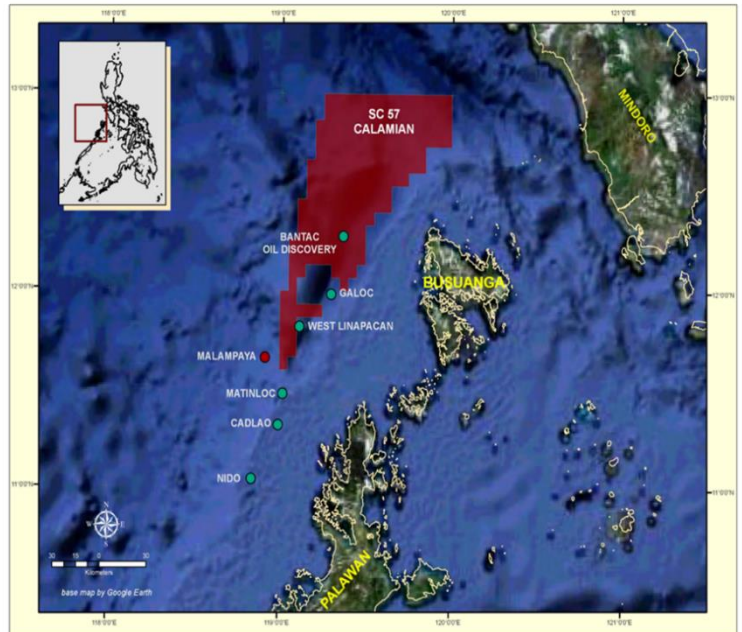


SERVICE CONTRACT 57 CALAMIAN

NORTHWEST PALAWAN BASIN, PHILIPPINES
 FARM-IN OPPORTUNITY

SC 57, located in the Northwest Palawan Basin, has an area of 7,120 km² with water depths from 50 m to 3,000 m. It is on trend with the Nido carbonate play from the producing Malampaya Field. The block is host to the Bantac 1 well, an oil discovery by Occidental Petroleum in 1994.

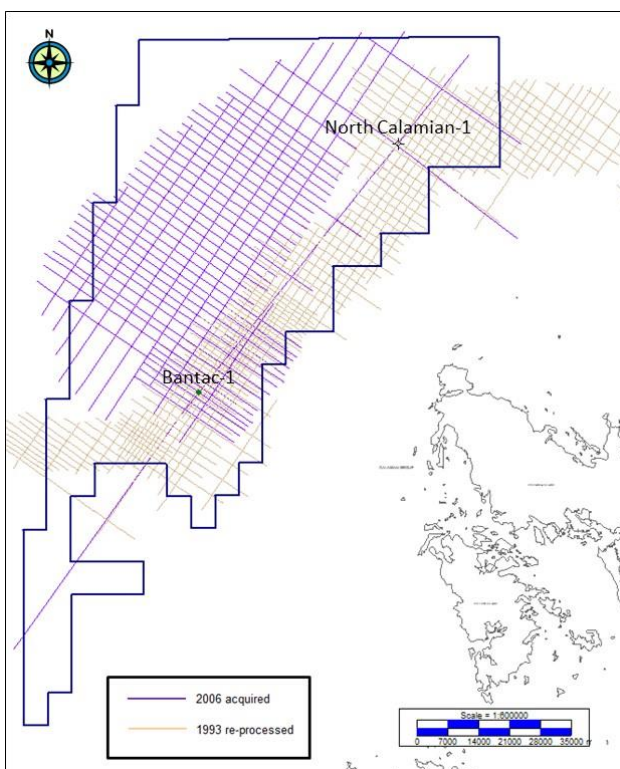
The SC 57 work program under Sub-Phase 2 (SP2) has been completed and is currently under force majeure'. A total of 2,268 line-km of 2D seismic data was acquired in September 2006 along with the reprocessing of around 1,078 km of the 1993 vintage 2D seismic data as part of the SP2 work program. The next sub-phase has a 3D



