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Office of the Secretary

SEVENTEENTH CONGRESS OF THE REPUBLIC)
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SENATE
S.B. NO. 1371

RECEIVED BY: _____

Introduced by Senator Maria Lourdes Nancy S. Binay

EXPLANATORY NOTE

Several years have passed since the advent of the pipeline leak involving West Tower Condominium that was affected by the pipeline leak, and First Philippine Industrial Corporation, which owns and operates the Batangas-Manila pipeline. However, up to this time, there is no single governing body that has a clear and substantial jurisdiction over said pipeline and other pipelines in terms of regulation as to safety, specification and overall operation.

Due to the closure of the Batangas-Manila pipeline, the efficient and reliable supply of white oil products (gasoline, diesel, kerosene and jet fuel) to Metro Manila and nearby provinces were affected. The said pipeline approximately supplies 30-40% of the oil supply in the Pandacan Terminal.


To address the need of a single governing body that will regulate, monitor and oversee the operations of petroleum pipelines this bill seeks to enhance and increase the jurisdiction of the Department of Energy (DOE) to include the foregoing. Also, this bill is in furtherance of the exercise of DOE's mandate to secure a safe and adequate supply of oil as well as to establish a Petroleum Pipeline Code that will serve as basis for the regulation, monitoring and overseeing operations of petroleum pipelines in the country.

In view of the foregoing, the passage of this bill is earnestly recommended.

MARIA LOURDES NANCY S. BINAY
Senator

17 MAR -7 P5:06

SENATE
S.B. NO. 1371

RECEIVED BY: 

Introduced by Senator Maria Lourdes Nancy S. Binay

AN ACT TO STRENGTHEN THE JURISDICTION AND POWER OF THE DEPARTMENT OF ENERGY OVER PETROLEUM PIPELINE OPERATIONS AND FOR THIS PURPOSE PROVIDE A PETROLEUM PIPELINE CODE TO PRESCRIBE STANDARDS FOR THE DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE AND ABANDONMENT OF LIQUID PETROLEUM PIPELINES AND APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

**CHAPTER I
GENERAL PROVISION**

SECTION 1. *Short Title.* This Act shall be known as the “Philippine Pipeline Act of 2017”.

SECTION 2. *Declaration of Policy.* It is hereby declared the policy of the State to:

- a) Promote transportation of liquid petroleum products through pipelines as a safe and efficient way of transporting liquid petroleum products;
- b) Provide for basic safety rules in petroleum pipeline operations and enhance reliability in the transportation of oil and liquid petroleum products by pipeline in the country;
- c) To encourage the inflow of private capital to encourage the use and development of petroleum pipelines; and
- d) To protect the public interest by ensuring the unhampered use of pipelines as a mode of transporting petroleum, especially to urban areas.

SECTION 3. *Scope and Application.* Except as otherwise provided herein, this Act shall apply to all existing and future petroleum pipelines in the country.

SECTION 4. *Definition of Terms.*

- 1
2 a) *Act* – shall refer to the Philippine Pipeline Act of 2017;
3
4 b) *Concession* – shall refer to the authority granted to a Person for the right to own,
5 establish, provide, construct, install, operate and maintain Petroleum Pipeline
6 systems for transporting Petroleum Products;
7
8 c) *Contract of Concession* – shall refer to the agreement executed between the DOE
9 on behalf of the Government of the Republic of the Philippines and a Pipeline
10 Operator granting a Pipeline Concession;
11
12 d) *Crude Oil* – means oil in its natural state before the same has been refined or
13 otherwise treated, excluding water and foreign substances;
14
15 e) *DILG* – shall refer to the Department of Interior and Local Government;
16
17 f) *DOE* – shall refer to the Department of Energy;
18
19 g) *DOH* – shall refer to the Department of Health;
20
21 h) *DOTr* – shall refer to the Department of Transportation;
22
23 i) *DPWH* – shall refer to the Department of Public Works and Highways;
24
25 j) *Grantee* – shall refer to a Person to whom a Concession for Petroleum Pipeline
26 Operations has been granted by law;
27
28 k) *Local Government Units or LGUs* – shall refer to the local government units
29 created under the Local Government Code;
30
31 l) *MMDA* – shall refer to the Metro Manila Development Authority;
32
33 m) *National Pipeline Board or NPB* – shall refer to the Board created under Chapter
34 VI, Section 16 of this Act;
35
36 n) *Petroleum Pipeline* – shall refer to the system of Pipelines, including related
37 Pipeline Facilities through which Petroleum Products are transported, including
38 without limitation the pipeline, valves, break out tanks and other appurtenances
39 connected to the pipeline and pumping units;
40
41 o) *Petroleum Products* – shall refer to any liquid petroleum product obtained from
42 distilling and processing of crude oil, unfinished oils, natural gas liquids and other
43 hydrocarbon compounds. The term shall exclude natural gas and liquefied natural
44 gas;
45

