



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

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Status of Demonstration Experiment for Tight Oil of The Onnagawa Formation in Akita Prefecture
(Ayukawa shale oil)

Since March this year, Japan Petroleum Exploration Co., Ltd. (hereafter, the “Company”) has been engaged in an engineering study on tight oil (shale oil) of the Onnagawa Formation of the Company’s oil and gas fields in Akita Prefecture, with the support of Japan Oil, Gas and Metals National Corporation (hereafter, JOGMEC) (*1). As part of the study, an acid treatment (*2) test has been conducted, with respect to which the Company received numerous inquiries from some of the media and other entities. Therefore, to organize the information, the Company announces the status of the test and other relevant matters, as follows:

(*1) For a general outline of the agreements with JOGMEC, please see the press release dated July 20, 2012.

(*2) An acid treatment test is conducted by having acid contact an oil reservoir or injecting acid into it so as to obtain full or higher-than-full productivity. The acid fluid including diluted hydrochloric acid is injected through the existing well by a pump and the fluid is then recovered on the ground from underground.

1 . Process of operations

October 1 11:50	Start of the acid treatment test (injection of acid treatment fluid) for the Onnagawa shale formation (a depth of 1800m)
October 2 9:40 12:00	Conclusion of fluid injection Start of discharge of the fluid injected
October 3 6:30	Confirmation of a mixture of a small amount of crude oil in the fluid recovered on the ground from underground
October 4 (as of 7:00)	Continuing discharge of the fluid injected (to be continued until October 4)

2 . Results of operations

Aggregate amount of fluid injected : 141.6kl

Amount of fluid recovered : 52.1kl (as of 7:00 on October 4)

Amount of crude oil in the fluid recovered : 6.9kl (as of 7:00 on October 4)

As of October 4, recovery of the fluid injected continues, and no facts are confirmed that any noticeable improvement of productivity has been confirmed so far.

3 . Future plans

Upon completion of the test above, the Company will evaluate the possible amount of extraction, results of improved productivity, and other matters based on the results of the test above and then pursue the possibility of demonstration experiment (new exploration of horizontal wells and well stimulation work) for the following years.