PROCESSING, BLENDING, REPACKING, AND MARKETING OF LUBRICATING OILS, PROCESS OILS, SPECIALTY OILS, BASESTOCKS, RECYCLED OILS, USED OILS, BLENDED FUEL OILS, AND EMULSIFIED PETROLE...

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Pursuant to the authority granted in Section 7 of P.D. 1206, as amended by P.D. 1573, the following Rules and Regulations are hereby promulgated for the information and guidance of all concerned.

Rule I
General Provisions

SECTION 1. Coverage — These rules shall cover the processing, blending, repacking, and marketing of lubricating oils, process oils, specialty oils, basestocks, recycled oils, used oils, blended fuel oils, and emulsions consisting of fuels such as residual fuel oil, diesel oil, gasoline and water with or without the use of additive/emulsifier.

SECTION 2. Definition of Terms —

a. Waste Oil or Used Oil means any lubricating, hydraulic, cutting quenching, or non-consumable process oil which has lost its utility by deterioration through use, or which no longer meets the specification of the original product.

b. Lubricating Oil means any mineral or petroleum oil, whether derived from virgin basestocks or re-refined oils, with or without additives, used to reduce friction, heat and wear on stationary or moving parts of machinery, equipment, engines and other mechanical or electrical devices.

c. Process Oil means any petroleum or mineral oil derived from virgin basestocks or re-refined oils, with or without additives, used as a processing aid and/or product component in the manufacture of rubber, ropes, glass, sheet metal, plastics, ink, textiles, etc.

d. Specialty Oil means any petroleum or mineral oil derived from virgin basestocks or recycled oils with or without additives, used in applications other than for lubrication or as processing aid. Specialty oil includes, but is not limited to, USP white oil, technical white oil, transformer oil, heat transfer oil, and metal working oils.

e. Recycling means any process or series of processes applied to waste oil in order to return the oil to its original or reusable quality/ specification or in order to recover part of the oil for further use as fuel or lubricant. Recycling shall include re-refining and reclaiming.

f. Fuel means any substance used to produce heat, power, or illumination by burning.

g. Re-refining means any process or series of processes including, but not limited to, distillation, filtration, and chemical treatment that are applied to waste oils to remove physical or chemical contaminants and to restore the oils, with or without the use of additives, to, more or less, the original condition.

h. Reclaiming means any process or series of processes including, but not limited to, heating, settling,

dehydration, filtration, and centrifugation, that are applied to waste oils to remove insoluble contaminants in order to make the oils suitable for further use.

i. Blending means any process of mixing different varieties or grades of lubricating oils, basestocks, mineral oils, recycled oils, used oil, petroleum fuels, and chemical additives, which may include water in order to produce lubricating oils, process oils, specialty oils, blended fuel oils, or emulsions of specified properties.

j. Repacking means any process of transferring product from one container to another, or from a bulk container to smaller containers or changing the label or brand name of a product either packaged or in bulk for the purpose of rebranding such product for commercial distribution or sale under a new brand name.

k. Recycler means any person or entity engaged in the recycling of waste or used oil for commercial purposes.

l. Recycled Oil means oil produced from waste or used oil in a Recycling Plant.

m. Refiner means a person or entity engaged in the production of virgin basestocks from petroleum or mineral oil.

n. Blender means a person or entity engaged in the blending of lubricating oils, process oils, specialty oils, blended fuel oils, or emulsified petroleum fuels for commercial purposes.

o. Repacker means any person or entity engaged in the repacking of lubricating oils, process oils, specialty oils, basestocks, used oils, blended fuel oils, or emulsified petroleum fuels.

p. Blended Fuel Oil means an oil mixture derived from the blending of industrial fuel oil and recycled oil or waste oil or used oil or other petroleum fuels.

q. Marketer means any person or entity engaged in the marketing of lubricating oils, process oils, specialty oils, basestocks, used oils, recycled oils, blended fuel oils, or emulsified petroleum fuels to distributors or retail outlets. Marketer includes any refiner, re-refiner, reclaimer, blender, or repacker engaged in said marketing and all importers of above-mentioned products.

r. Basestocks means refined petroleum mineral oils used in the production of lubricating oils by blending with other basestocks and/or additives.

s. Emulsified Petroleum Fuel means a blend of water and petroleum fuels including, but not limited to, industrial fuel oil, diesel fuel oil, gasoline which may contain emulsifiers and/or other additives.

t. Mineral Oil means oil derived from mineral sources including, but not limited to, petroleum oil, shale and coal.

u. Ministry means the Ministry of Energy.

v. Bureau means the Bureau of Energy Utilization.

