

[the subject of forfeiture] and if the seller who has not yet delivered has been fully paid, the price received shall be returned to the buyer with an additional amount equivalent to such price; and in addition, if the offender is [a trader] an oil company, marketer, distributor, refiller, dealer, sub-dealer and other retail outlets, or hauler, the cancellation of his license.

“Trials of cases arising under this Act shall be terminated within the thirty (30) days after arraignment.

“When the offender is a corporation, partnership, or other juridical person, the president, general manager, managing partner, or such other officer charged with the management of the business affairs thereof, or employee responsible for the violation, shall be criminally liable, in case the offender is an alien,

he shall be subject to deportation after serving the sentence.

“If the offender is a government official or employee, he shall be perpetually disqualified from office.”

SEC. 5. All laws, decrees, orders, instructions, rules and regulations which are inconsistent with, or contrary to, the provisions of this Act are hereby repealed or modified accordingly.

SEC. 6. This decree shall take effect upon its approval.

Done in the City of Manila, this 25th day of May in the year of Our Lord, nineteen hundred and eighty-three.

(sgd) FERDINAND E. MARCOS
President, Republic of the Philippines

By the President:

(sgd.) JUAN C. TUVERA
Presidential Executive Assistant

**RULES AND REGULATIONS
ON THE IMPLEMENTATION OF BATAS PAMBANSA BLG. 33,
AS AMENDED BY PRESIDENTIAL DECREE NO. 1865, ISSUED ON MAY 25, 1983**

**RULE I
GENERAL PROVISIONS**

SECTION 1. Coverage. –

These rules and regulations shall apply in the implementation of Batas Pambansa Bilang 33, as amended by Presidential Decree No. 1865 issued on May 25, 1983.

SEC. 2. Definition of Terms. –

For the purposes of these rules and regulations:

- (1) “Bureau” shall mean the Bureau of Energy Utilization.
- (2) “Ministry” shall mean the Ministry of Energy.
- (3) “Board” shall mean the Board of Energy.
- (4) “Act” shall refer to Batas Pambansa Blg. 33, as amended by Presidential Decree No. 1865, issued on May 25, 1983.
- (5) An “Oil Company” is one that manufactures, processes and sells a broad range of petroleum products.

It shall refer to any of the following companies and such other companies that may be organized for this purpose or business:

- (i) Caltex Philippines, Inc.
 - (ii) Mobil Oil Philippines, Inc.
 - (iii) Petrophil Corporation
 - (iv) Pilipinas Shell Petroleum Corporation
- (6) A “Marketer” is one that is engaged in the sale or trading of petroleum products including LPG. A marketer may or may not manufacture or process the products sold. A marketer is differentiated from an oil company in that marketers include companies dealing in one product only, such as LPG. An oil company is also a marketer.
- (7) A “Dealer” refers to one involved in the sale or trading of petroleum products under contract with an oil company or marketer. The dealer shall sell only the products of the marketer.
- (8) A “Retail Outlet” refers to one who sells petroleum products directly to a consumer.
- (9) A “Hauler” is one engaged in the transportation of petroleum products as a business.
- (10) “NSTA” shall refer to the National Science and Technology Authority.
- (11) “PSA” shall refer to the Products Standards Agency.

RULE II

ILLEGAL TRADING

Non-compliance with or violation of the following provisions of this rule shall constitute ILLEGAL TRADING and shall be punishable under the Act.

SECTION 1. Bureau of Energy Utilization Licensing. –

No person or entity may produce, sell, transport, process, or manufacture, blend or package petroleum products for business or profit without prior registration and license from the Bureau of Energy Utilization. The registration and licensing requirements are/ shall be specified in BEU administrative rules and regulations in this regard.

Annual license renewal is required.

SEC. 2. Issuance of Receipts. –

All transactions involving the sale or transfer of petroleum products to final consumers or end-users must be covered by an official receipt bearing the registered name and address of the seller and detailing the quantity, price and type or petroleum product sold and the date of the transaction. In the case of the sale of LPG in cylinders, the receipt shall also indicate the brand of the product, the gross weight of the cylinder including its contents, the tare weight of the cylinder, excluding the contents, the net weight of the LPG contained, the total price and the unit price per cylinder.

SEC. 3. Refilling of LPG Cylinders. –

Refilling of LPG cylinders for purposes of sale or distribution for business or profit must have prior registration and license from the Bureau as provided for in BEU rules and regulations in this regard. Refilling of LPG cylinders not owned by the refilling entity may be performed only with the written authorization of the cylinder owner or the entity that has entitlement to such cylinders.

