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Region



Republic of the Philippines  
Department of Environment and Natural Resources  
**MIMAROPA REGION**  
Provincial Environment and Natural Resources Office

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May 22, 2023

# **MEMORANDUM**

**FOR** : The Regional Executive Director  
MIMAROPA Region

**Thru** : The Assistant Regional Director for Technical Services

**FROM** : The OIC-PENRO

**SUBJECT** : **REPORT ON THE CONDUCTED SITE VISIT AT FLAg AREA  
OF ORMIN POWER INCORPORATED (OPI) AND PHILIPPINE  
HYBRID ENERGY SYSTEMS INC. (PHESI)**

Respectfully submitting herewith, the report of the undersigned on the conducted site visit on May 17, 2023 at the Forest Land Use Agreement (FLAg) area of Ormin Power Incorporated (OPI) in Inabasan, Caagutayan and Calangatan, San Teodoro and Balatero, Puerto Galera and in FLAg area of Philippine Hybrid Energy Systems Inc. (PHESI) in Barangays Balatero and Tabinay versus Sto. Niño, Puerto Galera, Oriental Mindoro.

For information, reference and record.

  
ALAN L. VALLE

Tracking Nos.: \_\_\_\_\_

TSD/RPS

Ilang-ilang St., Sitio II, Suqui, Calapan City, Oriental Mindoro  
DENR Contact Nos. (043) 288-3017, Tel. Fax No. 288-3006



Republic of the Philippines  
Department of Environment and Natural Resources  
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**REPORT ON THE CONDUCTED SITE VISIT AT ORMIN POWER INC. (OPI) AND  
PHILIPPINE HYBRID ENERGY SYSTEM, INC. (PHESI) ON THEIR FOREST  
LAND USE AGREEMENT (FLAg)**

**I. ORMIN POWER, INCORPORATED (OPI)**

The undersigned conducted site visit on May 17, 2023 at ORMIN Power, Incorporated (OPI) represented by its President, Jefferson Y. Yao, with Forest Land Use Agreement (FLAg) No. 01-2021 located at Barangays Caagutayan and Calangatan of the Municipality of San Teodoro; and Barangay Balatero of the Municipality of Puerto Galera, Oriental Mindoro. The approved FLAg area composed of 42.73 hectares public forest land intended for hydroelectric power plant project which started on July 26, 2016 and to expire on July 25, 2041, renewable for another twenty-five (25) years.

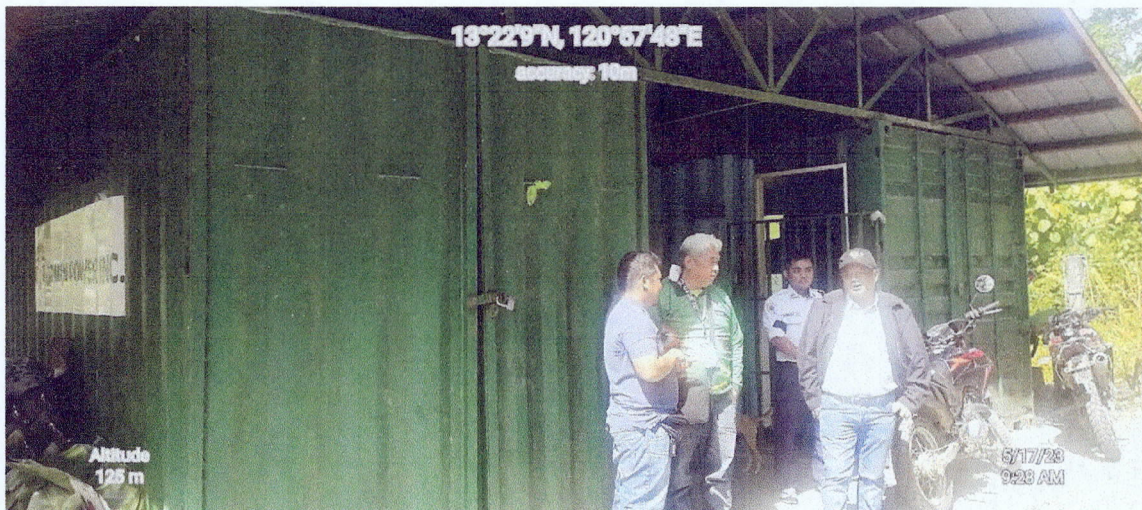
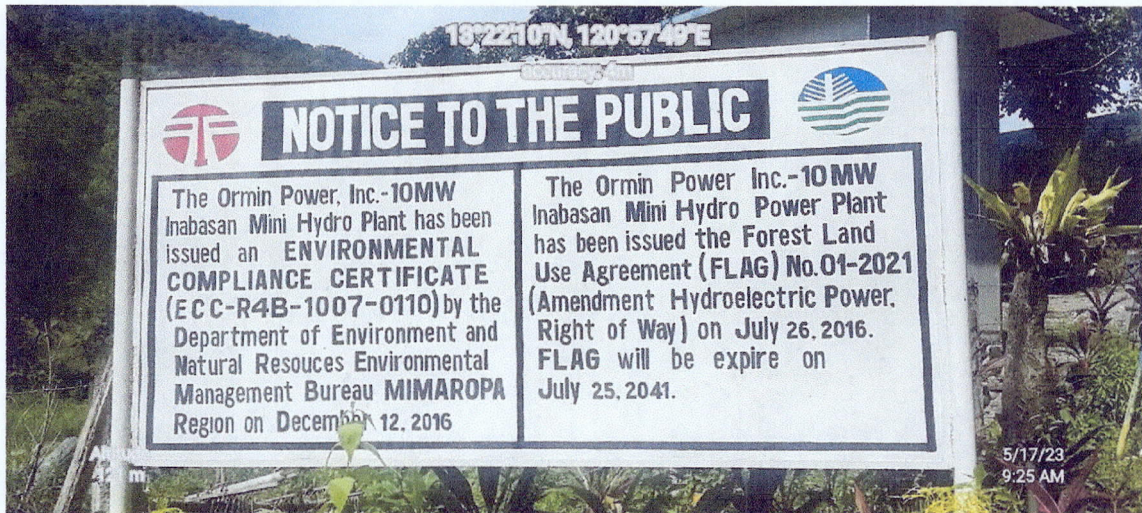
***Comments and Findings:***

1. There are two (2) guard post ahead before reaching the Power Plant area located in Sitio Inabasan, Caagutayan, San Teodoro, Oriental Mindoro.
2. There are four (4) personnel in the power plant: Mr. Armando Caringal, Plant Manager; Mr. Luis Daug, Maintenance Supervisor; Mr. Danny Mark Zulueta, Ship in-Charge; and Mr. Whershly Dawig, Turbine Operator. Five (5) personnel, mostly Mangyan, were assigned in the Reforestation (almost 20 hectares) and Nurseries area (more or less 500 square meters).
3. The OPI is actually utilizing the FLAg area according to the agreed purpose, which is for hydroelectric power plant project.
4. The OPI has already completed the delineation and markings of ground boundaries of the FLAg area, and the same was validated by CENRO Socorro which has the jurisdiction over the FLAg area. Delineation and markings were conducted by Geodetic Engineer Bernard Paul D. Maramot with sketch plan submitted dated May 4, 2022.
5. The OPI has already paid their annual rental for CY 2023-2024 amounting to Two Hundred Twenty-Seven Thousand Ninety-Six Pesos and 43/100 (Php227,096.43) with OR No. 6827295 dated March 29, 2023.
6. To date, the Comprehensive Development and Management Plan (CDMP) is not yet complied by the proponent which is supposedly be complied within six (6) months from the issuance of the FLAg.
7. The map of the FLAg area presented during the actual monitoring, differs from the approved FLAg plan.
8. It was noticed that Barangay Balatero is included in the approved FLAg location, however, based on actual location, the area is Sitio Inabasan, Caagutayan and Calangatan, San Teodoro. The proponent representative, Mr. Rodolfo Ilagan, PCO, was advised to request for amendment of the FLAg location.
9. There are also structures established within a 40-meters easement.
10. At the moment, only one (1) turbine is used due to short supply of water which generates only 1.1MW per day of power supply.





