NATIONAL ADMINISTRATIVE REGISTER · SEPTEMBER 1, 1995

RULES AND REGULATIONS IMPLEMENTING DOE-AO 95-001 RELAXING CERTAIN NON-PRICING REGULATIONS GOVERNING THE DOWNSTREAM PETROLEUM INDUSTRY

DOE, September 01, 1995

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Pursuant to the Department of Energy Administrative Order 95-001, dated April 10, 1995 relaxing certain non-pricing regulations governing the downstream petroleum industry, the Energy Industry Administration Bureau (EIAB) hereby adopts and promulgates the following rules and regulations to govern petroleum products trade and business activities.

Rule I
Title, Scope and Coverage and Definition of Terms

SECTION 1. Title - These rules shall be known and cited as the implementing rules and regulations (IRR) of DOE-AO 95-001 in the downstream sector of the petroleum industry.

SECTION 2. Scope of Coverage - The provisions of this IRR shall apply to the importation, exportation, marketing, handling, storage, sale, distribution and other similar activities connected with the business and trade of petroleum products, such as but not limited to: constructing and establishing or operating, remodelling and/or refurbishing of all petroleum products retail outlets, whether company-owned or not; the registration of all dealership agreements including the change or substitution of any petroleum products dealer or petroleum products retail outlet operators, LPG marketers, refillers, LPG dealers, operators of bulk plants, depots, repackers, marketers of lubricating oils, process oils, specialty oils, basestocks, recycled oils, used/slop oils, blended fuel oils, emulsified fuels and other petroleum products.

SECTION 3. Definition of Terms - The terms used in this IRR shall have the following respective meanings:

a. Bureau - shall mean the Energy Industry Administration Bureau (EIAB).

b. BPS - shall refer to the Bureau of Product Standards of the Department of Trade and Industry.

c. Certificate of Compliance (COC) - shall refer to any permit granted by the Bureau authorizing the importation or exportation of crude or petroleum products.

d. Consumer or End-User - shall mean any person consuming or using petroleum products for his own needs.

e. Days - shall mean official working days, unless the context provides otherwise.

f. Dealer - shall mean any person engaged in the retail of petroleum products with a dealership agreement registered with the Bureau.

g. Dealership Agreement - shall refer to the contract governing the petroleum products supplier-dealer relationships.

h. DENR - shall refer to the Department of Environment and Natural Resources.

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i. Department - shall refer to the Department of Energy.

j. EMB - shall refer to the Environment Management Bureau.

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

l. Filipino Citizen - shall include a partnership, association, company or corporation wholly owned or controlled by citizens of the Philippines.

m. Guaranteed Product Specification - means the physical or chemical characteristics of the product (guaranteed by the supplier) as set in minimum and/or maximum limits.

n. Importer/Exporter - shall refer to any person authorized to import and/or export crude and unbranded petroleum products in bulk, sells to marketers and end-users, but is not allowed to retail.

o. IRR - shall refer to the Implementing Rules and Regulations of DOE-AO 95-001.

p. License - shall refer to any license granted by the Bureau authorizing a person to engage in a particular activity covered under this IRR.

q. Liquefied Petroleum Gas (LPG) - shall mean commercial propane gas or commercial butane gas or a mixture of the two gases, with properties meeting the specifications of the Bureau of Products Standards.

r. LPG Cylinder - shall refer to any portable pressure-vessel; or container, conforming to the specifications set by the Bureau of Product Standards.

s. Manufacturer - shall refer to any person engaged in the processing of intermediate feedstocks.

t. Marketer - is any person engaged in the bulk sale or trading of petroleum products including LPG. A marketer may not manufacture or process the products sold. A marketer is differentiated from an oil company in that marketers include companies dealing in one product only such as LPG. An oil company is also a marketer.

u. Oil Company - shall refer to one which locally refines crude oil and other naturally occurring petroleum hydrocarbons, or has a long-term processing contract with a local oil company and sells locally varied petroleum products under its own brand name to dealers, and sells in bulk to marketers and direct large consumers/end-users. It may also engage in importation and exportation of various petroleum products as well as refilling of LPG. It shall also refer to the three (3) oil companies existing and operating at the time of the promulgation of these rules and such other companies that may be organized for this purpose:

v. Person - shall mean any being, natural or juridical, that engages or is capable of engaging in the production, importation, exportation, marketing, handling, storage, sale and other similar activities connected with the business and trade of petroleum products, and includes, among others, every individual, co-partnership, joint stock company or corporation, whether domestic or foreign, their lessees, trustees and receivers, as well as any municipality, province, city, government-owned or controlled corporation, or agency of the government of the Philippines and such other persons or entities that may own, possess or operate any petroleum products facilities or retail outlet or has a refinery or access to refinery capacity or is engaged in the marketing of a broad range of petroleum products for the consuming public in the Philippines.

w. Petroleum products - shall refer but is not limited to diesel oil, gasoline, kerosene, aviation, gasoline, asphalts, naphtha, reformate, solvents, aviation turbo or jet fuel, LPG, mineral oil, turpentine, bunker fuel, reduced crude oil feedstock, lubricating oils and greases and other similar petroleum-based products containing not less than fifty percent (50%) by weight petroleum.

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x. PNS - shall refer to the Philippine National Standards.

y. Qualified LPG serviceman - shall refer to an individual who has been trained, qualified and certified by the Philippine Liquefied Petroleum Gas Association (PLPGA) or by training school duly organized and accredited by the government to have successfully completed an approved training course for LPG serviceman.

z. Refilling plant - shall refer to installations that have LPG bulk storage and filling/refilling facilities for bottling and/or resale of LPG.

aa. Retailer - shall refer to any person engaged in retailing of petroleum-based and other specialty products which are branded and packed in sealed containers.

ab. Supplier - shall refer to an oil company or marketer.

Rule II
General Provisions

SECTION 1. License Requirements - No person or entity shall engage in the petroleum business as covered by Rule I Section 2 hereof, unless an application for the necessary license is filed with and approved by the Bureau.

SECTION 2. Permit to Import/Export - No person shall be allowed to import or export any petroleum or petroleum -based products unless an application is filed with and approved by the Bureau and the corresponding Certificate of Compliance (COC) is granted, on a per shipment basis.

SECTION 3. Dealership Agreement - No dealer shall undertake any retailing activity, unless the dealership agreement is registered by the supplier with the Bureau. Any amendment(s) thereto shall likewise be submitted to the Bureau for registration, not later than ten (10) days from the date of such amendment(s). The dealers shall sell only the products purchased from the supplier with whom he has a dealership agreement, except during force majeure and other similar contingencies/emergencies, provided that an application for the purpose is filed with and approved by the Bureau.