- 1 p) *Petroleum Pipeline Operations* – shall refer to the business of engaging in the
2 Transportation of Petroleum Products through a Petroleum Pipeline;
3
4 q) *Petroleum* – shall refer to crude oil, condensate and liquefied petroleum gas;
5
6 r) *Person* – includes a natural person, corporation, or partnership;
7
8 s) *Pipeline or Line Pipe* – shall refer to a tube, usually cylindrical, through which
9 liquid Petroleum Product flows from one point to another;
10
11 t) *Pipeline Facility(ies)* – shall refer to a new or existing Pipeline, including rights-
12 of-way and any equipment, facility or building used in the Transportation of
13 Petroleum Products;
14
15 u) *Pipeline Operators* – Persons operating Petroleum Pipeline or Pipeline systems;
16
17 v) *PNP* – shall refer to the Philippine National Police; and
18
19 w) *Transportation of Petroleum Products* – shall refer to the conveyance, carriage or
20 transmission of Petroleum Products through a Petroleum Pipeline(s).
21

22 **CHAPTER II**
23 **JURISDICTION OF THE DEPARTMENT OF ENERGY**
24

25 **SECTION 5. Jurisdiction.** This Act strengthens and confirms the sole regulatory and
26 administrative power and authority of the DOE to supervise and regulate Petroleum
27 Pipeline Operations. In addition to its existing powers and functions, the DOE shall have
28 the sole responsibility to supervise and regulate Petroleum Pipeline Operations. It shall:
29

- 30 a) Formulate, in consultation with petroleum pipeline industry participants, a
31 Petroleum Pipeline Code and such other rules and regulations to Implement this
32 Act: *Provided that*, said regulations shall not be inconsistent with the standards
33 and regulations adopted under the Petroleum Pipeline Code;
34
35 b) Ensure the reliability and safety of transporting liquid petroleum products through
36 pipelines;
37
38 c) Enforce the Petroleum Pipeline Code as well as rules and regulations
39 implementing this Act;
40
41 d) Exercise original and exclusive jurisdiction over questions and cases involving
42 Concessions as well as fees and fines imposed by the DOE in the exercise of the
43 foregoing functions; and
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45 e) Exercise such other powers and functions as may be necessary to attain the
46 objectives of this Act.

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**CHAPTER III
PIPELINE CONCESSION**

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SECTION 6. *Nature of a Pipeline Concession.* A Concession is an authority granted to a Person for the right to establish, own, operate and maintain a Petroleum Pipeline(s) for transporting Petroleum Products. No Person may engage in Petroleum Pipeline Operations without a valid Concession obtained from the DOE: *Provided that*, Persons who are holders of existing Concessions or are existing Pipeline Operators shall not be required to secure a new Concession from the DOE for the remaining period of their current Concession.

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SECTION 7. *Philippine Ownership Requirement.* No Concession for the ownership, establishment, operation and maintenance of a Pipeline shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty percent (60%) of whose capital is owned by such citizens.