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Rodolfo Ilagan, PCO of Ormin Power Inc. and PENRO Alan L. Valle

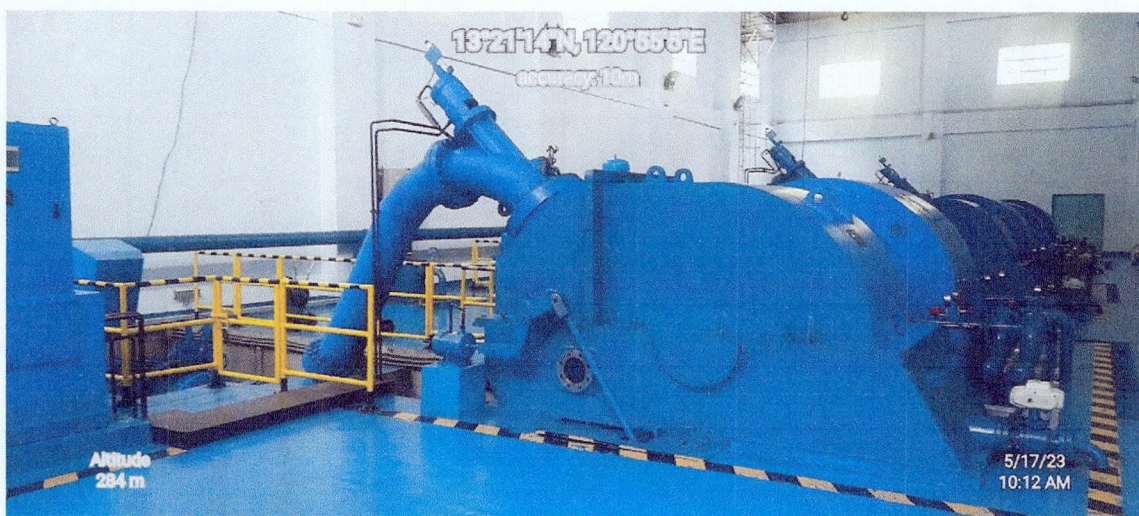
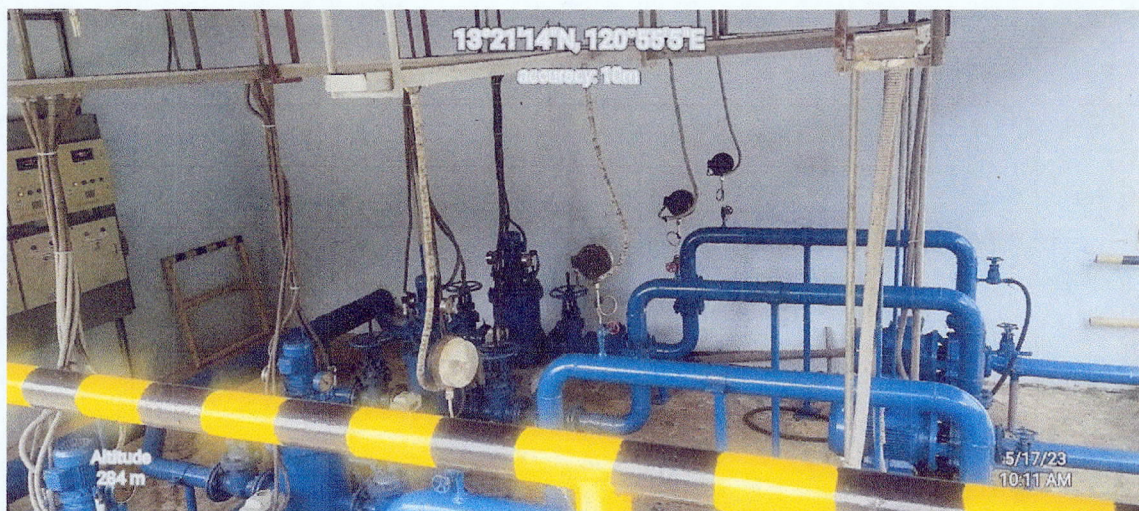


ORMIN Power Plant located in Inabasan, Caagutayan, San Teodoro, Oriental Mindoro

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Assessment of the compliance of the ORMIN Power Inc. with approved FLag

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Assessment of the compliance of the ORMIN Power Inc. with approved FLAg



PENRO Alan L. Valle with ORMIN Power Inc. Staff and DENR-PENRO-RPS Staff

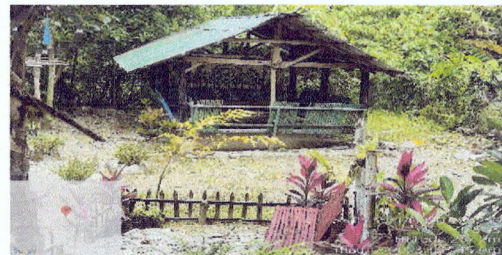
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PENRO Alan L. Valle and For. Florencio Isabedra, Jr.



Maintained Nursery of ORMIN Power Incorporated





## **II. PHILIPPINE HYBRID ENERGY SYSTEMS, INC. (PHESI)**

The Philippine Hybrid Energy Systems, Inc. (PHESI) represented by Mr. Francisco Tiu Laurel, Jr., has an approved Forest Land Use Agreement Wind Energy Power (FLAg) No. 01-2014 dated March 14, 2014 (Amendment, Wind Energy Power and Road Right-of-way) located at Barangays of Balatero and Tabinay versus Sto. Niño of Puerto Galera, Province of Oriental Mindoro. It is composed of approximately 44.87 hectares of public forest land for Wind Energy Power and Road Right-of-way issued on September 11, 2019 and to expire on December 31, 2039, renewable for another twenty-five (25) years. It has an approved ECC No. ECC-4B-105-ORMIN-4110 dated January 15, 2020.

### ***Comments and Findings:***

1. The PHESI is actually utilizing the FLAg area according to the agreed purpose, which is for Wind Energy Power and Road Right-of-Way.
2. The PHESI has already completed the delineation and markings of ground boundaries of the FLAg area, and the same was validated by CENRO Socorro which has the jurisdiction over the FLAg area.
3. There are eight (8) wind turbines, all operational and functional.
4. There are total of sixty-four (64) operational manpower of PHESI, five (5) key personnel, the Operation Head, Mr. Escalante; The ESC Manager, Mr. Rodolfo Romarate II; the Site Supervisor, Mr. James Mark Moria; The Safety, Health and Security Compliance Officer, Ms. Hazien A. Marquez; and the Sr. ESC Officer and Pollution Control Officer (PCO), Ms. Bethelyn Bogtong.
5. To date, the Comprehensive Development and Management Plan (CDMP) is not yet complied by the proponent which is supposedly be complied within six (6) months from the issuance of the FLAg. But according to Ms. Bogtong, they already submitted a revised copy to CENRO Socorro.
6. The PHESI has an existing Substation Power Plant, High Voltage Battery Station, Nursery, Material Recovery Facility (MRF), and a Guard post within the FLAg area. The high voltage battery is used when there is no available wind to operate the turbines but when there are strong winds, the battery is disconnected.