SEC. 4. Marking of LPG Cylinder. –

Within ninety (90) days of the effectivity of these Rules and Regulations, all LPG cylinders must be properly marked with the weight of the cylinder either engraved or embossed. The weight shall be expressed in kilograms

and shall be indicated to the last one-tenth (0.1) of one kilogram. The marking must be in a conspicuous spot in the cylinder and shall not be less than 0.6 cm in height. All LPG cylinders must also have the owner's trade name, a distinguishing color and distinctive serial number marked on every cylinder.

SEC. 5. Unloading of Petroleum Products. –

Petroleum products may be unloaded only by/or in the presence of the buyer, or his authorized representative, as named on the sales invoice. Moreover, unloading of the product may be performed only at the premises designated by the buyer and indicated on the sales invoice. For this purpose, the supplier must indicate on the sales invoice the name of the buyer and the delivery point of every shipment.

SEC. 6. Calibration and Sealing of Dispensing Pumps. –

All fuel pumps used in petroleum retail outlets to dispense petroleum products sold to the public must be properly calibrated and after calibration immediately sealed by authorized calibrating entity. A dispensing pump that is not calibrated or sealed or one that goes off calibration shall be marked with an "out-of-order" sign and shall not be used until the said pump is recalibrated and resealed.

The authorized calibrating entities are the Municipal or City Treasurer, or in their absence or incapacity, the NSTA or, in their absence or incapacity, any other government agency authorized therefor, or in their absence, the oil company. In locations where the Municipal or City Treasurer is capable of calibration, a calibration by other authorized entities shall be provisional and subject to final calibration by the Treasurer. The authority performing the calibration shall install a seal after calibration to guard against unauthorized adjustment of the dispensing pump meter which seal may not be broken until the next calibration by an authorized entity.

The calibration shall be performed as often as may be necessary to correct any deviation from the appropriate delivered quantity as measured by a calibration bucket certified and sealed by the NSTA. Such a calibration bucket shall be maintained at all times in the retail outlet premises.

SEC. 7. Calibration, Registration and Sealing of Petroleum Product Transport Containers. –

All tank trucks, tank trailers and other mobile containers used to transport measured amounts of petroleum products in bulk must be registered with the Bureau. Moreover, the capacity of such transport containers must be certified and calibrated by the National Science and Technology Authority or by an other government agency authorized therefor. Calibration markers shall be fixed and provided with seal by the calibrating agency. Removal, tampering or absence of such seals shall disqualify such containers from further use until recalibration and resealing by the proper authorities is performed. In the absence or incapacity of a properly constituted authority to perform this requirement, calibration and sealing by the oil company shall suffice.

To guard against pilferage in transit, tank trucks, tank trailers and other mobile containers of petroleum products in bulk shall have all the valves, hatches, and other openings sealed closed by the marketer before leaving the source depot. Such seal may not be removed, tampered or broken except by buyer or his representative, or the supplier, and only at their respective places of business.

A broken or tampered valve or hatch seal, or the absence of one, shall give rise to the presumption that the container is underfilled or that the product contained is adulterated and the shipment may be refused by the buyer.

SEC. 8. LPG Cylinder Sealing. –

Within one hundred eighty (180) days from the effectivity of these rules and regulations, all LPG cylinders shall be provided with seal after every filling. LPG in cylinders with broken seal or without seal shall not be sold or distributed thereafter.

The seal must be of the type that must be broken or destroyed before the product can flow out of the cylinder. The seal shall be subject to approval of the Bureau.

The marketer and the filling plant, if the latter is a different entity, shall be jointly responsible for providing the seal required under the Act.

RULE III

PETROLEUM PRODUCT ADULTERATION

SECTION 1. Petroleum products not meeting the pertinent PSA specifications shall be deemed adulterated: *Provided*, That in the case of the octane number specifications for gasoline, a deviation of one (1) octane or less below the minimum shall be considered as meeting specifications for the purpose of the Act.

Mixing water or other substances not miscible and forming a separate layer from the petroleum product, in quantities exceeding the PSA allowable water and sediments content, shall constitute adulteration.

The sale, distribution, transportation, exchange or barter of adulterated products as defined in this Section or possession thereof for any of the above purposes, shall constitute an act of adulteration prohibited and penalized under the Act.

SEC. 2. *Sampling and Testing of Petroleum Products by Oil Companies.* –

(a) Oil companies shall take storage tank samples after every shipment of premium and regular gasoline to their depots/bulk plants and shall keep such samples except where such storage tank samples have

been tested, and found to meet the PSA specifications in which case the results of the test shall be duly recorded and kept in the depot for at least one year. Each sample shall be clearly identified as to source tank and date of sampling. The sample shall be kept for at least three weeks more after the next shipment.

