



PHILIPPINE INVESTMENT OPPORTUNITIES FOR PETROLEUM EXPLORATION

**PRESENTED BY:
THE DEPARTMENT OF ENERGY**

March 2023
SEAPEX Exploration Conference (SEC)

PHILIPPINE INVESTMENT CLIMATE

The Philippines:

The country is under a new administration / leadership

Philippine Energy Sector:

Keen on accelerating development of energy resources

Areas of Focus for petroleum exploration:

Bangsamoro Autonomous Region of Muslim Mindanao (BARMM)



PHILIPPINE CONTRACTING SYSTEM

PETROLEUM SERVICE CONTRACT (PSC)

[Basis: Presidential Decree (PD) No. 87]

PHILIPPINE CONVENTIONAL ENERGY CONTRACTING PROGRAM (PCECP) FOR PETROLEUM

[Basis: DOE Department Circular (DC) No. DC2017-12-0017]

Pre-Determined Areas

- Offered and published by the DOE;
- Includes a data package per PDA offered;
- Php 200,000 application fee
- 180-day application period

Area Nomination

- Area Clearance needed for DOE's approval;
- Nominated and Published by interested parties
- Php 200,000 application fee
- 60-day challenge period
- Php 1,000,000 challenge fee (other applicants)
- Any time of the year



INVESTOR INCENTIVES

| | | | |
|-----------------------------|---------------------------|---|-----------------------------|
| Production Sharing | Government | 60% of net proceeds | |
| | Contractor | 40% of net proceeds | |
| Financial Incentives | FPIA | Filipino Participation Incentive Allowance (FPIA) of a minimum of 1.5% up to a maximum of 7.5% of gross proceeds for service contractors with at least 15% participation by Filipino companies | |
| | Cost Recovery | Cost Recovery Allowance of up to 70% of the gross income from petroleum production in any calendar year with the unrecovered costs to be carried over in the succeeding calendar year(s). Capital expenditures are depreciated over 5-10 years. | |
| | Importation | Exemption from all levies, tariffs, duties, compensating tax and value added tax. | |
| | Special Income Tax | Subcontractor | 8% of gross Philippine Tax |
| | | Foreign Employees | 15% of gross Philippine Tax |



Policy Adjustments

- Issuance of Department Circular on Cross-cost recovery (in connection to PD 1857).
- Issuance of Department Circular providing PSC Incentives on Drilling of offshore Deepwater Wells and Onshore Deep Wells (Repealing DC94-01-01).
- Issuance of a Department Circular on data declassification and data access.

MAP OF EXISTING PETROLEUM SERVICE CONTRACTS

Current Production

Service Contract No. 14C1 - Galoc

- Effective Date: 17 December 1975
- Start of commercial production: 2008

Service Contract No. 38 – Malampaya

- Effective Date: 23 February 1989
- Entered production phase on 1999
- First Gas Sale: 2002

Service Contract No. 49 – Alegria

- Effective Date: 01 March 2005
- Entered production phase on 01 March 2015
- Joint Declaration of Commerciality was signed on 14 March 2018