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Department of Environment and Natural Resources  
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Provincial Environment and Natural Resources Office



Induction of guests prior to dispatching to the FLAG Area



PENRO Alan L. Valle together with the PCO and staff of PHESI



Displayed Notices of approved ECC and Flag within the FLAG area

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Maintained nursery of Philippine Hybrid Energy Systems, Inc. within FLAG area

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DENR Contact Nos. (043) 288-3017, Tel. Fax No. 288-3006





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High Voltage Battery used during the absence of wind to operate the turbine



PHESI Substation plant

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Side and rear view of substation plant



Material Recovery Facility (MRF)



Stock room of construction materials



PENRO Alan L. Valle while clarifying matters with the PHESI PCO Ms. Beverlyn Bogtong







Turbines in actual operation

***Recommendations:***

As per approved FLAg, the Comprehensive Land Use Plan (CDMP) of the two FLAg proponent shall be submitted within six (6) months from the issuance of the agreement. However, up to this time, both proponents haven't complied to this agreement. Hence, it is recommended that the proponents be obliged to comply the CDMP plan the soonest time possible, or else, the FLAg be recommended for cancellation for being non-compliant to the agreement.

Prepared and submitted by:

  
**ENGR. ALAN L. FALLE**  
OIC-PENRO

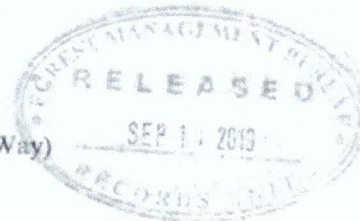




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E-mail: web@denr.gov.ph; Website: www.denr.gov.ph

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**FOREST LAND USE AGREEMENT**  
**WIND ENERGY POWER (FLAg) No. 01-2014**  
(Amendment, Wind Energy Power and Road Right-Of-Way)  
of



**PHILIPPINE HYBRID ENERGY SYSTEM, INC.**  
(Second Party)

**BARANGAYS OF BALATERO AND TABINAY VERSUS STO. NINO OF PUERTO GALERA,**  
**PROVINCE OF ORIENTAL MINDORO**  
(Location of the FLAg Area)

This **AGREEMENT** made and entered into by and between:

The **REPUBLIC OF THE PHILIPPINES**, through the **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES ("DENR")**, with address at Visayas Avenue, Diliman, Quezon City, herein represented by its Undersecretary for Field Operations, **ATTY. JUAN MIGUEL T. CUNA**, hereinafter referred to as the **FIRST PARTY**,

-and-

**PHILIPPINE HYBRID ENERGY SYSTEM, INC. (PHESI)**, a corporation duly organized and existing under Philippine laws, with office address 8F Unit 8A Inoza Tower, 40<sup>th</sup> St., Bonifacio Global City, Taguig City, Metro Manila, represented by its Chief Operating Officer, **MR. FRANCISCO TIU LAUREL, JR.**,

hereinafter referred to as the **SECOND PARTY**,

*WITNESSETH*

WHEREAS, Article XII, Section 2 of the 1987 Philippine Constitution provides that all lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law;

**DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES**  
(FIRST PARTY)

By:

**ATTY. JUAN MIGUEL T. CUNA**  
Undersecretary for Field Operations

**PHILIPPINE HYBRID ENERGY SYSTEMS  
INC.**  
(SECOND PARTY)

By:

**FRANCISCO TIU LAUREL, JR.**  
President

WITNESSES:

**DAN GONZALES**

*Let's Go Green*



WHEREAS, under Executive Order No. 192, promulgated on June 10, 1987, the DENR is empowered to exercise supervision and control over the forestlands of the Philippines;

WHEREAS, Section 57 of Presidential Decree No. 705, also known as the "Revised Forestry Code of the Philippines", authorizes the special use of forest lands for beneficial purposes which do not impair the forest resources therein;

WHEREAS, the **SECOND PARTY** was issued with a Forest Landuse Agreement bearing the code FLAg No. 01-2014 on March 14, 2014 by the DENR Central Office for the purpose of Wind Energy Power in accordance with DENR Administrative Order No. 2004-59 dated August 31, 2004, covering **44.87 hectares** of forest land in Barangays Balatero and Tabinay versus Sto. Nino in Puerto Galera, Oriental Mindoro;

WHEREAS, on **March 14, 2011**, the Department of Energy (DOE) issued to PHESI a Wind Energy Service Contract bearing the code SESC No. 2011-03-045 within the contract area in Puerto Galera, Oriental Mindoro;

WHEREAS, on **June 29, 2018** the **SECOND PARTY** requested the **FIRST PARTY** for an amendment of the FLAg No. 01-2014 to include other activities and development outside the said FLAg coverage such as the meteorological mast and the deviated/actual constructed road right-of-way.

NOW, THEREFORE, for and in consideration of the foregoing premises and the terms and conditions set forth below, the parties agree as follows:

**Area, Purpose and Duration**

I. The **FIRST PARTY** hereby grants the **SECOND PARTY** the exclusive right to occupy, manage and develop approximately **44.87 hectares** of public forest land (the "FLAg Area") for Wind Energy Power and Road Right-Of-Way starting from the date of approval of this amended **AGREEMENT** and to expire on 31 December 2039 renewable for another twenty-five (25) years, located in Barangays Balatero and Tabinay versus Sto. Nino, Puerto Galera, Province of Oriental Mindoro, the boundaries of which are shown in the attached map and form as an integral part of this **AGREEMENT**.

II. The FLAg Area shall be confined within the perimeter of the parcel of land described in the attached map. No other parcel of public forest land shall be utilized by the **SECOND PARTY** without first securing the prior approval of the **FIRST PARTY**.

III. The FLAg Area is a public forest land to the best knowledge and belief of the parties, and the **FIRST PARTY** confirms that based on applicable land classification maps, control maps, and available records of the DENR, there are no prior existing rights therein granted in favor of third parties. The **FIRST PARTY** shall not be responsible for any loss that the **SECOND PARTY** may suffer in case the FLAg Area or portion thereof is declared with finality by a competent court or authority as the private property of another, or is found to be covered by a prior existing right.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

ATTY. JUAN MIGUEL T. CUNA  
Undersecretary for Field Operations

PHILIPPINE HYBRID ENERGY SYSTEMS  
INC.  
(SECOND PARTY)

By:

FRANCISCO THU LAUREL, JR.  
President

WITNESSES:

DAN GONZALES



IV. The **SECOND PARTY** shall utilize the FLAg Area only for the purpose for which this **AGREEMENT** is granted. In the event the said area will be used for a different purpose and extend the coverage of the area, said use shall be subject to prior approval of the Secretary or his duly authorized representative.

V. The **SECOND PARTY** shall, within six (6) months from the issuance of this **AGREEMENT**, update the relevant boundaries of the FLAg area delineated and marked on the ground under the supervision of the DENR. It shall preserve the monuments and other landmarks indicating corners and outlines along the boundaries and within the confines of the FLAg Area.

**Comprehensive Development and Management Plan (CDMP)**

VI. The **SECOND PARTY** shall submit within three (6) months from the issuance of this **AGREEMENT** an amended Comprehensive Development and Management Plan ("CDMP") for the FLAg Area. The CDMP shall provide, among others, appropriate schemes, arrangements, or activities therein, which are compatible with the Wind Energy Powers and Road Right-Of-Way for the protection of the environment and conservation of natural resources in the area and shall benefit the host communities. The amended CDMP shall be submitted to, and approved by, the Undersecretary for Field Operations after review and deliberation by a Review Committee composed mainly of technical staff of the concerned DENR Regional Office. The approved amended CDMP shall form part of FLAg.

