

## CONTRACT FOR THE PROVISION OF PETROLEUM, OIL, AND LUBRICANTS

This Contract for Provision of Petroleum, Oil, and Lubricants ("Contract") is executed and entered into by and between:

**DEPARTMENT OF BUDGET AND MANAGEMENT** ("DBM"), a government agency duly organized and existing under the laws of the Philippines with office and principal place of business at Boncodin Hall, General Solano St., San Miguel, Manila represented herein by its Secretary, FLORENCIO B. ABAD;

- and -

**PETRON CORPORATION** ("PETRON"), a corporation organized and existing under Philippine laws, with principal office address at the SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City, represented herein by its Vice President for National Sales Division, ARCHIE B. GUPALOR, and its National Sales Manager for Cards Business Group, VIRGILIO V. CENTENO;

The DBM and PETRON are hereinafter collectively referred to as the "Parties" and individually referred to as a "Party".

WITNESSETH: That -

WHEREAS, PETRON is a petroleum company that is also engaged in the business of marketing and distribution of petroleum products through, among others, the issuance of fleet cards;

WHEREAS, the DBM is a government agency mandated under Executive Order No. 25 dated April 25, 1936, to promote sound, efficient and effective management and utilization of government resources as instrument in the achievement of national socioeconomic and political development goals;

WHEREAS, the DBM conducted a public bidding for the Provision of Petroleum, Oil, and Lubricants (hereinafter, the "Goods and Services") with an Approved Budget for the Contract of Thirteen Million Forty Nine Thousand Pesos (P13,049,000.00);

WHEREAS, DBM Bids and Awards Committee (BAC) through its Resolution No. 2015-68 dated November 10, 2015 for the project, *Provision of Petroleum, Oil, and Lubricants*, declared the bidding "failed" pursuant to Section 35.1 (b) of the Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184;

WHEREAS, based on the aforementioned Resolution, the DBM-BAC conducted a re-bidding, and reposting in accordance with Section 21.2 of the Revised IRR of the same law;

WHEREAS, after examination and evaluation of the submitted bid, the DBM-BAC found PETRON's bid to be the successful offer and responsive to all requirements of the project and recommended to the DBM Secretary the award of the contract to PETRON per DBM-BAC Resolution No. 2015-72 with a validated amount of P11,789,004.20;

WHEREAS, the Notice of Award was issued to PETRON last December 29, 2015, and PETRON posted its performance security last January 6, 2016;

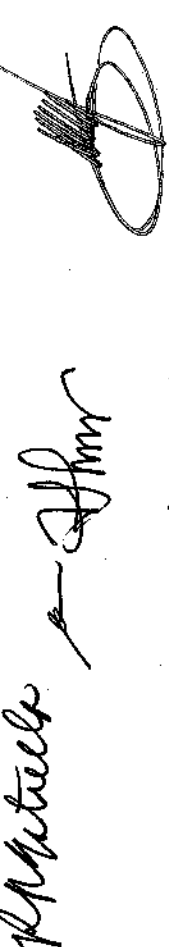
NOW, THEREFORE, for and in consideration of the foregoing premises and of the terms and conditions hereunder set forth, the Parties hereby mutually agree as follows:

1. This Contract shall be effective upon receipt of the Notice to Proceed, and shall continue to be in force for twelve (12) months.
2. The following documents shall form and be read and construed as part of this Contract:
  - (a) Annex 1: Application Form and Cardholder Information filled out and signed by the Authorized Representative of DBM;
  - (b) Annex 2: Terms and Conditions Governing the Issuance and Use of the Petron Fleet Card;
  - (c) Annex 3: Towing and Roadside Assistance Service Agreement with Ibero Asistencia;
  - (d) Annex 4: Bid Form and Validated Amount;
  - (e) Annex 5: Schedule of Requirements;
  - (f) Annex 6: Technical Specifications;
  - (g) Annex 7: General Conditions of Contract;
  - (h) Annex 8: Special Conditions of Contract;
  - (i) Annex 9: Notice of Award;
  - (j) Annex 10: Performance Security; and
  - (k) Annex 11: List of Participating Petron Service Stations.

