



**PUNONG HIMPILAN TANOD BAYBAYIN NG PILIPINAS**  
Headquarters Philippine Coast Guard  
139 25th Street, Port Area  
Manila

HPCG/CG-9  
**MEMORANDUM CIRCULAR**  
NUMBER . . . . .

**RULES AND REGULATIONS ON THE PREVENTION OF POLLUTION FROM  
OFFSHORE PETROLEUM EXPLORATION, DEVELOPMENT AND PRODUCTION  
OPERATIONS**

**REGULATION 1  
AUTHORITY**

Republic Act 9993: The Philippine Coast Guard Law of 2009 and its Implementing Rules and Regulations

**REGULATION 2  
REFERENCE**

1. Republic Act 9275: Philippine Clean Water Act of 2004 and its Implementing Rules and Regulations
2. Presidential Decree No. 979: Marine Pollution Decree of 1976
3. Presidential Decree No. 1586: Establishing the Environmental Impact System
4. Presidential Decree No. 1151: Promulgating the Philippine Environmental Policy

**REGULATION 3  
PURPOSE**

The purpose of this Memorandum Circular is to provide policies pursuant to the above-mentioned authority pertaining to prevention of oil pollution from offshore petroleum exploration, development and production operations within the Philippine maritime jurisdiction.

**REGULATION 4  
SCOPE**

This Memorandum Circular shall apply to all offshore facilities, platforms used in Petroleum Exploration, Development and Production Operations, including but not limited to Mobile Offshore Drilling Units (MODUs), Floating Production Storage and Offloading (FPSOs), Floating Storage and Offloading (FSOs), Floating Storage Unit (FSUs) operating within the Philippine waters.

## **REGULATION 5 DEFINITION OF TERMS**

For the purpose of this circular, the following terms shall be defined as:

- 1. Drill Cuttings** – the particles generated by drilling into subsurface geologic formations and carried to the surface with the drilling fluids;
- 2. Drilling Fluids** – the circulating fluid (mud) used in the rotary drilling of wells to clean and condition the hole and to counterbalance formation pressure. Drilling fluids may include water-based, oil-based, enhanced mineral oil-based, and synthetic-based drilling fluids.
- 3. ECC** – shall mean Environmental Compliance Certificate which refers to the document issued by the President of the Philippines or his duly authorized representative certifying that the project under consideration will not bring about an unacceptable environmental impact and that the proponent has complied with the requirements of the environmental impact;
- 4. Effluent** – means a discharge from unknown sources which is passed into a body of water or land, or wastewater flowing out of a manufacturing plant, industrial plant including domestic, commercial and recreational facilities.
- 5. Floating Production Storage and Offloading (FPSO)** – is a floating vessel used for the processing of hydrocarbons and for storage of Crude Oil;
- 6. Floating Storage and Offloading (FSO)** – a ship or barge-shaped floating hull incorporating tanks for storage of Crude Oil; method of loading the Crude Oil onto off-take tankers;
- 7. Floating Storage and Regasification Unit (FSRU)** – a ship or barge-shaped floating hull incorporating tanks for storage and equipment for regasification of Liquefied Natural Gas (LNG);
- 8. MARINA** – means Maritime Industry Authority
- 9. Marine Environment Protection (MEP) Compliance Certificate**– a certificate issued by the PCG to offshore petroleum companies or Service Contractor prior to its conduct of exploration operations to ensure that all corresponding and allied permits and documents are verified and complied with.
- 10. Mobile Offshore Drilling Unit (MODU)** - a vessel capable of engaging in drilling operations for the exploration or exploitation of resources beneath the seabed such as liquid or gaseous hydrocarbons;
- 11. Noxious Liquid Substance (NLS)** – any substance indicated in the Pollution Category Column of Chapter 18 of the International Bulk Chemical Code or provisionally assessed under the provisions of regulation 6.3 as falling into Category X, Y or Z.
- 12. Offshore** - all marine areas seaward measured from the low-water mark at low tide of the coast and riverbank;

**13. Offshore Sources of Pollution-** refers to all facilities, industrial and commercial establishments, structures, factories, ships, vessels, watercraft, offshore structures, platforms, oil rigs including Mobile Offshore Drilling Units (MODUs), Floating Production Storage Offloading (FPSO), Floating Storage and Offloading (FSO), Floating Storage and Reclassification Unit (FSRU), Floating Storage Unit (FSU), artificial reefs, vehicles or machineries, accommodation and recreational facilities located from the mean low water mark of low tide measured from the shoreline going seaward including those sources of pollution coming from riverbanks or tributaries, leading to any body of water that may directly or indirectly be the source of introducing or emitting substances in any form, minerals or energy to the marine environment which exceeds the water quality standards and limits prescribed under the law and these regulations that may cause deleterious effects harmful to living resources, marine ecological imbalance, hazard to human health in addition to causing hindrance to safe navigation in ocean, seas and inland waters, rivers and marine activities in tributaries, esteros, canals, sewerage within the maritime jurisdiction of the Philippines;

