



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

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### **Start of Commissioning on the Soma LNG Terminal**

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that the Soma LNG Terminal located at the No.4 wharf of Soma Port, Shinchi Town, Fukushima prefecture has started commissioning on December 1, 2017 aiming commencement of commercial operation in March 2018 following the mechanical completion of the facilities in the terminal (hereinafter “the Facilities”) on November 30, 2017, in which the final investment decision was made in November 2013(\*1) and started its construction in November 2014(\*2).

The Soma LNG Terminal is a large-scale LNG terminal composed of a ground-type LNG storage tank with a capacity of 230,000 kiloliters which is one of the largest in Japan, two berths for large ocean-going ship of receiving and domestic vessel of receiving and shipping, LNG vaporization equipment, and LNG shipping facility. This terminal will receive LNG from overseas and will supply LNG vaporized gas to the Niigata-Sendai Gas Pipeline (from Seiro Town, Niigata prefecture to Sendai City, Miyagi prefecture) via the Soma-Iwanuma Gas Pipeline (hereinafter “the Soma-Iwanuma Line”) which commenced operation on November 1, 2017(\*3). Furthermore, this terminal will supply LNG as a liquid based on LNG satellite system using tank trucks and domestic vessel. The terminal will enable us to enhance our natural gas supply in point of security along our pipeline network connecting between the Japan Sea side and the Pacific Ocean side, and in point of amount along our pipeline network and in regions surrounding the terminal after commencement of commercial operation.

During commissioning period, test operations for commercial operation commencement is being conducted with linkage between the Facilities, the Soma-Iwanuma Line, and tank trucks and domestic vessels for LNG satellite supply. And the legal procedures and preparation works for commercial operation have been proceeding. Also the first LNG ship will arrive to the Soma Port on December 6, 2017 and will provide the first receiving LNG to the terminal(\*4).

In addition, JAPEX has been entrusted from Fukushima Gas Power Co., Ltd. (FGP), which is funded by private companies including us, with the management and operation of the second phase to construct the additional LNG storage tank with a capacity of 230,000 kiloliters (hereinafter “No.2 tank” and additional vaporization equipment in the terminal that made the final investment decision by FGP in October, 2016 (\*5). Construction works of No.2 tank was commenced in April 2017, and additional LNG vaporization equipment will commence construction in spring 2018. The facilities constructing in the second phase are planned to commence commercial operation in spring 2020 at the same time of commercial operation commencement of Fukushima Natural Gas Power Plant which commenced construction by FGP in October 2017 at the adjacent to the terminal.

Please refer to the appendix for the outline of the Soma LNG Terminal.

The Soma LNG Terminal has certified as one of the Reconstruction Promotion Plan based on the Act on Special Zones for Reconstruction in Response to the Great East Japan Earthquake, and has been supported for the development of the port area applied the Harbor System for the energy sector by the Japanese government and Fukushima prefecture. Furthermore, the terminal has been regarded as one of the main project of "the Fukushima Innovation Coast Framework", promoted by the government and Fukushima prefecture for developing new regional economics and clusters of industries and activating local community in the coastal region of Fukushima.

Through the enhancement of our natural gas supply network starting from the Soma LNG Terminal and participation in the natural gas power generation project at the Soma Port conducted by FGP, JAPEX is aiming to contribute for the revitalization of the surrounding region of the terminal. And we are pursuing for the transformation to "an Integrated Energy Company with a Focus on the Oil and Natural Gas E&P" by business expansion to the related fields of natural gas as well as strengthen our natural gas supply business as the base of our revenue .

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)

- \*1: Refer to "Final Investment Decision on Construction Project of Soma LNG Receiving Terminal and a Connecting Pipeline" released on November 27, 2013.
- \*2: Refer to " Start of Construction of Soma LNG Terminal" released on November 13, 2014.
- \*3: Refer to "Commencement of Operation on the Soma-Iwanuma Gas Pipeline" released on November 1, 2017.
- \*4: The arrival date will change due to weather condition and others.
- \*5: Refer to "Decision on Commercialization of Natural Gas-Fired Power Generation Project at Soma Port in Fukushima Prefecture and Participation of New Business Partners in the Project" released on October 11, 2016.

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(Appendix)

1. Outline of the Soma LNG Terminal
2. History and Schedule of the Soma LNG Terminal and Related Matters

(Appendix)

1. Outline of the Soma LNG Terminal

Name	Soma LNG Terminal
Site	Shinchi Town, Fukushima prefecture (the No.4 wharf of the Soma Port)
Applicable Law	Gas Business Act
Site Area	Approximately 20 hectare
Receiving Facilities	1 for LNG ocean vessel (125,000 - 210,000m <sup>3</sup> class) 1 for LPG coastal vessel (2,500m <sup>3</sup> class: sharing with shipping by LNG coastal vessel)
Storage Facilities	1 LNG tank (ground-type PC*model 230,000 kiloliters) 2 LPG tanks (spherical shape 1,000 tons)
Vaporizers	2 lines (7.0Mpa, 75 ton/h: including 1 backup line)
Shipping Facilities	1 for coastal vessel (maximum 4,800 m <sup>3</sup> class) 5 lanes for LNG tank truck (30ton/h)

\* PC(Pre-stressed Concrete) is a form of concrete which is "pre-stressed" by being placed under compression prior to supporting any loads beyond its own dead weight and can prevent crack by tensile stress, and this type of concrete often uses for a lot of ground-type LNG tanks.

Note: In addition to the above as the first phase, the second phase to construct additional ground-type LNG storage tank with a capacity of 230,000 kiloliters (No.2 tank) and additional LNG vaporization equipment has been started in April 2017, and those facilities of the second phase are planned to commence commercial operation in spring 2020 at the same time on commencement of commercial operation on the Fukushima Natural Gas Power Plant.



(Bird View of the Soma LNG Terminal: as of November, 2017)

## 2. History and Schedule of the Soma LNG Terminal and Related Matters

- November 27, 2013 : Final investment decision of construction project of the Soma LNG Receiving Terminal and a Connecting Pipeline
- November 13, 2014 : Start of construction on the Soma LNG Terminal
- October 2015 : Start of construction on the Soma-Iwanuma Line
- October 11, 2016 : Investment decision by FGP for Fukushima Natural Gas Power Plant and the second phase construction on the Soma LNG Terminal
  - construction of No.2 LNG tank and additional LNG vaporization equipment
- April 28, 2017 : Start of construction on the second phase of the Soma LNG Terminal
  - No.2 LNG tank
- End of August 2017 : Completion of the Soma-Iwanuma Line
- November 1, 2017 : Commencement of operation on the Soma-Iwanuma Line
- November 30, 2017 : Ready for commissioning (mechanical completion) of the Soma LNG Terminal
- December 1, 2017 : Start of commissioning on the Soma LNG Terminal
- December 6, 2017 : Arrival of the first LNG ship to the Soma Port (planned)
- March 2018 : Commencement of commercial operation of the Soma LNG Terminal (planned)
- April 2018 : Start of the second phase on the Soma LNG Terminal
  - additional LNG vaporization equipment (planned)
- December 2019 : Start of commissioning of the second phase facilities on the Soma LNG Terminal (planned)
- Spring 2020 : Commencement of commercial operation of the second phase facilities on the Soma LNG Terminal (planned)

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