

Rang Dong Project in Vietnam Receives CER Issuance Approval Under the Kyoto Protocol
~World's Largest One-Time CER Issuance Approval~
~The First Ever CER Issuance in the World from the Recovery and Utilization of Associated Gas~

February 29, 2008

PRESS RELEASE

Nippon Oil Corporation is promoting a project for reducing CO₂ emissions at the Rang Dong oil field in Vietnam, which is operated by one of its subsidiaries (the Rang Dong Project). The Rang Dong Project has been registered as a CDM since February 2006. This time, however, the Rang Dong Project received approval for a CER issuance of 4.49 million tons for emission reductions due to project activity from December 2001 to December 2005. Even after January 2006, the Rang Dong Project is expected to continue to receive approval for CER issuances until 2011, which will accumulate to 8 million tons during the 10 years from December 2001 to November 2011.

● **Outline of the Rang Dong Project**

Previously, associated gas produced along with the crude oil from the Rang Dong oil field was flared at the offshore platform. Today, the associated gas is recovered and supplied for local use, such as to domestic power generation plants, through a sub-sea pipeline.

● **Distinctive Features**

1. World's Largest One-Time CER Issuance Approval

948 projects worldwide have been registered as a CDM so far, among which 304 projects have received approval for CER issuance. The largest CER issuance that a CDM project has previously achieved at one time is 4.06 million tons in emission reductions, whereas the CER issuance from the Rang Dong Project is 4.49 million tons - the largest ever one-time CER issuance approval to date. In a comparison of project activities for which CER issuance has been approved several times, the Rang Dong Project ranks tenth in the world overall among all CDM projects in terms of accumulated CER issuance to date. Specifically among CO₂ emission reduction project activities^{*}, however, it boasts the world's largest accumulated CER issuance to date.

^{*}Refers to projects dealing with energy conservation, wind power, hydroelectric power, etc.

2. The First Ever CER Issuance in the World from the Recovery and Utilization of Associated Gas

The Rang Dong Project is the first ever CER issuance in the world resulting from the recovery and utilization of associated gas.

3. The First Ever CER Issuance in Vietnam and Contribution to Sustainable Development of Vietnam as a CO₂ Emission Reduction CDM

Typically, projects of this type that reduce CO₂ through the effective utilization of energy are expected to play a significant role in the sustainable development of developing countries, both by enhancing energy self-sufficiency and by helping to prevent global warming. The Rang Dong Project contributes to the sustainable development of Vietnam as a CO₂ emission reduction CDM and as the first ever CER issuance in Vietnam.

4. Contribution to CO₂ Emission Reduction on a Global Scale

Nippon Oil established a CDM methodology (international rule) based on the Rang Dong Project as a model CDM project. At present, this methodology is being utilized in 19 CDM projects (including projects in the validation process) around the world. If all 19 projects are realized, CO₂ emissions will be reduced by more than 8 million tons per year. In this way, Nippon Oil contributes to CO₂ emission reduction on a global scale through the establishment of an effective CDM methodology.

5. Required Steps Performed by Nippon Oil

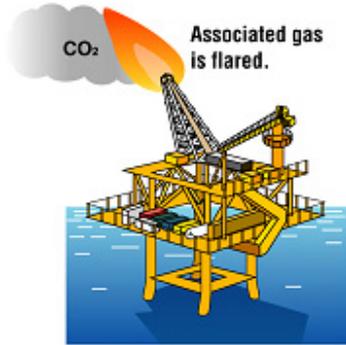
Nippon Oil performed all of the steps required for this project, including establishment of the new methodology, drafting the project design document (PDD), obtaining registration approval from the CDM Executive Board, monitoring actual project performance, and obtaining approval for CER issuance from the CDM Executive Board.

<Rang Dong oil field>

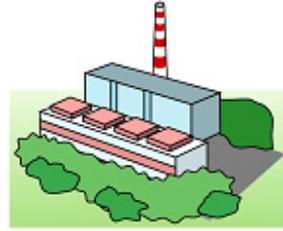
The Rang Dong oil field lies within Block 15-2, offshore of southern Vietnam, and is operated by Japan Vietnam Petroleum Company, Ltd. (JVPC), a subsidiary of Nippon Oil Exploration Limited (NOEX), itself a wholly owned subsidiary and the exploration and production arm of Nippon Oil. JVPC has a 46.5% interest in the field. Its partners in Block 15-2 are ConocoPhillips (UK) Gama Limited, a United Kingdom-based subsidiary of ConocoPhillips of the U.S.A., and PetroVietnam Exploration and Production of Vietnam, which have a 36% and a 17.5% interest, respectively. The field started commercial production of crude oil in August 1998, reached 100 million barrels in June 2005, and from January to September 2007 produced an average of about 46,000 barrels of crude oil per day.

End

Before



Electricity is generated in power generation plants using conventional fuels.

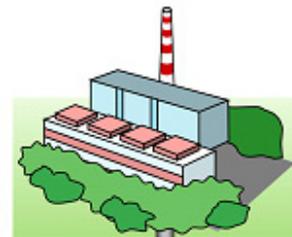


After

Associated gas is recovered and supplied to local power generation plants.



Consumption of conventional fuels by power generation plants is reduced.



pipeline