Rule II
Registration and Licensing of Refiners,
Recyclers, Blenders, Repackers, and
Marketers of Lubricating Oils, Process
Oils, Specialty Oils, Basestocks, Used
Oils, Recycled Oils, and Blended Fuel Oils

SECTION 1. Registration — All existing refiners, recyclers, blenders, repackers, and marketers of lubricating oils, process oils, specialty oils, basestocks, used oils, recycled oils, and blended fuel oils, as the case may be, shall register and apply for a license from the Bureau within sixty (60) days from the date of effectivity of these rules and regulations. After the effectivity of these rules and regulations, all entities desiring to engage in the refining,

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recycling, blending, repacking, and marketing of lubricating oils, process oils, specialty oils, basestocks, used oils, recycled oils, and blended fuel oils shall be required to apply for registration and licensing prior to actual operation. Existing registered and licensed entities may oppose the application by filing with the Bureau their opposition, together with such affidavits and documents or evidence in support thereof. The application, together with the opposition, if any, shall be disposed of by the Bureau in accordance with rules of practice and procedure observed by the Bureau.

SECTION 2. Requirements — The following documents/information are required for registration:

a. Company Data

- Name, address, and telephone number of the firm or business establishment;

- Articles of Incorporation, names and residential addresses of incorporators;

- Audited Financial Statements for the immediately past calendar/fiscal year;

- Location of plant or production facilities;

- Bio-data of plant manager, technical service managers, and technical service facilities;

- Copies of supply and marketing agreements; and

- Vehicles used for operations.

b. Plant Data

- Process Description

- Process Flow Diagram

- Material and Energy Balance

- Plant Technical Data

- list of major equipment;

- maximum plant capacity and maximum production rate;

- process type, e.g. batch, semi-continuous, or continuous;

- production yield;

- waste products and disposal system;

- pollution control and environmental protection system; and

- storage capacities for raw materials, intermediate products, and finished products.

c. Product Brand Name

d. Specifications for every grade of product sold

- Basestocks/Recycled oils

- ASTM Color, maximum (ASTM D-1500)

- Conradson Carbon Residue, % by wt., maximum (ASTM D-189)

- Copper Strip Corrosion, 3 hrs. at 100oC, maximum (ASTM D-130)

- Flash Point, COC, oC, minimum (ASTM D-92)

- Neutralization Number, mg KOH/g, maximum (ASTM D-974)

- Pour Point, oC, maximum (ASTM D-97)

- Viscosity at 40oC and 10oC (ASTM D-445)

- Viscosity index, minimum (ASTM D-2270)

Basestocks and recycled oils shall meet the applicable specifications appearing in Annexes A[*] and B[*] , respectively.

- For blended fuel oils, the mixture shall meet the specifications appearing in Annex C[*] .

- Automotive Lubricating Oils

- American Petroleum Institute (API)/Society of Automotive Engineers (SAE) Automotive Engine Service Classification

- SAE Viscosity Classification

- ASTM Color, maximum (ASTM D-1500)

- Conradson Carbon Residue, % by wt. maximum (ASTM D-189)

- Neutralization Number, mg KOH/g. maximum (ASTM D-974)

- Pour Point, oC, maximum (ASTM D-97)

- Viscosity at 40oC and 100oC (ASTM D-445)

- Viscosity index, minimum (ASTM D-2270)

- Sulfated Ash, % by wt., maximum (ASTM D-874)

- Copper Strip Corrosion, 3 hrs. at 100oC, maximum (ASTM D-130)

- Flash Point, oC, minimum (ASTM D-92)

Product should be classified according to the SAE viscosity classification appearing in Annex D and the API engine service classification and testing systems appearing in Annexes E, F, and G. [*]

