

SENATE
P.S. RES. No. 46

'19 JUL 30 P5:16

Introduced by Senator WIN GATCHALIAN

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE STATUS OF THE PHILIPPINES' UPSTREAM OIL AND GAS INDUSTRY WITH THE END IN VIEW OF IMPROVING AND STREAMLINING REGULATIONS TOWARDS INCREASED INVESTMENTS IN OIL AND GAS EXPLORATION AND DEVELOPMENT

1 WHEREAS, Presidential Decree No. 87, otherwise known as the Oil Exploration
2 and Development Act of 1972, provides the framework and incentives for the
3 exploration, exploitation, and development of the country's oil and gas reserves;

4 WHEREAS, almost fifty years after the passage of the said Act, only twenty-
5 three (23) active service contracts have been awarded by the government;

6 WHEREAS, only 5 wells have been drilled in the Philippines between 2007 to
7 2017, a far cry from our Southeast Asian neighbors: 29 wells drilled in Myanmar, 81
8 in Malaysia, 594 in Thailand, and 903 in Indonesia.¹ The number reflects the
9 struggle of the country in attracting sufficient investments in the upstream oil and
10 gas sector, a high-risk and high-capital industry;²

11 WHEREAS, the Petroleum Association of the Philippines (PAP), the national
12 association of oil and gas exploration companies, has cited the perceived instability
13 of government policies as the general reason why private corporations have not
14 made the necessary investments in the sector;³

¹ DOE pushes oil, gas exploration in PH with new contracting round. Available at: <https://pia.gov.ph/news/articles/1012932>. 19 September 2018.

² Oil explorers bat to retain perks under service contract system. Available at: <https://www.bworldonline.com/oil-explorers-bat-to-retain-perks-under-service-contract-system/>. 19 June 2018.

³ PAP urges government to retain gas industry incentives. Available at: <https://businessmirror.com.ph/2018/06/20/pap-urges-government-to-retain-gas-industry-incentives/>. 20 June 2018.

15 WHEREAS, apart from the perceived instability of government policies, there
16 is also the issue of competitiveness of the country's fiscal regime for upstream oil
17 and gas as reflected in the World Rating of Fiscal Systems for Oil where, out of 768
18 fiscal systems with 1 being the most attractive, the Philippines' fiscal system for oil
19 and gas exploration and development for onshore ranked 396, shallow water ranked
20 425, and deep water ranked 452;⁴

21 WHEREAS, there is thus a need to review the Philippines' policies on oil and
22 gas exploration, exploitation, and development which is currently spread across
23 various laws, presidential proclamations, and executive issuances, in order to identify
24 and address the factors which have led to the stagnation of the industry as well as
25 ensure consistency across regulations to jumpstart a "Drill, Drill, Drill" program in the
26 country;

27 RESOLVED BY THE SENATE, as it is hereby resolved, to direct the appropriate
28 Senate Committee to conduct an inquiry on the status of the Philippines' upstream
29 oil and gas industry with the end in view of improving and streamlining regulations
30 towards increased investments in oil and gas exploration and development.

Adopted,



WIN GATCHALIAN

⁴ Van Neurs Energy. February 2019.