Japan Petroleum Exploration Co., Ltd.
Japan Drilling Co., Ltd.
INPEX CORPORATION

JAPEX, JDC and INPEX Jointly Support a JOGMEC's Studies on "Medium and Long-term Offshore Production Test of Methane Hydrate"

Japan Petroleum Exploration Co., Ltd. ("JAPEX", President: Osamu Watanabe), Japan Drilling Co., Ltd. ("JDC", President: Yuichiro Ichikawa) and INPEX CORPORATION ("INPEX", President & CEO: Toshiaki Kitamura) (the three companies shall hereinafter be collectively referred to as the "Three Joint Commissioned Companies"), have submitted a joint proposal in response to a public invitation by Japan Oil, Gas and Metals National Corporation ("JOGMEC") for a proposal concerning "Support Work Related to Studies on the Basic Policy and Plan for the Medium and Long-Term Offshore Production Test of Methane Hydrate" (hereinafter referred to as the "Commissioned Work").

The Three Joint Commissioned Companies hereby announce that they have concluded a contract concerning the Commissioned Work with JOGMEC as follows.

[Outline of the contract concluded between JOGMEC and the Three Joint Commissioned Companies]

Project name: Commissioned Work Concerning the Program to Promote Development of Methane Hydrate "Support Work Related to the Studies on the Basic Policy and Plan for the Medium and Long-Term Offshore Production Test of Methane Hydrate"

Period of the Commissioned Work:

From the date of contract conclusion to October 31, 2014

Contents of the Commissioned Work:

- (i) Support for the formulation of the basic policy (draft)
- (ii) Technical studies necessary for the formulation of the basic plan for the test.
 - 1) Studies on drilling/completion method
 - 2) Study on the production test system
 - 3) Other technical studies
 - (iii) Collection of technical information

Date of contract conclusion: May 27, 2014

[Arrangements for implementing the Commissioned Work]

JAPEX acts the representative company of the Three Joint Commissioned Companies. The Three Joint Commissioned Companies have established a support work management team and jointly manage the progress in the Commissioned Work, with JAPEX acting as the leader of the team.

The Three Joint Commissioned Companies will continue to proactively provide the technologies and knowhow they have cultivated through the exploration and development of oil and natural gas for Japan's research concerning methane hydrate.

[Inquiries]

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[Supplement]

- (1) Relations to methane hydrate development research
 - Of the Three Joint Commissioned Companies, JAPEX has been engaged in field works of methane hydrate research programs, including the world's first offshore production test (March 2013) on commission from JOGMEC.
 - JDC has also been commissioned in engineering work, including design, development and operation of the test system, as well as in drilling operations.
- iii. Meanwhile, INPEX, together with JAPEX, was awarded a contract for exploratory test well in FY2003 in the Tokai Oki-Kumano Nada area.

By combining their knowledge and expertise, the Three Joint Commissioned Companies will present the most realistic and effective suggestions to JOGMEC for making the basic policy and plan for medium and long-term offshore production tests which the Ministry of Economy, Trade and Industry ("METI") is planning to conduct in Japanese waters.

- (2) Overview of past field tests related to methane hydrate development research
- i. As part of the "Japan's Methane Hydrates R&D Program," which has been underway since 2001 under its leadership, METI conducted a production test using the hot water circulation method in FY2001 and tests using the depressurization method in FY2006-2007 in an onshore area of the Canadian Arctic, confirming production of methane gas from a methane hydrate layer for the first time in the world.

- ii. In FY 1999 and 2003, exploratory test wells were conducted in the Nankai trough and in the Tokai Oki-Kumano Nada area respectively. It assessed the deposition of the methane hydrate and the volume of the original methane gas in the eastern Nankai Trough area.
- iii. In that area, advanced drilling for the world's first offshore production test of methane hydrate was conducted in February through March of 2012 and a gas production test using the depressurization method in January through March of 2013, confirming continuous offshore production of methane gas from a methane hydrate layer for the first time (production continued for approximately six days; average gas production volume: around 20,000 m3/day; cumulative gas production volume: around 120,000 m3).

^{*} For details of these methane hydrate-related activities, please visit the website of the Research Consortium for Methane Hydrate Resources in Japan (MH21) at http://www.mh21japan.gr.jp/english/.