

## SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14 (c)  
of the Securities Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

- Preliminary Information Statement       Confidential, for Use of the Commission Only (as permitted by Rule 14c-5 (d)(2))
- Definitive Information Statement

### AQUATIC CELLULOSE INTERNATIONAL CORPORATION

(Name of Registrant As Specified In Charter)

---

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.
- 1) Title of each class of securities to which transaction applies:
  - 2) Aggregate number of securities to which transaction applies:
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
  - 4) Proposed maximum aggregate value of transaction:
  - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No:
  - 3) Filing Party:
  - 4) Date Filed:

**AQUATIC CELLULOSE INTERNATIONAL CORPORATION**

121G Shuswap Street,  
Salmon Arm , B.C., V1E 4P2,  
Canada

Telephone: (250) 833-1985 Fax: (250) 833-1954  
Notice of Written Consent of Stockholders  
March 31, 2008

March 31, 2008

Dear Stockholder:

The accompanying Information Statement is being furnished to the holders of shares of the common and preferred stock of Aquatic Cellulose International Corporation (the "Company"), a Nevada corporation. The Board of Directors (the "Board") is not soliciting your proxy and you are requested not to send us a proxy. The purpose of this Information Statement is to notify you of actions already approved by written consent of a majority of the voting stockholders and directors. Pursuant to Rule 14c-2 of the Securities Exchange Act of 1934, the following actions will not be effective until twenty (20) days after the date the Information Statement is mailed to the stockholders:

1. To authorize the Company's Board of Directors to amend our Articles of Incorporation to increase the maximum number of shares of common stock that the Company shall be authorized to have outstanding at any time to ten billion (10,000,000,000) shares of common stock at par value of \$.001 with no preemptive rights. These additional shares will have the same rights, privileges, preferences and restrictions as the Company's shares of common stock which are currently authorized.
2. To authorize the Company's Board of Directors to amend our certificate of incorporation to change the Company's name to Valor Energy Corporation.

The enclosed Information Statement is for information purposes and is being mailed on or about April 10, 2008 to stockholders of record as of the close of business on March 7, 2008. You are urged to read the enclosed Information Statement in its entirety.

For the Board of Directors of  
Aquatic Cellulose International Corporation

By: /s/ Sheridan B. Westgarde  
Sheridan B. Westgarde  
Chairman

THIS INFORMATION STATEMENT IS BEING PROVIDED TO  
YOU BY THE BOARD OF DIRECTORS OF THE COMPANY

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE  
REQUESTED NOT TO SEND US A PROXY

## **INFORMATION STATEMENT**

### **AQUATIC CELLULOSE INTERNATIONAL CORPORATION**

121G Shuswap Street  
Salmon Arm, B.C., V1E 4P2,  
Canada

Telephone: (250) 833-1985 Fax: (250) 833-1954

Notice of Written Consent of Stockholders

March \_\_\_\_, 2008

(Preliminary)

March \_\_\_\_, 2008

## **GENERAL INFORMATION**

This Information Statement has been filed with the Securities and Exchange Commission and is being furnished, pursuant to Section 14C of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the holders (the "Stockholders") of the common and preferred stock, par value \$0.001 per share (the "Voting Stock"), of Aquatic Cellulose International Corporation, a Nevada Corporation (the "Company"), to notify such Stockholders of the following:

On or about March 7, 2008, the Company received written consent in lieu of a meeting of Stockholders from (i) shareholders holding 950,000 shares of common stock entitled to one vote per share; and (ii) shareholders holding 2,007,194 shares of Series A Convertible Preferred Stock entitled to 1000 votes per share, a total of 2,008,144,000 votes, approving an amendment to the Articles of Incorporation of the Company (the "Amendment"), to change the name of the Company to Valor Energy Corporation and to increase the maximum number of shares of stock that the Company shall be authorized to have outstanding at any time to ten billion (10,000,000,000) shares of common stock at par value of \$0.001 with no preemptive rights. These additional shares will have the same rights, privileges, preferences and restrictions as the Company's shares of common stock which are currently authorized.

On March 7, 2008, pursuant to Nevada Revised Statutes ("NRS") 78.315, the Board of Directors of the Company approved the above-mentioned actions, subject to Stockholder approval. According to NRS 78.390, a majority of the outstanding shares of voting capital stock entitled to vote on the matter is required in order to amend the Company's Articles of Incorporation. The Majority Stockholders approved the action by written consent in lieu of a meeting on March 7, 2008, in accordance with NRS 78.315. Accordingly, your consent is not required and is not being solicited in connection with the approval of the action.

### **WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.**

In order to eliminate the costs and management time involved in holding a special meeting, and in order to effectuate the Amendment as early as possible in order to accomplish the purposes of the Company, the Board of Directors of the Company decided to utilize the written consent of the Majority Stockholders of the Company. The Company has no knowledge of any director of the Company who intends to oppose any action to be taken in connection with this Information Statement.

The entire cost of furnishing this Information Statement will be borne by the Company. The Company will request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this Information Statement to the beneficial owners of the Common and Series A Convertible Preferred Stock held of record by them and will reimburse such persons for their reasonable charges and expenses in connection therewith. The Board of Directors has fixed the close of business on March 7, 2008, as the record date (the "Record Date") for the determination of Stockholders who are entitled to receive this Information Statement.

Each share of our common stock entitles its holder to one ( 1 ) vote on each matter submitted to the stockholders and the holders of our Series A Convertible Preferred Stock are entitled to vote one thousand ( 1000 ) times for each share of Series A Convertible Preferred Stock held on all matters submitted to the shareholders. However, because the stockholders holding at least a majority of the voting rights of all outstanding shares of capital stock as of the Record Date have voted in favor of the foregoing actions by resolution; and having sufficient voting power to approve such proposals through their ownership of the capital stock, no other consents will be solicited in connection with this Information Statement.

You are being provided with this Information Statement pursuant to Section 14C of the Exchange Act and Regulation 14C and Schedule 14C thereunder, and, in accordance therewith, the forgoing action will not become effective until at least 20 calendar days after the mailing of this Information Statement.

This Information Statement is being mailed on or about April 10, 2008, to all Stockholders of record as of the Record Date.

## **I. PROPOSED AMENDMENT TO THE ARTICLES OF INCORPORATION TO CHANGE THE NAME TO VALOR ENERGY CORPORATION**

Our articles of incorporation, or articles, currently provide that the name of the corporation is Aquatic Cellulose International Corporation. Our board of directors has approved an amendment to our articles changing the name of the corporation to Valor Energy Corporation. The board believes that the new name more accurately represents the business of the company. The following is the text of the amendment:

### **Article I Corporate Name**

The name of the company shall be Valor Energy Corporation.

#### **Description of the Amendment**

Our current articles, as amended, provide that the name of the company is Aquatic Cellulose International Corporation. In March of 2003, new management decided on the new business direction in Oil and Gas due to continued losses from operations and lack of progress in underwater wood project development. Given the company's new business direction, our board believes that the name Valor Energy Corporation, is more appropriate.

#### **Approval of the Amendment**

On March 7, 2008, our board of directors, believing it to be in the best interests of the company, approved the proposed amendment to our articles of incorporation to change the name of the company to Valor Energy Corporation. To avoid the significant costs and delays associated with holding a meeting, our board elected to seek approval of the amendment by written consent of our stockholders possessing the majority vote. The board set March 7, 2008, as the record date for voting on the amendment. On that record date, stockholders with 2,008,144,000 votes, which represented approximately 95.3% of the shares entitled to vote on the amendment to the articles, consented in writing without a meeting to the amendment. As a result, no further votes are required to adopt the amendment.