VII. The **SECOND PARTY** may construct permanent and/or temporary improvements or infrastructure in the FLAg Area necessary and appropriate for its development for Road-Right-of-Way pursuant to the approved CDMP. "Permanent Improvements" refer to access roads, and buildings or structures which adhere to the ground in a fixed and permanent manner. On the other hand, "Temporary Improvements" include those which are detachable from the foundation or the ground introduced by the **SECOND PARTY** in the FLAg Area and which the **SECOND PARTY** may remove or dismantle upon expiration or cancellation of this **AGREEMENT**. Any substantial deviations or modifications from, and/or additional improvements in, the approved CDMP shall be subject to prior approval of the Undersecretary for Field Operations, or his duly authorized representative. Such deviations, modifications or additional improvements shall at all times be consistent with the purpose for which the FLAg Area is granted under paragraph I hereof.

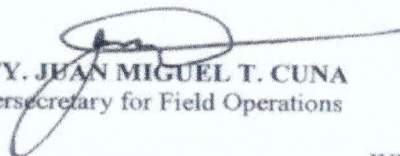
**Government Share and Performance Bond**

VIII. The **SECOND PARTY** shall pay the amount of One Hundred Thirty Five Thousand Pesos (P 135,000.00) and to be increased cumulatively by 10% every year as annual user's fee within thirty (30) days upon approval of this amended **AGREEMENT**, and annually thereafter, within the same month that this amended **AGREEMENT** is issued.

IX. The annual Government Share in the form of user's fee shall be paid by the **SECOND PARTY**, without need of demand, within the same month that this **AGREEMENT** was issued. In case of failure to pay the annual user's fee on the date due, the **SECOND PARTY** shall pay additional charges of 8.33% per month of delay or 100% for one (1) year.

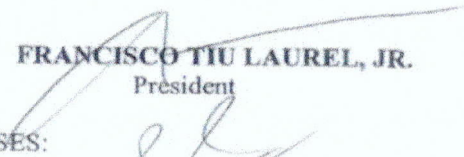
**DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)**

By:

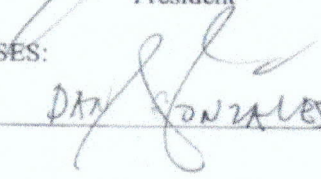
  
ATTY. JUAN MIGUEL T. CUNA  
Undersecretary for Field Operations

**PHILIPPINE HYBRID ENERGY SYSTEMS  
INC.  
(SECOND PARTY)**

By:

  
FRANCISCO TIU LAUREL, JR.  
President

WITNESSES:

  
DAY GONZALES



X. The Government Share in the form of user's fee is non-refundable.

XI. Payment of the user's fee after the expiration of this **AGREEMENT** shall not be construed as an assurance for the renewal thereof.

XII. As guarantee for the faithful performance of the terms and conditions of this **AGREEMENT**, and compliance with applicable Forest Laws and Regulations, the **SECOND PARTY** shall update the Performance Bond it posted pursuant to DENR Administrative Order No. 2004-16, dated June 15, 2004 which is twice the annual user's fee. Provided, that 50% of the computed bond deposit shall be posted in cash and the balance in the form of surety bond with a duration of five (5) years renewable every five (5) years. Provided, further that the face value of the surety bond shall be increased by 25%.

**Obligations of the Second Party**

XIII. No trees, regardless of species, shall be cut in the FLAg Area if found within twenty (20) meters from banks of rivers, creeks or streams and of public roads. In case the said 20-meter strip is bereft of trees, the same shall be rehabilitated by the **SECOND PARTY**.

XIV. The **SECOND PARTY** shall strictly observe sanitary measures within the FLAg Area to ensure protection of watershed values;

XV. The **SECOND PARTY** shall protect the FLAg Area from forest fires and other forms of forest destruction.

XVI. The **SECOND PARTY** shall protect and conserve unique, rare and endangered flora and fauna, if any, within the FLAg Area pursuant to existing laws, rules and regulations.

XVII. The **SECOND PARTY** shall not impede, obstruct or prevent the entry and exit through the FLAg Area of legitimate stakeholders and/or forest users authorized by the DENR.

XVIII. The **SECOND PARTY** shall submit an Annual Report to the Regional Executive Director thru the CENRO concerned copy furnished the FMB Director showing developmental activities undertaken within the FLAg Area in accordance with the approved CDMP.

XIX. All authorized DENR officials and/or employees shall be allowed to enter and inspect the FLAg Area for the purpose of monitoring compliance with the terms and conditions of this **AGREEMENT** and the activities authorized under the approved CDMP.

XX. The **Second Party** shall inform the DENR Secretary or his duly authorized representative on any changes in the management, ownership or capital stock of the company or corporation or transfer of a majority of the stock or shares of the company or corporation as provided for in PD 705, as amended.

**DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES**  
(FIRST PARTY)

By:

ATTY. JUAN MIGUEL T. CUNA  
Undersecretary for Field Operations

**PHILIPPINE HYBRID ENERGY SYSTEMS  
INC.**  
(SECOND PARTY)

By:

FRANCISCO TIU LAUREL, JR.  
President

WITNESSES:

DAN GONZALEZ



### Termination

XXI. This **AGREEMENT** may be terminated or cancelled by the **FIRST PARTY**, after giving the **SECOND PARTY** due notice and opportunity to be heard, on any of the following grounds:

- a) Violation of any of its terms and conditions, or failure to comply with the obligations under this **AGREEMENT**;
- b) In case this **AGREEMENT** was determined, after appropriate proceedings, to have been obtained through fraud, misrepresentation or omission of material facts existing at the time of filing of the application;
- c) Abandonment of the FLAg Area or failure to utilize the same for the purpose it was granted within the prescribed period of six (6) months without justifiable cause;
- d) Failure to introduce improvements or develop the FLAg Area as indicated in the CDMP; and
- e) Failure to pay the Government Share and other administrative fees after three (3) consecutive notices after the same had become due and demandable;


XXII. In the event the **FIRST PARTY** determines that any of the above grounds exist, a notice of breach shall be sent to the **SECOND PARTY** giving the latter at least fifteen (15) calendar days to submit a written explanation. Before any termination is resorted to, the parties shall meet and exert best efforts to resolve the dispute, except when the grounds refer to items (b) and (c) above. The **SECOND PARTY** shall be given reasonable time within which to remedy the breach or to implement the agreed remedial measures.

XXIII. In case of termination or cancellation of this **AGREEMENT** due to the fault of the **SECOND PARTY**, the Performance Bond shall be forfeited in favor of the **FIRST PARTY**, and the **SECOND PARTY** shall have no right to claim for reimbursement or compensation of whatever kind for the permanent improvements introduced within the FLAg Area as defined in paragraph VII hereof. Such improvements, which shall not include the Temporary Improvements referred to in paragraph VII above, shall be forfeited in favor, and become the property, of the **FIRST PARTY**.

XXIV. Upon termination of this **AGREEMENT**, the **SECOND PARTY** shall be allowed to continue to occupy the FLAg Area for a period not exceeding ninety (90) days to enable it to remove the Temporary Improvements referred to in paragraph VII above, and to revert the land to its original condition to the extent possible.


**DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES**  
(FIRST PARTY)

By:

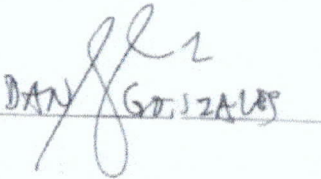
  
**ATTY. JUAN MIGUEL T. CUNA**  
Undersecretary for Field Operations

**PHILIPPINE HYBRID ENERGY SYSTEMS  
INC.**  
(SECOND PARTY)

By:

  
**FRANCISCO TIULAUREL, JR.**  
President

WITNESSES:

  
**DAN GONZALES**



### Ownership and Transfer

XXV. The **SECOND PARTY** shall, with respect to its ownership or capital stock, and in relation to the right granted herein to use the public forest land described in the attached map, ensure compliance with the nationality requirement under Article XII, Section 2 of the 1987 Constitution of the Republic of the Philippines, at all times throughout the duration of this **AGREEMENT**. In this regard, the **SECOND PARTY** shall secure the approval of the **FIRST PARTY** or his duly authorized representative in case of transfer of majority of its shares or capital stock after execution of this **AGREEMENT**.

XXVI. The **SECOND PARTY** may transfer this **AGREEMENT** or any rights therein or any assets used therewith, if authorized by the DENR Secretary, subject to the following conditions:

- a) The FLAg has been in existence for at least three (3) years;
- b) The **SECOND PARTY** has been faithfully complying with the terms and conditions of the FLAg including implementation of CDMP;
- c) The transferee has all the qualifications and none of the disqualifications to hold a FLAg;
- d) The transferee shall assume all the obligations and responsibilities of the transferor specified in the FLAg, CDMP and ECC.

### Amendment and Renewal

XXVII. This **AGREEMENT** may be modified, altered or amended upon agreement in writing by both parties.

XXVIII. This **AGREEMENT** may be renewed upon filing by the **SECOND PARTY** of an application six (6) months prior to the expiration hereof.

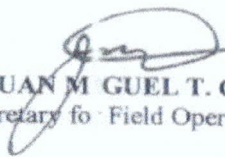
### Miscellaneous Provisions

XXIX. This **AGREEMENT** is subject to pertinent DENR Laws, Rules and Regulations provided the same shall not impair the contractual obligations of both parties herein.

IN WITNESS WHEREOF, the parties have affixed their signatures below at Quezon City, Philippines, this \_\_\_\_\_ day of SEP 11 2019, 2019.

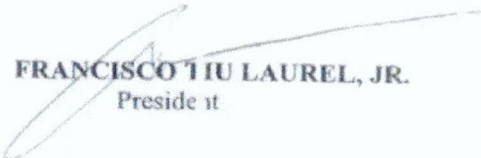
**DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES**  
(FIRST PARTY)

By:

  
ATTY. JUAN M. GUEL T. CUNA  
Undersecretary for Field Operations

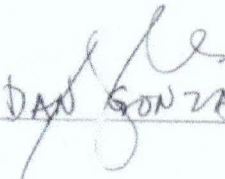
**PHILIPPINE HYBRID ENERGY SYSTEMS  
INC.**  
(SECOND PARTY)

By:

  
FRANCISCO TIU LAUREL, JR.  
President

WITNESSES:

  
\_\_\_\_\_


  
DAN GONZALES  
\_\_\_\_\_



ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES )  
 QUEZON CITY, PHILIPPINES) S.S.

SEP 11 2019 BEFORE ME, a Notary Public for and on QUEZON CITY, Philippines, this \_\_\_\_ day of  
 \_\_\_\_, 2019, personally appeared the following:

<u>Name</u>	<u>Evidence of Competent Identity</u>
Atty. Juan Miguel T. Cuna	
Francisco Tiul Laurel, Jr.	

known to me to be the same persons who executed the foregoing instrument, and who acknowledge to me that the same is their free and voluntary act and deed.


This instrument, which is Forest Landuse Agreement (FLAg) No. 01-014 – Wind Energy Powers Project and Road Right-Of-Way Development, consists of seven (7) pages including this page where this Acknowledgement is written and has been signed by the parties and their witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL, at the place and on the date written.

NOTARY PUBLIC

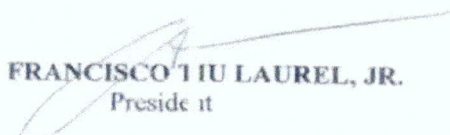
DEPARTMENT OF ENVIRONMENT  
 AND NATURAL RESOURCES  
 (FIRST PARTY)

By:

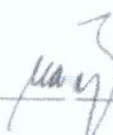
  
 ATTY. JUAN M. GUEL T. CUNA  
 Undersecretary for Field Operations

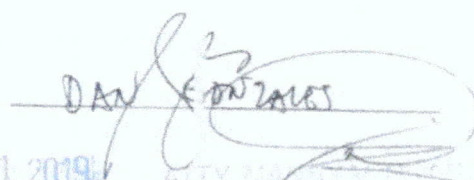
PHILIPPINE HYBRID ENERGY SYSTEMS  
 INC.  
 (SECOND PARTY)

By:

  
 FRANCISCO TIUL LAUREL, JR.  
 President

WITNESSES:



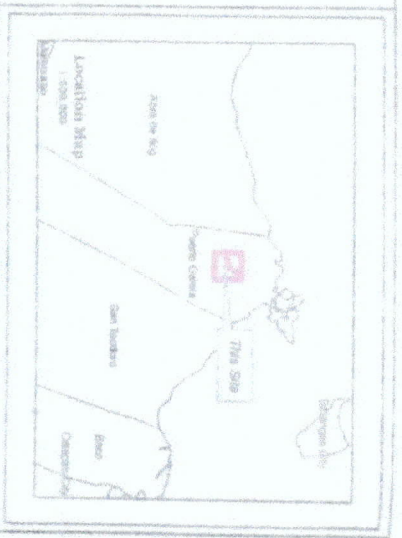


SEP 11 2019

File No.  
 Page No.  
 Date Recd.  
 Serial No.

186  
 38  
 2019





# AMENDED AREA COVERED BY THE FOREST LAND USE AGREEMENT (FLAG) No. 01-2014 (OTHER LAWFUL PURPOSES/WIND ENERGY POWER) OF PHILIPPINE HYBRID ENERGY SYSTEMS, INC. (PHESI)

## LOCATION

Barangay: Balatun, Tobinay vs. Sto. Niño  
Municipality: Puerto Galera  
Province: Oriental Mindoro

Approximate Area: 14.87 Hectares  
Scale: 1:10,000



Projection: Universal Transverse Mercator (UTM) Zone 51N  
Horizontal Datum: WGS 1984  
Vertical Datum: Mean Sea Level (MSL)

## Legend

- Corner
- Road Network
- River/Creek
- Forestland
- Flag Amendment Area (14.87 Ha.)
- Original FLAG 01-2014 (31.77 Ha.)

Republic of the Philippines  
Department of Environment and Natural Resources  
BUREAU OF LAND MANAGEMENT  
Division Office - Oriental Mindoro  
Marian Avenue, Orion, Quezon City

**CERTIFICATION**

This is to certify that this is the true and correct map of the area under  
Forest Land Use Agreement (FLAG) No. 01-2014 of Philippine Hybrid Energy  
Systems, Inc. (PHESI) as detailed herein.

