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**Basic agreement on the plan for the Gunma Interconnection Line (a natural gas pipeline) and start of advance (Phase 1) construction**

Tokyo Gas Co., Ltd.  
Teikoku Oil Co., Ltd.

Tokyo Gas Co., Ltd. (Mr. Norio Ichino, President) and Teikoku Oil Co., Ltd. (Mr. Masatoshi Sugioka, President) have reached a basic agreement for the implementation of a joint study on the plan for the Gunma Interconnection Line, which is slated to be placed into service in 2012. The purpose of the plan lies in response to the burgeoning demand for natural gas in the northern part of the Kanto region as well as stable supply and expanded diffusion of natural gas utilization.

In recent years, contribution to preservation of the global environment by means such as reduction of carbon dioxide emissions has become a top priority of corporate enterprises. Under these circumstances, much attention has come to focus on natural gas, which entails less environmental burden than other fossil fuels and is consequently anticipated experience expanded use. The 2030 energy supply and demand outlook released by the Japanese government in March 2005 foresees a rise in the share of the country's primary energy supply occupied by natural gas from 13.5 percent in 2000 to 17.8 percent in 2030. As this indicates, the role to be played by natural gas is assuming increasing importance.

For Tokyo Gas, the aforementioned plan is expected to bring the benefits of improving supply stability and diversifying feedstock sources by enabling reception of gas supply from the northern end of the existing pipeline network. At the same time, it will give Teikoku Oil a steady customer for domestically produced natural gas.

Tokyo Gas will construct and own the sections mainly in the service area of its Gunma branch, and Teikoku Oil, those mainly in the vicinity of its New Tokyo Line and Ryomo Pipeline. While distributing the burden of facility investment through this arrangement, the plan will reinforce the existing networks of both companies and provide footing for a further expansion of natural gas utilization.

The two companies have agreed to construct pipeline for certain sections in advance to meet the burgeoning demand for city gas in the service area of the Gunma branch, with a view to commencing supply in 2010.

**\* Overall plan for the Gunma Interconnection Line**

- Construction route

-- From the scheduled site of construction of the Myogi valve box on the New Tokyo Line of Teikoku

Oil (Myogi, Gunma Prefecture) to the Ora governor station on the Kumagaya-Sano Line of Tokyo Gas (Ora, Gunma Prefecture) (a distance of about 100 kilometers)

- Pressure and diameter

-- 7 MPa, 500 mm

- Year of commencement of service

-- 2012 (target)

**\* Outline of the advance (Phase 1) construction**

- Construction route

-- From the scheduled site of construction of the Myogi valve box on the New Tokyo Line of Teikoku Oil (Myogi, Gunma Prefecture) to the scheduled site of construction of the Tokyo Gas governor station (Takasaki, Gunma Prefecture) (a distance of about 20 kilometers)

- Pressure and diameter

-- 7 MPa, 500 mm

- Construction period

-- Scheduled start of construction: 2006

-- Start of service: 2010 (target)

# Map of the Gunma Interconnection Line plan

