



DEPARTMENT CIRCULAR NO. DC 2025-10-0021 *aw*

GUIDELINES ON PROGRESSIVE REHABILITATION AND COAL MINE DECOMMISSIONING

WHEREAS, Section 2, Article XII of the 1987 Philippine Constitution states 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 and their exploration, development, and utilization shall be under its full control and supervision;

WHEREAS, Presidential Decree (PD) No. 972, as amended, otherwise known as "*The Coal Development Act of 1976*," declares it a policy of the State to immediately accelerate the exploration, development, exploitation, production, and utilization of the country's coal resources, and vested the Energy Development Board (now the Department of Energy) with the authority to promulgate rules and regulations for its implementation;

WHEREAS, Section 4 of PD No. 972 allows the Government to undertake exploration, development, and production of coal resources, either directly or through operating contracts;

WHEREAS, Section 9(d) of PD No. 972, provides, as one of the obligations of the operator under a coal operating contract, to "*operate the area on behalf of the Government in accordance with good coal mining practices using modern methods appropriate for the geological conditions of the area to enable maximum economic production of coal, avoiding hazards to life, health and property, avoiding pollution of air, land and waters, and pursuant to an efficient and economic program of operation*";

WHEREAS, Republic Act (RA) No. 7638, as amended, otherwise known as "*The Department of Energy (DOE) Act of 1992*", declares it a policy of the State to ensure a continuous, adequate, and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements through the integrated and intensive exploration, production, management, and development of the country's indigenous energy resources, and through the judicious conservation, renewal and efficient utilization of energy to keep pace with the country's growth and economic development and taking into consideration the active participation of the private sector in the various areas of energy resource development; and to rationalize, integrate, and coordinate the various programs of the Government towards self-sufficiency and enhanced productivity in power and energy without sacrificing ecological concerns;

WHEREAS, Section 5(k) of RA No. 7638, as amended, mandates the DOE, to formulate such rules and regulations as may be necessary to implement the objectives of the Act;

WHEREAS, Department Circular No. DC2018-12-0028, otherwise known as the “*Coal Mine Safety and Health Rules and Regulations*,” provides that it is the commitment of the DOE to take all reasonably practical steps to ensure the safety and health of all workers involved in coal mining operations in the Philippines;

WHEREAS, coal mining in the Philippines supports the country’s energy security, contributes significantly to the economy, and provides employment opportunities to Filipinos;

WHEREAS, even with its recognized economic benefits, coal operations are associated with hazards to life, health, and the ecology.

WHEREAS, there is a need to establish well-defined regulations that promote responsible coal operations with equal emphasis on safety and ecological protection;

WHEREAS, responsible coal operations will not only mitigate the associated negative impacts but are also aligned with the country’s international commitments and clean energy aspirations;

NOW, THEREFORE, the foregoing premises considered, the DOE, recognizing the role of coal in energy security and economic growth, hereby promulgates the following guidelines for compliance of all concerned.

Section 1. Policy Guidelines. The following policy guidelines shall govern the implementation of this Circular:

1. This Circular shall support and supplement policies and regulations to ensure good coal mining practices that enable maximum economic production of coal while avoiding hazards to life, health, and the ecology.
2. It shall ensure the responsible coal operations at all stages—from exploration, development, and production to mine closure and decommissioning.
3. Coal Operating Contract (COC) Operators shall be responsible for the availability of sufficient funds for the implementation of the guidelines set forth in this Circular.
4. This Circular mandates the adoption of measures to ensure good coal mining practices in all stages of operations. Non-compliance with any of its provisions shall be a ground for the cancellation of COCs.

Section 2. Progressive Rehabilitation. To mitigate the expected impact of coal operations, accelerate recovery, and ensure the continued safe use of affected areas, rehabilitation activities shall be adopted and implemented concurrently with ongoing coal operations.

In the exploration phase, rehabilitation shall mean the mitigation of the expected impacts of coal exploration activities such as, but not limited to, trenching, test pitting, aditting, tunnelling, shafting, and borehole drilling.

In the development and production phase, rehabilitation shall mean the mitigation of the expected impacts of both surface and underground coal mining activities such as, but not limited to, abandoned mine pits, mine shafts, adits, and stockpile areas.

