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SEC Registration Number

B	A	S	I	C	E	N	E	R	G	Y	C	O	R	P	O	R	A	T	I	O	N

(Company's Full Name)

7	F	B	A	S	I	C	P	E	T	R	O	L	E	U	M	B	L	D	G		
1	0	4	C	A	R	L	O	S	P	A	L	A	N	C	A	S	T				
L	E	G	A	S	P	I	V	I	L	L	A	G	E								
M	A	K	A	T	I	C	I	T	Y												

(Business Address: No. Street City/Town/Province)

Atty. Angel P. Gahol
(Contact Person)

(632) 817-8596 or 98
(Company Telephone Number)

1	2	3	1
<i>Month</i>		<i>Day</i>	
<i>(Calendar Year)</i>			

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<i>(Form Type)</i>				

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<i>Month</i>		<i>Day</i>	
<i>(Annual Meeting)</i>			

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(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

[]
Amended Articles Number/Section

[]
Total No. of Stockholders

Total Amount of Borrowings

[]	[]
Domestic	Foreign

To be accomplished by SEC Personnel concerned

[]
File Number

LCU

[]
Document ID

Cashier

[]
STAMPS

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April 15, 2010

THE DISCLOSURE DEPARTMENT
4/F The Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road, Ortigas Center
Pasig City

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

Gentlemen:

Attached herewith is our Reply to the Show Cause letter dated April 14, 2010 relating to violation of Disclosures Rules.

Very truly yours,



ANGEL P. GAHOL
Compliance Officer



April 15, 2010

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City, Metro Manila

Attention : ATTY. ROEL A. REFRAN
Vice-President, General Counsel &
Concurrent Head, Issuer Regulation Division

Gentlemen:

This is in reply to your show cause letter dated April 14, 2010, requiring us to explain why the alleged non-disclosure of the execution of the agreements mentioned in your letter relating to the Corporation's SPA with Shouk and MOA with Ecomarketfarms does not constitute a violation of the provisions of the Rules.

- A. As to the alleged non-disclosure of the Cancellation of Assignment Agreement and the Cancellation of Subscription Agreement both dated February 23, 2010, the submission of the said documents to the Listing Department was in compliance with its requirements requiring us to submit proofs that all contracts with Silverdale are rescinded or cancelled as per email of Ms. Bea C. Reyes dated January 7, 2010. (Please see attached)

The Cancellation of Assignment Agreement and the Cancellation of Subscription Agreement were known to PSE and had been cleared with the PSE even before these were executed as shown by the attached emails from the Listing Department. We did not violate any disclosure rules for the alleged non-disclosure of these contracts since these were executed only because the PSE Listing Department required these for the listing of Silverdale's BEC shares. We would not have secured these agreements otherwise.

- B. As to the alleged non-disclosure of the agreements with Ecomarketfarms:

- 1) The execution of the Joint Venture Agreement including the related Deed of Assignment and Management Agreement was in pursuant to the Memorandum of Agreement to embody a definitive joint venture agreement and management agreement. The terms and conditions of the Joint Venture Agreement and the Management Agreement were fully disclosed in the disclosures made on August 15, 2008 under Reference No. 2008000012456 in reply to your letter dated August 14, 2008 requiring us to submit additional information relating to the Memorandum of Agreement.

- 2) The Amendment to the MOA and related Deeds of Assignment were fully disclosed in the disclosure made on November 11, 2009 under Reference No.200900001594 and Reference No. 200900001595. The said disclosures cover the reduction in the consideration for acquisition of the cassava project from Php 12.5 Million to Php 12.0 Million and the resulting reduction in the number of shares to be issued to EMF. The execution of the said agreements were simply to put it in a definitive agreement that which the board has approved and disclosed.
- 3) The Amendment Agreement dated May 26, 2009 amending the Management Fees and profit sharing stipulated in the MOA dated August 8, 2008 was just a deferment of the payment of part of the management fees for EMF, the Project Manager of BEF's cassava development project, considering the need to preserve the cash position of BEF for the requirements of the cassava development project. It should be stressed that these agreements involve obligations of BEF to EMF and not obligations of BEC to EMF, thus there was no need for any disclosure on the said amendment as this is not material enough to have a financial impact on the company.

We hope you find our reply sufficient to justify our position that no violations of the disclosures rules were committed by the company.

Thank you.