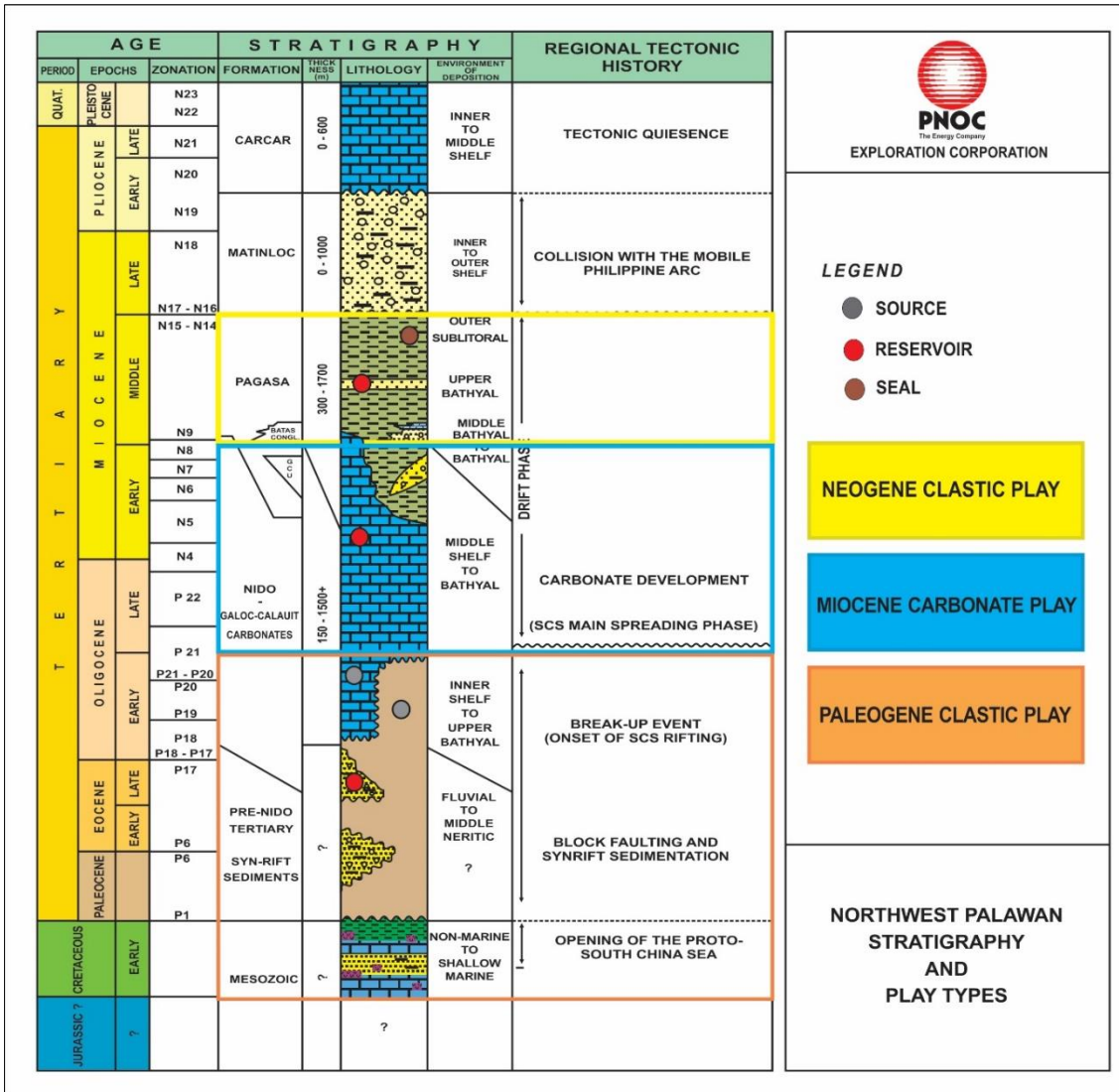
Location map of SC 57 Calamian

seismic survey and one (1) well drilling commitments.

