

Nippon Oil Corporation's Crude Oil Reserves Pledged to the New Zealand Government

Nippon Oil Corporation (President: Shinji Nishio) and the New Zealand government have reached an agreement resulting in the 'right to purchase Nippon Oil Corporation's crude oil reserves in the event of an emergency' granted to the New Zealand government for the year 2010, as the result of a Japan–New Zealand treaty for the purchase of crude oil reserves which came into effect on November 5, 2007.

The New Zealand government conducts international bidding annually to fulfill its obligation to secure a certain amount of required oil reserves (required to last at least 90 days) to comply with an IEP (International Energy Program) treaty and has been acquiring 'crude oil (oil products) reserve purchasing rights' from overseas organizations. Private Japanese corporations including Nippon Oil Corporation have been able to participate in the bidding since 2007 with the enactment of the aforementioned Japan–New Zealand treaty.

As a result of the bidding held this year, Nippon Oil Corporation has now won the contract bids for three years in a row beginning the year before last.

In accordance with this agreement, Nippon Oil Corporation is obliged to release (sell) part of its crude oil reserves to New Zealand in the event of a global oil catastrophe in order to enable the nation to meet the IEP requirements and, in return, the payment of certain option premiums will be made to Nippon Oil Corporation.

Through this agreement, Nippon Oil Corporation is engaged in meaningful international cooperation involving oil reserves and would like to make further contributions towards the stabilization of the energy markets within the Asia–Pacific region by promoting the creation of similar business opportunities throughout the region.

[Contract details]

1. Period: From January 1 to December 31, 2010 (1 year)
2. Oil type: Oman crude oil
3. Quantity: 65,000 tons (approximately 76,000 KL)