

Oil and Gas Reserves and Production Volume

1. OIL AND GAS RESERVES

Proved reserves

The following tables list the proved reserves of crude oil, condensate, LPG and natural gas of our company, our consolidated subsidiaries and equity-method affiliates on main projects. Disclosure details applicable to proved reserves are presented in accordance with the rules and regulations stipulated by the U.S. Financial Accounting Standards Board,

and are reported in accordance with the Accounting Standard Codification Topic 932 "Extractive activities—Oil and Gas."

Our proved reserves as of March 31, 2012 were 981.31 MMbbl for crude oil, condensate and LPG, 7,793.0 billion cubic feet for natural gas and 2,432.47 MMboe in total.

	Japan		Asia & Oceania		Eurasia (Europe & NIS)		Middle East & Africa		Americas		Total	
	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)
Proved developed and undeveloped reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2010	16	656	111	1,649	207	—	433	—	4	190	771	2,495
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	(6)	(37)	7	—	—	—	(3)	—	(2)	(37)
Revisions of previous estimates	0	—	4	(100)	6	—	(3)	—	0	2	8	(98)
Interim production	(1)	(46)	(24)	(305)	(10)	—	(27)	—	(1)	(30)	(63)	(380)
As of March 31, 2011	15	611	85	1,208	210	—	404	—	0	162	715	1,980
Equity-method affiliates												
As of March 31, 2010	—	—	1	475	—	—	203	—	4	0	209	475
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	0	—	—	—	0	—
Revisions of previous estimates	—	—	0	16	—	—	(1)	—	0	0	(1)	16
Interim production	—	—	(0)	(20)	—	—	(23)	—	(2)	(0)	(24)	(21)
As of March 31, 2011	—	—	2	470	—	—	179	—	3	0	184	471
As of March 31, 2011	15	611	87	1,678	210	—	583	—	3	162	899	2,451
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2011	15	611	85	1,208	210	—	404	—	0	162	715	1,980
Extensions and discoveries	—	—	190	5,364	—	—	—	—	—	—	190	5,364
Acquisitions and sales	—	—	—	—	—	—	(2)	—	—	—	(2)	—
Revisions of previous estimates	2	87	2	181	(13)	—	1	—	0	59	(7)	327
Interim production	(1)	(47)	(23)	(243)	(9)	—	(31)	—	(0)	(26)	(64)	(316)
As of March 31, 2012	16	651	255	6,509	188	—	371	—	0	195	831	7,354
Equity-method affiliates												
As of March 31, 2011	—	—	2	470	—	—	179	—	3	0	184	471
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	—	—	1	(9)	—	—	(7)	—	(0)	0	(6)	(9)
Interim production	—	—	(0)	(22)	—	—	(26)	—	(2)	(0)	(27)	(23)
As of March 31, 2012	—	—	2	439	—	—	147	—	1	0	150	439
Proved developed and undeveloped reserves												
As of March 31, 2012	16	651	257	6,947	188	—	518	—	1	195	981	7,793

Proved developed reserves

INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2012	16	651	48	776	37	—	371	—	0	87	473	1,514
Equity-method affiliates												
As of March 31, 2012	—	—	2	413	—	—	147	—	1	0	150	413
Proved undeveloped reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2012	—	—	207	5,732	152	—	—	—	—	108	358	5,840
Equity-method affiliates												
As of March 31, 2012	—	—	0	25	—	—	—	—	—	—	0	25

- Note 1. Based on SEC disclosure standards, INPEX discloses proved reserves in all countries representing 15% or more of its proved reserves. As of March 31, 2012, INPEX held proved reserves in Australia of approximately 196.5 MMbbl for crude oil and approximately 5,338.9 billion cubic feet for natural gas, for a total of 1,191.63 MMboe.
2. Proved reserves (as of March 31, 2012) of the following blocks and fields include minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%), Americas: Copa Macoya (30%)
3. MMbbl: Million barrels
4. Bcf: Billions of cubic feet
5. Crude oil includes condensate and LPG

Standardized measure of discounted future net cash flows and changes relating to proved oil and gas reserves

Disclosure details for the standardized measure of discounted future net cash flows relating to proved reserves and movements during the fiscal year under review are presented in accordance with the rules and regulations stipulated by the U.S. Financial Accounting Standards Board, and are reported in accordance with the Accounting Standard Codification Topic 932 "Extractive activities—Oil and Gas."