PNOC EC is actively looking for a strategic partner to pursue exploration and development in SC 57. This opportunity offers the Farminee attractive contract terms and the chance at a commercial hydrocarbon discovery with access to the marine seismic and well data from the two wells drilled within the block. The datasets show the presence of large structures with very interesting structural and stratigraphic play concepts in the Miocene carbonate unit, Paleogene clastic section, and shallow water Neogene clastic interval.



SC 57 seismic database and well locations

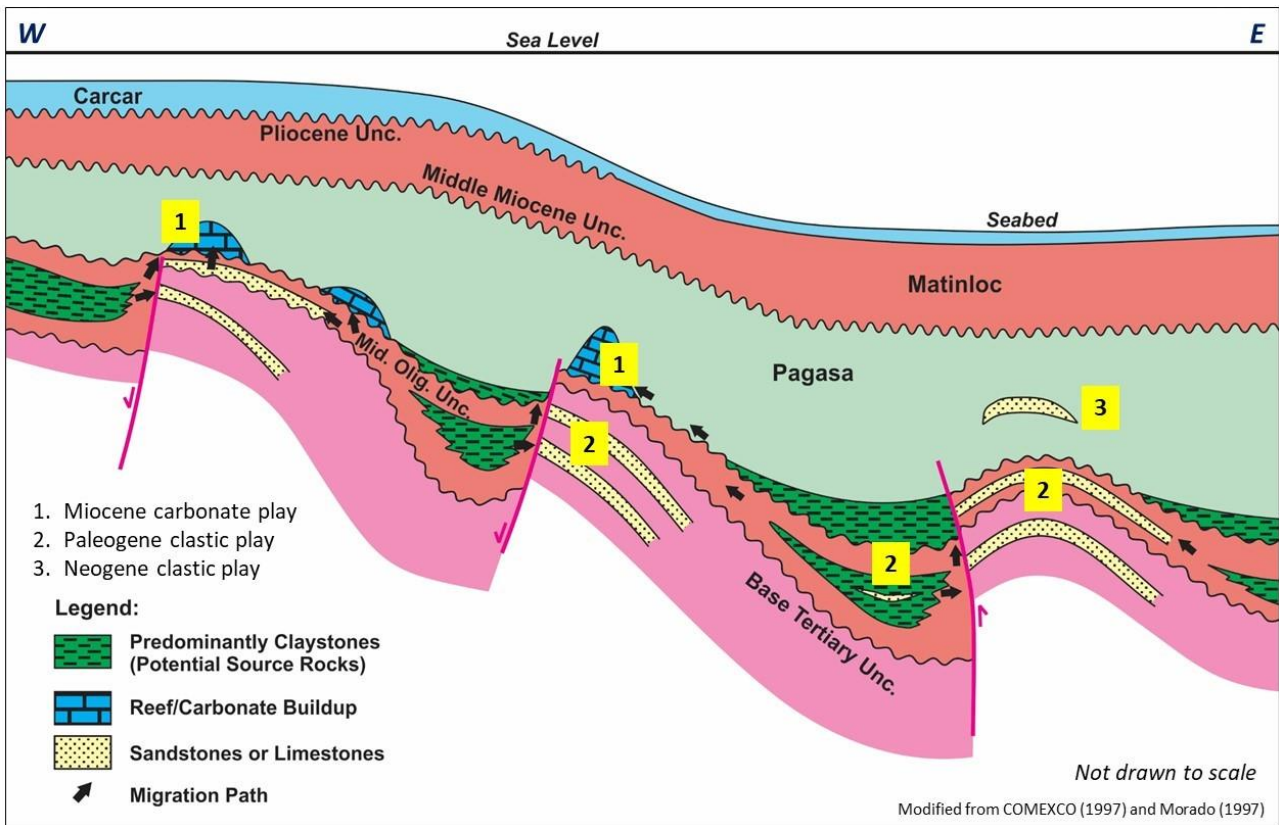


Technical Background

The stratigraphy and tectonic development of the NW Palawan Basin are linked to a series of rifting, drifting, and collision. Rifting and seafloor spreading related to the opening of the South China Sea gave rise to NE-SW-trending horst and graben structures filled with Synrift deposits. During the drift phase, platform carbonates, marls and reefs developed. The basin was later uplifted in the Miocene by southerly-directed collision that formed the tilted fault blocks. A Neogene to Recent post-kinematic sequence then progrades across the basin.

