



PXP ENERGY CORPORATION  
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November 11, 2019

**PHILIPPINE STOCK EXCHANGE, INC.**

6/F Philippine Stock Exchange Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**  
*Head, Disclosure Department*

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**Gentlemen:**

PXP Energy Corporation (“PXP”) has submitted today, November 11, 2019, an unsolicited proposal to the Philippine Department of Energy (“DOE”) (the “Unsolicited Proposal”) for the strategic development and utilization of an Integrated Gas Hub in Malampaya upon the expiry of Service Contract No. 38 (“SC 38”) in 2024 (the “Project”).

Under the Unsolicited Proposal, the Malampaya infrastructure and distribution network (the “Malampaya Facilities”), which is strategically positioned in the West Philippine Sea, is envisioned to support the continued development of the Malampaya resources, as well as the economic development of Sampaguita Field and other nearby prospects under SC 72, which is operated by PXP through Forum (GSEC 101) Limited.

The Project intends to ensure energy security to the country from indigenous natural gas resources for the next 25 years and beyond, while bringing in significant revenues to the Philippine Government. The use of the Malampaya Facilities as the Integrated Gas Hub will also support the development of a robust indigenous gas industry. These Project benefits are consistent with DOE’s commitment to pursue national development through the two-fold agenda of attaining energy independence and implementing power market reforms as contained in the Philippine Energy Plan, and is aligned with the DOE’s clean fuel strategy, including the reduction of dependence on coal.

The Unsolicited Proposal is also seen to yield substantial foreign exchange savings resulting from the reduced importation of coal and other fuel supply.

In the meantime, PXP has expressed an interest to acquire the 45% ownership of Chevron Malampaya LLC in SC 38 through the right to match of the other SC 38 consortium members.

Very truly yours,

(signed)

Daniel Stephen P. Carlos  
President

### **About PXP Energy Corporation**

PXP is an upstream oil and gas company incorporated in the Philippines whose shares are listed on the Philippine Stock Exchange. The Company directly and indirectly owns oil and gas exploration and production assets located in the Philippines, and indirectly owns an exploration asset located in offshore Peru.

### **For further information, please contact:**

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