



After 3.11 and the role of JOGMEC

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Agenda



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1. Outline of JOGMEC

Profile


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Japan Oil, Gas and Metals National Corporation (JOGMEC)

- **Established:** February 29, 2004
- **Capital** : 345 Billion Yen (As of March, 2011)
- **President** : Hirobumi Kawano
- **Employees** : 482 (as of April 1, 2011)
- **Head Office** : Minato-ku, Tokyo, Japan

Technology & Research Center




JOGMEC Head Office



Japan Oil, Gas and Metals National Corporation

History


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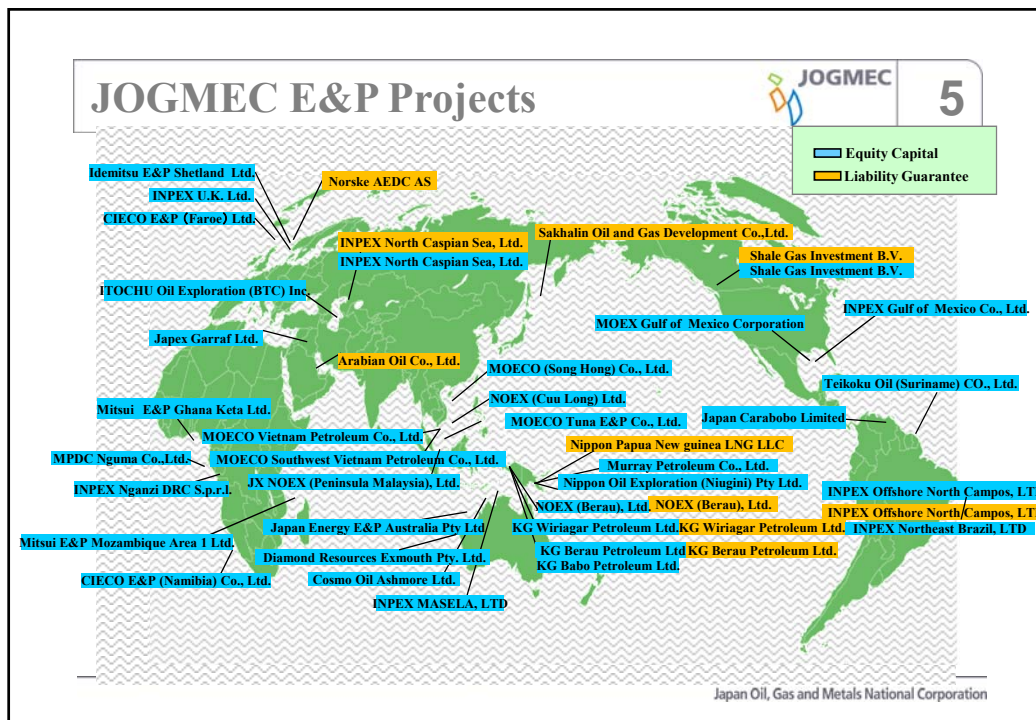
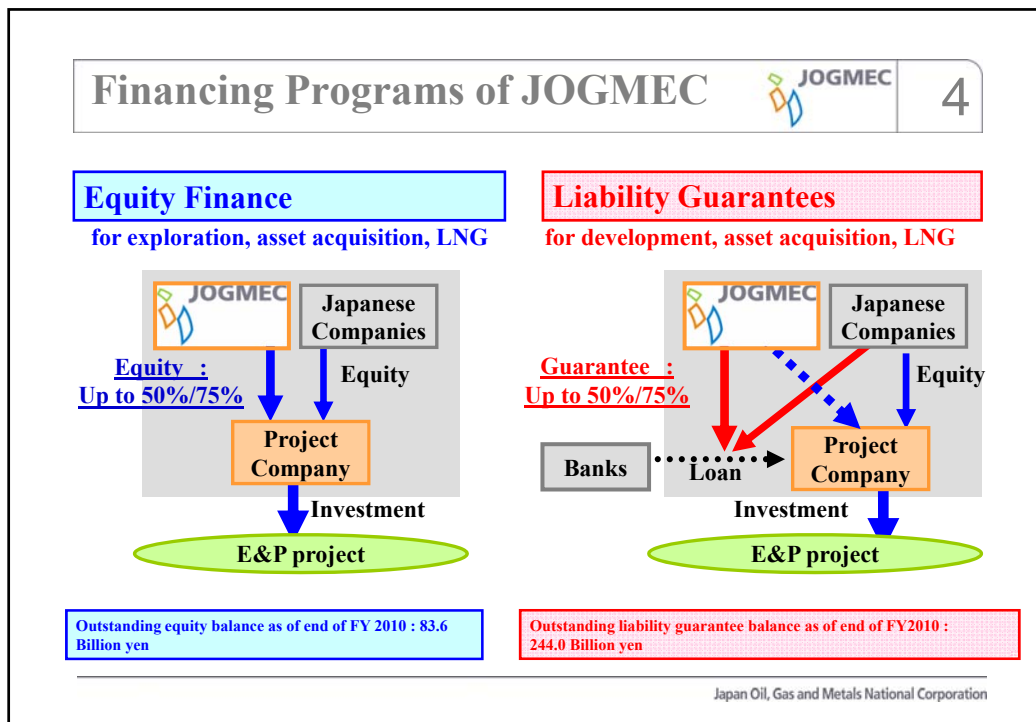
- **JOGMEC was established in 2004 as a government organization, and succeeded the functions of its predecessors, JNOC and MMAJ.**

