

- Jan Extended the concession agreement for the Upper Zakum Oil Field, offshore Abu Dhabi
- Jan Commenced additional oil production from ACG oil fields in the Caspian Sea, Azerbaijan (Chirag Oil Project)
- Mar Decided to construct a second INPEX Group large-scale photovoltaic power generation system in Joetsu City, Niigata Prefecture
- Mar Selected as the Nadeshiko Brand 2013 by the Tokyo Stock Exchange as an outstanding enterprise in terms of encouraging the empowerment of women in the workplace
- Apr Commenced production at the South Belut Gas Field in the South Natuna Sea Block B in Indonesia



Production facilities at the Upper Zakum Oil Field

- Apr Established the INPEX Values
- May Acquired 40% participating interest in Block WA-502-P offshore Western Australia
- May Signed Heads of Agreement on LNG sales with Tokyo Electric Power Company, Inc., and Shizuoka Gas Company, Ltd., for the Prelude FLNG Project in Australia
- May Concluded a contract with JOGMEC concerning the Commissioned Work Support Work Related to Studies on the Basic Policy and Plan for Medium- and Long-Term Offshore Methane Hydrate Production Tests
- Jun Opened Oslo office in Norway



Production platform for the Chirag Oil Project in the ACG oil fields concession in the Caspian Sea

INPEX awarded extension on Upper Zakum Oil Field concession offshore Abu Dhabi

In January 2014, the Abu Dhabi government granted INPEX an extension of over 15 years to the Abu Dhabi Upper Zakum Oil Field concession where it was participating in development and production through its subsidiary Japan Oil Development Co., Ltd. (JODCO). The decision was made to extend the concession until December 2041, and the project's fiscal terms and conditions were revised.

JODCO started development of the Upper Zakum Oil Field with ADNOC in 1978, and production started in 1982. ExxonMobil joined the partnership in March 2006 through a partial transfer of ADNOC's interest, and the field's development and production continued. This field had become a key oil field in Abu Dhabi, and the parties were working at the time to increase production capacity to 750,000 barrels per day.

In November 2017, the parties agreed on a plan to further lift production capacity in the oil field to 1 million barrels per day by 2024. At this point the concession agreement was extended yet again by ten years, to December 2051.

The Upper Zakum Oil Field is the upper part of the Zakum Oil Field, which is one of the largest oil fields in the world. Because this is the most recent of Abu Dhabi's large oil

fields to start production, it has lots of room for expanding production capacity in the future. Therefore, securing the long-term concession was a significant achievement for INPEX.

INPEX joins Japanese government-sanctioned methane hydrate survey

In May 2014, INPEX, together with Japan Petroleum Exploration Co., Ltd. (JAPEX) and Japan Drilling Co., Ltd. (JDC), undertook a commission for Support Work Related to Studies on the Basic Policy and Plan for the Medium and Long-Term Offshore Production Test of Methane Hydrate. This was a program being implemented by JOGMEC to promote development of methane hydrate in Japan. INPEX committed to use the technologies, experience and know-how, developed through its engagement for oil and natural gas exploration and development activities for the research and development of methane hydrate resources in Japan.

Substantial quantity of methane hydrate has been expected in the offshore areas around Japan to become a new domestic energy source to contribute to a stable national energy supply for Japan by establishing robust production technology for its commercialization. In 2013, the first offshore production test was carried out to produce gas from a sand-layer methane

- Jun Acquired 40% participating interest in Block WA-504-P offshore Western Australia
- Jun Commenced Ichthys LNG Project gas export pipeline installation work
- Jul Unloaded first modules for construction of Ichthys LNG Project onshore gas liquefaction plant
- Jul Acquired additional interest in the Lucius Deepwater US Gulf of Mexico
- Aug Agreed partial transfer of equity interest in the Ichthys LNG Project with the Kansai Electric Power Co., Inc.
- Aug Confirmed gas and condensate in the Sao Vang structure of Blocks 05-1b and 05-1c offshore southern Vietnam
- Aug Discovered gas and condensate in Block WA-274-P, offshore Western Australia

