

Commencement of Production from Serai Gas Field

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PRESS RELEASE

Nippon Oil Exploration (Sarawak), Limited ("NOSA") (President & CEO: Masaru Kai) announced today that commercial production has commenced at the Serai Gas Field offshore Sarawak, Malaysia. NOSA is a subsidiary of Nippon Oil Exploration Limited ("NOEX"), the upstream arm of Nippon Oil Corporation.

NOSA was established in August 1991 as the project company to hold a 37.5% working interest in Block SK-8, and several gas fields were discovered in the Block between 1992 and 1994. The construction of the gas producing facilities for the Serai Gas Field and Jintan Gas Field started in December 2002 by Shell Oil & Gas (Malaysia) LLC, the operator of Block SK-8.

The approximate daily production rate of the Serai Gas Field will peak at 300 mmscfd for gas and 8,000 bbl/day for condensate. The gas and condensate produced from the Serai field will be transported through the sub-sea pipeline to Bintulu, Sarawak to be separated and liquefied at the MLNG Tiga Plant owned by Malaysia LNG Tiga Sdn. Bhd. The LNG will be sold to customers including Japanese utility companies and the condensate will be sold at the offshore platform to PETRONAS, the Malaysian National Oil Company.

Meanwhile, NOSA is planning commercial production of natural gas from another field, known as the Jintan Gas Field, which is also located in Block SK-8. The Jintan Gas field will commence production from the third quarter of 2004. In addition, Nippon Oil Exploration (Malaysia), Limited (NOMA), another subsidiary of NOEX has been producing natural gas since November last year in Block SK-10 (Helang), which is adjacent to Block SK-8. The aggregate gross production of Helang, Serai and Jintan is estimated at 1,050 mmscfd for gas and 43,000 bbl/day for condensate from the fourth quarter of 2004 onwards.

The Nippon Oil group believe that the establishment of a supply chain of LNG in the growing East Asian market is a big step towards achieving their corporate goal of being a comprehensive energy company, while the expedition of the clean fuel contributes to the global environment. Nippon Oil group have a strong desire to expand the gas business as one of their core business in the upstream sector.

Japan National Oil Corporation, Teikoku Oil Company Limited and Mitsubishi Corporation are shareholders in NOSA and NOMA. For reference, the participants of Blocks SK-8 and SK-10, as well as the shareholders of NOSA, NOMA and Malaysia LNG Tiga Sdn. Bhd. are listed in the attachment.

(Attachment)

1. The Participants of Block SK-8

NOSA: 37.5%

Shell Oil & Gas (Malaysia) LLC (Operator): 37.5%

PETRONAS Carigali Sdn. Bhd.: 25%

2. The Participants of Block SK-10

NOMA (Operator): 75%

PETRONAS Carigali Sdn. Bhd.: 25%

3. The Shareholders of NOSA

Nippon Oil Exploration Limited: 39.02%

Teikoku Oil Company Limited: 15.00%

Mitsubishi Corporation: 8.50%

Japan National Oil Corporation: 37.48%

4. The Shareholders of NOMA

Nippon Oil Exploration Limited: 40.15%

Teikoku Oil Company Limited: 15.00%

Mitsubishi Corporation: 6.27%

Japan National Oil Corporation: 38.58%

5. The Shareholders of Malaysia LNG Tiga Sdn. Bhd.

PETRONAS: 60%

The State of Sarawak: 10%

Nippon Oil LNG (Netherlands) B.V.: 10%

Shell Gas B.V.: 15%

Diamond Gas (Netherlands) B.V.: 5%