Very truly yours,


ATTY. ANGEL P. GAHOL
Asst. Corporate Secretary/
Compliance Officer

Angel P. Gahol

From: Bea C. Reyes [bcreyes@pse.com.ph]
Sent: Thursday, January 07, 2010 4:06 PM
To: Angel P. Gahol
Cc: Listings; Atty. Varvie R. Roldan; jvbanaag@pse.com.ph
Subject: Re: BEC additional listing

Dear Atty Gahol,

Pursuant to the listing application of Basic Energy Corporation and in coordination with our OGC, we have no further concerns for as long as the proof of payment of taxes is satisfactory and if all contracts with Silverdale are rescinded or cancelled (including the Subscription Agreement between Basic and Silverdale), with proof of consent in writing by all parties involved. Please note that Shouk should be the stockholder of the subject shares and not Silverdale.

Please submit all other applicable documents in support of your listing application.

Thank you.

Very truly yours,
Bea Cristina C. Reyes
Listings Analyst
Issuer Regulation Division
The Philippine Stock Exchange, Inc.
4/F PSE Centre, Exchange Road,
Ortigas Center, Pasig City
+63 2 688 75 07

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----- Original Message -----

From: Angel P. Gahol
To: 'Bea C. Reyes'
Sent: Tuesday, December 22, 2009 2:28 PM
Subject: BEC additional listing

Ms. Bea C. Reyes
Listing Analyst
Philippine Stock Exchange

Dear Bea,

First, allow me to greet you advance Merry Christmas and a Prosperous New Year.

Bea this is to confirm our telephone discussion regards your concerns on the application for listing of Basic Energy Corporation. In our conversation, upon consultation with Shouk on the matter of the assignment of shares. Shouk has agreed to cancel/ revoke the assignment of shares executed by them in favor of Silverdale. This will be covered by a document from both Shouk and Silverdale certifying that they are cancelling the assignment of shares earlier executed. If this is ok with you, then we will inform Shouk to execute the said cancellation for submission as part of our application.

Secondly, on the matter of documentary stamp tax on the original issue, as earlier emailed to you, we have already paid the DST. We will furnishing you a copy of the said DST payments.

Lastly, on the issue of why we have not issued the stock certificate to Shouk considering that their subscription has already been paid, it is our understanding that based on our previous listing application, we can only issue the shares once PSE has approved our listing application for the shares applied. Besides, our stock transfer agent will not prepare or issue the stock certificate without your approval of our listing application.

We would appreciate your earlier response on our query on the cancellation of the assignment agreement so that we can relay your position to Shouk and Silverdale



ANGEL P. GAHOL
Asst. Corporate Secretary/Compliance Officer

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Philippines

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E: apgahol@basicenergy.ph

<http://www.basicenergy.ph>

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Angel P. Gahol

From: Bea C. Reyes [bcreyes@pse.com.ph]
Sent: Wednesday, December 09, 2009 9:03 AM
To: Angel P. Gahol
Cc: Marsha Resurreccion; Ed Santiago; JV Zuno; Atty. Varvie R. Roldan; jvbanaag@pse.com.ph
Subject: Re: BSC_Private Placement_Comments (4)

Dear Atty. Gahol,

Pursuant to the listing application of Basic Energy Corporation and in coordination with our OGC, please advise the Exchange on the following:

Before the PSE can allow the listing of the additional shares of Basic (the "Subject Shares") the following issues have to be addressed:

1. On the Stock Purchase Agreement executed between Basic and Shouk for the Subject Shares-

This transaction has been consummated and will be considered an original issuance, hence subject to tax. Because the Subject Shares are not yet listed, the applicable tax on the transaction is Capital Gains tax, plus DST since the acquisition of the Subject Shares will be deemed done by way of a private placement. The fact that the Subject Shares have not yet been issued is an anomaly since, as soon as payment was tendered by Shouk (and Basic has already confirmed in writing on more than one occasion that the Subject Shares have been fully paid by Shouk), the Subject Shares should have already been issued by Basic. Nonetheless, the BIR's concern is not whether the shares have been issued but whether the proper taxes attendant to the Stock Purchase Agreement have been paid. We will therefore require proof of payment by Shouk of the Capital Gains tax as well as the Documentary Stamp Tax, without necessarily relinquishing our right as regulators to look into the matter of why Basic has not issued the shares to the purchaser upon full payment by the latter.