**14. Offshore Supply Vessel** – means a vessel which is primarily engaged in the transport of stores, materials and equipment to offshore installations; and which is designed with accommodation and bridge erections in the forward part of the vessel and an exposed cargo deck in the after part for the handling of cargo at sea;

**15. Oil Spill Response Organization (OSRO)** - an entity duly accredited by the PCG authorized to provide oil spill response services in the event of oil spill within the Philippine maritime jurisdiction;

**16. Parts per Million (ppm)** – milliliter per cubic meter or milligram per liter (mg/li) or milligram per kilogram (mg/kg);

**17. Service Contract** – a contract entered into between the Government of the Philippines, through the Department of Energy and a service contractor or for the purpose of exploring, developing and producing Petroleum resources;

**18. Service Contractor** – means the contractor in a Service Contract whether acting alone, or in consortium with others;

**19. Special Purpose Ship** – means a mechanically self-propelled ship which by reason of its function carries on board more than 12 special personnel and includes but not limited to seismic survey, pipe and cable laying vessel.

## **REGULATION 6 POLICIES**

### **1. MANDATORY REQUIREMENTS**

- 1.1. All offshore petroleum companies or Service Contractors shall conduct its exploration, development and production operations in accordance with the applicable laws, regulations or should be based on recognized international standards and best practices. All offshore petroleum companies or Service Contractors shall avoid hazards to life, health, and property, pollution of air, land and waters in the course of their operation;

- 1.2. All offshore petroleum companies or Service Contractors shall secure a Marine Environmental Protection Compliance Certificate from the PCG prior to exploration operations (Annex A for requirements and procedure; Annex B for MEPC Certificate Application Form);
- 1.3. All offshore petroleum companies or Service Contractors using foreign flagged vessels for exploration, development or productions operations shall submit the required special permit to the PCG;
- 1.4. All offshore petroleum companies or Service Contractors shall secure necessary Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC) issued by other government agencies prior securing MEPC from the PCG before the commencement of the activities pursuant to the IRR of PD 1586;
- 1.5. All offshore petroleum companies or Service Contractors shall establish an arrangement with an OSRO of their choice which is duly accredited by the PCG;
- 1.6. All offshore petroleum companies or Service Contractors shall develop and maintain an Operational and Waste Discharge Management Plan (OWDMP) for their offshore activities;
- 1.7. All offshore petroleum companies or Service Contractors shall ensure that personnel deployed to work on offshore facilities, installations or locations shall complete all the necessary training in accordance with the training standards of the International Association of Drilling Contractors (IADC) or the International Association of Oil and Gas Producers (OGP) or other training institutions internationally recognized;
- 1.8. All offshore petroleum companies or Service Contractors that conduct: (a) ship to ship (STS) transfer of Crude Oil or Condensate; or (b) transfers of Crude Oil or Condensate from Fixed Production Platforms, FPSOs, FSOs, or FSUs to ships shall prepare and submit a Transfer Plan to the PCG before the commencement of such activities.
- 1.9. All offshore petroleum companies or all Service Contractors shall have an Oil Spill Contingency Plan duly approved by the PCG which shall contain all necessary information and data that will enable the PCG to respond to an oil spill incident (See Annex C).

## **2. SPECIFIC REQUIREMENTS**

### **2.1 Mobile Offshore Drilling Units (MODUs);**

2.1.1 Handling and disposal of drilling fluids and drill cuttings shall be in accordance with the provisions of the existing MEP regulations or internationally recognized standards appertaining to the handling and disposal of wastes from vessels. If a Service Contractor intends to discharge *in-situ* all drilling fluids and associated drill cuttings, a comprehensive analysis and evaluation of the synthetic or oil based Drill Fluids' chemical composition, toxicity, bioaccumulation, persistency and other parameters shall be conducted by PCG accredited marine laboratory/testing

facility to ensure that such materials will conform to the relevant effluent standards;

2.1.2 In cases where the MODU is used in production operations, the Produced Water from such activity shall not have an oil content concentration of more than 29 ppm prior to discharge; Collections of sample must be done by an accredited marine laboratory contracted to conduct analysis of effluent samples and must be witnessed by the company's authorized representative and by the PCG Personnel;

