

July 1, 2001

Submission of a Proposal for Appraisal and Development Contract
for the Azadegan Oil Field, Islamic Republic of Iran.

The Japanese oil companies group comprising INPEX (Indonesia Petroleum, Ltd.) and JAPEX (Japan Petroleum Exploration Co. Ltd.) submitted a proposal for the appraisal and development of the Azadegan oil field in Iran to NIOC (National Iranian Oil Company) on 30th of June, 2001 in accordance with the MOU signed on 1st of November, 2000 by NIOC, MITI (Ministry of International Trade and Industry) of Japan and the Japanese oil companies group on the occasion of H.E. President Khatami's visit to Japan.

Negotiation with NIOC will commence soon based on the proposal. The Azadegan oil field discovered in 1998 in Islamic Republic of Iran is expected to be one of the largest discoveries in Iran in recent years.

We firmly believe that it will promote close relations between Japan and Iran and secure a stable oil supply if the Japanese oil companies group could undertake development of the Azadegan oil field upon agreement with NIOC.

Nothing more can be released other than above at this stage as all information is related to future negotiation and commercial secret.