In calculating the standardized measure of discounted future net cash flows, the period average of oil and gas prices at the first day of each month is applied to the estimated annual future production from proved reserves to determine future cash inflows. Future development costs are estimated based upon constant oil price assumptions and assume the continuation of existing economic, operating, and regulatory conditions. Future income taxes are calculated by applying the period-end statutory

rate to estimated future pretax cash flows after provision for taxes on the cost of oil and natural gas properties based upon existing laws and regulations. The discount is computed by applying a 10% discount factor to the estimated future net cash flows.

We use the exchange rates of ¥83.15 and ¥82.14 to US\$1.00 as of March 31, 2011 and 2012, respectively.

These figures are calculated in accordance with the rules set forth by the U.S. Financial Accounting Standards Board. Because no economic value is attributed to potential reserves, a uniform discount rate of 10% is applied, and the price of oil is subject to constant fluctuation, these figures do not represent the fair market value of reserves of crude oil, condensate, LPG and natural gas, or of the present value of the cash flows.

March 31, 2011	Millions of yen					
	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries						
Future cash inflows	¥ 6,350,230	¥ 539,869	¥ 1,590,216	¥ 1,383,629	¥ 2,806,307	¥ 30,209
Future production and development costs	(1,913,933)	(117,393)	(449,736)	(494,241)	(833,128)	(19,434)
Future income tax expenses	(2,686,247)	(139,424)	(478,851)	(179,337)	(1,886,511)	(2,125)
Future net cash flows	1,750,050	283,052	661,630	710,051	86,667	8,650
10% annual discount for estimated timing of cash flows	(749,379)	(128,557)	(174,490)	(394,948)	(49,389)	(1,994)
Standardized measure of discounted future net cash flows	1,000,671	154,495	487,140	315,103	37,278	6,656
Equity-method affiliates						
Future cash inflows	1,397,434	—	101,144	—	1,276,469	19,821
Future production and development costs	(448,355)	—	(49,888)	—	(390,130)	(8,338)
Future income tax expenses	(866,698)	—	(15,943)	—	(847,664)	(3,091)
Future net cash flows	82,381	—	35,314	—	38,676	8,392
10% annual discount for estimated timing of cash flows	(33,395)	—	(15,436)	—	(17,282)	(677)
Share of equity-method investees' standardized measure of discounted future net cash flows	48,986	—	19,878	—	21,393	7,715
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 1,049,657	¥ 154,495	¥ 507,017	¥ 315,103	¥ 58,671	¥ 14,370

Note: Reserves of the following blocks and fields include minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%)
Middle East & Africa: West Bakr (47.3%)
Americas: Copa Macoya (30%)

March 31, 2012	Millions of yen					
	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries						
Future cash inflows	¥ 12,233,012	¥ 841,649	¥ 6,370,993	¥ 1,585,214	¥ 3,399,632	¥ 35,524
Future production and development costs	(3,931,090)	(161,211)	(2,427,986)	(378,658)	(940,940)	(22,295)
Future income tax expenses	(4,804,117)	(242,127)	(1,921,324)	(267,983)	(2,370,085)	(2,597)
Future net cash flows	3,497,805	438,311	2,021,683	938,573	88,606	10,632
10% annual discount for estimated timing of cash flows	(2,253,957)	(219,401)	(1,445,374)	(538,165)	(47,863)	(3,153)
Standardized measure of discounted future net cash flows	1,243,848	218,910	576,308	400,408	40,743	7,478
Equity-method affiliates						
Future cash inflows	1,495,119	—	105,683	—	1,379,368	10,069
Future production and development costs	(456,429)	—	(56,512)	—	(394,701)	(5,216)
Future income tax expenses	(954,555)	—	(20,714)	—	(932,820)	(1,021)
Future net cash flows	84,136	—	28,457	—	51,846	3,832
10% annual discount for estimated timing of cash flows	(29,669)	—	(11,663)	—	(17,761)	(246)
Share of equity-method investees' standardized measure of discounted future net cash flows	54,466	—	16,794	—	34,086	3,586
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 1,298,314	¥ 218,910	¥ 593,103	¥ 400,408	¥ 74,829	¥ 11,065

Note: Reserves of the following blocks and fields include minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%)
Americas: Copa Macoya (30%)

