

Note: The following press release is an English translation of the Japanese-language original

January 19, 2010

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JAPEX signs a Development and Production Service Contract for the Garraf field in Iraq

Japan Petroleum Exploration Co., Ltd. ("JAPEX") is pleased to announce that the consortium of PETRONAS Carigali Sdn. Bhd. (PETRONAS) and JAPEX signed a Development and Production Service Contract ("DPSC") for the Garraf field with South Oil Company of the Iraq's Ministry of Oil on January 18, 2010 in Baghdad.

PETRONAS serves as the operator under the DPSC. North Oil Company will hold 25% participating interest under the DPSC as a state partner, while the PETRONAS-led consortium will hold a remaining 75%. Within the consortium PETRONAS and JAPEX hold shares of 60% and 40% respectively.

The consortium currently plans to commence initial production from the Garraf field at 50,000 barrels oil per day ("bopd") in 2012 through early production system and to achieve plateau production of 230,000 bopd in 2016 with a view to sustaining the production for more than 10 years. It envisages that total capital investment for 20 years will amount to approximately US\$ 5 - 6 billion (JAPEX share will be approximately US\$ 2.0 - 2.4 billion). As the early production will generate cash flows for full development of the field, overall net investment for the project is currently estimated around US\$ 600 - 800 million (JAPEX financial exposure will be US\$ 250 -300 million) on the assumption that crude oil price is US\$70/bbl.

As JAPEX has conducted joint study of the Garraf field with Iraq's Ministry of Oil since 1996 and has accumulated technical expertise of the field, JAPEX intends to extend its full support to and cooperation with PETRONAS, including secondment of its experts to PETRONAS, wishing that such joint efforts will lead to success of this project.

As for the financial forecast, the impact on business performance will be disclosed as necessary.

Summary of development project of the Garraf field

1. Parties to DPSC

- South Oil Company
- Contractors

	Participating Interest	(Payment Share)
➤ PETRONAS	45%	(60%)
➤ JAPEX	30%	(40%)
➤ North Oil Company	25%	(-)

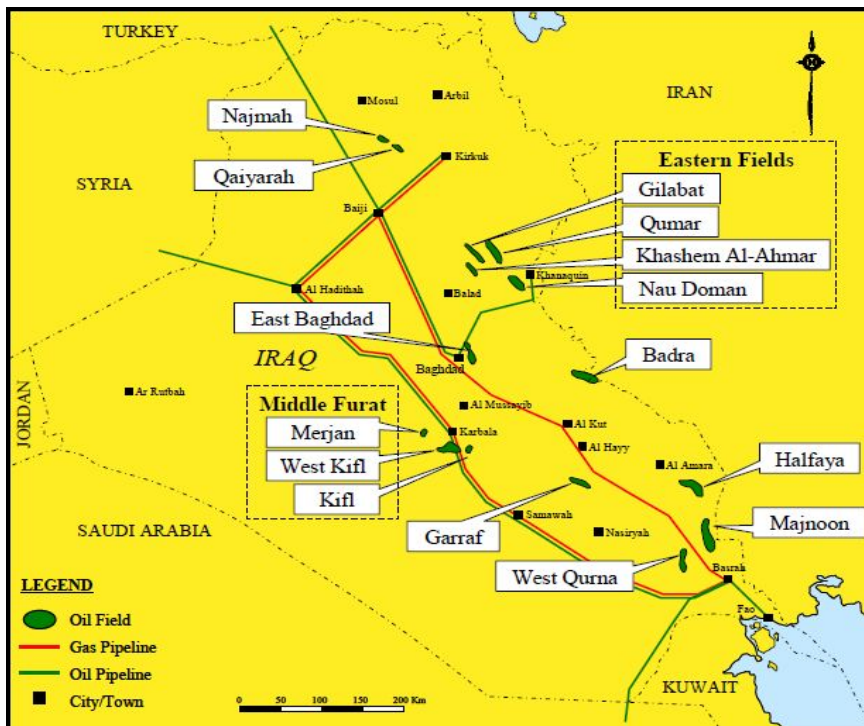
Note: Costs and expenses allocated for North Oil Company's participating interest share shall be carried by foreign oil companies according to their respective participating interest share.

2. Contract Term: 20 years. The term may be extended for a maximum period of five (5) years

3. Production Plan (Indicative)

- Year-2012 50,000 barrels oil per day
- Year-2016 230,000 barrels oil per day (Plateau Production Target)
- Expected cumulative production during contract term 1.2 billion barrels

Location Map of the Garraf field



Reference: The Iraq's Ministry of Oil

Note-1: The Garraf field is situated in the southern part of Iraq, in Thi Qar Governorate, 85 km north of Nasiriya.

Note-2: The Garraf field was discovered in 1984.