2. On the Assignment of the Subject Shares to Silverdale dated September 2009-

Assuming that the flaw inherent in the said contract is resolved (i.e., there is, in fact, consideration between Shouk and Silverdale) then still this transaction should be taxed under Philippine law as a secondary transfer of shares of stock by way of transfer or exchange (if not outright sale). Therefore, the transaction should be subject to Capital Gains tax since the Subject Shares are not listed, as well as the DST. Consequently, we will require proof of payment of the CGT and DST by Silverdale.

To reiterate, we will require proof that the proper taxes on the consummated transactions have been remitted to the BIR before we can allow the listing of the Subject Shares.

Thank you.

Very truly yours,
Bea Cristina C. Reyes
Listings Analyst
Issuer Regulation Division
The Philippine Stock Exchange, Inc.
4/F PSE Centre, Exchange Road,
Ortigas Center, Pasig City
+63 2 688 75 07

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----- Original Message -----

From: Angel P. Gahol

To: 'Bea C. Reyes'

Sent: Friday, December 04, 2009 4:58 PM

Subject: FW: Silverdale Transaction

December 4, 2009

Ms. Bea Reyes
PSE Listing Department

Dear Ms. Reyes,

Please find our reply to your additional comments dated today, as follows:

1. Item 1 is noted.
2. Item 2- I agree with you that the cause of the Assignment Agreement between Shouk and Silverdale is the assignment of the rights of the former under the Share Purchase Agreement dated August 1, 2007 (SPA). In general, the assignment is also the object of the agreement, and in more specific terms, the object of the Assignment Agreement is the rights under the said SPA.

Maybe, what concerned PSE is the statement in the Assignment Agreement that it is "without any specific consideration for this purpose." This provision merely clarifies that there is no money or price paid by Silverdale for the assignment of Shouk of its rights under the SPA. This could be more understood if it is noted that Shouk is a special purpose vehicle set up by Silverdale in the British Virgin Islands, as its nominee for its various investments. Shouk and Silverdale are related parties, Shouk being a fully controlled subsidiary of Silverdale. In the purchase by Silverdale of the Company's shares under the SPA, Shouk was used as the nominee to hold the shares for Silverdale, its principal, and assign the shares to Silverdale when so required by Silverdale. The legal consideration for the assignment therefore is the relationship between the parties and the mutual agreements between the parties on the investment process of the Silverdale consortium and the purpose for which Shouk was set up in the first place.

3. Item 3

The SPA was executed in 2007 between the Company and Shouk and was subsequently amended so as to reduce the number of shares to be purchased, at the same price stipulated in the SPA. Thereafter, Shouk assigned its rights under the SPA to Silverdale. Per Silverdale, the assignment was called by Silverdale in view of its plans to close down Shouk. It should be noted that the transaction between Silverdale and Shouk is between principal and nominee, involving the assignment of the nominee's rights under the SPA to its principal, which, to our minds, is a normal, valid transaction.

The Subscription Agreement was then executed as required under Article 2 of the SPA, which has to be between the Company and Silverdale now in view of the assignment of rights made from Shouk to Silverdale. Aside from being a requirement under the SPA, the Subscription Agreement was intended to be a closing document to implement the agreement to purchase shares as embodied under the SPA. (It is like the practice of having a MOA or Purchase Agreement first to be followed and implemented by a Deed of Sale when the terms of the MOA or Purchase Agreement are fulfilled.)

Finally, the Assignment Agreement is between Shouk and Silverdale, and given and understanding the background and purpose of the transaction and the relationship between Silverdale and Shouk, the Company

has no right or power or legal basis to disregard or ignore the existence and execution of this agreement. To do otherwise would expose the Company to legal suit which could be filed by Silverdale against the Company.

I hope the above clarifies issues with the PSE on the subject transaction.

Atty. Gahol



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----- Original Message -----

From: Bea C. Reyes

To: Angel P. Gahol

Cc: Marsha Resurreccion ; JV Zuno ; Ed Santiago ; Atty. Varvie R. Roldan

Sent: Friday, December 04, 2009 9:46 AM

Subject: Re: BSC_Private Placement_Comments (3)

Dear Atty. Gahol,

We have received the reply of Basic Energy Corporation (the "Company" or "Basic") to our comments. We reply thereto and state our further comments, in coordination with our OGC, as follows:

1. The Exchange as a regulator ensures that companies applying to list are compliant with the rules of PSE, the relevant laws of the Republic of the Philippines, the Listing Agreement, and the regulations and policies promulgated by the SEC. As such, and for the protection of the investing public, we are tasked to ensure that in our conduct of due diligence, all the documents submitted to us in support of listing applications are not inconsistent with these pertinent rules.