With regard to change/substitution of dealer, the same may be done provided that the change/substitution of dealer is not contrary to the dealership contract entered into between the supplier and dealer concerned and said change/substitution shall only be effective upon registration with the Bureau.

In the event that a dealer voluntarily withdraws from operation, notice of such intent to withdraw shall be given to the supplier concerned ninety (90) days prior to such withdrawal. The supplier shall then immediately take measures toward the protection of the consumers served by said dealer.

SECTION 4. Fees and Charges - All fees relative to the operation in the downstream sector of the petroleum business as laid down in the Department's Schedule of Fees and Charges, must first be paid with the Bureau before the proper license is issued to the applicant.

a. License - All application fees are due upon filing while the license fees are due upon release of the license.

b. Certificate of Compliance (COC) - All application fees for importation or exportation of petroleum products are due upon filing of the request while fees for COCs are due upon release of the certificate.

c. Miscellaneous certifications/approvals - All applications fees are due upon filing while the applicable fees are due upon release of the certification/approval.

SECTION 5. Renewal of Licenses - All licenses granted by the Bureau shall be renewed annually not later than January 31 of each year, except for licenses of those engaged in the LPG and hauling business, which shall not be

later than July 31 of each year.

Rule III
Marketing, Importation and Exportation of Major Petroleum Products

SECTION 1. Scope - This Rule shall cover the activities of oil companies, manufacturers, marketers and importers/exporters of the following petroleum products:

a. motor gasolines (leaded or unleaded, premium or regular)
b. aviation gasoline
c. aviation turbo fuel (avturbo/jet fuel)
d. kerosene
e. diesel, gas oil
f. fuel oil/fuel oil components/feedstocks base oil feedstock
g. solvents/thinners
h. asphalt
i. naphtha
j. reformate
k. cracker feedstock
l. other products containing not less than fifty (50%) by weight petroleum, whether naphthenic, paraffinic, aromatic combination

SECTION 1.2. This Rule shall likewise cover the importation and/or exportation of LPG.

SECTION 1.3 Retail marketing of petroleum products shall be governed by the provisions of Rule IV and V of this IRR.

SECTION 2. Marketing of Petroleum Products -

SECTION 2.1 License requirements - All marketers of petroleum products covered by this Rule shall obtain the necessary license to market before engaging in actual buying and/or selling of such products.

SECTION 2.2 Who may apply - Unless otherwise disqualified by law, any person seeking to market petroleum products shall file an application with the Bureau in the manner provided for under this Rule.

SECTION 2.3 Contents and documents to accompany application - All applications shall be made in writing and shall include the requirements prescribed under Annex A[*] of this IRR. The Bureau shall conduct an actual inspection of the applicant's facilities prior to issuance of the license.

SECTION 2.4 Evaluation of application - Within ten (10) days from the submission of all the required documents and inspection of facilities, the Bureau shall evaluate and process the application and render decision thereon.

SECTION 2.5 Criteria for evaluation of application - In processing an application for a license to market petroleum products, the Bureau shall be guided by the following:

a. Compliance of the applicant with all the requirements set by the Bureau;

b. Technical and financial feasibility of the project;

c. Marketing and distribution capabilities of the applicant;

d. Suitability of facilities for intended use

e. Compliance to guaranteed/standard specifications of the products.

SECTION 2.6 Obligations of marketers of petroleum products - Unless extended in writing by the Bureau, all required documents, papers and pertinent data prescribed under Annex A of this IRR shall be submitted on or before 22nd day of the succeeding month.

SECTION 2.7 Effectivity/validity of license to market - Unless sooner revoked for cause, all licenses to market issued by the Bureau shall be effective and valid for a period of one (1) year and may be renewed annually.

SECTION 3. Importation of Petroleum Products -

SECTION 3.1 Contents and Documents to accompany application - All applications for permit to import petroleum products shall be made in writing and shall include the requirements prescribed under Annex A of this IRR.

SECTION 3.2 Evaluation of application - The Bureau shall process and evaluate any application for permit to import within ten (10) days after full compliance with the requirements of this IRR. Once the application is approved, the Bureau shall issue the corresponding Certificate of Compliance (COC).

SECTION 3.3 Criteria for evaluation - In processing an application for permit to import, the Bureau shall be guided by the following:

a Necessity of importation considering the availability of local supply or substitute at comparable cost, quality and quantity of the product.

b Cost and outflow of foreign exchange in the importation. Import cost should be comparable with prevailing international market price.

c. Consistency of import volume application to the capacity of storage facilities and inventory requirement. The applicant shall be allowed to import products according to their existing storage capacity.

d. Other factors that may ensure the levelling of playing field in the industry such as payment of appropriate taxes, duties and impost on the product.

SECTION 3.4 Applications for importation by marketers who have depots and gasoline stations selling at least three (3) of the following products: premium leaded gasoline, premium unleaded gasoline, regular gasoline, diesel, and kerosene, shall not be subject to local supply availability. The Bureau, however, may require the applicant to source his product locally if the local price is tower than the proposed import landed cost, unless the proposed importation is satisfactorily justified.

SECTION 3.5 Applications for importation by marketers who are engaged in bulk marketing or wholesaling may be allowed only if the product to be imported is not available locally at the time of the filing of application.

SECTION 3.6 Obligation of importers of petroleum products - Unless extended in writing by the Bureau, all required documents, shipping documents, papers and other data pertinent to the importation shall be submitted as follows:

a. For importations via tankers, barges and pipeline, the required documents as stated in Annex A of this IRR are due within ten (10) days from date of arrival of the importation.

b. In addition to the requirements under Annex A of this IRR, the following shall be submitted in case of importation via tank trucks.

1. Weekly submission of accomplished gate passes for all tank truck liftings of imported product/s for liftings from free port areas and export processing zones;

2. Monthly summary of tank truck liftings of imported product/s.

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c. Failure to submit the aforesaid documents shall be a ground for disapproval of the next shipment.

SECTION 3.7. Effectivity/validity of Certificate of Compliance - Unless sooner revoked for cause, the COC shall be effective and valid for a maximum period of three (3) months (based on arrival date) from the issuance thereof.

SECTION 4. Exportation of Petroleum Products -

SECTION 4.1 Contents and documents to accompany application - All applications for permit to export petroleum products shall be made in writing and shall include the requirements prescribed under Annex A of this IRR.

SECTION 4.2 Evaluation of application - The Bureau shall resolve any application for permit to export within ten (10) days after full compliance with the requirements of this Rule. Once the application is approved, the Bureau shall issue the corresponding Certificate of Compliance (COC).