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SECTION 8. *Term of Concession.* The Concession shall be valid for a term of twenty five (25) years, renewable for another twenty five (25) years, provided that, due consideration will be given for the automatic renewal of the Grantee's Concession in view of the Grantee's sizeable investments, infrastructure and installations or the necessity and/or urgency of maintaining the Pipeline to serve public interest. For existing Pipeline Operators, the term of their Concession shall be as provided in their existing Concession Agreements: *Provided that*, existing Pipeline operators may apply for a Contract of Concession under this Act prior to the expiration of their current Concession.

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**CHAPTER IV
PROCEDURES FOR APPLICATION OF CONCESSION**

SECTION 9. *Application of Concession.* Any applicant for Concession shall apply with the DOE pursuant to the requirements herein. An application for Concession under this Act shall be filed with the Oil Industry Management Bureau (OIMB) of the DOE which shall examine and pass upon the same as well as upon the qualifications of the applicant.

SECTION 10. *Requirements.* The applicant must demonstrate that it is legally existing and qualified to conduct its business under Philippine laws and, taking into account the length and location of the Petroleum Pipeline, is financially and technically capable of operating and maintaining the same pursuant to this Act, the Petroleum Pipeline Code and the rules and regulations implementing this Act.

SECTION 11. *Public Notice.* The OIMB shall issue a public notice of all Concession applications and afford interested parties an opportunity to comment on such applications. If no opposition is filed within the period provided in the public notice, it shall be conclusively presumed that no such opposition exist. Thereafter, no objection from third parties to the granting of the Concession shall be heard and the Contract of Concession shall be executed by the Secretary of the DOE on behalf of and for the

1 Republic of the Philippines, and the Grantee, in accordance with this Act, the
2 implementing rules and regulations and existing laws.

3
4 **SECTION 12.** *Disposition of Opposition to the Concession.* If an Opposition is filed in
5 accordance with Section 11 hereof, the DOE shall, decide based on the qualifications of
6 the applicant pursuant to this Act, the implementing rules and regulations as well as
7 merits of the oppositor's claims if the applicant is duly qualified to be granted a
8 Concession. The DOE may require submission of additional documents and other papers
9 and shall render a decision within fifteen (15) days from the date of filing of the
10 opposition or from the date the case is deemed submitted for resolution as may be
11 provided in the implementing rules and regulations, without prejudice to the right of any
12 aggrieved party to appeal to the courts pursuant to the Rules of Court.

13
14 **SECTION 13.** *Issuance of Concession.* The DOE shall issue a Contract of Concession
15 upon its determination that the establishment, operation and maintenance of the
16 Petroleum Pipeline(s) by the applicant is consistent with this Act. The Contract of
17 Concession shall state definitely the principal rights and obligations of the parties
18 concerned pursuant to this Act.

19
20 **SECTION 14.** *Registry of Pipeline Operators.* The DOE shall establish and maintain a
21 registry of all pipeline operators or Concession Grantees.

22
23 **CHAPTER V**
24 **RIGHTS GRANTED**

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26 **SECTION 15.** *Grant of Rights.* Grantees of Pipeline Concessions acquire the right to
27 own, construct, establish, operate and maintain a Petroleum Pipeline to transport
28 Petroleum Products, by means of, and through, a Pipeline or system of Pipelines, between
29 the sources of production and/or refining and/or supply (storage) the places defined in the
30 Pipeline Concession, in accordance with the provision of this Act and the implementing
31 rules and regulations.

32
33 This right includes the construction, installation and operation of pipelines, pipeline
34 facilities, pumping stations, storage tanks and other buildings, water supply and
35 communication systems, roads, and such other equipment or facilities as may be needed
36 by the Grantee to conduct its Petroleum Pipeline Operations.