- (b) Oil companies shall expeditiously respond to dealer request for confirmatory or verification testing of petroleum products.
- (c) Oil companies shall also periodically take samples and test premium and regular gasoline stock of their retail outlets at least once every three (3) months. The test results shall include octane number and shall be reported to the Bureau on a monthly basis.

SEC. 3. *Testing or Retention of Sample of Petroleum Products by the Dealer/Operator.*

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As a measure against delivery of adulterated products, dealers are required to do either (a) or (b) below:

- (a) The dealer/operator shall take one (1) liter sample each of the premium and/or regular gasoline delivered. The samples shall be placed in a suitable container and sealed in the presence of the tank truck driver who shall verify the sample-taking by so indicating on the invoice. The sample shall be kept by the dealer for at least one (1) month or until the third delivery thereafter, whichever is shorter.
- (b) Using a hydrometer, take the API gravity or density and obtain the corrected API gravity at 60 degrees Fahrenheit or specific gravity at 15 degrees Celsius and compare this against the API gravity at 60 degrees.
- (c) Fahrenheit or density at 15 degrees Celsius as indicated in the product invoice.

For this purpose, oil companies shall indicate the API gravity at 60 degrees Fahrenheit or density at 15 degrees Celsius of all deliveries of premium and regular gasoline the corresponding invoice. A dealer may refuse to accept the shipment if the API gravity difference exceeds by 0.6 degrees API or the density difference exceeds by 0.0024. Both oil company and dealer specific gravity or density readings should be recorded in a logbook kept for this purpose.

Dealers may require their oil company supplier to perform verifactory quality tests on products received.

SEC. 4. *Sample Taking by the Bureau.* –

Bureau inspectors and other law enforcement agents may require oil companies, marketers, dealers, haulers and retail outlets to provide one (1) liter sample of petroleum products for sale for laboratory test purposes.

SEC. 5. *Removal of Water Phase in Underground Tank by Dealer/Operator of Petroleum Product Retail Outlet.* –

The oil company supplier of dealers and operators of petroleum retail outlets should ensure that the product suction line of their storage tanks is elevated at least four (4) inches from the bottom of the tank and the dealers and operators of petroleum retail outlets should periodically remove the water phase to avoid water draw off with the product.

RULE IV

UNDERDELIVERY AND UNDERFILLING

SECTION 1a. *Underdelivery in Dispensing Pumps.* –

The quantity of petroleum products delivered by dispensing pumps in retail outlets as measured by the dispensing pump meter shall not be less than actual quantity by more than

50 millimeters for every 10 liters as measured by a calibrating bucket certified by the NSTA. The calibrating bucket shall be filled to the 10 liter mark three (3) times as low, medium and fast flow rates and the average quantity as measured by the pump meter shall constitute the quantity to be compared with the actual quantity. Use of such pumps in the sale of petroleum products shall be punishable under the Act. The absence of an “out-of-order” sign or padlock on the pump that is found under-delivering shall constitute a presumption of actual use of the pump in the sale of the petroleum product. A dispensing pump found with broken or no seal shall be presumed to be under delivering and absence of “out-of-order” notice or padlock shall likewise give rise to a presumption of actual use of the pump in the sale of the product.

SEC. 1b. *Daily Testing of Dispensing Pumps by Dealer.* –

All retail outlets shall test dispensing pump meters daily before opening for business using an NSTA calibrated bucket. Any pump not delivering the correct quantity shall be marked with an “out-of-order” sign and shall not be used until said pump is recalibrated and resealed by a proper authority.

Retail outlets are given thirty (30) days from the date of effectivity of these Rules to secure an NSTA certified calibrating bucket and comply with the requirement of this Section. The oil companies shall be responsible for informing their respective dealers of the requirements of this Section and of reporting to the Bureau their dealer’s compliance.

The dealer calibration bucket must be recalibrated and resealed once every twelve (12) months by the NSTA.

The dealer shall keep a written record or logbook of the daily testing required herein shall be made available to Bureau inspectors and to the public upon demand.

SEC. 1c. Calibration of Dispensing Pumps by Oil Companies. –

Oil companies shall respond expeditiously to their dealer's request for calibration of pumps subject to the provisions of Section 6, Rule 12 hereof.

All oil companies shall also periodically calibrate all of the dispensing pumps of their dealers and check their calibration bucket at least once every sixty (60) days. The results of these calibrations must be reported to the Bureau every three (3) months.

All calibrations shall be duly documented and signed by the mechanic who performed the calibration and check their calibration bucket and countersigned by the retail outlet dealer. A copy of this document shall be kept on file at the retail outlet.

