

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

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Submission of Application for Approval of the Hangingstone Oil Sands
Expansion Project in the Province of Alberta, Canada

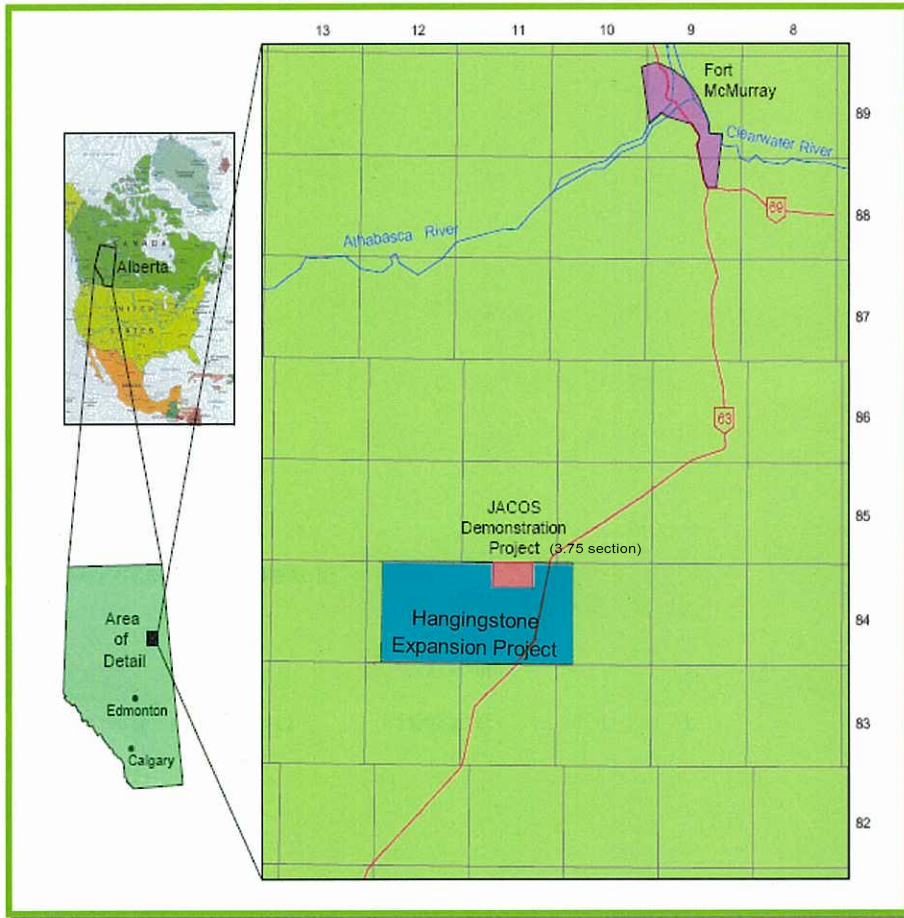
Japan Canada Oil Sands Limited (JACOS), a consolidated subsidiary of Japan Petroleum Exploration Co., Ltd. (JAPEX), produces approximately 7,000 barrels per day of bitumen (extra heavy oil extracted from oil sands) at its so-called 3.75 section operation in Hangingstone area. In May 2008, JACOS began conducting an Environmental Impact Assessment with the intention of expanding development into an undeveloped part of the Hangingstone area (Hangingstone Expansion Project). As the assessment has since been completed, on April 29 (local time) JACOS submitted an application to the Alberta Energy Resources Conservation Board (ERCB) and Alberta Environment (AENV) for approval to expand its oil sands production operation, outlining plans to increase production of bitumen at Hangingstone by up to 35,000 barrels per day at the maximum, in addition to existing operations.

JACOS has a 75% interest as the operator of the expansion project area, with the remaining 25% interest held by Nexen Inc. Under current development plans, production of bitumen within the expansion project area could average between 25,000 to 30,000 barrels per day. JACOS is now ready to start work on the frontend engineering design (FEED), with the aim of optimizing both the scale and configuration of facilities.

JACOS' Hangingstone Expansion Project is located 52km south-southwest of the Fort McMurray, Alberta, and will utilize steam-assisted gravity drainage (SAGD), as the extraction process. JACOS has been producing bitumen at the 3.75 section operation via the SAGD process since 1999.

A necessary period to obtain the regulatory approval is said as around a year and a half. In case we make a final investment decision for the expansion project in autumn 2011, construction is expected to begin in the winter of 2011-2012. Production startup is anticipated by the end of 2014.

Hangingsone SAGD Project Area Map



SAGD Process Schematic Representation