37
38 Among other things, the Contract of Concession shall state definitely:

- 39
40 a) The right of the Grantee to own, construct, install, operate and maintain a
41 Petroleum Pipeline system passing through a designated area(s), specifying the
42 province(s), city(ies), and/or municipality(ies);
43
44 b) The Grantee's right to acquire rights of way, easements and other similar rights
45 on, over, under, across and through the designated area(s) or adjacent thereto;
46

- 1 c) The right of eminent domain to be exercised by the Government, as represented
2 by the DOE, for and on behalf of and/or through the Grantee, over private
3 property when the occupation of private land is needed by the Grantee in
4 connection with his Concession, for the purpose of constructing, installing,
5 maintaining and operating Petroleum Pipelines, road, wells, tanks, reservoirs,
6 pumping stations for public use or benefit;
7
8 d) Term of Concession;
9
10 e) Right to receive assistance from the DOE in obtaining fiscal and non-fiscal
11 incentives granted by this Act;
12
13 f) Right to receive assistance from the DOE and/or other government
14 instrumentalities in securing permits, licenses and clearances relating to the
15 Petroleum Pipeline Operations; and
16
17 g) Other rights consistent with this Act.

18
19 **CHAPTER VI**
20 **THE NATIONAL PIPELINE BOARD AND THE PETROLEUM PIPELINE**
21 **CODE**
22

23 **SECTION 16.** *National Pipeline Board.* There is hereby created the National Pipeline
24 Board. The NPB shall be composed of the Secretary of the DOE as Chairman and the
25 Secretaries of the Department of Environment and Natural Resources, Department of
26 Transportation, and the Department of Public Works and Highways, as members, and
27 representatives from Pipeline Industry operators, who shall automatically be members by
28 reason of being Grantees of a Pipeline Concession. The DOE Secretary, in his capacity as
29 Chairperson, shall, within thirty (30) days from the effectivity of this Act, convene the
30 NPB to discharge its powers and functions as provided in Section 17 hereof. The Board
31 shall be assisted by a Technical Secretariat attached to the OIMB of the DOE. The
32 number of staff of the Technical Secretariat and the corresponding positions shall be
33 determined by the Board, subject to approval by the Department of Budget and
34 Management (DBM) and existing civil service rules and regulations.
35

36 **SECTION 17.** *Powers and Functions of the NPB.* The NPB shall have the following
37 powers and functions:
38

- 39 a) It shall recommend to the DOE the standards for the design, construction,
40 pressure testing, operation, and maintenance, corrosion control and abandonment
41 of Petroleum Pipeline systems. Within thirty (30) days from enactment of this
42 Act, the NPB shall formulate a Petroleum Pipeline Code for approval by the
43 DOE. The NPB may adopt such relevant and applicable standards from the
44 United States Department of Transportation Regulations and American Society of
45 Mechanical Engineers on Petroleum Pipelines as well as other internationally
46 accepted standards for Petroleum Pipelines. In view of changes in internationally

1 accepted Petroleum Pipeline standards and Pipeline technologies, the NPB may
2 revise and/or amend the Petroleum Pipeline Code; *Provided that*, the NPB may
3 only introduce amendments after sufficiently holding consultations with all its
4 members to ensure transparency and further encourage private sector
5 participation. The NPB may call on members from the academic community and
6 experts from the private sector, and other pipeline industry participants as
7 resource persons to aid in updating the Petroleum Pipeline Code. There shall be a
8 mandatory review of the Petroleum Pipeline Code set pursuant to the provisions
9 of this Act every two (2) years;

- 10
11 b) In carrying out its duties and functions under this section, it shall, whenever
12 appropriate, be authorized to utilize agencies of the government to obtain
13 technical, economic and statistical information and advice; and
14
15 c) It shall conduct periodic analyses of the domestic transport of Petroleum Products
16 by Pipeline. Such analyses should identify the areas through which the Pipeline
17 traverses where unplanned loss of Petroleum Pipeline may cause shortages of
18 Petroleum Products or price disruptions and where shortages of Pipeline capacity
19 and reliability concerns may have or are anticipated to contribute to shortages of
20 Petroleum Products or price disruptions. Upon identifying such areas, the NPB
21 may determine if the current level of regulation is sufficient to minimize the
22 economic impact for such unplanned losses of Pipeline capacity. In preparing any
23 analysis hereunder, the NPB may consult with the heads of other government
24 agencies and public and private sector experts in Petroleum Pipeline Operations
25 and other forms of Transportation of Petroleum Products, energy consumption,
26 pipeline capacity, population and economic development.
27

