



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2021-10-0035

**REVISED CIRCULAR FOR IMPOUNDING AND DISPOSAL OF PHILIPPINE
DOWNSTREAM OIL INDUSTRY CONFISCATED ITEMS**

WHEREAS, Republic Act No. 7638, otherwise known as the "Department of Energy Act of 1992" mandates the DOE to exercise supervision and control over all government activities relative to energy projects and regulate private sector activities as provided under existing laws;

WHEREAS, Batas Pambansa Bilang 33, as amended by Presidential Decree (P.D.) No. 1865, defines and penalizes certain prohibited acts inimical to the public interest and national security involving petroleum products, and mandates the DOE to issue such rules and regulations to implement the provisions thereof;

WHEREAS, Section 4 of P.D. No. 1865 and Section 1, Rule X of the implementing rules and regulations of B.P. 33 as amended, authorize the impounding of petroleum and paraphernalia, conveyances and equipment which are the tools used in the conduct of illegal trading, adulteration, underfilling and hoarding and will be forfeited upon finality of the cases in favor of the government;

WHEREAS, enforcement activities through field inspections have resulted to confiscation and impounding of these tools;

WHEREAS, the proper handling, labeling, recording, storage and disposal of these tools is needed to ensure public accountability, health, safety and environmental protection;

NOW, THEREFORE, in consideration of the foregoing, the DOE hereby issues and adopts this Revised Circular:

Rule I
General Provisions

Section 1. Scope and Application.

This Circular shall apply to the handling, labeling, recording, storage, and disposal of Confiscated Items from enforcement of DOI rules and regulations.

Section 2. Definition of Terms.

As used in this Circular, the following terms shall be understood to mean, as follows:

- a. DOE Disposal Committee - refers to the Disposal Committee created pursuant to Executive Order No. 309 issued on 08 March 1996 and implemented through a DOE Department Order;

- b. DOI - refers to Downstream Oil Industry, which is the business of importing, exporting, re-exporting, shipping, transporting, processing, refining, storing, distributing, marketing and selling of LPP;
- c. Disposal Order – refers to the order of the DOE Legal Services Director or FO Director, as the case maybe, authorizing the disposal of any associated Confiscated Items in an administrative and/or criminal case with a final decision in favor of the Government;
- d. FOs - refer to Field Offices of the DOE;
- e. Confiscated Items - refer to petroleum products, paraphernalia, conveyances and equipment which are confiscated for violations of DOI rules and regulations;
- f. Impounding Facility - refers to the storage facility established under Rule II of this Revised Circular;
- g. Legal Services – refers to the administrative support services for legal matters of the DOE created under Section 12 (e) of Republic Act No. 7638, otherwise known as the Department of Energy Act of 1992;
- h. LPP - refers to Liquid Petroleum Products which consist of crude oil and finished petroleum products formed by refining crude oil such as, but not limited to: gasoline, diesel, kerosene, liquefied petroleum gas (LPG), naphtha, solvents, aviation fuels, fuel oils, waxes and petrolatum, asphalt, bitumen, coke and refinery sludges, or other refinery petroleum fractions which have not undergone any process or treatment as to produce separate chemically-defined compounds in a pure or commercially pure state and to which various substances may have been added to render them suitable for particular uses: Provided, that the resultant product contains not less than fifty percent (50%) by weight of such petroleum products with such individual products conforming to the standards set forth under Philippine National Standards;
- i. OIMB - refers to the Oil Industry Management Bureau created under Section 12 (c) of Republic Act No. 7638, otherwise known as the Department of Energy Act of 1992;
- j. Release Order – refers to the order of the DOE Legal Services Director or FO Director, as the case maybe, authorizing the release of any associated Confiscated Items in an administrative and/or criminal case with a final decision in favor of the respondent;
- k. Salvage Yard - refers to wrecking yard, junk shop or waste material handling plant/shop which can be used interchangeably under Section 10.4.2.1, Salvage Yards -General Requirements of Republic Act 9514 or The Fire Code of the Philippines and its subsequent amendments; and
- l. DOI TWG - refers to the Technical Working Group created in Rule II, Section 3 of this Circular.