- Sep Agreed to partial transfer of equity interest in the Deepwater Block S located offshore State of Sabah, Malaysia
- Sep Started upgrading facilities at Koshijihara Plant, Minami-Nagaoka gas field
- Oct Participated in Japan Methane Hydrate Operating Co., Ltd.
- Oct Discovered oil reservoirs in the block BM-ES-23 in Espirito Santo Basin, offshore Brazil
- Oct Commenced oil production from the Umm Lulu Oil Field offshore Abu Dhabi, UAE
- Oct Established sections responsible for process safety management and security and crisis management in the USE UNIT

- Jan Discovered additional oil reservoirs in the BM-ES-23 in the Espirito Santo Basin, offshore Brazil
- Jan Established the Diversity & Inclusion Group in the Human Resources Unit, General Administration Division
- Jan Commenced crude oil production from the Lucius Oil Field in the US Gulf of Mexico
- Jan Agreed to partial transfer of participating interest in Deepwater Block R offshore Sabah State, Malaysia to Santos
- Jan Commenced oil production from the Nasr Oil Field offshore Abu Dhabi, UAE
- Feb Commenced drilling production wells for Ichthys LNG Project
- Feb Agreed to sell all participating interest in Block SL20183 in Louisiana State, USA

- Feb Acquired 100% interest in the EPNT14-1 onshore exploration acreage in Northern Territory, Australia
- Feb Acquired 40% participating interest in Blocks WA-513-P and WA-514-P, offshore Western Australia
- Apr Acquired 5% participating interest in the ADCO onshore concession in Abu Dhabi, UAE
- May Commenced crude oil production from the Coniston Oil Field offshore Western Australia
- Jun Participated in the world's largest Sarulla Geothermal Independent Power Producer Project in Indonesia
- Jun Discovered new oil reservoir in Minami-Kuwayama Oil Field in Niigata Prefecture



Start of construction of gas trunk pipeline for Ichthys LNG Project



Drill stem tests at exploration concession in offshore southern Vietnam blocks



Production facilities at the Lucius Oil Field



Fujairah Terminal used to ship production (Murban oil) from ADCO Onshore Concession

hydrate typed formation under the seabed. This was the first successful test in the world and it led the plan of the medium- to long-term offshore production test in the government's Plan for the Development of Marine Energy and Mineral Resources announced in the end of 2013.

In October 2014, a new company Japan Methane Hydrate Operating Co., Ltd. (JMH) was established, and INPEX made a capital participation. JMH, which received capital participation by 11 companies engaged in oil and gas development and in engineering, joined medium- to long-term offshore production test for sand-layer type methane hydrate led by the government. JMH has the ability to operate efficiently and smoothly by its "all-Japan" organization but with the knowledge acquired through its activities being shared across the private sector.

INPEX discovers new gas and condensate reservoirs offshore southern Vietnam

In August 2014, the new accumulation of gas and condensate enough to consider commercialization was discovered in Exploration Blocks 05-1b and 05-1c participating through Teikoku

Oil (Con Son) Co., Ltd. on the southern coast of Vietnam.

The exploration blocks are located at 300 kilometers south-east from Ho Chi Minh City in Vietnam. Teikoku Oil (Con Son) Co., Ltd., Idemitsu Oil and Gas Co., Ltd. (as an Operator) and Nippon Oil Exploration Limited had concluded a production sharing contract with Vietnamese National Oil (Petro Vietnam) in 2004, acquired an investment license from the Vietnamese government and has proceeded with the exploration works.

In addition to the gas and condensate discovery by exploration wells drilled in 2011 and 2013, Joint Venture made a big step forward towards commercialization through the new gas and condensate discovery in a different structure.

Subsequently, after the detailed evaluation of reserves for these discoveries, Joint Venture made a declaration of commercial discovery in August 2016 and the development plan has been commenced.