28 **CHAPTER VII**
29 **RIGHT OF WAY, EXPROPRIATION, EASEMENT**
30

31 **SECTION 18.** *Grant of Right of Way.* As may be required by the DOE or granted by the
32 Concession, all government agencies and/or instrumentalities, including but not limited to
33 the DPWH, the relevant LGUs, MMDA, their successors and assigns, shall grant the
34 necessary right of way over non-private property within their jurisdiction.
35

36 **SECTION 19.** *Priority.* Due to the importance of a steady, safe and efficient supply of
37 Petroleum Products, priority shall, whenever practicable, be given to Pipeline Operators
38 in acquiring right of way over government property.
39

40 **SECTION 20.** *Right of Way over Private Property; Expropriation.* The DOE shall assist
41 or represent Grantees of Concessions in procuring the necessary right of way over private
42 property.
43

44 When the occupation or possession of private land is needed by the Grantee in connection
45 with its Concession, for the purpose of constructing, installing, maintaining and operating
46 pipelines, reservoirs, wells, roads, railroads telephone and telegraph lines, airfields, radio

1 stations, powerhouses, transmission lines, pumping stations, wharves, piers, and
2 terminals, which are hereby declared to be for public use or benefit, the right of eminent
3 domain may be exercised by the Government, as represented by the DOE, for and on
4 behalf of the Grantee, in accordance with the applicable laws on the matter. In all cases of
5 voluntary agreement between the Grantee and a private landowner, a copy thereof shall
6 be furnished the DOE. For the purpose of this Section, the necessity of the work in
7 Petroleum Pipeline Operations will be presumed in cases of construction of Pipelines,
8 tanks, pumping stations, power systems, and other means of transportation and
9 communication, including any auxiliary facilities and works.

10
11 **SECTION 21. *Easement Over Public Land.*** When easement or right of temporary
12 occupancy over public land is needed by a Grantee for the purpose of carrying out any
13 work necessary to its Petroleum Pipeline Operations, such right may be granted by the
14 Government through the DOE subject to applicable laws and regulations. The same
15 presumption in Section 20 applies in this instance.

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17 **CHAPTER VIII**
18 **COMPLIANCE WITH STANDARDS**

19
20 **SECTION 22. *Petroleum Pipeline Code.*** All Grantees of a Pipeline Concession under
21 this Act shall provide safeguards for the safety, reliability, adequacy, security, stability
22 and integrity of their Petroleum Pipeline systems in accordance with the technical
23 specifications and performance standards set forth in the Petroleum Pipeline Code to be
24 promulgated by the NPB, as may be amended.

25
26 **CHAPTER IX**
27 **PIPELINE SECURITY**

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29 **SECTION 23. *Pipeline Security; One Call System.*** It is hereby declared that Petroleum
30 Pipeline systems are imbued with public interest. For this purpose, the DOE, in
31 coordination with the DND, DPWH, PNP, MMDA, DILG, LGUs and the appropriate
32 government agencies and instrumentalities shall implement a one-call system, whereby
33 any third party shall report to a designated agency any possible excavation, installation or
34 activity which may affect Pipelines as well as any act which may result in damage to
35 property or injury to persons. The one-call system is intended to bring to immediate
36 notice of the foregoing to the affected Grantee or other underground utility providers and
37 to provide a mechanism for immediate liaison and coordination with all relevant
38 government agencies to avoid damage to or loss of property as well as injury to persons.

39
40 The DOE shall implement a procedure for a systematic response to emergency cases,
41 including without limitation, incidents involving leaks, breaches on the Pipelines or
42 Pipeline facilities and other similar occurrences, whereby there will be immediate,
43 appropriate and coordinated response actions from the concerned LGUs, Bureau of Fire
44 Protection, the DENR, DOH and such other government agencies and instrumentalities.
45 In case of remediation or clean-up, the DENR shall be the lead agency (in coordination

1 with other government agencies or instrumentalities) in directing the clean-up of affected
2 areas premised on a risk-based criteria.

