



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

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Commencement of Operation on the Soma-Iwanuma Gas Pipeline

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced today that it commenced operation on the Soma-Iwanuma Gas Pipeline (hereinafter "Soma-Iwanuma Line") which it made the final investment decision to construct in November 2013(*) and has proceeded construction works since October 2015.

The Soma-Iwanuma Line is a natural gas pipeline about 40 kilometers long, from the Soma LNG Terminal (Shinchi Town, Fukushima prefecture) which is under construction at the No.4 wharf of Soma Port since November 2014 as a start point, to the Iwanuma Valve Station (Iwanuma City, Miyagi prefecture, hereinafter "Iwanuma VS") which is the branch point connecting with the Niigata-Sendai Gas Pipeline (hereinafter "Niigata-Sendai Line") as the main line of our natural gas pipeline network. This pipeline will enhance amount and security of natural gas supply in our pipeline network by connecting the Japan Sea side and the Pacific Ocean side and supplying natural gas gasified from LNG which is received at the Soma LNG Terminal. Also, it is expected to make contributions for the revitalization of economy and industry in the regions along this pipeline as a new natural gas supply infrastructure.

JAPEX today commenced operation of the Soma-Iwanuma Line following the legal procedures and preparation works with sending natural gas from the Niigata-Sendai Line from October 2017 after completed construction of all lines on the end of August and main equipment in the mid of September. Until commencement of operation on Soma LNG Terminal, this pipeline supplies natural gas from the Niigata-Sendai Line to the Soma LNG Terminal for its commissioning and to clients along the pipeline. We are planning to start supplying natural gas gasified from LNG which is received at the Soma LNG Terminal to our natural gas pipeline network via the Soma-Iwanuma Line in conjunction with operation commencement of the Soma LNG Terminal scheduled in March 2018.

The outline of the Soma-Iwanuma Line is as follows:

[Outline of the Soma-Iwanuma Gas Pipeline]

- Name: Soma-Iwanuma Gas Pipeline (Soma-Iwanuma Line)
- Start Point: Soma LNG Terminal (Shinchi Town, Soma prefecture)
- End Point: Iwanuma Valve Station
(Iwanuma City, Miyagi prefecture; connection with the Niigata-Sendai Line)
- Length: 39.688km
- Specification: Design Pressure 6.86Mpa, Diameter of Main Pipe 20inches (508mm)

The effect of this matter to the consolidated financial forecasts for the fiscal year ending March 31, 2018 is

negligible and the effect to the consolidated financial forecasts of the following fiscal years will be disclosed properly if necessary.

(Notice)

* Refer to "Final Investment Decision on Construction Project of Soma LNG Receiving Terminal and a Connecting Pipeline" announced on November 27, 2013.

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(Appendix)

1. History and Schedule of the Soma-Iwanuma Line and Related Matters
2. JAPEX's Domestic Pipeline Network

(Appendix)

1. History and Schedule of the Soma-Iwanuma Line and Related Matters

- November 27, 2013: Final Investment Decision on the construction of Soma LNG Terminal and a connecting natural gas pipeline
- October 2015 : Commencement of construction of the Soma-Iwanuma Line
- End of August 2017: Completion of pipeline construction of the Soma-Iwanuma Line
- October 3, 2017: Commencement of natural gas supply to the Soma-Iwanuma Line
- November 1, 2017: Commencement of operation on the Soma-Iwanuma Line
- End of November 2017: Completion of the Soma LNG Terminal (Planned)
- March 2018: Commencement of operation of the Soma LNG Terminal (Planned)

2. JAPEX's Domestic Pipeline Network

