

PNOC EXPLORATION CORPORATION

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



June 18, 2009

The Philippine Stock Exchange
PSE Centre, Exchange Road
Ortigas Center, Pasig City 1605

Attn.: **Ms. JANET A. ENCARNACION**
Head- Disclosure Department

Gentlemen:

We submit our reply to the letter sent by the Exchange dated June 18, 2009 which we received on same date.

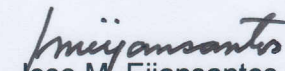
The letter of the Exchange refers to the news article published in the June 18, 2009 issue of the Manila Bulletin that reports in part:

The government has set a deadline of September 30 to sell shares in two government-held corporations to raise an estimated P21 billion. To be privatized is the P11 billion 40 percent stake in Philippine National Oil Co.-Exploration Corp. (PNOC-EC) and the P10 billion Food Terminal Inc (FTI) properties in Taguig....(emphasis supplied)

PNOC EC is unaware of a dateline set for its privatization. The privatization of government assets, including that of PNOC EC, is handled by the Department of Finance and the said Office has not sent any word to PNOC EC regarding the definite privatization of the said Corporation.

As far as PNOC EC is concerned, its privatization at this time is untimely due to the depressed stock market prices. Any forced privatization may not be advantageous to the Corporation and the government as it might lead to a fire sale. So, the PNOC EC Board thinks it is better to wait for the economy to improve.

Very truly yours,


Jose M. Eijansantos
Compliance Officer