	Millions of yen						
	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Equity-method affiliates
INPEX CORPORATION and Consolidated Subsidiaries							
Standardized measure, beginning of period As of April 1, 2011	¥1,049,657	¥154,495	¥ 487,140	¥ 315,103	¥ 37,278	¥ 6,656	¥ 48,986
Changes resulting from:							
Sales and transfers of oil and gas produced, net of production costs	(648,701)	(32,415)	(270,764)	(61,107)	(144,052)	(2,498)	(137,864)
Net change in prices, and production costs	874,831	108,573	(12,363)	179,668	370,315	(2,130)	230,767
Development cost incurred	115,751	836	30,591	59,592	14,074	108	10,550
Changes in estimated development costs	(116,174)	2,649	(123,979)	16,381	(3,522)	(2,129)	(5,573)
Revisions of previous quantity estimates	177,545	11,602	323,612	(115,612)	(2,592)	7,315	(46,780)
Accretion of discount	89,588	13,717	35,257	32,490	3,716	468	3,940
Net change in income taxes	(323,253)	(38,653)	16,145	(22,266)	(229,239)	(275)	(48,964)
Extensions, discoveries and improved recoveries	91,841	—	96,623	—	(4,782)	—	—
Other	(12,771)	(1,894)	(5,953)	(3,840)	(453)	(36)	(595)
Standardized measure, end of the period As of March 31, 2012	¥1,298,314	¥218,910	¥ 576,308	¥ 400,408	¥ 40,743	¥ 7,478	¥ 54,466

Notes: 1. Reserves of the following blocks and fields include minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%)
Middle East & Africa: West Bakr (47.3%)
Americas: Copa Macoya (30%)
2. Extensions, discoveries and improved recoveries includes acquisition and sales.

Probable reserves and possible reserves

The following tables list the probable and possible reserves of crude oil, condensate, LPG and natural gas of our company, our consolidated subsidiaries and equity-method affiliates on main project. Our probable reserves as of March 31, 2012 were 734.36 MMbbl for crude oil, condensate and LPG, 6,038.5 billion cubic feet for natural gas and 1,823.08 MMboe in total. In addition, the Group's possible reserves as of March 31, 2012 were 114.84 MMbbl for crude oil, condensate and LPG, 2,692.3 billion cubic feet for natural gas and 621.65 MMboe in total.

March 31, 2012	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Subtotal	Interest in reserves held by equity-method affiliates	Total
Probable reserves								
Crude oil, condensate and LPG (MMbbl)	3	155	347	102	86	693	41	734
Natural gas (Bcf)	114	5,748	—	—	87	5,949	89	6,038

March 31, 2012	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Subtotal	Interest in reserves held by equity-method affiliates	Total
Possible reserves								
Crude oil, condensate and LPG (MMbbl)	—	98	2	5	3	108	6	115
Natural gas (Bcf)	—	2,653	—	—	38	2,691	2	2,692

Notes: 1. MMbbl: Million barrels
2. Bcf: Billions of cubic feet
3. Bitumen reserve volumes are included in the net probable reserves of crude oil, condensate and LPG for the Americas.

2. OIL AND GAS PRODUCTION

The following tables list average daily production for crude oil, natural gas, and the total of crude oil and natural gas by region. The proportional interests in production by our equity-method affiliates are not broken down by geographical regions.

Our production for the year ended March 31, 2012 was 251.2 Mbbl/d for crude oil, condensate and LPG, 927.7 MMcf/d for natural gas and 426.2 Mboed in total. Our method for calculating the conversion of natural gas volumes to barrels of oil equivalent (boe) has been altered effective the same fiscal year.

Years ended March 31,	2007	2008	2009	2010	2011	2012
Crude oil, condensate and LPG (Mbbl/d):						
Japan	3.9	4.9	4.9	4.5	3.9	3.8
Asia & Oceania	40.4	36.5	44.7	47.7	65.1	62.5
Eurasia (Europe & NIS)	47.9	54.5	24.8	26.9	27.9	25.0
Middle East & Africa	82.3	80.7	81.0	73.3	73.0	84.3
Americas	0.1	0.4	2.7	5.5	2.3	0.1
Subtotal	174.7	177.0	158.1	158.0	172.2	175.7
Proportional interest in production by equity-method affiliates	67.8	64.6	65.1	60.4	67.4	75.4
Total	242.5	241.5	223.2	218.3	239.6	251.2
Annual production (MMbbl)	88.5	88.4	81.5	79.7	87.5	91.9