#### **Timing of the Amendment**

The proposed amendment to the Company's articles of incorporation will become effective upon filing of an Article of Amendment to our Articles of Incorporation with the Nevada Secretary of State. Pursuant to Rule 14c-2 under the Exchange Act, the proposed amendment may not be filed until twenty ( 20 ) calendar days after the mailing of this information statement to our stockholders. We anticipate filing the amendment immediately following the expiration of the twenty ( 20 ) day waiting period. However, our board of directors retains discretion under Nevada Law not to implement the amendment. If our board exercises this discretion, our articles will not change. Company has no knowledge of any director of the Company who intends to oppose any action to be taken in connection with this Information Statement.

## **II. PROPOSED AMENDMENT TO AMEND ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED SHARES FROM 100,000,000 TO 10,000,000,000**

Our Articles of Incorporation, as amended, authorizes us to issue up to 100,000,000 shares of our common stock. Currently, we have 100,000,000 shares issued and outstanding.

The following is the text of the amendment, which shall replace the first paragraph of Article III in its entirety:

### **Article III Capital Stock**

The total number of authorized shares of the Corporation shall be 10,010,000,000 non-assessable shares, 10,000,000,000 of which shall be common voting stock with a par value of \$0.001 per share and 10,000,000 shares of which shall be Preferred Stock with a par value of \$0.001 per share. Of the 10,000,000 Preferred Stock, 5,000,000 shares shall be designated as Series A Convertible Preferred Stock.

#### **Purpose of the Proposal**

The general purpose and effect of the amendment to the Company's Articles of Incorporation is to authorize 9,900,000,000 additional shares of Common Stock. The Board of Directors believes it is in the best interest of the Company to have the additional shares of Common Stock to be issued. The general purpose and effect of the amendment to the Company's Articles of Incorporation in authorizing 9,900,000,000 additional shares of Common Stock will be to use such additional shares of common stock for general corporate purposes, including acquisitions, equity financings, stock dividends, stock splits or other recapitalizations, and grants of stock options.

Specifically, we must increase the authorized shares in order to fulfill our obligations under various convertible debentures. On September 30, 2000, we issued two convertible debentures of \$240,400 in cash each for an aggregate of \$480,800. On March 14, 2001 we issued two convertible debentures of \$50,000 in cash each for an aggregate of \$100,000. On December 31, 2001 we issued two convertible debentures of \$100,000 in cash each for an aggregate of \$200,000. On March 19, 2004, we entered into a Securities Purchase Agreement with AJW QUALIFIED PARTNERS, LLC, AJW OFFSHORE, LTD., and AJW PARTNERS, LLC, ("Investors"). Under this agreement, Investors agreed to purchase (i) 10% convertible debentures of the Company, in the aggregate principal amount of Nine Hundred Thousand Dollars (\$900,000), convertible into shares of common stock, par value \$.001 per share, of the Company; and ii) warrants to purchase Nine Hundred Thousand (900,000) shares of Common Stock. On March 22<sup>nd</sup>, 2004, we issued three convertible debentures of \$433,333, \$433,334 and \$33,333 respectively, in cash each for an aggregate of \$900,000. On August 6, 2004 we entered into a Securities Purchase Agreement with AJW QUALIFIED PARTNERS, LLC, AJW OFFSHORE, LTD., AJW PARTNERS, LLC and NEW MILLENIUM CAPITAL PARTNERS II, LLC, ("Investors"). Under this agreement, Investors agreed to purchase (i) 10% convertible debentures of the Company in the aggregate principal amount of Two Hundred Fifty Thousand Dollars (\$250,000) convertible into shares of common stock, par value \$.001 per share, of the Company, upon the terms and subject to the limitations and conditions set forth in such Debentures and (ii) warrants to purchase Two Hundred Fifty Thousand (250,000) shares of Common Stock (the "WARRANTS"). On January 31, 2008, we replaced certain accrued and unpaid interest due under the terms of our convertible notes with the issuance of three additional convertible debentures of \$55,657, \$48,302 and \$123,109 respectively, for an aggregate of \$227,068. Both of these agreements provide if at any time the number of shares of Common Stock authorized and reserved for issuance is below the amount to be reserved for the Investors under the terms of the Agreements, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares.

All of the outstanding convertible debentures bear the following material terms: Any amount of principal or interest due under the debentures, which is not paid when due will bear interest at 15 percent per annum from the due date thereof until the amount is paid. The debentures issued prior to March 2004, are convertible, at the investors' sole option, into common shares at the lesser of \$0.078 per share (fixed conversion price) or 75 percent of the average of the lowest three inter-day sales prices during the twenty days immediately preceding the conversion date.

During March 2004 and August 2004, the Company issued a \$900,000 and \$250,000, respectively, of convertible notes and warrants. Convertible debentures payable bear interest at 10 percent, due on a quarterly basis, and are secured by a first priority interest in the Company's assets. Any amount of principal or interest due under the debentures, which is not paid when due will bear interest at 15 percent per annum from the due date thereof until the amount is paid. These debentures are convertible, at the investors' sole option, into common shares at the lesser of \$0.004 per share (fixed conversion price) or 75 percent of the average of the lowest three inter-day sales prices during the twenty days immediately preceding the conversion date.

On January 31, 2008, we replaced certain accrued and unpaid interest due under the terms of our convertible notes with the issuance of three additional convertible debentures of \$55,657, \$48,302 and \$123,109 respectively, for an aggregate of \$227,068. These convertible debentures payable bear interest at 2 percent, due on a quarterly basis, and are secured by a first priority interest in the Company's assets. Any amount of principal or interest due under the debentures, which is not paid when due will bear interest at 15 percent per annum from the due date thereof until the amount is paid. These debentures are convertible, at the investors' sole option, into common shares at 70 percent of the average of the lowest three inter-day sales prices during the twenty days immediately preceding the conversion date.

On April 29, 2007, the Company and the investors agreed to increase the discount percentage on the notes from 70% to 75%. If, at any time, the Company issues or sells any shares of common stock for no or below market consideration (dilutive issuance), then immediately upon the dilutive issuance, the fixed conversion price will be reduced to the amount of the consideration per share received by the Company in such dilutive issuance. The number of common shares issuable upon the conversion of the debentures is limited to 4.9 percent in beneficial ownership by the debenture holders and its affiliates of the outstanding shares of common stock. Once the maximum amount of common shares has been issued, in lieu of any further right to convert the debentures, the Company shall pay to the debenture holder, an amount equal to 130 percent of the then outstanding principal amount of the debenture plus accrued and unpaid interest and other related charges within fifteen business days of the maximum conversion date. If the Company exercises its right to prepay the debentures, the Company will make payment to the debenture holders in an amount equal to 150 percent of the sum of the then outstanding principal amount of the debentures plus accrued and unpaid interest on the unpaid principal amount of the debenture to the optional prepayment date plus any other related penalties. The debentures do not automatically convert to common shares on their due dates.

