



Mr Chairman,

Ladies and Gentleman,

Firstly I would like to recognise the Nyoongar people on whose land we meet today and pay my respects to their elders past and present

I'm very pleased to be giving you an update on one of the world's most exciting and challenging developments – The thirty four billion dollar Ichthys LNG Project, actually two projects in one: an offshore mega project, and a huge onshore LNG plant in Darwin!

In the two years since the Project was given the green light, activities have been progressing extremely well.

Intense engineering, procurement, construction and fabrication efforts have been ongoing in Australia and in many other locations around the world.

We are nearing completion for detailed engineering and procurement is well advanced.

In 2014, INPEX teams comprising more than 1,500 people are mobilised on sites worldwide as we move into the peak construction phase.

And very soon, we will celebrate the Project's biggest milestone yet – 50 per cent completion.

So it really is full steam ahead.

But before I tell you about our great progress I'd like to give a little background on the Project in general.

The Ichthys reservoirs are situated in the Timor Sea around 200 kilometres off the WA coast and more than 800 kilometres southwest of Darwin.

Exploration wells resulted in the discovery of an extremely promising gas and condensate field with reserves estimates from two geological horizons of around twelve trillion cubic feet of gas and five hundred million barrels of condensate.

This makes it the largest discovery of hydrocarbon liquids in Australia in more than 40 years.



When operational, the Project is expected to produce 8.4 million tonnes of LNG and 1.6 million tonnes of LPG per annum, along with approximately 100,000 barrels of condensate per day at peak.

The Project includes some of the world's biggest and most advanced offshore facilities, massive onshore processing facilities near Darwin in the Northern Territory and an 889 kilometre gas export pipeline to unite them.

Each of these three components is itself a mega-project and work is progressing strongly for all, with production scheduled for the end of 2016.

To construct the facilities we have engaged with leading contractors in the oil and gas industry.

We have attracted the world's best, uniting them with the singular vision of bringing one of Australia's largest projects to life.

To fund the Project, we successfully raised US \$20 billion in what is the biggest project financing ever arranged in the international financial markets.

The Project is underpinned by sales and purchase agreements that cover the total production volume of 8.4 million tonnes a year of LNG for 15 years with shipments beginning in 2017.

The estimated size of the resource suggests that we will be able to supply customers with energy for more than 40 years. And that's exactly what we are designing all our facilities to do.

The original Ichthys Project joint venture comprised of INPEX and major partner TOTAL, has in the last two years welcomed the Australian subsidiaries of Tokyo Gas, Osaka Gas, Chubu Electric Power and Toho Gas to the fold.

Approximately 70 per cent of the contracted Ichthys LNG will go to Japanese utilities, some of which are now our new joint venture participants.

The remainder will go to Taiwan under the very first long-term LNG supply contract secured by an Australian project with CPC Corporation.

INPEX and a TOTAL affiliate will take a total of 1.8 million tonnes LNG per annum.



Some of the world's best known and most trusted contractors are engaged to deliver the Project.

They include onshore EPC contractor JKC – a joint venture between JGC, KBR and Chiyoda.

As well as Samsung, Daewoo, Saipem, GE Oil & Gas, McDermott, Heerema and Van Oord.

These are all world-leaders in their respective fields.

So now, let me tell you about their progress.

We'll start with the offshore mega-project.

The offshore masterpiece is the world's largest semi-submersible platform with topside dimensions of some 150m x 110m and a combined weight of more than 100,000 tonnes.

Over the 40-year initial design life of the project the unit will collect gas from a network of up to 50 subsea production wells drilled into reservoirs 4,000 to 4,500 metres beneath the seabed.

Gas will undergo initial processing on the CPF, which will be permanently moored at the Field, to extract condensate and water and remove impurities at the earliest opportunity to make the gas suitable for transmission through the gas export pipeline.

Most condensate will be transferred from the CPF to a nearby floating production, storage and offloading facility (FPSO) for offshore processing, with the remainder sent to Darwin with the gas via the 889 km gas export pipeline.

