

February 10, 2004

INPEX Announces the Initiation of Condensate Production in the Bayu-Undan Gas Condensate Field of the Timor Sea Joint Petroleum Development Area (JPDA).

Through its wholly-owned subsidiary INPEX Sahul, Ltd., INPEX CORPORATION (INPEX) has been pursuing developmental work in the Bayu-Undan Gas Condensate Field of the Timor Sea Joint Petroleum Development Area (JPDA), which is located about midway between Australia and East Timor. In this connection, INPEX has announced that condensate production was initiated on February 10.

The development of the gas condensate field is a two-phase project. In the first phase, condensate and LPG (known collectively as "liquids") are produced. After the liquids are extracted, natural gas is re-injected back into the reservoir. The facilities have a designed production capacity of 115,000 barrels of liquids per day, and can recycle 950 million cubic feet of dry gas per day. With this processing capability, they are expected to be able to produce 87,000 barrels of liquids per day by December of this year.

The second phase extends production to natural gas in addition to liquids. On the basis of a Heads of Agreement to supply LNG signed with The Tokyo Electric Power Company, Incorporated and Tokyo Gas Co., Ltd. (two of Japan's major natural gas consumers) in 2002, the natural gas will be transported to an LNG plant now being built near Darwin, Australia, with guaranteed sales of 3 million tons per year for 17 years beginning in 2006.

With regard to the second phase of the project, INPEX, through its wholly-owned subsidiary INPEX DLNGPL Pty Ltd., is participating in the construction of a seabed pipeline that will transport the product to Darwin, as well as the above-mentioned LNG plant on the outskirts of Darwin. Its participating interest in these ventures is the same as its upstream participating interest in the project as a whole.

The Bayu-Undan field, which straddles production sharing contract areas 03-12 and 03-13, is a large gas condensate field that contains an estimated recoverable 400 million barrels of liquids and 3.4 trillion cubic feet of natural gas.

* Supplemental Information

1. The Bayu-Undan gas condensate field, located between East Timor and Australia, straddles production sharing contract areas JPDA03-12 and 03-13. It is 80 meters below sea level and 500 kilometers northwest of Darwin, Australia.

2. INPEX Sahul, Ltd. is a wholly-owned subsidiary of INPEX Corporation capitalized at ¥4.6 billion. It owns a 19.07% interest in JPDA03-12 and a 10.53% interest in the Bayu-Undan gas condensate field that straddles JPDA03-12 and the adjacent JPDA03-13. Co-venturers and their current participating interests are: ConocoPhillips (operator), 56.72%; Eni-Agip 12.04%; Santos 10.64%; The Tokyo Electric Power Company, Incorporated and Tokyo Gas Co., Ltd., an aggregate of 10.08%.

3. Currently, JPDA03-12 is producing 4,800 barrels of crude oil per day from the Elang/Kakatua/Kakatua North fields (a total of 28.22 million barrels produced as of the end of December 2003).

4. INPEX centers its operation on Australia and Indonesia and engages in extreme business development through its subsidiaries.

Through INPEX Alpha Ltd., INPEX began producing crude oil at the Griffin oil field off the western coast of Australia in 1994 (as of December 2003, it has produced a total of 152.47 million barrels, with a current production rate of 11,000 barrels per day).

INPEX is also active as an operator in Australia through INPEX Browse, Ltd., another wholly-owned subsidiary. It has a 100% interest in the WA-285-P permit area on Australia's northwest continental shelf off the coast of Western Australia, where it has already successfully drilled three trial wells and discovered promising gas-condensate fields. In the second quarter of 2003, drilling began on a second round of three wells, including appraisal wells.