

Alignment with Oil Search in gas development business in Papua New Guinea and acquisition of exploration licenses

January 14, 2009

PRESS RELEASE

Nippon Oil Corporation (Nippon) today announced that Nippon Oil Exploration Limited (NOEX), its upstream arm and wholly-owned subsidiary, has executed Farmout Agreements and an Alignment Agreement with Oil Search Limited (OSL), a Papua New Guinea-based oil and gas exploration company, with an aim to co-operate in the development of gas opportunities in PNG.

Since further new discovery/development of gas fields are expected in PNG, both companies have decided to non-exclusively work together in seeking business opportunities to commercialize gas resources in PNG.

The Farmout Agreements with OSL relates to the four exploration licenses (20% of each of PPL219 and PPL 239 (both onshore), 20% of PPL234 (offshore) and 10% of PPL244 (offshore)) which OSL has in PNG.

Nippon Oil Exploration (Niugini), a 100% subsidiary of NOEX, will be a holder of those four licenses. Exploration activities are planned to be conducted from 2009 to 2011.

In Papua New Guinea, since 1990 NOEX has been involved in the oil exploration/development project and more recently has also been involved in the first LNG project for the country (PNG LNG Project) which is targeting to start production in 4Q 2013. In December 2008, NOEX acquired a 3.6% equity of the LNG project from AGL Energy to expand their equity threefold to 5.3%.

As Oceania is one of core business areas of Nippon group's upstream business, Nippon is committed to continue its effort to expand its business in this area to establish an integrated involvement in the value chain from upstream to downstream and to contribute to the stable supply of energy.

1. Acquired Interest

| | Onshore Blocks | | Offshore Blocks | |
|---|----------------|------------|-----------------|------------|
| | PPL219 | PPL239 | PPL234 | PPL244 |
| Oil Search Limited/Oil Search (PNG) Limited (Operator of PPL219, PPL239, PPL234) | 71% | 80% | 80% | 30% |
| Nippon Oil Exploration (Niugini) Pty Ltd | 20% | 20% | 20% | 10% |
| Merlin Petroleum Company(*) | 9% | | | |
| Talisman Oil Limited (Operator of PPL244) | | | | 35% |
| Others | | | | 25% |

* Merlin Petroleum Company: An affiliate of Nippon Oil Exploration

2. Alignment Agreement

1. Execution Date: Jan. 14, 2009
2. Parties: Nippon Oil Exploration and Oil Search Limited
3. Purpose: Mutual corporation to seek business opportunities to commercialize gas resources in PNG.
4. Term: 5 Year (2009-2014)

3. Oil search Limited

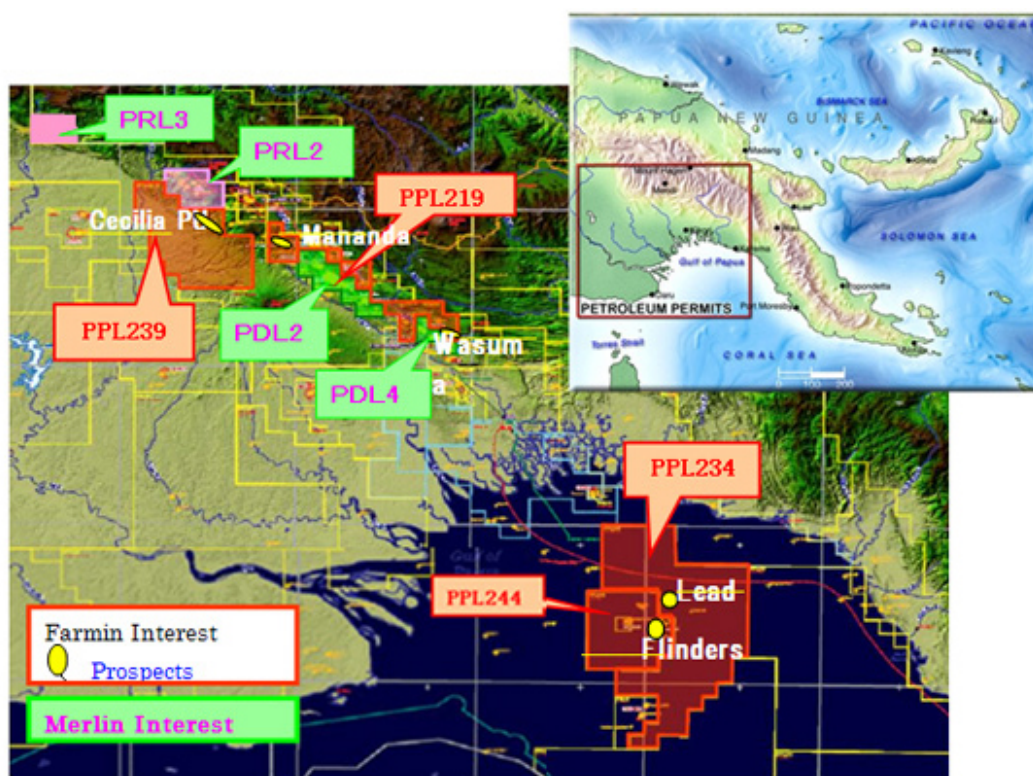
1. Company Name: Oil Search Limited
2. Managing Director: Peter Botten
3. Share Capital: US\$639mil
4. Listed at Australian Stock Exchange
5. Revenue and Profit

| | | 2005 | 2006 | 2007 | 2008 1st Half |
|----------------------|--------|------|------|------|------------------|
| Revenue | mmUS\$ | 664 | 645 | 719 | 467 |
| NET Profit After Tax | mmUS\$ | 200 | 208 | 141 | 133 |

6. Production Volume

| | | 2005 | 2006 | 2007 | 2008 1st Half |
|----------------------|-------|------|------|------|------------------|
| Production Crude Oil | mmBBL | 11.1 | 9.2 | 9.0 | 3.8 |
| Gas | BCF | 5.4 | 5.1 | 4.8 | 2.7 |
| Total Production | mmBOE | 12.2 | 10.2 | 9.8 | 4.3 |

MAP



Map: Oil Search Limited