



September 28, 2016  
Kureha Corporation  
JGC Corporation

## **Kureha and JGC Form Joint Venture for PGA Downhole Tools in Oil and Gas Field**

Kureha Corporation (“Kureha”) and JGC Corporation (“JGC”) today announced that they have agreed to jointly establish a company to market and sell polyglycolic acid (“PGA”) downhole tools used in oil and gas fields (both conventional and unconventional fields) in the Americas.

Kureha is the world’s first industrial scale producer of PGA, a polymer characterized by both high mechanical strength and hydrolytic degradability. Kureha has expanded the sale of PGA downhole tools by partnering with Magnum Oil Tools International, Ltd. (“Magnum”), to whom Kureha granted an exclusive sales right in North America in 2014. In April 2016, the sales contract with Magnum was revised with non-exclusivity terms, so that Kureha can directly access to the market, and speedily develop and deliver differentiated products to meet customers’ needs.

PGA downhole tools offer significant cost-saving benefits to oil and gas field operators and service companies. Kureha has been successfully developing its original products to respond to customer needs and expand the market.

Moreover, the number of drilling units (rigs) has turned to increase this June after almost a two-year long decrease, and demand for cost-saving PGA downhole tools is expected to steadily grow.

In the mid-term management plan ‘Kureha’s Challenge 2018’ started this April, Kureha has set its goal to promote the PGA business to be the company’s profit pillar for the future.

Meanwhile, JGC has accumulated experiences as an oil and gas field operator. In addition to their vast knowledge about the oil and gas market, JGC also owns technological expertise in drilling and well completion, and can provide adept technical services in oil and gas fields.

The newly established venture will have experienced technological and marketing staff to directly access to end customers, expand the sale of Kureha’s original downhole tools, and aim to solidify their competitive advantage in the market.



Outline of the Kureha-JGC Joint Venture

Company name: Kureha Energy Solutions LLC  
Headquarters: Houston, Texas, U.S.A.  
Date founded: October 1, 2016  
Representative: Takahisa Ueyama (Deputy GM, PGA Division, Kureha Corporation)  
Capital: US\$10 million (70% Kureha America Inc., 30% JGC Corporation)  
Business purposes: Purchase and sale of oilfield downhole tools and related technical services

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