Lucius Oil Field in US Gulf of Mexico commences oil production

In January 2015, oil production started at the Lucius Project located in US Gulf of Mexico. This project was INPEX's first ultra deepwater production project. The Lucius Oil Field is located approximately 378 kilometers offshore of Louisiana in about 2,160 meters of deepwater and is distributed in the Keathley Canyon 874, 875, 918 and 919 blocks.

INPEX acquired a 7.2% interest in this field, and entered this project, in August 2012 through its US subsidiary Teikoku Oil (North America) Co., Ltd. Anadarko Petroleum Corporation is the operator, and INPEX, with a participating interest currently of 7.75%, is participating in the development and production from this project as a partner with ExxonMobil, Petrobras and Eni.

Produced crude oil and natural gas from the Lucius project are processed at production facilities installed offshore (SPAR platform) with the capacity to produce about 80,000 barrels of oil per day and about 450 million cubic feet of gas per day. The processed oil and gas are sent to the onshore facilities

in Louisiana through the submarine pipelines and are sold and shipped.

Commercial production from this field was achieved in an extremely short period of time, in about five years from its discovery in December 2009. This project enabled INPEX to acquire ultra deepwater operational know-how such as the fast decision making and appropriate risk management by operator, and allowed INPEX to accumulate related technical knowledge.

INPEX awarded ADCO Onshore Concession in Abu Dhabi

In April 2015, INPEX acquired a 5% participating interest, through its subsidiary JODCO Onshore Ltd. (JOL), in the Abu Dhabi ADCO Onshore Concession. The concession is one of the world's largest groups of oil fields producing about 1.6 million barrels of oil per day. INPEX's acquisition is based on a 40-year agreement, starting in January 2015, with the Emirates government and ADNOC. With the concession holding sufficient expected reserves to enable 40 years of production, participation in this large project will contribute to continuing

- Jul Concluded a Heads of Agreement with Chubu Electric Power Co., Inc., for a joint power supply business
- Jul Concluded a contract with JOGMEC concerning the Commissioned Work Small-scale Demonstration of Ceramic Membrane-based Produced Water Treatment Technology
- Jul Commissioned by the Agency of Natural Resources and Energy of the Ministry of Economy, Trade and Industry of Japan to drill an offshore exploratory well in a location offshore of Shimane and Yamaguchi prefectures
- Jul Started power generation at the second construction of the INPEX photovoltaic power generation system Mega Solar Joetsu
- Sep Submitted the revised plan for development of Abadi LNG Project
- Sep Announced an updated production schedule and raised the expected production capacity of the Ichthys LNG Project

- Oct Opened Astana Office in Kazakhstan
- Oct Conducted a short-term flow test in Amemasudake Area, Hokkaido by geothermal power generation joint venture established with Idemitsu Kosan Co., Ltd.
- Nov Commenced crude oil production from Block 14 of Lianzi Field offshore Angola
- Nov Completed construction for 890 kilometers offshore pipeline for the Ichthys LNG Project
- Nov Established Corporate Governance Guidelines
- Dec Further discovery of new oil accumulations in the BM-ES-23 block in the Espirito Santo Basin, offshore Brazil

- Jan Agreed with nine city gas companies in the Tokyo metropolitan area on the supply of wholesale electricity
- Jan Concluded a Natural Gas Sales and Purchase Agreement with Nihonkai Gas Co., Ltd.
- Jan Agreed to sell all participating interest in Block WA-155-P (Part 1) offshore Western Australia to Carnarvon Petroleum Ltd.
- Mar Received authorization to establish the Geological Carbon Dioxide Storage Technology Research Association
- Apr Received notification from the Indonesian government demanding a review of the Abadi LNG Project development plan
- Apr Formulated the Corporate HSE Mid-Term Plan (Phase 3)
- Jun Commenced drilling operations on an exploratory well offshore from Shimane and Yamaguchi prefectures (Completed on Oct 26)
- Jun The Fukushima Geothermal Project Team comprised of INPEX and ten other companies commenced drilling survey (Phase 3) in Bandai District, Fukushima Prefecture for Geothermal Energy Development

