

April 12, 2007

## **Participation in the Mahakam Delta Empowerment of Community Program in the Republic of Indonesia**

We would like to inform you that our affiliate company, INPEX Corporation will participate in and support the Mahakam Delta Empowerment of Community Program in East Kalimantan, Indonesia, together with the Central Government, Government of East Kalimantan, the United Nations Development Programme (UNDP), and Total E&P Indonesia.

This program aims for co-existence with the natural environment and local community development. Program activities will promote the recovery and protection of mangrove forests, which have been deforested in the Mahakam Delta due to the recently-created shrimp ponds, as well as actions for environmental protection in the local area.

The program will be implemented over the course of the next five years, and aims not only to recover and protect the mangrove forests, but also to develop the local community by achieving both establishment/management of the shrimp ponds, and protection of the mangrove forests using a method called "Silvo Fisheries". The Silvo Fisheries is a model of environmental conservation and local community development that integrates the local agriculture, the forest industry, and the fisheries industry. This program aims to establish a model that enables sustainable improvement. The goal of the program is to achieve both environmental recovery/protection of the entire Mahakam Delta area, and local community development through independent maintenance and development. Therefore, important aspects of the program include human resources development, organization of an environmental conservation system, and activities that promote an understanding of the importance of environmental conservation among the local residents of the Mahakam Delta area.

Fund of this program is organized by government, UNDP, Total E&P Indonesia, and INPEX Corporation, and amounts to a total of US\$3.6 million.

Our group has been engaged in the exploration, development, and production businesses of petroleum and natural gas in the mine property of East Kalimantan Mahakam, sharing the fund in halves with our partner, Total E&P Indonesia. Through participation in this program, we will more actively contribute to social activities including environmental protection in the same area.

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