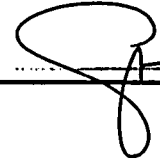


SENATE
P.S. RES. No. 724

'21 MAY 18 P2:46

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Introduced by Senator WIN GATCHALIAN

A RESOLUTION DIRECTING THE SENATE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE PLANS AND PROGRAMS OF THE DEPARTMENT OF ENERGY IN LIGHT OF THE IMPENDING EXPIRATION OF PETROLEUM SERVICE CONTRACT NO. 38 OR THE MALAMPAYA DEEP WATER GAS-TO-POWER PROJECT TO ENSURE CONTINUOUS ENERGY SUPPLY IN THE COUNTRY

1 WHEREAS, under the framework provided by Presidential Decree No. 87 (PD
2 87), otherwise known as the Oil Exploration and Development Act of 1972, the
3 government awarded and signed Service Contract No. 38 on 11 December 1990
4 which eventually led to the discovery and development of the Malampaya Deep
5 Water Gas-to-Power Project (Malampaya Project);

6 WHEREAS, the Malampaya Project has become the country's most significant
7 oil and gas upstream development supplying 19.16% of the country's supply of
8 electricity for 2020,¹ and providing a crucial source of income for the government
9 with a total net national government share amounting to Php 261,681,610,752.59
10 since it began commercial operations in 2002 until 2019;²

11 WHEREAS, Service Contract No. 38's original thirty-five (35) year contract
12 period is scheduled to expire on 23 February 2024;³

13 WHEREAS, in preparation for these eventualities, the Malampaya Consortium
14 led by its designated operator, Shell Philippines Exploration, B.V. (SPEX) submitted a
15 request before the Department of Energy for a fifteen (15) year extension of Service

¹ Department of Energy (2021)

² Department of Energy figures (2019).

³ Natgas output hits 33,356 MMCSF. The Manila Times. 10 May 2021. Available at: <https://www.manilatimes.net/2021/05/10/business/business-top/natgas-output-hits-33356-mmcsf/871960/>. Accessed on 10 May 2021.

1 Contract No. 38 as early as 2008, and SPEX reiterated the same request for
2 extension in 2018;⁴

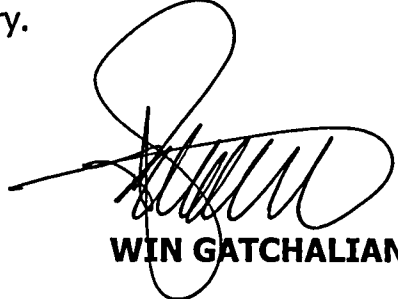
3 WHEREAS, notwithstanding these proposals, the Department of Energy (DOE)
4 has indicated that it is still evaluating the requests for extension;⁵

5 WHEREAS, given the significant role that the Malampaya Project plays in the
6 Philippines' energy security, the lack of clarity on the pending request for extension
7 of Service Contract No. 38, and the uncertainty surrounding the remaining natural
8 gas reserves in the Malampaya Project, it is imperative that the Department of
9 Energy apprise the Filipino public on the plans of government for continuous energy
10 supply in general and the status of Service Contract No. 38 in particular;

11 RESOLVED BY THE SENATE, as it is hereby resolved, to direct the Senate
12 Committee on Energy to conduct an inquiry in aid of legislation on the plans and
13 programs of the Department of Energy in light of the impending expiration of
14 Petroleum Service Contract No. 38 or the Malampaya Deep Water Gas-to-Power
15 Project to ensure continuous energy supply in the country.

16

Adopted,



WIN GATCHALIAN

⁴ SPEX seeks DOE meeting on exploration contract. Business orld. 4 September 2019. Available at: <https://www.bworldonline.com/spex-seeks-doe-meeting-on-exploration-contract/>. Accessed on 10 May 2021; Malampaya operator still keen on extending service contract. BusinessMirror. 4 September 2019. Available at: <https://businessmirror.com.ph/2019/09/04/malampaya-operator-still-keen-on-extending-service-contract/>. Accessed on 10 May 2021.

⁵ Cusi: Malampaya license extension on same terms unlikely. The Manila Times. 20 September 2019. Available at: <https://www.manilatimes.net/2019/09/20/business/cusi-malampaya-license-extension-on-same-terms-unlikely/618943/>. Accessed on 10 May 2021.