Technical Description and other references available from the Office

Approved by:   
Edo Morino Morano, CE90 IV  
Chair





Republic of the Philippines  
Department of Environment and Natural Resources  
Visayas Avenue, Diliman, 1100 Quezon City  
Tel. Nos. (632) 8929-6626 to 96, (632) 8755-3300/8755-3330  
Website: www.denr.gov.ph

FOREST MANAGEMENT BUREAU

**FOREST LANDUSE AGREEMENT  
HYDROELECTRIC POWER PLANT PROJECT  
(FLAg) No. 01 - 2021**

**RELEASED**  
**APR 23 2021**  
**RECORDED**  
RECORDS UNIT

of

**ORMIN POWER INCORPORATED**  
(Second Party)

**Barangays Caagutayan and Calangatan of the Municipality of San Teodoro; and  
Barangay Balatero of the Municipality of Puerto Galera, Province of Oriental Mindoro**  
(Location of the FLAg Area)

This **AGREEMENT** made and entered into by and between:

The **REPUBLIC OF THE PHILIPPINES**, through the **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES ("DENR")**, with address at Visayas Avenue, Diliman, Quezon City, herein represented by its Undersecretary for Field Operations and Environment **ATTY. JUAN MIGUEL T. CUNA, CESO I**, hereinafter referred to as the **FIRST PARTY**,


-and-

**ORMIN POWER INCORPORATED (OPI)**, a corporation duly organized and existing under Philippine laws, with office address at ORMECO Compound, Sta. Isabel, Calapan City, Oriental Mindoro herein represented by its President, **MR. JEFFERSON Y. YAO**, hereinafter referred to as the **SECOND PARTY**,

WHEREAS, Article XII, Section 2 of the 1987 Philippine Constitution provides that all lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty *per centum* of whose capital is owned by such citizens. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law;

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

  
**ATTY. JUAN MIGUEL T. CUNA, CESO I**  
Undersecretary for Field Operations and  
Environment

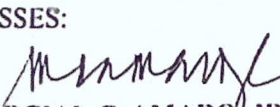
ORMIN POWER INCORPORATED

(SECOND PARTY)

By:

  
**JEFFERSON Y. YAO**  
President

WITNESSES:

  
**MARCIAL C. AMARO JR., CESO III**  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects.

  
Certified True Photo Copy:



WHEREAS, under Executive Order No. 192, promulgated on June 10, 1987, the DENR is empowered to exercise supervision and control over the forestlands of the Philippines;

WHEREAS, Section 57 of Presidential Decree No. 705, also known as the "Revised Forestry Code of the Philippines", authorizes the special use of forestlands for beneficial purposes which do not impair the forest resources therein;

WHEREAS, the SECOND PARTY was granted by the DENR MIMAROPA Region with a two (2) Special Land Use Permits (SLUPs bearing the codes 07252016-0006 and 07252016-0007, respectively) on July 25, 2013 for hydro power plant site (2.78 hectares) and road-right-of-way (7.49 hectares) purposes and expired on July 25, 2016;

WHEREAS, considering the technical features of the hydro power plant site and the road-right-of-way which requires substantial tract of forest land to host the same, the SECOND PARTY appreciated the need to obtain such substantial tract of forest land for the purpose through acquisition of forest tenure instrument.

WHEREAS, the SECOND PARTY has filed its application for Forest Landuse Agreement (FLAg) at the DENR Provincial Environment and Natural Resources Office/Community Environment and Natural Resources Office Calapan City, Oriental Mindoro on 21 May 2015 while the 3-year validity of the SLUPs still exists, for the purpose of hydroelectric power plant project in accordance with DENR Administrative Order No. 2004-59 dated August 31, 2004, covering 42.73 hectares of forest land in Barangays Caagutayan and Calangatan of the Municipality of San Teodoro and Barangay Balatero of the Municipality of Puerto Galera, Province of Oriental Mindoro.

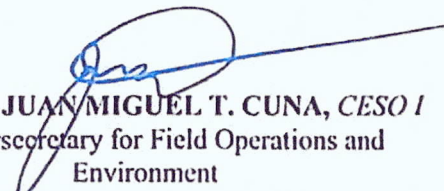
NOW, THEREFORE, for and in consideration of the foregoing premises and the terms and conditions set forth below, the parties agree as follows:

Area, Purpose and Duration

I. The FIRST PARTY hereby grants the SECOND PARTY the exclusive right to occupy, manage and develop approximately 42.73 hectares of public forest land (the "FLAg Area") for hydroelectric power plant project starting from July 26, 2016 and to expire on July 25, 2041, located in Barangays Caagutayan and Calangatan of the Municipality of San Teodoro and Barangay Balatero of the Municipality of Puerto Galera, Province of Oriental Mindoro, the boundaries of which are shown in the attached map and form as an integral part of this AGREEMENT. The renewal of the subject FLAg shall be in accordance to relevant existing laws, policies, rules and regulations.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

  
ATTY. JUAN MIGUEL T. CUNA, CESO I  
Undersecretary for Field Operations and  
Environment


ORMIN POWER INCORPORATED

(SECOND PARTY)

By:

  
JEFFERSON Y. YAO  
President

WITNESSES:

  
MARCIAL C. AMARO, JR., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects,  
and Director, in concurrent capacity

  
Certified True Photo Copy:



II. The FLAg Area shall be confined within the perimeter of the parcel of land described in the attached map. No other parcel of public forestland shall be utilized by the SECOND PARTY without first securing the prior approval of the FIRST PARTY.

III. The FLAg Area is a public forestland to the best knowledge and belief of the parties, and the FIRST PARTY confirms that based on applicable land classification maps, control maps, and available records of the DENR, there are no prior existing rights therein granted in favor of third parties. The FIRST PARTY shall not be responsible for any loss that the SECOND PARTY may suffer in case the FLAg Area or portion thereof is declared with finality by a competent court or authority as the private property of another, or is found to be covered by a prior existing right.

IV. The SECOND PARTY shall utilize the FLAg Area only for the purpose for which this AGREEMENT is granted. In the event the said area will be used for a different purpose, said use shall be subject to prior approval of the Secretary or his duly authorized representative.

V. The SECOND PARTY shall, within six (6) months from the issuance of this AGREEMENT, delineate and mark on the ground the boundaries of the FLAg Area under the supervision of the DENR. It shall preserve the monuments and other landmarks indicating corners and outlines along the boundaries and within the confines of the FLAg Area.

Comprehensive Development and Management Plan (CDMP)

VI. The SECOND PARTY shall submit within six (6) months from the issuance of this AGREEMENT a Comprehensive Development and Management Plan ("CDMP") for the FLAg Area. The CDMP shall provide, among others, appropriate schemes, arrangements, or activities therein, which are compatible with the hydroelectric power plant project for the protection of the environment and conservation of natural resources in the area and shall benefit the host communities. The CDMP shall be submitted to, and approved by, the Undersecretary for Field Operations and Environment after review and deliberation by a Review Committee composed mainly of technical staff of the DENR MIMAROPA Region, and with the participation of the Forest Management Bureau. The approved CDMP shall form part of the FLAg.

