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JAPAN-GTL demonstration plant completed

- Start of demonstration operation of JAPAN-GTL process -

The JAPAN-GTL Demonstration Test Project has been performed by Japan Oil, Gas and Metals National Corporation ("JOGMEC", President: Hirobumi Kawano) together with the Nippon GTL Technology Research Association ("Nippon GTL Association", Board Chairperson: Ikutoshi Matsumura) established by six private companies on 25 October 2006.

The construction of the JAPAN-GTL demonstration plant in Niigata City, which will produce 500 barrels (about 80 kiloliters) per day, has been completed and the opening ceremony took place on 16 April 2009.

Gas-To-Liquids (GTL) is a technology with which natural gas and coal bed methane (CBM) as a raw material can be converted into petroleum products. GTL is an extremely effective method to gain alternative fuel sources to petroleum and achieve the diversification of primary energy supplies. The fuels produced by GTL technology are also expected to be environmentally-friendly clean fuels. The process being developed in the JAPAN-GTL demonstration plant project is a groundbreaking technology that would for the first time ever allow for natural gas containing carbon dioxide to be used directly. This technology can also be applied to produce clean fuels from coal as well.

The two-year demonstration operation using this plant will work to establish a unique Japanese technology applicable on a commercial scale and advance towards the goal of achieving a stable energy supply for Japan and harmony with the global environment.

1. Nippon GTL Technology Research Association: outline

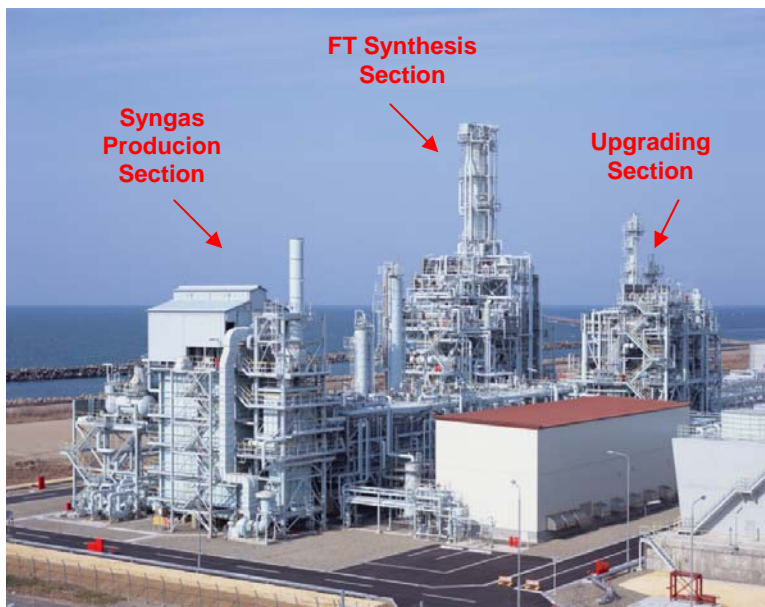
(1) Date/time: 16 April (Thursday) 2009/11:00-12:00

(2) Place: 2881-45 Tarodai, Kita-ku, Niigata City
Research Center, Nippon GTL Technology Research Association

(3) Partners: INPEX Corporation
Nippon Oil Corporation
Japan Petroleum Exploration Co., Ltd
Cosmo Oil Co., Ltd
Nippon Steel Engineering Co., Ltd
Chiyoda Corporation

2. Niigata GTL demonstration plant: outline

- (1) Location: 2881-45 Tarodai, Kita-ku, Niigata City
Research Center, Nippon GTL Technology Research Association
- (2) Plant capacity: Production of 500 barrels (about 80 kiloliters) per day
- (3) Main process facilities: Syngas Producing Section
FT (Fischer-Tropsch) synthesis Section
Upgrading (hydrocracking) Section
- (4) Future plans: Demonstration operation: FY2009-2010
- (5) Photo of plant



