

Development project of gas fields in the southeast of the Democratic  
and Popular Republic of Algeria

Aug. 4, 2000

Teikoku Oil Co., Ltd. is pleased to announce that the company will participate as a shareholder in Japan Ohanet Oil & Gas Co., Ltd., ("JOOG") (whose head office is in Minato ward, Tokyo; President: Mr. Shiro Morita), which on July 2, 2000 signed in Algiers in the Democratic and Popular Republic of Algeria a Risk Service Contract (RSC) for the development of gas fields with SONATRACH, the Algerian national oil company.

In this Project four gas fields located in the southeast Ageria (as shown on the attached map) will be developed by the Joint Venture (60% for BHP Petroleum of Australia, Operator; 30% for JOOG; and 10% for Petrofac Resources (Ohanet) LLC of the United States).

First production is expected to begin in the second half of 2003 with an output production level of 655 million cubic feet per day of dry gas, 28,000 barrels per day of LPG, 30,000 barrels per day of condensate. The total investment by the foreign partners for this project is estimated to be around US\$1.0 billion.

For your information JOOG was established by ITOCHU Oil Exploration Co., Ltd. in March 2000. Teikoku Oil Co., Ltd. will participate in JOOG as a 30% equity holder.

**General Outline of the Ohanet Gas Development Project in Algeria**

1. Location of the Fields:

southeast onshore Algeria

(as shown on the attached map)

2. Foreign Contractor Parties to the Risk Service Contract:	BHP Petroleum (International Exploration) Pty. Ltd.	60%
	Japan Ohanet Oil & Gas Co., Ltd.	30%
	Petrofac Resources (Ohanet) LLC	10%

3. Operator:

Joint operation by SONATRACH and BHPP

4. Total investment:

Approximately US\$ 1.0 billion

(all amounts to be born by Foreign Contractor Parties)

5. Reserves:

Dry Gas	3.4 trillion cubic feet (570 million barrels of oil equivalent)
LPG	116 million barrels
Condensate	107 million barrels

6. Production start-up:

Second half of 2003

Dry Gas	655 million cubic feet/day (109 thousand barrels of oil per day equivalent)
LPG	28 thousand barrels/day
Condensate	30 thousand barrels/day

7. Sales of production:

Dry Gas to be made to the European market by SONATRACH using its trans-Mediterranean pipelines and also making such dry gas to LNG

LPG & Condensate: to be taken by the foreign Contractor Parties according to their respective participating interests

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[Location Map]

