



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

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Conclusion of the Verification Tests of Tight Oil Development at Fukumezawa Oil Field

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced today that we concluded the verification tests of tight oil (shale oil) development by multistage fracturing at the Onnagawa Formation of the Fukumezawa Oil Field which is one of the Sarukawa Oil Fields in Oga City, Akita Prefecture.

We started this verification tests in April 2014 aiming to increase its oil and natural gas production volume at the Onnagawa Formation in the northern area of the Fukumezawa Oil Field, which has been producing a small amount of oil and natural gas.

Through drilling of a horizontal well (the Fukumezawa SK-26DH) and fracturing operations in the well, we conducted the first deliverability test in February 2015. However, we could not confirm natural flow of oil at that time, and we had continued the verification tests in order to clarify the cause and consider measures for its improvement. After that, we confirmed continuous natural flow of the oil in the production test by the artificial lifting method. Therefore, we transferred its phase and started the long-term continuous test production of oil (10 kiloliters per day at first) and natural gas (2,000 cubic meters per day at first) from December 2016.

Since we confirmed continuous natural flow production of oil and gas, as well as no environmental effects in the surrounding area of the oil field through our environmental monitoring, we concluded that our objective of the verification tests had been accomplished in this time.

We will continue oil and gas production at the well. Moreover, we will use data and insights which we acquired in the verification tests to continuously pursue the possibility of tight oil development in the surrounding area.

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[Reference] Location of the Fukumezawa Oil Field

