

Proceed to Development Stage for NWO Block (Egypt)

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Arabian Oil Company, Ltd. ("AOC", Head Office: Shinagawa-ku, Tokyo, Director-President: Kazutoshi Hoyano, Capital: 13,000 Million Yen) has recently obtained an official approval of Ministry of Petroleum of the Government of Egypt for proceeding to development phase of the field discovered on the Northwest October (NWO) Block in the Gulf of Suez, and commenced FEED (Front End Engineering Design), which is scheduled to be completed by the end of the year 2008. AOC aims at commencing commercial production in the first half of Fiscal Year 2010. Earlier, AOC had concluded the Concession Agreement with the Egyptian Government and Egyptian General Petroleum Corporation (EGPC) for oil and gas exploration and exploitation over the NWO Block effectively in July, 2005, and the first exploratory well successfully confirmed of oil in September, 2006. Since then, AOC prepared its provisional development plan and conducted discussions and consultations with EGPC thereof.

For proceeding to development phase, AOC decided to diversify some part of its working interest in the NWO Block to a potential farmee who has more operation experiences in the Gulf of Suez in terms of improving the project value and economics by utilizing their know-how. Based on the above decision, AOC was engaged in the farm-out process with the appointed consultant of Stellar Energy Advisors Limited and finally selected Egypt based PICO International Petroleum (PICO) as the most preferable farmee. AOC has recently signed the Sale and Purchase Agreement with PICO assigning 50% of its working interest to them. AOC remains to be an operator for the project and proceed it.

PICO is an oil development company owning its working interests over the several oil fields in Egypt including blocks where they participate as an operator. They are considered to be an ideal joint partner for NWO project because of their great deal of experience and knowledge on the operations of oil fields in the Gulf of Suez.