

Rang Dong Oil Field associated gas recovery and utilization project approved as a Clean Development Mechanism Project under the Kyoto Protocol.

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PRESS RELEASE

Rang Dong oil field lies within Block 15-2, offshore southern Vietnam, in which JVPC as the operator of the field has a 46.5% interest. JVPC's partners in Block 15-2 are ConocoPhillips (UK) Gama Limited, a United Kingdom based subsidiary of ConocoPhillips of the USA and PetroVietnam Exploration and Production of Vietnam, each having a 36% interest and a 17.5% interest respectively. The field started commercial production of crude oil in August 1998 and currently produces about 55,000 barrels per day of crude oil.

All associated gas produced along with the crude oil from the Rang Dong oil field was previously used for fuel, used to improve oil production, or was flared at the offshore platform. The utilization of associated gas by supplying it to local power generation plants, fertilizer plants and nearby industry zones through a sub-sea pipeline has led to the reduction of the flaring of associated gas at JVPC's offshore platform, provided an additional source of clean-burning natural gas fuel for Vietnam, and will reduce CO₂ emissions by 6.77 million tonnes over the 10-year period 2001-2011. This also lowers factor costs for such industries and helps them stay competitive in the global marketplace.

The successful application for the Rang Dong CO₂ Project as a CDM Project came about by first obtaining approval from the CDM Executive Board for Nippon Oil's new methodology, followed by approval of the project by the governments of Japan, the United Kingdom and Vietnam. After validation by the Designated Operational Entity and the CDM Executive Board, the Rang Dong Gas Project was today registered as a CDM Project.

After verification of the level of CO₂ emissions reduction at the Rang Dong CO₂ Project, the reduction of CO₂ emissions will be certified and certified emission reduction (CER) will be issued to the Rang Dong CO₂ Project.

The Clean Development Mechanism is one of three "flexibility mechanisms" aimed at lowering costs of achieving emissions targets under the Kyoto Protocol. Developed countries implement project activities in developing countries by supporting those projects with technology and/or finance. CERs are issued by the CDM Executive Board in line with CO₂ emissions reduction as a result of the project activity.