

WELL DRILLING CONTRACT

CONTRACT ID. NO. INFRA 2023-002: SUPPLY OF LABOR AND MATERIALS FOR THE DRILLING OF ALMEDA II ONE(1) TEST/PRODUCTION WELL @ CONCEPCION PEQUEÑA, NAGA CITY

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT entered into in the **TAGUIG CITY**, this 20 day of JUL 2023, 2023, by and between:

The **METROPOLITAN NAGA WATER DISTRICT (MNWD)**, a Government Owned and Controlled Corporation, duly organized and existing under PD 198, otherwise known as the Provincial Water Utilities Act of 1973, as amended, with principal Office at No. 40 J. Miranda Avenue, Naga City, represented by **FLORENCIO T. MONGOSO, JR., CSEE**, General Manager per Board Resolution No. 102, Series of 2022, dated December 27, 2022, hereinafter referred to as the **OWNER**;

- and -

Drill Mechanics Incorporated, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with Office address at 3031 Mahogany St., United Parañaque Subdivision II, Parañaque Metro Manila, represented herein by **WILFREDO O. DEL ROSARIO**, Proprietor/General Manager, hereinafter referred to as the **CONTRACTOR**.

WITNESSETH:

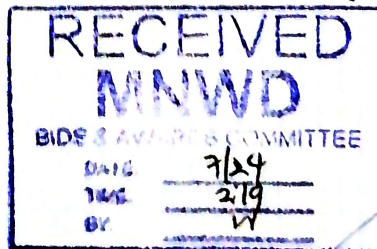
WHEREAS, the owner under its Contract I.D. No. INFRA 2023-002 is in need of a contractor for the **SUPPLY OF LABOR AND MATERIALS FOR THE DRILLING OF ONE(1) TEST/PRODUCTION WELL AT BARANGAY CONCEPCION PEQUEÑA, NAGA CITY**;

WHEREAS, after undergoing an open and competitive bidding the contractor's bid price of **₱5,579,300.00** was declared as the winning bid price.

That for and in consideration of the sum of FIVE MILLION FIVE HUNDRED SEVENTY-NINE THOUSAND THREE HUNDRED PESOS (₱5,579,300.00) only, the **CONTRACTOR** agrees and undertakes to perform the **SUPPLY OF LABOR AND MATERIALS FOR THE DRILLING OF ONE (1) TEST/PRODUCTION WELL @ BARANGAY CONCEPCION PEQUEÑA, NAGA CITY** under Contract I.D. No. INFRA 2023 - 002 under the following terms and conditions, to wit:

1. That the contractor shall furnish all labor and materials for the project and complete said project within ONE HUNDRED TWENTY (120) calendar days from receipt of the Notice to Proceed from the **OWNER** in accordance with the approved implementation schedule (Bar Chart) hereto attached as Annex "A" including but not limited to all of the provisions enumerated in the bid documents, which shall be attached herein and deemed to form, and be read and construed as part of this agreement, to wit:

- a. General and Special Conditions of Contract;
- b. Drawings/Plans;
- c. Specifications;



- d. Invitation to Apply for Eligibility and to Bid;
 - e. Instructions to Bidders;
 - f. Bid Data Sheet;
 - g. Addenda and/or Supplemental/Bid Bulletins, if any;
 - h. Bid Form, including all the documents/statements contained in the Bidder's bidding envelopes, as annexes;
 - i. Eligibility Requirements, documents and/or statements;
 - j. Performance Security;
 - k. Credit line issued by a licensed bank, if any;
 - l. Notice of Award of Contract and the Bidder's conform thereto;
 - m. Other Contract documents that may be required by existing laws and/or the Entity.
2. That the contractor for and in consideration of the payments to be made by the MNWD, warrants that any defects or use of sub-standard materials in the works contracted to be done shall be corrected and or replaced at option of the MNWD by the contractor immediately in accordance with the plans and specifications provided for in the contract at **no additional expense to the Owner.**
 3. That the MNWD hereby agrees/covenants to pay the CONTRACTOR in consideration of the execution and completion of the contracted WORKS at the unit prices in the TENDER, at the time and in the manner prescribed by the CONTRACT and specified in the BID. It is however understood that the quantities listed in the PROPOSAL do not govern final payment; hence, payment to the CONTRACTOR will be made only for actual quantities of contract items performed in accordance with the plans and specifications and duly accepted in writing by the MNWD.
 4. Further, it is understood and agreed that the following items and quantities are also deemed included in the scope of work:

