

Industry Profile

The country has vast coal resource potential for exploration, development and utilization. Thirteen (13) coal basins exist nationwide as shown in Figure 4.

These coal areas have a total resource potential of 2.4 billion metric tons (MT) and in-situ reserves of 4.4 million MT. The location of these areas, reserve capacity and corresponding potentials are shown in Figure 5.

The country's total coal production reached 48.4 million MT from 1990 to 2010. In 2010, coal production reached 7.3 million MT which has been the highest production level of the country. This is 40% higher than the coal output of 5.2 million metric tons (MT) in 2009.



Figure 4. Coal Basins of the Philippines

On the other hand, the total consumption of coal from 1990 to 2010 by coal-fired power plants and industrial coal and cement end-users was at 149.0 million MT while in 2010, coal consumption was reported at 12.8 million MT.

As of December 2010, the total installed capacity for coal is 4,867 MW which accounts for 30% of the utilization of coal in the country. Coal is used by the existing coal-fired power plants, namely; Calaca 1 & 2 (Calaca Holdco, Incorporated) in Batangas, Pagbilao 1 & 2 (Team Energy) in Quezon, Sual I & II (Team Energy) in Pangasinan, Masinloc I & II (AES Transpower Pte. Ltd.) in Zambales, Quezon Power (Quezon Power Philippines) in Quezon, APEC (Asia Pacific Energy Corporation) in Pampanga, Cebu TPP 1 & 2 (Salcon Philippines) in Naga, Cebu, Toledo, Power Plant (Global Business Power Corporation) and CEDC Coal (Cebu Energy Development Corporation) in Toledo, Cebu, and Mindanao Coal I & II (STEAG State Power Incorporated) in Misamis Oriental.