All of the convertible debentures under these Agreements were issued between September 2000, and August 2004, and all are currently convertible. However, we are unable to fulfill our obligations under these agreements because we have an insufficient number of Common Shares to issue the shares underlying the notes. Under these agreements, if the Company fails to obtain the shareholder approval necessary to increase the number authorized shares within thirty (30) days following the date on which the number of required reserve shares exceeds the authorized and reserved shares, the Company may be required to pay to the Investors liquidated damages of three percent (3%) of the outstanding amount of the Debentures per month plus accrued and unpaid interest on the Debentures, prorated for partial months, in cash or shares at the option of the Investors. To date, the Investors have not required that such liquidated damages be paid, however they may elect to so require at any time. Should the Investors demand payment pursuant to the liquidated damages clause, the company would be required to pay \$383,185 in liquidated damages or an additional 102,182,667 shares of company stock, accounting for the 25% discount to the company's share price as of the date of this Information Statement.

Upon the increase in the authorized shares and as per the terms of the Agreement, we intend to reserve 3,399,837,333 shares to satisfy the conversion of the outstanding convertible notes. However, because our share price may decline further, the 3,399,837,333 shares we intend to hold in reserve may not be sufficient to satisfy the conversion of the outstanding convertible notes. For example, should our share price decline by 25% ( to \$0.00375 ) we would need 4,429,597,333 shares to satisfy the conversion of our outstanding convertible notes. Should our share price decline by 50% ( to \$0.0025 ) we would need 6,489,117,333 shares to satisfy the conversion of our outstanding convertible notes. Should our share price decline by 75% ( to \$0.00125 ) we would need 12,667,667,333 shares to satisfy the conversion of our outstanding convertible notes.

Additionally, our Certificate of Designation filed with the State of Nevada on April 3, 2007 allows for the conversion of the 5,000,000 authorized shares of Series A Convertible Preferred Stock into 305,000,000 shares of Common Stock. Of these shares we currently have 2,007,194 issued, however the holder of these shares, our Director and Chief Executive Officer, Sheridan Westgarde, has permanently waived the right to convert these shares into common stock. Though we have no plans at this time to issue any additional Series A stock, we require that we increase the authorized common stock in order to allow for a share reserve for any potential conversion in the future should there be any additional issuances of Series A stock. Of the intended increase to 10,000,000,000 total authorized Common Shares, 100,000,000 shares are currently issued and outstanding, 182,561,166 shares shall be held in reserve for any potential conversion of, as yet unissued, Series A Convertible Preferred Stock, 3,399,837,333 shares shall be held in reserve for the issuances to Investors under the terms of the Securities Purchase Agreements, and 6,317,601,501 shares shall be available for any additional stock issuances by the Company. As indicated above, should our share price decline, the 3,399,837,333 shares we intend to reserve to satisfy our outstanding convertible notes may not be sufficient. Therefore, the 6,317,601,501 shares which shall remain available to the company may be utilized to further meet conversion demands.

As of the date of this Information Statement the company has no obligation to issue shares other than as disclosed above. Additionally, the company has no plans to use the residual 6,317,601,501 shares in order to acquire a specific business or assets.

### **Effects of the Proposal**

The additional 9,900,000,000 shares of common stock shall have all of the rights associated with the company's currently authorized common shares. The increase in the authorized shares of our common stock will not have any immediate effect on the rights of existing stockholders. However, our board of directors will have the authority to issue authorized shares of common stock without requiring future stockholder approval of such issuances, except as may be required by applicable law or regulations, the company's governing documents, or the rules of any stock exchanges, NASDAQ or any automated inter-dealer quotation system on which the company's common stock may be traded. The company's stockholders could therefore experience a reduction in their ownership interest in the company with respect to earnings per share (if any), voting, liquidation value, and book and market value if the additional authorized shares are issued. The holders of our common stock have no preemptive rights, which mean that current stockholders do not have a prior right to purchase any new issue of common stock in order to maintain their proportionate ownership in the company. Our board of directors has no plans to grant preemptive rights with respect to any of the newly-authorized shares.

Although the board of directors will authorize the issuance of additional shares of common stock or instruments into which the common stock is exercisable or convertible for only when it considers doing so to be in the best interests of the stockholders, the availability for issuance of additional shares of common stock could also enable the board of directors to render more difficult or discourage an attempt to obtain control of the company through, for example, a proposed merger, tender offer or proxy contest. Therefore, the additional authorized shares of Common Stock could have an anti-takeover effect. If the Company's Board of Directors desires to issue additional shares in the future, such issuance could dilute the voting power of a person seeking control of the Company, thereby deterring or rendering more difficult a merger, tender offer, proxy contest or an extraordinary corporate transaction opposed by the Company. Neither management nor the board of directors is aware of any planned effort on the part of any party to accumulate material amounts of common stock or to acquire control of the company by means of a merger, tender offer, proxy contest or otherwise, or to change the company's management.

### **Rights of Holders of Common Stock**

Holders of our common stock are entitled to one ( 1 ) vote per share on all matters submitted to a vote of our stockholders and to receive, ratably, dividends, if any, as may be declared from time to time by the board of directors from funds legally available therefore, subject to the payment of any outstanding preferential dividends declared with respect to any preferred stock that from time to time may be outstanding. Upon our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in any assets available for distribution to stockholders after payment of all of our obligations, subject to the rights to receive preferential distributions of the holders of any preferred stock then outstanding.

### **Rights of Holders of Series A Convertible Preferred Stock**

Holders of our Series A Convertible Preferred Stock are entitled to one thousand ( 1000 ) votes per share on all matters submitted to a vote of our stockholders. Holders of our Series A Convertible Preferred Stock have the right to convert each one of our Series A Convertible Preferred shares into sixty-one ( 61 ) common shares of the company once such shares become available through an increase in the company's authorized common shares. Of the 5,000,000 Series A Convertible Preferred shares we currently have 2,007,194 issued, however the holder of these shares, our Director and Chief Executive Officer, Sheridan Westgarde, has permanently waived the right to convert these shares into common stock. Upon our liquidation, dissolution or winding up, holders of our Series A Convertible Preferred Stock are entitled to an 8:1 share in any assets available for distribution to stockholders after payment of all of our obligations, subject to the rights to receive preferential distributions of the holders of any preferred stock then outstanding.

## **Approval of The Amendment**

On March 7, 2008, our board of directors, believing it to be in the best interests of the company, approved the proposed amendment to our articles of incorporation to increase our authorized shares from 100,000,000 to 10,000,000,000 shares. To avoid the significant costs and delays associated with holding a meeting, our board elected to seek approval of the amendment by written consent of our stockholders possessing the majority vote. The board set March 7, 2008, as the record date for voting on the amendment. On that record date, stockholders with 2,008,144,000 votes, which represented approximately 95.3% of the shares entitled to vote on the amendment to the articles, consented in writing without a meeting to the amendment. As a result, no further votes are required to adopt the amendment.

## **Timing of the Amendment**

The proposed amendment to the company's articles of incorporation will become effective upon filing of the Article of Amendment to our Articles of Incorporation with the Nevada Secretary of State. Pursuant to Rule 14c-2 under the Exchange Act, the proposed amendment may not be filed until twenty ( 20 ) calendar days after the mailing of this information statement to our stockholders. We anticipate filing the amendment immediately following the expiration of the twenty ( 20 ) day waiting period. However, our board of directors retains discretion under Nevada Law not to implement the amendment. If our board exercises this discretion, our articles will not change. Company has no knowledge of any director of the Company who intends to oppose any action to be taken in connection with this Information Statement.

## **OUTSTANDING VOTING SECURITIES**

As of the date of the Consent by the Majority Stockholders, March 7, 2008, the Company had 100,000,000 shares of Common Stock issued and outstanding and 2,007,194 shares of Series A preferred shares issued and outstanding. Each share of outstanding Common Stock is entitled to one vote on matters submitted for Stockholder approval. Series A Convertible Preferred Stockholders are entitled to vote one thousand times for each share of Series A Convertible Preferred Stock held on all matters submitted to the shareholders.