Years ended March 31,	2007	2008	2009	2010	2011	2012
Natural gas (MMcf/d):						
Japan	127.8	161.5	164.9	155.1	128.7	127.6
Asia & Oceania	865.8	845.7	842.8	880.5	836.0	665.0
Eurasia (Europe & NIS)	—	—	—	—	—	0.0
Middle East & Africa	—	—	—	—	—	0.0
Americas	57.5	81.6	82.3	86.9	81.1	72.4
Subtotal	1,051.1	1,088.8	1,090.0	1,122.6	1,045.9	865.0
Proportional interest in production by equity-method affiliates	—	—	—	—	56.6	62.7
Total	1,051.1	1,088.8	1,090.0	1,122.6	1,102.5	927.7
Annual production (Billions of cubic feet)	383.6	398.5	397.8	409.7	402.4	339.5

Years ended March 31,	2007	2008	2009	2010	2011	2012
Crude oil and natural gas (Mboed):						
Japan	25.2	31.9	32.4	30.4	25.3	27.7
Asia & Oceania	184.7	177.4	185.1	194.5	204.4	189.5
Eurasia (Europe & NIS)	47.9	54.5	24.8	26.9	27.9	25.0
Middle East & Africa	82.3	80.7	81.0	73.3	73.0	84.3
Americas	9.7	14.0	16.4	20.0	15.8	13.1
Subtotal	349.8	358.4	339.7	345.1	346.5	339.7
Proportional interest in production by equity-method affiliates	67.8	64.6	65.1	60.4	76.8	86.5
Total	417.7	423.0	404.9	405.4	423.3	426.2
Annual production (MMboe)	152.5	154.8	147.8	148.0	154.5	156.0

Oil and Gas Glossary

■ Barrel

In the case of oil, 1 barrel is equal to 42 gallons (approx. 159 liters).

■ Brent crude

A type of crude oil that holds a major position in the market for crude oil prices. Brent crude is a light oil with low sulfur content and is mainly extracted from the Brent oil field located in the North Sea of the United Kingdom.

■ Concession contract

A contract that directly grants mining rights (including mining rights in Japan and permits, licenses and leases in other countries) to oil companies through a contract or approval from the government of oil-producing countries or from national oil companies. The oil company itself makes the investment and holds the right for disposition for the acquired oil and gas. Oil-producing countries receive taxes or royalties from sales.

► See pp. 98–99 for Accounting Methods for Types of Agreements.

■ Condensate

Generally, a type of crude oil extracted as a liquid from gas fields. Liquid (oil) that exists as a gas underground but that condenses when extracted to the surface is referred to as condensate oil or simply as condensate.

■ Core

Cylinder rock samples extracted from underground geological formations in wells during various types of exploratory drilling. Normally, the samples are extracted by core drilling.

► See page 13 for a photo of cores.

■ Exploratory wells

A well drilled to search for still unknown oil fields. Drilling wells to confirm the dimensions of a new oil field and to acquire an overall image of an oil field is a part of exploration, and wells for this purpose are referred to as exploratory wells.

■ Floating LNG

A floating LNG is created by installing an LNG plant on a large vessel. This development method allows for natural gas to be processed into liquid at that plant and then directly offloaded to an LNG carrier.

► See page 54 for What is a “floating LNG”?

■ FPSO

FPSO refers to a floating production, storage and offloading system where refined crude oil and condensate are stored in tanks within a vessel. From here, the vessel offloads oil directly to tankers.

■ International Energy Agency (IEA)

An autonomous organization comprised of the main oil-consuming countries established in 1974 under the OECD for collective action on energy.

■ LNG (Liquefied Natural Gas)

After removing impurities such as moisture, sulfur compounds and carbon dioxide from natural gas with a chief constituent of methane, the gas is liquefied by cooling to ultra-low temperatures (-162° Celsius). This process compresses the volume of the gas to 1/600, thus making it possible to transport large quantities in a single shipment.

■ LPG (Liquefied Petroleum Gas)

LPG is an oil product that is a mixture of hydrocarbon gases with a carbon number of 3 or 4, for example, propane, propylene, butane, butylene or a mixture of these as main constituents. Although LPG is a gas at ambient temperature and normal pressure, it is liquefied through exposure to low pressures or temperatures (cooling).

■ Lump-sum contract

A contract agreeing upon and approving a fixed total for construction and work. It is distinguished from a cost-plus-fee contract, which promises in advance the payment of a certain fee added to a certain amount of actual incurred expenses.

■ Oil majors

Oil majors are also known as major international oil companies. ExxonMobil (US), Royal Dutch Shell (UK/Netherlands), BP (UK), Chevron (US) and TOTAL (France) are well-known as the five oil majors. Each of these companies possesses an integrated system including departments for conducting both upstream and downstream business.

