



PXP ENERGY CORPORATION

2/F LaunchPad
Reliance cor. Sheridan Sts.
Mandaluyong City 1550 Philippines
Tel.: (632) 8631-1381 to 88
Fax: (632) 8570-0686

11 April 2022

PHILIPPINE STOCK EXCHANGE, INC.

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

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

PXP Energy Corporation ("the Company" or "PXP") wishes to inform the Exchange that (i) PXP, as operator under Service Contract No. 75 and (ii) Forum (GSEC 101) Limited ("Forum"), as operator under Service Contract No. 72, received a directive from the Department of Energy ("DOE") on 6 April 2022 to "put all on hold all exploration activities for SC 75 and SC 72 until such time that the [Security, Justice and Peace Coordinating Cluster ("SJPCC")]) has issued the necessary clearance to proceed."

This was the first time that PXP and Forum learned of this requirement for a clearance from the SJPCC before undertaking the work obligations that the DOE has required PXP and Forum to undertake in respect of SC 75 and SC 72, respectively, following the lifting of Force Majeure by the DOE on 14 October 2020, under threat of cancellation of SC 75 (in respect of PXP) and SC 72 (in respect of Forum).

Nevertheless, after PXP and Forum received the directive of the DOE to suspend exploration activities on 6 April 2022, both operators complied with this directive by suspending their respective activities. PXP and Forum, however, understood the suspension to be temporary considering that (i) the DOE has been keen for exploration activities to be conducted since the DOE's lifting of the Force Majeure on 14 October 2020; and (ii) both operators have been closely coordinating with the DOE regarding the planned exploration activities (which are part of their respective work obligations under SC 75 and SC 72). Taking these into account, PXP and Forum, through their letters dated 8 April 2022, expressed willingness to resume activities immediately (and no later than 11 April 2022), but if they have not received written confirmation from the DOE by 10 April 2022 that they can resume their activities on 11 April 2022 at the latest, they will consider the suspension of work issued by the DOE to be indefinite and a Force Majeure event that will entitle them to be excused from the performance of their respective obligations and to the extension of the exploration period under SC 75 and SC 72.

To date, PXP and Forum have not received advice from the DOE that they can resume their exploration activities. Thus, they have been constrained to stand by their Force Majeure declarations and to terminate with immediate effect all the supply and services agreements they have put in place to carry out the work obligations imposed by the DOE, to mitigate losses arising from what now appears could be an indefinite suspension of exploration activities.

PXP holds 50% interest in SC 75 located in Northwest Palawan. Forum Energy Limited ("FEL"), in which PXP holds a direct and indirect interest of 79.13%, has a 70% participating interest in SC 72 located in Northwest Palawan, through its wholly-owned subsidiary Forum. PXP has a total economic interest of 54.36% in SC 72.

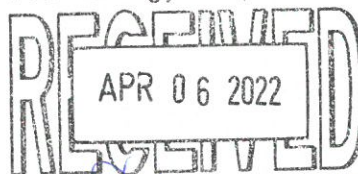
Very truly yours,

(signed)
Daniel Stephen P. Carlos
President



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

PXP Energy Corporation



By: *[Signature]* 5:15pm

06 April 2022

Mr. Dan Stephen P. Carlos

President

PXP Energy Corporation

Mr. Dan Stephen P. Carlos

Resident Agent

Forum (GSEC 101) Ltd.

2/F Launchpad Reliance corner Sheridan Streets

Mandaluyong City, Philippines 1550

Tel No. +632 8631 1381 to 88

Fax No.: +632 8570 0686

Dear **Mr. Carlos**:

The Security, Justice, and Peace Coordinating Cluster (SJPCC), taking into consideration the political, diplomatic, and national security implications of any activity in the West Philippine Sea, has agreed that prior approval of the said cluster is required as condition precedent to any oil exploration activities in the West Philippine Sea.

Accordingly, you are hereby directed to put on hold any exploration activities for Service Contract Nos. 72 and 75 until such time that the SJPCC has issued the necessary clearance to proceed.

For strict compliance.

Very truly yours,

[Signature]
Donato D. Marcos
Undersecretary *[Signature]*



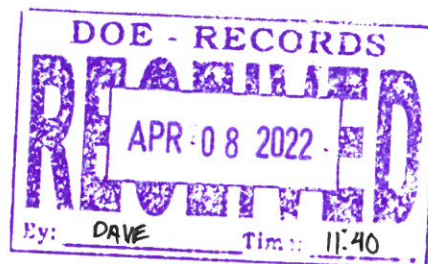
PXP ENERGY CORPORATION
(formerly Philex Petroleum Corporation)
2/F LaunchPad, Reliance cor. Sheridan Streets
Mandaluyong City, 1550, Philippines
Tel.: (632) 8631-1381 to 88
Fax: (632) 8570-0686

08 April 2022

DEPARTMENT OF ENERGY

Energy Center
Rizal Drive corner 34th Street
Bonifacio Global City
Taguig City

Attention: HON. ALFONSO G. CUSI ✓
Secretary



HON. DONATO D. MARCOS ✓
Undersecretary, Office of the Undersecretary

ATTY. CESAR G. DELA FUENTE III ✓
Director, Energy Resource Development Bureau

Gentlemen:

Service Contract No. 75 ("SC75")

We refer to the DOE's letter dated 06 April 2022 directing us "to put on hold any exploration activities for Service Contract Nos. 72 and 75 until such time that the "[Security, Justice, and Peace Coordinating Cluster (SJGCC)] has issued the necessary clearance to proceed."