- Jul Made final investment decision to expand the Tangguh LNG facility in Berau Block, Indonesia
- Jul Commenced partial operation of the Toyama Line
- Sep Agreed business partnership with three city gas companies (Seibu Gas Co., Ltd., Matsumoto Gas Co., Ltd., Suwa Gas Co., Ltd.) for wholesale electricity supply
- Oct Commenced dispatch of crude oil from Kashagan Oil Field in North Caspian Sea, Kazakhstan
- Oct Completed construction of the Toyama Line
- Dec Acquired interests in Exploratory License for Block 3 (Perdido Fold Belt) of the northern Gulf of Mexico, in Mexico
- Dec Entered the production phase at Zapadno-Yaraktinsky Block Oil Field in Irkutsk, Russia
- Dec Signed a Heads of Agreement with Rosneft Oil Company in relation to cooperation on joint exploration, development and production of hydrocarbon at a license block in the offshore zone of Russia



New oil reservoir discovered at Minami-Kuwayama No. 3 well



Production well drilling started for Ichthys LNG Project



Production facilities at the Kashagan Oil Field



Announcing completion of the Toyama Line

expansion of INPEX upstream businesses.

The ADCO concession consists of 11 oil fields in production and four that remain undeveloped. With the generic name of Murban oil, production from the concession is a high quality light crude with a low sulfur content and high gasoline yield. It is the crude of choice for many buyers in Japan and the rest of Asia. A portion of production from the concession is transported through an onshore pipeline to the port of Fujairah on the Indian Ocean for shipping without having to traverse the Straits of Hormuz.

INPEX discovers new oil reservoir at Minami-Kuwayama Oil Field, Japan

To further develop and enhance the productivity of the Minami-Kuwayama Oil Field in Niigata Prefecture, INPEX spudded the Minami-Kuwayama-3 well in April 2015, resulting in the discovery of a new, 24 meter-thick oil column at a depth of about 3,900 meters. The Minami-Kuwayama Oil Field's reservoirs are mainly located at a depth of 3,000–3,500 meters.

The Minami-Kuwayama Oil Field extends across a vast area within Niigata Prefecture, from Ozeki in Akiha-ku, Niigata City to the northern part of Gosen City.

The oil field is also located in the vicinity of some other oil and gas fields along the Agano River such as the Niitsu Oil Field, Minami-Aga Oil Field and Matsuzaki Gas Field.

The Minami-Kuwayama Oil Field was discovered in 2003 through the Minami-Kuwayama TT-1 exploratory well, which was drilled to explore the depths beneath the area southwest of and adjacent to the Kuwayama Gas Field. Approximately 160,000 kiloliters (about 1 million barrels) of oil were produced at the Minami-Kuwayama Oil Field between the start of production tests in 2004 and 2015, mainly using a jet pump extraction system using CT (Coiled Tubing). Meanwhile, countermeasures were taken to prevent the accumulation of asphaltene within the production wells. INPEX holds a 90% participating interest in the oil field, while TOHO EARTH-TECH, Inc. holds the remaining 10%.

Kashagan Oil Field in Kazakh sector of North Caspian Sea commences full-scale production

In October 2016, INPEX commenced shipment of crude oil from the Kashagan Oil Field, a giant oil field located in the Kazakh sector of the North Caspian Sea. INPEX North Caspian Sea, Ltd., a subsidiary of INPEX, currently holds a 7.56% equity interest in the Kashagan project.

The Kashagan Oil Field is located about 75 kilometers offshore and southeast of Atyrau, the capital of the Atyrau Oblast region of the Republic of Kazakhstan. The oil field lies some 4,200 meters beneath a shallow sea where the water is 3–5 meters deep, and extends over a surface area of approximately 75 kilometers by 45 kilometers with estimated reserves of about 35 billion barrels of oil in place, making it one of only a handful of giant oil fields around the world. In September 1998, INPEX acquired an interest in the Offshore North Caspian Sea Contract Area, joining the consortium members in the discovery of hydrocarbons from the first exploration well in July 2000. INPEX and its partners subsequently drilled appraisal wells confirming oil deposits at each one, leading to the declaration

of commerciality in 2002.