Of our total 10,000,000 shares of authorized preferred stock, 5,000,000 have been designated as Series A convertible stock . Of these 5,000,000 shares of Series A Convertible Stock, a total of 2,007,194 shares have been issued. All rights and preferences of the Series A Convertible Preferred shares are stipulated in the Certificate of Designation as filed with the Nevada Secretary of State, and include the following: i) one Series A Convertible Preferred share has the equivalent of 1000 common share votes; ii) one Series A Convertible Preferred share will have the right, at the exclusive option of the holder, to convert to 61 common shares of the Company, once such shares become available through the increase in the Company's authorized common shares; iii) these shares also have ratchet provision rights, registration rights and piggy back registration rights, as well as 8:1 liquidation rights. Our Director and Chief Executive Officer, Sheridan Westgarde, who is the only holder of Series A Convertible Preferred shares has permanently waived the right to convert these shares into common stock.

In April 2007, the Board of Directors approved the issuance of 1,350,000 shares of Series A Convertible Preferred stock to Sheridan Westgarde pursuant to his Employment Agreement with the Company. This Agreement provides that the Company issue Mr. Westgarde enough stock to make him a twenty-seven percent owner of the Company's issued and outstanding shares, calculated following all issuances of stock to certain stake holders. The original commitment as per agreement to take over as Director/CEO in March of 2003, was 5% of new authorized shares, as disclosed in the May 31, 2003 Form 10-KSB/A. This was later modified to 27% of planned Issued and Outstanding. During May 2007, Mr. Westgarde, signed an agreement to permanently waived the right to convert these shares into common stock (See our May 31, 2007 Form 10-KSB/A filed on March 6, 2008 – Notes to Consolidated Financial Statements – Note 13).

In April 2007, the Board of Directors approved the issuance of 1,350,000 shares of Series A Convertible Preferred stock to Lonnie Hayward pursuant to his Employment Agreement with the Company. This Agreement requires that the Company issue Mr. Hayward enough stock to make him a twenty-seven percent owner of the Company's issued and outstanding shares, calculated following all issuances of stock to certain stake holders. During May 2007, Mr. Hayward, signed an agreement to permanently waived the right to convert these shares into common stock (See our May 31, 2007 Form 10-KSB/A filed on March 6, 2008 – Notes to Consolidated Financial Statements – Note 13).

On June 14, 2007, Sheridan Westgarde and Lonnie Hayward were issued an additional 446,349 and 215,351, respectively, of Series A shares as settlement of all amounts owed in un-paid consulting and stock loaned to the Company. Also, Sheridan Westgarde and Lonnie Hayward were each issued an additional 210,845 Series A shares each as complete settlement of a loan to the Company by UBA, a company owned, at the time, by Westgarde and Hayward (See our May 31, 2007 Form 10-KSB/A filed on March 6, 2008 – Notes to Consolidated Financial Statements – Note 10, 13 and 14).

On November 15, 2007, Mr. Lonnie Hayward resigned from the Company’s Board of Directors and as Vice President. On January 20, 2008 Mr. Hayward agreed to relinquish to the Company his 1,776,196 shares of preferred stock, as per the terms of an asset sales agreement (See our Form 8-K filed on February 26, 2008).

Currently, 2,992,806 shares of Series A Convertible Stock out of 5,000,000 total authorized Series A Convertible Stock remain issuable. None of the authorized, but undesignated 5,000,000 shares of Preferred Stock have been issued to date.

As a result of these transactions, Mr. Westgarde controls 95.3% of the votes for the Company.

On March 7, 2008, the holders of the 2,007,194 shares of Series A Preferred Stock and 950,000 shares of Common Stock, representing approximately 95.3% of the 2,107,194,000 total possible votes from the following (i) 100,000,000 shares of Common Stock entitled to one vote per share (ii) 2,007,194 shares of Series A Convertible Preferred Shares entitled to 1000 votes per share then outstanding for a total of 2,107,194,000 votes, executed and delivered to the Company a written consent approving the actions set forth herein. Since the action has been approved by the Majority Stockholders, no proxies are being solicited with this Information Statement.

The NRS provides in substance that unless the Company's articles of incorporation provides otherwise, stockholders may take action without a meeting of stockholders and without prior notice if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all shares entitled to vote thereon were present.

**DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS  
AND CONTROL PERSONS**

The following table sets forth the name, age and position of each of our executive officers directors and control persons as of March 7, 2008:

Names and Address of Directors, Officers and 5% Stockholders	Age	Percentage of Total Votes as of March 7, 2008
Sheridan Westgarde 744 Mobley Rd. Salmon Arm, BC. V1E 2X1	39	95.3%
<b>All directors and executive officers as a group (1 in number)</b>		<b>95.3%</b>

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### Common Stock:

The following information table sets forth certain information regarding the Company's common stock owned on March 7, 2008, by (i) each shareholder who is known by the Company to own beneficially more than 5% of its outstanding Common Stock, (ii) each director and officer, and (iii) all officers and directors as a group:

Names and Address of Directors, Officers and 5% Stockholders	Number of Common Shares Owned	Percentage of Common Stock Owned On March 7, 2008 (1)
Sheridan Westgarde 744 Mobley Rd. Salmon Arm, BC. V1E 2X1	950,000	1.0%
<b>All directors and executive officers as a group (1 in number)</b>	<b>950,000</b>	<b>1.0%</b>

(1) Applicable percentage of ownership is based on 100,000,000 shares of common stock outstanding as of March 7, 2008.

### Preferred Stock:

The following information table sets forth certain information regarding the Company's Series A Convertible Preferred Stock owned on March 7, 2008, by (i) each shareholder who is known by the Company to own beneficially more than 5% of its outstanding Series A Convertible Preferred Stock, (ii) each director and officer, and (iii) all officers and directors as a group:

Names and Address of Directors, Officers and 5% Stockholders (1)	Number of Series A Preferred Shares Owned	Percentage of Preferred Stock owned On March 7, 2008(1)
Sheridan Westgarde 744 Mobley Rd. Salmon Arm, BC. V1E 2X1	2,007,194	100.0%
<b>All directors and executive officers as a group (1 in number)</b>	<b>2,007,194</b>	<b>100.0%</b>

(1) Applicable percentage of ownership is based on 2,007,194 shares of Series A Convertible Preferred Stock outstanding as of March 7, 2008.

### Voting Rights of Common and Preferred Stock:

The following information table sets forth certain information regarding the votes associated with the Company's shares of Common Stock and Series A Convertible Preferred Stock as of March 7, 2008. The chart shows the voting information of stock held by (i) each shareholder who is known by the Company to own beneficially more than 5% of its outstanding voting stock, (ii) each director and officer, and (iii) all officers and directors as a group. The Common Stock and Series A Convertible Preferred Stock vote together as one class on all matters requiring a shareholder vote:

The following information table sets forth certain information regarding the Company's Series A Convertible Preferred Stock owned on March 7, 2008, by

Names and Address of Directors, Officers and 5% Stockholders (1)	Total Number of Votes from Common Shares Held (1)	Total Number of Votes from Preferred Shares Held (2)	Total Number of Votes	Percentage of Total Votes (3)
Sheridan Westgarde 744 Mobley Rd. Salmon Arm, BC. V1E 2X1	950,000	2,007,194,000	2,008,144,000	95.3%
Total	950,000	2,007,194,000	2,008,144,000	95.3%

(1) Based on one vote per Common share held.

