

EIGHTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
First Regular Session



Senate  
Office of the Secretary

'19 AUG 28 P 6 :23

SENATE  
S.B. NO. 990

RECEIVED

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**

EXPLANATORY NOTE

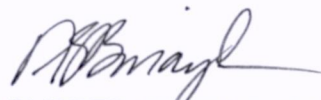
Several years have passed since the advent of the pipeline leak involving West Tower Condominium that was affected by the pipeline leak, and First Philippine Industrial Corporation, which owns and operates the Batangas-Manila pipeline. However, up to this time, there is no single governing body that 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.

A handwritten signature in black ink, appearing to read 'M. Binay', with a stylized flourish at the end.

MARIA LOURDES NANCY S. BINAY  
Senator



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*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 2019”.

Sec. 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;

- 1 (c) To encourage the inflow of private capital to encourage the use  
2 and development of petroleum pipelines; and  
3 (d) To protect the public interest by ensuring the unhampered use of  
4 pipelines as a mode of transporting petroleum, especially to urban  
5 areas.

6

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

9

10 Sec. 4. *Definition of Terms.* – As used in this Act, the following terms  
11 shall:

- 12 a) Act – shall refer to the Philippine Pipeline Act of 2017;  
13 b) Concession – shall refer to the authority granted to a Person for the  
14 right to own, establish, provide, construct, install, operate and  
15 maintain Petroleum Pipeline systems for transporting Petroleum  
16 Products;  
17 c) Contract of Concession – shall refer to the agreement executed  
18 between the DOE on behalf of the Government of the Republic of  
19 the Philippines and a Pipeline Operator granting a Pipeline  
20 Concession;  
21 d) Crude Oil – means oil in its natural state before the same has been  
22 refined or otherwise treated, excluding water and foreign  
23 substances;  
24 e) DILG – shall refer to the Department of Interior and Local  
25 Government;  
26 f) DOE – shall refer to the Department of Energy;  
27 g) DOH – shall refer to the Department of Health;  
28 h) DOTr – shall refer to the Department of Transportation;  
29 i) DPWH – shall refer to the Department of Public Works and  
30 Highways;



- 1 j) Grantee – shall refer to a Person to whom a Concession for  
2 Petroleum Pipeline Operations has been granted by law;
- 3 k) Local Government Units or LGUs – shall refer to the local  
4 government units created under the Local Government Code;
- 5 l) MMDA – shall refer to the Metro Manila Development Authority;
- 6 m) National Pipeline Board or NPB – shall refer to the Board created  
7 under Chapter VI, Section 16 of this Act;
- 8 n) Petroleum Pipeline – shall refer to the system of Pipelines, including  
9 related Pipeline Facilities through which Petroleum Products are  
10 transported, including without limitation the pipeline, valves, break  
11 out tanks and other appurtenances connected to the pipeline and  
12 pumping units;
- 13 o) Petroleum Products – shall refer to any liquid petroleum product  
14 obtained from distilling and processing of crude oil, unfinished oils,  
15 natural gas liquids and other hydrocarbon compounds. The term  
16 shall exclude natural gas and liquefied natural gas;
- 17 p) Petroleum Pipeline Operations – shall refer to the business of  
18 engaging in the Transportation of Petroleum Products through a  
19 Petroleum Pipeline;
- 20 q) Petroleum – shall refer to crude oil, condensate and liquefied  
21 petroleum gas;
- 22 r) Person – includes a natural person, corporation, or partnership;
- 23 s) Pipeline or Line Pipe – shall refer to a tube, usually cylindrical,  
24 through which liquid Petroleum Product flows from one point to  
25 another;
- 26 t) Pipeline Facility(ies) – shall refer to a new or existing Pipeline,  
27 including rights-of-way and any equipment, facility or building used  
28 in the Transportation of Petroleum Products;
- 29 u) Pipeline Operators – Persons operating Petroleum Pipeline or  
30 Pipeline systems;

- 1 v) PNP – shall refer to the Philippine National Police; and  
2 w) Transportation of Petroleum Products – shall refer to the  
3 conveyance, carriage or transmission of Petroleum Products  
4 through a Petroleum Pipeline(s).