However, after development work on the oil field began in 2004, INPEX and its partners encountered a series of challenges. Conventional rigs could not be deployed due to the extremely shallow depths of the sea, while the oil reservoirs were both highly pressurized and contained high levels of hydrogen sulfide, and working conditions were harsh especially during the frozen winters. Compounding to these challenges was the shift in the project's operational structure whereby the equal shares held by several major oil companies including ExxonMobil and Shell made consensus building difficult. The current operator of the Kashagan Project is North Caspian Operating Company (NCOC), a consortium of seven partners including INPEX and Kaz MunayGas (KMG), Kazakhstan's national oil company.

INPEX and its partners ultimately overcame the challenges and oil production started in 2013. That same year, however, gas leaks in the pipeline forced the project to be suspended and the pipeline was re-laid over a period of about three years. Thereafter, following a series of stringent inspections, production re-started in September 2016.



Toyama Line construction



Basic test drilling work offshore of Shimane and Yamaguchi Prefectures

The Kashagan Project has adopted a phased development plan, in which the production target for the initial phase has been set at 370,000 barrels of oil per day. INPEX and its partners are currently engaged in production and development activities to meet this target.

INPEX completes Toyama Line (natural gas trunk pipeline extension)

In October 2016, INPEX held a completion ceremony for the Toyama Line, a natural gas trunk pipeline linking Itoigawa City in Niigata Prefecture to Toyama City in Toyama Prefecture. With this new line, the INPEX natural gas pipeline network in Japan is now about 1,500 kilometers long.

INPEX started discussions on this pipeline around the year 2000. However, with the 2008 decision to build the Naoetsu LNG Terminal, Nihonkai Gas Co., Ltd. expressed desire to have natural gas supplied via the pipeline. INPEX took the opportunity and started full-scale surveys and investigations in 2009. With results pointing to the feasibility of the line, the final investment decision was made in May 2011 and a groundbreaking ceremony was held in April 2012. During construction, INPEX engaged with local communities, and earned their understanding and cooperation, while ensuring operational safety at all times. Construction work of the 103 kilometer pipeline was then completed in June 2016.

From July 2016, INPEX commenced partial operations of the Toyama Line to the Toyama plant of Nissan Chemical Industries, Ltd. Then later in October 2016, INPEX commenced supply of natural gas to the Iwase plant of Nihonkai Gas.

INPEX drills Shimane-Yamaguchi Oki exploratory well commissioned by Japanese government

An exploratory well offshore Shimane and Yamaguchi prefectures commissioned by the Agency of Natural Resources and Energy of the Ministry of Economy, Trade and Industry (METI) of Japan was drilled in 2016 at a location approximately 130 kilometers northwest of Shimane Prefecture and 140 kilometers north of Yamaguchi Prefecture where the water depth is approximately 210 meters. The drilling operations, which were ultimately impacted by adverse weather conditions, began in June 2016 and were completed without incident in October 2016. The well was drilled to a depth of 2,900 meters below the seabed resulting in the discovery of a thin gas reservoir in a shallow zone as well as some gas indications in deeper zones. In addition, strong gas indications were confirmed, suggesting the presence of a high pressure gas column in the deepest zone. The location of the well was selected based on intelligence gathered from a three-dimensional geophysical survey that INPEX conducted in 2013 as well as the results of a government-sanctioned national geophysical survey conducted by the seismic survey vessel SHIGEN in 2011.

The project was part of the Heisei 26–28 Domestic Offshore Drilling Program in Japan formulated by the national government in order to investigate the potential for new oil and gas sources in Japan. This was the first government-commissioned drilling program that INPEX undertook after its consolidation.

It is highly significant that the project was successful in confirming the presence of natural gas in the area, where exploratory drilling had not taken place since the 1980s, and that it was implemented with the understanding and cooperation of the local communities and other stakeholders in both Yamaguchi and Shimane prefectures.

