

9th May 2011

Mitsubishi Corporation
Japan Oil, Gas and Metals National Corporation
Chubu Electric Power Co., Inc.
Tokyo Gas Co., Ltd.
Osaka Gas Co., Ltd.

Consortium to Develop Shale Gas in Canada and Funding to be Provided by JBIC

A consortium comprising Mitsubishi Corporation (“MC”, headquartered in Chiyoda-ku, Tokyo, President & CEO: Ken Kobayashi), Japan Oil, Gas and Metals National Corporation (“JOGMEC”, headquartered in Minato-ku, Tokyo, President: Hirobumi Kawano), Chubu Electric Power Co., Inc. (“Chubu Electric”, headquartered in Higashi-ku, Nagoya, President & Director : Akihisa Mizuno), Tokyo Gas Co., Ltd. (“Tokyo Gas”, headquartered in Minato-ku, Tokyo, President: Tsuyoshi Okamoto) and Osaka Gas Co., Ltd (“Osaka Gas”, headquartered in Chuo-ku, Osaka, President: Hiroshi Ozaki). has agreed to collaborate on a shale gas project in northeastern British Columbia, Canada, into which MC invested last September. This is the first time Japanese utilities and gas companies have been involved in shale gas development.

The consortium has also announced CAD\$ 1 billion (approx. 83 billion JPY) in funding for the Cordova Embayment Project will be covered by the Japan Bank for International Cooperation (JBIC) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU). The involvement of JOGMEC and the CAD\$ 1 billion in co-financing from JBIC makes this a joint, public-private sector initiative.

The project got underway last September with MC’s establishment of an unincorporated fifty-fifty joint venture between its Calgary-based subsidiary Cordova Gas Resources Ltd. (“CGR”), and Penn West Exploration (“PWE”*), a senior independent Canadian oil and natural gas producer also based in Calgary. 22.5% of MC’s shares in CGR have been now transferred to Chubu Electric, Tokyo Gas and Osaka Gas from MC, each partner receiving an equal 7.5%. JOGMEC has also gained a 7.5% share in CGR through its investment in Shale Gas Investment B.V., a subsidiary established by MC in Amsterdam.

Large-volume production of shale gas is now cost feasible due to recent advances in drilling and completion technology. As a result of these advances, large reserves have been brought to international attention. In particular, western Canada has abundant reserves of shale gas, which is garnering attention worldwide as a viable source of energy. Through the formation of the consortium, all the companies expect to obtain beneficial knowledge about shale gas developments. The consortium plans to discuss studying the possibility of exporting the shale gas to Japan as LNG

which will contribute to diversify energy import and to secure stable energy supply to Japan.

Last September CGR acquired 50% of those of PWE's shale gas assets located in northeastern British Columbia.. Since then, development of the Cordova Embayment reserves has been underway. The goal is to raise daily production to approximately 500 million cubic feet by 2014 (approx. 3.5 million tons per year LNG equivalent). CGR's share of production (50% of the total) will be for the Canadian market. This will be handled in part by CIMA Energy Ltd., a US-based gas marketing company of which MC owns 34%.

*In conjunction with PWE's conversion from a trust to a n exploration and development company this past January, the company also changed its operating name from Penn West Energy Trust to Penn West Exploration .

(Reference: About Shale Gas)

A form of unconventional natural gas, shale gas is found trapped in shale, a layer of solidified mud sediment referred to as source rock. Since this natural gas is trapped in sediments of extremely low permeability, it is difficult to extract and has not been developed up until not long ago. However, recent advances in technology have drawn attention to shale gas as a viable resource for development.

[Outline of the Project]



Exploration Zone	Cordova Embayment, British Columbia, Canada
Reserves	Approximately 5~8 trillion cubic feet (over 100~160 million tons in LNG equivalent)
Production	Approximately 500 million cubic feet per day (approximately 3.5 million tons in LNG equivalent per year) in 2014
Operation Structure	PWE serves as the operator of the project with the establishment of an unincorporated fifty-fifty joint venture with CGR

※ The figures in reserves and production are MC estimate.

[Investment Structure]

