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**News Release**

## **EPC Contract for Oil Sands SAGD Facilities in Canada**

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Toyo Engineering Corporation

Toyo Engineering (TOYO, President and CEO Katsumoto Ishibashi), through its Canadian subsidiary Toyo Engineering Canada Ltd., has signed a contract to provide Engineering, Procurement and Construction (EPC) service to Japan Canada Oil Sands Limited (JACOS), a subsidiary of Japan Petroleum Exploration Co., Ltd. (JAPEX), for their Oil Sands Bitumen Production SAGD\* Central Processing Facilities and Utilities & Infrastructure at Hangingstone area (50 km south west from Fort McMurray) in Alberta, Canada. The completion of the facility is targeted 2.5 year after the contract.

JACOS is currently producing 6,000-7,000 BPSD bitumen at Hangingstone area. This is their first time to construct and operate full commercial scale SAGD facilities, and the investment will be jointly made with Nexen Energy ULC, a wholly-owned subsidiary of CNOOC Limited, having 25% stake in this project.

Bitumen production from *in situ* (bitumen is separated from the sand in situ ("in place") = underground) projects is surpassing the production from mining projects. Most of future oil sands development projects are planned to apply in situ, with majority of SAGD technology, and the EPC market for these facilities expected to have a long term growth.

TOYO, with its Canadian operations, taking this is planning to expand and enhance its business and presence in Alberta oil and gas sector undertaking oil sands life cycle management business starting from initial planning stage up to construction / commissioning /operation stage, as well as developing and engaging in related new technologies such as for water de-oiling, water treatment and partial upgrading.

\*SAGD: Steam Assisted Gravity Drainage, Steam is injected into the oil sands zone. The steam heats the bitumen, lowers its viscosity, and increases its mobility in the reservoir so it can be brought to the surface through wells using reservoir pressure.

### **Contract Summary**

- Client: Japan Canada Oil Sands Limited (JACOS)  
(A subsidiary of Japan Petroleum Exploration Co., Ltd.)
- Contractor: Toyo Engineering Canada Ltd.  
(100% owned Canadian subsidiary of Toyo Engineering Corporation, Japan)
- Site: Hangingstone area, Alberta, Canada



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- Facilities: Bitumen Production by SAGD Technology / Central Processing Facilities and Utilities & Infrastructure (Initial 20,000 bpsd production capacity expandable to 30,000 bpsd in the future / consisting of Steam Generator, water de-oiling, water treatment, product storage facilities)
- Scope: Detailed Engineering, Procurement and Construction
- Work Period: Targeting 2.5 years after the contract
- Contract amount: C\$ 800 Million approx.

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