

Acquisition of New Exploration Ventures in Libya

Tokyo, 3 Oct, 2005

TEIKOKU OIL CO., LTD. (“TEIKOKU”) is pleased to announce that, on October 2, 2005, the company made successful bids for two (2) oil exploration blocks in the Great Socialist People's Libyan Arab Jamahiriya (“Libya”), at the Bid - Round II held by the National Oil Company of Libya. This is the occasion for the Japanese upstream company to make the first forey into E&P activities in Libya as Operator. The Licenses are expected to be officially awarded early in November, 2005, thorough the approval process in Libya. The outline of the blocks are as follows:

1. Area 81-2 (Approx.400km south of Tripoli. Onshore 2,708km²)

Partner its Participating Interest (%) : TEIKOKU (Operator) 73% and Mitsubishi Corporation 27%

Obligation works: 2D seismic acquisition (500km), 3D seismic acquisition (500km²) and one exploratory well in the 5-year exploration period.

2. Area 82-3 (Approx.400km south of Tripoli. Onshore 2,687km²)

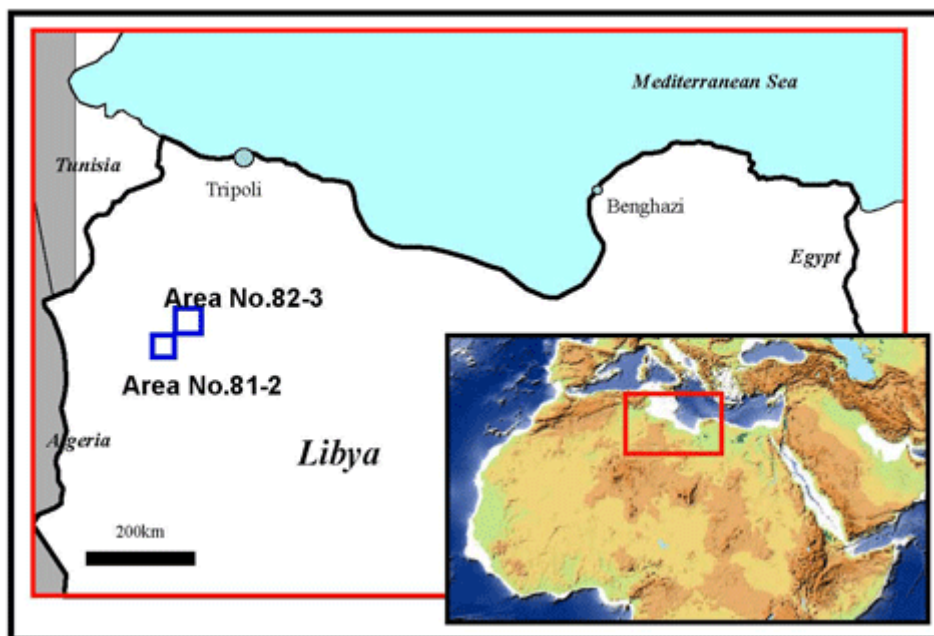
Partner its Participating Interest (%) : TEIKOKU (Operator) 73% and Mitsubishi Corporation 27%

Obligation works : 2D seismic acquisition (1,200km) and one exploratory well in the 5-year exploration period.

TEIKOKU plans to establish wholly owned subsidiary and transfer all of its Participating Interests to such company. We expect to invest approx US\$50MM (5,500 millions of Japanese Yen) in the above-mentioned exploration period.

These new Libyan projects are second operator projects for TEIKOKU in North African area, following the one in Egypt, while having some other exploration and production projects in Egypt and Algeria. North Africa is one of TEIKOKU's key areas and, considering the keen attention of ourselves to the great potentials of hydrocarbons in Libya, we established a corporate representative office in Tripoli in July 2005. We believe our engagement in these new ventures in Libya shall further enhance our involvement of new additional projects in the country and in North African area.

[Location Map]



Kenji Kawano
General Manager, Business Development Dept.
International Projects Division
Teikoku Oil Co., Ltd
Phone : 81-3-3466-1234