Rule II
Creation of DOI Technical Working Group

Section 3. Members.

To assist the Technical Staff of the DOE Disposal Committee in the assessment, appraisal, and endorsement of the Confiscated Items for disposal, the following members of the DOI TWG of OIMB and the FOs are hereby constituted:

Chair	:	OIMB / FO Director
Vice/Alternate Chair	:	OIMB Assistant Director / FO assigned equivalent
Members	:	OIMB / FO assigned personnel for technical matters
	:	Downstream Conventional Energy Legal Services Division assigned personnel / FO assigned personnel for legal matters

The designation of members shall be determined by the Directors of OIMB, FO and Legal Services through the issuance of an assignment order based on assessment of required personnel to handle the quantity of cases and number of Confiscated Items subject for disposal.

Section 4. Functions.

- a. Establish the Impounding Facility;
- b. Facilitate the handling, labeling, recording and storage of Confiscated Items;
- c. Assist the Technical Staff of the DOE Disposal Committee in the assessment, appraisal and endorsement of Confiscated Items for disposal;
- d. Assist the DOE Disposal Committee in the implementation of the actual disposal of the Confiscated Items; and
- e. Perform such other functions as may be necessary and incidental to attain the function of the DOI TWG and the DOE Disposal Committee.

Rule III
Impounding Facility

Section 5. Minimum Requirements.

- a. Shall be owned or leased by the DOE as its Impounding Facility. It may be established likewise through agreements with another government agency;
- b. Preferably accessible through an all-weather road system that can accommodate the transit of up to 8-wheel delivery vehicle;

- c. Shall comply with salvage yard general requirements under the implementing rules and regulations of Fire Code of the Philippines and its subsequent amendments;
- d. Preferably with a floor area of at least two thousand five hundred (2,500) square meters with a layout plan to comply with the following:
 - i. Appropriate canopy to protect the stored petroleum products from natural elements as well as open space for storage of Confiscated Items;
 - ii. Power requirement of 220 Volts and perimeter lighting system; and
 - iii. Water supply for emergency firefighting.
- e. Shall be complemented by hauling services for safe transport of Confiscated Items;
- f. Shall be provided with security on a twenty-four (24) hour basis, with a minimum of two-shift schedule with at least one security personnel for each shift; and
- g. Shall be coordinated with the local fire station for emergency firefighting requirements.

Rule IV **Impounding of Confiscated Items**

Section 6. Handling and Storage Requirements.

- a. Shall be stored in an officially designated Impounding Facility. For enforcement activities of other law enforcement agencies or the local government units, the primary impounding shall be in their respective impounding facility. In their absence however, the Confiscated Items may be stored in the DOE Impounding Facility;
- b. Shall be checked for leak, deterioration or manifestation of hazardous and unsafe conditions and prioritized for disposal for health and safety considerations;
- c. Shall be continually in storage until such time that disposal or release is completed; and
- d. Shall be assigned and stored in the designated plot number based on the Impounding Facility plot plan and properly recorded in the registry of Confiscated Items kept by the DOI TWG.

Section 7. Labeling and Recording Requirements.

- a. Shall be segregated and labeled at the designated plot number of the Impounding Facility for easy identification bearing the following details:
 - i. Case Number and Title;
 - ii. Name and Address of respondent;

- iii. Date of Confiscation;
 - iv. List and Details of Confiscated Items; and
 - v. Identified Violation/s.
- b. Shall be recorded in the registry of Confiscated Items maintained by the DOI TWG containing the following particulars:
 - i. Case Number and Title;
 - ii. Name and Address of respondent;
 - iii. Date of Confiscation; and
 - iv. Identified Violation/s;
 - v. List and Details of Confiscated Items;
 - vi. Details of impounding, disposal or release such as name of assigned DOI TWG personnel, date and time; and
 - vii. Other relevant remarks.
- c. Shall undergo regular inspection by the DOI TWG to monitor and ensure the integrity of the Confiscated Items and the overall safety of the Impounding Facility.

Rule V

Assessment of Confiscated Items and Endorsement for Disposal

Section 8. Legal Requirements.

