

NEWS RELEASE

September 12, 2008

Japan Energy Co., Ltd.

Japan Energy Discovers Gas Condensate at Onshore Permit in Papua New Guinea

Japan Energy Corporation announces that the presence of gas condensate has been confirmed at the Cobra 1A exploratory well located in the PPL 190 onshore permit in Papua New Guinea. Japan Energy is involved in oil exploration at the well through Murray Petroleum Co., Ltd., which is partly owned by subsidiary Japan Energy Development Co., Ltd.

Petrophysical evaluation indicates a 34-meter thick zone of hydrocarbons is developed within the upper Hedinia sandstone, and gas condensate has been recovered from that zone. Up-dip potential has also been confirmed to the NNE by dip meter data. These findings indicate that the sandstone has the potential to improve in both quality and thickness in the same direction, implying favorable conditions for the presence of gas, and this promises to further expand gas reserves in the area.

Data obtained through the drilling and Drill Stem Test operations will be analyzed, and exploration and evaluation plans will be developed to determine whether the discovery is commercially viable.

Cobra 1A is located 13 kilometers east of the SE Gobe oil field, where affiliate company Southern Highlands Petroleum produces crude oil.

For reference: Participants in the PPL 190 permit

Murray Petroleum Co., Ltd.	26.497%
Oil Search Limited (operator)	62.556%
Cue PNG Oil Company	10.947%

Attachments:

1. Outline of affiliated companies mentioned in this release and the PPL 190 permit
2. Map showing the location of the permit

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Attachment 1

1. Outline of Japan Energy Development Co., Ltd.

- 1) Head office: 1 Akasaka, Minato-ku, Tokyo
- 2) President: Kenji Morita
- 3) Established: April 1982
- 4) Paid-in capital: 4,980 million yen
- 5) Shareholders: Wholly owned by Japan Energy Corporation

2. Outline of Murray Petroleum Co., Ltd.

- 1) Head office: 1 Akasaka, Minato-ku, Tokyo
- 2) President: Kenji Morita
- 3) Established: March 1997
- 4) Paid-in capital: 1,732.5 million yen
- 5) Shareholders:

Japan Energy Development Co., Ltd.	30.5%
Japan Oil, Gas and Metals National Corporation	30.5%
Minister for Economy, Trade and Industry	18.6%
Japan Petroleum Exploration Co., Ltd.	10.2%
Teikoku Oil Co., Ltd.	10.2%

3. Outline of Southern Highlands Petroleum Co., Ltd.

- 1) Head office: 1 Akasaka, Minato-ku, Tokyo
- 2) President: Kenji Morita
- 3) Established: October 1990
- 4) Paid-in capital: 300 million yen
- 5) Shareholders:

Japan Energy Development Co., Ltd.	80%
Japan Petroleum Exploration Co., Ltd.	10%
Teikoku Oil Co., Ltd.	10%
- 6) Other information: Currently producing crude oil at the SE Gobe oil field (production started in 1998; produces around 6,000 barrels/day)
Holds a 24% stake in the SE Gobe oil field concession.

4. Outline of the PPL 190 permit

- 1) Acquired: 1997, prospecting concession
- 2) Location: Around 450 kilometers NW of Port Moresby, Papua New Guinea
- 3) Participants:

Murray Petroleum Co., Ltd.	26.497%
Oil Search Limited	62.556% (operator)
Cue PNG Oil Company	10.947%

Attachment 2

Map showing the location of the PPL 190 permit and the Cobra 1A excavation