3
4 **SECTION 24. *Inter-agency Cooperation.*** Should the DOE find it necessary, it shall
5 consult, participate, cooperate and enter into agreement with other government agencies
6 and instrumentalities, non-governmental organizations or people's organizations and
7 private enterprises in the furtherance of the foregoing objectives.

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10 **CHAPTER X**
11 **ROLE OF GOVERNMENT AGENCIES**

12 **SECTION 25. *Role of Government Agencies.*** In the Implementation of the provisions of
13 this Act, its implementing rules and regulations and related laws, the following agencies
14 shall perform, among others, the following functions:

15
16 a) The DOTr shall:

- 17
18 1. Assist in coordinating networks for the transportation of Petroleum as well
19 as the fast and safe transportation services thereof, as determined by the
20 DOE; and
21
22 2. When requested by the DOE, assist the DOE in identifying routes, zones
23 or areas of operations of particular operators.

24
25 b) The DPWH shall, when necessary, provide the technical support in the
26 construction and installation of Petroleum Pipelines.

27
28 c) The DILG shall:

- 29
30 1. Provide, through the Philippine National Police (PNP), manpower and
31 available resources to Grantees of Pipeline Concessions in case of threats
32 to the security of the Pipelines and other similar acts;
33
34 2. Employ the assistance, cooperation and coordination of LGUs in the
35 implementation of the policies and orders issued by the DOE; and
36
37 3. Mobilize the Bureau of Fire Protection (BFP) to ensure the prevention and
38 suppression of all destructive fires on the Petroleum Pipeline installations.

39
40 d) The corresponding LGUs, where the Pipelines are situated, shall share in the
41 responsibility of implementing safety and prevention measures within their
42 territorial jurisdiction solely with respect to third parties who may affect the
43 Pipelines situated within their respective territorial jurisdictions.

44
45 **CHAPTER XI**
46 **ABANDONMENT AND DECOMMISSIONING**

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2 **SECTION 26. *Abandonment and Decommissioning.*** At the expiration of the term of the
3 Contract of Concession or a renewal thereof, or when a Pipeline has come to the end of
4 its useful life and/or users or customers of the Petroleum Product have discontinued using
5 the Pipeline to transport Petroleum Products or there are no foreseeable new users or
6 customers in the future, the Grantee shall undertake Pipeline decommissioning and
7 cleaning. The Pipelines shall be cleaned and decontaminated before it can be either left in
8 its existing place or dismantled for proper disposal.

9
10 The DOE, through the appropriate regulations, may provide guidelines for:

- 11
12 a) the clean-up of residual fluids in the Pipeline and proper disposal thereof in
13 accordance with applicable environmental laws and regulations;
14
15 b) decontaminated Pipelines which may be trenched or buried underground;
16
17 c) environmental concerns have been addressed; and
18
19 d) whether such Pipelines can be left in place without creating any risk to the
20 surrounding environment or to the community.

21
22 **SECTION 27. *Decommissioning Fund.*** For this purpose, the DOE shall, after public
23 consultation with Pipeline Operators and Pipeline industry participants, implement a
24 system whereby the Pipeline Operator shall collect from its users or customers
25 decommissioning costs/fees, to be agreed upon between the Pipeline Operator and the
26 users or customers. These decommissioning costs or fees shall be held in a
27 Decommissioning Fund, established jointly by the Pipeline Operator and its users or
28 customers and administered by the Pipeline Operator specifically to pay for the costs of
29 decommissioning. The Decommissioning Fund shall not be subject to Value Added Tax,
30 income tax and such other taxes, charges and fees.