SECTION 4.3 Criteria for Evaluation - In the processing an application for permit to export, the Bureau shall be guided by the following:

a. The exportation shall not cause any shortage in the local supply of the product.

b. There are no available local buyers to purchase the product at the given export price.

c. Other considerations vital to the country's national security and interest.

SECTION 4.4 Obligation of exporters of petroleum products - Unless extended in writing by the Bureau, all required documents, shipping documents, papers and other data pertinent to the exportation, as stated in Annex A of this IRR shall be submitted to the Bureau within ten (10) days from date of loading of the exportation. Failure to submit the aforesaid documents shall be a ground for disapproval of the next shipment.

SECTION 4.5 Effectivity/validity of Certificate of Compliance - Unless sooner revoked, the COC shall be effective and valid for a maximum period of three (3) months (based on loading date) from issuance thereof.

SECTION 5. Miscellaneous Certifications/Approvals for Marketers and Importers/Exporters -

SECTION 5.1 Term clearances - Term clearances for importations and/or exportations may be issued depending on the merits and necessity of the proposal, subject to the conditions of Sections 3.4 and 3.5 hereof. However, a COC shall still be secured by the applicant for every shipment covered by the term clearance.

SECTION 5.2 Special authorizations - Special authorizations may be issued pursuant to government issuances applicable to import/export transactions.

SECTION 5.3 Miscellaneous certifications/approvals - Unless sooner revoked or cancelled, miscellaneous certifications/approvals shall be effective and valid on the date(s) stipulated in the certification/approval.

SECTION 6. Inspection and Audit - The Bureau shall conduct periodic inspection and audit at various points of the business, such as but not limited to import shipment thru tankers, barges, pipeline, tank trucks, as well as storage plants, and handling and distribution facilities.

SECTION 7. Revocation of License/Permit - The Bureau may revoke any license/permit on the following grounds:

a. Failure to comply with the conditions of the license to market and COC approvals.

b. Failure to comply with the pertinent provisions of this IRR.

c. Considerations of national interest, security, health, safety and environment.

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Rule IV
Marketing, Handling Storage, Sale, Business and Trade of Liquefied Petroleum Gas (LPG)

SECTION 1. Classification - For the purposes of this Rule, LPG marketers shall be classified into three (3) main categories as follows:

a. Bulk Suppliers

(1) LPG Producers (Oil Companies)
(2) LPG Importers

b. Bulk Offtakers

(1) Refillers
(2) Bulk Distributors

c. LPG Resellers

(1) Independent Marketers
(2) Dealers
(3) Retail Outlets

SECTION 2. Definitions, Qualifications and Responsibilities -

SECTION 2.1 Bulk Suppliers -

a. Bulk Suppliers defined -

1. An oil company (as defined in Rule I, Section 3) is one which owns and operates petroleum refining and storage facilities that produce and store LPG in bulk.

2. An LPG Importing company is one which owns an LPG storage facility, capable of directly receiving deliveries of large parcels of imported LPG, and may refill and sell LPG under its own brand name to LPG Resellers or sell to LPG bulk offtakers.

b. A Bulk Supplier shall possess the following qualifications:

1. The necessary bulk LPG loading facilities for barge or tank truck trailers; and

2. The necessary resources, including adequate qualified and duly licensed personnel, equipment, and fixed facilities (leased or owned) to effectively conduct the operation of the business and to carry out the responsibility of rendering efficient service to their clientele.

c. A Bulk Supplier shall have the following responsibilities:

1. to ensure the adequate and timely supply of LPG in bulk, and

2. To ensure that production, storage, receiving and loading facilities and equipment are in safe operating condition at all times.

SECTION 2.2. Bulk Off-takers -

a. A Bulk Off-taker is an LPG company that buys LPG in bulk by tankers, barges or tank truck trailers from the bulk suppliers, and is generally categorized as Refiller or Bulk Distributor, defined as follows:

1. A Refiller is any person that refills LPG into cylinders under his own brand name and resells the same to his network of dealers, or may refill LPG cylinders of independent marketers.

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2. A Bulk Distributor is any person that sells in bulk to commercial and industrial customers.

b. A Bulk Off-taker, who is a refiller, shall possess at least the following qualifications:

1. A Filipino citizen or person authorized by law;

2. Supply agreement with a bulk supplier, duly registered with the Bureau;

3. Personnel, facilities and equipment to effectively carry out his responsibility or rendering efficient service to his clientele, such as but not limited to:

a. Office, plant and fixed storage facilities capable of storing a minimum aggregate of 30,000 kilograms of LPG;

b. One (1) bulk transport;

c. Weighing devices duly inspected and sealed (for refillers);

d. Sufficient number of qualified men duly licensed in accordance with existing laws, proportionate to the size of his operation but should be more than the requirement of an independent marketer;

e. At least one (1) licensed engineer in his employ with the primary function of ensuring safety of the operation and facilities;

f. Qualified servicemen.

c. A Bulk Off-taker shall have the following responsibilities:

(1) A refiller shall:

a. Fill PLG cylinders accurately.

b. Undertake LPG filling operations that conform to standards prescribed under the provisions on safety of this IRR.

c. Test-weigh and leak test every cylinder before each one leaves the refilling plant premises.

d. Be authorized to fill cylinders under his own brands and/or other brands provided that the latter is done with prior written authorization from or agreement with the brand owners.

e. Procure new LPG cylinders only from reputable and duly licensed cylinder manufacturers and shall only use LPG cylinders manufacturers and shall only use LPG cylinders with, appropriate markings by the BPS, i.e. Philippine Standards (PS) markings for locally procured cylinders, or the Import Commodity Clearance (ICC) markings for imported cylinders.

f. Have all new cylinders procured embossed with his registered brand name upon the promulgation of this IRR.

g. Have all procured second hand or surplus cylinders undergo requalification by a duly licensed third party before putting these in circulation.

h. Register with the Bureau and exclusively use a distinguishing color or marking scheme for all cylinders.

i. Maintain and repair all LPG cylinders under his own brand name in conformity with the Philippine National Standards or PNS 41.

j. Ensure that all cylinders are properly sealed before leaving the filling plant premises to guarantee correctness of product content.

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k. Register his seal with the Bureau.

l. Conform with safe LPG handling practices as prescribed under provisions on safety hereof.

2. A Bulk Distributor shall:

a. Operate and maintain bulk transport facilities and equipment in conformity with standards prescribed under provisions on safety hereof.

b. Ensure that all bulk transfers are supervised by a qualified serviceman.

SECTION 2.3 LPG Resellers -

a. An LPG Reseller is any person who is duly authorized and registered with the Bureau to engage in buying of LPG filled into cylinders and reselling the same to end-users directly, by delivery, or through retail outlets, but not authorized to refill their own cylinders. An LPG Reseller is classified as an Independent Marketer, a Dealer or a Retail Outlet.

