

MALACAÑAN PALACE

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 683

**AUTHORIZING THE USE OF FEES, REVENUES AND RECEIPTS FROM
SERVICE CONTRACT NO. 38 FOR THE IMPLEMENTATION OF
DEVELOPMENT PROJECTS FOR THE PEOPLE OF PALAWAN**

WHEREAS, on 11 December, 1990, the Republic of the Philippines, represented by the Department of Energy (DOE), entered into Service Contract No. 38 (SC 38) and engaged the services of a consortium composed today of Shell B.V., Shell Philippines LLC, Chevron Malampaya LLC and PNOC-Exploration Corporation (EC), as Contractor for the exploration, development and production of petroleum resources in an identified offshore area, known as the Camago-Malampaya Reservoir, to the West Philippines Sea;

WHEREAS, Sec. 8 of Presidential Decree No. 910, authorizes the use of the fees, revenues and receipts from SC 38 for such purpose as may be directed by the President of the Philippines;

WHEREAS, President as Chief Executive has a broad perspective of the requirements to develop Palawan as a major tourism destination from the point of view of the National Government, which has identified the Central Philippines Superregion, of which Palawan is a part, for tourism infrastructure investments

WHEREAS, there is a pending court dispute between the National Government and the Province of Palawan on the issue of whether Camago-Malampaya Reservoir is within the territorial boundaries of the Province of Palawan thus entitling the said province to 40% of the Net Government Share in the proceeds of SC 38 pursuant to Sec. 290 of Republic Act No. (RA) 7160, otherwise known as the "Local Government Code";

WHEREAS, Sec. 25 of RA 7160 provides that the President may, upon request of the local government unit (LGU) concerned, direct the appropriate national government agency to provide financial, technical or other forms of assistance to the LGU;

WHEREAS, the duly-authorized representatives of the National Government and the Province of Palawan, with the conformity of the Representatives of the Congressional Districts of Palawan, have agreed on a Provisional Implementation Agreement (PIA) that would allow 50% of the disputed 40% of the Net Government Share in the proceeds of SC 38 to be utilized for the immediate and effective implementation of development projects for the people of Palawan;



NOW, THEREFORE I, GLORIA M. ARROYO, President of the Philippines, by virtue of the power vested in me by law, do hereby order:

SECTION 1. Subject to existing laws, and the usual government accounting and auditing rules and regulations, the Department of Budget and Management (DBM) is hereby authorized to release funds to the implementing agencies (IA) pursuant to the PIA, upon the endorsement and submission by the DOE and/or the PNOC Exploration Corporation of the following documents:

- 1.1. Directive by the Office of the President or written request of the Province of Palawan, the Palawan Congressional Districts or the Highly Urbanized City of Puerto Princesa, for the funding of designated projects;
- 1.2. A certification that the designated projects fall under the investment program of the Province of Palawan, City of Puerto Princesa, and/or the development projects identified in the development program of the National Government or its agencies; and
- 1.3. Bureau of Treasury certification on the availability of funds from the 50% of the 40% share being claimed by the Province of Palawan from the Net Government Share under SC 38;

Provided, that the DBM shall be subject to the actual collections deposited with the National Treasury, and shall be in accordance with the Annual Fiscal Program of the National Government.

SECTION 2. The IA to whom the DBM released the funds pursuant to Section 1 hereof shall be accountable for the implementation of the projects and the expenditures thereon, subject to applicable laws and existing budgeting, accounting and auditing rules and regulations. For recording purposes, the DBM may authorize the IAs to open and maintain a special account for the amounts released pursuant to this Executive Order (EO).

SECTION 3. The National government, with due regard to the pending judicial dispute, shall allow the Province of Palawan, the Congressional Districts of Palawan and the City of Puerto Princesa to securitize their respective shares in the 50% of the disputed 40% of the Net Government Share in the proceeds of SC 38 pursuant to the PIA. For the purpose, the DOE shall, in consultation with the Department of Finance, be responsible for preparing the Net Government Revenues for the period of to June 30, 1010.

SECTION 4. The amounts released pursuant to this EO shall be without prejudice to any on-going discussions or final judicial resolution of the legal dispute regarding the National Government's territorial jurisdiction over the areas covered by SC 38 in relation to the claim of the Province of Palawan under Sec. 290 of RA 7160.



SECTION 5. The DBM is hereby authorized to promulgate such guidelines as may be necessary to ensure the orderly implementation of Secs. 1 and 2 hereof.

SECTION 6. All other orders, rules, regulations and issuances, or parts thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Done in the City of Manila, on this 1st day of December in the year of our Lord, Two Thousand and Seven.

Gloria M. Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA



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