SMALL-SCALE COAL MINING PERMIT APPLICATION

I. Form No. SS-1 (in 3 sets)

A. Survey Returns
21. Survey Plan (1 mylar, 2 whiteprints), duly signed by Geodetic Engineer
22. Lot Technical Description
23. Lot Data Computation

B. Certification of Residency
1. Barangay Captain
2. Municipal/City Mayor

C. Operating Agreement pursuant to Section 5A of BED Circular No. 87-03-001 as amended by DOE Circular No. 88-02-002 and 88-03-006 dated February 10, 1988 and March 1988, respectively.

D. Contract of Purchase and Sale, pursuant to Section 5E of BED Circular No. 87-03-001 as amended.

II. Form No. SS-2
A. Computation of Coal Reserves
B. Mining method used
C. Projection of daily and annual production rates
D. Table of Organization
E. List of mining equipment
F. Geological map of area applied for
G. Detailed mine plan
H. Production cost per metric ton
I. Minimum acceptable price per metric ton

III. Proof of P10,000.00 working capital
A. Certificate of bank deposit
B. Real property tax declaration
C. Contract of lease of equipment
D. Other similar documentation

IV. Form No. SS-3

Endorsements and Resume of mining engineer to act as Safety Engineer in the absence of Supervising Coal Operator (SCO) near the applied area. P300.00/application.

V. Application Fee - P700.00 per hectare or a fraction thereof.
Republic of the Philippines
DEPARTMENT OF ENERGY
Energy Center, Merritt Road, Fort Bonifacio, Taguig City

WORK PROGRAM
Small-Scale Coal Mining Operations

I. NAME OF APPLICANT:
II. MAILING ADDRESS:
III. TOTAL AREA (hectares) APPLIED FOR:
IV. LOCATION:
V. MINING METHOD TO BE EMPLOYED:
VI. SUMMARY OF COMMITMENTS FOR ONE YEAR:

1. Production (in metric tons)
   - Daily output
   - Annual production

2. Mine Development (may omit items that do not need to be filled up)
   - For underground workings
     - Shafts (meters)
     - Lateral Drivage/Tunnels (meters)
     - Raises/Winzes (meters)
   - For surface workings
     - Waste moved (Bulk Cubic Meter, BCM)
     - Stripping Ration (Cubic Meters/BCM)
     - Mine Roads (km.)
     - Others (specify)

3. Facilities (if any)
   - Camp buildings/bunkhouses (units)
   - Others (specify)

4. Estimated costs (in P'000)
   - Production Costs
   - Development Costs
   - Others (specify)

5. Manpower Required (refer to attached table of organizations)

VII. ATTACHMENTS
1. Geological maps showing the coal seam, sections, contours, etc.
2. Coal reserve computation
3. Detailed mining plan
4. Project Timetable (Gantt Chart)
5. Table of Organization
Date Accomplished __________________

I. PERSONAL DATA OF APPLICANT

a) Name of applicant ______________________________________

b) Citizenship ____________________________________________

c) Residence ____________________________________________

d) Age _________________________________________________

e) Sex ____________________ Civil Status ___________________

f) Name of Spouse _______________________________________

g) Name of Children ______________________________________
   __________________________________________
   __________________________________________

II. AREA APPLIED FOR

a) Location
   Province _____________________________
   Municipality _____________________________
   Barangay _____________________________

b) Number of Hectares _______________________

c) Survey plan and corresponding technical description of area applied for (Attached as Annex A)

d) Name of incumbent Barangay Captain ______________________

e) Name of incumbent Municipal/City Mayor ____________________

f) Written endorsement or clearance from Barangay Captain and Mayor attesting that the applicant is a
permanent resident of the province, municipality, city and barangay where the small-scale mining
operation will be undertaken.

III. SUPERVISING COAL OPERATOR

a) Name of Supervising Coal Operator ________________________

b) Written undertaking that Supervising Coal Operator (SCO) shall supervise and oversee the small-scale
operations of the applicant including the implementation of safety measures in the area covered by the
permit as approved by the DOE (attached as Annex _______)

c) Contract of Purchase and Sale between the Supervising Coal Operator and the applicant as approved by
the DOE which the SCO shall purchase all the coal production of the applicant (attach as Annex _____)

d) In the absence of SCO, endorsements and resume of Mining Engineer, for DOE accreditation, who shall
oversee the mining and safety aspects of operation (Annex ____).
IV. WORK PROGRAM

One (1) year work program indicating the presence of deposits of coal which under existing data are found suitable to small-scale, labor-intensive operations (attach as Annex ____________).

