

>> SPECIAL FEATURE 2

FULL-SCALE ENTRY INTO OIL AND GAS FIELD DEVELOPMENT AND PRODUCTION

JGC's technology, knowledge and expertise accumulated over many years as an engineering contractor has led the Company to develop new business fields, such as enterprise investment, further accelerating the Company's growth as an engineering enterprise. Within this business, we believe that oil and gas field development, which we are currently advancing in fields owned by the Company in the US, holds particular significance for JGC.

In addition to its core business of plant engineering, procurement of equipment, and construction, JGC is also actively promoting the business of investing in such projects, utilizing technological capabilities and expertise accumulated over many years. We are already participating in power generation and desalination projects in Abu Dhabi and Saudi Arabia, and global-warming-gas reduction projects in China, and we have also been promoting various activities toward a full-scale entry into the business of developing resources such as oil and natural gas.

JGC entered the resource development business through an equity participation in a Mexican gas development company established by Teikoku Oil Co., Ltd. in 2003, acquiring diverse technology, knowledge and expertise related to oil and gas field development in the process. Subsequently, the Company considered the acquisition of rights to promising North Sea oil fields and areas in the US in order to make a full-scale entry into the development and production of oil and gas resources.



Drilling rig for No.1 Well



Flow test preparation for No.1 Well



Birds-eye view of Little Lake oil and gas field development

JGC narrowed down its target to the securing of drilling rights in the US, taking into account the abundance of such rights, the status of the development infrastructure, and the country risk, and established JGC Energy Development (USA) Inc., a wholly owned subsidiary located in Houston, Texas, in July 2006.

In August 2006, a 50% interest in the drilling rights to part of an area in the Little Lake oil and gas field, located about 50 kilometers south of New Orleans, Louisiana, was acquired. The remaining 50% was subsequently acquired in August 2007, resulting in JGC advancing into the oil and gas field development business as the sole operator of a wholly-owned mining area.

In November 2007, JGC commenced drilling its first well, the No.1 Well and as of February 2008, we have succeeded in drilling three wells. In April 2008, production of crude oil and natural gas started from No.1 Well and as of June 30, 2008 we have been producing a crude-oil-translated of over 2,000 barrels of crude oil and natural gas per day from the three wells. The crude oil and natural gas produced is being sold to local trading companies affiliated with oil majors and gas pipeline companies, respectively. We will continue drilling wells, aiming for peak daily production of 5,000 barrels per day in crude-oil terms.

The fact that this Little Lake oil and gas field development and production project is off to a good start means that JGC has taken its first real step as a resource developer that directly owns the rights to oil and gas fields, and develops and produces as an operator, which we believe is very significant for the advancement of our US business.

In the future, we will use this business as a springboard to focus even further on the resource development field, acquire more mining rights in the US and acquire rights to promising oil and gas fields outside the US. In addition, we will feed back our technology, knowledge and expertise in the upstream area related to oil and gas field development into our plant construction business, and offer support to our customers as a contractor well-versed in upstream technology with an unprecedented breadth and depth of technical skills.