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SENATE

S. B. No. **2264**

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT
AMENDING SECTION 8 OF PRESIDENTIAL DECREE NO. 910 TO ALLOW THE
FINANCING OF ENERGY-RELATED EXPENSES OF THE ARMED FORCES OF THE
PHILIPPINES IN THE USE OF THE SPECIAL FUND

EXPLANATORY NOTE

The Malampaya Fund was created to provide funds to finance for energy-related projects and for other purposes that may be decided by the President. It consists of royalties collected from operations of the Malampaya gas and oil fields in the waters off Palawan province.

However, such huge Presidential latitude purportedly became a blanket approval for the past administration to abuse said power. The fund was allegedly drained to accommodate bogus projects of the non-governmental organizations (NGOs) of Mrs. Janet Lim Napoles, in collusion with government officials.

The present law, laced with noble intentions but little guidelines, was thereafter partially junked by the Supreme Court, as it struck as illegal the discretionary power of the President in utilizing said Fund.

One of the basic and most urgent requirements for the peaceful and successful exploration and development of energy resource in the country is safety and security in the area. This is because energy sources are often found in isolated and sometimes contested areas. Hence, security provided by the military is often an indispensable requirement for the successful pursuit of any energy related project.

In fact, the Malampaya gas and oil fields themselves, which are near disputed waters off Palawan, continue to remain secure because of the efforts of the Armed Forces of the Philippines (AFP) particularly, the Philippine Navy, which constantly patrol the area with ships coming from Naval Forces West (NavForWest) operating at Oyster Bay, Palawan, the country's first line of defense in the disputed waters in West Philippine Sea.

Unfortunately, the existing law is silent with regards the provision of military support for energy-related projects to guarantee the security of critical infrastructures in the Malampaya gas platform and other energy related projects.

Prior to the High Court's decision to clip the discretionary power of the President to disburse the Fund, President Benigno Simeon Aquino III was able to prudently approve the release of necessary funding to the AFP in order to expand and fortify the defenses for natural gas exploration in northern Palawan. With the issuance of the Supreme Court decision, however, the President can no longer pursue this laudable objective.

It is now up to Congress to introduce the necessary guidelines in the law to authorize the use of the Special Fund to finance the energy-related expenses of the AFP, particularly those undertaken in part or in full for the security and protection of the Malampaya oil and gas fields and other energy projects.

Hence, this measure seeks to ensure the continued viability of the country's energy program by including guidelines for the utilization of the Special Fund to include the financing of energy-related expenses of the AFP, such as but not limited to provisions for operational support, capability-building, acquisition of vessels, machinery and materiel, bases and support system development and technology development, for the security and protection of the Malampaya oil and gas fields and other energy projects.

In view of the foregoing, immediate passage of this measure is earnestly sought.


ANTONIO "SONNY" F. TRILLANES IV
Senator



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Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. Section 8 of Presidential Decree No. 910 is hereby amended to read

as follows:

1 **Section 8. Appropriations.** – The sum of Five Million Pesos out of any
2 available funds from the National Treasury is hereby appropriated and authorized
3 to be released for the organization of the Board and its initial operations.
4 Henceforth, funds sufficient to fully carry out the functions and objectives of the
5 Board shall be appropriated every fiscal year in the General Appropriations Act.
6 All fees, revenues and receipts of the Board from any and all sources including
7 receipts from service contracts and agreements such as application and processing
8 fees, signature bonus, discovery bonus, production bonus; all money collected
9 from concessionaires, representing unspent work obligations, fines and penalties
10 under the Petroleum Act of 1949; as well as the government share representing
11 royalties, rentals, production share on service contracts and similar payments on
12 the exploration, development and exploitation of energy resources, shall form part
13 of a Special Fund to be used to finance energy resource development and
14 exploitation programs and projects of the government, **INCLUDING ENERGY-**
15 **RELATED EXPENSES OF THE ARMED FORCES OF THE PHILIPPINES**
16 **(AFP), SUCH AS BUT NOT LIMITED TO PROVISIONS FOR**

1 **OPERATIONAL SUPPORT, CAPABILITY-BUILDING, ACQUISITION OF**
2 **VESSELS, MACHINERY AND MATERIEL, BASES AND SUPPORT**
3 **SYSTEM DEVELOPMENT AND TECHNOLOGY DEVELOPMENT, FOR**
4 **THE SECURITY AND PROTECTION OF THE MALAMPAYA OIL AND**
5 **GAS FIELDS AND OTHER ENERGY PROJECTS [and for such other purposes]**
6 as may be hereafter directed by the President.

7 **SEC. 2. *Repealing Provision.*** – All laws, executive orders or
8 administrative orders, rules and regulations or parts thereof which are inconsistent
9 with this Act are hereby amended, repealed or modified accordingly.

10 **SEC. 3. *Effectivity.*** – This Act shall take effect fifteen (15) days following
11 its publication in the *Official Gazette* or in two (2) newspapers of general
12 circulation.

Approved,