2. We did not state that the Assignment Agreement among Shouk Financial Services Limited, Silverdale International Pte. Limited and the Company is void. We cited Article 1409 of the Civil Code to point out the issue that the Assignment Agreement does not specifically state any consideration or cause. Therefore, being mindful of what is stated in the law as well as our obligation to conduct legal due diligence, we are asking the Company to explain or clarify the matter. The cause of the obligation is a requisite of a valid contract. It is the essential reason which impels the contracting parties to enter into a contract. It is the immediate, direct and proximate reason which justifies the creation of the obligation through such contract (Commentaries and Jurisprudence on the Civil Code by Arturo Tolentino).

According to the Company, the Assignment Agreement specifically states that the cause, object of the assignment is the transfer of Shouk of all its rights, title and interest in the assigned shares acquired from Basic. We note the Company's explanation. However, as object is another essential requisite of a contract, the Company should clarify whether the transfer of the rights, title and interest is the cause OR the object of the contract.

3. In the amended Share Purchase Agreement executed between the Company and Shouk, Shouk agreed to purchase the shares of the Company at forty four centavos per share. In said agreement, the parties agreed that the 31,818,182 Basic shares subject of the listing application shall be considered fully paid with the remittance made by Shouk in the amount of 299,657.00 US dollars. Therefore, based on this agreement, the Company will be issuing the shares in favor of Shouk.

We note however the submission to PSE of a Subscription Agreement between Basic and Silverdale. In said agreement, Silverdale has agreed to purchase 31,818,182 Basic shares, and Basic has agreed to issue the said shares to Silverdale.

Considering that by virtue of the amended Share Purchase Agreement, Shouk has already fully paid the shares and will already be the owner of these shares, there should be no Subscription Agreement between the Company and Silverdale on the same shares. If there would be a transfer of the shares, it should be from Shouk to Silverdale. As there seems to be an inconsistency/confusion with regard to this matter, we request the Company to please clarify.

Thank you.

Very truly yours,
Bea Cristina C. Reyes
Listings Analyst
Issuer Regulation Division
The Philippine Stock Exchange, Inc.
4/F PSE Centre, Exchange Road,
Ortigas Center, Pasig City
+63 2 688 75 07

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ODiSy

4th Floor, Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City
Trunkline: 688-7600 loc. 7512-7519
Fax. No. 636-0809

Company : **BASIC ENERGY CORPORATION**

Attention : **Atty. Corazon M. Bejasa**
Vice President/Corporate Secretary

Date : **April 14, 2010**

Gentlemen:

We write with respect to Basic Energy Corporation's ("BSC" or the "Corporation") disclosures on the following:

1. SEC Form 17-C dated September 23, 2009:
 - a. Execution of the Amendment to the Share Purchase Agreement ("SPA") with Shouk Financial Services Limited ("Shouk");
 - b. Execution of the Assignment Agreement with Shouk and Silverdale International Pte. Limited ("Silverdale") covering the assignment of the rights, title and interests of Shouk under the SPA to Silverdale, an affiliate company; and
 - c. Execution of the Subscription Agreement with Silverdale.
2. Disclosure dated August 8, 2008:
 - a. Signing of a Memorandum of Agreement ("MOA") with Ecomarketfarms, Inc. ("Ecomarketfarms") for:
 - the acquisition of its Tungawan Cassava Project;
 - the establishment of a joint venture that will establish cassava farming, development, production and processing facilities; and
 - the management of the joint venture project by Ecomarketfarms

Under the MOA, the Corporation agrees to pay as consideration the amount of P12,500,000.00 payable as follows:

- P11,250,000.00 payable in BSC shares based on par value of P0.25 per share equivalent to 45,000,000 shares; and
- P1,250,000.00 payable in cash by the Corporation upon signing of the Deed of Assignment or equivalent definitive agreement relative to the acquisition of the Tungawan Cassava Project.

