

PNOC EXPLORATION CORPORATION

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



July 6, 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 6, 2009 which we received on the same date.

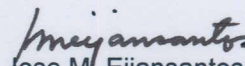
The letter of the Exchange refers to the news article published in the July 6, 2009 issue of The Manila Times. The article reported in part that:

State-owned Philippine National Oil Co.'s (PNOC) energy exploration and development arm plans to secure natural gas to push through with a gas pipeline project from Batangas to Manila. Jacinto V. Paras, PNOC Exploration Corp. (PNOC EC) chairman, said the company will bid for excess supply from the Malampaya natural gas field and reserve gas from the government. Both sources have capacities of 300 megawatts and 600 megawatts. Paras said the gas supply would be used for the "anchor load" of a power plant that will justify the construction of the Batman I pipeline.

The Batman I pipeline is one of the projects of PNOC Exploration Corp. (PNOC EC) that was disclosed to the Exchange recently thru the company's information statements. We confirm the statement of Chairman Jacinto V. Paras that PNOC EC plans to participate in the bidding of the natural gas from the excess supply of the Malampaya natural gas field and from the government's reserve gas. These two sources will provide sufficient "anchor load" for a power plant that will justify the construction of the pipeline.

Bidding for the excess supply of the Malampaya natural gas field is scheduled before year-end. For the government's reserve gas, PNOC EC is currently talking with the Department of Energy (DOE) and the National Power Corporation (NPC).

Very truly yours,


Jose M. Eijansantos
Compliance Officer

Cc: Mr. Norberto T. Moreno Jr.
Specialist, Disclosure Department