- Jan Launched the low pressure production system at Koshijihara Plant, Minami-Nagaoka gas field
- Jan Agreed in principle with ADNOC to extend the duration of joint development of the Satah and Umm Al Dalkh oil fields offshore Abu Dhabi, UAE
- Feb Discovered an oil reservoir at Block 10 in Iraq
- Mar Concluded an agreement in principle with Astomo Energy Corporation on the sale of LPG from Ichthys LNG Project
- Mar Completed construction of the Demonstration Plant for Produced Water Treatment at Yabase Oil Field
- Mar Commenced commercial operation of the first unit of the Sarulla Geothermal Independent Power Producer Project in Indonesia

- Mar Sold all shares in INPEX NATUNA Ltd., to PT Medco Daya Sentosa
- Apr Established the Domestic Energy Supply & Marketing Division through the reorganization of the Oil & Gas Business Division 2 and Gas Supply & Infrastructure Division
- Apr Ichthys LNG Project's central processing facility (CPF) sailed away from the construction site in Geoje, Korea
- May Established the INPEX Group Human Rights Policy
- Jun Sold the participating interest in Block PDL3 in Papua New Guinea to the national oil and gas company of Papua New Guinea
- Jun FLNG facility for Prelude FLNG Project sailed away from the construction site in Geoje, Korea



Drilling wildcat wells at Exploration Block 10 in Iraq

INPEX discovers oil reservoir at Exploration Block 10 in Iraq

INPEX launched its first project in the Republic of Iraq in 2012 with the acquisition of a 40% participating interest in Exploration Block 10 located 150 kilometers west of the city of Basra in southern Iraq, through its subsidiary INPEX South Iraq, Ltd. Block 10 covers an area of about 5,600 square kilometers. In February 2017, INPEX succeeded in discovering deposits of quality oil through an exploration well drilled at the block. Crude oil production tests that were subsequently conducted confirmed the discovery of a highly productive oil reservoir with a production volume capacity of more than 8,000 barrels per day. These results suggest a high probability of discovering a large oil field depending on the evaluation results of additional exploration activities.

Block 10 is operated by Lukoil Overseas Iraq Exploration B.V., a subsidiary of Russia's LUKOIL with a 60% participating interest. INPEX and LUKOIL were successfully awarded rights to explore Block 10 in 2012 through a licensing round organized by the Iraqi government, and signed a 30-year service



Low-pressure extraction equipment begins operation at Koshijihara Plant, Minami-Nagaoka Gas Field

contract including a 5-year exploration period and a requirement to conduct seismic surveys and drill an exploration well. Following the discovery of quality oil deposits through the first exploration well, a second exploration well was drilled and also produced positive production test results. INPEX and LUKOIL will conduct further exploration work to study commercial development opportunities.

INPEX commences compressor plant operations at Koshijihara Plant, Minami-Nagaoka Gas Field, Japan

In April 2015, INPEX began installing a compressor at the its Koshijihara Plant to increase supply capacity and recoverable reserves at the Minami-Nagaoka Gas Field, one of Japan's largest gas fields. Following the completion of this installation work in December 2016, the infrastructure was put into operation in January 2017 and now runs all year round.

INPEX began production operations at the Minami-Nagaoka Gas Field in 1984, and the gas field has since become a cornerstone of the company's domestic natural gas business. The new infrastructure is expected to increase recoverable gas and

- Jul Strengthened LNG marketing and legal functions
- Jul Ichthys LNG Project's Floating Production Storage and Offloading (FPSO) Facility sailed away from the construction site in Okpo, Korea
- Jul Chubu Electric Power Co., Inc., and Diamond Power Corporation (DPC) decided to supply wholesale electricity to Ueda Gas Co., Ltd., Nagano Toshi Gas Co., Ltd., and Honjo Gas Co., Ltd.
- Aug Established the Gas Business Development Unit in the Global Energy Marketing Division
- Sep LNG ship for delivering Ichthys LNG to CPC Corporation, Taiwan was named "PACIFIC BREEZE"
- Sep Extended the duration of the production sharing agreement for ACG oil fields in the Caspian Sea, Azerbaijan by 25 years