- a. In administrative cases, a Disposal Order shall be issued by the DOE LS Director or the FO Director, as the case may be, after finality of the Order or Decision or when serious health and safety considerations are involved. On the other hand, a Release Order shall be issued upon dismissal of the case or upon payment of the fines imposed covering the subject cylinders still capable of repair or requalification.
- b. In criminal cases, a Disposal Order or Release Order shall be issued by the DOE LS Director or the FO Director, as the case may be, in accordance with the ruling or decision of the Court or the Department of Justice (DOJ), as the case may be.
- c. The respondent of the case shall likewise be furnished with a copy of the ruling, order, resolution, or decision of the case together with the corresponding Disposal Order or Release Order of the Impounded Items.
- d. The Disposal Order or Release Order of the Impounded Items shall be transmitted to the DOI TWG for further action. In the case of a Disposal Order, the DOI TWG shall afterwards initiate the assessment of the Impounded Items for endorsement to the DOE Disposal Committee.
- e. Except in cases involving serious health and safety considerations subject to Section 9(c)(v), the Disposal Order or Release Order issued by the DOE Legal Services Director or FO Director, as the case may be, must be accompanied by the following documents:

- i. Certified true copy of the ruling, order, resolution, or decision on the concerned case issued by the DOE Legal Services Director or the FO Director, as the case may be, DOJ, or the Court as the case may be; and
- ii. If applicable, certified true copy of official receipts representing full payment of administrative fine.

Section 9. Technical Assessment Requirements.

- a. After receipt of the Disposal Order, the DOI TWG and the Technical Staff of the DOE Disposal Committee shall proceed with the assessment consistent with the applicable disposal rules;
- b. The final assessment report with recommendation shall be submitted to the DOE Disposal Committee for decision;
- c. In addition to the disposal rules, the following requirements shall be followed:
 - i. For LPG cylinders and canisters:

Shall comply with the applicable provisions of the Philippine National Standards (PNS) for proper cylinder requalification, repair or destruction.
 - ii. For LPG products:

Shall comply with the applicable provisions of PNS for proper decanting requirement.
 - iii. For other LPP products:

Non-compliant LPP products shall undergo treatment, storage and disposal (TSD) in a third-party facility to be contracted by the DOE based on DENR's list of accredited TSD facility.
 - iv. For LPP conveyances and paraphernalia:

Mode of disposal shall comply with the applicable disposal rules.
 - v. In cases however of serious health and safety considerations based on the assessment of the DOI TWG and the Technical Staff of the DOE Disposal Committee and confirmed by the DOE Disposal Committee, or upon order of the DOJ or the Court, the Confiscated Items shall be prioritized for disposal.

Rule VI
Final Provisions

Section 10. Funding.

The implementation of this Circular shall be supported by the Fund 101 and/or the Downstream Oil Deregulation Fund under the Special Account in the General Fund (SAGF) 151.

Section 11. Separability Clause.

Should any provision of this Revised Circular be subsequently declared invalid or unconstitutional, such parts not affected thereby shall remain in full force and effect.

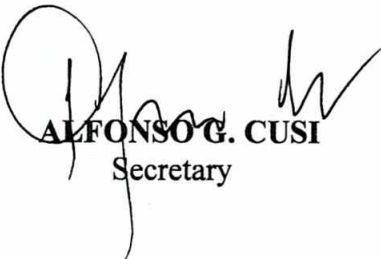
Section 12. Repealing Clause.

Department Circular No. DC2011-08-0008 known as the Guidelines for the Release and Disposal of Confiscated Liquefied Petroleum Gas Cylinders is hereby repealed and all other rules and regulations, orders and issuances which are inconsistent with the provisions of this Circular are hereby amended, superseded or modified accordingly.

Section 13. Effectivity.

This Department Circular shall take effect fifteen (15) days following its complete publication in two (2) newspapers of general circulation and submission of a copy to the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR).

Done this ____ of _____, 2021 in Bonifacio Global City, Taguig City, Metro Manila.


ALFONSO G. CUSI
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING PLS. CITE:

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