31
32 **CHAPTER XII**
33 **FISCAL INCENTIVES**
34

35 **SECTION 28. *Taxes.*** Pipeline operations shall be subject to the payment of all taxes,
36 duties, fees or charges and other impositions under the National Internal Revenue Code
37 of 1997, as amended, and other applicable laws; *Provided however*, that in recognition of
38 the substantial investments needed for the construction, installation, operation and
39 maintenance of the Grantee, the Grantee shall be entitled to an income tax holiday and
40 such other incentives granted to pioneer enterprises under the Omnibus Investment Code,
41 as amended.

42
43 **SECTION 29. *Customs Duties.*** The Grantee may import, free of applicable customs
44 duties and charges, all equipment, machinery, material, instruments, supplies and
45 accessories necessary for the installation, construction, operation and maintenance of the
46 Petroleum Pipeline.

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CHAPTER XIII
FORCE MAJEURE AND/OR FORTUITOUS EVENTS

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SECTION 30. *Force Majeure and/or Fortuitous Events.* Failure on the part of the Grantee to fulfill any of the terms and conditions provided by this Act or its implementing rules and regulations or by other relevant laws shall not be deemed a breach of such obligation on the part of the Grantee in so far as such failure results from force majeure and/or fortuitous events, including without limitation, acts of God, war, insurrection, riot, civil commotion, strike, tide, storm, flood, lightning, explosion, fire, earthquake, passage of laws, orders and rules and any other happening which the Grantee could not reasonably prevent, control or avoid.

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CHAPTER XIV
PROHIBITED ACTS

SECTION 31. *Prohibited Acts.* Without the prior written consent of the Grantee, it shall be unlawful for any Person to:

- a) Demolish, excavate, tunnel, or construct, drill, install, or make improvements within five (5) meters from the nearest portion of the Pipeline facility;
- b) Cut, saw slice, separate, split, sever, smelt, remove mutilate, alter, tap, reconnect, disconnect, or in any way tamper any Pipeline or part thereof, or any other pipeline related installation from the place of installation of any other place or site where it may be rightfully or lawfully situated;
- c) Take, carry away, transport, transfer, move, with or without the use of a motor vehicle or any other means of conveyance, the Pipeline, or part thereof, or any other Pipeline related installation;
- d) Store, possess, or otherwise keep in his premises, custody or control, any portion of the Pipeline including Pipeline related installation; and
- e) Knowingly use or receive direct benefit of petroleum delivery service obtained through any of the acts mentioned in paragraphs (a), (b), (c) and (d) above.

SECTION 32. *Fines and Penalties for Unlawful Acts.* Any person who commits any of the foregoing acts shall suffer the penalty of a fine of not less than Ten Thousand Pesos (PhP10,000.00) but not more than Five Million Pesos (PhP5,000,000.00) or imprisonment of not less than six (6) months, or both shall be imposed. If the offender is a juridical person, the president, manager, directors, trustees, officers or the officials directly in charge of the operations shall suffer the penalty herein provided.

CHAPTER XV
APPROPRIATIONS

1
2 **SECTION 33.** *Appropriations.* Such sums as may be necessary for the initial
3 implementation of this Act shall be taken by the DOE from its annual appropriation.
4 Thereafter, the fund necessary to carry out the provisions of this Act shall be included in
5 the annual General Appropriations Act.
6

7
8 **CHAPTER XVI**
9 **FINAL PROVISIONS**

10 **SECTION 34.** *Implementing Rules and Regulations.* The DOE, in coordination with the
11 NPB, shall promulgate the necessary implementing rules and regulations within thirty
12 (30) days after the effectivity of this Act. There shall be a mandatory review every two
13 (2) years of the implementing rules and regulations and the pipeline standards set
14 pursuant to the provisions of this Act.
15

16 **SECTION 35.** *Separability Clause.* If any provision of this Act is declared invalid or
17 unconstitutional, the other provisions not affected thereby shall remain valid and
18 subsisting.
19

20 **SECTION 36.** *Non-Retroactivity Clause.* Concessions which have been granted under
21 previous laws at the time this Act becomes effective, shall remain effective and shall
22 continue to operate under their existing Concessions or authority.
23

