

DARWIN HARBOUR AND BLAYDIN POINT NEARSHORE DRILLING ACTIVITY

INPEX is undertaking nearshore drilling activities in the waters around Blaydin Point and in several other locations in Darwin Harbour from late August or early September to November 2008.

This drilling project is part of the prefeasibility study process being carried out for the company's Ichthys Gas Field Development Project and we are committed to keeping the Darwin community and other users of the area informed about our activities in the waters of the harbour.

1. WHAT IS INPEX AND WHAT DO THEY DO?

INPEX Corporation, a Japanese company, has been engaged in oil and gas exploration and development for more than four decades in many countries around the world. It is currently involved in a number of projects in Australia and in the Joint Petroleum Development Area in the Timor Sea, including the Griffin Project in the Carnarvon Basin and the Bayu-Undan Project off East Timor.

Total, INPEX's joint venture participant in the project, is a French company and one of the world's largest oil and gas companies. Together, both companies have substantial experience in operating and developing oil and gas fields.

2. WHY IS INPEX UNDERTAKING THESE DRILLING ACTIVITIES?

INPEX is proposing to develop the world-class Ichthys gas and condensate reserve located in the Browse Basin, 200km off the north-west coast of Western Australia. INPEX (76% and Operator) and Total (24%) are jointly developing the project.

The purpose of the drilling project in Darwin Harbour is to investigate geological and foundation conditions for the proposed jetties, the offshore gas import pipeline route and the dredging areas required for a shipping channel, turning basins and berthing pockets.

This work follows on from INPEX's successful onshore drilling campaign at Blaydin Point, which was completed on 20 June this year.

3. DOES THIS MEAN INPEX HAS MADE A DECISION ON LOCATING AN LNG FACILITY IN DARWIN?

No. INPEX is evaluating all viable options for an onshore LNG plant location. Darwin is one of the options, along with the Maret Islands in Western Australia and the multi user LNG "hub" that may be proposed by the Western Australian government by the end of the third quarter this year.

4. WHAT WILL THE DRILLING PROJECT INVOLVE?

A jack-up barge (pictured below) will drill 26 holes – about 21 in the proposed jetty areas and the proposed dredging areas and about 5 along the proposed gas import pipeline route. The boreholes will be up to 40m in depth (below the seabed) and 120mm in diameter and will provide core samples which will be subjected to technical analysis at a later stage.

A jack-up barge will be used to conduct the investigations

5. WHERE EXACTLY WILL THE WORK BE UNDERTAKEN?

INPEX will be undertaking nearshore drilling activities in the three areas identified in the image below.

6. WILL THE WORK BE SAFE?

Yes, INPEX has significant experience in carrying out this sort of exploration drilling program in many locations around the world. The program will be compliant with Darwin Port Corporation safety regulations and in the interest of public safety, safety zones will be established around the jack-up barge to ensure that no one enters the drilling activity area.

Harbour users are encouraged to observe this temporary measure.

7. WILL THE PROPOSED WORK INTERFERE WITH EXISTING SHIPPING AND OTHER BUSINESS IN THE HARBOUR?

Consultation with stakeholders commenced in June 2008. INPEX will continue to work very closely with all interested parties and during the fieldwork program will report the position of the jack-up barge to the Harbourmaster on a daily basis.

A hazard identification (HAZID) workshop scheduled for 20 August 2008 will identify potential hazards and any environmental considerations and enable the completion of appropriate management plans to ensure that this low-level program is implemented safely and in an environmentally responsible manner. INPEX will work with the Darwin Port Corporation to ensure that the appropriate parties are notified and invited to attend the workshop.

INPEX received a significant environmental award for similar work undertaken in the Kimberley in 2007, setting a benchmark in responsible environmental management.

8. HOW MANY VESSELS WILL BE INVOLVED?

In addition to the jack-up barge there will be up to two service vessels and a fast rescue craft which will be permanently deployed as a "man-overboard" vessel and to provide crew transport.

A towing vessel will be used to move the barge from one location to the next.

9. WILL THE VESSELS OPERATE OUT OF STOKES HILL WHARF?

This has yet to be determined, but it is likely that Darwin Harbour has the facilities required to support the program.

10. HOW DEEP WILL EACH HOLE BE?

Up to a maximum of 40m below the seabed.

11. HOW LONG WILL IT TAKE TO DRILL EACH HOLE?

One to four days per hole depending on the seabed conditions encountered.

12. WHAT WILL THE HOURS OF OPERATION BE AND HOW LONG WILL IT TAKE?

Activity will start in late August or early September and finish in November, depending on the conditions encountered. The program will run during daylight hours only, but the rig will remain in position overnight with the required navigation warning lights deployed.