The DBM warrants that the information supplied by its authorized representative in Annex 1 is true and accurate and may be relied upon for the purpose of processing the application under the Petron Fleet Card program. The DBM further agrees with the entirety of the Terms and Conditions Governing the Issuance and Use of the Petron Fleet Card in Annex 2.

In case of conflict, discrepancy or inconsistency in Annexes and this Contract, the latter shall prevail.

3. PETRON shall serve the DBM through the Petron Fleet Cards issued to authorized persons and/or vehicles. The Petron Fleet Cards shall be used solely for purposes of purchasing fuels, lubes and/or services from participating Petron Service Stations.
4. For purposes of this Contract, participating Petron Service Stations are those with a Petron Fleet Card point-of-sale terminal. A list of these service stations will be provided by PETRON to DBM. The said list may be changed by PETRON without prior notice to the DBM: Provided, that PETRON shall furnish the DBM an updated list of participating Petron Service Station from time to time upon the DBM's request.

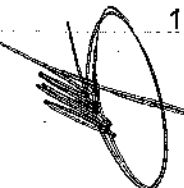


5. PETRON shall ensure that there is a minimum of one (1) Petron Service Station within five (5) kilometer radius from DBM Central Office (CO)/Regional Office (RO). However, absence of Petron Service Station within the five (5) kilometer radius of any of the abovementioned DBM offices shall not be considered breach of this Contract. Nonetheless, if such absence shall materially affect the service of DBM's fuel requirements, the DBM may ask for the pre-termination of this Contract by giving notice to PETRON thirty (30) days prior to pre-termination.
6. The DBM shall be responsible for safely retaining the Petron Fleet Card transaction slips. Any request for copies of the Petron Fleet Card transaction slips should be made within five (5) calendar days from the date of the relevant transactions. Otherwise, the request shall no longer be accommodated by PETRON.
7. The DBM shall also be responsible for and shall ensure that the Petron Fleet Card transaction slips accurately reflect any and all purchases charged under the Petron Fleet Card. The DBM may dispute any Petron Fleet Card transaction slip within fifteen (15) calendar days from receipt of the electronic copy of the monthly billing statements by providing PETRON with a written notice of the disputed items together with supporting details. If no such notice of dispute with proper supporting details has been sent to PETRON within the foregoing period, the Petron Fleet Card transaction slip shall be deemed conclusive and binding upon the DBM for all purposes of this Contract.
8. The DBM agrees to examine its electronic copy of the monthly billing statement and to report any discrepancy within fifteen (15) calendar days from receipt thereof. If no error is reported by the DBM in writing within such period, the statement of account shall be considered as conclusively correct with respect to both Parties.
9. The DBM shall be liable for the payment of all obligations or charges arising from the use of the Petron Fleet Card including those which are attributable to the fraudulent use of the Petron Fleet Card by its employees, agents and/or authorized representatives.
10. The DBM shall immediately report in writing to PETRON if any of its Petron Fleet Card is lost or stolen. The DBM shall be liable for all purchases made prior to the receipt by PETRON of the written notification. Replacement fees shall be charged for each damaged or lost Petron Fleet Card as follows:

Lost, damaged, replacement and others	Php 250.00 + VAT
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The foregoing fees may be changed by PETRON by giving the DBM a written notice thirty (30) days prior to the date of change.

11. PETRON shall waive the one-time joining fee of Php5,000 and the first year membership fee of Php300 per card for all Petron Fleet Cards it issues to the DBM. PETRON shall waive the membership fee for succeeding years provided that the DBM's average monthly consumption for the immediately preceding year shall amount to a minimum of two hundred (200) liters per card taking into account all enrolled vehicles. For the purpose of this provision, the two (2) operator cards issued to DBM-AS shall be exempt from the payment of annual membership fee and shall not be considered in determining average monthly consumption.