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graph LR
    A["Japan National Oil Corporation (JNOC)  
(1967~)"]
    B["Metal Mining Agency of Japan (MMAJ)  
(1963~)"]
    C["Japan Oil, Gas and Metals National Corporation (JOGMEC)  
(2004~)"]
    A --- Plus["+"]
    Plus --- B
    Plus --- Arrow["→"]
    Arrow --- C
            
```

- **JOGMEC and JNOC have**
 - **invested in 328 project companies.**
 - **provided liability guarantees for 67 companies.**

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Agenda



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2. After 3.11

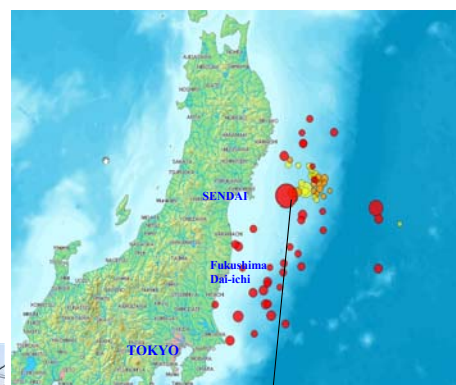
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Earthquake & Tsunami on March 11



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- **The Mega Earthquake and subsequent Tsunamis hit the Tohoku area, north east of Japan, on 11 March 2011.**