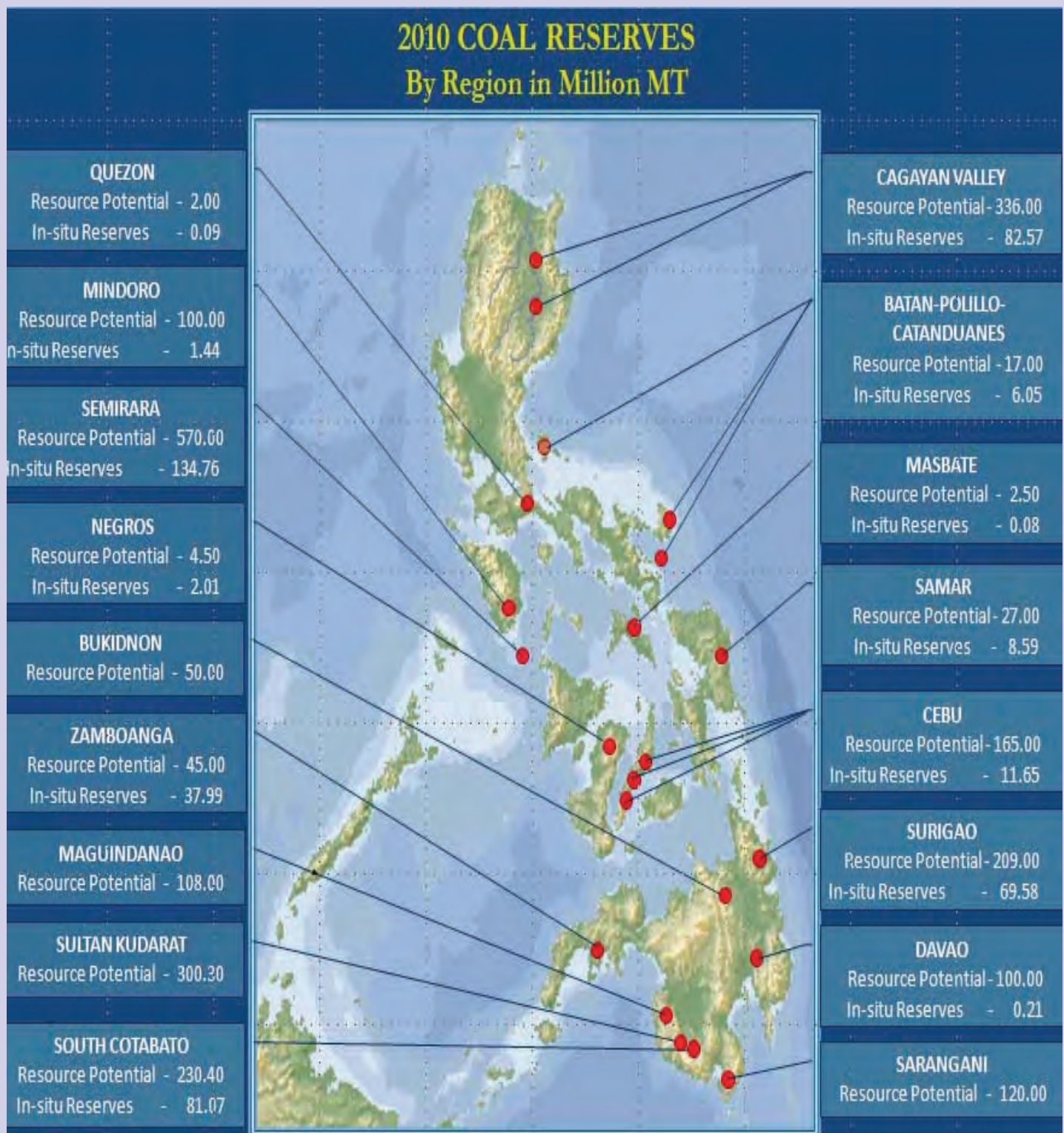


Figure 5. 2010 Coal Reserves

Aside from the power industry, coal is also widely used in the cement industry and industrial/direct process in areas shown in Figure 6.

To augment the local demand for coal, the country imported a total of 110.9 million MT from 1990 to 2010. These were sourced from Indonesia, China, Vietnam and Australia, with Indonesia being the top exporter of coal. In 2010, however, the total coal imports of 10.965 million MT came from Indonesia and Vietnam. As shown in Table 4, Indonesia provided 10.667 million or 97% of the country's total coal demand while Vietnam exported 298,527 MT of coal providing 2.7% of the 2010 coal importation.

Country	Coal Import (MMT)	Percentage
Indonesia	10.667	97.27%
Vietnam	0.298	2.72%
Total	10.965	100%



Figure 6. Cement and Industrial Users of Coal

Service Contracts

Coal

In line with the government's continuing program to accelerate the development and utilization of indigenous energy resources, the DOE conducts a contracting round to offer coal areas with potential energy reserves for exploration, development and production. In 2010, two (2) new Coal Operating Contracts (COCs) for exploration were awarded to Cedaphil Mining Corporation (COC No. 171) and Core 8 Mining Corporation (COC No. 172) which are both located in Toledo City, Cebu.

As of July 2011, there are 60 existing COCs (29 for exploration and 31 for development and production) coal areas located in various parts of the country as indicated in Figure 7.



Figure 7. Coal Operating Contracts in the Philippines

Tables 5 and 6 provide the details of the existing coal operators in the country both in the exploration and development/production stages.

No.	Name of Company	COC No.	Location of Mine
1	SKI-Construction Group, Inc.	136	Naga, Cebu
2	Philippine National Oil Company - Exploration Corporation	140	Cagwait and Marihatag, Surigao del Sur
3	Philippine National Oil Company - Exploration Corporation	141	Benito Soliven and Cauayan, Isabela
4	Monte Oro Resources and Energy, Inc.	143	San Andres and Panganiban, Catanduanes
5	Aragorn Coal Resources, Inc.	146	Cauayan, Isabela
6	Aragorn Coal Resources, Inc.	147	Palanas and Cataingan, Masbate
7	Guidance Management Corporation	150	Bayawan, Negros Occidental
8	Guidance Management Corporation	151	Bayawan, Negros Occidental
9	Philippine National Oil Company - Exploration Corporation (JVA with Agusan Petroleum and Mineral Corp.)	152	Siy, Zamboanga Sibugay
10	Lima Coal Development Corporation	153	Bacon Gubat, Sorsogon
11	DMC-Construction Equipment Resources, Inc.	154	Bagumbayan, Sultan Kudarat
12	Oriental Energy & Power Generation Corporation	155	Boljoon and Oslob, Cebu
13	Oriental Energy & Power Generation Corporation	156	Panukulan, Burdeos and Polilio, Quezon
14	Lebach Mining Corporation	157	Gubat, Sorsogon
15	Titan Exploration & Development Corporation	158	Payao, Zamboanga
16	Titan Exploration & Development Corporation	159	Manay, Davao Oriental
17	Eoil & Gas Co., Inc.	160	Bunawan, Agusan del Sur
18	Oriental Energy & Power Generation Corporation	161	Kitcharao, Surigao del Norte
19	ASK Mining & Exploration Corporation	162	Cagwait and Marihatag, Surigao del Sur
20	MS-SK Coal Corporation	163	Bagumbayan, Sultan Kudarat
21	MS-SK Coal Corporation	164	Kalamansig, Senator Ninoy Aquino and Palimbang, Sultan Kudarat
22	3Kings Sunrise Mining Corporation	165	Carmen, Cebu
23	Titan Exploration & Development Corporation	166	Diplahan-Buug, Zamboanga Sibugay
24	Titan Exploration & Development Corporation	167	Diplahan, Zamboanga Sibugay
25	Titan Exploration & Development Corporation	168	Siy Zamboanga Sibugay
26	Blackgem Resources & Energy, Inc.	169	Tarragona, Davao Oriental
27	Dell Equipment & Construction Corporation	170	Saragani & South Cotabato
28	Cedaphil Mining Corporation	171	Toledo City, Cebu
29	Core 8 Mining Corporation	172	Toledo City, Cebu