12. PETRON shall charge a handling fee of 3.5% on all purchases of goods and services.

13. The purchases within a given billing cycle, irrespective of purchase date, shall fall due and be payable, without need of demand, thirty (30) calendar days after the end of the billing cycle. PETRON shall provide the DBM electronic copies of the monthly statement of account within five (5) calendar days from the end of the billing cycle. Applicable three percent (3%) per month late payment charge shall be imposed on any and all past due amount.

If PETRON fails to send the electronic copy of the monthly billing statement to authorized DBM-AS personnel within five (5) calendar days due to electronic glitches or system failure, the number of days of delay shall be added to the 30-day payment period.

Unless otherwise subsequently instructed by PETRON, the DBM shall make all payments for its Petron Fleet Card account through any Union Bank or Banco de Oro (BDO) Branch. Billing cycle will be from the 1st day of the month to the last day of the same month. Card limits refresh on the first day of the billing cycle.

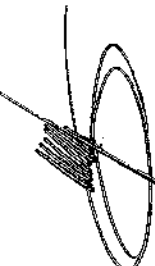
14. The DBM agrees to pay in full the amount due for a given billing cycle on or before the indicated payment due date. Should the due date for payment fall on a Saturday, Sunday or holiday, the payment due date automatically becomes the last working day before the said payment due date. Should any outstanding amount remain unpaid after the payment due date, PETRON may suspend, cancel or terminate the DBM's Petron Fleet Cards and/or withdraw the privileges granted to the DBM's card holders immediately. This shall be without prejudice to the other rights and remedies of PETRON under this Contract or in law or equity.

15. The DBM earns one (1) point for every P100.00 worth of purchases of PETRON fuels, lubes and/or services through its Petron Fleet Cards at any participating Petron Service Stations. Points may be redeemed for premium items as listed in PETRON's rewards catalogue provided that the DBM is not in default at the time of redemption. Only the authorized representative of DBM-AS can redeem the points on behalf of the DBM.

16. PETRON shall enroll all vehicles that the DBM registers under the Petron Fleet Card program for free 24-hour towing and roadside assistance service. This privilege shall be subject to the terms and conditions governing the service agreement between PETRON and Ibero Asistencia, the service provider.

17. Any amendment to this Contract shall be in writing and signed by both Parties.

18. The Parties agree that all the stipulations herein contained shall be deemed conditions as well as covenants and that if default or breach be made of any such covenants and conditions, then this Contract may be terminated and cancelled without prejudice to any other lawful rights and remedies by the non-defaulting Party upon written notice to the defaulting Party: Provided, however, that except for non-payment default, no default shall be declared under this Contract unless the Party in default has been given thirty (30) calendar days after written notice to cure such default or breach.



*Handwritten signature and initials, possibly 'M. M. M.' and 'M. M. M.', written vertically on the left margin.*

19. Any dispute concerning the application and interpretation of this Contract shall, as far as possible, be settled amicably through negotiations between the Parties. If the dispute is not resolved by negotiation within sixty (60) calendar days from receipt of a written invitation to negotiate, the dispute may be brought before the courts in the City of Manila or Mandaluyong, at the option of the plaintiff, to the exclusion of all other courts.

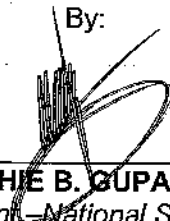
IN WITNESS WHEREOF, the Parties have hereto signed this Contract on the date and at the place mentioned in the acknowledgment.

PETRON CORPORATION

DEPARTMENT OF BUDGET AND  
MANAGEMENT

By:

By:



**ARCHIE B. GUPALOR**  
Vice President – National Sales Division

**FLORENCIO B. ABAD**  
Secretary

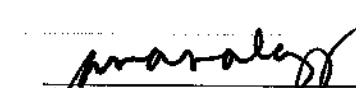


**VIRGILIO V. CENTENO**  
National Sales Manager – Cards Business  
Group

SIGNED IN THE PRESENCE OF:



**RODOLFO R. ESTRELLA**  
Area Sales Manager – Cards Business  
Group



**ANDREA CELENE M. MAGTALAS**  
Director, Administrative Service

Funds Available:

  
**ESPERANZA Q. IGNACIO**  
Chief Accountant

OR# 01102101 2016-01-000017

1/6/2016

mi

REPUBLIC OF THE PHILIPPINES )  
 ) ss.