- **Around 20,000 people are dead or missing.**
- **Infrastructure around the area suffered severe damage.**

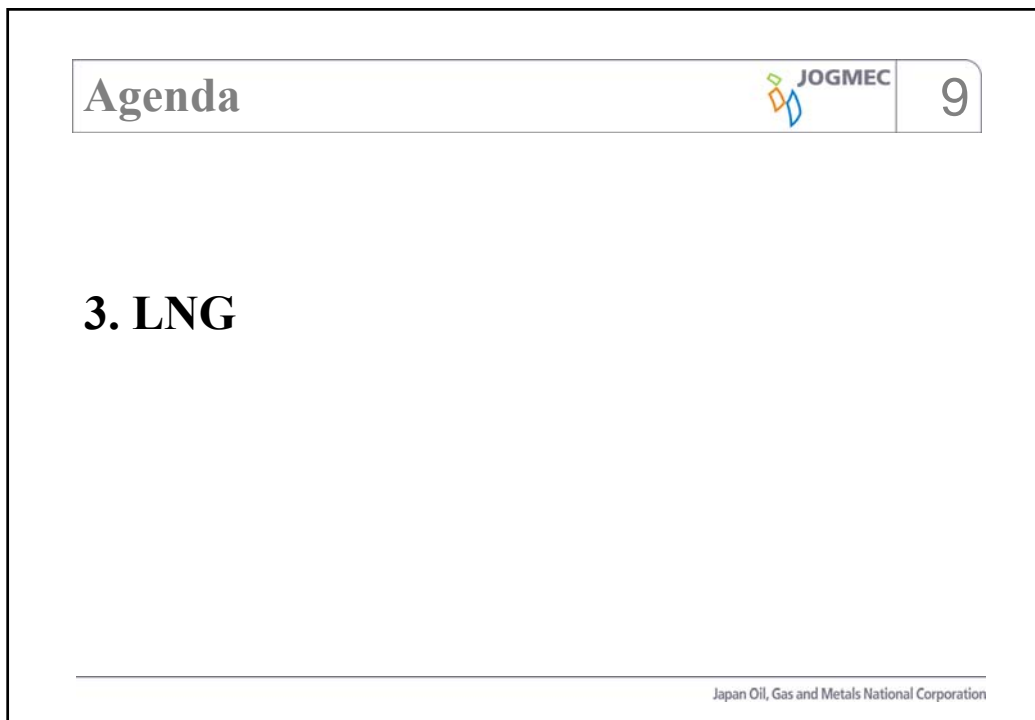
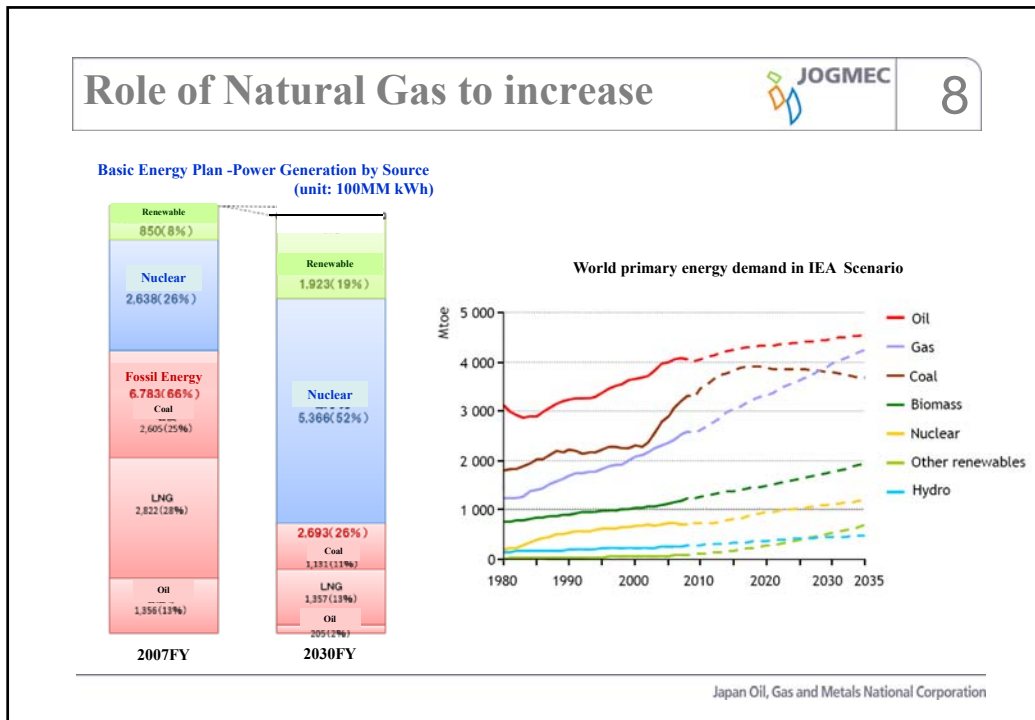


11th March at 14:46: Magnitude 9.0



Source by AP

Japan Oil, Gas and Metals National Corporation



Changes to Japan’s Energy Situation after March 11 Earthquake