5  
6 **CHAPTER II**  
7 **JURISDICTION OF THE DEPARTMENT OF ENERGY**  
8

9 Sec. 5. *Jurisdiction.* This Act strengthens and confirms the sole regulatory  
10 and administrative power and authority of the DOE to supervise and regulate  
11 Petroleum Pipeline Operations. In addition to its existing powers and functions,  
12 the DOE shall have the sole responsibility to supervise and regulate Petroleum  
13 Pipeline Operations. It shall:

- 14 (a) Formulate, in consultation with petroleum pipeline industry  
15 participants, a Petroleum Pipeline Code and such other  
16 rules and regulations to Implement this Act: *Provided that,*  
17 said regulations shall not be inconsistent with the standards  
18 and regulations adopted under the Petroleum Pipeline  
19 Code;  
20 (b) Ensure the reliability and safety of transporting liquid  
21 petroleum products through pipelines;  
22 (c) Enforce the Petroleum Pipeline Code as well as rules and  
23 regulations implementing this Act;  
24 (d) Exercise original and exclusive jurisdiction over questions  
25 and cases involving Concessions as well as fees and fines  
26 imposed by the DOE in the exercise of the foregoing  
27 functions; and  
28 (e) Exercise such other powers and functions as may be  
29 necessary to attain the objectives of this Act.

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**CHAPTER III**  
**PIPELINE CONCESSION**

Sec. 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.

Sec. 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.

Sec. 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**

Sec. 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.

Sec. 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.

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

Sec. 12. *Disposition of Opposition to the Concession.* If an Opposition is filed in accordance with Section 11 hereof, the DOE shall, decide based on the qualifications of the applicant pursuant to this Act, the implementing rules and regulations as well as merits of the oppositor's claims if the applicant is duly qualified to be granted a Concession. The DOE may require submission of



1 additional documents and other papers and shall render a decision within fifteen  
2 (15) days from the date of filing of the opposition or from the date the case is  
3 deemed submitted for resolution as may be provided in the implementing rules  
4 and regulations, without prejudice to the right of any aggrieved party to appeal  
5 to the courts pursuant to the Rules of Court.

6  
7       Sec. 13. *Issuance of Concession.* The DOE shall issue a Contract of  
8 Concession upon its determination that the establishment, operation and  
9 maintenance of the Petroleum Pipeline(s) by the applicant is consistent with this  
10 Act. The Contract of Concession shall state definitely the principal rights and  
11 obligations of the parties concerned pursuant to this Act.

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13       Sec. 14. *Registry of Pipeline Operators.* The DOE shall establish and  
14 maintain a registry of all pipeline operators or Concession Grantees.

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16                                   **CHAPTER V**  
17                                   **RIGHTS GRANTED**  
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19       Sec. 15. *Grant of Rights.* Grantees of Pipeline Concessions acquire the  
20 right to own, construct, establish, operate and maintain a Petroleum Pipeline to  
21 transport Petroleum Products, by means of, and through, a Pipeline or system of  
22 Pipelines, between the sources of production and/or refining and/or supply  
23 (storage) the places defined in the Pipeline Concession, in accordance with the  
24 provision of this Act and the implementing rules and regulations.

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

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

- 1 (a) The right of the Grantee to own, construct, install, operate  
2 and maintain a Petroleum Pipeline system passing through  
3 a designated area(s), specifying the province(s), city(ies),  
4 and/or municipality(ies);
- 5 (b) The Grantee's right to acquire rights of way, easements and  
6 other similar rights on, over, under, across and through the  
7 designated area(s) or adjacent thereto;
- 8 (c) The right of eminent domain to be exercised by the  
9 Government, as represented by the DOE, for and on behalf  
10 of and/or through the Grantee, over private property when  
11 the occupation of private land is needed by the Grantee in  
12 connection with his Concession, for the purpose of  
13 constructing, installing, maintaining and operating  
14 Petroleum Pipelines, road, wells, tanks, reservoirs, pumping  
15 stations for public use or benefit;
- 16 (d) Term of Concession;
- 17 (e) Right to receive assistance from the DOE in obtaining fiscal  
18 and non-fiscal incentives granted by this Act;
- 19 (f) Right to receive assistance from the DOE and/or other  
20 government instrumentalities in securing permits, licenses  
21 and clearances relating to the Petroleum Pipeline  
22 Operations; and
- 23 (g) Other rights consistent with this Act.
- 24

25 **CHAPTER VI**  
26 **THE NATIONAL PIPELINE BOARD AND THE PETROLEUM PIPELINE**  
27 **CODE**  
28

29 Sec. 16. *National Pipeline Board.* There is hereby created the National  
30 Pipeline Board. The NPB shall be composed of the Secretary of the DOE as  
31 Chairman and the Secretaries of the Department of Environment and Natural

1 Resources, Department of Transportation, and the Department of Public Works  
2 and Highways, as members, and representatives from Pipeline Industry  
3 operators, who shall automatically be members by reason of being Grantees of a  
4 Pipeline Concession. The DOE Secretary, in his capacity as Chairperson, shall,  
5 within thirty (30) days from the effectivity of this Act, convene the NPB to  
6 discharge its powers and functions as provided in Section 17 hereof. The Board  
7 shall be assisted by a Technical Secretariat attached to the OIMB of the DOE.  
8 The number of staff of the Technical Secretariat and the corresponding positions  
9 shall be determined by the Board, subject to approval by the Department of  
10 Budget and Management (DBM) and existing civil service rules and regulations.

