THIRTEENTH CONGRESS		)	<b>5</b> AUG <b>25</b> P2 53
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Introduced by Senator M.A. Madrigal

## RESOLUTION

DIRECTING THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE TERMS OF AGREEMENT BETWEEN THE NATIONAL GOVERNMENT, SHELL PHILIPPINES EXPLORATION B.V. (SPEX), AND CHEVRON TEXACO FOR THE MALAMPAYA DEEP WATER GAS TO POWER PROJECT (MWGPP) WITH END IN VIEW OF INCREASING THE NATIONAL GOVERNMENT'S EQUITY INTEREST THEREIN,

WHEREAS, Shell Philippines Exploration B.V. (SPEX) led a research and development team in the early 1990's to verify reports on the presence of abundant natural gas deposits in the island of Malampaya, which is located 80 kilometers off the coast of Palawan;

WHEREAS, with the confirmation and discovery of natural gas in the area, the Malampaya Deep Water Gas to Power Project (MWGPP) was conceptualized, with the government touting the same as one of the largest and most significant industrial investments to be made in the country;

WHEREAS, apart from the discovery of abundant gas reserves, the MWGPP had initially produced some 8,000 barrels per day of oil, which was the highest production rate recorded for a Philippine oil well since the 1970's, from which time the country has had only three (3) oil producing fields generating a mere 1,000 barrels of oil per day;

WHEREAS, the MWGPP can reportedly provide as much as 30% of the country's energy requirements for the next 20 years, with the three (3) major power plants presently being fueled by Malampaya gas already yielding a combined generating capacity of 2,700 megawatts annually;

WHEREAS, the MWGPP can likewise reportedly reduce the Philippines' energy dependence on imported oil by about 25% to 30%, which will translate to saving \$1.72 million per day, or roughly 1.8% of the average daily foreign exchange turnover in the Philippine Dealing System;

WHEREAS, the MWGPP is projected to provide from \$8 billion to \$13 billion in revenues to the government over the life of the project, with the Department of Energy estimating the value of Malampaya gas reserves at more than \$19 billion;

WHEREAS, in 1999, Chevron Texaco, an American company, acquired 45% of Shell Philippines' interest in MWGPP;

WHEREAS, in late 2001, the MWGPP was formally launched amid the highest expectations that it would provide the Philippines with unparalleled revenues, enable the government to reduce its consolidated public sector deficit as well as lessen its dependence on imported oil;

WHEREAS, four (4) years have passed and yet the projected benefits of the MWGPP have not been realized and felt by the Filipino masses;

WHEREAS, since the start of oil deregulation in 1996, there has been an upward trend in the prices of petroleum products, with oil prices having increased no less than seventy (70) times.

WHEREAS, the share of the National Government (through the Philippine National Oil Company) in the MWGPP, which stands at a measly ten percent (10%), has utterly failed to generate the expected income, while SPEX and Chevron Texaco, each currently owning a 45% stake, have continually benefited more from MWGPP's earnings;

reports have also said that, the country is importing the gas being produced from Malampaya, to the prejudice of the Filipino people who are being deprived of their own natural resources and are paying higher prices for it;

WHEREAS, the volume of natural gas reserves in Malampaya, which is considered clean gas is reportedly enough to displace imported oil for the next 15 years and meet 20 years supply for 4,000 buses consuming 150 liters a day of diesel equivalent.

WHEREAS, there is an urgent need to examine and evaluate the terms of agreement between the National Government and the two companies, SPEX and Chevron Texaco, having in mind the best interest of the country and the Filipino people;

WHEREAS, it is highly imperative that the National Government be vigilant in ensuring that the country's natural resources are properly exploited utilized for the benefit of the Filipino people;

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved, to direct the Committee on Energy to conduct an inquiry, in aid of legislation, on the terms of agreement between the National Government, Shell Philippines Exploration B.V. (SPEX), and Chevron Texaco in the Malampaya Natural Gas to Power Project (MWGPP) with the end in view of increasing the national government's equity interest therein, for the best interest of the Filipino people.

Malladrigal M.A. MADRIGAL