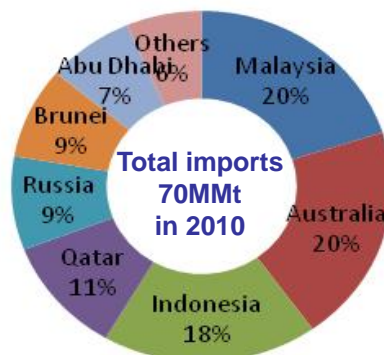
- **Almost 10 million Megawatts of nuclear power have been lost and won’t be recovered for several years.**
- **This has to be replaced by thermal (LNG and petroleum) power generation.**
- **Around 10 million tons of LNG are needed to fill the power shortfall**

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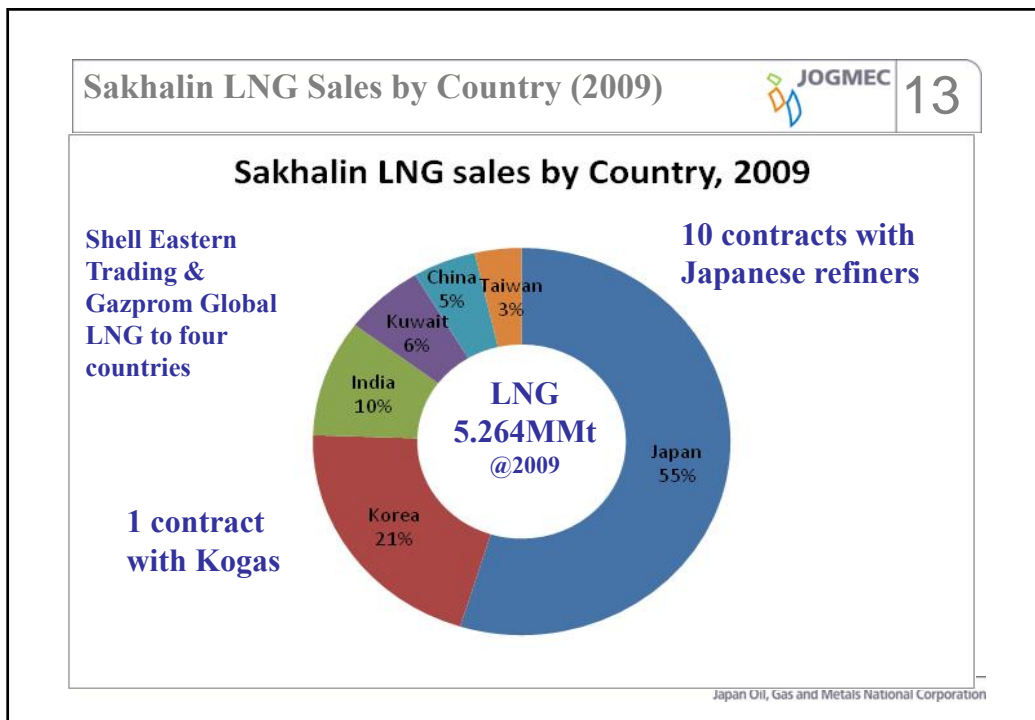
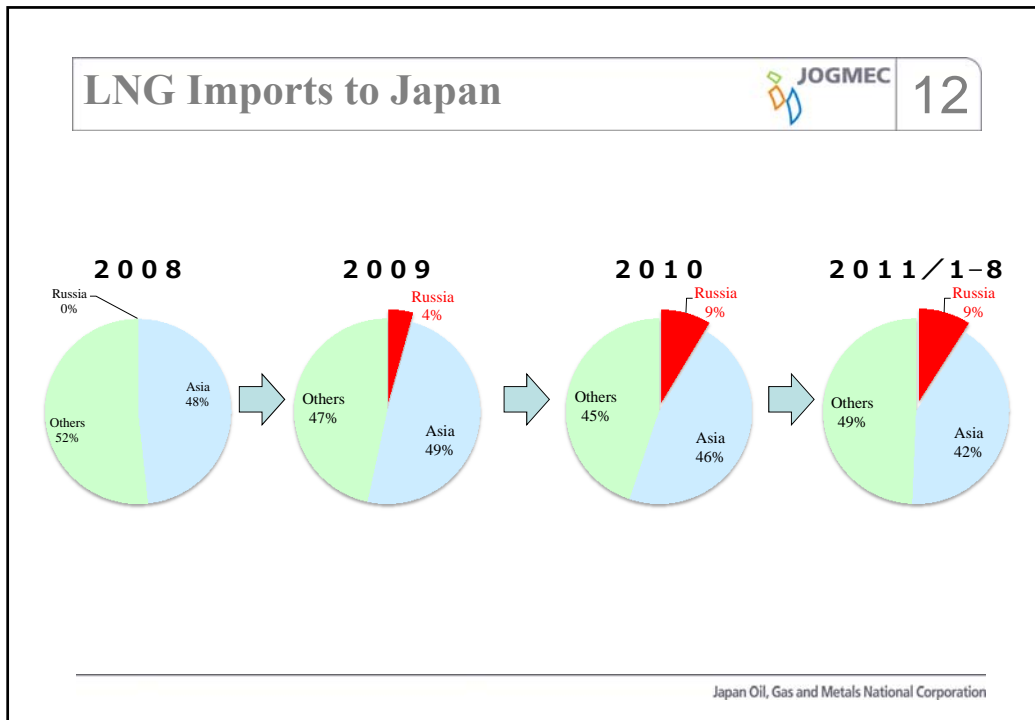