(2) Based on one thousand votes per Series A Convertible Preferred Share held.

(3) Based on (i) 100,000,000 Common shares outstanding with one vote per share and (ii) 2,007,194 Series A Convertible Preferred shares outstanding with one thousand votes per share for a total of 2,107,194,000 total votes from preferred shares, voting together as one class. There are 2,107,194,000 total possible votes.

### **Other Matters**

#### **Record Date**

Our board of directors has fixed the close of business on March 7, 2008, as the record date for the determination of stockholders who are entitled to receive this information statement. There were 100,000,000 shares of our common stock issued and outstanding on the record date. There were also 2,007,194 Series A Convertible Preferred shares issued and outstanding on the record date. We anticipate that this information statement will be mailed on or about April 10, 2008 to all stockholders.

#### **Cost of this Information Statement**

The entire cost of furnishing this information statement will be borne by the company. We will request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this information statement to the beneficial owners of our common stock held of record by them.

#### **DISSENTER'S RIGHTS OF APPRAISAL**

The Stockholders have no right under the NRS, the Company's articles of incorporation consistent with above or By-Laws to dissent from any of the provisions adopted as set forth herein.

#### **Interests of Certain Persons in Opposition to Matters to be Acted Upon**

We feel that no affiliate of the company has any interest in the proposed name change or increase in the authorized shares beyond general interest shared by all stockholders to see the company move its business plans forward.

## Where You Can Find More Information

We are subject to the information and reporting requirements of the Securities Exchange Act and in accordance with the Exchange Act, we file periodic reports, such as our annual report, and other information with the SEC relating to our business, financial statements and other matters. You may read and copy any document that we file at the public reference facilities of the SEC in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

## Miscellaneous

If you have any questions about this Information Statement you should contact:

### **AQUATIC CELLULOSE INTERNATIONAL CORPORATION**

121G Shuswap Street,  
Salmon Arm, B.C., V1E 4P2,  
Canada

Telephone: (250) 833-1985 Fax: (250) 833-1954

**We have not authorized anyone to provide you with information that is different from what is contained in this Information Statement. This Information Statement is dated March 31, 2008.**

**You should not assume that the information contained in this Information Statement is accurate as of any date other than that date (or as an earlier date if so indicated in this Information Statement).**

## CONCLUSION

As a matter of regulatory compliance, we are sending you this Information Statement which describes this purpose and effect of the amendments to the company's Articles of Incorporation. Your consent to the amendments to the company's Articles of Incorporation is not required and is not being solicited in connection with this action. This Information Statement is intended to provide our shareholders information required by the rules and regulations of the Securities Exchange Act of 1934.

## ADDITIONAL INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information including annual and quarterly reports on Form 10-KSB and 10-QSB (the "1934 Act Filings") with the Securities and Exchange Commission (the "Commission"). Reports and other information filed by the Company can be inspected and copied at the public reference facilities maintained at the Commission at 100 F Street, N.E., Washington, DC 20549. Copies of such material can be obtained upon written request addressed to the Commission, Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. The Commission maintains a web site on the Internet (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission through the Electronic Data Gathering, Analysis and Retrieval System ("EDGAR").

The following document as filed with the Commission by the Company is incorporated herein by reference:

1. Quarterly Report on Form 10-QSB for the period ended November 30, 2007

The following document as filed with the Commission by the Company is filed herewith:

1. Annual Report on Form 10-KSB/A for the year ended May 31, 2007

By Order of the Board of Directors

By: /s/ Sheridan B. Westgarde  
Sheridan B. Westgarde  
Chairman

# AQUATIC CELLULOSE INTERNATIONAL CORP.

331 4th Street • Salmon Arm, British Columbia • Canada • V1E 4P2

Phone: 250-833-1985

Fax: 250-833-1954

Email: [valorenergy@sunwave.net](mailto:valorenergy@sunwave.net)

**March 31, 2008**

Andrew Schoeffler  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0404

Re: Aquatic Cellulose International Corporation

Preliminary Information Statement on Schedule 14C

Filed April 24, 2007

File No. 000-27063

Dear Mr. Schoeffler,

Please note the following Answers to your comment letter of July 20, 2007. For ease of reference we have included your original comment followed by our Answer.

## General

1. Please disclose the information required by Item 3 of Schedule 14C

ANSWER: The Schedule 14C has been amended to reflect all information required by Item 3 of Schedule 14C. Specifically, the Schedule 14C has been amended to indicate that the Company has no knowledge of any director of the Company who intends to oppose any action to be taken by the company at the meeting.

2. We note your response to the comment in the second bullet point of comment 1 from our letter dated May 11, 2007. Please disclose the information required by paragraphs (b) and (d) of Item 11 of Schedule 14A.

ANSWER: The Schedule 14C has been amended to reflect all of the information required by paragraphs (b) and (d) of Item 11 of Schedule 14A. Specifically, the Schedule 14C has been amended to indicate that additional 9,900,000,000 shares of common stock to be authorized shall share the same rights as the common shares currently authorized by the company. Additionally, the Schedule 14C has been amended to reflect the reasons for the authorization of these shares as well as the general effects upon the existing security holders. The Company's obligations pursuant to the various convertible debentures outstanding have been disclosed in more detail.

3. We note your response to comment 2 from our letter dated May 11, 2007. Please disclose the information required by Item 7 of Schedule 14A. In addition, please describe the plan of reorganization, including disclosing the information set forth in your response.

ANSWER: This section has been revised to disclose the information required by Item 7 of Schedule 14A, as well as the plan of reorganization as set forth in our previous response.

4. We reissue comments 49 and 51 from our letter dated November 8, 2005, as you have not provided responses.

**Prior Comment 49:** Disclose whether you have current plans to use the increase in authorized shares in order to acquire a specific business or assets. If so, you should include the information required by item 14 of Schedule 14A with regard to such an acquisition.

ANSWER: The Schedule 14C has been amended to more clearly disclose the purpose for the increase in the amount of authorized shares. Specifically, the authorization of additional shares is necessary to fulfill our obligations under various convertible debentures as we are currently unable to fulfill our obligations under these agreements because we have an insufficient number of Common Shares to issue the shares underlying the notes. Under these agreements, if the Company fails to obtain the shareholder approval necessary to increase the number authorized shares within thirty (30) days following the date on which the number of required reserve shares exceeds the authorized and reserved shares, the Company may be required to pay to the Investors liquidated damages of three percent (3%) of the outstanding amount of the Debentures per month plus accrued and unpaid interest on the Debentures, prorated for partial months, in cash or shares at the option of the Investors. To date, the Investors have not required that such liquidated damages be paid, however they may elect to so require at any time.

Additionally, we filed a Certificate of Designation with the State of Nevada on April 3, 2007 that allows for the conversion of Series A Convertible Preferred Stock into common shares. Of the 5,000,000 authorized Series A shares, 2,007,194 have waived their right to conversion leaving 2,992,806 unissued that could, if issued in the future, convert to Common Stock. This requires that we increase the authorized common stock in order to allow for a share reserve for this conversion.