No.	Name of Company	COC No.	Location of Mine
1	Semirara Mining Corporation	5	Semirara Island, Caluya, Antique
2	Adlaon Energy Development Corporation	9	Bgy. Santicon, Balaas, Maloray & Manlapay, Municipality of Dalaguete & Argao, Cebu
3	Ibalong Resources Development Corporation (formerly Manguerra)	13	Mantalagon, Dalaguete, Cebu
4	Philippine National Oil Company - Exploration Corporation	41	Malangas, Zamboanga Sibugay
5	Filsystems, Inc.	68	Bulalacao, Mindoro Oriental
6	Filsystems, Inc.	77	Payao, Zamboanga Sibugay
7	Filsystems, Inc.	78	Payao and Siay, Zamboanga Sibugay
8	Benguet Corporation	83	Liang, Marihatag & San Miguel, Surigao del Sur
9	Adlaon Energy Development Corporation	89	Adlaon, Cebu City
10	A Blackstone Energy Corp.	93	Lalat, Zamboanga Sibugay
11	Batan Coal Resources Corporation (formerly Rock Energy International, Inc.)	104	Batan Island, Rapu Rapu, Albay
12	D. M. Wenceslao and Associates, Inc.	116	Municipality of Baculud, Gattaran and Iguig, Cagayan Province
13	Philippine National Oil Company - Exploration Corporation	122	Cauayan, Isabela
14	D. M. Wenceslao and Associates, Inc.	123	Municipality of Baculud, Gattaran and Iguig, Cagayan Province
15	Lima Coal Development Corporation	125	Calanaga and San Ramon, Batan Island, Rapu-Rapu, Albay
16	Daguma Agro Minerals Inc.	126	Ned, Lake Sebu, South Cotabato and Sultan Kudarat
17	Bislig Venture Construction and Development Inc.	127	Bislig, Surigao del Sur
18	Ibalong Resources Development Corporation (formerly Manguerra)	128	Bilbao, Batan Island, Rapu-Rapu, Albay
19	SAMAJU Corporation	129	San Ramon, Batan Island, Rapu-Rapu Albay
20	Brixton Energy & Mining Corporation	130	Diplahan and Buug, Zamboanga Sibugay
21	Forum Cebu Coal Corporation	131	Dalaguete, Naga Cebu
22	First Asia Resource Mining Corporation (Formerly Forum Exploration Inc.)	132	Balamban, Cebu
23	Sultan Energy Phils. Corporation	134	Ned, Lake Sebu, South Cotabato & Sto. Niño, Bagumbayan, Sultan Kudarat
24	SKI-Construction Group, Inc.	135	Cahumayan, Portland & Dungga, Danao, Cebu
25	Batan Coal Resources Corporation (formerly Rock Energy International, Inc.)	137	Batan Island, Rapu Rapu, Albay
26	Bonanza Energy Resources, Inc.	138	Maitum, Saranggani Province & Ned, Lake Sebu, South Cotabato
27	Visayas Multi-Minerals Mining and Trading Corporation	142	Toledo, Cebu
28	Calatrava Coal Multi-Purpose Cooperative	144	Calatrava, Negros Occidental
29	Great Wall Mining and Power Corporation	145	San Miguel, Surigao del Sur
30	Abacus Coal Exploration and Dev't Corp.	148	Tago, Surigao del Sur
31	Il Rey's Coal Mining Exploration Corp.	149	Danao City, Cebu

Investment Opportunities

Thirty (30) areas were offered during the launching of PECR 4 for coal last December 2011. Nine (9) coal areas are located in Luzon, three (3) in the Visayas and eighteen (18) in Mindanao. Meanwhile, interested investors may now submit proposals for the areas listed above by virtue of Department Circular No. DC 2010-003-0005 issued last March 24, 2010 under Section 3.a Public Contracting by Negotiation / Publication. The Department Circular entitled **“Providing Additional Guidelines for a Transparent and Competitive System of Awarding Service/Operating Contracts for Coal and Petroleum Prospective Areas Amending for this Purpose Department Circular DC 2006-12-0014”** states that applicants for operating contract/s may nominate their area/s of interest forty-five (45) days from the opening of proposals submitted for the regular PECR whereby nominations with complete documents shall be endorsed to the Secretary for approval of the opening of contracting round by publication. A copy of the circular is available at <http://www.doe.gov.ph/popup/DC2010-03-0005.pdf>.

Location	Estimated Capacity (MW)	Operator
Isabela	100	PNOC-EC (COC 122)
Cagayan	200	DM Wenceslao (COC 116 & 123)
Antique	300	Semirara Mining Corp. (COC 5)
Sultan Kudarat	200	Sultan Energy (COC 134) Bonanza Energy (COC 138) Daguma Agro-Minerals, Inc (COC 126)
Total	800	

In addition to the coal areas offered, there are also investment prospects for power generation in the existing mine-mouth coal areas identified in Table 7.