



**APPEA 2015 CONFERENCE & EXHIBITION
SPEECH: Mr Seiya Ito, INPEX President Director Australia**

20 May 2015

Ichthys LNG Project update

Good afternoon ladies and gentlemen.

First, I wish to acknowledge the Traditional Owners of the land on which we meet — the Kulin Nations. I pay my respects to their Elders past and present.

It is a pleasure to be here in Melbourne representing INPEX as operator of the Ichthys LNG Project, and our joint venture participants including our major partner Total, as well as CPC Taiwan, Tokyo Gas, Osaka Gas, Kansai Electric Power, Chubu Electric Power and Toho Gas.

Today, I will be providing you with a brief update on the Ichthys Project.

Ichthys is special.

It is one of the few mega projects to incorporate virtually all elements of the production chain. In the case of Ichthys this means extensive subsea infrastructure, massive offshore facilities including an FPSO and the world's largest semisubmersible platform, the longest subsea pipeline in the Southern Hemisphere and state-of-the-art onshore processing facilities in Darwin.

In constructing the Ichthys Project, we'll contribute more than AU\$13 billion to the Australian economy — AU\$8.2 billion in the Northern Territory alone. But that's just the start.

The operational life of the Project is expected to be 40 years or more. This means that we're creating opportunities not just for our generation but for our kids and our grandkids, too.

But let's not get ahead of ourselves. Right now — in the middle of the construction phase — we have more than 30,000 people all over the world working on Ichthys. It's a truly global Project being run from our Project Directorate in Perth.

You may be surprised to learn that Perth is now our largest office globally — even bigger than our Tokyo headquarters.

And our progress, on all fronts, is very good, although there are always challenges when you are dealing with a project as complex and enormous as Ichthys.

Our main challenge is ensuring that everyone who works on the Project goes home safely every day. Our HSE performance on the Project has been good to date, but it can always be better. Safety requires constant vigilance and we must always strive to improve. For me safety isn't just a corporate slogan, it's something very personal.

Not long after last year's APPEA conference, we celebrated 50 per cent construction completion overall — onshore and offshore. Today we are about 70 percent complete.

For those of you who may not be so familiar with the Project, the Ichthys Field is located in the Browse Basin about 220 kilometres off the Kimberley coast of Western Australia.

In November last year we officially launched our subsea installation campaign. This began with the safe and successful installation of our 6500 tonne riser support structure tower in the Field. Since then, we have been working to install a network of subsea infrastructure and equipment. All in all we will install around 30,000 tonnes of equipment on the sea bed across the Field in water depths of around 250 metres.

In February this year, we commenced our development drilling campaign which will see 20 wells drilled over a 40 month period. To do this, we are using not one, but two drilling rigs — the ENSCO 5006 and the Jack Bates.

In South Korea, we're constructing two huge offshore facilities: a central processing facility and a floating production, storage and offloading facility at the Samsung Heavy Industries and DSME yards respectively.

They are some of the biggest and most advanced of their kind in the world.

I was in Korea only a few weeks ago to attend the ceremonies to celebrate the first topside modules being lifted onto both the CPF and FPSO. These lifts mean that after years of engineering, design, fabrication and testing, the hulls and topsides on both the CPF and FPSO are finally coming together as single, connected structures for the first time.

And once complete, they will be towed to the Field where they will remain moored permanently for the life of Operations — 40 years — without docking.

We also completed the shallow water portion of our gas export pipeline pipelay having installed 164 kilometres of 42-inch pipe starting from Darwin.

Deepwater pipelay started in February and we are now laying the remainder of the 889 kilometres of pipe out to the Field. We expect to complete pipe lay by the end of the year.

Onshore, a lot has changed in the three years since we broke ground at Bladin Point in Darwin. The landscape has transformed and an LNG plant is rapidly emerging before our eyes.

Dozens of huge pre-fabricated modules weighing thousands of tonnes have been arriving since June last year — around 70 to date. In all we will receive more than 200 modules in Darwin, some weighing as much as 6,500 tonnes.

Civil works have completed, and we're shifting focus to the mechanical and electrical phase. The first of two LNG trains central piperack is largely in place

In December we successfully lifted the roof of the first LNG tank and last month we lifted the second. The two condensate tanks and two LPG tanks are also taking shape.

Construction of the product loading jetty has finished.

In Darwin Harbour we've completed our dredging program, having created a safe shipping channel and berthing area for our product carriers ... and we did it with no measurable environmental impacts to the harbour and virtually no complaints from the community.

We've also been busy getting ready for the operations phase and have been assembling a team of top performers. At the end of last year we started mobilising our Onshore Operations team to Darwin. Our Offshore Operations team is also busy preparing for operations. There's a lot to do before we start-up, but we're up to the challenge.

For me — and I hope you — this presentation shows the pace of progress on this Project.

We've made a lot of progress since APPEA in Perth last year.

This progress is thanks to the contribution of our people.

At INPEX, we like to say that we are creating history with the Ichthys Project.

But we also know that our achievements cannot come at the expense of safety.

"Anzen Dai Ichi" is our core value.

In Japanese, this translates to "Safety Number One."

But in Australia, I say instead "We've got each other's backs, mate!"

Thank you.