- An Independent Marketer is one who resells LPG under is own registered brand name directly or through his network of dealers and/or retail outlets.

- A Dealer is one who resells LPG exclusively under the brand name of his supplier with whom he has a dealership agreement.

- A Retail Outlet is one duly authorized by a dealer and registered with the Bureau to sell directly to end-users but does not assume the responsibility of servicing and/or delivering which is performed by dealers.

b. An Independent Marketer shall possess at least the following qualifications:

- A Filipino citizen or person authorized by law;

- Supply agreement with an LPG supplier, or an LPG Bulk Off-Taker duly registered with the Bureau.

- Personnel, facilities and equipment: To effectively carry out his responsibility of rendering efficient service to his clientele, an independent marketer must have at least the following:

a. A fixed store space and storage facilities adequate to store a minimum of 5,000 kilograms of LPG in conformity with the safety standards prescribed by this IRR;

b. Five (5) qualified servicemen in his employ; and

c. Four (4) delivery vehicles used on a full-time basis for his LPG business.

c. An LPG Dealer shall possess at least the following qualifications:

- A Filipino citizen or person authorized by law;

- Supply agreement with an LPG refiller, duly registered with the Bureau;

- Personnel, facilities, and equipment: To effectively carry out his responsibility of rendering efficient service to his clientele, an LPG dealer must have at least the following:

a. A fixed store space and storage facilities adequate to store a minimum of 5,000 kilograms of LPG in conformity with the safety standards prescribed by this IRR;

b. Three (3) qualified servicemen; and

c. Four (4) delivery vehicles used on a full-time basis for his LPG business.

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d. An LPG Retail Outlet shall carry a license to retail issued by the Bureau upon proof that he is capable of performing basic safety measures in carrying out his business.

e. An LPG Reseller shall have the following responsibilities:

1. An Independent Marketer shall:

a. Carry his own brand of LPG.

b. Ensure adequate and timely supply of LPG of his dealers.

c. Ensure the correct weight of LPG filled cylinders delivered to his dealers.

d. Procure new LPG cylinders only from reputable and duly licensed cylinder manufacturers and shall only use LPG cylinders with appropriate markings by the Bureau of Product Standards, i.e., Philippine Standard (PS) markings for locally procured cylinders, or the Import Commodity Clearance (ICC) markings for imported cylinders.

e. Have all new cylinders procured embossed with his registered brand name upon the promulgation of this IRR.

f. Have all procured second hand or surplus cylinders undergo requalification by a duly licensed third party before putting these in circulation.

g. Register with the Bureau and exclusively use a distinguishing color or marking scheme for all cylinders.

h. Maintain and repair all LPG cylinders under his own brand name in conformity with the PNS 41.

i. Put up warehouse facilities within his area of operations unless exempted for cause to be determined by the Bureau.

j. Provide servicing, delivery and technical assistance for his dealers.

k. Conform with safe LPG handling practices as prescribed under provisions on safety of this IRR.

2. A Dealer shall:

a. Carry only his Refiller's brand of LPG.

b. Operate only within the area specified under the contract between him and his Refiilers/supplier.

c. Put up warehouse facilities only within his area of operations unless exempted for cause to be determined by the Bureau.

d. Provide servicing, delivery and technical assistance for his clientele.

e. Conform with safe LPG handling practices as prescribed under provisions on safety of this IRR.

3. A Retail Outlet shall:

a. Carry the brand of LPG filled into cylinders he is authorized to carry by virtue of his agreement with the appointing dealer.

b. Sell only LPG in cylinders with Bureau-registered seals of Refillers.

c. Neither transport or deliver LPG to end-users.

d. Perform no services to his end-users that require the skills of a qualified serviceman.

e. Conform with safe LPG handling practices as prescribed under provisions on safety hereof.

SECTION 3. Application for License -

SECTION 3.1 Who may apply - Unless otherwise disqualified by law, any person seeking a license to engage as marketer in the LPG industry shall file an application with the Bureau in the manner provided for under this Rule. This provision, however, shall not apply to LPG retail outlets, the registration of which is done by his appointing dealer.

SECTION 3.2 Contents and documents to accompany application - All applications shall be made in writing and shall include the requirements prescribed under Annex B[*] of this IRR.

SECTION 3.3 Procedure - When the application is found in order, the Bureau shall allow the oil companies and other interested parties to file their opposition, if any, within fifteen (15) days from receipt of the application. The Bureau shall evaluate the application and render a decision within fifteen (15) days from the lapse of the period to file the opposition.

a. In case of application to operate refilling plants in areas mentioned in DOE-AO 95-001, the following procedure shall be followed:

1. The Bureau shall issue an order to:

a. Post a Notice of Fifing in the bulletin board of the City Hall/Municipal Building of the locality where the business is to be conducted.

b. Furnish copies of the application, at their principal offices, to all marketers engaged in the same activity within the proposed trading area.

c. Publish the Notice of Filing, at the expense of the applicant, in one Philippine newspaper of general circulation at least one (1) week before the scheduled hearing.

2. Contents of Notice of Filing - The Notice of Filing of the application shall contain the requirements prescribed under Annex B[*] of this IRR.

3. Opposition - Any person whose right may substantially be affected by the application may contest the grant thereof by filing with the Bureau a written opposition under oath within the period provided for in this IRR and serving a copy of the opposition to the applicant.

4. Proof at hearing - At the hearing, compliance with the provisions of Section 3 (a) of this Rule must be shown before the introduction of evidence. If no person appears to contest the application, the Bureau may consider the application submitted for resolution and render a decision thereon.

5. Manner of conducting hearing - Hearing of all applications shall be conducted in accordance with the Rules of Practice and Procedure governing hearings before the Energy Industry Administration Bureau.

SECTION 4. Criteria for Processing/Evaluation of Application - In processing an application for license, the Bureau shall be guided by the following:

a. The Proposed operation will promote public interest in a proper and suitable manner considering the need and convenience of end-users.

b. The commercial viability of the operation can be reasonably expected.

c. The establishment and operation thereof will not result in a monopoly, combination in restraint of trade and ruinous competition.

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d. The requirements of public safety and sanitation are properly observed.

SECTION 5. License -

SECTION 5.1 Issuance of license - Once an application is approved, the Bureau shall issue a license to operate to the applicant or to the person in whose name the application was made.

SECTION 5.2 Effectivity - Unless revoked for cause, the license issued by the Bureau shall be valid and effective for a period of one (1) year from the date of issuance and may be renewed from year to year. All applications for renewal shall be made fifteen (15) days before the date of expiration.