V. FINANCIAL QUALIFICATIONS

Applicant must show proof that it has minimum operating capital of Ten Thousand Pesos (P10,000.00) whether in cash or in kind.

a) Certificate of bank deposit (Annex ________)
b) Real Property Tax Declaration (Annex ________)
c) Contract of Lease of Equipment (Annex ________)
d) Other similar proof showing that the applicant has the requisite means and resources to pursue small-scale mining (Annex ________)

The application is filed complete with attachments to the Department of Energy and payment of Non-Refundable Fee of P540.00 per hectare of area applied as per Official Receipt (O. R.) No. ___________________________ dated ________________.

The applicant has read and understood the provisions of DOE Circular No. 87-03-001 and shall comply with all its provisions.

__________________________
Name and Signature of Applicant
Republic of the Philippines
DEPARTMENT OF ENERGY
Energy Center, Merritt Road, Fort Bonifacio, Taguig City

TECHNICAL DESCRIPTION

Permittee: Small-Scale Permit No, (SSPN):
Address:
Coal Block No.: Sheet No.:
Supervising Coal Operator:
Geodetic Engineer:
Address:

Situated in the
Sitios of :
Barrio of :
Municipality of :
Province of :
Island of :

Beginning at point Marker "Corner 1" on plan SSPN ____________________, being ________________,
_________________m. from __________________, thence, ____________________,
_____________________, m to point 2;
thence, ____________________, _____________________, m to point 3;
thence, ____________________, _____________________, m to point 4;
thence, ____________________, _____________________, m to point marked

“Corner 1” which is the point of beginning.

(Please use back for continuation)

containing an area of ___________________ hectares.

Bearing : PTM Grid
Late Surveyed:
Prepared by :
______________
Geodetic Engineer

Checked by: Approved by:
Date: Date:
Republic of the Philippines
OFFICE OF THE MUNICIPAL/CITY MAYOR
CERTIFICATION

This is to certify that Mr./Ms. ________________________________ is a bonafide resident of Barangay ________________________________ Municipality/City of ________________________________.

This certification is being issued in connection with his/her application for a small-scale coal mining permit.

Given this ____________ day of __________, 20____ at ________________________________.

_________________________
Signature

_________________________
Printed Name

_________________________
Official Designation
Republic of the Philippines
OFFICE OF THE BARANGAY CAPTAIN
CERTIFICATION

This is to certify that Mr./Ms. ________________________________ is a bonafide resident of Barangay ________________________________ Municipality/City of ________________________________.

This certification is being issued in connection with his/her application for a small-scale coal mining permit.

Given this ____________ day of __________, 20____ at ________________________________.

_________________________
Signature

_________________________
Printed Name

_________________________
Official Designation
DEED OF UNDERTAKING

In compliance with Section 5 of BED Circular No. 87-03-001 as amended, _________________________ hereby represented by its _________________, ______________________, hereby undertakes and agrees to supervise and oversee the small-scale mining operations of Mr./Mrs. _________________, including the implementation of safety measures in the area covered by the PERMIT.

____________________________________
(Place) (Date)

Name of Corporation/
Supervising Coal Operator

By:

Name and Designation of Responsible Official

Conforme:

________________________
Permittee

SIGNED IN THE PRESENCE OF

____________________________________
____________________________________
Republic of the Philippines
Province of )
Municipality of )

ACKNOWLEDGEMENT

BEFORE ME, this ______ day of ________, in the City/Municipality of _____________, Mr./Mrs. __________________, representing to be the _____________ of _____________ with Residence Certificate No. ______________, issued at ______________, on _______________, and Mr./Mrs. __________________, with Residence Certificate No. ____________, issued at ______________, on _______________, known to me to be the same persons who executed the foregoing DEED OF UNDERTAKING and they have acknowledged to me that the same is their free act and deed.

This instrument, which consists of one (1) page including the page on which this acknowledgement is written, has been signed by the affiants and their witnesses and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand the day, year and place above written.

Doc. No. ______
Page No. ______
Book No. ______
Series of ______
CONTRACT OF PURCHASE AND SALE

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT OF PURCHASE AND SALE made and executed this _____ day of ______ at __________________, Philippines, by and between:

_________________, a corporation, organized and existing under and by virtue of Philippine laws, with business address at ______________, herein represented by its ____________, Mr./Mrs. _____________________, and hereinafter referred to as the BUYER;

and,

Mr./Ms. _____________________, Filipino, of legal age, and with residence and postal address at ______________, hereinafter referred to as the SELLER.

