



Note: The following is an English translation of the Japanese-language original.

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Commencement of Production in Kangean TSB Phase 2

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that Sirasun and Batur gas fields, which are part of the TSB gas complex in Kangean block in the Republic of Indonesia, commenced the production of natural gas on March 10.

JAPEX has been participating in the development and production of natural gas in Kangean block located offshore East Java in Indonesia since 2007, through Kangean Energy Indonesia Ltd.(*1) which is the operator of the block. In TSB gas complex of Kangean block, Terang gas field has been producing natural gas since May 2012. Its produced gas is processed at the FPU(*2) and is supplied to a national fertilizer plant, a national electric power company, and others near Surabaya in East Java.

TSB gas complex is located offshore, 90 kilometers north of Bali Island, with a water depth of 90 to 230 meters, and consists of the three gas fields, which are Terang, Sirasun, and Batur. Following the gas production from Terang in 2012, in order to maintain production volume in the block for mid to long term, the development work of Sirasun and Batur gas fields has been promoted since 2014 as "TSB Phase 2," and its gas production has commenced this time.

Sirasun and Batur gas fields are planned to produce at a maximum of 5.0-5.1 million cubic meters per day (175-180 million cubic feet per day) of natural gas. Together with Terang gas field which is currently in production, TSB Phase 2 will continuously contribute to the stable natural gas supply to the local clients.

The JAPEX group will continue to make contributions to the development and production of Kangean block with our knowledge and expertise in the E&P business, and will endeavor to maximize our corporate value by applying the experience of offshore development in this block to our other projects.

Note)

*1: Kangean Energy Indonesia Ltd. is a 100% subsidiary of Energi Mega Pratama Inc., and Energi Mega Pratama Inc. is invested 25% by JAPEX.

*2: FPU (Floating Production Unit) is a floating facility to remove water and others from produced natural gas to be sent onshore through the pipeline.

(Appendix)

[Outline of Kangean Project]

Block	Kangean Block (offshore east of East Java, Republic of Indonesia)	
Interest*	Kangean Energy Indonesia Ltd.	60%
	EMP Exploration(Kangean) Ltd.	40%

* Energi Mega Pratama Inc., invested 25% by JAPEX, has the 100% equity of Kangean Energy Indonesia Ltd. and EMP Exploration (Kangean) Ltd.

[Location Map]



[Photo Image]



Floating Production Unit (FPU) in the offshore of Kangean Block

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