
NEWS RELEASE www.jogmec.go.jp

Japan Oil, Gas and Metals National Corporation



Division in charge

Project Department: Tada Tel: +81- 43-276-4404
Shimizu Tel: +81- 43-276-4386

PR in charge

Public Relations Division: Uematsu
Tel: +81-44-520-8732

Memorandum of Understanding signed between JOGMEC and INK regarding GTL Joint Study

Japan Oil, Gas and Metals National Corporation (“JOGMEC”, President: Hirobumi Kawano, Head Office: Kawasaki City) is pleased to announce that it has signed a Memorandum of Understanding with Limited Liability Company “Irkutsk Oil Company” (“INK”, President: Nikolai Mikhailovich Buinov, Head Office: City of Irkutsk) in Irkutsk Oblast (Russian Federation) on November 26, 2009 to commence a GTL (*) Joint Study titled “Collaborative Study on the Applicability of JAPAN-GTL Process (**) to Irkutsk Oil Company Natural Gas Resources”. This Joint Study is to be undertaken in cooperation with the Nippon GTL Technology Research Association and its aim over the next year is to consider the possibility of utilizing GTL technology to achieve the earliest possible commercialization of liquid fuel products (such as gas oil from natural gas resources) produced in the INK owned gas fields in Irkutsk Region, Eastern Siberia. These resources are difficult to develop from an economic viewpoint because they are located in an area far from the market and/or only contain small or middle sized amounts of recoverable reserves.

JOGMEC and INK have recently been jointly conducting exploration works on the Severo-Mogdinsky, Bolshetirsky and Zapadno-Yaraktinsky blocks in eastern Siberia with the aim of transporting produced oil to the Pacific coast by pipeline. This Joint Study targets the natural gas produced from INK owned mining areas other than the three above. It will create the possibility to develop cooperation in a new area between Japan and Russia if commercialization is confirmed through this Joint Study. Furthermore, as Russia is moving towards zero-flaring, there is the possibility to contribute to the reduction of emissions.

(*) GTL

GTL stands for “Gas To Liquid.” It is a synthetic liquid fuel at ambient temperature produced from natural gas widely distributed in the world and it is becoming an alternative fuel to kerosene and gas oil. It has recently attracted considerable attention as a low-pollution fuel due to the low amounts of sulfur and nitrogen oxide in the exhaust gas at combustion. At present Shell and Sasol lead commercial plants in Malaysia and South Africa respectively with their owned technologies and there is also a large scale of commercial project operating in Qatar.

(**) JAPAN-GTL process

The JAPAN-GTL process is the proper process technology applied to the “GTL Demonstration Project” which has been jointly developed between JOGMEC and “Nippon GTL Technology Research Association”. The GTL Demonstration Plant (which faces the Japan Sea in Niigata-City) was completed in April 2009 and is conducting a demonstration operation (with an aim to move toward commercialization) at present. In the demonstration plant the core process splits into three sections for Syngas, FT and upgrading sections. This summer we confirmed the achievement of 500 barrels (80 kilo-liters) of GTL oil per day in the demonstration operation through the entire system. We will schedule consecutive operations and increase catalyst performance in the future based on the successes in past demonstration operations.