2.1.3 All appliances, devices, and equipment that shall be used for exploration, development and production operations including but not limited to risers, drill bits, drill strings and blowout preventers shall be in compliance with the internationally recognized standards on safety and reliability;

2.1.4 MODUs shall maintain at all times a valid Offshore Drilling Unit Safety Certificate.

2.2 Floating, Production, Storage and Offloading (FPSOs); Floating, Storage and Offloading (FSOs) / Floating Storage Unit (FSUs);

2.2.1 Must obtain a permit from the PCG prior to commencing operations for such purpose;

2.2.2 Shall maintain an Oil Record Book Part I and II which must be complied when the unit is on voyage;

2.2.3 Shall maintain a valid International Oil Pollution Prevention Certificate (IOPPC) applicable for such unit;

2.2.4 Shall have on board at least 2000 liters of approved oil spill non-toxic and inorganic dispersant and appropriate number of sprayers;

2.2.5 Shall ensure that oil content of Produced Water and other discharges not more than 29 ppm and shall monitor and test discharges;

2.2.6 Shall be fitted with an oil residue (sludge) tank. Such tank should be large enough to hold oil and oily mixtures that cannot otherwise be dealt with otherwise in accordance with the requirements required by this rules;

2.2.7 Collection of samples must be done by a representative of the accredited marine laboratory contracted to conduct analysis of effluent samples and must be witnessed by the company's authorized representative and by PCG Personnel.

2.3 Other Fixed and Floating Platforms;

2.3.1 Must ensure that oil content of production water prior to discharge is not more than 29 ppm by use of the best available technology.

- 2.3.2 Must ensure that there is a means of detecting, monitoring, and immediately stopping all discharges from the installation where the content of the produced water exceeds 29 ppm.
- 2.3.3 Collection of samples must be done by a representative of the accredited marine laboratory contracted to conduct analysis of effluent samples and be witnessed by the vessel's authorized representative.
- 2.3.4 Frequency of sampling shall be every after three months in consonance with EMB's quarterly monitoring report or self-monitoring report as prescribed under its ECC pursuant to the Rules and Regulations implementing PD 1586.

#### 2.4 Other Vessel (Support and Supply Vessels)

- 2.4.1 Offshore Supply Vessel (OSV) shall maintain a Document of Compliance;
- 2.4.2 OSV engaged in the transport of limited amounts of hazardous and noxious liquid substances in bulk for the servicing and resupplying of offshore platforms, mobile offshore drilling units and other offshore installations, including those employed in the search for and recovery of hydrocarbons from the sea-bed should maintain a Certificate of Fitness as prescribed under Guidelines for the Transport and Handling of Limited Amounts of Hazardous and Noxious Liquid Substances in Bulk on Offshore Support Vessels (LHNS);
- 2.4.3 OSV engaged in the carriage of LHNS shall further maintain Cargo Record Book, a Procedure and Arrangements Manual and a Shipboard Marine Emergency Plan as prescribed by MARPOL 73/78 Annex II.

#### 2.5 Special Purpose Ship (SPS)

SPS shall carry at all times a Special Purpose Ship Safety Certificate.

### **3. INSPECTION**

All MODUs/FPSOs/FSUs shall be subjected to PCG inspection at the nearest port upon entry into the Philippines and there after shall be subjected to periodic inspections to ensure compliance with MEP regulations.

### **REGULATION 7 FEES**

All Offshore petroleum companies or Service Contractor shall be charged in the amount of One Thousand One Hundred Fifty (P1, 150.00) for Marine Environment Protection Compliance Certificate. See Annex A for enumeration of the said fees.

**REGULATION 8  
FINES AND PENALTIES**

1. Any entity which after due process is found to have violated any of the provisions of this circular shall be liable to pay the administrative fine in the amount of Fifty Thousand Pesos (P50,000.00) to One Hundred Thousand Pesos (P100,000.00) for each violation;
2. The above-mentioned fine is without prejudice to any civil and/or criminal action which may be filed against the violator whenever warranted.

**REGULATION 9  
SEPARABILITY CLAUSE**

If any section or provision of this Memorandum Circular shall be declared unconstitutional or invalid by competent court, the other sections or provisions not affected thereby shall remain in full force and effect.

**REGULITON 10  
EFFECTIVITY**

This Memorandum Circular shall take effect after fifteen (15) days from its publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

**WILLIAM M MELAD**  
RADM            PCG  
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