- For Specialty oils and Process oils, guaranteed quality specifications must be listed.

e. Facsimile of licensed company and product trademarks (inactual color)

f. For products sold in bulk, the corresponding product bulletins and trademarks of the company.

g. Certification by the Product Standards Agency that products satisfy guaranteed specifications or API/SAE automotive engine service grade requirements. If plant is not yet in operation, owner must submit certification that product will meet guaranteed specifications. Certification by the Product Standards Agency on actual product quality must be submitted prior to sale of products to the public.

h. Certification by the local fire department that plant conforms with the National Fire and Safety Code.

i. Certification by the National Pollution Control Commission that plant meets standards on air pollution control

standards.

j. Certification by the National Environmental Protection Council that plant meets standards on environmental protection.

k. Such other information and documents that the Bureau may require.

SECTION 3. Evaluation of Application — The Bureau shall evaluate the application, taking into consideration the following:

a. Quality of the product;

b. Technical effectiveness of the product and energy efficiency of recycling process;

c. Adequacy of Used Oil recycling and/or processing capacities existing in the country and rationalization of the oil recycling industry.

d. Other considerations which the Bureau may deem vital to the national and public interest.

SECTION 4. Conditions for Approval — License issued pursuant to Sections 2 and 3 shall for all legal purposes, be understood to have been issued under the terms and conditions stated in the application. Failure to comply with the terms and conditions under which the license was granted shall be a sufficient cause for the revocation of the license. Furthermore, a license to operate a refining, recycling, repacking, and/or blending plant or as marketer is subject to the following terms and conditions:

a. That product quality shall meet guaranteed minimum specification limits;

b. That safety, pollution control and environmental protection standards shall be maintained;

c. That the Bureau shall be informed and its approval obtained, prior to any change in processes described in the application;

d. That the recycling, refining, repacking, and/or blending plant shall manufacture or repack only the products approved under the license granted by the Bureau. In the case of new products, prior approval of the Bureau should be obtained before its commercial production commences;

e. That in the case of new plant, the owner, shall, before starting operations, submit the certifications required under Section 2 of this Rule. The plant shall furthermore, pass any inspection that the Bureau may require;

f. That, in the case of packaged products, the refiner, recycler, blender, repacker, or marketer shall sell its products packaged in containers bearing clearly its registered trademarks and the registered product-grade;

g. That, in the case of products sold in bulk, the refiner, recycler, blender, repacker or marketer shall make available to the customer the product bulletins registered with the Bureau.

Rule III
Registration and Licensing of Blenders,
Repackers, and Marketers of
Emulsified Petroleum Fuels

SECTION 1. Registration — All existing blenders, repackers, and marketers of emulsified petroleum fuels shall register with, and apply for a license from, the Bureau within sixty (60) days from the date of these rules. After the effectivity of these rules and regulations, all entities desiring to engage in the repacking, blending, and marketing of emulsified petroleum fuels shall be required to apply for registration and licensing prior to actual

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operation. Existing registered and licensed entities may oppose the application by filing with the Bureau their opposition together with such affidavits and documents or evidence in support thereof. The application, together with the opposition, if any, shall be disposed of by the Bureau in accordance with rules of practice and procedure observed by the Bureau.

SECTION 2. Requirements — The following documents/information are required for registration:

a. Company Data

- Name, address, and telephone number of the firm or business establishment;

- Articles of Incorporation, names and residential addresses of incorporators;

- Audited financial statements for immediately past calendar/fiscal year;

- Location of plant or production facilities;

- Bio-data of plant manager, technical service manager, and technical service engineers;

- Copies of supply and marketing agreements;

- Vehicles used in operations

b. Plant Data

- Process Description

- Process Flow Diagram

- Material and Energy Balance

- Plant technical data

- list of major equipment and capacities

- maximum plant capacity and maximum production rate

- process type, e.g. batch, semi-continuous or continuous

- production yield

- waste products and disposal system

- pollution control and environmental protection system

- storage capacities for raw materials, intermediate products, and finished products.

c. Product Brand or Trade Name

d. Specifications for every grade of product sold

- Emulsified bunker oil

- API Gravity at 15.6ºC, minimum (ASTM D-287)

- Ash, % by weight, maximum (ASTM D-482)

