

Production starts in Terang gas field of Kangean PSC area at Republic of Indonesia

Japan Petroleum Exploration Co., Ltd. (JAPEX) and Mitsubishi Corporation (MC) are pleased to announce that Kangean Energy Indonesia Ltd. (Operator), a wholly-owned subsidiary of Energi Mega Pratama Inc. (JAPEX and MC each makes a 25% investment in Energi Mega Pratama Inc.) based in Republic of Indonesia, has started commercial production on May 26th, 2012 in the Terang gas field.

Terang gas field (located offshore, East Java, Republic of Indonesia) is the core project in Kangean PSC area, where development of this field has been promoted since January 2010. Within this short time frame of two and a half years, we have managed completion of the FPU (Floating Production Unit), which is one of the few cases in the world used for offshore gas field development, as well as drilling of five production wells and installation of subsea production system, both which require advanced techniques. From this field, gas volume of 300 Million Standard Cubic Feet per Day at peak period (annual production of 2.25 Million ton/50 Thousand BOE per Day) is planned to be produced and distributed across East Java Province, which is almost equivalent to the total daily natural gas production volume in Japan.

Terang gas field is located offshore, approximately 90 km north of Bali Island (at the water depth of 90 m) and is part of the TSB gas field complex, which is composed of Terang, Sirasun and Batur gas field. The produced gas will be first gathered in FPU, supplied through the East Java Gas pipeline, and then sold to the state-owned power company as well as fertilizer factories in the outlying area of Surabaya, East Java. The demand of gas in this area have been growing quite significantly, and believe that the production start of Terang field will contribute to, the steady supply of energy in this area as well as to the economic growth, both of which meet the expectations of the government of Indonesia.

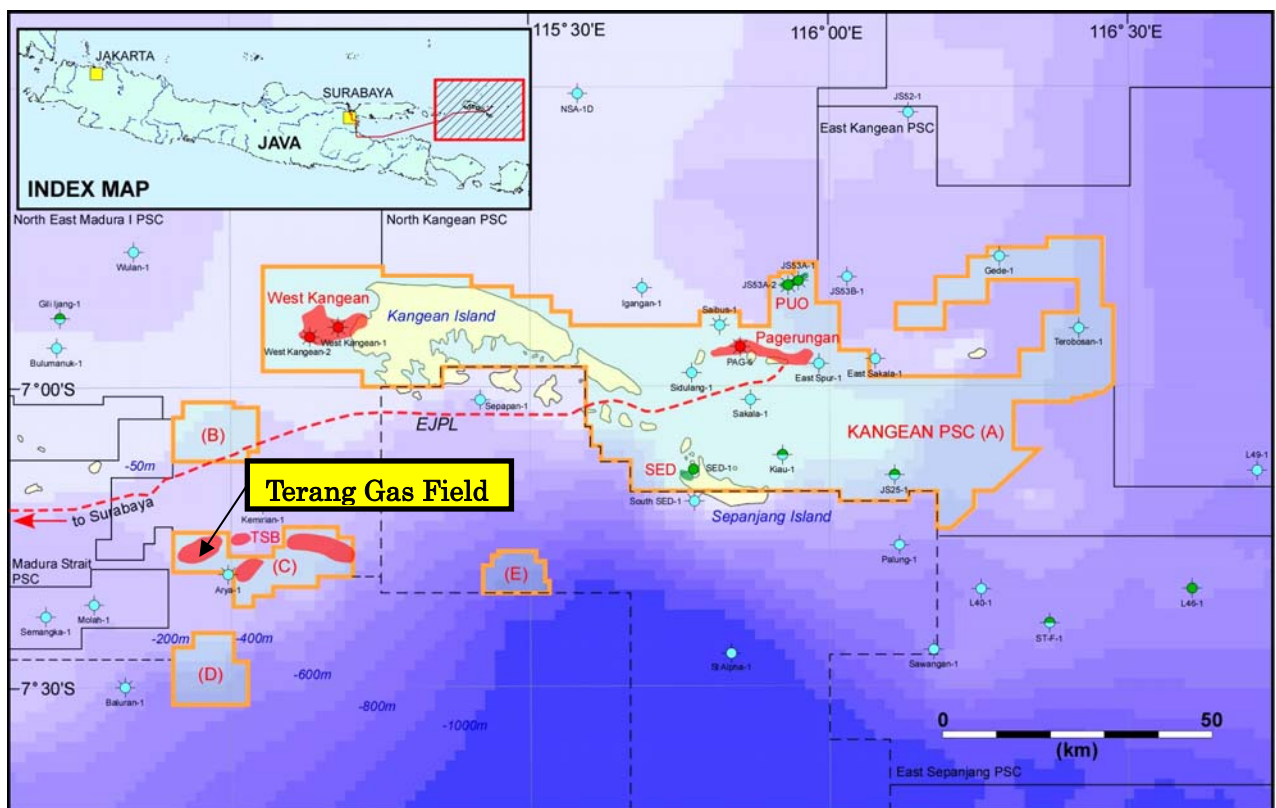
Within the Kangean PSC area today, production is taking place in the Pagerungan gas field and Pagerungan Utara Offshore (PUO) oil field. Hereafter, we will start development construction on the Sirasun and Batur of TSB gas field, setting out to achieve further steady supply of natural gas, and also start development on the West Kangean field (located offshore, West of Kangean Island, Republic of Indonesia) as well as promoting exploration drilling on the South Saubi prospect where large-sized oil discovery is expected, that will contribute to the further expansion of oil and natural gas production in Indonesia.

Attachments

- Floating Production Unit (FPU) located at Terang Gas Field, Kangean PSC



- Location Map of Kangean PSC and Terang Gas Field



■ Investment Scheme of Kangean PSC