Of the intended increase to 10,000,000,000 total authorized Common Shares, 100,000,000 shares are currently issued and outstanding, 182,561,166 shares shall be held in reserve for the conversion from Series A Convertible Preferred Stock, 3,399,837,333 shares shall be held in reserve for the issuances to Investors under the terms of the Securities Purchase Agreements, and 6,317,601,501 shares shall be available for any additional stock issuances by the Company. Should our share price decline, the 3,399,837,333 shares we intend to reserve to satisfy our outstanding convertible notes may not be sufficient. Therefore, the 6,317,601,501 shares which shall remain available to the company may be utilized to further meet conversion demands. As of the date of the Information Statement the company has no plans to use the residual 6,317,601,501 shares in order to acquire a specific business or assets.

**Prior Comment 51:** Revise this section to disclose whether 3,000,000,000 authorized shares will be enough to cover your obligations to issue common shares if the price of your stock falls further. Update this section with regard to the stock price as of the most recent date practicable.

ANSWER: The Schedule 14C has been amended to more clearly disclose whether the company will be able to cover our obligations to issue common shares should our stock price fall further. Specifically, the Schedule 14C has been amended to disclose that we will effect an increase to 10,000,000,000 shares and that upon the increase in the authorized shares and as per the terms of the Agreement, we intend to reserve 3,399,837,333 shares to satisfy the conversion of the outstanding convertible notes. However, because our share price may decline further, the 3,399,837,333 shares we intend to hold in reserve may not be sufficient to satisfy the conversion of the outstanding convertible notes. For example, should our share price decline by 25% ( to \$0.00375 ) we would need 4,429,597,333 shares to satisfy the conversion of our outstanding convertible notes. Should our share price decline by 50% ( to \$0.0025 ) we would need 6,489,117,333 shares to satisfy the conversion of our outstanding convertible notes. Should our share price decline by 75% ( to \$0.00125 ) we would need 12,667,667,333 shares to satisfy the conversion of our outstanding convertible notes. Should our share price decline, the 3,399,837,333 shares we intend to reserve to satisfy our outstanding convertible notes may not be sufficient. Therefore, the 6,317,601,501 shares which shall remain available to the company may be utilized to further meet conversion demands.

5. We note the reference in the first sentence of the first paragraph to Form 10-K and Form 10-Q. It does not appear that you file these Exchange Act reports but rather you file Forms 10-KSB and 10-QSB. Please revise accordingly.

ANSWER: The Schedule 14C has been revised correctly indicate that the company files Exchange Act reports on Forms 10-KSB and 10-QSB.

6. We note the disclosure in the second and third paragraphs and have the following comments.
  - please relocate this disclosure to the last page of the information statement as required by paragraph (c)(2) of Item 13 of Schedule 14A.
  - Please be advised that you may not incorporate by reference unless the incorporated document is delivered with the information statement. As such, the Form 10-QSB must be delivered with the information statement. Please revise accordingly. Please refer to paragraph (b)(2) of Item 13 of Schedule 14A.
  - Please clearly disclose that the Form 10-KSB is incorporated by reference into the information statement.

ANSWER: The Schedule 14C has been amended and the disclosure has been relocated to the last page of the information statement. Both the Form 10-KSB and Form 10-QSB have been incorporated by reference and delivered with the information statement.

7. We note the disclosure in the third paragraph on page 5. Please revise to disclose the material terms of the convertible debentures and warrants, as well as the terms of the securities purchase agreement.

ANSWER: The Schedule 14C has been revised to include all of the material terms of the convertible debentures and warrants as well as the terms of the securities purchase agreement. Specifically, the following language can now be found in the Schedule 14C under the heading Purpose for the Proposal:

Specifically, we must increase the authorized shares in order to fulfill our obligations under various convertible debentures. On September 30, 2000, we issued two convertible debentures of \$240,400 in cash each for an aggregate of \$480,800. On March 14, 2001 we issued two convertible debentures of \$50,000 in cash each for an aggregate of \$100,000. On December 31, 2001 we issued two convertible debentures of \$100,000 in cash each for an aggregate of \$200,000. On March 19, 2004, we entered into a Securities Purchase Agreement with AJW QUALIFIED PARTNERS, LLC, AJW OFFSHORE, LTD., and AJW PARTNERS, LLC, ("Investors"). Under this agreement, Investors agreed to purchase (i) 10% convertible debentures of the Company, in the aggregate principal amount of Nine Hundred Thousand Dollars (\$900,000), convertible into shares of common stock, par value \$.001 per share, of the Company; and ii) warrants to purchase Nine Hundred Thousand (900,000) shares of Common Stock. On March 22<sup>th</sup>, 2004, we issued three convertible debentures of \$433,333, \$433,334 and \$33,333 respectively, in cash each for an aggregate of \$900,000. On August 6, 2004 we entered into a Securities Purchase Agreement with AJW QUALIFIED PARTNERS, LLC, AJW OFFSHORE, LTD., AJW PARTNERS, LLC and NEW MILLENIUM CAPITAL PARTNERS II, LLC, ("Investors"). Under this agreement, Investors agreed to purchase (i) 10% convertible debentures of the Company in the aggregate principal amount of Two Hundred Fifty Thousand Dollars (\$250,000) convertible into shares of common stock, par value \$.001 per share, of the Company, upon the terms and subject to the limitations and conditions set forth in such Debentures and (ii) warrants to purchase Two Hundred Fifty Thousand (250,000) shares of Common Stock (the "WARRANTS"). Both of these agreements provide if at any time the number of shares of Common Stock authorized and reserved for issuance is below the amount to be reserved for the Investors under the terms of the Agreements, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares.

All of the outstanding convertible debentures bear the following material terms: Any amount of principal or interest due under the debentures, which is not paid when due will bear interest at 15 percent per annum from the due date thereof until the amount is paid. The debentures issued prior to March 2004, are convertible, at the investors' sole option, into common shares at the lesser of \$0.078 per share (fixed conversion price) or 75 percent of the average of the lowest three inter-day sales prices during the twenty days immediately preceding the conversion date.

During March 2004 and August 2004, the Company issued a \$900,000 and \$250,000, respectively, of convertible notes and warrants. Convertible debentures payable bear interest at 10 percent, due on a quarterly basis, and are secured by a first priority interest in the Company's assets. Any amount of principal or interest due under the debentures, which is not paid when due will bear interest at 15 percent per annum from the due date thereof until the amount is paid. These debentures are convertible, at the investors' sole option, into common shares at the lesser of \$0.004 per share (fixed conversion price) or 75 percent of the average of the lowest three inter-day sales prices during the twenty days immediately preceding the conversion date.

On April 29, 2007, the Company and the investors agreed to increase the discount percentage on the notes from 70% to 75%. If, at any time, the Company issues or sells any shares of common stock for no or below market consideration (dilutive issuance), then immediately upon the dilutive issuance, the fixed conversion price will be reduced to the amount of the consideration per share received by the Company in such dilutive issuance. The number of common shares issuable upon the conversion of the debentures is limited to 4.9 percent in beneficial ownership by the debenture holders and its affiliates of the outstanding shares of common stock. Once the maximum amount of common shares has been issued, in lieu of any further right to convert the debentures, the Company shall pay to the debenture holder, an amount equal to 130 percent of the then outstanding principal amount of the debenture plus accrued and unpaid interest and other related charges within fifteen business days of the maximum conversion date. If the Company exercises its right to prepay the debentures, the Company will make payment to the debenture holders in an amount equal to 150 percent of the sum of the then outstanding principal amount of the debentures plus accrued and unpaid interest on the unpaid principal amount of the debenture to the optional prepayment date plus any other related penalties. The debentures do not automatically convert to common shares on their due dates.

8. We note the disclosure in the second to last paragraph on page 5. Please disclose the amount of liquidated damages and the number of shares issuable in payment of these damages.

