

Gas Development with Nippon Mitsubishi group in Malaysia

October 12, 2000

Teikoku Oil Co., Ltd. (Akira Isono, President) (TOC) is pleased to announce that the company will participate in gas development in Blocks SK-10 and SK-8 in Malaysia which Nippon Mitsubishi group companies are participants.

This joint venture is established based on the basic operational alliance agreed in February, 2000 among Nippon Mitsubishi Oil Corporation (Fumiaki Watari, President)(Nippon Mitsubishi) , TOC and NIPPON OIL EXPLORATION LIMITED. (Kazuo Tomita, President)(NOEX).

General Outline of the Joint Venture in Malaysia

1. Joint Venture Scheme

TOC will participate as shareholders respectively in Nippon Oil Exploration (Malaysia), Ltd. ("NOEX Malaysia" of Block SK-10) and Nippon Oil Exploration (Sarawak), Ltd. ("NOEX Sarawak" of Block SK-8) first by subscribing to the new shares to be issued by each company and to be allotted exclusively to TOC.

2. Joint Venture Shares (A: after TOC participation, B: before TOC participation)

(a) Nippon Oil Exploration (Malaysia), Ltd.

Shareholders	A	B
Nippon Mitsubishi	40.15%	(47.24%)
Japan National Oil Corporation	38.58%	(45.39%)
TOC	15.00%	(0.00%)
Mitsubishi Corporation	6.27%	(7.37%)

(b) Nippon Oil Exploration (Sarawak), Ltd.

Shareholders	A	B
NOEX	39.02%	(45.90%)
Japan National Oil Corporation	37.48%	(44.10%)
TOC 15.00% (0.00%)		
Mitsubishi Corporation 8.50% (10.00%)		

3. Outline of the Blocks

(a) Block SK-10 (relinquished except for the discovered gas fields)

- ELocation Approximately 70km northeast off Miri, Sarawak, Malaysia
- EJoint Venture Participants NOEX Malaysia 75.0% (Operator)
Carigali 25.0%
- EThe largest Gas Field Helang Gas Field

(b) Block SK-8 (relinquished except for the discovered gas fields)

- ELocation Approximately 250km northeast off Miri, Sarawak, Malaysia
- EJoint Venture Participants NOEX Sarawak 37.5%
Shell 37.5%(Operator)
Carigali 25.0%
- EThe largest Gas Field Jintan Gas Field

4. Outline of the Development

Helang Gas Field in SK-10 is currently under development. It is planned to supply gas for a Malaysian LNG project beginning the fourth quarter of 2003 (maximum production rate of approximately 7 million cubic meters per day).

Jintan Gas Field, etc. in SK-8 is currently under study for development. It is planned to supply gas for a Malaysian LNG project.

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