- Conradson Carbon Residue, % by weight (ASTM D-182)

- Water Content by distillation, % by volume (ASTM D-95)

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- Gross Heating Value, kcal/kg (ASTM D-240)

- Flash Point, ºC minimum (ASTM D-93)

- Viscosity at 50ºC, cs, maximum (ASTM D-445)

- Sulfur Content, % by weight, maximum (ASTM D-1552)

- Pour Point, ºC (ASTM D-97)

- Sediment by extraction, % by weight, maximum (ASTM D-473)

- Vanadium Content, ppm (astm d-2788)

- Sodium Content, ppm (ASTM D-2788)

- Emulsion Stability
Emulsified bunker oil shall meet specifications

Moreover, the guaranteed water content shall be fixed for each type or grade of emulsified bunker oil blended, repacked, or marketed.

- For other emulsified petroleum fuels, water content and gross heating value shall be specified and product shall conform with the quality specifications of the Product Standards Agency and other standards that the Agency may deem necessary. Furthermore, product must be stable under normal storage conditions for a minimum of three (3) months.

e. Facsimile of licensed company and product trademarks (in actual color), bearing clearly the phrase “Emulsified Petroleum Fuel” below the product trade name

f. For products sold in bulk, the corresponding product bulletins and trademarks of the company, bearing clearly the phrase “Emulsified Petroleum Fuel” below the product trade name

g. Certification by the Product Standards Agency that products satisfy guaranteed specifications

h. Certification by the local fire department that plant conforms with the National Fire and Safety Code

i. Certification by the National Environmental Protection Council that plant meets standards on environmental protection

j. Certification by the National Pollution Control Commission that plant meets standards on air pollution control

k. Such other information and documents that the Bureau may require.

SECTION 3. Evaluation of Application — The Bureau shall evaluate the application, taking into consideration the following:

a. Quality of the product;

b. Technical effectiveness of the product for intended application and technical competence of the licensee. If the Bureau is not convinced of the technical merit of the product, it may require actual testing on heating equipment at the expense of the applicant;

c. Such other considerations which the Bureau may deem necessary to the national and public interest.

SECTION 4. Conditions for Approval — License issued pursuant to Sections 2 and 3 of this Rule shall for all legal purposes, be understood, to have been issued under the terms and conditions stated in the application. Failure to

comply with the terms and conditions under which the license was granted shall be a sufficient cause for the revocation of the license. Furthermore, the license shall be subject to the following terms and conditions:

a. That product quality shall meet guaranteed specification limits;

b. That safety, pollution control and environmental protection standards shall be maintained;

c. That the Bureau shall be informed and its approval obtained prior to any change in processes described in the application;

d. That the blending, or repacking plant shall manufacture or repack only the products approved under the license granted by the Bureau. In the case of new products, prior approval of the Bureau should be obtained before its commercial production commences;

e. That in the case of a new plant, the owner, shall before starting operations, submit the certifications required under Section 2 of this Rule. The plant shall furthermore, pass any inspection that the Bureau may require;

f. That, in the case of packaged products, the blender, repacker, or marketer shall sell its products packaged in containers bearing clearly its registered trademarks and the registered product grade;

g. That, in the case of products sold in bulk, the blender, repacker, or marketer shall make available to the customer the product bulletins registered with the Bureau.

Rule IV
Reporting

SECTION 1. Used Oil Recyclers — All used oil re-refiners and reclaimers shall prepare and submit to the Bureau, a quarterly report containing the following information:

a. Volume of used oil purchased, classified by type;

b. Volume of used oil processed;

c. Volume of recycled oil produced, classified by product type;

d. Volume of recycled oil sold. If sold blended with virgin basestocks and/or additives, volumes of virgin basestocks and/or additives used;

e. Volume of blended finished oil sold;

f. Typical properties of oil produced by product type;

g. Energy consumption of plant

- electricity

- fuel oil, diesel, gasoline, etc.

- others;

h. Inventory at the beginning and end of the period

- used oil

- re-refined oil or reclaimed oil

- intermediate or in-process stock;

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i. Such other relevant information and certification which the Bureau may require from time to time.