13. HOW MANY PEOPLE WILL BE WORKING ON THE PROJECT AND WHERE ARE THEY STAYING?

Up to 11 people will be involved, with six on the jack-up barge, two on each of the tow vessels and one operating the fast rescue craft. They will all be staying in Darwin.

14. WILL OTHER USERS OF THE ACTIVITY AREA BE AFFECTED OR IN DANGER IF THEY ENTER THE PERMIT AREA?

We are working with the local community and the appropriate authorities to make sure people are aware of the activities taking place and the locations in which they will occur. A safety zone will be established around the jack-up barge to ensure that no one is exposed to any risks – the safety of the harbour's boating community is our highest priority. For safety reasons it is important that vessels do not enter this zone.

15. WHAT WILL BE THE EFFECT ON RECREATIONAL FISHING OR CHARTER OPERATORS FOR EXAMPLE?

Recreational fishing and local charters will not be affected. However all vessels should be aware of the safety zones established around the jack-up barge. For safety reasons it is important that no vessels enter this zone.

16. WHAT WILL BE THE NORTHERN TERRITORY LOCAL BUSINESS PARTICIPATION?

The geotechnical contractors have a Darwin office, and the vessels supporting the jack-up rig will be hired and manned locally. Other support for the program, such as fuel etc., will be sourced locally. Specialist equipment and services may have to be brought in from interstate.

17. WILL THERE BE SAFETY ZONES AROUND THE BARGE?

Yes, there will be a safety zone established around the jack-up barge to ensure that no one enters the drilling activity area. Harbour users are encouraged to observe this temporary measure to ensure their safety.

18. WILL BOATS BE ABLE TO SEE THE BARGE AT NIGHT?

Yes, the barge will be illuminated so that boats in the harbour can safely and easily navigate around it.

19. WILL THE DRILLING AFFECT LOCAL MARINE LIFE?

INPEX has completed detailed mapping of the harbour seabed to identify potentially environmentally sensitive sites. Borehole locations have been chosen to avoid any sensitive sites.

To minimise the possibility of the barge introducing marine pest species into the harbour, it will be cleaned before it arrives on site.

An Environmental and Quarantine Management Plan will be implemented. The specific details of this plan will be finalised at the HAZID workshop which will be attended by representatives of the Darwin Port Corporation and other government agencies.

20. WILL THE DRILLING AFFECT MANGROVES?

Mangrove vegetation will not be impacted by the drilling program.

21. WHAT ABOUT WRECKS OF HERITAGE SIGNIFICANCE IN THE AREA?

Detailed mapping of the harbour seabed has identified wrecks and other potentially sensitive sites. An Environmental Management Plan has been developed for all nearshore drilling activities, and borehole locations have been specifically chosen to avoid the wrecks.

22. WILL THE DRILLING CAUSE ANY DISCHARGES INTO DARWIN HARBOUR?

To conduct the drilling program, drilling "mud" will be used to lubricate the drill bit, lift drill cuttings (ground up rock and sediment) from the borehole, and prevent the boreholes from collapsing. The drilling "mud" is not actually mud but is composed of water mixed with bentonite, a naturally occurring non-toxic clay.

23. WILL THE DRILLING CREATE PLUMES OF SEDIMENT IN THE WATER?

A combination of drill mud and cuttings (ground up rock and sediment) will be discharged to the seabed at each borehole location. This discharge may cause a small visible plume on the surface for a short period of time before it is rapidly dispersed by the harbour's strong currents.

24. WHAT IS THE LIKELIHOOD OF A FUEL SPILLAGE?

The jack-up barge holds less diesel than a normal harbour launch. To cover the unlikely event of a spill incident, a procedure for dealing with hydrocarbon spills will be developed and included in the Emergency Response Procedure.

25. WHO IS THE DRILLING CONTRACTOR?

The joint contractor will be Coffey Geotechnics and Hagstrom Drilling. Both companies have been involved in geotechnical investigations in many ports and harbours around the country.

26. WHERE CAN WE OBTAIN MORE INFORMATION?

We have set up a dedicated 1800 217 828 line to respond to any enquiries you may have about the nearshore drilling campaign. There will be someone available to take your call between the hours of 8am and 5pm (CST) from Monday to Friday.

Alternatively, you can visit the following web sites and follow the links to the pages that contain all the necessary information:

www.inpex.com.au

www.afant.com.au

www.darwinport.nt.gov.au

For more information please call **1800 217 828**

Or contact Jane Munday, at Michels Warren Munday
(08) 8981 6445

INPEX **9223 8433**

Darwin Harbourmaster's Office **8947 7200**

Darwin Harbour Control Tower **8947 7214** (24 hours a day)

VHF **channel 10** (24 hours a day)