~~MAKATI CITY~~

ACKNOWLEDGMENT

JAN 06 2016

BEFORE ME, a Notary Public for and in above jurisdiction, on \_\_\_\_\_ personally appeared the following with their respective government issued identification cards, to wit:

Name	Competent Evidence of Identity	Date / Place of Issue
ARCHIE B. GUPALOR	E 116 91663	JULY 22, 2014 PFA NCR EAST
VIRGILIO V. CENTENO	107-90-059536	DECEMBER 2, 2013 LTO EAST ALABONE

all known to me and to me known to be the same persons who executed the foregoing Contract for Petron Fleet Card which consists of \_\_\_ ( ) pages, including the acknowledgment pages, and signed at the left margin of each and every page by the parties executing this instrument and their witness. They acknowledged to me that their signatures on the instrument were freely and voluntarily affixed by them for purposes stated therein and that they were duly authorized by PETRON CORPORATION.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place above written.

Doc. No. 2  
Page No. 1  
Book No. 11  
Series of 2016.

Atty. GERVACIO B. ORTIZ, JR.  
Notary Public, Makati City  
NOTARY PUBLIC  
Roll No. 40091 / PTR No. 5323504, 1-4-16  
IBP No. 656155 / MCLE No. V-0006934  
Appointment No. M-199 up to 12-31-16  
101 Urban Ave., Pio del Pilar, Makati City

REPUBLIC OF THE PHILIPPINES )  
 ) ss.

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in above jurisdiction, on \_\_\_\_\_ personally appeared the following with their respective government issued identification cards, to wit:

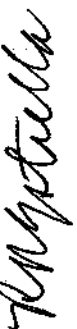
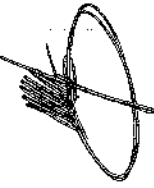
Name	Competent Evidence of Identity	Date / Place of Issue
FLORENCIO B. ABAD	DBM ID No. 3706	

all known to me and to me known to be the same person who executed the foregoing Contract for Petron Fleet Card which consists of \_\_\_ (\_\_\_) pages, including the acknowledgment pages, and signed at the left margin of each and every page by the party executing this instrument and his witness. He acknowledged to me that his signature on the instrument was freely and voluntarily affixed by him for purposes stated therein and that he was duly authorized by DEPARTMENT OF BUDGET AND MANAGEMENT.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place above written.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2016.

NOTARY PUBLIC





REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
GENERAL SOLANO ST., SAN MIGUEL, MANILA

**BIDS AND AWARDS COMMITTEE**

**Resolution No. 2015-72**

**WHEREAS**, the Department of Budget and Management (DBM) Bids and Awards Committee (BAC) conducted a public bidding for the Project, "Provision of Petroleum, Oil, and Lubricants," with an Approved Budget for the Contract of P13,049,000.00;

**WHEREAS**, under Resolution No. 2015-68 dated November 10, 2015, the BAC declared the first bidding as "failed" in accordance with Section 35.1 (b) of the Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184 (*Government Procurement Reform Act*);

**WHEREAS**, on November 16, 2015, a second Invitation to Bid was advertised in the Philippine Star and posted on the Philippine Government Electronic Procurement System website, the DBM website, and in all DBM Bulletin Boards;

**WHEREAS**, no interested bidder attended the Pre-bid Conference conducted on November 24, 2015;

**WHEREAS**, Supplemental Bid Bulletin No. 1 was issued on December 1, 2015 to clarify, modify or amend items in the Bidding Documents;

