



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

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### **Start of Construction of Soma LNG Terminal**

Japan Petroleum Exploration Co., Ltd. (hereafter, "JAPEX") today started the construction of an LNG terminal in Shinchi Town, Fukushima Prefecture (Soma Port). JAPEX is also preparing to construct a connecting pipeline to convey vaporized LNG gas from the terminal to its main trunk pipeline.

JAPEX is supplying natural gas produced domestically in Niigata, Yamagata and Akita prefectures, as well as vaporized LNG gas received from overseas, to users in the production areas and to those in other areas through its pipeline network, which includes the Niigata-Sendai Pipeline and Shiroishi-Koriyama Pipeline. JAPEX is also supplying LNG in liquid form to users through LNG satellite stations utilizing freight containers and tank trucks.

JAPEX regards it as its social mission to supply natural gas at a competitive price stably over a long term to respond to an expected increase in natural gas demand in areas including the Tohoku region along the Pacific Ocean including Fukushima, Miyagi and Iwate. Therefore, JAPEX will proceed with the construction of the Soma LNG receiving terminal that will store and vaporize LNG to be offloaded from large ocean-going LNG tankers docked at Soma Port, and the construction of the new 40km pipeline to convey vaporized LNG gas from the terminal to JAPEX's Niigata-Sendai Pipeline (connecting at the Iwanuma Valve Station in Iwanuma City, Miyagi Prefecture), which is considered JAPEX's main artery. The completion of the new terminal and pipeline will represent the establishment of a robust energy network that is superior in terms of the ability to ensure stable natural gas supply as well as security in emergencies.

JAPEX has acquired a 10% interest in a natural gas development and production project in British Columbia, Canada, and a 10% interest in the Canada Pacific

NorthWest LNG Project, in which natural gas is transported to the Port of Prince Rupert on the western coast of Canada through pipeline and is liquefied and exported as LNG, including the right to offtake 10% of the LNG. The project partners are working toward beginning operation at the liquefaction plant by the end of 2018. Under this project, JAPEX will offtake 10% (1.2 million tons) of the LNG at the plant (about 12 million tons per annum) and use it as one of the LNG sources to be received at the Soma LNG receiving terminal, which will be put into operation in March 2018. JAPEX will thus enhance its integrated operation of the natural gas supply business.

JAPEX will look to further strengthen its natural gas business as one of core profit businesses by steadily promoting an integrated operation and supply system (“gas integration”) that unflinchingly supplies consumers with natural gas and LNG produced from gas fields in Japan and abroad through pipelines and LNG import terminals.

**【Chronology of past events and future schedule】**

November 27, 2013: Final investment decision on construction of Soma LNG Terminal and Connecting Pipeline

November 13, 2014: Groundbreaking ceremony for Soma LNG terminal

2017: Scheduled completion of Soma LNG Terminal

2018: Scheduled start of operation of Soma LNG terminal

**【Overview of Soma LNG Terminal】**

Name: Soma LNG Terminal

Construction site: Shinchi Town, Fukushima Prefecture (No. 4 port area in Soma Port)

Site area: approximately 20ha

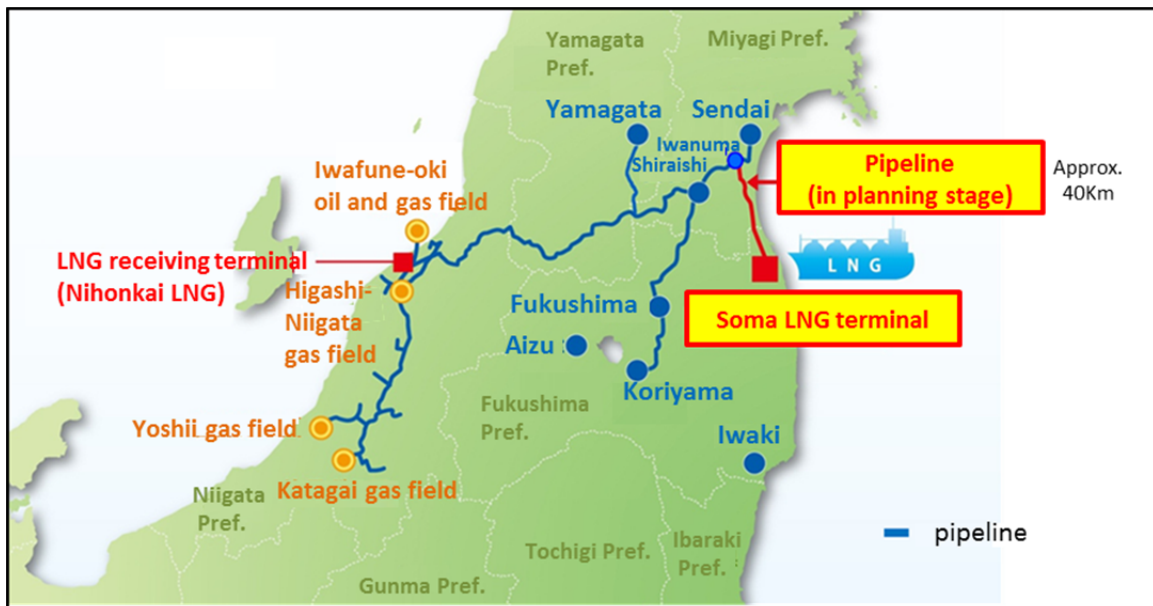
Main facilities: One above-ground LNG tank (230,000kl LNG: a future expansion is possible), Large ocean-going LNG tankers receiving berth, LNG domestic vessel shipping and receiving berth (a future expansion is possible), two LNG vaporizers (a future expansion is possible), gas heat capacity value control facilities for vaporized gas, LNG tank truck loading facilities, other facilities

Investment amount: Approximately 60 billion yen (including the investment amount for the connecting pipeline)

Applicable Law: Gas Business Act

【Overview of Soma LNG Terminal】

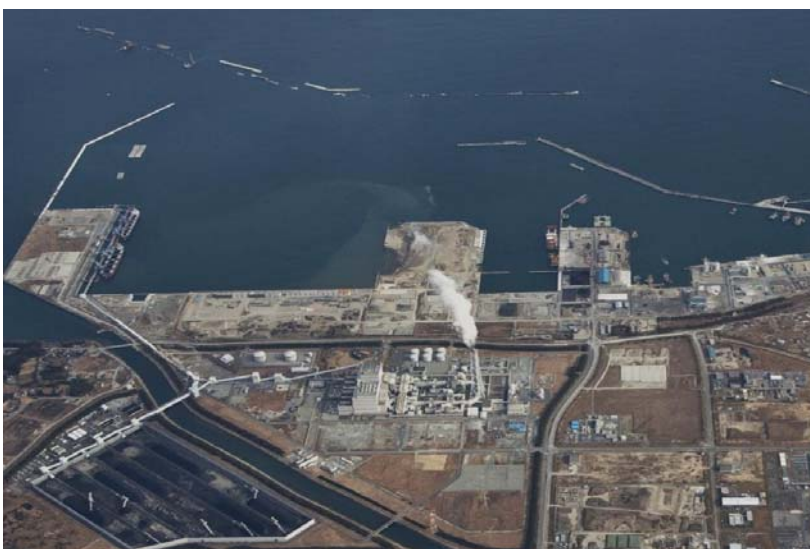
< Natural gas pipeline network >



< Image of Soma LNG terminal >



< Planned construction area of Soma LNG terminal >





【Soma LNG terminal Groundbreaking ceremony】

