

The first production of gas from the Ohanet project in Algeria

October 29, 2003

TEIKOKU OIL CO.,LTD.(TEIKOKU) is pleased to announce that the first production of gas from the Ohanet Wet Gas Development Project in Algeria in which Japan Ohanet Oil & Gas Co., Ltd. (“JOOG”) is participating.

JOOG is a joint venture company owned by ITOCHU Oil Exploration Co., Ltd. (35%), TEIKOKU. (15%), and the Japan National Oil Corporation (50%).

In July 2000, JOOG and its Partners executed a Risk Service Contract (“RSC”) with Sonatrach, the Algerian National Oil Company, and then commenced their work. JOOG has a 30% working interest in the Ohanet Project and JOOG’s partners are BHP Billiton Petroleum (International Exploration) Pty. Ltd. (45%); Woodside Energy (Algeria) Pty. Ltd. (15%); and Petrofac Resources (Ohanet) LLC (10%).

The Ohanet Project will require about US\$1 billion of investment to fully develop the specific gas fields in Ohanet, which are located approximately 1,300 kilometers southeast of Algiers. Following development work over the past three years, the new gas processing facility commenced its production on October 27, 2003 on schedule. At its peak, production from the Ohanet Project will be about 710 million standard cubic feet per day of wet gas and about 47,000 barrels of oil equivalent per day of condensate / liquid petroleum gas (LPG) and a dry sales gas stream.

Under the terms of the RSC, JOOG is entitled to receive its share of condensate and LPG and will import those products to Japan through a marketing collaboration. The produced sales gas is owned and will be marketed by SONATRACH for sales through Mediterranean pipelines and LNG.

JOOG expects the global demand for natural gas will continue to increase in the future. Thus, it is important to accelerate gas development projects around the world. The Ohanet Project was the first large-scale gas development project in Algeria in which a Japanese oil company participated. Algeria has one of the largest gas reserves in the world.

For your information, Algeria is one of the countries on which TEIKOKU is currently focusing its efforts, and Blocks EL OUAR I (520.32km²) & EL OUAR II (3,404.82km²) in the eastern part of Algeria where TEIKOKU's subsidiary, TEIKOKU OIL ALGERIA (EL OUAR) CO., LTD., acquired a 10.29 % interest in Nov. 2001, whereby TEIKOKU expects further development of its business experience and synergy effect with other projects around the area.

Kenji Kawano
New Ventures Department, Teikoku Oil Co., Ltd.
Phone : 81-3-3466-1234