Japan’s LNG Imports in 2010

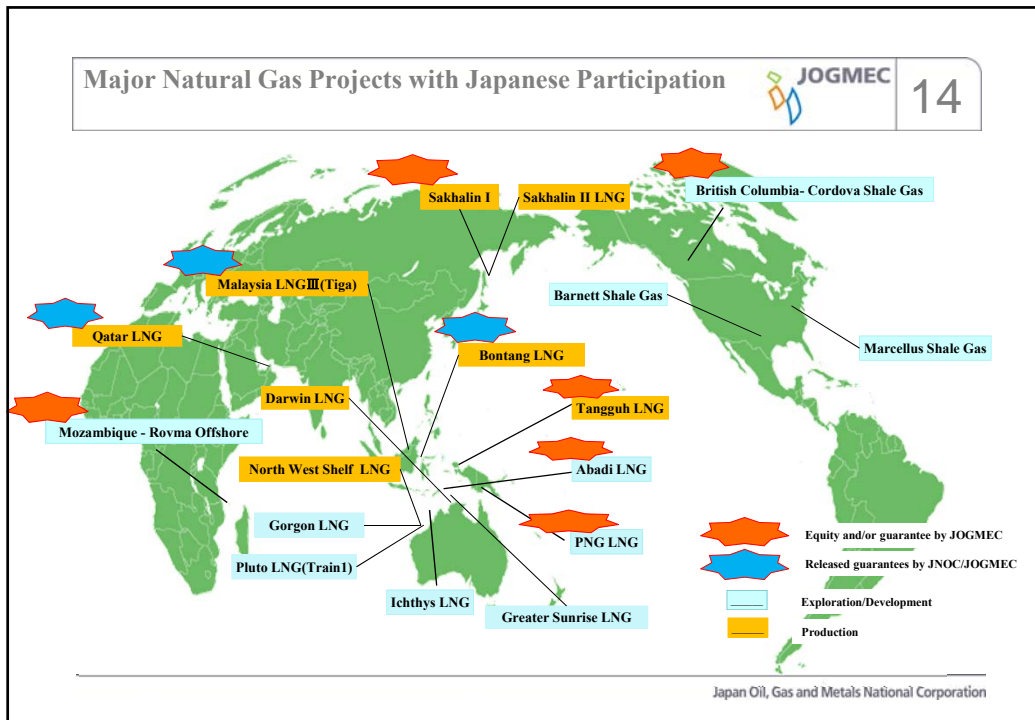


Japan's LNG Import, 2010



Japan Oil, Gas and Metals National Corporation



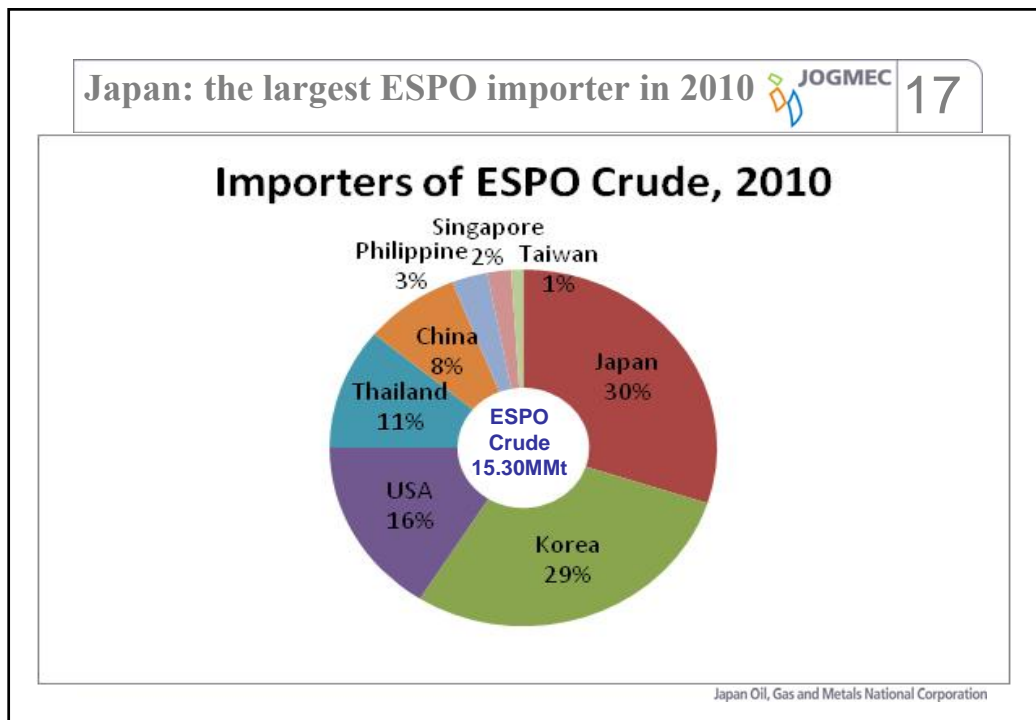
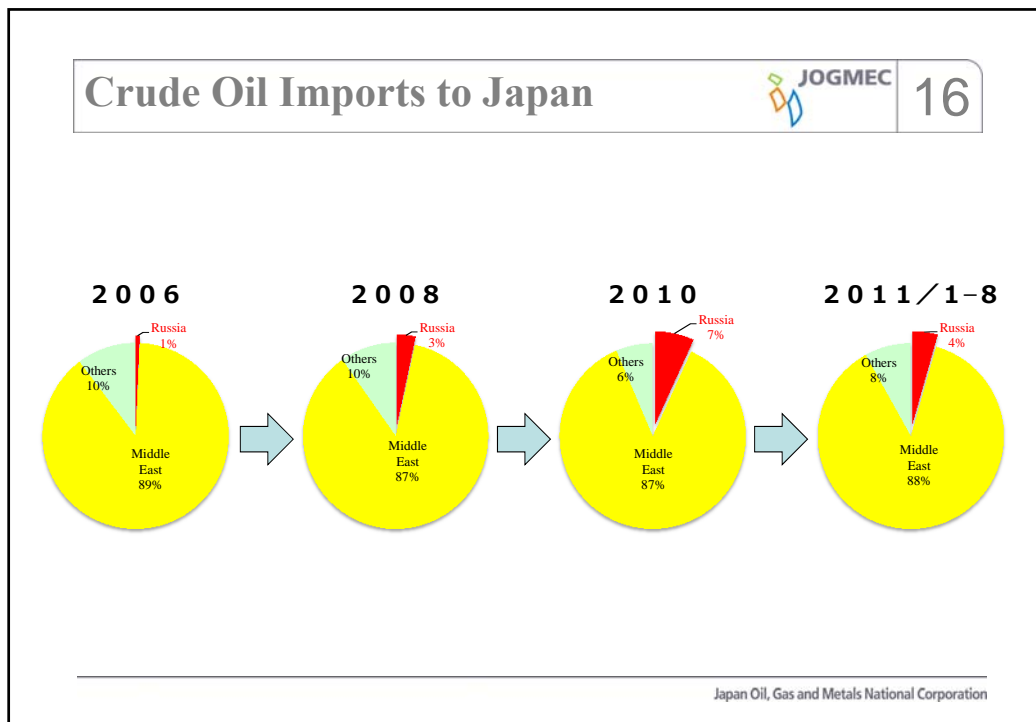


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4. Crude oil

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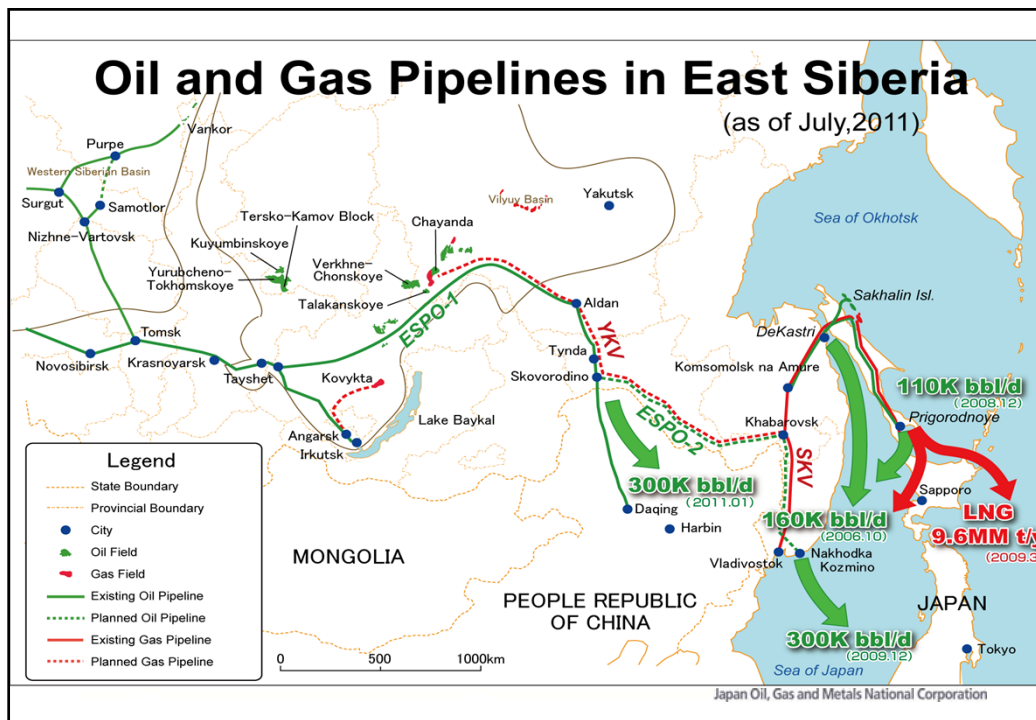
Why is Russian crude welcomed?

