

What may prove to be one of the most constructive acts passed by the First Congress of the Philippines is House Bill No. 2804, now Republic Act No. 387, the short title of which is "The Petroleum Act of 1949." The full title is: "An Act to promote the exploration, development, exploitation, and utilization of the petroleum resources of the Philippines; to encourage the conservation of such petroleum resources; to authorize the Secretary of Agriculture and Natural Resources to create an administration unit and a technical board in the Bureau of Mines; to appropriate funds therefor; and for other purposes."

If it is to be determined whether petroleum deposits in commercial quantities exist in the Philippines, and, if so, this resource is to be developed, then the enactment of new legislation on the matter was absolutely necessary, for the old Petroleum Law (Act No. 2932) of 1920 was so obsolete that it was twice suspended, once in 1938, by an Act of the Philippine Legislature, for five years, and again for five years in 1944 by President Quezon. In 1938, President Quezon also obtained enactment of Commonwealth Act No. 351 which declared it to be the policy of the Government to undertake the search for and exploitation and development of the petroleum resources, in which undertaking the Government could engage the services of an independent contractor or contractors. Only one company submitted a bid to render such services, but this was rejected on constitutional grounds.

After the liberation, the National Development Company not having the means to continue the exploratory work it had begun prior to the war, President Roxas secured approval by Congress of a Joint Resolution (No. 5, 1947) under the provisions of which he created the Philippine Oil Commission to make a thorough study of the subject. This Commission was at work for nearly two years, called for suggestions and proposals from various oil companies, and also sent abroad Director Demetrio Andres, of the Bureau of Mines, and Mr. P. Bautista, chief attorney of the same Bureau, to make a study of present trends in petroleum legislation in different countries.

The present Law embodies the principles of the Venezuela laws on the subject and also the conservation measures now included in United States Federal and States laws.

Under the new Law the petroleum resources remain the property of the State, and, because of the importance of petroleum to the life and security of a nation, petroleum operations are declared to be a public utility. The Government itself may undertake exploration and development and exploitation work, or concessions may be awarded to private persons or entities.

According to Article 31,—

"...During the effectivity and subject to the provisions of the ordinance appended to the Constitution of the Philippines, citizens of the United States and all forms of business enterprises owned and controlled, directly or indirectly, by citizens of the United States shall enjoy the same rights and obligations under the provisions of this Act in the same manner as to, and under the same conditions imposed upon, citizens of the Philippines or corporations or associations owned or controlled by citizens of the Philippines..."

Five kinds of concessions are provided for: non-exclusive exploration permits, exploration concessions, refining concessions, and pipeline concessions. The first, or non-exclusive exploration permits will be

granted in order to give persons qualified to acquire exploration concessions opportunity to examine the ground before filing a formal application for an exclusive exploration concession.

The granting of initial concessions is discretionary with the Government, but the granting of concessions arising from the initial ones is obligatory upon the Government if a concessionaire fulfills his obligations.

An exploration concession may not cover more than 100,000 hectares nor less than 20,000 hectares in one block, and the total area a concessionaire may acquire for exploration purposes may not exceed 500,000 hectares in any one region nor 1,000,000 hectares in the whole Philippines. The concession runs for 4 years, renewable for 3 years and again for 3 years, but a concessionaire may renounce the whole or any part of his concession at any time, in the latter case, the area retained to be not less than 20,000 hectares.

In order to insure the exploration of such areas and to discourage mere speculation, the work obligations to be performed are specified in the Law, and, to compensate the Government for the administrative expense, an annual exploration tax on a gradually increasing scale is to be levied.

If oil is found, an exploitation concession will be granted under which the concessionaire is required to begin drilling within a year and must "diligently" continue his operations and develop and bring to production any discovery until at least the domestic petroleum requirements of the Philippines are met by the total net production from all local sources if the deposits discovered make such development possible in accordance with good petroleum practice.

The concessionaire will be obligated to pay an increasing annual exploitation tax for the areas covered and to deliver to the Government a royalty of not less than 12½% of the petroleum produced and saved which may be paid in petroleum or in cash at the option of the Government. Taxes and royalties are not to be changed during the life of a concession.

TO provide a technical analysis and criticism of the new Law is not the purpose of this editorial. We may say, however, that oil men in Manila speak well of it and commend the Oil Commission for an ably done piece of work. The measure was passed by the Congress practically as drafted by the Commission.

However, while the Law has been well received by local oil men, there is still a feature in the present situation which remains an obstacle to the development of the possible petroleum resources of the country by American enterprises, and that is the fact that the Constitution and other laws limit their right to do so to a period which will expire on July 3, 1974, — unless, indeed, the Executive Agreement entered into between the Governments of the United States and the Philippines under the Bell Act can be extended beyond that date or the American entities concerned can come under contract of service as independent contractors in case the Government should decide to undertake the operations under the provisions of Article 5 of the Act.

In the exploration for and the development of oil resources, particularly in a country where none have been proved to exist, 24 years is looked upon as too short a period to warrant the laying out of the huge amounts not only of risk-capital which may be required, but of the even greater amounts which would

be called for oil is found in paying quantities, for wells, pipelines, and refineries.