The Work Program and Budget (WPB) of all COC Operators shall include a progressive rehabilitation plan and budget, which shall clearly and comprehensively define the ecological protection and management strategies pertinent to the phase of coal operations. The COC Operator shall allocate a portion of its budget for progressive rehabilitation activities, which shall in no case be less than three percent (3%) of the approved annual exploration cost or operating cost, whichever is applicable.

Section 3. Additional Requirement for COCs in Development and Production Phase. In addition to the requirements under Section 2 hereof, all COC Operators in the development and production phase shall likewise allocate funds for Coal Mine Contingency and Decommissioning Fund (CMCDF).

The CMCDF shall be composed of the following:

1. **Coal Mine Contingency Fund (CMCF).** This shall cover expenses related to unexpected emergencies from the coal operations that cause ecological damage and/or adverse effect to the communities.

The following amounts shall be allocated for the CMCF:

- a. For surface mining – Five Million Pesos (PhP5,000,000.00)
- b. For underground mining – One Million Pesos (PhP1,000,000.00)

In case of disbursement from the CMCF, the COC Operator shall replenish the same in an amount equal to the disbursed amount, within sixty (60) days from such disbursement.

2. **Final Mine Decommissioning Fund (FMDF).** This shall cover expenses for the implementation of the DOE-approved Final Mine Decommissioning Plan (FMDP) for the cessation of the mining operations upon expiration or termination of the COC. The FMDP shall include a management plan for the remediation of contaminated soil and water resources, land restoration, proper dismantling/abandonment of facilities and equipment, and other necessary activities. The FMDP shall take into account all possible mine closure scenarios using risk-based methodologies and shall contain cost estimates for its implementation, considering expected inflation, technological advances, and specific circumstances faced by the coal mining operation upon consultation with the host community. The cost estimates shall cover the full extent of work necessary to achieve the objectives of mine closure.

Annual cash provisions under the FMDF shall be allocated by the COC Operator based on the formula:

Annual Provision for FMDF = Total Cost of Implementing the Approved FMDP x Percentage Required Per Annex A

The FMDP shall form part of the requirements for the conversion of COCs under the exploration phase to the development and production phase, and shall be updated periodically, as may be necessary.

The CMCDF shall be deposited in an escrow account in a government financial institution, under the joint name of the COC Operator and the DOE, within sixty (60) days from approval of the FMDP.

Deposits made to the escrow account shall be recovered as part of Operating Expenses. No withdrawal or disbursement from the escrow account shall be allowed without the prior consent or approval of the DOE.

Section 4. Transitory Provision. All existing COC Operators shall submit the required progressive rehabilitation plan and budget within sixty (60) days from the effectivity of this Circular.

Additionally, for existing COCs under the development and production phase, the COC Operator shall submit the required FMDP within six (6) months from the effectivity of this Circular.

Section 5. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such sections or provisions not affected thereby shall remain in full force and effect.

Section 6. Repealing Clause. All other previous issuances, rules, and regulations inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 7. Effectivity. This Circular shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation or in the Official Gazette. A copy of this Circular be furnished to the University of the Philippines Law Center-Office of National Administrative Register (UPLC-ONAR).

Issued this OCT 08 2025 at DOE, Energy Center, Rizal Drive corner 34th Street, Bonifacio Global City, Taguig City, Metro Manila.


