

December 19, 2006

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

### **Completion of the Minamifuji Pipeline**

Since 2004, Shizuoka Gas Company, Ltd. (Hereinafter called Shizuoka Gas), Teikoku Oil Co., Ltd. (Hereinafter called Teikoku Oil), and Tokyo Gas Co., Ltd. (Hereinafter called Tokyo Gas), have been constructing the Minamifuji Pipeline for transportation of natural gas by the three companies in partnership, through Minamifuji Pipeline Co., Ltd., a joint venture established with equal outlays by them. They recently finished the construction and are going to place the pipeline into operation in January 2007.

The Minamifuji Pipeline is a high-pressure pipeline with an extended length of about 31 kilometers, from the city of Fuji to that of Gotemba in Shizuoka Prefecture. It is connected to the No. 2 Suruga Trunk Line (between Shizuoka City and Fuji City) of Shizuoka Gas in Fuji and the Shizuoka Line (between Showa-cho, Nakakoma County in Yamanashi Prefecture and Gotemba) of Teikoku Oil in Gotemba. There are also plans to connect it to the pipeline network of Tokyo Gas in the future. As a result, it will eventually lead to an organic connection of the natural gas infrastructures of the three companies (including LNG terminals, domestic gas fields, and transportation pipelines), and form a network for a wide-area circulation of natural gas.

The three companies aim to establish a both stable and economic setup for natural gas supply to meet their natural gas demands, which are anticipated to expand into the future for reasons including response to global environmental problems. The completion of the Minamifuji Pipeline holds the following benefits for each.

#### **Shizuoka Gas**

For the first few years, the connection with the domestic natural gas network of Teikoku Oil will enable Shizuoka Gas to receive a supply of domestic natural gas from Teikoku Oil. It will also enhance ability for emergency response at LNG terminals while increasing the flexibility of their operation, and improve supply stability on a permanent basis. Further in the future, the supply of LNG vaporization gas to Teikoku Oil and Tokyo Gas will heighten the working rates of LNG terminals and raise levels of economic merit.

#### **Teikoku Oil**

With the completion of the Minamifuji Pipeline, Teikoku Oil is going to supply domestic natural gas to Shizuoka Gas for the first few years, and plans to receive a supply of LNG vaporization gas from Shizuoka Gas thereafter. This will give it two gas

sources: domestic natural gas from the Sea of Japan side and LNG vaporization gas from the Pacific side. The organic linkage of these supplies will greatly increase supply stability and make it possible to keep supply on a stable basis even with the future demand increase.

### **Tokyo Gas**

In step with demand growth in the western part of Kanagawa Prefecture, Tokyo Gas plans to extend its pipeline from the Minamifuji Pipeline and connect it to its preexisting network. This will enable it to meet the increased demand and heighten its supply capacity and stability. The supply stability of its Kofu Branch will also increase dramatically.

The three companies are determined to live up to the trust and expectations of communities, customers, and shareholders through the diffusion and expansion of natural gas, which is assuming increasing importance for its environmentally-friendly features and value as an energy resource.

#### 1. Outline of the Minamifuji Pipeline

- Section: between the cities of Fuji and Gotemba in Shizuoka Prefecture
- Specifications:
  - Design pressure: about 7 MPa
  - Diameter: 20 inches (500 mm)
- Extended length: about 31 km
- Construction cost: about 8 billion yen

#### 2. Outline of the company

- Name: Minamifuji Pipeline Co., Ltd.
- Location: 1146-1 Tadehara, Fuji, Shizuoka Prefecture
- Capital: 499,500,000 yen
- Shareholder makeup: Shizuoka Gas 33%, Teikoku Oil 33%, Tokyo Gas 33%
- Representative: Mr. Kazuto Morita, President (Managing Director of Shizuoka Gas)

# Minamifuji Pipeline

