6 January, 2005

West Azeri Production Start in the Caspian Sea, Azerbaijan

INPEX CORPORATION is pleased to announce that the Azerbaijan International Operating Company, of which its subsidiary, INPEX Southwest Caspian Sea, Ltd. is a shareholder, started oil production from the West Azeri development, part of the Azeri-Chirag-Gunashli (ACG) field, in the Azerbaijan sector of the Caspian Sea on 30 December last year and the West Azeri oil reached Sangachal Terminal on 3 January this year. The West Azeri oil has been delivered four months ahead of the schedule.

Averaged production from West Azeri in 2006 is forecast to be 70,000 BOPD. Oil from West Azeri, together with oil produced from Chirag and Central Azeri, will be transported to market via new export routes of the Baku-Tbilisi-Ceyhan (BTC) pipeline from this spring. Total production from the Azeri-Chirag-Gunashli (ACG) in 2006 is forecast to be about 440,000 BOPD.

The ACG Production Sharing Agreement (PSA), signed in September 1994, covers the 30-year development of the ACG contract area (432.4km^2). It is estimated that 5.4 billions barrels of oil will be recovered during the PSA period. West Azeri is located in approximately 118 meters of water, 100 km east of Baku. The field is being developed in several phases: Chirag has been producing since 1997 as part of the Early Oil Project. This was followed by Azeri Project Phase 1 – Central Azeri production in early 2005. Successive phases include West Azeri, which started production in 2006, and East Azeri, scheduled to come on stream in 2007 as Azeri Project Phase 2, with ACG Phase 3 – Deepwater Gunashli, already sanctioned and expected to commence production in 2008. The integrated development is expected to produce more than 1 million BOPD by 2009.

The parties to the Azeri-Chirag-Gunashli (ACG) Production Sharing Agreement are: BP (operator – 34.1%), Chevron (10.3%), SOCAR (10%), INPEX (10%), Statoil (8.6%), ExxonMobil (8%), TPAO (6.8%), Devon (5.6%), Itochu (3.9%) and Amerada Hess (2.7%).

ACG Project Location Map