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Oil Found in the Kairan Structure in the Offshore Field of the North Caspian Sea  
in the Republic of Kazakhstan

INPEX CORPORATION (INPEX), through its subsidiary INPEX North Caspian Sea, Ltd., which has been exploring and appraising sites in offshore fields of the North Caspian Sea in the Republic of Kazakhstan, has discovered an oil stratum at a depth of 3,126 meters with the Kairan-1 exploration well. Recent tests have shown that the well will produce 4,100 barrels of oil per day.

Analysis of production data and further studies are expected to be conducted to assess the potential of this discovery.

With the discovery of oil in the Kairan structure, all six exploration wells drilled in offshore fields in the five structures of the North Caspian Sea (two wells in the Kashagan structure, one well each in the Kalamkas structure, the Aktote structure, and the Kasahgan Southwest structure) have successfully found oil. All five structures are confirmed to be capable of commercial oil production.

In accordance with the development plan approved by the government of the Republic of Kazakhstan in February 2004, production of the Kashagan oil field will begin in 2008 with a daily output of 75,000 barrels, with an objective of increasing to 450,000 barrels per day by 2010. Plans in the future call for a phased increase to an eventual production level of 1,200,000 barrels per day. The Kashagan oil field is the largest oil field discovered in the past 30 years. Total oil production is anticipated to reach 13 billion barrels by maximizing oil production through the injection of gas produced concomitantly with the oil into the reservoir.

INPEX Corporation is a part of an international consortium of Japanese, European, and U.S. companies involved in exploring and appraising sites under a production sharing agreement (PSA) with the government of the Republic of Kazakhstan.

In addition to INPEX of Japan, with an 8.33% share, the partners of this international consortium are; Agip (operator, 16.67% share, Italy), British Gas (16.67%, Great Britain), ExxonMobil (16.67%, U.S.A.), Shell (16.67%, Great Britain/Netherlands), Total (16.67%, France) and ConocoPhillips (8.33%, U.S.A.).

\* Supplemental Information

1. The North Caspian Sea offshore field is comprised of two blocks: the eastern block and the western block. The Kairan structure is located in the eastern block; approximately 45 kilometers east of the Kashagan oil field and approximately 100 kilometers southeast of Atyrau, the Republic of Kazakhstan, in the waters of the Caspian Sea at a depth of 2 meters.

2. Out of concern of the impact on the environment, a 32/64-inch choke was used to confirm the 4,100 barrels per day production capacity of the Kairan-1 exploratory well. Further appraisals are necessary to determine the size of the oil reserves of the Kairan field.

3. In September 1998, INPEX, through its subsidiary INPEX North Caspian Sea, Ltd., acquired a one-fourteenth interest in the oil field from Kazakhstan's state-owned oil company Kazakhstan Caspian Shelf Co., and became a member of the European-American consortium. Subsequently, it further increased its interest through separate agreements signed with BP and Statoil respectively in September 2001.

4. INPEX North Caspian Sea, Ltd. was founded in August 1998. It was capitalized by the Japan National Oil Corporation, Japan Petroleum Exploration Co., Ltd., and Mitsubishi Corporation. (As of the end of June 2004, its total capital is ¥43.98 billion, which is divided as follows: Japan National Oil Corporation, 50%; INPEX, 45%; Japan Petroleum Exploration Co., Ltd. and Mitsubishi Corporation, 2.5% each.)