

Commencement of Production from Helang Gas Field

Nippon Oil Corporation (NOC, Fumiaki Watari, President)'s subsidiary Nippon Oil Exploration (Malaysia), Limited ("NOMA") (President & CEO: Masaru Kai) announced today that the commercial production has commenced at the Helang Gas Field offshore Sarawak, Malaysia as the construction of the producing facilities have been completed. NOMA is a subsidiary of Nippon Oil Exploration Limited ("NOEX"), the upstream arm of Nippon Oil Corporation.

NOMA, as the Operator, acquired 75% working interests in Block SK-10 in 1987 and the Helang Gas Field was discovered in the Block in 1990. NOMA has been conducting the construction of a gas producing facilities for the Helang Gas Field since April, 2000.

The approximate daily production rate of the Helang Gas Field will peak at 250mmcf for the gas and 10,000bbl/day for the condensate. The gas and the condensate produced from the Helang 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 is sold to the customers including the Japanese utility companies and the condensate is sold at the wellhead to Petronas, the Malaysian National Oil Company. Nippon Oil group is the first company in Japan to undertake the whole chain of the LNG project including exploration and development of gas fields, gas production operation, LNG liquefaction and LNG marketing.

Meanwhile, another group company, Nippon Oil Exploration (Sarawak), Limited ("NOSA") (President & CEO: Masaru Kai) is participating in the construction of a gas producing facilities for the Serai and Jintan Gas Field in Block SK-8 which is located adjacent to Block SK-10 offshore Sarawak. The gas production from Serai and Jintan are scheduled to commence in the 2nd and the 3rd quarter*, 2004, respectively. The aggregate gross production of Helang, Serai and Jintan is estimated 1050mmcf for the gas and 23,000bbl/day for the condensate after the 3rd quarter, 2004.

Nippon Oil group are dedicated to a common management vision; that of becoming a comprehensive energy enterprise that creatively undertakes new challenges in a manner that inspires respect and support on the people throughout society. Based on this vision, Nippon Oil group companies are concertedly doing their utmost in diverse business fields including the gas business and the upstream business to improve their financial performance and maximize the group's aggregate corporate value.

For reference, the participants of the Block SK-10 and SK-8, and the Shareholders of NOMA, NOSA and Malaysia LNG TIGA Sdn Bhd are listed in the attachment.

(Attachment)

1. The participants of SK-10
NOMA (Operator): 75% Petronas Carigali Sdn. Bhd.: 25%
2. The participants of SK-8
Shell Oil & Gas (Malaysia) LLC (Operator): 37.5%
NOSA: 37.5%
Petronas Carigali Sdn. Bhd.: 25%
3. 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%
4. 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%
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%