11

12       Sec. 17. *Powers and Functions of the NPB.* The NPB shall have the  
13 following powers and functions:

14       (a) It shall recommend to the DOE the standards for the  
15 design, construction, pressure testing, operation, and  
16 maintenance, corrosion control and abandonment of  
17 Petroleum Pipeline systems. Within thirty (30) days from  
18 enactment of this Act, the NPB shall formulate a Petroleum  
19 Pipeline Code for approval by the DOE. The NPB may adopt  
20 such relevant and applicable standards from the United  
21 States Department of Transportation Regulations and  
22 American Society of Mechanical Engineers on Petroleum  
23 Pipelines as well as other internationally accepted standards  
24 for Petroleum Pipelines. In view of changes in  
25 internationally accepted Petroleum Pipeline standards and  
26 Pipeline technologies, the NPB may revise and/or amend  
27 the Petroleum Pipeline Code; *Provided that*, the NPB may  
28 only introduce amendments after sufficiently holding  
29 consultations with all its members to ensure transparency  
30 and further encourage private sector participation. The NPB



1           may call on members from the academic community and  
2           experts from the private sector, and other pipeline industry  
3           participants as resource persons to aid in updating the  
4           Petroleum Pipeline Code. There shall be a mandatory  
5           review of the Petroleum Pipeline Code set pursuant to the  
6           provisions of this Act every two (2) years;

7           (b) In carrying out its duties and functions under this section, it  
8           shall, whenever appropriate, be authorized to utilize  
9           agencies of the government to obtain technical, economic  
10          and statistical information and advice; and

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



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**CHAPTER VII**  
**RIGHT OF WAY, EXPROPRIATION, EASEMENT**

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

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

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

When the occupation or possession of private land is needed by the Grantee in connection with its Concession, for the purpose of constructing, installing, maintaining and operating pipelines, reservoirs, wells, roads, railroads telephone and telegraph lines, airfields, radio stations, powerhouses, transmission lines, pumping stations, wharves, piers, and terminals, which are hereby declared to be for public use or benefit, the right of eminent domain may be exercised by the Government, as represented by the DOE, for and on behalf of the Grantee, in accordance with the applicable laws on the matter. In all cases of voluntary agreement between the Grantee and a private landowner, a copy thereof shall be furnished the DOE. For the purpose of this Section, the necessity of the work in Petroleum Pipeline Operations will be presumed in cases of construction of Pipelines, tanks, pumping stations, power systems, and other means of transportation and communication, including any auxiliary facilities and works.

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2       Sec. 21. *Easement Over Public Land.* When easement or right of  
3 temporary occupancy over public land is needed by a Grantee for the purpose of  
4 carrying out any work necessary to its Petroleum Pipeline Operations, such right  
5 may be granted by the Government through the DOE subject to applicable laws  
6 and regulations. The same presumption in Section 20 applies in this instance.  
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8                                   **CHAPTER VIII**  
9                                   **COMPLIANCE WITH STANDARDS**  
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11       Sec. 22. *Petroleum Pipeline Code.* All Grantees of a Pipeline Concession  
12 under this Act shall provide safeguards for the safety, reliability, adequacy,  
13 security, stability and integrity of their Petroleum Pipeline systems in accordance  
14 with the technical specifications and performance standards set forth in the  
15 Petroleum Pipeline Code to be promulgated by the NPB, as may be amended.  
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17                                   **CHAPTER IX**  
18                                   **PIPELINE SECURITY**  
19

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

1       The DOE shall implement a procedure for a systematic response to  
2 emergency cases, including without limitation, incidents involving leaks, breaches  
3 on the Pipelines or Pipeline facilities and other similar occurrences, whereby  
4 there will be immediate, appropriate and coordinated response actions from the  
5 concerned LGUs, Bureau of Fire Protection, the DENR, DOH and such other  
6 government agencies and instrumentalities. In case of remediation or clean-up,  
7 the DENR shall be the lead agency (in coordination with other government  
8 agencies or instrumentalities) in directing the clean-up of affected areas  
9 premised on a risk-based criteria.

