

PROCLAMATION NO. 72

**ESTABLISHING SAFETY AND EXCLUSION ZONES
FOR OFFSHORE NATURAL GAS WELLS, FLOWLINES, PLATFORM,
PIPELINES, LOADING BUOY AND OTHER RELATED FACILITIES FOR THE
MALAMPAYA DEEP WATER GAS-TO-POWER PROJECT
OVER CERTAIN WATERS AND SUBMERGED LANDS ADJACENT TO
BATANGAS, MINDORO AND PALAWAN**

WHEREAS, it is the policy of the State to ensure continuous, adequate and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements through the integrated and intensive exploration, production, management and development of the country's indigenous energy resources;

WHEREAS, appraisal and development drilling in the Malampaya field has confirmed the presence of recoverable reserves of 3.2 trillion cubic feet of natural gas and 118 million barrels of condensate, while additional volumes of oil-in-place (30 API) in excess of 200 million barrels of which some 30 million barrels are currently estimated to be recoverable are present in an oil rim below the gas;

WHEREAS, the development of indigenous petroleum resources is essential to the long-term stability of fuel and energy prices, as well as to national security and competitiveness;

WHEREAS, it is the Government's policy to promote the role of natural gas into the energy supply mix of the country by creating the conditions for a Philippine Gas Industry that economically serves a broad variety of users, including power plants, industrial, commercial and residential users;

WHEREAS, the proven gas reserves in the Malampaya field can provide clean fuel for up to 3,000 MW of combined cycle power plants for a period of more than 20 years;

WHEREAS, the development of the oil in the Malampaya field, if economically feasible, could translate to an initial production potential of 20,000 to 25,000 barrels per day, with a potential to rise to as high as 50,000 barrels per day by 2003 upon completion of the appropriate production facilities, the latter production being equivalent to 15% of the country's crude oil imports in 1999;



WHEREAS, the Malampaya Deep Water Gas-to-Power Project is the foundation for the new Philippine Gas Industry and will reduce dependence on imported fuel, create employment, as well as generate revenues and foreign exchange savings;

WHEREAS, the Project represents the single largest and most significant investment in the history of Philippine business, with a total private investment portfolio of about US\$4.8 billion for both the upstream and downstream components;

WHEREAS, the Project includes the following major components: (a) the installation of nine or more development wells and a subsea manifold in offshore Northwest Palawan to bring gas to a shallow-water platform; (b) the construction of a shallow-water platform to process the gas, and to separate and store condensate; (c) the installation of a catenary anchored leg mooring (CALM) buoy that will be used by tankers to lift condensate from the platform; (d) installation of the required flowlines from the wells to the offshore platform and the 504-kilometer pipeline on the seabed to connect the platform to the onshore gas plant in Batangas; (e) the construction of an onshore gas plant to treat and process dry gas prior to sale; (f) the construction of associated pipelines to deliver gas to the buyers; and (g) a potential oil rim development;

WHEREAS, it is in the interest of the State that certain waters, submerged lands, and foreshore areas be reserved as safety and exclusion zones in order: (a) to protect public health, safety and the environment; (b) to secure the Project infrastructure from damage; and (c) to prevent disruptions in the availability of electricity from the power plants using Malampaya gas.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law and the Constitution, and upon the recommendation of the Secretary of Energy, do hereby establish and reserve the following Exclusion and Safety Zones over certain waters and submerged lands adjacent to Batangas, Mindoro and Palawan more particularly described hereinafter, under the administration of the Department of Energy, for the purpose of developing, exploiting and utilizing indigenous oil, natural gas and associated condensate from the Malampaya Deep Water Gas-to-Power Project ("Project").