3. Completion ceremony outline

(1) Date/time: 16 April (Thursday) 2009/11:00-12:00

(2) Place: 2881-45 Tarodai, Kita-ku, Niigata City
Research Center, Nippon GTL Technology Research Association

(3) Major people in attendance

Niigata Prefecture	Deputy governor	Kazuo Jinbo
Niigata City	Mayor	Akira Shinoda
Agency for Natural Resources and Energy, Natural Resources and Fuel Department	Director, Petroleum and Natural Gas Division	Shin Hosaka
JOGMEC	President	Hirobumi Kawano
Nippon GTL Association	Board Chairperson	Ikutoshi Matsumura
INPEX Corporation	President	Naoki Kuroda
Nippon Oil Corporation	President	Shinji Nishio
Japan Petroleum Exploration Co., Ltd.	President	Osamu Watanabe
Cosmo Oil Co., Ltd.	President	Yaichi Kimura
Nippon Steel Engineering Co., Ltd.	Representative director and president	Makoto Haya
Chiyoda Corporation	President & CEO	Takashi Kubota

(4) Completion ceremony

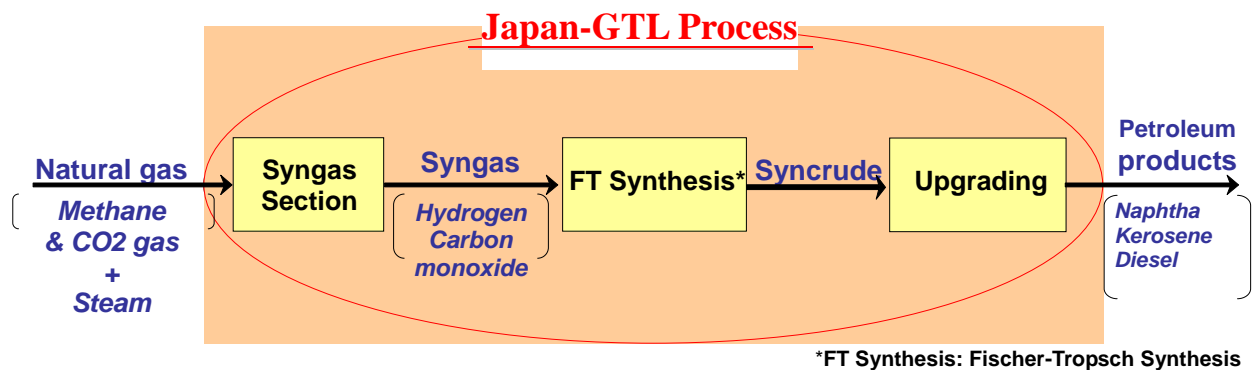


4. JAPAN-GTL: outline

GTL is short for Gas-To-Liquids. The technology allows for production of petroleum products such as naphtha, kerosene, and diesel oils from natural gas through chemical reactions.

JAPAN-GTL is different from the overseas technologies advanced by Sasol in South Africa and Shell and it features in utilizing carbon dioxide gas as raw material, so that it is a groundbreaking technology that would for the first time ever allow for natural gas containing carbon dioxide to be used directly. This technology focusing on the FT synthetic process can also be applied to produce clean fuels from coal as well as coal seam gas.

Production flow of Japan-GTL process



5. Demonstration research: outline

(1) Goals

The goals are to demonstrate GTL production technology using a demonstration plant at a scale of 500 barrels/day production (stage previous to commercial scale), investigate scaling up towards commercialization, and develop GTL technology which is technically and financially competitive on a commercial scale (daily production of tens of thousands of barrels).

(2) Research organization: Joint research by JOGMEC & Nippon GTL Technology Research Association

(3) Research budget: Total project cost: About 36 billion yen
(About 12 billion of this cost to be borne by Nippon GTL Association)

(4) Period: FY2006-2010 (5 years)