After the calibration, a sticker of at least one-half (1/2) inch by two (2) inches bearing the date of the calibration and the initials of the mechanic who calibrated the pump shall be posted on the face of the pump calibrated.

SEC. 1d. Testing of Dispensing Pumps by Bureau Personnel and/or by Other Law Enforcement Agents. –

The dealer shall allow and cooperate with Bureau inspectors and other law enforcement agents in testing the calibration of dispensing pumps.

SEC. 2a. Underfilling of LPG Cylinders. –

In case of LPG for sale in cylinders, the net LPG quantity contained shall not be more than three tenths (0.3) of one kilogram less than the required cylinder content. Shortage in the quantity contained exceeding this quantity shall constitute underfilling. A broken or tampered seal, or the absence of one, shall give rise to the presumption that the LPG cylinder is underfilled. Possession of underfilled LPG cylinders not properly so identified or taken out from the sales

area accessible to the public, gives rise to presumption that they are for sale.

LPG cylinders with water capacity of twenty-one (21) liters to twenty-nine (29) liters shall contain eleven (11) kilograms.

SEC. 2b. Weighing Devices Required. –

All LPG marketers, dealers and retail outlets selling directly to end-users shall maintain at all times in their premises a suitable weighing scale for LPG cylinders calibrated and sealed by the proper authority. Such devices shall meet the required contents before selling or delivering these in its sales area accessible to its customers.

SEC. 2c. Checking of LPG Cylinder Content by Dealers and Retail Outlets. –

All marketers, dealers and retail outlets selling directly to end-users shall check by weighing that the LPG in its cylinders meet the required contents before selling or delivering or placing these in its sales or pick-up area accessible to its customers.

SEC. 2d.

Oil companies, marketers and dealers shall periodically sample and check the LPG sold by their respective dealers and/or retail outlets to verify compliance with the LPG contents requirement at least once every ninety (90) days. They shall likewise check whether dealers' and/or retail outlets' weighing devices are calibrated and sealed in accordance with Section 2b above. The results of such test shall be recorded and kept by the oil company, marketer or dealer for at least one (1) year and shall be made available to the Bureau on demand.

**RULE V
HOARDING**

SECTION 1. All oil companies and marketers shall be open during normal business hours

herein set to be from eight in the morning (8:00 A.M.) to four-thirty in the afternoon (4:30 P.M.), Monday through Friday.

All dealers of gasoline products shall be open daily and during normal business hours herein set to be from seven in the morning (7:00 A.M.) to seven in the evening (7:00 P.M.). Dealers and retail outlets of liquefied petroleum gas shall be open during normal business hours set to be from eight in the morning (8:00 A.M.) to five in the afternoon (5:00 P.M.), Monday through Friday.

Except for good cause, all oil companies, marketers, dealers and retail outlets may not refuse to sell petroleum products. Refusal to sell when the product is available and the consumer is paying in cash shall constitute hoarding except when the available product consists of unusable bottoms usually consisting of the bottom four inches content of the storage tank in the case of gasoline dealers.

SEC. 2. Undue accumulation of petroleum products in times of tight supply and shortly before an anticipated price increase by marketers, retail outlets or consumers shall constitute hoarding. Undue accumulation shall mean quantities beyond the normal inventory levels maintained during the immediately preceding thirty (30) days for marketers or retail outlets, and in the case of consumers.

RULE VI OVERPRICING

SECTION 1. Petroleum products whose prices are set by the Board of Energy may not be sold above such fixed prices. Sale of petroleum products at prices in excess of the fixed prices shall constitute overpricing punishable under the Act.

SEC. 2. In outlying areas where no price is published by the Board of Energy, the retailer shall not sell at a price not more than the

ceiling price in the nearest locality where a Board of Energy price is set. A retailer may, for reasonable cause, request the Board of Energy to set a different price for his locality.

RULE VII MISUSE OF PETROLEUM ALLOCATION

SECTION 1. In times of short supply of petroleum products, the Minister of Energy and/or any other authority created for this purpose may, with the approval of the President of the Philippines allocate or ration the available supplies. Any consumer or marketer who sells, exchanges, disposes or uses such allocation or ration other than for the purpose of which granted by the authority shall be in violation of the Act. Any misrepresentation for the purpose of gaining subject allocation shall likewise be a violation of the Act.

RULE VIII SPEED CONTESTS OR RALLIES

SECTION 1. Speed contests or rallies involving mainly the use of motor powered vehicles, watercraft or aircraft may not be held without prior authorization and permit from the Bureau.

