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17 August 2010

Acquisition of an additional interest in the ACG project, Azerbaijan

INPEX CORPORATION is pleased to announce that its subsidiary INPEX Southeast Caspian Sea, Ltd. has purchased an additional interest in the Azeri-Chirag-Gunashli (ACG) oil field development in the Azerbaijan sector of the Caspian Sea.

The 5.63 per cent stake held by Devon Energy Caspian Corporation in the ACG development will be split among BP (3.29%), Chevron (0.99%), INPEX (0.96%) and Itochu (0.38%). INPEX, Chevron and Itochu exercised preferential rights in relation to the share purchase transaction between BP and Devon Energy Corporation.

The additional interest acquired by INPEX will increase its operating interest in the ACG development to 10.96% and those of BP, Chevron and Itochu to 37.43%, 11.27% and 4.30% respectively, with the remaining interests held by AzACG (a subsidiary of SOCAR, the State Oil Company of the Azerbaijan Republic – 10%), Statoil (8.56%), Exxon Mobil (8.00%), TPAO (6.75%) and Hess (2.72%).

The ACG Production Sharing Agreement (PSA), signed in September 1994, covers the 30 year development of the Azeri-Chirag-Gunashli contract area. It was ratified by the Milli Majlis and became effective on December 12 the same year, having already become known in Azerbaijan and elsewhere as “the Contract of the Century”. The field has been developed in several phases: Chirag has been producing since 1997 as part of the Early Oil Project (EOP). This was followed by Azeri Project Phase 1, Central Azeri production, in early 2005. The successive Phase 2 included West Azeri, which started production in January 2006 and East Azeri, which started production in October 2006. Phase 3, Deepwater Gunashli, started up in April 2008. The next stage of development of ACG is the Chirag Oil Project which is currently at the execute stage, with first oil expected in 2013. Overall production from all phases is expected to be about 1 million barrels per day.