SECTION 2. Lubricating Oils, Process Oils, Specialty Oils, Basestocks, Used Oils, Recycled Oils, Blended Fuel Oils, and Emulsified Petroleum Fuels, Blenders, Repackers, and Marketers — Blenders, repackers, and marketers shall prepare and submit to the Bureau a quarterly report containing the following information:

a. Volume of oil purchased locally or imported classified by type

b. Quantity of additives blended, classified by type

c. Volume of lubricating oil, process oil, specialty oils, basestocks, recycled oils, blended fuel oil, or emulsified petroleum fuels marketed, blended, or repacked classified by product type

d. Such other relevant information and certification which the Bureau may require from time to time.

SECTION 3. Form — Reports shall be prepared in the manner prescribed by the Bureau. The format and contents of the reports may be revised subject to periodic review by the Bureau.

SECTION 4. Frequency — Reports shall be prepared on a quarterly basis and shall be received by the Bureau fifteen (15) days following the end of each quarter.

Rule V
Miscellaneous Provisions

SECTION 1. Revocation of License — The Bureau may revoke any license on the following grounds:

a. Failure of the licensee to comply with the conditions and requirements under which the clearance was granted;

b. Violation by the licensee of any of the provisions of P.D. 1206, as amended by P.D. 1573 or Batas Pambansa Blg. 33 or of the amendatory laws thereto, or of these rules and regulations or any order or decision of this Bureau;

c. Considerations of national security and interest.

SECTION 2. Reinstatement — The Bureau, may, for good cause shown, reinstate the clearance previously revoked. Conditions for reinstatement shall be the same terms and conditions required for the issuance of a new license.

SECTION 3. Renewal of License — Renewal of license shall follow the same requirements and procedure as those for the issuance of a new license. License shall be renewed annually not later than the 31st of January of each year.

Rule VI
Fees

SECTION 1. The following fees shall be paid to the Bureau:

a. Application fees for license to operate as:

i. Recycler

P500.00

ii. Blender

500.00

iii. Marketer

500.00

iv. Refiner

500.00

v. Repacker

500.00

b. Initial license fees for license to operate as:

i. Recycler

P500.00

ii. Blender

500.00

iii. Marketer

500.00

iv. Refiner

500.00

v. Repacker

500.00

c. Renewal fees for licenses mentioned above P 50.00

SECTION 2. The fees hereinabove shall be paid as follows:

a. Application fee — upon filing the application

b. License of renewal fee — for issuance of license or for renewal of license within fifteen (15) days after issuance

or renewal thereof.

SECTION 3. License or renewal fees paid after the period prescribed in the preceding section shall be subject to a penalty charge equivalent to twenty-five (25%) percent per annum of the applicable fee.

Rule VII
Penalties

SECTION 1. Any person, natural or juridical, who violates any provision of these Rules and Regulations shall, after due hearing by the Bureau, pay a fine not exceeding One Thousand Pesos. The fine so imposed shall be paid to the Bureau, and failure to pay the fine within the time specified in the order or decision of the Bureau or failure to cease and discontinue the violation or non-compliance shall be deemed good and sufficient reason for the suspension, closure, or stoppage of operations of the establishment of the person guilty of the violation or non-compliance.

SECTION 2. Administrative Sanction — Without prejudice to the imposition of the penalties provided in Section 1, hereof, or under Section 1, Rule V hereof, where the violator is a holder or possessor of a license or permit granted by the Ministry, the said license or permit shall be suspended or revoked at the discretion of the Bureau.

Rule VIII
Repealing Clause

Any Rule or Regulation inconsistent with the provisions of these Rules is hereby repealed or modified accordingly.

Rule IX
Separability Clause

If for any reason or reasons, any part of these Rules shall be declared unconstitutional or invalid, no other part or provision hereof shall be affected thereby.

Rule X
Effectivity

These Rules shall take effect fifteen (15) days after publication in the Official Gazette.

Adopted: 28 May 1982

(SGD.) ORLANDO L. GALANG
Acting Director

(SGD.) GERONIMO Z. VELASCO
Minister of Energy

Re-issued: 19 Mar. 1990

By: Energy Regulatory Board

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[*] Available upon request at the U.P. Law Center.

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