In relation to your application for additional listing of shares covering the above-mentioned transactions, the Listings Department furnished the Disclosure Department copies of the following agreements:

A. Private Placement of Shouk

1. Cancellation of Assignment Agreement dated February 23, 2010 executed by the Corporation with Shouk and Silverdale to cancel the Assignment Agreement dated September 22, 2009 covering 127,272,727 BSC shares; and
2. Cancellation of Subscription Agreement dated February 23, 2010 executed by the Corporation and Silverdale to cancel the Subscription Agreement dated September 22, 2009 covering 31,818,812 BSC shares.

B. Memorandum of Agreement with Ecomarketfarms:

1. Joint Venture Agreement ("JVA") dated September 30, 2008 for the cassava development and production in Zamboanga Peninsula, including the related Deeds of Assignment and Management Agreement;
2. Amendment Agreement dated May 26, 2009 amending the Management Fees and profit-sharing provisions stipulated in the MOA dated August 8, 2008, Management Agreement dated September 1, 2008 and Joint Venture Agreement dated September 20, 2008;
3. ✓ Amendment to the MOA and related Deeds of Assignment to reduce total consideration for the acquisition of the Tungawan Cassava Project to P12,000,000.00 payable as follows:
 - P10,800,000.00 payable in BSC shares based on par value of P0.25 per share equivalent to 43,200,000 shares; and
 - P1,200,000.00 payable in cash.

Copies of the above-mentioned documents were submitted to the Listings Department as part of the requirements for the Corporation's application for additional listing of shares. However, based on records, the execution of the above-mentioned agreements was not disclosed to the Disclosure Department of the Exchange.

The Revised Disclosure Rules (the "Rules") provide that:

SECTION 1. BASIC PRINCIPLE: The basic principle of The Philippine Stock Exchange, Inc. ("PSE" or the "Exchange") is to ensure **full, fair, timely and accurate disclosure of material information** from all listed companies. This principle shall apply to all disclosure requirements under these Rules.

SECTION 2. Issuers must comply with the continuing disclosure requirements of the Exchange. The Issuer must promptly make available all information, through the submission of structured and unstructured disclosures, that would enable a reasonable investor to determine whether to buy, sell or hold securities, or in connection with the exercise of related voting rights. It must take all reasonable steps to ensure that all investors have equal access to such information....

...

SECTION 4.1. DISCLOSURE OF MATERIAL INFORMATION: In addition to the reportorial requirements under the Securities Regulation Code, Issuers are hereby required to disclose to the Exchange once they become aware of any material information or corporate act, development or event, within Ten (10) minutes from the receipt of such information or the happening or occurrence of said act, development or event....

...

SECTION 4.4 EVENTS MANDATING PROMPT DISCLOSURE: The following events, while not comprising a list of all the situations must be disclosed to the Exchange in compliance with Sec. 4.1 hereof:

...

- e. ... the entering into financial or commercial transactions that might have a material impact on the Issuer's situation;

...

SECTION 16. UPDATE OF PRIOR STATEMENTS: Should subsequent events make a prior disclosure inaccurate, the Issuer has the duty to update and correct prior disclosures within ten (10) minutes after receipt of the updated information or upon determination of the discrepancy. Disclosure procedures under Section 4.1 shall apply.

In addition, SEC Form 17-C, Item 9 "Other Events", provides that:

- (a) The issuer shall report every fact or event that occurs which would reasonably be expected to materially affect the decision of investors to buy, to sell or to hold securities. To the extent not covered above, the following are illustrative of the types of events required to be reported under this Item. This list is only indicative and will not relieve anyone of the obligation to inform the public, the exchange and the Commission of every other act which may reasonably be considered to materially affect the issuer's securities or investors' decisions in respect thereto.

...

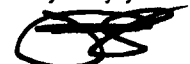
- 19) Entry into or termination of a material agreement not made in the ordinary course of business;

...

- 26) Changes in a material contract which may have financial, technological or administrative impact on the company;

Given the foregoing, please explain in writing no later than the end of business hours on Thursday, April 15, 2010, why the non-disclosure of the execution of the agreements enumerated above relating to the Corporation's SPA with Shouk and MOA with Ecomarketfarms does not constitute a violation of the aforementioned provisions of the Rules.

Very truly yours,



ROEL A. REFRAN *jin*
Vice President, General Counsel & *pmw*
Concurrent Head, Issuer Regulation Division *rgm*