

Technical Assistance to Iraqi Ministry of Oil

Tokyo, April 27, 2005

Japan Petroleum Exploration Co., Ltd. (JAPEX) has concluded a Memorandum of Understanding with the Ministry of Oil of Iraq (the Ministry) concerning technical cooperation, including joint studies on specific oil fields to be agreed upon between the two parties. Within a framework of the Memorandum, JAPEX and the Ministry have established a Joint Steering Committee which holds periodical meetings for implementing and coordinating joint studies and technical assistance.

Iraqi delegation headed by H.E. Mr. Ahmed Abdul-Amir Al-Shamma, Deputy Minister of Oil, visited Japan and both parties had the first meeting of the Joint Steering Committee in Tokyo, Japan for a period of three days from April 25, 2005. In the meeting, JAPEX and the Ministry have agreed to conduct joint studies on development of an oil field near Baghdad, evaluation of an oil field and adjacent unexplored prospects in the north east of Iraq, and evaluation of exploration potential for a block in the Western Desert of Iraq and the deeper formation in the south part of the country. Both parties have also agreed that JAPEX will provide the Ministry with technical assistance, including provision of hard and software necessary for conducting 3D seismic survey, as well as training program for employees of the Ministry on exploration and development technology, contractual and financial aspects in oil industry.

The aim of the studies is to complete the previous work done by JAPEX on a fully explored field and to carry out evaluation of the petroleum system in explored but not delineated field and nearby discovered structures as well as evaluation on deeper unexplored reservoirs of giant and super-giant oil fields in the south of Iraq. In addition, a study will be carried out on evaluation of the petroleum potential of Paleozoic reservoirs in a block in the Western Desert of Iraq.

Concerning the technical support of 3D seismic survey, JAPEX will prepare and conduct technical training program for personnel of the Ministry, provide necessary software, hardware and other assistance in restoring the capability of the Ministry to conduct 3D seismic survey. JAPEX will also provide Iraqi side with long-term and short-term training programs on various subjects, including exploration and

development technology, regime of petroleum contract and finance structure for oil business.

JAPEX hopes to strengthen the relationship with the Ministry through the technical cooperation mentioned above and wishes to conclude long-term agreements on oil and gas projects with the Ministry and as allowed by prevailing circumstances in the foreseeable future.

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