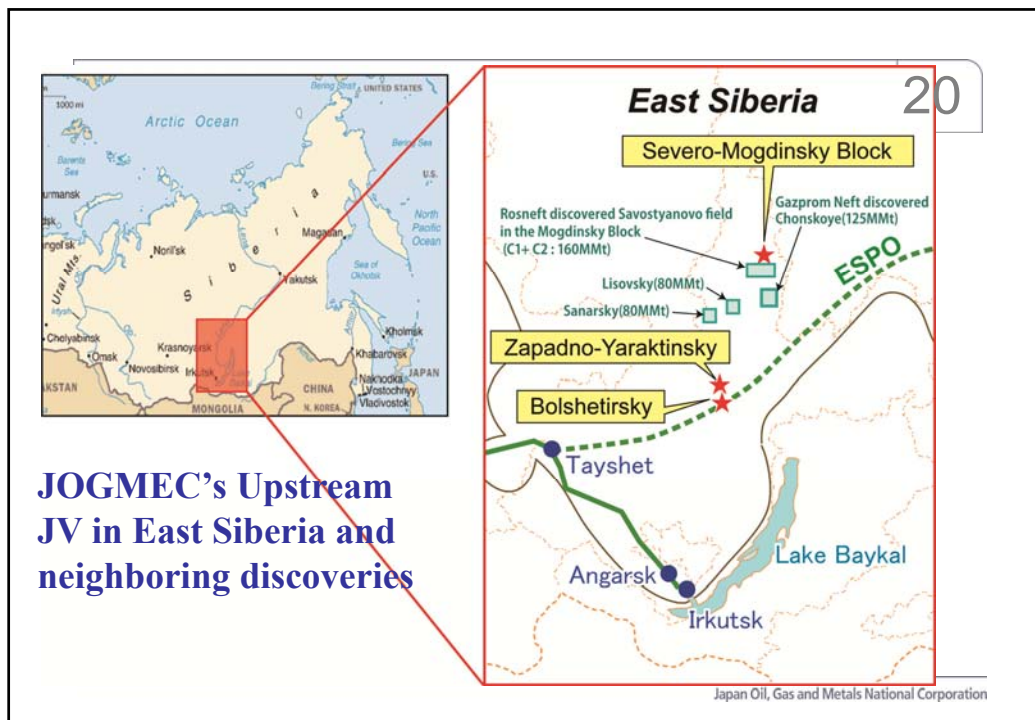



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- **Security:**
 - No concerns over energy security through Sea of Japan
 - No choke points like Hormuz or Malacca Straits
- **Flexibility:**
 - No destination clause, resale allowed
 - Delivery to Japan takes only 3 to 5 days
 - Delivery from Middle East takes 20 days
 - Easier to adjust to short-term fluctuations in demand for crude oil due to weather etc.
- **Economics:**
 - Low-sulfur and high-quality crude, but higher price
 - Proximity and flexibility of the energy source outweigh its comparatively higher price.

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Japan's JV in East Siberia  21

- **JV “INK-Sever”** : “Severo-Mogdinsky” block
- **Shares** : Irkutsk Oil Company (51%), JOGMEC (49%)
 - Location : 1,000km north of Irkutsk
- **SM301**: discovered oil
- **SM302**: flowed 1,585bbl/d (214t/d)
- **Estimated Reserves**: 110 MMbbl (14.8MMt)
- **JV “INK-Zapad”**: “Zapadno Yaraktinsky & Bolshetirsky” blocks
 - Location: close to ESPO
- **ZY311** well in Zapadno Yaraktinsky block flowed 117Km³/d gas and 243bbl/d cond.
- **BT11** well in Bolshetirsky block discovered oil and gas

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Why is Russian energy important?



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- Japan needs a new source of crude oil which will diversify its energy sources and avoid too much reliance on the Middle East.
- New crude oil entering the Asian market will increase competition and weaken the price of crude oil imports from the Middle East.
- Russia is the most appropriate energy supplier for Japan due to its proximity, safety and flexibility and will create a stronger position for Japan against traditional ME supplying crude oil under long-term contracts and the destination clause.
- As for LNG, Russia remains a minor supplier, however in the mid and longer term Sakhalin and the Far East will become important in terms of future LNG supply as a nearby source.



Thank you !

Спасибо !

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