10

11       Sec. 24. *Inter-agency Cooperation.* Should the DOE find it necessary, it  
12 shall consult, participate, cooperate and enter into agreement with other  
13 government agencies and instrumentalities, non-governmental organizations or  
14 people's organizations and private enterprises in the furtherance of the foregoing  
15 objectives.

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## CHAPTER X ROLE OF GOVERNMENT AGENCIES

20       Sec. 25. *Role of Government Agencies.* In the Implementation of the  
21 provisions of this Act, its implementing rules and regulations and related laws,  
22 the following agencies shall perform, among others, the following functions:

23

(a) The DOTr shall:

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(i) Assist in coordinating networks for the  
transportation of Petroleum as well as the fast  
and safe transportation services thereof, as  
determined by the DOE; and

(ii) When requested by the DOE, assist the DOE in  
identifying routes, zones or areas of operations  
of particular operators.



- 1 (b) The DPWH shall, when necessary, provide the technical  
2 support in the construction and installation of Petroleum  
3 Pipelines.
- 4 (c) The DILG shall:
- 5 (i) Provide, through the Philippine National Police  
6 (PNP), manpower and available resources to  
7 Grantees of Pipeline Concessions in case of  
8 threats to the security of the Pipelines and other  
9 similar acts;
- 10 (ii) Employ the assistance, cooperation and  
11 coordination of LGUs in the implementation of  
12 the policies and orders issued by the DOE; and
- 13 (iii) Mobilize the Bureau of Fire Protection (BFP) to  
14 ensure the prevention and suppression of all  
15 destructive fires on the Petroleum Pipeline  
16 installations.
- 17 (d) The corresponding LGUs, where the Pipelines are situated,  
18 shall share in the responsibility of implementing safety and  
19 prevention measures within their territorial jurisdiction  
20 solely with respect to third parties who may affect the  
21 Pipelines situated within their respective territorial  
22 jurisdictions.

23

24 **CHAPTER XI**  
25 **ABANDONMENT AND DECOMMISSIONING**  
26

27 Sec. 26. *Abandonment and Decommissioning.* At the expiration of the  
28 term of the Contract of Concession or a renewal thereof, or when a Pipeline has  
29 come to the end of its useful life and/or users or customers of the Petroleum  
30 Product have discontinued using the Pipeline to transport Petroleum Products or



1 there are no foreseeable new users or customers in the future, the Grantee shall  
2 undertake Pipeline decommissioning and cleaning. The Pipelines shall be cleaned  
3 and decontaminated before it can be either left in its existing place or dismantled  
4 for proper disposal.

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

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

15

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

25

26 **CHAPTER XII**  
27 **FISCAL INCENTIVES**  
28

29 Sec. 28. *Taxes.* Pipeline operations shall be subject to the payment of all  
30 taxes, duties, fees or charges and other impositions under the National Internal

1 Revenue Code of 1997, as amended, and other applicable laws; *Provided*  
2 *however*, that in recognition of the substantial investments needed for the  
3 construction, installation, operation and maintenance of the Grantee, the Grantee  
4 shall be entitled to an income tax holiday and such other incentives granted to  
5 pioneer enterprises under the Omnibus Investment Code, as amended.

6  
7 Sec. 29. *Customs Duties*. The Grantee may import, free of applicable  
8 customs duties and charges, all equipment, machinery, material, instruments,  
9 supplies and accessories necessary for the installation, construction, operation  
10 and maintenance of the Petroleum Pipeline.

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### **CHAPTER XIII FORCE MAJEURE AND/OR FORTUITOUS EVENTS**

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

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### **CHAPTER XIV PROHIBITED ACTS**

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

- 1 (a) Demolish, excavate, tunnel, or construct, drill, install, or  
2 make improvements within five (5) meters from the nearest  
3 portion of the Pipeline facility;
- 4 (b) Cut, saw slice, separate, split, sever, smelt, remove  
5 mutilate, alter, tap, reconnect, disconnect, or in any way  
6 tamper any Pipeline or part thereof, or any other pipeline  
7 related installation from the place of installation of any  
8 other place or site where it may be rightfully or lawfully  
9 situated;
- 10 (c) Take, carry away, transport, transfer, move, with or without  
11 the use of a motor vehicle or any other means of  
12 conveyance, the Pipeline, or part thereof, or any other  
13 Pipeline related installation;
- 14 (d) Store, possess, or otherwise keep in his premises, custody  
15 or control, any portion of the Pipeline including Pipeline  
16 related installation; and
- 17 (e) Knowingly use or receive direct benefit of petroleum  
18 delivery service obtained through any of the acts mentioned  
19 in paragraphs (a), (b), (c) and (d) above.  
20

