

26 April 2011

Agreement on Vladivostok LNG Joint Study

INPEX CORPORATION is pleased to announce that the Company Japan Far East Gas Co., Ltd., newly established by INPEX, ITOCHU Corporation (hereinafter “ITOCHU”), Japan Petroleum Exploration Co., Ltd. (hereinafter “JAPEX”), Marubeni Corporation (hereinafter “Marubeni”) and ITOCHU Oil Exploration Co., Ltd. (hereinafter “CIECO”), has signed an agreement (hereinafter “Agreement”) on the implementation of a joint study (Joint Study) for the natural gas utilization project in Vladivostok area with Russia’s state-owned gas company Gazprom (hereinafter “Gazprom”). The Agreement was signed on 25 April, 2011 in Moscow, Russia.

The Joint Study consists of a Pre-FEED for the construction of a liquefied natural gas (LNG) plant with production capacity of 10 million tons per year, a preliminary feasibility study on the compressed natural gas (CNG) pilot project and a preliminary study on gas-chemical complex project. The Joint Study is scheduled to be completed by the end of 2011.

The Agency for Natural Resources and Energy of Japan’s Ministry of Economy, Trade and Industry (hereinafter “Agency”), ITOCHU, JAPEX and Gazprom implemented a preliminary feasibility study (Pre-FS) from May 2009 to July 2010. Following the result on the Pre-FS as well as the discussions between the related parties, an agreement was signed between the Agency and Gazprom in January 2011 on the framework and cooperation for the Joint Study. This Agreement was hereby signed on the details of the Joint Study in furtherance of the above-mentioned agreement between the Agency and Gazprom.

On 19 March, 2011 at the meeting on the comprehensive development of the fuel and energy industry in Eastern Siberia and the Far East held in Sakhalin Oblast, Prime Minister Putin revealed his intentions to increase LNG supply to Japan and alluded to the construction of a new LNG plant in that area. This Joint Study and realization of its future potential projects are considered to be very important for Russia-Japan relations, as well as for the stable LNG supply to not only Japan but also to the Far East and other Asian countries, and will contribute to the diversification of Russia’s gas (LNG) export sources.



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About Japan Far East Gas Co., Ltd.

Company name:	Japan Far East Gas Co., Ltd.
Representative:	Yoshio Matsukawa, President and CEO
Head office:	5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan
Shareholder composition:	ITOCHU (32.5%), JAPEX (32.5%), Marubeni (20%), INPEX (10%), CIECO (5%)
Date of establishment:	6 December, 2010
Capital:	10 million yen

Reference:

Gazprom is a Russian state-owned gas company, and the largest gas producer in the world. Its annual natural gas production in 2010 was 508.6 billion cubic meters, and its 2009 exports were 205.8 billion cubic meters.

On 12 May, 2009, when Prime Minister of the Russian Federation Vladimir Putin visited Japan, Gazprom, the Agency, ITOCHU and JAPEX signed a MOU regarding a Pre-FS for LNG and CNG projects in the Vladivostok area. The results of the Pre-FS were reported at the Fifth Joint Coordination Committee Meeting between the Agency and Gazprom in St. Petersburg in July 2010.

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