

**CONTRACT OF INFRASTRUCTURE PROJECT  
FOR DIGOS WATER DISTRICT**

**KNOW ALL MEN BY THESE PRESENTS:**

This CONTRACT made and executed by and between:

**DIGOS WATER DISTRICT**, a government owned and controlled corporation duly organized and existing under and by virtue of Presidential Decree No. 198, as amended, with office at Rizal Avenue, Digos City represented by its General Manager, FELOMINO A. DAUB hereinafter referred to as the FIRST PARTY;

-and-

**NJG CONSTRUCTION INC.**, licensed contractor, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with Securities and Exchange Commission Reg. No. CS201966514, and with office address at Bago Ideal, Brgy. Bago Aplaya, Davao City, represented by DICK L. YAN, hereinafter referred to as the SECOND PARTY.

-WITNESSETH-

WHEREAS, FIRST PARTY is desirous that a certain work should be constructed namely:

**“DRILLING OF ONE (1) UNIT EXPLORATORY / PRODUCTION WELL BY  
ROTARY DRILLING METHOD AT Brgy. Tiguman, DIGOS CITY**

With the following Work Item Description:

ITEM NO.	Work Item description	QTY	UNIT	UNIT PRICE	TOTAL PRICE
1.	Mobilization	1	Lot	64,387.00	64,387.00
2.	Site Preparation	1	Lot	26,197.00	26,197.00
3.	Drilling of Pilot Hole	130	m	7,318.46	951,400.00
4.	Logging of Pilot Hole	1	Lot	29,547.00	29,547.00
5.	Reaming of 450mm dia. Borehole	63	m	2,439.65	153,698.00
6.	Reaming of 350mm dia. Borehole	67	m	2,170.00	145,390.00
7.	Furnishing of 300mm dia. Blank Casing (Spiral Welded B.I Pipe Sch. 40)	63	m	6,708.51	422,636.00
8.	Furnishing of 250mm dia. Blank Casing (Spiral Welded B.I Pipe Sch.40)	24	m	5,198.08	124,754.00
9.	Furnishing of 250mm dia. Stainless Steel Screen	42	m	12,139.76	509,870.00
10.	Installation of Casing and Screen	130	m	294.80	38,324.00
11.	Furnishing and installation of 300mm x 250mm dia. Reducer	1	Pc.	34,116.40	34,116.40
12.	Furnishing and Installation of Centralizer	1	Lot	29,292.40	29,292.40

ITEM NO.	Work Item description	QTY	UNIT	UNIT PRICE	TOTAL PRICE
13.	Furnishing and Filling of Gravel Pack	100	m	263.98	26,398.00
14.	Materials and Gravel Fill Pipe	32	m	431.31	13,802.00
15.	Treatment with Polyphosphate Solution	1	Lot	27,738.00	27,738.00
16.	Development by Water Jetting	12	Hrs.	3,574.45	42,893.40
17.	Development by Surging/Bailing	12	Hrs.	3,574.45	42,893.40
18.	Development by Airlifting	12	Hrs.	3,774.33	45,292.00
19.	Step Drawdown Pumping Test	1	Lot	58,089.00	58,089.00
20.	Constant Discharge Pumping Test	72	Hrs.	895.19	64,454.00
21.	Cement Grouting	30	m	254.60	7,638.00
22.	Well Completion	1	Lot	29,078.00	29,078.00
23.	Demobilization and Site Clean-up	1	Lot	64,923.00	64,923.00
24.	Water Quality Testing (Drilling Pump Testing)	1	Lot	5,226.00	5,226.00
	<b>TOTAL COST (Including Taxes)</b>				<b>2,958,036.60</b>

WHEREAS, the FIRST PARTY accepted the offer of the SECOND PARTY for the construction and completion of such works in Philippine Peso in the amount not to exceed **TWO MILLION NINE HUNDRED FIFTY-EIGHT THOUSAND THIRTY-SIX PESOS AND 60/100 only (Php 2,958,036.60)** which shall be subject to appropriate withholding tax. The whole works comprised in the contract shall be completed within One Hundred Five (105) calendar days to be computed upon receipt of Notice to Proceed (NTP) in accordance with plans, programs or works and specification of the project.

