

## Establishment of LNG Supply Chain in Malaysia (Jintan First Gas / Completion of 17-year Project)

The President & CEO of Nippon Oil Exploration (Sarawak) Limited ("NOSA"), Masaru Kai, today confirmed that the Jintan Gas Field in Block SK-8, offshore Sarawak, Malaysia came on stream on 31 August 2004. NOSA is a subsidiary of Nippon Oil Exploration, Limited ("NOEX"), the upstream arm of Nippon Oil Corporation.

The Jintan Gas Field was developed by operator Shell Oil & Gas (Malaysia) LLC ("SOGM"). NOSA and PETRONAS Carigali Sdn. Bhd. ("PCSB") are partners in the venture. The production volume expected from the Jintan Gas Field is 670 MMscfd. The other gas fields in Malaysia in which NOEX subsidiaries have an interest are:-

- > Serai Gas Field in Block SK-8 (production started in June, 2004; the participants are NOSA, SOGM (Operator of Block SK-8) and PCSB); and
- > Helang Gas Field in adjacent Block SK-10 (production started in November, 2003; operated by Nippon Oil Exploration (Malaysia), Limited ("NOMA"), a Nippon Oil Group company, and the partner is PCSB).

Through our equity participation (joint venture with Petroliaam Nasional Berhad ("PETRONAS"), the Malaysian national oil company, etc.) in Malaysia LNG Tiga Sdn. Bhd. ("MLNG TIGA"), natural gas liquefaction plant, Nippon Oil Group together with its partners established a total supply chain from the upstream gas field to LNG marketing in 2003 when the Helang Gas Field production began. MLNG TIGA supplies LNG to various countries including Japan on a long term basis with a production capacity of 6.8 Million ton per annum. Together with the Serai and Jintan Gas Field production, the three gas fields are now able to supply all feed gas requirements for MLNG TIGA. Therefore, our goal with regard to the project in Malaysia has finally been achieved. Seventeen years have passed since our first acquisition of the exploration block in 1987.

The Nippon Oil Group believes that the establishment of our supply chain of LNG in this region is a big step toward becoming a comprehensive energy company, while also contributing to the global environment through the provision of clean energy. The Nippon Oil Group will further expand this LNG business as one of our core businesses.

For reference, the participants in Block SK-8 and SK-10, and the shareholders of NOSA, NOMA and MLNG TIGA are listed in the attachment.

(Attachment)

1. The Participants of Block SK-8
  - NOSA: 37.5%
  - SOGM (Operator): 37.5%
  - PCSB: 25%
2. The Participants of Block SK-10
  - NOMA (Operator): 75%
  - PCSB: 25%
3. The Shareholders of NOSA
  - NOEX: 39.02%
  - Teikoku Oil Company Limited: 15.00%
  - Mitsubishi Corporation: 8.50%
  - Japan National Oil Corporation: 37.48%
4. The Shareholders of NOMA
  - NOEX: 40.15%
  - Teikoku Oil Company Limited: 15.00%
  - Mitsubishi Corporation: 6.27%
  - Japan National Oil Corporation: 38.58%
5. The Shareholders of MLNG TIGA
  - PETRONAS: 60%
  - The State of Sarawak: 10%
  - Nippon Oil LNG (Netherlands) B.V.: 10%

Shell Gas B.V.: 15%

Diamond Gas (Netherlands) B.V.: 5%