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| Item No. | Description | Qty. | Unit | Unit Cost | Total Cost |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------------|--------------|
| 1 | Mobilization of equipment, tools, materials, and drilling staff | 1 | Lot | 150,000.00 | 150,000.00 |
| 2 | Preparation of site and setting-up of equipment including site fill-up, if necessary | 1 | Lot | 80,000.00 | 80,000.00 |
| 3 | Drilling of 200 mm Ø Pilot hole including strata sampling every meter of penetration or less whenever changes of formation occurs and the use of temporary casings, if necessary | 180 | M | 6,600.00 | 1,188,000.00 |
| 4 | Soil analysis, water bearing strata identification, geophysical borehole logging (self-potential and electrical resistivity) and preparation of final well design | 1 | Lot | 40,000.00 | 40,000.00 |
| 5 | Furnishing of 300 mm Ø Spiral welded steel casing (8mm thick) | 22 | Pcs. | 44,800.00 | 985,600.00 |
| 6 | Furnishing of 300 mm Ø Continuous slot Wedge wirewound stainless steel screens, Slot 60 | 18 | Pcs. | 49,500.00 | 891,000.00 |
| 7 | Reaming of pilot hole from 200 mm to 450 mm diameter | 180 | M | 5,800.00 | 1,044,000.00 |
| 8 | Installation of 300 mm Ø casings and screens including stick-up pipe | 181 | M | 700.00 | 126,700.00 |
| 9 | Furnishing and installation of gravel pack material on annulus around casings and screens | 165 | M | 1,200.00 | 198,000.00 |
| 10 | Furnishing and installation of 50 mm dia. G.I. gravel fill pipe with screw cap | 16 | M | 1,937.50 | 31,000.00 |
| 11 | Mud dispersion/thinning with appropriate dispersant/thinner | 1 | Lot | 80,000.00 | 80,000.00 |
| 12 | Well development: | | | | |

| | | | | | |
|-------------------|-----------------------------------------------------------------------|----|------|------------|---------------------|
| | a. Jetting/Backwashing | 24 | Hrs. | 3000 | 72,000.00 |
| | b. Surging and Bailing | 24 | Hrs. | 3000 | 72,000.00 |
| | c. Airlift | 12 | Hrs. | 15000 | 180,000.00 |
| 13 | Step drawdown pumping test, about 5 steps at 1 hour duration per step | 1 | Lot | 20,000.00 | 20,000.00 |
| 14 | Continuous constant discharge rate pumping test | 72 | Hrs. | 3,000.00 | 216,000.00 |
| 15 | Cement grouting of annulus around 350 mm dia. Casing | 15 | M | 2,000.00 | 30,000.00 |
| 16 | Furnishing and installation of well head cap and sounding tube | 1 | Lot | 5,000.00 | 5,000.00 |
| 17 | Clean up and restoration of well site | 1 | Lot | 10,000.00 | 10,000.00 |
| 18 | Demobilization | 1 | Lot | 150,000.00 | 150,000.00 |
| 19 | Water quality testing | 1 | Lot | 10,000.00 | 10,000.00 |
| BID AMOUNT | | | | | 5,579,300.00 |

5. The CONTRACTOR may submit a request for payment for Work already accomplished. However, such request for payment shall be verified and certified in writing by the MNWD's Representative/Project Engineer. Except as otherwise stipulated in the SPECIAL CONDITION OF CONTRACT (SCC), materials and equipment delivered on the site but not completely installed and put in place **shall not be included for payment**. Provided further that the MNWD shall have the option to deduct the following from the certified gross amounts to be paid to the CONTRACTOR as progress payment, to wit:
 - a. Cumulative value of the work previously certified and paid for.
 - b. Advance payment to be recouped for this billing.
 - c. Retention money in accordance with the condition of contract.
 - d. Amount to cover third party liabilities.
 - e. Amount to cover uncorrected discovered defects in the works.
 - f. Amount covering delays and/or defaults and/or failure to perform according to submitted or required percentage or stages of completion.
6. That the parties agree that payments shall be adjusted by deducting from the amounts for advance payments and retention. Provided however that the MNWD shall pay the CONTRACTOR only the amounts certified in writing by the MNWD's Representative within twenty eight (28) days from the date each certificate was issued. It is however understood that No payment of interest for delayed payments and adjustments shall be made against the MNWD or charged to it. That at the option of the Owner (MNWD), the first progress payment may be paid by the MNWD to the CONTRACTOR provided that at least twenty percent (20%) of the work has been accomplished as certified in writing by the MNWD's Representative.
7. That the Implementing Rules and Regulations (IRR) – A of Republic Act (R.A.) No. 9184, otherwise known as the Government Procurement Reform Act, other existing laws, decrees, executive and administrative orders, circulars and local ordinances issued by proper authorities affecting government construction projects, as well as the guidelines for the Completion and payments of price Escalation on infrastructure Contracts adopted and approved by the Government, shall form and made an integral part of this Contract/Agreement.
8. In case the potential or expected yield of the well is not sufficient after the conduct of the geophysical borehole logging (self-potential and electrical resistivity), the MNWD has the option to officially terminate this well drilling contract, the corresponding payment for accomplished works shall be made in accordance with the stimulated provisions of Item #3 of the well drilling contract.
9. That this CONTRACT shall not take effect until the CONTRACTOR has furnished and delivered to the MNWD a Performance Bond from a reputable bonding company that is fully acceptable to the MNWD in the form and amount as required in the Instructions to Bidders.