In this regard, we wish to advise that:

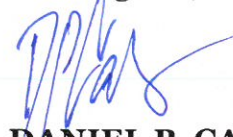
1. We understand that we do not have a choice and that we must comply with the DOE's directive immediately. Thus, we have suspended (or caused the suspension of) all activities in the West Philippines Sea beginning 06 April 2022, in the process incurring substantial stand-by and other costs.
2. Although the DOE's directive is unclear as to the duration of the suspension, we understand that the suspension is intended only to be temporary. Thus, considering that (i) we are incurring substantial costs and expenses for services and supplies to enable us to meet our work obligations (which the DOE required after it lifted force majeure on 14 October 2020); and (ii) at present, the seismic survey is ready to commence with the arrival of the seismic vessel, Geo Coral, and its support vessels at the contract area, we are prepared to resume operations immediately (and, in any case, no later than **11 April 2022**).
3. If the DOE does not inform us in writing by **10 April 2022** that we may proceed and resume our activities:

(a) We will then be constrained to terminate our agreements with suppliers, which will lead to substantial liability for termination costs, as it appears the suspension of activities in the West Philippine Sea will be indefinite. In all cases, we expect the DOE to consider all of the costs and expenses incurred (including termination costs) to be part of the approved recoverable costs under SC75; and

(b) This letter should then be effectively taken as a declaration of Force Majeure under SC75 since the DOE's directive is a government order that prevents the Consortium from performing its obligations under SC75 and, pursuant to clause 26.01(a) of SC75, excuses the Consortium from **06 April 2022** onwards from any resulting inability to perform its work obligations and extends the period for carrying out such obligations accordingly.

Our declaration of an event of Force Majeure shall be without prejudice to all of our rights and remedies under SC75 and applicable law.

Kind regards,



DANIEL P. CARLOS

President

PXP Energy Corporation

cc: **LT GEN ROZZANO D. BRIGUEZ (RET)**
President and Chief Executive Officer
PNOC Exploration Corporation

MRS. MILAGROS V. REYES
President
PetroEnergy Resources Corporation

Forum (GSEC 101) Limited

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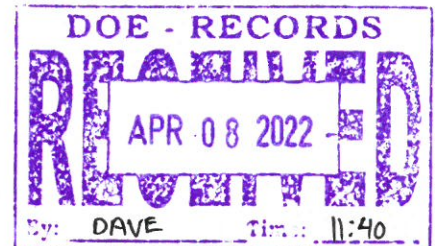
DEPARTMENT OF ENERGY

Energy Center
Rizal Drive corner 34th Street
Bonifacio Global City
Taguig City

Attention: HON. ALFONSO G. CUSI ✓
Secretary

HON. DONATO D. MARCOS ✓
Undersecretary, Office of the Undersecretary

ATTY. CESAR G. DELA FUENTE III ✓
Director, Energy Resource Development Bureau



Gentlemen:

Service Contract No. 72 ("SC72")

We refer to the DOE's letter dated 06 April 2022 directing us "to put on hold any exploration activities for Service Contract Nos. 72 and 75 until such time that the [Security, Justice, and Peace Coordinating Cluster (SJPC)] has issued the necessary clearance to proceed."

In this regard, we wish to advise that:

1. We understand that we do not have a choice and that we must comply with the DOE's directive immediately. Thus, we have suspended (or caused the suspension of) all activities in the West Philippine Sea beginning 06 April 2022, in the process incurring substantial stand-by and other costs.
2. Although the DOE's directive is unclear as to the duration of the suspension, we understand that the suspension is intended only to be temporary. Thus, considering that (i) we are incurring substantial costs and expenses for services and supplies to enable us to meet our work obligations (which the DOE required after it lifted force majeure on 14 October 2020); and (ii) at present, the vessel to be used for the geophysical site survey, Cassandra VI, is already on its way to the contract area, we are prepared to resume operations immediately (and, in any case, no later than **11 April 2022**).

A handwritten signature in blue ink, located at the bottom right of the page.

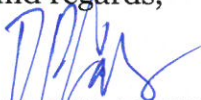
3. If the DOE does not inform us in writing by **10 April 2022** that we may proceed and resume our activities:

(a) We will then be constrained to terminate our agreements with suppliers, which will lead to substantial liability for termination costs, as it appears the suspension of activities in the West Philippine Sea will be indefinite. In all cases, we expect the DOE to consider all of the costs and expenses incurred (including termination costs) to be part of the approved recoverable costs under SC72; and

(b) This letter should then be effectively taken as a declaration of Force Majeure under SC72 since the DOE's directive is a government order that prevents the Consortium from performing its obligations under SC72 and, pursuant to clause 26.01(a) of SC72, excuses the Consortium from **06 April 2022** onwards from any resulting inability to perform its work obligations and extends the period for carrying out such obligations accordingly.

Our declaration of an event of Force Majeure shall be without prejudice to all of our rights and remedies under SC72 and applicable law.

Kind regards,



DANIEL P. CARLOS

Resident Agent

Forum (GSEC 101) Limited

cc: **JOSE RAYMUND L. APOSTOL**
Senior EVP for Petroleum
Monte Oro Resources & Energy, Inc.