WITNESSETH THAT:

WHEREAS, the BUYER is a valid holder of a coal operating contract dated, __________, issued by the then Office of Energy Affairs (OEA) now DEPARTMENT OF ENERGY in accordance with Presidential Decree No. 972, otherwise known as the Coal Development Act of 1972, as amended, and the existing circulars, rules and regulation;

WHEREAS, this CONTRACT OF PURCHASE AND SALE is made and executed pursuant to BED Circular No. 87-03-001 dated, 04 March 1987, as amended by OEA Circular No. 88-02-002 dated, 10 February 1988 and OEA Circular No. 88-03-006 dated 22 March 1988, relative to small-scale coal mining operations.

NOW, THEREFORE, in consideration of the above premises and their mutual covenants hereinafter set forth, the Parties have agreed as follows:

1. The SELLER, once issued a SMALL SCALE MINING PERMIT by the DOE, agrees and binds himself/herself to sell all coal produced from his/her small scale coal mining operation to the BUYER;

2. The BUYER agrees and binds itself to buy coal produced from the SELLER’s small scale coal mining operations based on the following pricing formula:

   Buying Price/MT = Operating Cost/MT x (1 + Y Mark-up), where

   Buyer Price/MT = Cash Price/MT of coal produce of the SELLER at the agreed upon hauling point;

   Operating Cost/MT = Actual, validated cost of the SELLER to produce one (1) MT of coal and transport the same to the agreed upon hauling point; and,

   A. For the first 100 MT production per month per SELLER:

   Y = 35% (8,500 BTU/lb) Y = 45% (9,500 BTU/lb)
   Y = 40% (9,000 BTU/lb) Y = 50% (10,000 BTU/lb)

   B. In excess of 100 MT production per month per SELLER:

   Y = 40% (8,500 BTU/lb) Y = 60% (9,500 BTU/lb)
   Y = 50% (9,000 BTU/lb) Y = 70% (10,000 BTU/lb)
The SELLER agrees and binds himself/herself not to sell his/her coal to other coal operators, traders or end-users. In case the BUYER shall unreasonably refuse to buy said coal or when the price offered is lower than the base price/MT corresponding to coal with calorific value of 8,500 BTU/lb as defined herein, the SELLER may sell his/her coal produce to other end-users after securing written authorization from the DOE.

4. It is understood that the BUYER shall deduct three percent (3%) from the gross purchase price and shall, within thirty (30) days from its deduction, remit the same to the DOE.

IN WITNESS WHEREOF, the Parties have hereunto signed these presents in the place and date first above written.

______________________  ______________________
Buyer  Seller

SIGNED IN THE PRESENCE OF:

______________________  ______________________
ACKNOWLEDGEMENT

BEFORE ME, this ______ day of ________, in the City/Municipality of _____________, Mr./Mrs. _________________, representing to be the ________________ of ______________ with Residence Certificate No. ______________, issued at ______________, on _______________, and Mr./Mrs. _________________, with Residence Certificate No. ______________, issued at ______________, on _______________, known to me to be the same persons who executed the foregoing DEED OF UNDERTAKING and they have acknowledged to me that the same is their free act and deed.

This instrument, which consists of one (1) page including the page on which this acknowledgement is written, has been signed by the affiants and their witnesses and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand the day, year and place above written.

Doc. No. ______
Page No. ______
Book No. ______
Series of ______
SSCM LAWS

Bureau of Energy Development Circular No. 87-03-001

This Circular provides the guidelines and procedure for the implementation of a program that would allow small-scale coal mining. It was issued on March 4, 1987 and signed by then Acting Director Wenceslao dela Paz. It instituted the definition of an SSCM mining operation and the provisions that shall govern the small-scale mining industry.

Office of Energy Affairs Circular No. 88-02-002

In view of the gaps identified in the implementation of BED Circular 87-03-001, this OEA Circular was issued on Feb. 10, 1988. The OEA Circular provides for five amendments that deals with carving out of an SSCM area from a COC area, additional details on cancellation of the permit and conditions for the supervision of the SSCM operation.

Office of Energy Affairs Circular No. 88-03-006

Signed on March 22, 1988, further amendments in the SSCM Circular were made through this Circular to address additional issues in the implementation of the SSCM program, such as downturn of oversight function of the SCO over the SSCM permittees and the requirement of a written undertaking or agreement on the scope of supervision of the SCO specially concerning observance of systematic and safe mining operations of the permittee.