ANSWER: The Scheduled 14C has been revised to disclose that should the Investors demand payment pursuant to the liquidated damages clause, the company would be required to pay \$383,185 in liquidated damages or an additional 102,182,667 shares of company stock, accounting for the 25% discount to the company's share price as of the date of this Information Statement.

9. We note the disclosure in the last paragraph on page 5. Please confirm that you have no obligations to issue shares of common stock, other than as disclosed in this paragraph. In this regard, we note the potential liquidated damages.

ANSWER: The Schedule 14C has been revised to better clarify that, other than the obligations disclosed specifically in the Schedule 14C, the company has no obligation to issue shares of common stock. The Schedule 14C has been amended to disclose the potential for an issuance of common stock in connection with the Investor's right to liquidated damages under the specific terms of the debentures and Share Purchase Agreement.

10. We note the disclosure on page 6 regarding the series A preferred stock. Please describe in greater detail the transactions in which the series A preferred stock were issued. In this regard, please disclose the information set forth in your response to the first bullet point of comment 1 from our letter dated May 11, 2007. In addition, we note that certain of the shares were issued in settlement. Please briefly describe the original transactions related to this settlement.

ANSWER: The Schedule 14C has been revised to disclose the information set forth in our response to the first bullet point of comment 1 from the May 11, 2007 comment letter issued by the SEC. Additionally, the Schedule 14C has been amended to disclose the original transactions relating to the settlement issuance of the Series A Preferred Stock.

11. We note your response to prior comment 4. Please be advised that we are still reviewing your responses with regard to the comments on the Exchange Act reports and may have additional comments upon the completion of our review.

ANSWER: We understand that the SEC is still reviewing our previous responses regarding the Exchange Act reports and that additional comments may be forthcoming.

12. We note that the evaluation was conducted as of September 30, 2006. However, the evaluation required by Item 307 of Regulation S-B must be conducted as of the end of the period covered by the report. Please advise. Refer to Item 307 of Regulation S-B. Please also comply with this comment in each of your quarterly reports on Form 10-QSB for the quarters ended August 31, 2006, November 30, 2006, and February 28, 2007.

ANSWER: We have filed amended reports for each of these periods in which we have addressed this comment. It is our intention going forward that all future reports shall comply with the Disclosure Controls and Procedures requirements of Item 307 of Regulation S-B.

13. Please revise the cover page of each Form 10-QSB to reference the correct file number. In this regard, we note that the file number appears to be 0-27063 and not 0-21384.

ANSWER: We have filed amended reports with regard to each of these 10-QSB reports in which the file number has been corrected to read 0-27063.

14. Please revise to disclose the information required by Item 308(c) of Regulation S-B for the respective period of each report. In this regard, we note that each report currently discusses events that occurred in May 2006.

ANSWER: We have filed amended reports with regard to each of these 10-QSB reports in which we have addressed this comment. It is our intention going forward that all future reports shall comply with the Changes in Internal Control Over Financial Reporting disclosure requirements of Item 308(c) of Regulation S-B.

Very truly yours,

Aquatic Cellulose International Corporation

By: /s/ Sheridan B. Westgarde  
SHERIDAN B. WESTGARDE

# AQUATIC CELLULOSE INTERNATIONAL CORP.

331 4th Street • Salmon Arm, British Columbia • Canada • V1E 4P2

Phone: 250-833-1985

Fax: 250-833-1954

Email: [valorenergy@sunwave.net](mailto:valorenergy@sunwave.net)

**March 31, 2008**

Andrew Schoeffler  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0404

Re: Aquatic Cellulose International Corporation

Amendment No.1 to Information Statement on Schedule 14C

Filed June 14, 2007

File No. 0-27063

Form 10-KSB/A for the year ended May 31, 2006

Filed April 17, 2007

File No. 0-27063

Dear Mr. Schoeffler,

Please note the following answers to your comment letter of August 24, 2007. For ease of reference we have included your original comment followed by our answer.

Form 10-KSB/A for the year ended May 31, 2006

## General

1. Please revise your document to include all applicable disclosure required by Industry Guide 2 (Disclosure of Oil and Gas Operations) and SFAS 69 Disclosures About Oil and Gas Producing Activities.

**Answer:** Comment noted! We have made changes to our disclosures and filed an amended May 31, 2006 Form 10-KSB/A and May 31, 2007 Form 10-KSB/A. It is our intention going forward that all future reports shall comply with the Industry Guide 2 (Disclosure of Oil and Gas Operations) and SFAS 69 Disclosures About Oil and Gas Producing Activities.

2. Please update your financial statements to comply with Item 310(g) of Regulation S-B.

**Answer:** Comment noted! We have updated our financial statements for our most current reporting period ended November 30, 2007.

## Financial Statements

### Note 2 – Summary of Significant Accounting Policies, page F-8

3. Please disclose whether the company uses the successful efforts method or the full cost method to account for acquisition costs related to the leases.

**Answer:** Document has been revised. Please see page F-9, paragraph 3, of our recently amended May 31, 2006 annual report on Form 10-KSB/A filed on February 4, 2008. This disclosure has also been updated in our recently filed May 31, 2007 annual report on Form 10-KSB/A.

### Note 4 – Advance on Equipment Purchases, page F-12

4. You indicated that as of May 31, 2006, you had paid a related party \$196,970 while negotiating a settlement. We note that you included \$296,970 as advance on equipment purchase as of May 31, 2006. However, after your final settlement in October 2006, you have included only \$100,000 as advance on equipment as of February 28, 2007. Please tell us the facts and circumstances that resulted in the change in advance on equipment purchase through the interim period ended February 28, 2007.

**Answer:** Our advance on deposit account was used to record the two items; our amount on deposit for the Aquatic Timber Harvesting machine (now called Tiger•Lynk) and the amount we had on deposit with Ackles related to the settlement agreement. Therefore, as of May 31, 2006, we had the \$100,000 plus the \$196,970 in the account. Following the conclusion of the settlement agreement the \$100,000 remained as the original funds on deposit for the construction of the machine.

5. Given that you are no longer in the timber harvesting business, please tell us how you determined that the carrying value of your advance on equipment purchase is recoverable. Please provide us with your undiscounted cash flow analysis that supports the recoverability of this asset. Your analysis should provide us with assumptions you have made and why you believe those assumptions are reasonable. Refer to paragraph 7 and 8 of SFAS 144.

**Answer:** On February 26, 2008 we reported on Form 8K that on January 20, 2008 the Company signed a agreement to sell all rights, title and interest in the Tiger•Lynk technology to Hollund Industrial Robotics Systems Inc, a privately held Canadian company (HIRS). The agreement with HIRS includes the mechanical arm assembly stored at the Company's participating manufacturing facility in Kamloops British Columbia. Terms of the sale were finalized on February 20, 2008. Those terms include the Company being relinquished of all prior commitments in royalties and stock made to Gary Ackles and the Company receiving \$314,000 from HIRS, comprised of a \$64,000 in deposits already paid and 10 equal payments of \$25,000, commencing March 1, 2008 and finishing December 1, 2008. Additionally, the terms of the sale Mr. Lonnie Hayward, a principal of HIRS, and former Director of the Company, agreed to relinquish to the Company all common and/or preferred stock held by him at the time of the transaction. In the event of default on the payment terms all rights acquired by HIRS per the agreement shall terminate at the discretion of the Company.

The financial results of this transaction reveal that should all payments be realized, in accord with the terms of our agreement with HIRS, we will recover the value of the asset and experience a modest gain.

