

## Commencement of LNG Project Front End Engineering and Design (FEED) in Papua New Guinea - Major step towards the operation of LNG project -

May 22, 2008

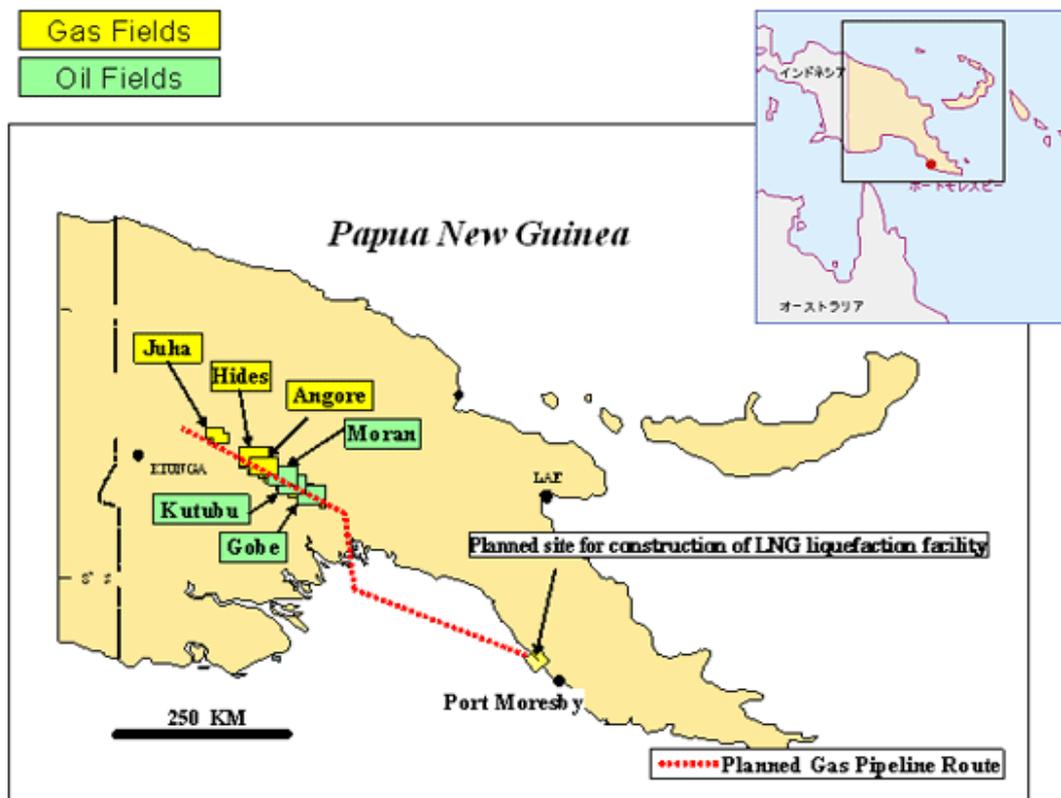
### PRESS RELEASE

Nippon Oil Corporation (President: Shinji Nishio) announces that Merlin Petroleum Company, a wholly owned subsidiary of Japan Papua New Guinea Petroleum Company Limited ("JPP") would begin the Front End Engineering and Design ("FEED") stage of the LNG project in the Independent State of Papua New Guinea. Nippon Oil Exploration Limited (President: Makoto Koseki), which is the upstream arm of Nippon Oil Corporation, is a major investor in JPP. The decision to enter into FEED was taken by the project participants on Thursday, May 22, 2008.

The project would be the first LNG project in the Independent State of Papua New Guinea, and the LNG production volume is expected to be 6.3 million tons per year. The plan is for natural gas produced from the gas fields (Juha, Hides and Angore) and associated gas fields (Moran, Kutubu and Gobe), that are located in the Southern Highlands and Western Region of the central part of Papua New Guinea, to be transported through a 700 kilometer long pipeline to an LNG Plant which will be located close to Port Moresby. The gas will then be liquefied at the LNG plant which will be constructed as part of the development.

Prior to the decision to enter into FEED, an agreement that sets out the fiscal and other important provisions under which the project participants can implement the LNG project was executed by the project participants and the Independent State of Papua New Guinea. Together with other project participants, and as part of FEED, marketing and finance activities will be undertaken. A final decision on the LNG Project is expected to be made in late 2009, with the first cargo expected to be delivered in the latter half of 2013.

<Location Map of LNG Projects in Papua New Guinea>



## Outline of project participats in the PNG LNG project

### 1. PNG LNG Project Participants and their Participating Interests

Participating corporations	Interest ratio*	Outline
Exxon Mobil	41.5%	Operator
Merlin Petroleum	1.8%	Wholly-owned subsidiary of Japan Papua New Guinea Petroleum
Oil Search	34.0%	Papua New Guinea Corporation
Santos	17.7%	Major Australian oil company
AGL (Australia Gas Light)	3.6%	Major Australian utility gas supplier
Land owner interest and PNG government-affiliated corporations	1.4%	

\* Current participating interests are provisional and will be fixed once this project is in operation

### 2. About Japan Papua New Guinea Petroleum Company Limited

- (1) Name: Japan Papua New Guinea Petroleum Company, Limited
- (2) Established: June 7, 1990
- (3) Location: Head office: 1-3-12 Nishi Shinbashi, Minato-ku, Tokyo
- (4) Representative: President: Makoto Koseki (Managing director and president of Nippon Oil Exploration Limited)
- (5) Capital: ¥12,826 million (as of December 31, 2007)
- (6) Shareholder composition: Japan: 62.03%  
Nippon Oil Exploration Limited: 36.41%  
Mitsubishi Corporation: 1.56%
- (7) Operation purpose: Exploration, development and extraction of oil, natural gas and other mineral resources in Papua New Guinea, and the acquisition, trading and leasing of the mining licenses.