This agreement witnesseth as follows:

1. In this agreement, words and expressions shall have the same meaning as are respectively assigned to them in the conditions of contract herein referred to.
2. The following documents shall be deemed to form and be interpreted and construed as part of this agreement.
  - A. INVITATION TO BID
  - B. INSTRUCTION TO BIDDERS
  - C. BID DATA SHEET
  - D. GENERAL AND SPECIAL CONDITIONS OF CONTRACT
  - E. APPROVED BUDGET FOR THE CONTRACT
  - F. CERTIFICATE OF AVAILABILITY OF FUNDS
  - G. BAC RESOLUTION NO. 2023-06-10 DATED JUNE 14, 2023
  - H. DWD RESOLUTION NO. 21-35, SERIES OF 2023, DATED 29 JUNE 2023
  - I. NOTICE OF AWARD OF CONTRACT AND THE BIDDER'S CONFORME THERETO
  - J. OTHER CONTRACT DOCUMENTS THAT MAY BE REQUIRED EXISTING LAWS AND/OR ENTITY
  - K. BID FORM, INCLUDING ALL THE DOCUMENTS / STATEMENTS CONTAINED IN THE BIDDERS BIDDING ENVELOPES
    - i. Eligibility requirements
    - ii. SEC Certificate No.
    - iii. Net financial Contracting Capacity (CFCC)
    - iv. Bid Security
    - v. Performance Security
  - L. DESIGN DULY APPROVED BY THE AGENCYHEAD
  - M. DRAWINGS / PLANS

- N. TECHNICAL SPECIFICATIONS
- O. APPROVED PROGRAM OF WORK AND COST ESTIMATES
- P. PERT / CPM AND CASH FLOW CHART
- Q. R.A. 9184 AND ITS IRR AND ANNEXES
- R. ECC-01-R11-2022-0527 AND ANNEXES

3. The implementation of this undertaking shall conform to the design prepared and approved by the FIRST PARTY.
4. In consideration of the payment to be made by the FIRST PARTY to the SECOND PARTY as herein mentioned, the SECOND PARTY hereby covenants with the FIRST PARTY to construct and complete the works in conformity in all respects with the provision of this contract.

The SECOND PARTY guarantees all the materials he will supply, deliver and use in the construction and workmanship of all his work under the contract and shall make good any defects which may be discovered for his account.

Furthermore, the SECOND PARTY shall exert more effort to correct the system, should there be any defects.

5. The SECOND PARTY shall not sub-contract the whole or any portion of the undertaking. Violation of this provision would constitute breach of contract which would entitle the FIRST PARTY to rescind the contract and for the SECOND PARTY to pay for damages equivalent to ten percent (10%) of the remaining portion of the project.
6. The SECOND PARTY shall comply with and strictly observe all laws regarding workmen’s health and safety workmen’s welfare, compensation for injuries and minimum wages, hours of labor and all other labor laws.




The SECOND PARTY shall hold the FIRST PARTY free and harmless against any liability arising from non-compliance / non-observance by the SECOND PARTY of any law or other obligation relating to safety and environment.

7. The FIRST PARTY hereby covenants to pay the SECOND PARTY in consideration of the construction and completion of the works the Contract Price at the same time and in the manner prescribed under this agreement.



The schedule of payment shall be based on the following:

- 1<sup>st</sup> Billing – 25% of the Actual Accomplishment
- 2<sup>nd</sup> Billing – 50% of the Actual Accomplishment
- 3<sup>rd</sup> Billing – 75% of the Actual Accomplishment
- 4<sup>th</sup> Billing – 100% after Actual Commissioning of the Project



The FIRST PARTY shall, upon written request of the SECOND PARTY which shall be submitted as a contract document, make an advance payment to the SECOND PARTY in an amount not exceeding fifteen percent (15%) of the total contract price, to be made in lump sum or, at the most, two installments according to schedule specified in the Instruction to Bidders and other equivalent Tender Documents.



The advance payment shall be made only upon the submission to and acceptance by the FIRST PARTY of an irrevocable standby letter of credit of equivalent value

from a commercial bank, a bank guarantee or a surety bond callable upon demand, issued by a surety insurance company duly licensed by the Insurance Commission.

- 8. Where the SECOND PARTY refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the SECOND PARTY shall pay the procuring entity for liquidated damages, and not by way of penalty, an amount, as provided in the conditions of contract, equal to at least one tenth (1/10) of one percent (1%) of the cost of the unperformed portion of the works for every day of delay.

In case that the delay in the completion of the work exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus anytime extension duly granted to the SECOND PARTY, the FIRST PARTY may rescind the contract, forfeit the SECOND PARTY's performance security and take over the prosecution of the project or award the same to a qualified contractor through negotiated contract.

