

February 18, 2004

Joint statement on conclusion of the contract for the integrated appraisal and development operations of Azadegan field among National Iranian Oil Company, INPEX CORPORATION and Naftiran Intertrade Co. Ltd.

National Iranian Oil Company (hereafter referred to as "NIOC"), INPEX CORPORATION (hereafter referred to as "INPEX") and Naftiran Intertrade Co. Ltd (hereafter referred to as "NICO") today signed the contract for the integrated appraisal and development operations of Azadegan field. The Azadegan oil field, which was discovered in 1999, is situated 80km west of Ahwaz in the Islamic Republic of Iran. The negotiations for the development of the Specific Area of Azadegan oil field started when H.E. President Khatami paid his first visit to Japan in November, 2000.

Under the contract, both INPEX and NICO will become contractors to NIOC to develop the oil field with the participating interest of 75% and 25% respectively. The contract for Azadegan oil field development adopts a two-stage concept. The full production level for stage 1 is expected to reach 150,000 barrels per day (b/d) and 260,000 b/d for stage 2. The full production level for stage 1 is planned to be achieved in 52 months and that for stage 2 in 8 years. It is also planned that the first oil production will take place in 40 months at the level of 50,000 b/d. Total capital expenditure for the project is estimated at about 2 billion US\$, which is comparable to the value of 1.5-years production of 260,000 b/d. The repayment period for stage 1 and stage 2 is planned to be 6.5 years and 6 years respectively.

The parties do hope this project will be successfully conducted, strengthen the economic ties between the Islamic Republic of Iran and Japan and contribute to further development of relationship of both countries.