It is well to remember, in this connection, that the Mexican Government, which, under President Lazaro Cardenas, in 1938, expropriated all the holdings of foreign oil companies in that country, is now making strenuous efforts to re-attract foreign capital. At one time, Mexico ranked second to the United States in world oil production; today it ranks only sixth. In 1921 it produced 195,000,000 barrels of crude oil, but it produced only 58,000,000 barrels in 1948. It is true that the Mexican Government, at the time of the expropriation wanted to adjust the production to the national consumption. However, the Government now wishes to increase its oil exports to obtain much-needed dollars and bolster its currency, but is having a hard time achieving this.

Oil seeps have been known in various parts of the Philippines for many years. Early in the 1920's, the Richmond Petroleum Company, a subsidiary of the Standard Oil Company of California, drilled four wells in the Bondoc Peninsula area, and while oil indications were found, oil was not found in paying quantities, and the work was abandoned. The Far East Oil Development Company (a Soriano enterprise) began drilling a year or so before the war and resumed the work after the war in a number of localities, but no evaluation of the commercial possibilities has as yet been arrived at. Both the Richmond and the Soriano enterprises were undertaken under the provisions of the old Petroleum Law of 1920, and the interests of the latter are recognized under the new Law.

If the Philippines were found to be rich in oil, as is, for instance, near-by Borneo, then, as in the case of a number of other countries in the world, the royalties paid to the Government might well put an end to all its financial difficulties. The Philippine Government has shown itself exceedingly wise in enlarging the opportunities for private investment in this prospective industry.

"THE dangers of violence that threaten us come not from the heads of individuals but from social circumstances. Murder is an embolus. The disease lies elsewhere. It is not a matter of episodic violence, but of a continuous violation of the principle of the dignity and value of human life. Actually in our society respect for human life is only a professed theoretical ideal. We must vigorously remove the obstacles that prevent it from becoming a reality."—Frederic Wertham, in "The Show of Violence".

The Manila Lions Club sent a memorandum to President Quirino recently urging the strict enforcement of the law and the regulations covering the right to own and to carry

Murder, and Justice fire-arms and to sell and buy such deadly weapons. The memorandum was endorsed by a number of other civic organizations including the American Chamber of Commerce.

Not alone the unending newspaper reports of shootings and killings, but the fact that such crimes are frequently carried out in broad daylight in full public view, makes the need for the strictest possible enforcement of the fire-arm regulations obvious to all. But more radical measures should be taken, especially with respect to speeding the disposition of murder cases by the courts.

Murder, and indeed all major crime, was comparatively rare in the Philippines before the war. The Filipinos were a notably peaceable and law-abiding people.

Conditions during the enemy occupation combined

in every way to lower the sense of the dignity and value of human life. The Japanese, as a race, notoriously had no sense of this, and their continuous wholesale individual and mass executions and their frequent bloody punitive expeditions, the bitter guerrilla warfare against them, which often degenerated into fighting among the guerrillas themselves, and the general banditry which sprang up among the unhappy population when the enforcement of normal law and order became impossible,—all this plunged the Philippines into a welter of blood.

The summary killing of informers and traitors in those days came to be justified in the popular mind, and, in a sense, every man came to regard himself as accuser and judge and executioner, if need be, of his neighbor.

Death from exhaustion, illness, and starvation became so common as hardly to shock anyone anymore. People died in the streets and passers-by walked around the corpses. Infants and young children died by the thousands.

Then, with the liberation, came the massacres in which tens of thousands of helpless civilians were shot or bayoneted or burned alive by the ferocious enemy. This was followed by the extermination of several hundred thousand of Japanese by the American armed forces and the Filipino auxiliaries. The land was soaked in blood and everywhere was the stench of decaying flesh.

The war over, fire-arms of all kinds, without number, issued by the American army or captured from the enemy, were left in the hands of the people. Government efforts to collect them have been largely futile. The lawless elements refuse to surrender them; the more law-abiding feel they need them for self-protection.

Not only did banditry continue to be widespread, but an insurrectory movement,—that of the Hukbalahap, developed into what amounted almost to civil war which has not even now been completely suppressed despite large-scale military engagements and much killing, including the killing of hundreds of non-combattants.

In one way or another, millions have died in the Philippines since the fateful year, 1941, and in the minds of many life has become cheap. Many of the men who killed others during the terrible years of the war, either legitimately or otherwise and with or without justification, now live among us, largely indistinguishable from each other or from the rest, and some of them keep on killing.

There are many possible motives for murder. It is preeminantly a passional crime and thus subject to mitigation in punishment. But murder nowadays in many cases is almost without motive or utterly wanton. The killer says: I wanted something he had, I killed him. He stood in my way, I killed him. He resisted me, I killed him. He was afraid of me, I killed him. He annoyed me, I killed him.

So does the most worthless wretch build up his ego and the weakling gain a sense of power and domination. I, the merciless and the invincible; I and my gun. Oppose me,—look at me sidelong, and die. In the end he kills indifferently, with only a faint bloodlust, and every man he meets becomes a potential victim.

Such criminals are like vicious beasts. Nothing can be done with them; they can only be exterminated. The war brought us great wreckage of material things. The human wreckage includes the impoverishment, the crippled, the ill, and also the morally wrecked