SECTION 5.3 Grounds for Revocation - Any of the following may constitute a ground for the revocation or cancellation of the license:

a. If the licensee fails to comply with the conditions and requirements under which the license was issued.

b. If the licensee is found to have obtained his supply of LPG from sources other than his duly authorized supplier who shall likewise be a possessor of a license duly issued by the Bureau.

c. If the licensee (refiller) is found to have filled LPG in cylinders other than his own brand without prior written authorization from the brand owner/s.

d. If the licensee fails to observe the required safety and sanitation requirements of the locality.

e. If the licensee aids, abets or causes to sell smuggled LPG, or products not conforming to the Philippine National Standards set by the BPS, or undersells the required quantity as prescribed by existing regulations governing the sale thereof.

f. If the licensee violates any of the provisions of this IRR or any applicable order or decision of the Bureau.

g. In the event that a licensee withdraws from or fails to renew his license or ceases to be engaged in the LPG business for two (2) years, the license shall be automatically cancelled or revoked.

SECTION 5.4 Reinstatement - The Bureau may, for good cause shown, reinstate the license previously revoked or cancelled.

SECTION 6. Registration -

SECTION 6.1 What shall be registered - The following shall be registered with the Bureau:

a. All contracts and agreements governing the relationships between persons engaged in the LPG business, not later than fifteen (15) days after the effectivity of said contract.

b. Such facilities and equipment used in the conduct of the business, not later than July 31 of each year:

1. Filling plants;
2. Bulk Storage tanks;
3. Coastal/bay tankers/cross barges;
4. Hauling/delivery vehicles;
5. LPG cylinders;
6. Cylinder storage spaces/warehouses;
7. Such other equipment and facilities that may hereafter be required to be registered by the Bureau.

c. Subsequent agreements changing or substituting a dealer, or retail outlets likewise be registered with the Bureau within the period prescribed under Section 6.1 (b) hereof.

SECTION 6.2 Who shall register - All contracts and agreements shall be registered by the following:

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a. Oil companies with respect to contracts entered into with bulk off-takers and dealers.

b. Bulk off-takers with respect to contracts entered into with LPG resellers.

c. Refillers with respect to contracts entered into for the refilling of LPG cylinders other than their own brands.

d. Independent marketers with respect to contracts entered into with their dealers and/or retail outlets.

SECTION 7. Safety -

a. With the exception of retail outlets, all duly licensed entities engaged in the sale and distribution of LPG shall provide free inspection and technical assistance to their customers, retail outlets and dealers, as the case may be, to ensure conformity to safety standards in accordance with the provisions of this IRR and shall respond to all emergency calls affecting safety at any time.

b. Any person undertaking the initial installation of an LPG system shall be responsible for providing his customer with adequate instructions for the proper and safe handling, use and maintenance of the system installed.

c. All installations for the filling, use and storage of LPG and/or LPG containers and their necessary appurtenances shall conform to local zoning ordinances and regulations.

d. All brand owners shall keep their own cylinders in safe, clean and serviceable condition and shall maintain them in a manner consistent with the provisions of the safety codes adopted in the industry.

e. All marketers shall use only LPG cylinders, facilities and equipment that comply with the specification, design, fabrication, inspection, marking and requalification provision of the safety codes set and observed in the industry.

f. To ensure safety of consumers, all marketers are enjoined to procure only brand new cylinders from duly licensed cylinder manufacturers with their brand name clearly embossed on the cylinder body shall conform with the provisions of PNS 03: 1983 ("Specification for Steel Cylinders for LPG"), effective upon promulgation of this IRR. All cylinders shall be re-qualified ten (10) years from the date of manufacture and every five (5) years thereafter.

g. All LPG marketers shall have appropriate provisions for the safe handling of all cylinders in circulation.

h. Imported cylinders that are without the prescribed safety and engineering standard markings must be requalified prior to being put in circulation, and every five (5) years therafter.

i. Vehicles used in transporting LPG cylinders shall have substantially flat floors and equipped with suitable racks for holding the cylinders which shall be securely fastened in a position that shall minimize the possibility of movement and tipping over, which might cause danger to life and property.

j. All other matters affecting the safe and proper handling, transport, storage, installation and use of equipment and facilities used in the LPG industry shall be governed by the pertinent provisions of the different international safety codes now observed and adopted in the industry.

SECTION 8. Inspection - All places of business, plants, equipment and facilities of persons engaged in the business and trade of LPG shall be subject to inspection by the Bureau for the purpose of determining compliance with the provisions of this IRR.

SECTION 9. Miscellaneous Provisions -

a. All cylinders offered for sale to the public shall be filled only at the authorized filling plants. To ensure correctness of product content, such cylinders shall have the proper seals duly approved by the Bureau.

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b. All LPG marketers in accordance with their license shall:

1. Set aside unsafe or dilapidated empty cylinders for requalification, repair, cleaning, painting prior to having such cylinders refilled.

2. Check the tare weight of every cylinder and have it corrected before filling.

c. Any LPG marketer, dealer or retail outlet who accepts deposits for cylinders shall refund the same upon presentation of proof of deposit by his customers.

d. To ensure maximum protection to the consuming public and to further discourage the so-called "colorum" operators, all LPG marketers shall:

1. Display the license issued by the Bureau in all their places of business.

2. Have all delivery vehicles and/or transport system marked with the LPG brand name and the registered name of the company. Both names shall also be displayed at a conspicuous place in all stores, offices, plants and/or storage sites.

e. All brand owners who sell LPG in bulk or retail shall carry a product liability insurance to answer for whatever damage or liability that may result from the unsafe condition of LPG tanks, installation and equipment.

f. All marketers who sell LPG in cylinders directly to end-users or consumers, shall install at least one (1) weighing scale duly calibrated by the local treasurers office in all their business establishments.

g. In times of natural calamities and emergencies, the Bureau shall, upon consultation with the industry, implement contingency measures to ensure the uninterrupted supply of LPG.

h. To afford consumers greater flexibility in switching from one brand of LPG to another, no reseller shall refuse any request of the consumer to have his cylinder(s) exchanged with that of another brand, PROVIDED, that the cylinder is of the same type of design, valve and regulator and is in serviceable condition.

i. A dealership agreement may contain and provide such terms and conditions as may be agreed upon between the parties of the contract provided that such terms and conditions:

1. Do not violate any rule and/or regulation of the Bureau;

2. Do not impose a minimum volume or value of petroleum products to be bought by the dealer;

3. Do not limit the term of the contract for less than five (5) years;

4. Do not grant any benefit, advantage or privilege to any dealer which is not given to other dealers similarly situated;

5. Do not allow overlapping of respective territories of the same company, provisions of existing contracts to the contrary notwithstanding.

j. Dealers/retail outlets may request the necessary assistance of the suppliers with whom they have dealership agreements in compliance with the requirements prescribed in this IRR.

k. No retail outlet shall transport nor deliver LPG, nor perform service requiring skills of a qualified serviceman.

l. Except for good cause shown as may be determined by the Bureau, no LPG filling plant shall be constructed and operated within ten (10) kilometers from an existing plant.

m. The importation or exportation of LPG shall be further governed by the provisions of Rule III of this IRR.