Petroleum System and Plays

The Northwest Palawan Basin hosts several producing oil and gas fields which include Nido, Matinloc and Camago-Malampaya Fields. These fields confirm the existence of a working petroleum system in the area. In SC57, the Bantac-1 oil discovery well validated the existence of a petroleum system in the half-graben structural network. Within the Nido Limestone, a 10-meter net oil pay zone was encountered. The oil samples and extracts revealed a gas prone shale source with possible secondary oil potential at peak thermal maturity based on kerogen biomarkers. Primary reservoirs include Early and Late Miocene carbonates, Paleogene and Middle Miocene clastics. Stratigraphic, structural, and combination traps are present in SC 57.

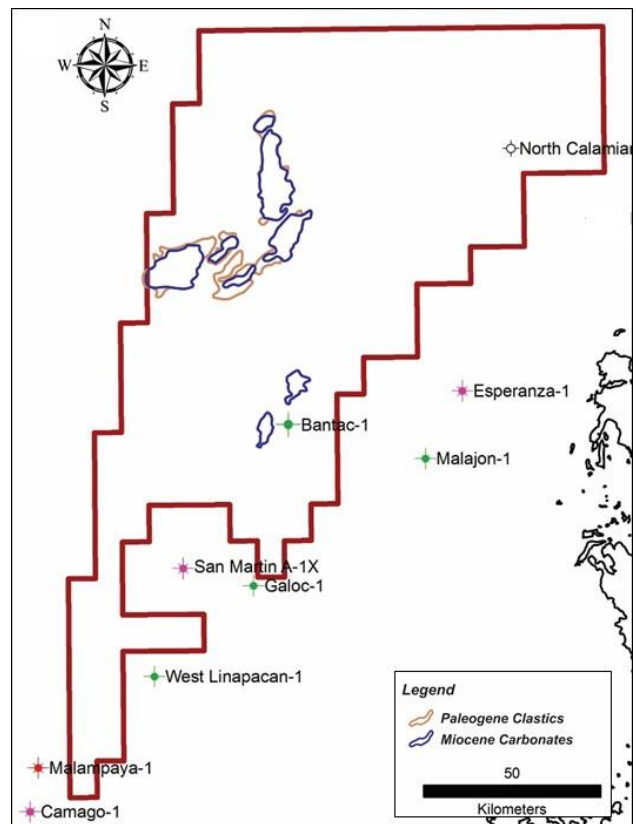


These include carbonate reefs and buildups, tilted fault blocks and slope/channel sands. The system is sealed by intraformational shale and fine-grained sequences composed primarily of slightly calcareous claystones and minor limestones.

Three petroleum plays were recognized: (1) the Miocene carbonate play similar to the Malampaya gas field, (2) the Paleogene anticlinal clastic play and (3) the Neogene clastic play.

Prospectivity

Several closures have been mapped within the service contract area. Each prospect and lead is unique in terms of morphology, relief, burial depth, and seismic image quality. Total prospective resources in the Miocene interval alone are estimated to be around 2,272 MMbbl (2U).



SC 57 prospects and leads map



Farm-Out Process

Currently, PNOC EC holds 100% participating interest in SC 57. The Company is willing to divest up to 70% of its interest in return for a negotiated contribution to our exploration seismic and drilling program. Interested companies are invited to contact PNOC EC and on completion of a Confidentiality Agreement, access to the virtual data room will be provided.

For further information, please contact:

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