- 9. The Implementing Rules and Regulations of P.D. 1594, as amended the guidelines regarding adjustment of contract price adopted and approved by the government, the provisions of P.D. 1759 and other laws, decrees and administrative issuance on government contract are hereby made part and will be applied in this contract.



- 10. The SECOND PARTY warrants that he has not given nor promised to give money or gift to any employees of the FIRST PARTY or its field agency to secure this contract.

- 11. **"SETTLEMENT OF DISPUTES"** – If any dispute or difference of any kind whatsoever shall arise between the parties in connection with the implementation of the contract covered by the Act and its IRR, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

Any and all disputes, arising from the implementation of a contract covered by the Act and this IRR shall be submitted to arbitration in the Philippines according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law" and Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004": Provided, however, that disputes that are within the competence of the Construction Industry Arbitration Commission created by E.O. No. 1008 to resolve shall be referred thereto. The process of arbitration shall be incorporated as a provision in the contract that will be executed pursuant to the provisions of the Act and its IRR: Provided, further, that, by mutual agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution.



In case of litigation arising out of this Contract and if the arbitration procedure which is specified by the above provision, if ever availed of, has failed to solve the case, the parties hereto agree that its venue shall be the proper court in Digos City, Philippines **ONLY** under the laws of the Republic of the Philippines.



- 12. The agreement becomes valid and binding upon signing of this contract by both parties in accordance with existing laws, rules and regulations. Provided further that this contract shall not be rescinded nor amended or modified, without the written approval of the FIRST PARTY being obtained.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands on the space provided thereof, on the place and on the date first above written.

**DIGOS WATER DISTRICT**  
FIRST PARTY

**NJG CONSTRUCTION INC.**  
SECOND PARTY


BY:

  
**ENGR. FELOMINO A. DAUB**  
General Manager

  
**ENGR. DICK L. YAN**  
General Manager

Signed in the presence of:

1.   
ADHUCYTE MANAC-ABRALET

  
2. CHAMBERLYN V. BIAC

**ACKNOWLEDGEMENT**

REPUBLIC OF THE PHILIPPINES )  
PROVINCE OF DAVAO DEL SUR ) S.S.  
CITY OF DIGOS )  
X-----X

Before me a Notary Public for the City of Digos, Province of Davao del Sur, Philippines, this JUL 20 2023 at Digos City, personally appeared **FELOMINO A. DAUB** with Tax Identification No. **128-498-258 issued** at Digos City, Davao del Sur on known to me to be the same person who executed this instrument and they acknowledge the same to their own free and voluntary act and deed.

This contract of service consists of Six (6) pages, including this page and has been signed by the contracting parties and their instrumental witnesses on each and every page.

WITNESS MY HAND this JUL 20 2023 at Digos City, Davao del Sur.

Doc. No. 343  
Page No. 70  
Book No. XVI  
Series of 2023.

*[Signature]*  
ATTY. MARGEON G. CAPIANADI  
NOTARY PUBLIC  
UNTIL December 31, 2024  
ROLL NO. 67093/ TIN:277-309-333  
IBP NO. 261747/PTR NO. 958177  
MCLE COMPLIANCE NO. VII-0122363  
BALADIANG BLDG., LIM ST., ZONE III, DIGOS CITY

**ACKNOWLEDGEMENT**

REPUBLIC OF THE PHILIPPINES )  
DAVAO CITY ) S.S.  
X-----X

Before me a Notary Public for the City of Davao, Philippines, this 17 JUL 2023 at Davao City, personally appeared **DICK L. YAN** with Tax Identification Number \_\_\_\_\_ issued at Davao City, known to me to be the same person who executed this instrument and acknowledged the same to his own free and voluntary act and deed.

This contract of service consists of Six (6) pages, including this page and has been signed by the contracting parties and their instrumental witnesses on each and every page.

WITNESS MY HAND this 17 JUL 2023 at Davao City.

Doc. No. 269  
Page No. 55  
Book No. 126  
Series of 2023.

*[Signature]*  
ATTY. RALPH JAMES G. LAMAN  
Notary Public for Davao City  
until December 31, 2023  
Commission Serial No. 2022-069-2023  
Issued on April 12, 2022  
Roll No. 62810  
IBP No. 252022 - 12-20-2022  
PTR No. 7724072 - 12-19-2022  
MCLE Compliance No. VII-0014990  
Issued on April 06, 2022 at Pasig City, Philippines