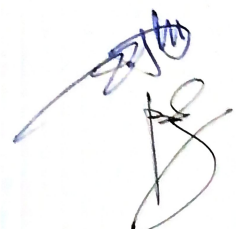
10. In the event the CONTRACTOR fails and or refuses to complete the work contracted within the specified contract time agreed upon in this contract or in the event an extension of time is granted for justifiable reasons by the Owner, the CONTRACTOR upon default or failure to complete the work obligates himself and warrants to pay the MNWD liquidated damages (not by way of penalty), an amount equivalent to no less than one-tenth of one percent (0.1%) of the cost of the unperformed portion of the works for every day of delay plus incidental expenses. In case the cumulative amount of liquidated damages reaches ten percent (10%) or more of the amount of the contract, the MNWD shall have the option to file the appropriate action or remedies in the judicial Courts of the City of Naga. Further, the MNWD may likewise also impose additional liquidated damages against the CONTRACTOR as provided for in the "Instruction to Bidders".
11. In the event the delay in the completion of the work as contracted exceeds a time duration equivalent to ten percent (10%) of the specified contract time or despite extension duly granted to the CONTRACTOR, the MNWD shall have the option to automatically and unilaterally rescind the contract without need of court action, forfeit the contractor's performance security bond and immediately take over physical possession and control of the project and/or award the same to a qualified contractor by negotiated contract.
12. The CONTRACTOR warrants and obligates himself/itself to comply with, and strictly observe all laws and or local laws and ordinances regarding workmen's welfare, compensation of injuries, minimum wages, hours of labor, and other labor laws and be solely and exclusively liable for his/its employees undertaking the works in this project.
13. The CONTRACTOR warrants that he/she has not given nor promised to give any money or gift to any employee of the MNWD (or any Philippine Government Instrumentality) to secure this CONTRACT.
14. The parties agree that the joint guidelines in Change Orders, Extra Work Orders, etc. as provided under the pertinent provisions of the Implementing Rules and Guidelines of the R.A. # 9184 are hereby incorporated as part of this Contract.
15. The CONTRACTOR agree that the defects' liability for infrastructure project shall be one (1) year from project completion up to final acceptance by the MNWD. During this period, the CONTRACTOR shall undertake the repair of works, at his own expense, of any damage to the works on account of the use of materials of inferior quality within ninety (90) days from the time the Contractor or any of his field officer had constructive or actual knowledge of repairs to be undertaken without need for an Order to undertake repair. In case of failure or refusal by the Contractor to comply with this obligation, the MNWD shall undertake such repair works and shall be entitled to full reimbursement of all expenses incurred on demand to the Contractor.
16. That after final acceptance of the project by the MNWD, the CONTRACTOR shall be liable and held responsible for the project within the ten (10) years warranty period from the final acceptance, except those occasioned by *force majeure* and those caused by third parties.
17. In the event of structural defects/failure occurring within the applicable warranty period provided above, the MNWD shall undertake the necessary restoration or reconstruction works and shall be entitled to full reimbursement from the CONTRACTOR including the parties found to be liable for the expenses incurred thereto and immediately demandable from said parties without prejudice to the filing of appropriate administrative, civil, and/or criminal charges in the courts of the City of Naga against the said responsible persons as well as the forfeiture of bonds, warranty, or securities posted in favor of the MNWD, if any.
18. It is agreed by the parties that the required amount for the above forms of security in this Contract shall be in accordance with the following schedule:



| Form of Warranty | Minimum Amount in Percentage (%) of Total Contract Price |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. Cash, certified check, cashier's check, manager's check, bank draft or irrevocable letter of credit | Five Percent (5%) |
| 2. Bank guarantee | Ten Percent (10%) |
| 3. Surety bond | Thirty Percent (30%) |

The required amounts of bonds warranty or security shall be stated in Philippine Pesos or as per determined percentage based on the contract price, and shall remain effective during the applicable warranty period as stated in Item No. 15 hereof and shall be returned only after the lapse of the said warranty period.