The huge FPSO – one of the largest and most sophisticated to be deployed worldwide – will be positioned about three kilometres from the CPF to treat and export the condensate.

Designed with a storage capacity of nearly 1.2 million barrels, the 336 metre-long FPSO will be a weather-vaning ship-shaped vessel that is permanently moored on a non-disconnectable turret.

The turret, currently being manufactured by SBM in Singapore, is one of the most complex pieces of equipment on the Project.



We shall see it shipped to Korea to join the rest of the FPSO facility in June.

Currently in dry docks, the hulls and topsides of the CPF and FPSO are taking shape in Korea, being constructed by Samsung Heavy Industries and Daewoo Shipbuilding and Marine Engineering respectively.

We have achieved some big milestones for these massive offshore facilities in the last few months.

Just a few days ago in Korea, the team and I celebrated the first hull block placement in the floating dock for the CPF.

And in February, as a symbol of good fortune, I placed a gold coin under the first block of the FPSO keel during a ceremony in the DSME shipyard.

But... all this is only the tip of the iceberg.

There will be so much activity for the offshore project in 2014. 30,000 tonnes of equipment and 400 kilometres of flexible and rigid lines will be installed on the seabed to gather and distribute the process fluids to the wells and the production liquids from them.

Subsea structure fabrication, and rigid pipeline assembly is well advanced in McDermott's and Heerema's yards in Batam.

The flexible risers production is also in progress at various premises in Europe.

But the subsea superstar is undoubtedly the 110 metre high, 7000 tonne Riser Support Structure, which will be ready for installation in September.

This coincides with Heerema's brand new Deepwater Construction Vessel Aegir arriving on site at the Ichthys Field to begin the subsea installation works.

And as I speak with you right now, our production drilling rig Ensco 5006 is nearing its destination of Singapore after a long tow from Cyprus.

The rig will arrive in the next two weeks and then undergo extensive upgrades for 175 days, before being towed to the Ichthys Field to commence drilling the first production wells in October.

Of course, there will be a focus on the progression of CPF and FPSO fabrication, for which we have many more milestones this year.



By the fourth quarter this year, the first topsides will be lifted on to the two hulls, paving the way for modules integration, and then atshore commissioning.

By September, the 25000 tons of mooring chains will be completed in Spain's Vicinay plant.

And not too far from there, in Italy, the main rotating equipment for both the CPF and FPSO is also under final testing.

But let's not forget the huge amount of work that's going on in Darwin and in our global fabrication yards for the onshore mega-project.

Construction at the roughly 360 hectare Bladin Point site in Darwin continues on schedule with civil works at an advanced stage.

To date, we have moved 1.9 million cubic metres of soil.

Major work is also underway on key infrastructure, including the product loading jetties, module offloading facility and the LNG, LPG and condensate storage tanks.

Also, works are underway for the Combined Cycle Power Plant, which will have an average power production of around 260 megawatts.

This is significant as it's the first time a Combined Cycle Power Plant has been used in LNG application.

Mid-year we will see the arrival of the first of more than 200 modules needed to build the onshore facilities, including the two APCI-process LNG trains, each with a nameplate capacity to produce 4.2 million tonnes of LNG and 0.8 million tonnes of LPGs each year.

Last month, we saw the arrival of our module offloading facility transition pontoon in Darwin Harbour.

At 140 m long, 40 m wide and 12 m high it is also a very large piece of equipment.

This will help transfer the huge modules from the transport vessels to site and is specially designed to cope with fast and high tides like we see in Darwin.

With the Civil works progressing, the MOF approaching completion in June, and the pontoon in place, the gateway is open for the modules to arrive.



And speaking of opening gates...

Part of the onshore project is a temporary accommodation village to house the construction phase workforce.

In September 2013, we celebrated the opening of the first stage of Manigurr-ma Village.

The fourth and final stage is due for hand over to the operator next month.

This means that at the peak of construction activity, from now until 2015, up to 3,500 people working on the Project will not be competing for housing or accommodation in Darwin.

