



PNOC EXPLORATION CORPORATION

Merritt Road, Energy Center, Building 1, Fort Bonifacio, Taguig City, Philippines
P.O. Box 2102 MCPO Tel. No. 479-4900

July 27, 2009

Ms. JANET A. ENCARNACION
HEAD, DISCLOSURE DEPARTMENT
The Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road
Ortigas Center, Pasig City 1605

Dear **Ms. ENCARNACION**:

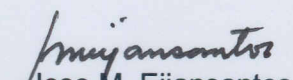
We submit our reply to the letter sent by the Exchange dated July 27, 2009 which we received on same date.

The letter of the Exchange refers to the news article published in the July 27, 2009 issue of The Manila Times which reported in part that:

The world's largest miner is vying for a stake in a petroleum exploration area in offshore Palawan through a joint venture with state-controlled Philippine National Oil Co. – Exploration Corp. (PNOC-EC). Jacinto V. Paras, PNOC-EC chairman, said the company has engaged in talks with BHP Billiton for a controlling stake in the West Balabac petroleum block or service contract (SC) 59 after US-based Murphy Oil backed out of the area. "[BHP is next in line to be the operator]... We are still negotiating for the final sharing they will retain because they will be the ones spending [while we will be carried free of the costs]," the PNOC-EC executive said... Paras said it would cost around \$100 million to drill two exploration wells in SC 59, where the company has culled seismic data...

We confirm that PNOC EC is discussing with BHP Billiton for the latter's possible participation in SC 59. Likewise, we confirm Chairman Jacinto V. Paras' statement that other parties may still submit their own proposals.

Very truly yours,


Jose M. Eijansantos
Compliance Officer