- Sep Acquired the participating interest in exploration license PL767 located in the western Barents Sea, Norway
- Oct Transferred the New Business Planning Unit of the Corporate Strategy & Planning Division into a standalone organization and renamed it the Renewable Energy & Power Business Unit
- Oct Commenced commercial operation of the second unit of the Sarulla Geothermal Independent Power Producer Project in Indonesia
- Oct LNG ship for delivering Ichthys LNG to the INPEX Naoetsu LNG Terminal was named "OCEANIC BREEZE"
- Nov Acquired 100% interest in the Exploration Block WA-532-P offshore Western Australia

- Nov Conducted short-term flow tests in the Oyasu region, Akita Prefecture by Geothermal power generation joint venture established with Idemitsu Kosan Co., Ltd.
- Nov Agreed to increase production capacity from the Upper Zakum Field offshore Abu Dhabi to 1 million barrels per day by 2024; The concession of the oil field was extended until the end of 2051
- Dec Agreed to extend the duration of the concession for the Offshore D.R. Congo Block for a period of 25 years
- Dec Surrendered offshore Mahakam Block and the Attaka Block in Indonesia



Production facilities at the ACG oil field concession in the Caspian Sea



Fumarolic testing for the Sarulla Geothermal Power Generation Project



Operation started at Sarulla Geothermal Power Generation Plant (2017)

condensate reserves of gas and condensate by about 20%, and to extend the oil field's production life by about 20 years.

As of March 31, 2018, cumulative production from the Minami-Nagaoka Gas Field reached 24 billion cubic meters of natural gas and, 3.6 million kiloliters of condensate and oil, while the average daily production volume for fiscal year 2017 was 3.78 million cubic meters of natural gas and, 540 kiloliters of condensate and oil.

Production sharing agreement for ACG oil fields in Caspian Sea, Azerbaijan, extended by 25 years

Since 2003, INPEX has been engaged through its subsidiary INPEX Southwest Caspian Sea, Ltd. in the development and production of crude oil in the Azeri-Chirag-Deepwater Gunashli (ACG) oil fields in the Azerbaijan sector of the Caspian Sea, where oil production began in 1997. In September 2017, INPEX and its partners entered into an agreement with the State Oil Company of the Azerbaijan Republic (SOCAR) to extend the duration of the production sharing agreement by 25 years until December 31, 2049.

The ACG oil fields are located in the southwestern Caspian Sea about 100 kilometers east of Baku, the capital of the Republic of Azerbaijan, and cover an area of about 432 square kilometers. The oil fields consist of the Azeri Oil Field, Chirag Oil Field and Deepwater Gunashli Oil Field. During the first half of 2017, the oil fields produced an average of 585,000 barrels of oil per day. With BP as operator, six platform rigs have been constructed in the ACG contract area and production wells and injection wells extend from these platform rigs. After the produced oil is processed at a floating facility, it undergoes final processing at an onshore facility. International shipping has become much more efficient thanks to the completion of the Baku-Tbilisi-Ceyhan (BTC) Pipeline in 2006. The pipeline links Baku, the capital of Azerbaijan, with Ceyhan in the Republic of Turkey. INPEX has a 2.5% participating interest in the BTC Pipeline, and also has capacity rights to use the line.

As part of the production sharing agreement extension, all shareholders in the ACG oil fields, with the exception of SOCAR, transferred an equal proportion of their participating interests to SOCAR. As a result, INPEX's participating interest

in the ACG oil fields decreased from 10.96% to 9.31%. Despite this, INPEX expects the production volume across the entire contract area to increase by more than two billion barrels over the 25-year extension period, in addition to economic advantages brought on by revised financial terms and conditions.

Sarulla Geothermal Independent Power Producer Project commences commercial operations

In 2015, through its subsidiary INPEX Geothermal Sarulla, Ltd., INPEX joined the Sarulla Geothermal Project under Independent Power Producer (IPP) scheme in the Sarulla Concession in North Sumatra Province, Sumatra Island, Indonesia. This is world's largest project of its kind. In addition to being INPEX's first renewable energy project outside Japan. The Sarulla initiative is also in line with the company's Medium- to Long-Term Vision. As a large scale geothermal development, it will provide electricity to Indonesia, a country where INPEX has been conducting oil and gas exploration for many years. This project is expected to contribute to the economic development of Indonesia.

