

By The President Of The Philippines

EXECUTIVE ORDER NO. 254

AUTHORIZING THE RELEASE OF FUNDS FROM THE NET GOVERNMENT SHARE FROM SERVICE CONTRACT NO. 38 OVER THE CAMAGO-MALAMPAYA NATURAL GAS RESERVOIR AS ASSISTANCE TO THE PROVINCE OF PALAWAN

WHEREAS, the Republic of the Philippines, through the Department of Energy (DOE), entered into Service Contract No. 38 (SC 38) with Shell Philippines Exploration B.V. and Occidental Philippines, Inc. on 11 December 1990 for the exclusive conduct of petroleum operations in the area referred to as Camago-Malampaya located off the shores of northwest Palawan;

WHEREAS, given the strategic importance of SC 38 in providing secure, reliable and environmentally-friendly indigenous energy and the responsibilities that have been undertaken by the Province of Palawan in assisting the National Government in securing SC 38 Project Exclusion Zone, it is deemed appropriate to extend financial assistance to the Province of Palawan out of the net government revenues from SC 38 for its socio-economic and environmental development projects;

WHEREAS, under the Local Government Code, the President may, upon the request of the local government unit concerned, direct the appropriate national agency to provide financial, technical or other forms assistance to the local government unit at no extra cost to the local government unit concerned.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. *Release of Funds.* – Subject to applicable laws and availability of funds, the DOE shall identify and submit the list of priority development projects in the total amount of **THREE HUNDRED MILLION PESOS (P300,000,000.00)** to the Department of Budget and Management for release of funds direct to the DOE. Said amount shall be sourced from the net government share of the revenues from SC 38 for fiscal year 2002.



SECTION 2. Allocation. – The foregoing amount shall be allocated for priority development projects for the Province of Palawan to be divided into three (3) equal portions among the following:

- a. The implementation of the roads and school buildings program and barangay projects for the 1st Congressional District;
- b. The implementation of the roads and school buildings program and barangay projects for the 2nd Congressional District; and
- c. Approved priority development projects of the Provincial Government of Palawan.

SECTION 3. Reservation. – The amount released pursuant to this Executive Order is made for the mutual benefit of the National Government and the Province of Palawan and its constituents, and shall be without prejudice to any on-going discussions or legal disputes regarding the National Government's territorial jurisdiction over the areas covered by SC 38.

SECTION 4. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 8th day of December, in the year of our Lord, two thousand and three.

Gloria Arroyo

By the President:

Alberto G. Romulo
ALBERTO G. ROMULO
Executive Secretary

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