

JOINT DETERMINATION OF COMMERCIALITY

KNOW ALL MEN BY THESE PRESENTS:

This JOINT DETERMINATION OF COMMERCIALITY is made by and between:

THE DEPARTMENT OF ENERGY, an agency of the Republic of the Philippines created under Republic Act (R.A.) No. 7638 with principal office address at Energy Center, Merritt Road, Fort Bonifacio, Taguig City, Metro Manila, represented herein by its Undersecretary, **HONORABLE GUILLERMO R. BALCE**, hereinafter referred to as "DOE";

- and -

FORUM EXPLORATION, INC., a corporation organized and existing under the laws of the Republic of the Philippines with office address at 14th Floor, Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City, represented herein by its President and Chief Executive Officer, **DAVID R. ROBINSON**, hereinafter referred to as "CONTRACTOR";

The DOE and CONTRACTOR are hereinafter collectively referred to as "Parties" and individually as "Party".

WITNESSETH: That

WHEREAS, the DOE representing the Government of the Republic of the Philippines, and the CONTRACTOR by themselves are Parties to Service Contract (SC) No. 40 over an area located in northern Cebu and having an Effective Date of 19 February 1994;

WHEREAS, the CONTRACTOR has, during the period between 1994 and 1995, drilled appraisal wells over the Libertad structure earlier discovered in the Contract Area;

NOW, THEREFORE, in view of the foregoing premises, the Parties hereby stipulate and agree as follows:

1. That the Libertad Gas Field located in Bogo, Cebu which contains Natural Gas and is hereby jointly determined to be in Commercial Quantity as contemplated by Section 6.1(b) of SC 40;
2. For the avoidance of doubt, it is hereby acknowledged and confirmed by the Parties that:

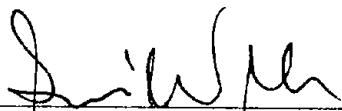
attached to this Joint Determination, constitute a Production Area under SC 40;

- b. the CONTRACTOR shall submit to the DOE for approval the Retention Area as defined under Section 4 of SC 40;
- c. the CONTRACTOR shall submit to the DOE the Gas Production Development Program and the Gas Sales Agreement with the prospective end-user for approval pursuant to the pertinent provision of SC 40.

IN WITNESS WHEREOF, the Parties have signed this JOINT DETERMINATION OF COMMERCIALITY in the City of Taguig, Metro Manila, Philippines on the 25th day of November 2005 as follows:

For: the DEPARTMENT OF ENERGY

For: FORUM EXPLORATION, INC.



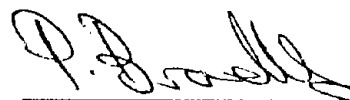
GUILLERMO R. BALCE
Undersecretary



DAVID R. ROBINSON
President and Chief Executive Officer



WITNESS



WITNESS