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Rule V
Construction, Operation, Remodelling, And/or Refurbishing of Petroleum Products Retail Outlets (Gasoline Stations)

SECTION 1. Classification - For the purposes of this Rule, petroleum products retail outlets shall be classified as follows:

a. Curb pump
b. Filling Station
c. Service station.

SECTION 2. Definitions and Qualifications -

SECTION 2.1 Curb Pump -

a. A curb pump is that type of petroleum products retail outlet which generally has no separate building and driveway and offers no other services except to sell petroleum products such as gasoline, kerosene, diesel, lubricants and any of their derivatives. Filling of a customer's vehicle or a purchaser's receptacle is done at the side of a road.

b. A curb pump shall have at least the following equipment:

1. One (1) approved-type dispensing pump either for gasoline, kerosene and/or diesel;

2. A minimum of one (1) 1,000 - gallon capacity underground storage tank for each type of product dispensed thereat;

3. Air compressor (optional); and

4. Fire extinguisher consistent with the requirement of local government.

c. The land area for a curb pump outlet shall be limited to the minimum space necessary for pump and tank installation.

SECTION 2.2. Filling Station -

a. A filling station is that type of petroleum products retail outlets with building and driveway and pump island. The business is generally confined to the sale of gasoline, kerosene, diesel, lubricants and any of their derivatives. It includes marine outlets, whether mobile, stationary or floating.

b. A filling station shall have at least the following equipment:

1. Internationally approved-type dispensing pumps for each petroleum product sold thereat;

2. Underground storage tank(s) with a minimum capacity of 1,000 gallons for each type of petroleum product sold thereat;

3. Air compressor (optional);

4. Bulk lubricating oil dispenser (optional); and

5. Fire extinguisher.

SECTION 2.3 Service Station -

a. A service station is that type of petroleum products retail outlet with a building and driveway located on premises near or abutting a street or highway where gasoline, kerosene, diesel, lubricants and any of their

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derivatives including car care products may be dispensed and sold and car care services rendered to motorists and the general public.

b. A service station shall have at least the following facilities and equipment:

1. Facilities:

a. A building with a sales office display room, lubrication bay, rest room, equipment room, store room and attendant's quarter;

b. Pump island(s) with approved type dispensing pump for each petroleum products dispensed thereat;

c. Wash Lifter/Hoist or Lubrication pit;

d. Forecourt; and

e. Boundary walls.

2. Equipment:

a. Approved-type dispensing pump(s);

b. Underground storage tank(s) with a minimum capacity of 2,000 gallons for each type of petroleum product sold thereat;

c. Hoist;

d. Air compressor;

e. Fire extinguisher(s);

f. Car washer;

g. Water pump;

h. Lubricator(s);

i. Gear oil dispenser(s);

j. Spray guns, bulk lubricating oil dispensers and various lubricating tools;

k. Tire changer; and

l. Floor-type jack.

c. A service station may also have the following facilities and equipment depending on its services:

1. Wheel balancer;
2. Battery charger;
3. Battery cell tester;
4. Spark plug cleaner/tester; and
5. Sundry tools for servicing.

d. Service stations are further classified into Class A, B, C and shall have respective facilities and equipment as shown in Annex C[*].

SECTION 3. Application -

SECTION 3.1 Who may apply - Any person not otherwise disqualified by law and who is a party to a

dealership agreement, existing or proposed, as contemplated in this IRR, may apply for authority to construct and a license to operate a petroleum products retail outlet, provided that in the latter case the applicant is not an operator/dealer of another oil company/marketer.

In case of remodelling and/or refurbishing of retail outlets, no prior application with the Bureau is necessary. However, a written notice accompanied by a copy of the photograph of retail outlet to be remodelled or refurbished, plans, specifications and cost of remodelling and/or refurbishing must be filed with the Bureau, fifteen (15) days before such undertaking. Upon completion of such undertaking, photographs of the remodelled and/or refurbished retail outlet shall likewise be submitted to the Bureau.

SECTION 3.2 Contents of application - All applications shall be accompanied by documents such as but not limited to the following:

a. Lot, location and trading area plans indicating the existing competitive petroleum products retail outlets and the distance provided for in Section 7a hereof;

b. Profitability study;

c. Contract to lease or option to lease;

d. Proof that applicant furnished copies of the application to all the other oil companies/suppliers with dealership arrangements and to all licensed dealers and/or operators with outlets existing and operating within the immediate vicinity and/or one (1) kilometer trading area from the place where the outlet is to be established, at their principal offices or places of business appearing in the records of the Bureau.

SECTION 3.3 Procedure - When the application is found in order, the Bureau shall allow the oil companies and other interested parties to file their opposition, if any, within fifteen (15) days from receipt of the application. The Bureau shall evaluate the application and render a decision within fifteen (15) days from the lapse of the period to file the opposition.

SECTION 4. Criteria for Processing/Evaluation of Application - In processing and evaluating an application, the Bureau shall be guided by the following:

a. The operation of the proposed petroleum products retail outlet will promote public interest in a proper and suitable manner considering the need and convenience of end-users.

b. The commercial viability of the operation of the outlet can be reasonably expected.

c. The establishment and operation thereof will not result in a monopoly, combination in restraint of trade or ruinous competition.

d. The requirements of public safety and sanitation are properly observed.

SECTION 5. License -

SECTION 5.1 Issuance of license - Once an application is approved the Bureau shall issue a license to operate to the applicant or to the person in whose name the application was made.

SECTION 5.2 Effectivity - Unless revoked for cause, the license to operate any petroleum products retail outlet issued by the Bureau shall be valid and effective for a period of one (1) year from the date of issuance and may be renewed from year to year. All applications for renewal shall be made fifteen (15) days before the date of expiration.

SECTION 5.3 Grounds for revocation - Any license to operate any petroleum products retail outlet may be revoked on the following grounds:

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a. If the operator abandons or fails, for a period of sixty (60) days, to render the service for which the license was issued.

b. If the operator fails to observe the required safety and sanitation requirements of the locality.

c. If the operator aids, abets or assists in the sale of, or causes to sell smuggled petroleum products, or products not conforming to the Philippine National Standards set by the BPS, or undersells or under-delivers the required quantity as prescribed by law and regulation governing the sale thereof.

d. If the operator violates any provisions of the rules and regulations, orders or resolutions lawfully issued by the Bureau.