■ Oil sands

Sandstone beds that contain an extremely viscous tar-like crude oil that has no fluidity in its initial state. This is as opposed to conventional crude oil, which can be easily pumped upward using a well. Depending on the level of viscosity, crude oil extracted from oil sand is referred to as bitumen or extra heavy crude oil.

► See page 69 for the Joslyn Oil Sands Project.

■ Operator

In the case of multiple parties to a contract regarding blocks of oil/gas and associated E&P work, a joint operating agreement is entered into between the parties and it is necessary to achieve agreement on the rights and obligations for all items required when conducting operations. At that time, the party responsible for the execution and management of the operations is referred to as the operator. In contrast, parties other than the operator are referred to as non-operators.

■ Primary energy

Energy recovered directly from nature such as coal, oil, natural gas, fuelwood, hydroelectricity, nuclear power, wind power, current power, geothermal and solar energy.

■ Probable reserves (our company)

The definition of probable reserves is in accordance with regulations (2007 PRMS) formulated by the Society of Petroleum Engineers (SPE) through support from the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The rule defines probable reserves as the estimated quantities of

crude oil and natural gas that can be added to proved reserves and commercially collected based on geological and engineering data.

► See page 36 for Classification of reserves (image).

■ Production sharing contract (PSC)

A contract in which one or more companies involved in the development of oil and natural gas acts as a contractor and undertakes operations for exploration and development on behalf of the governments of oil-producing countries or national oil companies. The contractor is responsible for the costs associated with the operations. Corresponding amounts for cost recovery and compensation are received from production by a contractor.

► See pp. 98–99 for Accounting Methods for Types of Agreements.

■ Proved reserves

The definition of proved reserves is in accordance with SEC Regulation S-X Rule 4-10 (a), a rule that is well-known among investors in the United States. The rule defines proved reserves as the estimated quantities of crude oil and natural gas that can, with reasonable certainty and under current economic and operating conditions, be collected from a given date forward based on geological and engineering data.

► See page 36 for Classification of reserves (image).

■ Renewable energy

A collective term used for energy acquired from within natural phenomena replenished repeatedly on earth such as solar, wind, hydro, oceans and biomass, as opposed to fossil fuels such as coal and oil, which are forecast to run out in the future. There is no fear of renewable energy running out, and it does not generate air pollution. Technology to use renewable energy as an energy source is undergoing development.

■ Reserves-to-production ratio

The reserves-to-production ratio (R/P ratio) is calculated by subtracting the production for a given year from the reserves at the end of that year. The resulting figure is applied to that particular oil field or region and shows how many years production can be continued if annual production continues at the amount for that year.

■ Rig

Machinery for drilling a well that is used to search for and produce oil and natural gas.

► See page 75 for a photo of drilling rigs.

■ Royalty

Royalty refers to a specific share of production reserved by the owner of underground minerals (e.g., a state or a municipality) when granting mining rights, without taking responsibility for

production costs. In some cases, the share increases according to increases in production. Royalties may be paid in kind or in cash.

■ Secondary energy

Electric power, city gas, coke, etc., which are acquired by converting and processing primary energy sources, are referred to as secondary energy.

■ Shale gas

Shale gas is a kind of natural gas that is considered to be an unconventional natural gas. It refers to gas that is found in hard shale beds and not in the usual gas fields of conventional natural gas. It is necessary to excavate the horizontal wells, using the hydraulic fracturing method to create a crack in the shale bed so that the gas can be extracted. In recent years, due to advancements in these gas mining technologies, the production of shale gas is making great strides, particularly in North America.

■ Unconventional natural gas

Natural gas not produced from regular oil and gas fields. Includes gas (tight gas sands, coal bed methane, biomass gas and shale gas) that has already undergone partial commercial production and gas (e.g., methane hydrate and deep gas) expected to undergo future commercial production.

Editor's Note

We would like to thank our readers for the advice and many useful comments we received concerning Annual Report 2011. We sought to take readers' opinions into consideration in making both qualitative and quantitative improvements to this year's report, Annual Report 2012, and have done our best to offer a wealth of information in a manner that is easy to understand. We would like to encourage readers to give particular attention to sections that have been entirely rewritten for this year's edition, such as the "Message from the President" (p. 22–) and the "Ichthys LNG project" (p. 45–), for which we received assistance from the relevant departments.

Corporate Strategy & Planning Division
Corporate Communications Unit
Investor Relations Group



Interview with the President