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East Azeri Production Start in the Caspian Sea, Azerbaijan

INPEX Holdings Inc. is pleased to announce that the Azerbaijan International Operating Company (AIOC), of which its subsidiary, INPEX Southwest Caspian Sea, Ltd. is a shareholder, the start-up of oil production from East Azeri platform on 21 October, four months ahead of the schedule. East Azeri completes Phase 2 of the Azeri-Chirag-Gunashli (ACG) field development in the Azerbaijan sector of the Caspian Sea. Phase 3, which will develop the Deep Water Gunashli area of ACG, remains on schedule to commence production in 2008

Production will increase through mid 2007. On plateau, the East Azeri facility will produce 260,000 barrels per day bringing total Azeri production, including West and Central Azeri, to over 800,000 barrels per day.

The ACG Production Sharing Agreement (PSA), signed in September 1994, covers the 30-year development of the ACG contract area (432.4km²). It is estimated that 5.4 billions barrels of oil will be recovered during the PSA period. The field is being developed in several phases: Chirag has been producing since 1997 as part of the Early Oil Project. This was followed by Azeri Project Phase 1 – Central Azeri production in early 2005. Successive phases have included West Azeri, which started production in 2006, and East Azeri, which has just come on stream as Azeri Project Phase 2. The final ACG development phase – Phase 3 (Deepwater Gunashli) is under construction and expected to begin production in 2008. The integrated development is expected to produce more than 1 million BOPD by 2009.

The parties to the Azeri-Chirag-Gunashli (ACG) Production Sharing Agreement are: BP (operator – 34.1%), Chevron (10.3%), SOCAR (10%), INPEX (10%), Statoil (8.6%), ExxonMobil (8%), TPAO (6.8%), Devon (5.6%), Itochu (3.9%) and Hess (2.7%).

ACG Project Location Map

