



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

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Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
Representative: Hideichi Okada, President
Security Code: 1662 (First Section of Tokyo Stock Exchange)
Inquiries: Media and Investor Relations Dept.
Tel.: +81-3-6268-7110

Commencement of Operation at Soma LNG Terminal

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that Soma LNG Terminal located at the No.4 wharf of Soma Port, Shinchi town, Fukushima prefecture commenced its operation today, as one of the important base in our domestic natural gas supply network.

Over 60 years since its establishment, JAPEX has been conducting exploration and production of natural gas domestically and has been supplying natural gas and LNG (liquefied natural gas) to our clients such as local gas distribution companies, business consumers, and fuel for power generation via our domestic natural gas supply network which have been constructed in combination with our gas pipeline network including Niigata-Sendai Gas Pipeline (between Seiro town, Kita-Kambara county, Niigata prefecture to Sendai city, Miyagi prefecture, hereinafter "Niigata-Sendai line") as the main line, and satellite supply to transport liquid state of LNG by tank trucks and domestic vessels in regions not served by gas pipeline networks.

Aiming to enhance our supply capacity for responding with increase in domestic demands of natural gas in recent years and improve stability with our gas pipeline network between Japan Sea side to Pacific Ocean side, we made the final investment decision on the construction of Soma LNG Terminal and a pipeline connecting the terminal and Niigata-Sendai line in November, 2013(*1). After the start of construction on the terminal in November 2014(*2) and its mechanical completion on the end of November 2017, we have proceeded its commissioning (*3) and required procedures for operational commencement since December 2017. In this time, since we have completed procedures based on the laws and regulations as well as readying for commencement in view of its organization and operation skill trainings, we commenced operation of the terminal today.

Soma LNG Terminal is a the first large-scale LNG terminal in Fukushima prefecture, which is 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 Niigata-Sendai line via Soma-Iwanuma Gas Pipeline (from Shinchi town, Soma county, Fukushima prefecture to Iwanuma city, Miyagi prefecture) which commenced its operation in November 2017 in advance of the terminal, and will be a base of our LNG satellite supply system for mainly wider Tohoku region.

In addition, JAPEX has been awarded by Fukushima Gas Power Co., Ltd. (FGP), which is funded by private companies including us, contract for the management of construction works for 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 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 No.2 tank and additional vaporization equipment are planned to commence operation in 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 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 Japanese government and Fukushima prefecture for developing new regional economics and clusters of industries and activating local community in the coastal region of Fukushima.

JAPEX will further strengthen our domestic natural gas supply business as one of the primal revenue base by the commencement of Soma LNG 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 related fields of natural gas such as participation in the natural gas power generation project at Soma Port conducted by FGP. Moreover, we are aiming to contribute to the revitalization of surrounding region of the terminal through our safety-first operation of the terminal and stable progress of the power generation project.

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: Refer to "Start of Commissioning on the Soma LNG Terminal" released on December 4, 2017
- *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 (JAPEX Soma District Office)
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 ³ class) 1 for LPG coastal vessel (2,500m ³ 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 ³ 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 operation in 2020 at the same time on commencement of commercial operation on the Fukushima Natural Gas Power Plant.



Bird View of Soma LNG Terminal: as of March, 2018



Completion image of the terminal and FGP's power plant (planned at 2020)

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

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

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