

New Venture in the San Carlos and Tinaco Blocks, Venezuela

October 28, 2002

TEIKOKU OIL CO., LTD. ("TEIKOKU") is pleased to announce that the company successfully executed a Farm-Out Agreement on October 25, 2002 with two wholly owned affiliates of the Argentine PECOM ENERGIA S.A. ("PECOM") to acquire a 50% participating interest in the San Carlos (506km<sup>2</sup>) and Tinaco (962km<sup>2</sup>) Blocks in Venezuela, subject to the approval of Venezuelan authorities. The partners to each Block will be eventually composed of PECOM 50% (Its Venezuelan affiliates are licensees and Operators) and TEIKOKU 50%.

The San Carlos Block and its adjacent Tinaco Block are located in the western part of Venezuela. The presence of natural gas is already confirmed by the exploration well drilled in the San Carlos Block, in which PECOM is in advanced negotiation for the Gas Exploration License of four years. In the Tinaco Block for which the four-year Gas License started in August, 2001, 2D seismic is scheduled to start at the end of this year.

TEIKOKU plans to establish TEIKOKU OIL SCT EXPLORATION B.V., a wholly owned subsidiary, through which TEIKOKU will participate in the joint venture by transferring all of its 50% interest to the company.

For your information, Venezuela is one of the countries on which TEIKOKU has been focusing. TEIKOKU operates two oil field reactivation projects as Operator in Venezuela. TEIKOKU OIL DE VENEZUELA, C.A. operates the East Guarico Block (5,633 km<sup>2</sup>) since 1993 and TEIKOKU OIL DE SANVI-GUERE, C.A. operates the Sanvi-Guere Block (1,386 km<sup>2</sup>) since 1994. The San Carlos and Tinaco Blocks are located to the west of such Blocks, whereby TEIKOKU expects further development of its business, and bring this project greater synergies in this important region in Venezuela.

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