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Palawan leaders agree on Malampaya sharing

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PUERTO PRINCESA CITY, Philippines -- Malacañang and the province of Palawan have forged an agreement to split royalty payments to the Malampaya gas project frozen by the Supreme Court pending its ruling regarding the project's ownership, according to Palawan Governor Joel T. Reyes.

President Gloria Macapagal-Arroyo sealed the agreement with Palawan leaders in Malacañang on Wednesday during a meeting that included Puerto Princesa Mayor Edward Hagedorn, who had earlier complained that the city had been left out in the initial negotiations and lobbied to block release of the royalty.

"We reached an agreement with the President to speed up the development of Palawan through the release of the disputed Malampaya money and also resolve the issue of the share of Puerto Princesa," Reyes said on Thursday.

Earlier reports indicated that the national government and Palawan would receive some P6 billion in royalty payments from Service Contract 38 or the Malampaya gas project.

The agreement provides for dividing the payments into three equal parts with the provincial government and the two congressional districts each getting a share.

Hagedorn blocked the initial agreement made late August, ostensibly because the deal excluded Puerto Princesa City, which had been a part of the 2nd district of Representative Abraham Mitra before its ratification as a highly urbanized city in July.

Under the Local Government Code, Puerto Princesa City, being a highly urbanized city independent of the administrative control of the province, will no longer be entitled to a share of the province's natural wealth unless the resource is within its political jurisdiction.

Reyes confirmed an earlier report that President Arroyo had signed the executive order that formalized the Malampaya sharing scheme "but it was never released because of Mayor Hagedorn's protest."

A second round of negotiations initiated mainly by former Energy Secretary Rafael Lotilla reportedly firmed up the inclusion of Puerto Princesa as a direct beneficiary of the funds, a source added.

Hagedorn had lobbied for a direct share for Puerto Princesa, claiming that the Malampaya payments started long before the city became independent and thus it deserved a retroactive share. **Redempto Anda, Inquirer Southern Luzon**

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