VII. The SECOND PARTY may construct permanent and/or temporary improvements or infrastructure in the FLAg Area necessary and appropriate for its development for hydroelectric power plant project pursuant to the approved CDMP. "Permanent Improvements" refer to access roads, and buildings or structures which adhere to the ground in a fixed and permanent manner. On the other hand, "Temporary Improvements" include those which are detachable from the foundation or the ground introduced by the SECOND PARTY in the FLAg Area and which the SECOND PARTY may remove or dismantle upon expiration or cancellation of this AGREEMENT. Any substantial deviations or modifications from, and/or additional improvements in, the approved CDMP shall be subject to prior approval of the Undersecretary for Field Operations and Environment or his duly authorized representative. Such deviations, modifications or additional improvements shall at all times be consistent with the purpose for which the FLAg Area is granted under paragraph I hereof.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

  
ATTY. JUAN MIGUEL T. CUNA, CESO I  
Undersecretary for Field Operations and  
Environment

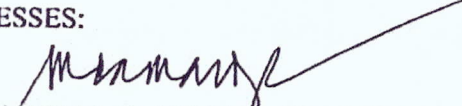
ORMIN POWER INCORPORATED

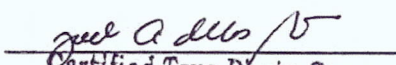
(SECOND PARTY)

By:

  
JEFFERSON Y. YAO  
President

WITNESSES:

  
MARCIAL C. AMARO, JR., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects

  
Certified True Photo Copy:



Government Share and Performance Bond

VIII. The SECOND PARTY shall pay the amount of One Hundred Eighty-Seven Thousand Six Hundred Eighty-Three Pesos (P187,683.00) and to be increased cumulatively by 10% every year as annual user's fee within thirty (30) days upon approval of this AGREEMENT, and annually thereafter, within the same month that this AGREEMENT is issued.

IX. The annual Government Share in the form of user's fee shall be paid by the SECOND PARTY, without need of demand, within the same month that this AGREEMENT was issued. In case of failure to pay the annual user's fee on the date due, the SECOND PARTY shall pay additional charges of 8.33% per month of delay or 100% for one (1) year.

X. The Government Share in the form of user's fee is non-refundable.

XI. Payment of the user's fee after the expiration of this AGREEMENT shall not be construed as an assurance for the renewal thereof.

XII. As guarantee for the faithful performance of the terms and conditions of this AGREEMENT, and compliance with applicable forestry laws and regulations, the SECOND PARTY shall post a Performance Bond pursuant to DENR Administrative Order No. 2004-16, dated June 15, 2004 which is twice the annual user's fee amounting to Three Hundred Seventy Five Thousand Three Hundred Sixty Six Pesos (P375,366.00). Provided, that 50% of the computed bond deposit shall be posted in cash and the balance in the form of surety bond with a duration of five (5) years renewable every five (5) years. Provided, further that the face value of the surety bond shall be increased by 25%.

Obligations of the Second Party

XIII. No trees, regardless of species, shall be cut in the FLAg Area if found within twenty (20) meters from banks of rivers, creeks or streams and of public roads. In case the said 20-meter strip is bereft of trees, the same shall be rehabilitated by the SECOND PARTY.

XIV. The SECOND PARTY shall strictly observe sanitary measures within the FLAg Area to ensure protection of watershed values.

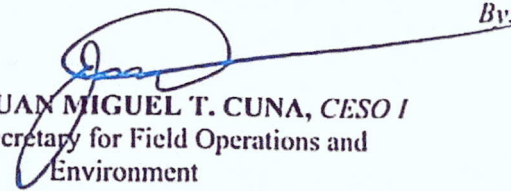
XV. The SECOND PARTY shall protect the FLAg Area from forest fires and other forms of forest destruction.

XVI. The SECOND PARTY shall protect and conserve unique, rare and endangered flora and fauna, if any, within the FLAg Area pursuant to existing laws, rules and regulations.

XVII. The SECOND PARTY shall not impede, obstruct or prevent the entry and exit through the FLAg Area of legitimate stakeholders and/or forest users authorized by the DENR.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

  
ATTY. JUAN MIGUEL T. CUNA, CESO I  
Undersecretary for Field Operations and  
Environment


ORMIN POWER INCORPORATED

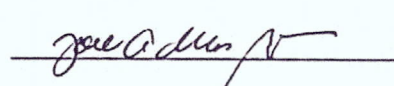
(SECOND PARTY)

By:

  
JEFFERSON Y. YAO  
President

WITNESSES:

  
MARCIAL C. AMARO, JR., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects,  
and Director, in concurrent capacity

  
Certified True Photo Copy:



XVIII. The SECOND PARTY shall submit an Annual Report to the Regional Executive Director thru channels, and copy furnished the FMB Director. Such report should manifest the developmental activities undertaken by the SECOND PARTY within the FLAg Area in accordance with the approved CDMP.

XIX. All authorized DENR officials and/or employees shall be allowed to enter and inspect the FLAg Area for the purpose of monitoring compliance with the terms and conditions of this AGREEMENT and the activities authorized under the approved CDMP.

XX. The SECOND PARTY shall inform the DENR Secretary or his duly authorized representative on any changes in the management, ownership or capital stock of the company or corporation or transfer of a majority of the stock or shares of the company or corporation as provided for in PD No. 705, as amended.

#### Termination


XXI. This AGREEMENT may be terminated or cancelled by the FIRST PARTY, after giving the SECOND PARTY due notice and opportunity to be heard, on any of the following grounds:

- a. Violation of any of its terms and conditions, or failure to comply with the obligations under this AGREEMENT;
- b. In case this AGREEMENT was determined, after appropriate proceedings, to have been obtained through fraud, misrepresentation or omission of material facts existing at the time of filing of the application;
- c. Abandonment of the FLAg Area or failure to utilize the same for the purpose it was granted within the prescribed period of six (6) months without justifiable cause;
- d. Failure to introduce improvements or develop the FLAg Area as indicated in the CDMP; and
- e. Failure to pay the Government Share or user's fee and other administrative fees after three (3) consecutive notices after the same had become due and demandable.

XXII. In the event the FIRST PARTY determines that any of the above grounds exist, a notice of breach shall be sent to the SECOND PARTY giving the latter at least fifteen (15) calendar days to submit a written explanation. Before any termination is resorted to, the parties shall meet and exert best efforts to resolve the dispute, except when the grounds refer to items (b) and (c) above. The SECOND PARTY shall be given reasonable time within which to remedy the breach or to implement the agreed remedial measures.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

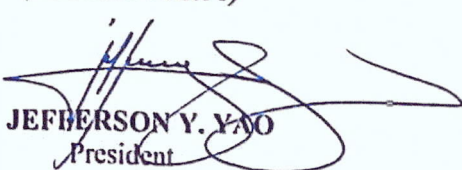
By:

  
ATTY. JUAN MIGUEL T. CUNA, CESO I  
Undersecretary for Field Operations and  
Environment

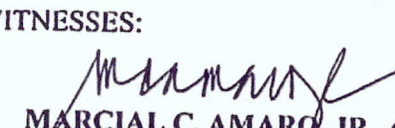
ORMIN POWER INCORPORATED

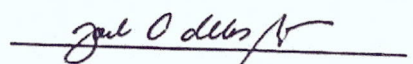
(SECOND PARTY)

By:

  
JEFFERSON Y. YAO  
President

WITNESSES:

  
MARCIAL C. AMARO, JR., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects,  
and Director, in concurrent capacity

  
Certified True Photo Copy



XXIII. In case of termination or cancellation of this AGREEMENT due to the fault of the SECOND PARTY, the Performance Bond shall be forfeited in favor of the FIRST PARTY, and the SECOND PARTY shall have no right to claim for reimbursement or compensation of whatever kind for the permanent improvements introduced within the FLAg Area as defined in paragraph VII hereof. Such improvements, which shall not include the Temporary Improvements referred to in paragraph VII above, shall be forfeited in favor, and become the property, of the FIRST PARTY.