Also part of the onshore package, about 14 million cubic metres of material is being removed from the Harbour and transported to an approved soil disposal ground.

This ensures the safe passage of LNG carriers in and out of the Harbour.

Following the successful completion of the first phase of the dredging program in 2013, the second and final phase is scheduled for completion by the end of July.

And as I briefly mentioned earlier, to link the offshore and onshore projects we have the longest subsea gas export pipeline in the southern hemisphere.

All 889 kilometres of the 42 inch diameter pipeline has been produced and coated.

Pipeline construction will start Mid-year.

The pipelay vessel Semac-1 will install around 120 kilometres of the pipeline through Darwin Harbour and beyond, before transferring it to the deep water lay barge.

For this we are using Saipem's newly commissioned pipe laying vessel Castarone, which will begin work in September.

The pipeline will then be laid all the way to the Ichthys Field.

So as you can see, progress has been great.

But this does not mean that our fundamental and absolute commitment to Health, Safety and the Environment, or HSE for short, has wavered.



We have set a goal of zero harm to the workforce and to the environment.

HSE is the first priority for the Project and this is embedded in everything from engineering to design, and from construction to operational readiness.

The Ichthys Project has organised a charter among major contractors, both onshore and offshore, that recognises INPEX's value of Anzen Dai Ichi...

Which in English, translates to Safety Number One.

Everyone deserves to go home unharmed and to a community and environment that is unharmed.

Our commitment to achieving zero harm is being cascaded throughout all Ichthys Project contracts.

Leaders from INPEX and its contracting companies meet every year at the Ichthys Project CEO and Contractor HSE Forums to identify and implement ways to improve HSE performance.

And also to make sure every leader involved in the Project understands what needs to be done to deliver a safe workplace culture.

From the CEOs to the workers at site, the commitment to HSE is very evident.

A stand out example is our offshore fabrication yards, which to date have recorded more than 18 million man-hours without a lost time injury.

A great result, but we must stay vigilant.

Of course, just as important as safety is the environment.

An example of the Project's excellent track record in this area is our comprehensive, scientific environmental program in Darwin Harbour and its surrounds.

The program keeps a close watch to ensure the monitoring and recording of any environmental changes from dredging and marine construction activities.



With an expected operational life of at least 40 years, Ichthys will offer opportunities to communities, economies, businesses, energy markets and its workforce.

For Australian businesses, these opportunities are extended through the Project's comprehensive Industry Participation Plan – a commitment to full, fair and reasonable access for Australian industry to take part.

To date, more than five billion Australian dollars in Project commitment is forecast to be invested in the Northern Territory by the Project during construction, and AU \$3.5 billion here in Western Australia.

So far, more than 250 subcontracts have been awarded by lead onshore contractor JKC and its Tier 1 contractors to NT-based companies.

There have also been a further 38 awards through Van Oord for dredging-related works.

The Industry Participation Plan also encourages Aboriginal and Torres Strait Islander business participation in the Project.

And 30 ATSI businesses have been awarded a total of 64 Ichthys Project subcontracts.

But as well as promoting Australian industry participation, the Project is committed to maximising locally based employment where reasonably achievable.

Since the start of construction, more than 4600 people have been employed directly through our onshore contractor JKC. Of these, around three thousand one hundred -- or sixty seven per cent -- live locally in the Darwin area.

We want these good rates to continue.

Not just for the construction phase but for operations too.

The Ichthys LNG Project is fast approaching its scheduled production commencement target of late 2016.

With little more than two years to go, our Operations team is working hard to prepare.

Around 300 people make up the current team, with many embedded at global Project locations already.



Of course it is imperative that we conduct our business safely.

It is equally important that the product delivered to our operations staff is of excellent quality, for our facilities will be operational for at least forty years

We must get it right the first time and ensure equipment and systems work successfully from the get go.

Everyone involved in the Project is accountable for this.

Today, I have had the pleasure of sharing some of the significant milestones that we on the Ichthys Project have achieved to date and informing you of the exciting and fast-paced activities we have underway in locations all over the world in 2014. It is such an exciting adventure.

Thank you.