Note 4 – Advance on Equipment Purchases, page F-12

6. You indicate that as of May 31, 2006 and 2005, 100,000,000 shares were issued and outstanding. As a result you plan to obtain approval from your shareholders to increase the total number of authorized shares. Please note that if shareholder approval is required to increase the number of your authorized shares in order to share settle options or warrants you have issued, paragraph 13 and 19 of EITF 00-19 may require classification of such instruments as liabilities. A comparison of your authorized shares to the available outstanding shares requires an assessment of other outstanding instruments that could require share settlement, such as other options, warrants, convertible debt and convertible preferred shares. Please provide us with a comparison of your authorized and available outstanding shares on a timeline from June 1, 2004 through the date of your response. Your analysis should clearly indicate the potential outstanding shares assuming exercise and conversion of all outstanding instruments at each date during the period. Please include but not limited to any common share equity positions in your pre and post-restructured common stock.

**Answer:** Please see the following chart that provides a comparison of our authorized and available outstanding shares on a timeline from June 1, 2004 thru March 12, 2008;

Common Stock	Date	JUN 1, 2004	JUN 1, 2005	JUN 1, 2006	JUN 1, 2007	DEC 1, 2007	MARCH 10, 2007
Authorized		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Outstanding		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Potential Issuance							
Convertible Notes (1)		4,099,999	3,849,999	3,849,999	3,849,999	3,849,999	3,849,999
Warrants		900,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Preferred (2)							
Potential Outstanding		104,999,999	104,999,999	104,999,999	104,999,999	104,999,999	104,999,999

(1) Convertible Notes holders are contractually restricted from converting any more than 4.99% of the issued and outstanding stock at any give time. The Company has accounted for the liability associated with the convertible notes as derivative instruments in line with SFAS 133.

(2) Preferred shares issued have had their respective rights to convert into common stock permanently waived.

The Company had made certain stock obligations to officers and directors, as well as stock commitments to Ed DeStefano / New Century Energy Corp. These commitments were based on a futuristic issued and outstanding share value of 23,000,000 after all share commitments were issued (See New Purchase & Sale and Exploration Agreement, Exhibit C in our annual report on Form 10-KSB/A for the year ended May 31, 2004, filed on February 16, 2007). We do not believe that it was/is possible to predict those issuances based on numerous compounding uncertainties. First, we planned to increase the authorized shares, and then allow time for the convertible note holders to convert debt for stock (See our annual report on Form 10-KSB/A for the year ended May 31, 2004, filed on February 16, 2007, Note 21 Proxy 14A Shareholder Vote, page F-33). We could not predict the number of shares that would be converted and, thus we could not know what the issued and outstanding shares would be at that time. Second, we planned to follow with a reverse split of our issued and outstanding stock to meet our further obligations to officers, directors and our deal with DeStefano/New Century. Since we could not predict the amount of shares that we would potentially have at that time, we could not predict the ratio of the reverse stock combination that would be required in order to achieve the required issued and outstanding shares. Therefore, we feel that FAS 5 Paragraph 8(b) applies in this case. Significantly, we have since removed most of these obligations through continual negotiation and settlement transactions. As disclosed in our recently filed Form 10-QSB for the period ended November 30, 2007, we have reached settlements that negate all such issuances with exception to the agreement with Legacy. Since the agreement to issue stock to Legacy is not complete we have continued to account for the liabilities for the original debt in our Amounts Due to Related Parties note disclosures.

Estimated Quantities of Proved Oil and Gas Reserves and Present Value of Estimated Future Net Revenues, page F-24

7. Please expand your table of reserve changes to include proved reserves in prior periods showing the reserve changes from period to period as described in paragraph 11 of SFAS 69. Provide appropriate explanations for significant changes.

**Answer:** Document has been revised. See the recently filed amendment to the May 31, 2006 annual report on Form 10-KSB/A filed on February 4, 2008. These disclosures have also been produced in our May 31, 2007 annual report on Form 10-KSB/A, filed on March 6, 2008.

8. Please expand your table of Discounted Future Net Cash Flows to include the same information for previous periods and to describe the “deductions” with the appropriate line item descriptions as prescribed by paragraph 30 of SFAS 69.

**Answer:** Document has been revised. See the recently filed amendment to the May 31, 2006 annual report on Form 10-KSB/A filed on February 4, 2008. These disclosures have also been produced in our May 31, 2007 annual report on Form 10-KSB/A, filed on March 6, 2008.

Form 8-K filed on April 24, 2007

General

9. On April 20, 2007, you indicated that you issued 2,700,000 shares of Series A Convertible Preferred shares. In response to comment one from our letter dated May 11, 2007, you indicated that these shares have registration rights, piggy back registration rights, ratchet provision rights and liquidating rights. Please disclose how you have accounted for the registration rights related to your convertible debt facility. Please tell us what consideration you gave to EITF 00-19, FAS 133 and EITF 05-4 in your analysis of the accounting for your registration rights. Please also disclose the maximum cash penalty under the registration rights agreement, as applicable. Please also tell us how you account for the ratchet provision rights and liquidating rights. Please cite the accounting literature used to support your conclusions.

**Answer:** Our convertible debt and its associated liabilities have been accounted for under SFAS 133 rules for accounting for derivative instruments. Regarding the 2,007,194 outstanding Series A Convertible Preferred Shares, held by our CEO, the ability to convert those to common shares has been irrevocably waived (See our annual report on Form 10-KSB/A for the year ended May 31, 2007, filed on March 6, 2008, Item 5 Recent Sale of Unregistered Securities, page 8). Therefore, we believe that all liabilities associated with derivative instruments have been accounted for in accord with SFAS 133.

In consideration of EITF 05-4 we believe the liabilities for registration rights associated with our convertible debt and convertible preferred shares have been properly accounted for. While the holders of our convertible notes have the right to impose liquidated damages for failure to convert they have not done so and our Series A Convertible Preferred shares do not bear any provision for penalties associated with a failure by the Company to convert to common shares or register those shares in a registration statement (See our Certificate of Registration (Preferred shares), filed as Exhibit to our May 31, 2007 annual report on Form 10-KSB/A, filed on March 6, 2008).

10. Please also ensure that your financial statements as of May 31, 2007 address how you account for the issuance of your Series A Convertible Preferred shares. Ensure you address the accounting for all conversion features included with these convertible preferred shares. Please cite the accounting literature used to support your conclusions.

**Answer:**

The Company recorded;

- Issued 2,700,000 Series A shares and recorded as \$59,400 in additional compensation expense.
- Exchanged \$184,308 in amounts due related parties for 446,349 Series A shares.
- Exchanged \$59,190 in amounts due related parties for 166,151 Series A shares.
- Issued 49,200 Series A shares and recorded as \$26,411 in additional compensation expense (bonus compensation).
- Issued 421,690 Series A shares for a \$226,363 Note Payable.
- In summary the Company exchanged a total of 3,783,390 Series A shares for \$555,672 in liabilities and compensation expense.

During May of 2007, Mr. Lonnie Hayward and Sheridan Westgarde, CEO of the Company, signed agreements to irrevocably waive certain rights associated with the conversion of their Series A Convertible Preferred stock into the Company's common stock. Given that there is no liability into Company's common stock these transactions have been recorded as exchange for debt and additional compensation expense. (Please see our response to the previous comment for our comments on the accounting literature).

Sincerely,

Aquatic Cellulose International Corporation

By: /s/ Sheridan B. Westgarde  
SHERIDAN B. WESTGARDE