SECTION 5.4 Reinstatement - The Bureau may, for good cause shown and at its sound discretion, reinstate any license that has been revoked.

SECTION 6. Dealership Agreement - A dealership agreement may contain and provide such terms and conditions as may be agreed upon between the oil company/marketer and the dealer/operator, provided that such terms and conditions:

a. Do not violate any rule or regulation of the Bureau;

b. Do not impose a minimum volume or value of petroleum products to be bought by the dealer;

c. Do not limit the term for less than five (5) years;

d. Do not grant any benefit, advantage or privilege to any dealer which is not given to other dealers similarly situated; and

In addition to the requirements elsewhere provided in this Rule, oil companies/marketers shall submit to the Bureau copies of all agreements relative to the operation of any petroleum products retail outlet as a condition precedent for the issuance of the license to operate.

SECTION 7. Other Provisions -

a. Unless it is satisfactorily shown and established that there is a need to construct and operate a petroleum product retail outlet, no outlet of the same oil company/marketer shall be allowed to be constructed and operated within one (1) kilometer distance from an existing station.

b. No dealer/operator shall sell and no oil company/marketer shall supply packed products unless the same are correctly and properly labeled.

c. All owners and operators of all retail outlets are responsible for the strict implementation and adherence to safety, sanitation and environmental protection standards in the construction and operation of petroleum products retail outlets as set forth in the Fire Code and National Building Code of the Philippines.

d. No dealer/operator shall be compelled to render a twenty-four (24) hour service unless the location of the establishment demands such service, and/or the dealer/operator elects to render such service.

e. All dealers/operators are required to conduct daily calibration of all their dispensing pumps.

f. All oil companies/marketers are required to calibrate all their dispensing pumps in any given station at least once every sixty (60) days and all petroleum products retail outlet dealers/operators are required to display the last date of calibration in a conspicuous place of the outlet within the view of the public.

g. All dealers/operators are required and enjoined to comply with the provisions of the Price Tag Law.

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h. Dealers/operators may request the assistance of oil companies/marketers in complying with the requirements herein prescribed.

i. Every petroleum products retail outlet shall, at all times, display in a conspicuous place within the establishment the license to operate issued by the Bureau for the current year.

Rule VI
Marketing, Importation and Exportation of Petroleum-Based and Other Specialty Products

SECTION 1. Scope and Coverage - This Rule shall cover the activities of marketers, resellers and repackers, as well as importers and exporters of the following petroleum-based and other specialty products:

a. Lubricating oils, process oils, specialty oils and basestocks and other petroleum and petroleum-based products other than those manufactured directly from crude oil refining and covered in Rule III, of this IRR, such as the following:

1. Lubricating oils; industrial; automotive; and marine
2. process oils
3. specialty oils
4. basestocks
5. others, e.g. greases, waxes, extract mix, asphalt emulsions, specialty products

b. Petroleum-based products other than those covered under Section 1 (a) hereof, such as the following:

1. recycled oils basestocks
2. blended fuel oils
3. emulsified petroleum fuels
4. used/waste oil
5. slop oil: refinery/depot slop oil; marine slop oil
6. sludge

SECTION 2. Definition of Terms - The terms used in this Rule shall have the following meanings:

a. Additives are oil-soluble chemical compounds added to a lubricating oil to improve its performance characteristics.

b. Basestocks or Baseoils means refined petroleum mineral oils used in the production of lubricating oils, process oils and specialty oils by blending with other feedstocks and/or additives. This shall refer to pure or virgin basestocks only.

c. Blended Fuel Oils means an oil mixture derived from the blending of reclaimed fuel oil and/or recycled oil and industrial fuel; oil or other petroleum fuels meeting with the specifications

d. Emulsified Fuel Oil means a homogenous mixture of minute water particles suspended in petroleum product through the use of an emulsifying agent and meeting the specifications set by the BPS.

e. Guaranteed Product Specification means the physical or chemical characteristics of the product (guaranteed by the supplier) and set in minimum and or maximum limits.

f. Lubricating Oil means any mineral, petroleum oil or synthethic oil, whether derived from basestocks 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.

g. Marine Slop Oil is the mixture of petroleum, water and sediments accumulated in a ship's slop tanks after gravity separation of tank washings, line, dirty ballast and other oily mixtures collected in the ship products which can be reclaimed for use as fuel.

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

i. Process Oil means any mineral, petroleum or synthetic oil derived from basestocks 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.

j. Refinery/Depot Slop Oil shall refer to off-spec petroleum products collected from various operations (e.g., off-spec products from refinery start-up shutdown, recovered oil from oil separators) and storage tank cleanings, which must be re-run or further processed to make them suitable for use.

k. Repacker means any person engaged in the repacking of lubricating oils, process oils, specialty oils, basestocks, and other petroleum products covered by this Rule for commercial purposes.

l. Recycled Oil means oils produced from waste or used oil in a Recycling Plant. It shall also mean re-refined oils.

m. Recycler means any person engaged in the recycling of waste/used/slop oil/sludge for commercial purposes.

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

o. Sludge refers to oil remains combined with sediments and water accumulated at the bottom of an oil tankers or storage tanks and is of solid to semi-solid form.

p. Used/Waste Oil means any lubricating, specialty, or non-consumable process oils which has lost its original utility by deterioration through use or which no longer meet the specification of the original product.

SECTION 3. Marketing of Petroleum-Based and Other Specialty Products -

> SECTION 3.1 License requirements - All marketers of petroleum-based and other specialty products enumerated under Section 1 of this Rule shall obtain the necessary license to market before engaging in actual buying and/or selling of such products.
>
> SECTION 3.2 Who may apply - Unless otherwise disqualified by law, any person seeking a license to market petroleum-based and other specialty products shall file an application with the Bureau in the manner provided for under this Rule.
>
> SECTION 3.3. Contents and documents to accompany application - All applications shall be made in writing and shall include the requirements prescribed under Annex D[*] of this IRR.
>
> SECTION 3.4 Evaluation of application - Upon completion of submission of the required documents and upon inspection of the applicant's facilities, the Bureau shall evaluate the application and render a decision thereon not later than ten (10) days after such inspection.
>
> SECTION 3.5 Criteria for evaluation - In processing an application for license to market petroleum-based and other specialty products, the Bureau shall be guided by the following:
>
> a. Compliance of the applicant with all the requirements set by the Bureau;
>
> b. Technical and financial feasibility of the project;

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c. Marketing and distribution capabilities of the applicant;

d. Suitability of facilities for intended use; and

e. Compliance to guaranteed/standard specifications of the products.