24 **SECTION 37.** *Grantees of Concession under Other Laws.* Nothing in this Act shall be
25 deemed to revoke any existing Concession granted under the Petroleum Act of 1949, as
26 amended, or other administrative or regulatory permit, authority or contract, which
27 Concession, Permit, Authority or Contract shall be allowed to its full term or renewal
28 thereof, but may not be renewed except pursuant to the provisions of this Act.
29

30 **SECTION 38.** *Precursor Laws.* Under the Petroleum Act of 1949, as amended, the
31 power to grant pipeline concessions was granted to the Secretary of Agriculture and
32 Natural Resources. The authority over pipeline concessions under the Petroleum Act was
33 transferred to the Petroleum Board pursuant to Presidential Decree No. 782 dated 25
34 August 1975. The Petroleum Board was thereafter abolished and its powers and functions
35 were transferred to the Energy Development Board in accordance with Presidential
36 Decree No. 910 dated 22 March 1976. The Energy Development Board (EDB) was
37 abolished by Presidential Decree No. 1206 dated 6 October 1977. The powers and
38 functions of the EDB were transferred to the Bureau of Energy Development under the
39 Department of Energy pursuant to Section 12 of Presidential Decree No. 1206.
40 Presidential Decree No. 1700 issued on 10 July 1980 amended Presidential Decree No.
41 1206 by transferring the power to regulate and fix the rates of pipeline concessionaires
42 under the Petroleum Act to the Board of Energy. The powers of the Board of Energy to
43 grant and regulate pipeline concessions were later transferred to the Energy Regulatory
44 Board under Section 3 of Executive Order No. 172. Executive Order No. 193 abolished
45 the Bureau of Energy Development on 10 June 1987 and transferred its pertinent
46 functions to the Office of the Deputy Executive Director for Energy Operations of the

1 Office for Energy Affairs. The non-price regulatory jurisdiction, powers and functions of
2 the Energy Regulatory Board were thereafter transferred to the DOE, pursuant to
3 Sections 12 (c) and 18 of Republic Act No. 7638, otherwise known as the Department of
4 Energy Act of 1992. Subsequently, the powers and functions of the Energy Industry
5 Administration Bureau, which includes the formulation and implementation of policies,
6 programs and regulations on the downstream oil industry, including the transportation of
7 petroleum crude oils, products and by-products, were transferred to the Oil Industry
8 Administration Bureau under Administrative Order No. 38 issued on 23 August 2002.
9 Pursuant to Section 44 of Republic Act No. 9136, otherwise known as the "Electric
10 Power Industry Reform Act of 2001", the non-price regulatory functions of the Energy
11 Regulatory Board were transferred to the Energy Regulatory Commission.
12

13 **SECTION 39. *Repealing Clause.*** The provisions of Republic Act No. 387, otherwise
14 known as the "Petroleum Act of 1949", as amended and the provisions of all foregoing
15 precursor laws, and such other laws, acts, executive orders, rules and regulations and
16 other issuances inconsistent with this Act are hereby repealed or modified accordingly.
17

18 **SECTION 40. *Transitory Provision.*** Pipeline Operators or Grantees of Petroleum
19 Pipeline Concessions which have been constructed and have commenced operation prior
20 to the date of effectivity of this Act shall continue to operate under their existing
21 authorities. Nothing in this Act shall be deemed to revoke or otherwise modify any of the
22 powers and functions of the Director of Mines and the Secretary of Agriculture and
23 Natural Resources and its successors and assigns under the Petroleum Act of 1949, as
24 amended, any existing Concession granted under the Petroleum Act of 1949, as amended,
25 or any administrative or regulatory permit or concession, which concession certificate or
26 franchise shall be allowed to its full term but may not be renewed except pursuant to the
27 provisions of this Act.
28

29 **SECTION 41. *Effectivity.*** This Act shall take effect fifteen (15) days upon its publication
30 in the Official Gazette or in at least two (2) newspapers of general circulation.
31

32 *Approved,*