

Acquisition of Interest in the Oil Development Projects in Ecuador

Tokyo, January 25, 2005

TEIKOKU OIL CO., LTD. (TEIKOKU) is pleased to announce that we have executed, through its new subsidiary TEIKOKU OIL ECUADOR ("TOE"), established in Cayman Islands, an Agreement as of January 24, 2005 with two wholly owned subsidiaries of PETROBRAS ENERGIA S.A. ("PESA") headquartered in Buenos Aires, ECUADORTLC S.A. and PETROBRAS ENERGIA ECUADOR, in which we will acquire a 40% participating interest in Blocks 18 and 31 in Ecuador respectively. This Agreement will officially take effect upon the approval by the Ecuadorian government.

These Blocks are located in the Oriente Basin in the Eastern part of Ecuador. In Block 18, 20 thousand barrels of oil per day (BOPD) is being produced and it is expected to reach 50 thousand BOPD in peak year in 2009, through the additional development works... In Block 31, four oil fields have been discovered and the development operations are soon to commence within this year. We expect the first oil at around 30 thousand BOPD in 2006 and there is potentials increase in the production capacity through the future development and exploratory drilling in the promising prospects.

PESA is one of the most active and leading oil companies in Latin America. Teikoku has through its subsidiaries, joint operations with PESA group companies for two gas exploration projects, San Carlos and Tinaco blocks in Venezuela and Cuervito and Fronterizo blocks in Mexico. . Accordingly, this is the third joint operation for Teikoku. We expect to further strengthen our cooperative business relations with PESA hereafter for the benefit of two companies.

TEIKOKU is operating oil and gas production in Venezuela and in Mexico. We expect this new deal will play a key role in overseas operations as it will help enhance the presence in Latin America and may lead to new projects and chance to expand the Teikoku's business in the area.

Kenji Kawano

New Ventures Department, Teikoku Oil Co., Ltd.

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[Summary of the Blocks]

| Block | Block 18 | Block 31 |
|------------------------|---|-------------------------------|
| Area | 1,138km ² | 2,000km ² |
| Depth | Approx. 3,000m | Approx. 2,000m |
| Participating Interest | Teikoku Oil Ecuador 40% | Teikoku Oil Ecuador 40% |
| | ECUADORTLC S.A. 30% | Petrobras Energia Ecuador 60% |
| | Cayman International Exploration Company S.A. 18% | |
| | Petromanabi 12% | |

[Teikoku Oil Ecuador (Cayman Corporation)]

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|-------------------------|--|
| President | Akira Isono |
| Date of Incorporation | 2005.1.11 |
| Main Business | Oil exploration and development in Ecuador |
| Fiscal Term | January - December |
| Capital | US\$10,000 |
| Number of Shares Issued | 10,000 shares |
| Capital Formation | Teikoku Oil Co., Ltd.: 100% |

[Blocks Location]

