may be acquired by descent, will, judgment, or decree may be held two years after its acquisition and not longer, and in case of minority or other disability, during such minority or disability and for two years after majority has been reached or the disability disappeared.

SEC. 8. Any director, trustee, officer, or agent of any corporation holding any interest in such a lease, who shall, on behalf of such corporation, act in the purchase of any interest in another lease, or who shall knowingly act on behalf of such corporation in the sale or transfer of any such interest in any lease held by such corporation to any corporation or individual holding any interest in any such a lease, except as herein provided, shall be guilty of a felony and shall be subject to imprisonment for a term of not exceeding three years and a fine of not exceeding

two thousand pesos.

SEC. 9. If any of the lands or deposits leased under the provisions of this Act shall be subleased, trustee, possessed, or controlled by any device permanently, temporarily, directly, indirectly, tacitly, or in any manner whatsoever, so that they form part of or are in anywise controlled by any combination in the form of an unlawful trust, with consent of lessee, or form the subject of any contract or conspiracy in restraint of trade in the mining or selling of coal, entered into by the lessee, or of any holding of such lands by any individual, partnership, association, corporation, or control, in excess of twelve hundred hectares, the lease thereof shall be forfeited by appropriate court proceedings.

SEC. 10. That in order to provide for the supply of strictly local and domestic needs for fuel the Secretary of Agriculture and Natural Resources may, under such rules and regulations as he may prescribe in advance, issue to any applicant qualified under section two of this Act a limited license or permit granting the right to prospect for, mine, and dispose of coal belonging to the Government on specified tracts not to exceed four hectares to any one person or association of persons in any one coal field for a period of not exceeding ten years, on such conditions not inconsistent with this Act as in his opinion will safeguard the public interest, without payment of royalty for the coal mined or for the land occupied, if he, in his discretion, consider this necessary: Provided, That the acquisition or holding of a lease under the preceding sections of this Act shall be no bar to the acquisition, holding, or operating under the limited license in this section permitted. And the holding of such a license shall be no bar to the acquisition or holding of such a lease or interest therein.

SEC. 11. Any lease, entry, location, occupation, or use permitted under this Act shall reserve to the Government the right to grant or use such easements in, over, through or upon the land leased, entered, located, occupied, or used as may be necessary or appropriate to the working of the same or other coal lands under Government permit, and for other "purposes: Provided, That the Secretary of Agriculture and Natural Resources in his discretion, in making any lease under this Act, may reserve to the Government the right to lease, sell, or otherwise dispose of the surface of the lands embraced within such lease under existing law or laws in so far as said surface is not necessary for use by the lessee in extracting and removing the deposits of coal therein. If such reservation is made, it shall be so determined before the offering of such lease. The Secretary of Agriculture and Natural Resources, during the life of the lease is authorized to issue such permits for easements herein provided to be reserved, and to permit the use of such other public lands as may be necessary for the construction and maintenance of coal bunkers or other works incident to the mining or treatment of coal, which lands may be occupied and used jointly or severally by lessees or permittees, as may be determined by the Secretary of Agriculture and Natural Resources.

SEC. 12. Any such lease may be forfeited and canceled by appropriate proceeding in a court of competent jurisdiction whenever the lessee fails to comply with any provision of the lease or of general regulations promulgated under this Act; and the lease may provide for the enforcement of other appropriate remedies for breach of specified conditions thereof.

SEC. 13. Any lessee under this Act may exercise the right of eminent domains for the purpose of acquiring such right of way as may be necessary in connection with the operations contemplated by said lease.

SEC. 14. The Government of the Philippine Islands, recognizing the relation of the coal resources of the country to its general welfare, reserves the right to work and exploit coal mines itself or organize and promote coal mining corporations by becoming either exclusive or majority stockholder therein and in such enterprises shall not be bound by any provision in this or other laws restricting holdings either territorially or otherwise.

SEC. 15. Effective upon the passage of this Act there shall be assessed and collected by the Collector of Internal

Revenue, an annual tax of two thousand pesos on each block or tract of four hundred hectares, or fraction thereof, of coal lands owned by any person, firm, association, or corporation, and a tax of four centavos per ton of one thousand and sixteen kilos on each ton of coal extracted there from, said taxes to be payable at the same time, in the same manner and under the same conditions as provided in section three hereof for the payment of rentals and royalties. The taxes herein provided shall be in lieu of all other taxes of whatever nature. In case of delinquency in the payment of either said annual tax or specific tax continuing for sixty days from the time when the same may be due or payable, the same remedies for enforcement of this section, by sale of the lands, or otherwise, may be pursued as in the ordinary procedure for nonpayment of land taxes.

SEC. 16. All statements, representations, or reports required, unless otherwise specified, by the Secretary of Agriculture and Natural Resources under this Act, shall be upon oath and in such form and upon such blanks as the Secretary of Agriculture and Natural Resources may specify, and any person making false oath, representation, or report shall be subject to punishment as for perjury.

SEC. 17. The Secretary of Agriculture and Natural Resources is authorized to prescribe the necessary and proper rules and regulations and to do any and all things necessary to carry out and accomplish the purposes of this Act; and under his immediate and direct control, the Bureau of Lands , shall have charge of the survey, registration, and administration of said lands, and the Bureau of Science of the geological work.

SEC. 18. The sum of thirty thousand pesos is hereby appropriated, out of any funds in the Insular Treasury not otherwise appropriated, to the end that the Secretary of Agriculture and Natural Resources may have the Director of Lands proceed to the survey and legal subdivision of all coal-bearing lands of the public domain and the determination of the ownership thereof, in accordance with section sixty-one of the Public Land Act.

SEC. 19. Act Numbered Eleven hundred and twenty-eight and all Acts and parts of Acts in conflict herewith are hereby repealed.

SEC. 20. This Act shall take effect on its approval by the President of the United States.

Approved, May 14, 1917.

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