RULE IX SKYDIVING AND WATERSKIING

SECTION 1. Skydiving and waterskiing for pleasure or sports requiring the use of motorized aircraft or watercraft, respectively, shall not be allowed except when the fuel used in the aircraft or watercraft is methanol.

RULE X IMPOUNDING OF EVIDENCE

SECTION 1. Impounding of petroleum and/or petroleum products constituting evidence of illegal trading, adulteration, short selling, hoarding, overpricing and misuse of petroleum allocation shall be applicable in the following cases:

- (1) Adulterated petroleum products in bulk depots, retail outlets, or in transit.
- (2) LPG in cylinders found to be underfilled.
- (3) Petroleum products held in violation of the Anti-Hoarding provisions of the Act.
- (4) Petroleum product allocations obtained or disposed in violation of the Misuse of Allocation provisions of the Act.
- (5) Petroleum products sold at a price exceeding the authorized price including all stocks still in possession of the seller.
- (6) Petroleum products diverted from buyer's designated delivery point.
- (7) Petroleum products sold without Bureau's license or transported by haulers without Bureau license.
- (8) Petroleum products sold without receipts.
- (9) LPG filled into cylinders by filling plants without license from the Bureau and/or filled in cylinders not owned by the filling plant or marketer and who do not have written authorization by the owner to use or fill the cylinder.
- (10) LPG in cylinders without tare weight, or without seal after the sealing requirement goes into effect.

During the pendency of the criminal or administrative proceedings, the petroleum products stored in fixed tanks and which constitute evidence may be impounded in site by the appropriate authorities.

RULE XI

ADMINISTRATIVE PROCEEDINGS

SECTION 1. Requirement of Notice and Hearing and Waiver Thereof. –

Through the administrative proceedings, the Bureau is empowered to impose, after due notice and hearing, the penalties stated hereunder for violation of any provision of the Act and these implementing rules and regulations: *Provided, however,* That hearing in any administrative proceedings may be waived by respondent.

SEC. 2. Duration of Administrative Proceeding.

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Administrative proceeding shall be decided within thirty (30) days after filing of the last responsive pleading by the respondent, or the termination and completion of the administrative proceedings.

SEC. 3. Effect of Imposition of Administrative Sanction. –

The administrative sanction that may be imposed shall be without prejudice to the filing of a criminal action as the case may warrant.

SEC. 4. Administrative Penalties. –

Pursuant to the power of the Bureau to issue, suspend or revoke licenses, and in order to protect the public from short selling and adulteration of petroleum products, the following administrative actions may be taken:

(a) Preventive Suspension – During the pendency of an administrative proceeding, the Bureau may suspend the operations of an oil company, marketer, dealer, hauler, LPG refiller or retail outlet where any one of the following circumstances are present:

- (1) Where at least three pumps in a retail outlet are found to be under delivering by 100 milliliters or greater per 10 liters;
- (2) Where more than fifty (50) percent of the pumps in an outlet are under

delivering by 100 milliliters or greater per 10 liters;

(3) Where the under delivering pump or pumps are without seal or the seal is broken or tampered;

(4) Where the product sold is found adulterated by BEU inspectors, as to the tank and pump involved;

(5) Where more than twenty (20) percent of the LPG cylinders inspected and tested are underfilled;

(6) Where an LPG marketer, refiller, dealer or retail outlet sells LPG in cylinders without the required seal;

(7) Where tank truck, lorry, hauling vehicle and other conveyors are not calibrated and sealed as required by the Act.

(b) The preventive suspension shall not exceed thirty (30) days.

(8) Fine or suspension of not more than Ten Thousand Pesos (P 10,000.00); or

(9) Suspension of license; or

(10) Revocation of license.

SEC. 5. *Bureau Rules of Practices and Procedures Applicable.* –

Whenever practicable and convenient, the provisions of *Bureau Rules of Practice and Procedures Governing Hearings Before the Bureau* issued on August 2, 1982, and which

took effect on October 18, 1982, shall be applicable in the administrative proceedings under the Act.

RULE XII
REPEALING CLAUSE

SECTION 1. Any rule or regulation inconsistent with the provisions of these Rules is hereby repealed or modified accordingly.

RULE XIII
SEPARABILITY

SECTION 1. If, for any reason or reasons, any part of these Rules be declared unconstitutional or invalid, no other part of provisions hereof shall be affected thereby.

RULE XIV
EFFECTIVITY

SECTION 1. These Rules and Regulations shall take effect fifteen (15) days from the date of its publication in two (2) newspapers of general circulation.

Makati, Metro Manila, 3 August 1983.

ORLANDO GALANG
Acting Director
Bureau of Energy Utilization

APPROVED:

GERONIMO Z. VELASCO
Minister of Energy