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



1                                   **CHAPTER XV**  
2                                   **APPROPRIATIONS**  
3

4           Sec. 33. *Appropriations.* Such sums as may be necessary for the initial  
5 implementation of this Act shall be taken by the DOE from its annual  
6 appropriation. Thereafter, the fund necessary to carry out the provisions of this  
7 Act shall be included in the annual General Appropriations Act.  
8

9                                   **CHAPTER XVI**  
10                                  **FINAL PROVISIONS**  
11

12          Sec. 34. *Implementing Rules and Regulations.* The DOE, in coordination  
13 with the NPB, shall promulgate the necessary implementing rules and regulations  
14 within thirty (30) days after the effectivity of this Act. There shall be a mandatory  
15 review every two (2) years of the implementing rules and regulations and the  
16 pipeline standards set pursuant to the provisions of this Act.  
17

18          Sec. 35. *Separability Clause.* If any provision of this Act is declared invalid  
19 or unconstitutional, the other provisions not affected thereby shall remain valid  
20 and subsisting.  
21

22          Sec. 36. *Non-Retroactivity Clause.* Concessions which have been granted  
23 under previous laws at the time this Act becomes effective, shall remain effective  
24 and shall continue to operate under their existing Concessions or authority.  
25

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



1  
2       Sec. 38. *Precursor Laws.* Under the Petroleum Act of 1949, as amended,  
3 the power to grant pipeline concessions was granted to the Secretary of  
4 Agriculture and Natural Resources. The authority over pipeline concessions under  
5 the Petroleum Act was transferred to the Petroleum Board pursuant to  
6 Presidential Decree No. 782 dated 25 August 1975. The Petroleum Board was  
7 thereafter abolished and its powers and functions were transferred to the Energy  
8 Development Board in accordance with Presidential Decree No. 910 dated 22  
9 March 1976. The Energy Development Board (EDB) was abolished by Presidential  
10 Decree No. 1206 dated 6 October 1977. The powers and functions of the EDB  
11 were transferred to the Bureau of Energy Development under the Department of  
12 Energy pursuant to Section 12 of Presidential Decree No. 1206. Presidential  
13 Decree No. 1700 issued on 10 July 1980 amended Presidential Decree No. 1206  
14 by transferring the power to regulate and fix the rates of pipeline concessionaires  
15 under the Petroleum Act to the Board of Energy. The powers of the Board of  
16 Energy to grant and regulate pipeline concessions were later transferred to the  
17 Energy Regulatory Board under Section 3 of Executive Order No. 172. Executive  
18 Order No. 193 abolished the Bureau of Energy Development on 10 June 1987  
19 and transferred its pertinent functions to the Office of the Deputy Executive  
20 Director for Energy Operations of the Office for Energy Affairs. The non-price  
21 regulatory jurisdiction, powers and functions of the Energy Regulatory Board  
22 were thereafter transferred to the DOE, pursuant to Sections 12 (c) and 18 of  
23 Republic Act No. 7638, otherwise known as the Department of Energy Act of  
24 1992. Subsequently, the powers and functions of the Energy Industry  
25 Administration Bureau, which includes the formulation and implementation of  
26 policies, programs and regulations on the downstream oil industry, including the  
27 transportation of petroleum crude oils, products and by-products, were  
28 transferred to the Oil Industry Administration Bureau under Administrative Order  
29 No. 38 issued on 23 August 2002. Pursuant to Section 44 of Republic Act No.  
30 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", the

1 non-price regulatory functions of the Energy Regulatory Board were transferred  
2 to the Energy Regulatory Commission.

3

4       Sec. 39. *Repealing Clause.* The provisions of Republic Act No. 387,  
5 otherwise known as the "Petroleum Act of 1949", as amended and the provisions  
6 of all foregoing precursor laws, and such other laws, acts, executive orders, rules  
7 and regulations and other issuances inconsistent with this Act are hereby  
8 repealed or modified accordingly.

9

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

21

22       Sec. 41. *Effectivity.* This Act shall take effect fifteen (15) days upon its  
23 publication in the Official Gazette or in at least two (2) newspapers of general  
24 circulation.

Approved,