SHARON S. GARIN
Secretary



Annex A. Schedule on the deposition of the FMDf

Years to Lodge Fund																															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
Mine Life (Years)																															
1	1.000																														
2	1.000																														
3	0.667	0.333																													
4	0.500	0.333	0.167																												
5	0.400	0.300	0.200	0.100																											
6	0.333	0.267	0.200	0.133	0.067																										
7	0.286	0.238	0.190	0.143	0.095	0.048																									
8	0.250	0.214	0.179	0.143	0.107	0.071	0.036																								
9	0.222	0.194	0.167	0.139	0.111	0.083	0.056	0.028																							
10	0.200	0.178	0.156	0.133	0.111	0.089	0.067	0.044	0.022																						
11	0.182	0.164	0.145	0.127	0.109	0.091	0.073	0.055	0.036	0.018																					
12	0.167	0.152	0.136	0.121	0.106	0.091	0.076	0.061	0.045	0.030	0.015																				
13	0.154	0.141	0.128	0.115	0.103	0.090	0.077	0.064	0.051	0.038	0.026	0.013																			
14	0.142	0.132	0.121	0.110	0.099	0.088	0.077	0.066	0.055	0.044	0.033	0.022	0.011																		
15	0.132	0.124	0.114	0.105	0.095	0.086	0.076	0.067	0.057	0.048	0.038	0.029	0.019	0.010																	
16	0.125	0.117	0.108	0.100	0.092	0.083	0.075	0.067	0.058	0.050	0.042	0.033	0.025	0.017	0.008																
17	0.118	0.110	0.103	0.096	0.088	0.081	0.074	0.066	0.059	0.051	0.044	0.037	0.029	0.022	0.015	0.007															
18	0.110	0.105	0.098	0.092	0.085	0.078	0.072	0.065	0.059	0.052	0.046	0.039	0.033	0.026	0.020	0.013	0.007														
19	0.105	0.099	0.094	0.088	0.082	0.076	0.070	0.064	0.058	0.053	0.047	0.041	0.035	0.029	0.023	0.018	0.012	0.006													
20	0.100	0.095	0.089	0.084	0.079	0.074	0.068	0.063	0.058	0.053	0.047	0.042	0.037	0.032	0.026	0.021	0.016	0.011	0.005												
21	0.095	0.090	0.086	0.081	0.076	0.071	0.067	0.062	0.057	0.052	0.048	0.043	0.038	0.033	0.029	0.024	0.019	0.014	0.010	0.005											
22	0.090	0.087	0.082	0.078	0.074	0.069	0.065	0.061	0.056	0.052	0.048	0.043	0.039	0.035	0.030	0.026	0.022	0.017	0.013	0.009	0.004										
23	0.087	0.083	0.079	0.075	0.071	0.067	0.063	0.059	0.055	0.051	0.047	0.043	0.040	0.036	0.032	0.028	0.024	0.020	0.016	0.012	0.008	0.004									
24	0.084	0.080	0.076	0.072	0.069	0.065	0.062	0.058	0.054	0.051	0.047	0.043	0.040	0.036	0.033	0.029	0.025	0.022	0.018	0.014	0.011	0.007	0.004								
25	0.080	0.077	0.073	0.070	0.067	0.063	0.060	0.057	0.053	0.050	0.047	0.043	0.040	0.037	0.033	0.030	0.027	0.023	0.020	0.017	0.013	0.010	0.007	0.003							
26	0.077	0.074	0.071	0.068	0.065	0.062	0.058	0.055	0.052	0.049	0.046	0.043	0.040	0.037	0.034	0.031	0.028	0.025	0.022	0.018	0.015	0.012	0.009	0.006	0.003						
27	0.074	0.071	0.068	0.066	0.063	0.060	0.057	0.054	0.051	0.048	0.046	0.043	0.040	0.037	0.034	0.031	0.028	0.026	0.023	0.020	0.017	0.014	0.011	0.009	0.006	0.003					
28	0.071	0.069	0.066	0.063	0.061	0.058	0.056	0.053	0.050	0.048	0.045	0.042	0.040	0.037	0.034	0.032	0.029	0.026	0.024	0.021	0.019	0.016	0.013	0.011	0.008	0.005	0.003				
29	0.069	0.067	0.064	0.062	0.059	0.057	0.054	0.052	0.049	0.047	0.044	0.042	0.039	0.037	0.034	0.032	0.030	0.027	0.025	0.022	0.020	0.017	0.015	0.012	0.010	0.007	0.005	0.002			
30	0.067	0.065	0.062	0.060	0.057	0.055	0.053	0.051	0.048	0.046	0.044	0.041	0.039	0.037	0.034	0.032	0.030	0.028	0.025	0.023	0.021	0.018	0.016	0.014	0.011	0.009	0.007	0.005	0.002		
31	0.065	0.062	0.060	0.058	0.056	0.054	0.052	0.049	0.047	0.045	0.043	0.041	0.039	0.037	0.034	0.032	0.030	0.028	0.026	0.024	0.022	0.019	0.017	0.015	0.013	0.011	0.009	0.006	0.004	0.002	
32	0.063	0.061	0.059	0.057	0.055	0.053	0.051	0.049	0.046	0.044	0.042	0.040	0.038	0.036	0.034	0.032	0.030	0.028	0.026	0.024	0.022	0.020	0.018	0.016	0.014	0.012	0.010	0.008	0.006	0.004	0.002