



Note: This release is a summary of the Japanese-language original.

October 11, 2016

Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
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**Decision on Commercialization of Natural Gas-Fired Power Generation Project
at Soma Port in Fukushima Prefecture
and Participation of New Business Partners in the Project**

At the shareholders meeting of Fukushima Gas Power Co., Ltd. (hereinafter “FGP”) that was founded by Japan Petroleum Exploration Co., Ltd. (hereinafter “JAPEX”) and Mitsui & Co., Ltd (hereinafter “Mitsui”) held on October 11, 2016, two important resolutions concerning the Natural Gas-fired Power Generation Project at Soma Port in Shinchi Town, Fukushima Prefecture (hereinafter “Project”) were passed. By these shareholder resolutions, commercialization of this Project and, in addition to JAPEX and Mitsui, the participation of new shareholders, Osaka Gas Co., Ltd., Mitsubishi Gas Chemical Co., Inc., and Hokkaido Electric Power Co., Inc., were approved. The said three new shareholders will also assume the role of business partners for this project.

JAPEX has been promoting studies and surveys towards the realization of this Project and conducting environmental assessment in accordance with the Environmental Impact Assessment Law for the purpose of seeking Soma LNG Terminal which is under construction and its neighbouring site as well as contributing to the stable supply of electric power and revitalization of the coastal area of Fukushima Prefecture from the damage caused by the Great East Japan Earthquake through FGP. By these resolutions, it was officially decided by FGP to commence the construction of the “Soma Port Natural Gas-fired Electric Power Generation Plant (tentative name)” (hereinafter “the Power Plant”) after the completion of the environmental assessment, and, in parallel with the assessment process, start preparations for the construction of the Power Plant. Furthermore, the newly joined three companies which have expertise in LNG procurement and the power generation business will add strength to the business promotion organizational structure of this Project. From now on, FGP will lead this project in collaboration with the five shareholder companies as business partners including JAPEX.

The Power Plant will have two power generation GTCC (Gas Turbine Combined-Cycle) units which can generate 590-thousands kilowatts. In addition, FGP plans to construct a new aboveground type LNG storage tank which can store 230 thousand kiloliters and LNG vaporization equipment on the site of JAPEX’s Soma LNG Terminal, which is under construction at FGP’s neighboring plant site. FGP will outsource to JAPEX construction management and operations of the new LNG tank and vaporization equipment, including safekeeping and vaporization of LNG, as well as supply of vaporized natural gas to the Power Plant. FGP will continue to proceed with the environmental assessment and conclude contracts with EPC (Engineering Procurement and Construction) contractors, aiming to commence the power plant construction upon completion of the environmental assessment expected to be finished by the summer of 2017, and start commercial operations in the spring of 2020.

The Power Plant plan is positioned as one of the “New Energy Generation; Low Environmental Impact Energy Introduction” projects and is expected to play a core role under the Fukushima International Research Industrial City (Innovation Coast) Framework as a part of “Basic Policy on Economic and Fiscal Management and Reform” adopted by the Cabinet in 2014. We will contribute to the reconstruction and new development of industry and regeneration of the cities along the coastal area of Fukushima Prefecture that are aimed for under the framework.

Please refer to the appendix given in the link about the latest information on FGP, including an outline of the power plant, shareholders, and their investment ratio as attached the appendix of this release.

The impact of this matter to the consolidated financial forecast of the fiscal year ending March 31, 2017 is negligible, and we will disclose the impact to the consolidated financial forecast in future appropriately when we recognize the impact.

JAPEX will endeavor stable energy supply to our clients and contribution to the social communities through our businesses including this project for the realization of “Transformation to an Integrated Energy Company with a Focus on Oil and Gas E&P” on the Long-Term Business Vision and the Medium-Term Business Plan which was unveiled on May, 2015.

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FGP has been promoting studies and surveys towards the realization of this Project and conducting environmental assessment in accordance with the Environmental Impact Assessment Law for the purpose of contributing to the stable supply of electric power and revitalization of the coastal area of Fukushima Prefecture from the damage caused by the Great East Japan Earthquake. By these resolutions, it was officially decided to commence the construction of the “Soma Port Natural Gas-fired Electric Power Generation Plant (tentative name)” (hereinafter “the Power Plant”) after the completion of the environmental assessment, and, in parallel with the assessment process, start preparations for the construction of the Power Plant. Furthermore, the newly joined three companies which have expertise in LNG procurement and the power generation business will add strength to the business promotion organizational structure of this Project. From now on, FGP will lead this project in collaboration with the five shareholder companies as business partners.

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Based on changes to the market environment such as introduction of the Electricity System Reform Bill to realize full liberalization of entry to the electricity retail business and demand for reduction of CO2 emissions, FGP and the five business partner companies will continue contributing to the stable supply of electric power generation at low cost and with a low environmental burden, for the growth of the economy and industry in the surrounding area of the Power Plant.

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[Appendix]

1. The Outline of the Electric Power Generation Plant (Planned)

Name	Soma Port Natural Gas-fired Electric Power Generation Plant (Tentative Name)
Site	Soma Port No.4 Warf, Shinchi Town, Fukushima Prefecture * Neighboring JAPEX Soma LNG Terminal
Method	Gas Turbine and Steam Power (Combined Cycle)
Fuel	Natural Gas (Vaporized LNG) * Outsourcing operation of LNG vaporization and vaporized natural gas supply to JAPEX Soma LNG Terminal neighboring the power plant site
Capacity	1.18 million kW (2 units of 0.59 million kW)
Schedule	2017 Summer Commencement of Construction * After Completion of Environmental Assessment Process 2019 Autumn Start of Commissioning 2020 Spring Commencement of Commercial Operation (Generate 0.59 million kW) * Generate 1.18 million kW after 2020 Summer



The Bird's-eye View Image of the Plant



Wide-Area Map of the Plant Site

2. Corporate Profile (As of October 11, 2016)

Name	Fukushima Gas Power Co., Ltd.	
Head Office	Sapia Tower, 1-7-12, Chiyoda-ku, Tokyo 100-0005 Japan Tel: +81-3-6268-7128	
Date of Foundation	April 23, 2015	
Representative	Shoichi Ishii, President and Chief Executive Officer (Executive Vice President and Executive Officer of Japan Petroleum Exploration Co., Ltd.)	
Capital Stock	Capital Stock: 537 million yen / Capital Reserve: 537 million yen	
Shareholders (Investment Ratio)	Japan Petroleum Exploration Co., Ltd.	33.0%
	Mitsui & Co., Ltd.	29.0%
	Osaka Gas Co., Ltd.	20.0%
	Mitsubishi Gas Chemical Co., Inc	9.0%
	Hokkaido Electric Power Co., Inc.	9.0%
Business Area	Promoting the Natural Gas-Fired Electric Power Generation Business	