# - Joint GTL demonstration test project begun for the stable supply of energy - Establishing the Nippon GTL Technology Research Association

INPEX Holdings Inc. is pleased to announce that INPEX CORPORATION has decided to establish Nippon GTL Technology Research Association, together with Nippon Oil Corporation, Japan Petroleum Exploration Co., Ltd., COSMO OIL Co., Ltd., NIPPON STEEL ENGINEERING Co., Ltd., and CHIYODA Corporation and Nippon GTL Technology Research Association will begin demonstration test project on technology to convert natural gas to liquid fuel (hereinafter, GTL technology) in coordination with the Japan Oil, Gas and Metals National Corporation (hereinafter, JOGMEC).

In recent years the expanding global energy demand, especially from Asia, has made the stable supply of energy an important and urgent matter. In facing this issue, the GTL technology with which the natural gas present throughout the world can be converted into liquid fuel is an extremely effective technology for achieving the diversification of primary energy supplies. The fuel produced using GTL technology is also expected to be an environmentally friendly clean fuel.

The process being developed in this GTL demonstration test project is a groundbreaking technology that would for the first time ever allow for natural gas containing carbon dioxide gas to be used directly. Through this research we will develop the technology to compete with the leading oil companies as we work toward harmonizing future stable energy supply with the preservation of the global environment.

#### **Notes**

1. Overview of the Nippon GTL Technology Research Association

(1) President Tadashi Sagai (Executive Vice President Japan Petroleum

Exploration Co., Ltd.)

(2) Location Head Office: Nippon Oil Toranomon Building, 1-2-6 Toranomon,

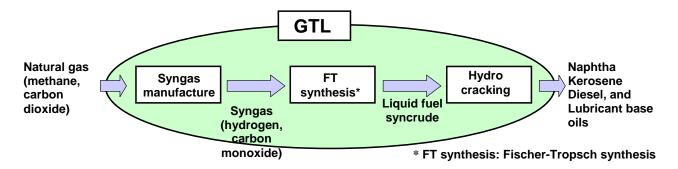
Minato-ku, Tokyo

Testing Center: Niigata Higashiko Industrial District

(3) Date of Founding Late October, 2006 (planned)

# 2. Overview of GTL Technology

GTL is short for Gas-To-Liquids. The technology allows for production of petroleum products such as naphtha, kerosene, and diesel oils from natural gas through chemical reactions. Overseas it is being advanced by Sasol in South Africa and in commercial projects being carried out by major western oil companies (Shell, ExxonMobil, ConocoPhillips, and others).



## 3. Overview of the GTL Demonstration Test Project

## (1) Goal

We will test GTL technology in a 500 B/D demonstration plant in preparation for commercial scale plant and explore further scaling up toward commercial capacity of several tens of thousands of B/D, developing GTL technology that is technologically and economically competitive.

#### (2) Research Structure

Joint research with JOGMEC and Nippon GTL Technology Research Association newly established by six private firms

#### (3) Research Budget

Total project cost: approx. 36 billion yen (of which approx. 12 billion yen will be borne by the six private firms)

#### <Cost burden for the six private firms>

INPEX CORPORATION	Approx. 3 billion yen
Nippon Oil Corporation	Approx. 3 billion yen
Japan Petroleum Exploration Co., Ltd.	Approx. 3 billion yen
Cosmo Oil Co., Ltd.	Approx. 1 billion yen
Nippon Steel Engineering Co., Ltd.	Approx. 1 billion yen
Chiyoda Corporation	Approx. 1 billion yen

# (4) Time Period FY 2006-2010 (five years)