19. The parties agree that the MNWD shall have the right to terminate automatically this Contract in the event that the CONTRACTOR incurs a fifteen percent (15%), or greater slippage in every stage of completion or progress report schedule or in the prosecution of the overall work evaluated against the project schedule, or at any stage of the project when delay/s is/are made or when furthering the work becomes prejudicial or disadvantageous to the MNWD at the option of the latter.
20. If any and all disputes arising from the implementation of this Contract covered by the act and this IRR-A is submitted by MNWD to arbitration in the Philippines according to the provisions of R.A. #876, otherwise known as the "Arbitration Law", are within the competence of the Construction Industry Arbitration Commission (CIAC) to resolve as may be referred thereto by MNWD. The process of arbitration shall be incorporated in a provision in the Contract that will be executed pursuant to said act and this IRR-A. Provided further that by Mutual Agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution. In case of disagreement between Parties, the Law on Arbitration may apply at the option of MNWD. However, in case of litigation arising out of this Contract or if the arbitration procedure has failed to solve the case, the Parties hereto agree that its venue shall be exclusively the proper Court in Naga City, Camarines Sur to the exclusion of any other court wheresoever, under the laws of the Republic of the Philippines at the option of the MNWD.
21. Any and all previous contract or agreement involving this project which are or maybe inconsistent with this contract, are deemed automatically cancelled and rendered of no effect by the parties.
22. AMENDMENT: That this contract shall not be deemed changed, amended, modified or extended in any manner whatsoever, unless such change, amendment, modification or extension be in writing duly signed by both parties herein, and any doubt in the interpretation of any word or provision in this Contract shall always be interpreted in favor of the Owner (MNWD).


IN WITNESS WHEREOF, the parties hereto set their respective hands on the day, month and year first above written.


METROPOLITAN NAGA
WATER DISTRICT

DRILL MECHANICS
INCORPORATED


By:


By:


FLORENCIO T. MONGOSO, JR., CSEE
General Manager


WILFREDO O. DEL ROSARIO
Proprietor/General Manager

Signed in the Presence of:


SAMUEL A. AMORES


PAULO DEL ROSARIO

ACKNOWLEDGEMENT

Republic of the Philippines)
TAGUIG CITY) S. S.


BEFORE ME, this 20 day of JUL 20 2023, 2023 **TAGUIG CITY**, Philippines,
personally appeared the affiants showing to me their respective identification:

| | I.D. No. | Issued By | Date Issued | Valid Until |
|---------------------------------|---------------|-----------|-------------|-------------|
| FLORENCIO T. MONGOSO, JR., CSEE | E04-89-021468 | LTO | | 11/16/23 |
| WILFREDO O. DEL ROSARIO | 00/2119 | PRC | | 12/05/24 |

with pictures and current signatures thereon, and known to me and to me known to be the same persons who executed the foregoing instrument, that the said deed is the true and faithful act of the affiant/s, as well as the Corporation/Water District, represented and they acknowledge to me that the same are their free voluntary acts and deeds. This WELL DRILLING CONTRACT AGREEMENT consists of 6 pages including this page on which this acknowledgement is written.

WITNESS MY HAND AND SEAL ON THE DATE AND PLACE ABOVE WRITTEN.

Doc. No. 146
Page No. 31
Book No. XIII
Series of 2023.


RACHEL GINAYA W. COPANUT-RANCANI
NOTARY PUBLIC UNTIL Dec. 31, 2023/TAGUIG CITY
Not. Com. Appt. No. 18 (2022-2023)
427 M.L. Q. St., Lower Bicutan, Taguig City
PTR No. A-5675511/1-4-2023, Taguig City
IBP O.R. No. 181027-12/27/2022, RSM
MCLE Comp. No. VII-0007104/11-22-2021
ROLL No. 61627