XXIV. Upon termination of this AGREEMENT, the SECOND PARTY shall be allowed to continue to occupy the FLAg Area for a period not exceeding ninety (90) days to enable it to remove the Temporary Improvements referred to in paragraph VII above, and to revert the land to its original condition to the extent possible.

#### Ownership and Transfer

XXV. The SECOND PARTY shall, with respect to its ownership or capital stock, and in relation to the right granted herein to use the public forestland described in the attached map, ensure compliance with the nationality requirement under Article XII, Section 2 of the 1987 Constitution of the Republic of the Philippines, at all times throughout the duration of this AGREEMENT. In this regard, the SECOND PARTY shall secure the approval of the FIRST PARTY or his duly authorized representative in case of transfer of majority of its shares or capital stock after execution of this AGREEMENT.

XXVI. The SECOND PARTY may transfer this AGREEMENT or any rights therein or any assets used therewith, if authorized by the DENR Secretary, subject to the following conditions:

- a. The FLAg has been in existence for at least three (3) years;
- b. The SECOND PARTY has been faithfully complying with the terms and conditions of the FLAg including implementation of CDMP;
- c. The transferee has all the qualifications and none of the disqualifications to hold a FLAg; and
- d. The transferee shall assume all the obligations and responsibilities of the transferor specified in the FLAg, CDMP and ECC.

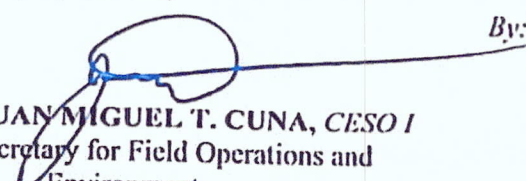
#### Amendment and Renewal

XXVII. This AGREEMENT may be modified, altered or amended upon agreement in writing by both parties.

XXVIII. This AGREEMENT may be renewed subject to existing laws, policies, rules and regulations and other relevant guidelines that may be promulgated hereafter, and upon filing by the SECOND PARTY of an application for FLAg one (1) year prior to the expiration hereof.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

  
ATTY. JUAN MIGUEL T. CUNA, CESO I  
Undersecretary for Field Operations and  
Environment


ORMIN POWER INCORPORATED

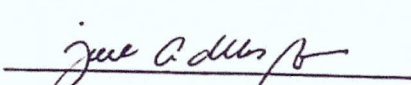
(SECOND PARTY)

By:

  
JEFFERSON Y. YAO  
President

WITNESSES:

  
MARCIAL C. AMARO, JR., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects,  
and Director, in concurrent capacity

  
Certified True Photo Copy:



Miscellaneous Provisions

XXIX. This AGREEMENT is subject to pertinent DENR laws, policies, rules and regulations, provided the same shall not impair the contractual obligations of both parties herein.


XXX. The SECOND PARTY shall pay to the DENR MIMAROPA Region the surcharge amounting to Five Million Two Hundred Twenty Four Thousand Nine Hundred Eighty One Pesos and Thirty Five Centavos (P5,224,981.35) which is 300% of the forest charges imposed on the timber that were felled within the area covered by SLUP No. DENR IV-B-07252016-0006 and SLUP No. DENR IV-B-07252016-0007, for a period of ten (10) years starting from the date of the approval of this FLAg, consistent to the stipulations manifested in the letter of the Undersecretary for Field Operations to OPI dated 23 October 2018 and in the Affidavit of Undertaking of Mr. Jefferson Y. Yao of OPI dated 30 October 2018.

XXXI. Considering that the SECOND PARTY has already tendered to the DENR MIMAROPA Region a partial payment amounting to One Million Three Hundred Six Thousand Two Hundred Forty Five Pesos and Thirty Four Centavos (P1,306,245.34) for the surcharge as evidenced by the Official Receipt (OR No. 0051126) dated 23 October 2018, thus, there is an outstanding balance amounting to Three Million Nine Hundred Eighteen Thousand Seven Hundred Thirty Six Pesos (P3,918,736), and the same shall be paid by the SECOND PARTY on installment basis for the period of ten (10) years or OPI is liable to pay P391,873.601 annually to the DENR MIMAROPA Region as similarly mentioned in the preceding paragraph. Failure to tender payment for three (3) consecutive years shall be a ground for the suspension or cancellation of the FLAg.

IN WITNESS WHEREOF, the parties have affixed their signatures below at Quezon City, Philippines, this \_\_\_\_\_ day of APR 22 2021, 2021.

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

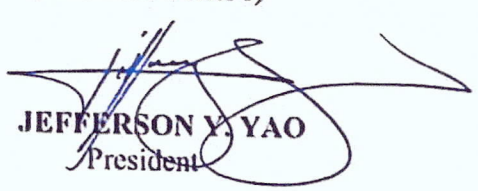
By:

  
ATTY. JUAN MIGUEL T. CUNA, CESO I  
Undersecretary for Field Operations and  
Environment

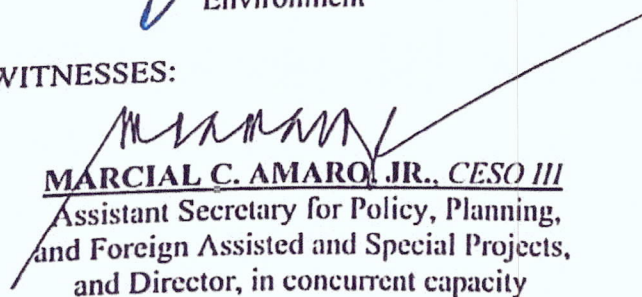
ORMIN POWER INCORPORATED

(SECOND PARTY)


By:

  
JEFFERSON Y. YAO  
President

WITNESSES:

  
MARCIAL C. AMARO, JR., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects,  
and Director, in concurrent capacity

Certified True Photo Copy:

  
DENR MIMAROPA REGION



# ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES )  
QUEZON CITY, PHILIPPINES ) S.S.

BEFORE ME, a Notary Public for and in QUEZON CITY, Philippines, this APR 22, 2021  
day of \_\_\_\_\_, 2021, personally appeared the following:

Name	Evidence of Competent Identity
Atty. Juan Miguel T. Cuna	
Jefferson Y. Yao	

known to me to be the same persons who executed the foregoing instrument, and who acknowledge to me that the same is their free and voluntary act and deed.

This instrument, which is Forest Landuse Agreement (FLAg) No. \_\_\_\_\_ - 2021 (Hydroelectric Power Plant Project), consists of eight (8) pages including this page where this Acknowledgement is written and has been signed by the parties and their witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL, at the place and on the date written.

NOTARY PUBLIC

BOOK NO. 131  
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SERIES OF 131

Chilhon  
ATTY. CESO PUNONG WILLARSON  
Notary Public for Quezon City  
Term: December 31, 2021  
PTR No. 0003154 / 1-4-2019 QC  
JRP No. 001007 / 10-20-2019 QC  
Roll No. 3047 / 05-06-19  
MCLE VI-0030378 / 2-21-2020  
Adm. Matter No. NP-001(2020-2021)  
TIN NO. 131-942-754

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES  
(FIRST PARTY)

By:

Atty. Juan Miguel T. Cuna, CESO I  
Undersecretary for Field Operations and  
Environment

ORMIN POWER INCORPORATED

(SECOND PARTY)

By:

Jefferson Y. Yao  
President

WITNESSES:

Marcial C. Amaro, Jr., CESO III  
Assistant Secretary for Policy, Planning,  
and Foreign Assisted and Special Projects,  
and Director, in concurrent capacity

zel G. delos R.  
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