**WHEREAS**, during the submission and opening of bids on December 8, 2015, only Petron Corporation submitted a bid. After preliminary examination of the bid, the BAC, using non-discretionary "pass/fail" criteria, determined the submission as "passed;"

**WHEREAS**, after evaluation of the financial proposal, the BAC declared Petron Corporation as the Single Calculated Bid in the amount of P11,789,004.20;

**WHEREAS**, after careful examination, validation, and verification of the eligibility, technical, and financial proposals, the BAC found that the submission of Petron Corporation passed all the criteria for post-qualification, thus, declared as the Single Calculated Responsive Bid in the amount of P11,789,004.20;

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the BAC **RESOLVED**, as it hereby **RESOLVED**, to recommend to the Secretary of Budget and Management that the contract for the Project, "Provision of Petroleum, Oil, and Lubricants," be awarded to Petron Corporation in accordance with R.A. No. 9184 and its Revised IRR.

*Handwritten signatures and initials.*



**ADOPTED**, this 15<sup>th</sup> day of December 2015 at the Department of Budget and Management, General Solano St., San Miguel, Manila.

*Dinna Marie R. Estrada*  
**DINNA MARIE R. ESTRADA**  
*B.U.D.G.E.T. Representative*

not present  
**JOCELYN T. CENTENO**  
*End-user Representative*

*Dolores E. Galura*  
**DOLORES E. GALURA**  
*Member*

*Dante B. de Chavez*  
**DANTE B. DE CHAVEZ**  
*Member*

*Andrea Celene M. Magtalas*  
**ANDREA CELENE M. MAGTALAS**  
*Vice Chairperson*

*Sofia C. Yanto*  
**SOFIA C. YANTO**  
*Chairperson*

APPROVED  
 DISAPPROVED

*Florencio B. Abad*  
DEC 29 2015  
**FLORENCIO B. ABAD**  
*Secretary*



REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
GENERAL SOLANO ST., SAN MIGUEL, MANILA

**NOTICE OF AWARD**

December 29, 2015

**MR. VIRGILIO V. CENTENO**

National Sales Manager  
Petron Corporation  
SMC Head Office Complex  
40 San Miguel Ave.  
Mandaluyong City

Dear **Mr. Centeno**:

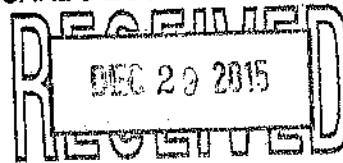
We are pleased to inform you that the contract for the Project, "Provision of Petroleum, Oil, and Lubricants," is hereby awarded to your company in the amount of P11,789,004.20.

In this regard, you are hereby required to post a performance security in the amount and form stated in Section 39 of the Revised Implementing Rules and Regulations of Republic Act No. 9184 prior to signing of the contract.

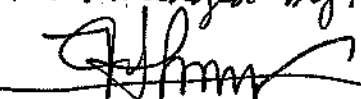
Very truly yours,

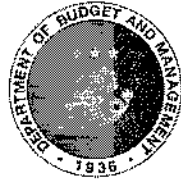
  
**FLORENCIO B. ABAD**  
Secretary

PETRON CORPORATION  
CARDS BUSINESS GROUP



By: \_\_\_\_\_ Time: \_\_\_\_\_

Acknowledged by:  
  
V.V. CENTENO



REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
GENERAL SOLANO ST., SAN MIGUEL, MANILA

**BIDS AND AWARDS COMMITTEE**

**NOTICE TO PROCEED**

January 06, 2016

**MR. VIRGILIO V. CENTENO**

National Sales Manager  
Petron Corporation  
SMC Head Office Complex  
40 San Miguel Ave.  
Mandaluyong City

Dear **Mr. Centeno**:

This is to inform your company that performance of the obligations specified in the attached Contract for the Project, "Provision of Petroleum, Oil, and Lubricants," shall commence upon receipt of this Notice to Proceed.

Very truly yours,

**FLORENCIO B. ABAD**

*Secretary*