SECTION 3.6 Obligation of marketers -

a. Unless extended in writing by the Bureau, all the required documents, papers and pertinent reports prescribed under Annex D[*] of this IRR shall be submitted within ten (10) days after the end of each month.

b. All marketers of packaged products shall sell their products packaged in containers bearing clearly the registered trademarks and the registered product grade.

c. All marketers of packaged products shall sell their products packaged in containers properly labelled in conformance with the quality labelling requirements of Chapter IV of Republic Act 7394, otherwise known as the Consumer Act of the Philippines.

d. All marketers of packaged products sold in bulk shall make available to the consumer the product bulletins registered with the Bureau.

SECTION 3.7. Effectivity/validity of license - Unless sooner revoked for cause, all licenses to market issued by the Bureau shall be effective and valid for a maximum period of one (1) year and may be renewed annually.

SECTION 4. Importation of Petroleum-based and Other Specialty Products -

SECTION 4.1 Contents and Documents to accompany application - All import applications for permit to import petroleum-based and other specialty products shall be made in writing and shall include the requirements prescribed under in Annex D[*] of this IRR.

SECTION 4.2 Evaluation of Application - The Bureau shall evaluate any application for permit to import within ten (10) days after full compliance with the requirements stipulated hereof. Once the application is approved, the Bureau shall issue the corresponding COC.

SECTION 4.3. Criteria for evaluation - In processing an import application, the Bureau shall be guided by the following:

a. Only duly licensed marketers shall be allowed to import the products covered under this Rule.

b. In the case products covered under Section 1 (a) hereof, the proposed importation shall be subject to the normal duty rate. However, an import incentive in the form of a lower tariff may be granted whenever any of the following conditions prevail:

1. There is no locally-produced equivalent product, by grade or application; or

2. The locally-produced equivalent product cannot be made available insufficient quantity at the time required.

c. In the case of used/waste oil, slop oil and/or sludge may be allowed, the proposed importation shall be subject to the following:

1. Compliance to applicable environment-related issuances, e.g. Republic Act 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act) and other pertinent issuances of the DENR;

2. Import cost shall be comparable with price indications and various importation of similar product;

3. Product quality shall conform with the standard and/or guaranteed specifications;

4. Product quantity shall be established as to the net oil content corresponding to COC approved volume

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through sampling and inspection upon the arrival of shipment;

SECTION 4.4 Obligation of Importers of Petroleum-based and other specialty products - Unless extended in writing by the Bureau, all requirements prescribed under Annex D of this IRR shall be submitted to the Bureau within ten (10) days from the date of arrival of the importation. Failure to submit the aforecited documents shall be a ground for disapproval of the next shipment.

SECTION 4.5 Effectivity/validity of Certificate of Compliance - Unless sooner revoked for cause, the COC shall be effective and valid for a period of three (3) months from the date of issuance and in case of products availing the ten (10) percent reduced tariff, the proposed importation should arrive within thirty (30) days from the date of approval. In case of importation of basestocks granted a reduced tariff rate and of importation via tank trucks, the COC shall be effective and valid for a period of one (1) month from the date of issuance thereof.

SECTION 5. Exportation of Petroleum-based and Other Specialty Products.

SECTION 5.1 Contents and documents to accompany application - All applications for permit to export petroleum-based and other specialty products shall be made in writing and shall include the requirements prescribed under Annex D of this IRR.

SECTION 5.2 Evaluation of application - the Bureau shall evaluate any application for permit to export within ten (10) days after full compliance with the requirements stipulated hereof. Once the application is approved the Bureau shall issue the corresponding COC.

SECTION 5.3 Criteria for evaluation - In processing an application for permit to export, the Bureau shall be guided by the following:

a. Only duly licensed marketers are allowed to export the products covered under this Rule.

b. The exportation shall not cause any shortage in the local supply of the product;

SECTION 5.4 Obligation of exporters of petroleum-based and other specialty products - Unless extended in writing by the Bureau, all requirements prescribed under Annex D of this IRR shall be submitted to the Bureau within ten (10) days from the date of loading of the exportation. Failure to submit the aforecited documents shall be a ground for disapproval of the next shipment.

SECTION 5.5 Effectivity/validity of Certificate of Compliance - Unless sooner revoked for cause, the COC shall be effective and valid for a period of three (3) months from the date of issuance thereof.

SECTION 6. Miscellaneous Certifications/Approvals for Marketers and Importers/Exporters -

SECTION 6.1 Term clearances - Term clearances for importation or exportation of petroleum products may be issued depending on the merits and necessity of the proposal. However, a COC shall still be secured by the applicant for every shipment covered by the term clearance.

SECTION 6.2 Special authorizations - In case of products covered under Section 1 (a) of this Rule, a Special Authorization may be issued pursuant to applicable government issuances pertaining to import/export transactions. A Letter of Release may likewise be issued as confirmation of the reduced tariff for information of the following products when there is no local equivalent, by grade and/or application.

a. lubricating oils-industrial; automotive; marine
b. process oils
c. specialty oils
d. basestocks

SECTION 6.3 Other certifications/conditional approvals - Other certifications/conditional approvals may be

issued including:

a. Letter of No Objection for importation or exportation of other petroleum-based products.

b. In the case of products covered under Section 1 (b) hereof, a COC for Remittance of Payment for raw material importations (indicating import cost based on the net oil content of the product shipment) may be issued as necessary and applicable.

SECTION 7. Inspection and Audit - The Bureau shall conduct periodic and spot inspection and audit at various points of the business, including import shipments and handling and distribution facilities.

SECTION 8. Revocation of License/Permit - The Bureau may revoke any license/permit on any of the following grounds:

a. Failure to comply with the conditions of license and permits.

b. Failure to conform with national product standards and/or guaranteed product quality.

c. Failure to comply with the pertinent provisions of this IRR.

Rule VII
Other Provisions

SECTION 1. Penalties and Sanctions - Non-compliance with or violation of any of the provisions of this IRR shall be subject to administrative sanctions that the Bureau may impose.

SECTION 2. Repealing Clause - All previous pertinent rules and regulations inconsistent herewith are hereby repealed or modified accordingly.

SECTION 3. Effectivity - This IRR shall take effect fifteen (15) days after the date of publication in two (2) Philippine newspapers of general circulation.

Adopted: 1 Sept. 1995

(SGD.) NEPTALI S. FRANCO
Director, Energy Industry Administration Bureau

Approved:

(SGD.) FRANCISCO L. VIRAY
Secretary
Department of Energy

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[*] Text available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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