1. An Exclusion Zone in the waters and submerged lands in offshore Northwest Palawan, more particularly described and bounded as follows, shall be for the exclusive use of the Department of Energy and the SC 38 Service Contractor, for the construction, operation and maintenance of the Project facilities:



**EXCLUSION ZONE BOUNDARY
REFERRED TO LUZON DATUM, UTM ZONE 50**

POINT	LATITUDE (N)	LONGITUDE (E)
1	11° 40' 54"	118° 51' 33"
2	11° 40' 32"	118° 57' 47"
3	11° 34' 38"	119° 04' 01"
4	11° 32' 04"	119° 08' 28"
5	11° 31' 21"	119° 08' 28"
6	11° 30' 24"	119° 08' 27"
7	11° 29' 24"	119° 08' 27"
8	11° 33' 44"	118° 51' 31"

Commencing thirty (30) days from the date of this Proclamation, the following activities are prohibited in the Exclusion Zone without the prior authorization from the Department of Energy and the Department of National Defense and the prior consent of the SC 38 Service Contractor:

- (a) Entry of vessels into the Exclusion Zone;
- (b) Flying of aircraft below an altitude of 500 meters within one (1) kilometer of the platform and CALM buoy which are to be located within the Exclusion Zone;
- (c) Use of and/or dumping of explosives;
- (d) Sub-sea activities within the exclusion zone, including but not limited to geophysical surveys, drilling, construction, installation of submarine pipeline and cable; and
- (e) All other activities which may pose a potential risk to the Project infrastructure and to public safety within the Exclusion Zone.

2. A Safety Zone in the waters and submerged lands in offshore Palawan, Mindoro and Batangas, and the foreshore area in the vicinity of the onshore gas plant in Batangas, which are within 500 meters on either side of the approximately 504-kilometer long pipeline that will transport Malampaya gas from the offshore platform to the onshore gas plant. The Department of Energy shall register with the Department of Environment and Natural Resources (through the Lands Management Bureau, the Lands Management Service and the National Mapping and Resource Information Authority) a map showing the location of the pipeline.



Commencing thirty (30) days from the date of this Proclamation, the following activities are prohibited within the Safety Zone without the prior authorization from the Department of Energy and the Department of National Defense and the prior consent of the SC 38 Service Contractor:

- (a) Trawl fishing or other fishing methods which involve the use of weights, anchors or similar devices on the seabed;
- (b) Anchoring;
- (c) Use of and/or dumping of explosives;
- (d) Drilling, construction or the installation of submarine pipelines or cable; and
- (e) All other activities which may pose a potential risk to the Project infrastructure and to public safety within the Safety Zone.

3. The foregoing restrictions are without prejudice to the rights of parties holding a Geophysical Survey and Exploration Contract (GSEC) or Service Contract (SC) to conduct petroleum operations in the Safety and/or Exclusion Zone; *Provided*, however, that at least thirty (30) days notice is given to the SC 38 Service Contractor, and the consent of the Department of Energy is obtained, before any petroleum operations are conducted in the Safety and/or Exclusion Zone.

4. The SC 38 Service Contractor is hereby granted an easement for its Petroleum Operations within the aforementioned Exclusion and Safety Zones.

5. The Department of Energy and the Department of National Defense, in consultation with other concerned agencies, shall promulgate the rules and operating guidelines to implement and enforce the aforementioned Exclusion and Safety Zones. The following agencies shall support and assist the Department of Energy and Department of National Defense in the administration and enforcement of the aforementioned Exclusion and Safety Zones:

Armed Forces of the Philippines
Philippine Navy
Department of Agriculture
Bureau of Fisheries and Aquatic Resources
Department of Environment and Natural Resources
Department of Transportation and Communications
Air Transportation Office
Maritime Industry Authority
National Telecommunications Commission
Philippine Coast Guard
Philippine Ports Authority
Department of Interior and Local Government
Philippine National Police

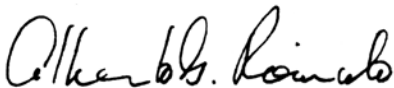


6. This Proclamation shall take effect fifteen (15) days after publication in a newspaper of general circulation.

City of Manila, July 10, 2001.



By the President:



ALBERTO G. ROMULO
Executive Secretary

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Date



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