In this project, INPEX joined Sarulla Operations Ltd., a special purpose company established by ITOCHU Corporation, Kyushu Electric Power Co., Inc., PT Medco Power Indonesia, and Ormat Technologies, to construct geothermal power generation plants with total output of approximately 330 MW. All electrical power generated will be sold to Perusahaan Listrik Negara, Indonesia's government-owned electricity company, for a period of 30 years.

The construction on the power plant started in 2014. The first unit commenced commercial operation in March 2017, and the second unit in October 2017. Both units produce approximately 110 MW of electricity. In May 2018, the third unit also commenced commercial operation. The total electricity output is now approximately 330 MW, achieving the planned output, providing enough electrical capacity to power 2.1 million households in Indonesia.

- Jan Acquired interests in Exploration License PL950 in Western Barents Sea, Norway
- Jan Acquired interests in Exploration License for Block 22 (Salina Basin) of the southern Gulf of Mexico, Mexico
- Feb Acquired the participating interest in the Lower Zakum concession offshore Abu Dhabi and extended the concession of the Satah and Umm Al Dalkh oil fields for a period of 25 years
- Mar Acquired a 100% participating interest in Exploration Block WA-533-P offshore Western Australia
- Mar Commenced Pre-FEED work for the Abadi onshore LNG Project

- Apr Appointed as Asset Leader for the Lower Zakum Oil Field offshore Abu Dhabi, UAE
- May Commenced commercial operation of third unit of Sarulla Geothermal Independent Power Producer Project in Indonesia
- May Formulated the Vision 2040 and Medium-term Business Plan 2018–2022
- May Completed all commissioning of Ichthys LNG Project required for the start of production
- Jun Takayuki Ueda became the President & CEO
- Jun Established Abu Dhabi Project Division and Renewable Energy & Power Business Division

- Jul Commenced production in Ichthys LNG Project
- Oct Commenced condensate shipment from Ichthys LNG Project
- Oct Commenced LNG shipment from Ichthys LNG Project (for Naoetsu)
- Oct First LNG carrier from Ichthys LNG Project arrived at Naoetsu LNG Terminal
- Nov Commenced LNG shipment from Ichthys LNG Project
- Nov Held commemoration ceremony for the start of operations and arrival of LNG from Ichthys LNG Project, in Darwin and Naoetsu
- Dec Started production from the production well of the Prelude FLNG Project in Australia



Drillship for the Abadi 2nd Drilling Campaign in 2002



Appointed as Asset Leader for Lower Zakum Oil Field Japan-UAE Business Forum (Photo: JETRO)



From left: Chairman Toshiaki Kitamura and President Takayuki Ueda launching the new organizational structure in June 2018



First condensate shipment from Ichthys LNG Project at Ichthys Venturer

INPEX acquires exploration licenses in Mexico and Norway

In Norway, INPEX had conducted a series of evaluations on exploration potential in offshore areas and made approaches for participation in promising concessions through its subsidiary, INPEX Norge AS, established in 2014. As a result, it acquired a 40% participating interest in September 2017 in the exploration license PL767, operated by Lundin Norway, being located in the southwestern part of the Barents Sea offshore of Norway. In August 2017, INPEX made a joint bid with Lundin Norway on an open area in the western part of the Barents Sea, and consequently acquired a new license PL950 in January 2018 with a participating interest of 30%. PL950 was the second exploration project for INPEX Norge in Norway.

In Mexico, INPEX, through its subsidiary INPEX E&P Mexico, S.A. de C.V., teamed up with subsidiaries of US company Chevron, Energia de Mexico, S de R.L. de C.V. and Mexico's state-owned petroleum company Pemex Exploración y Producción S.A. de C.V. to make a joint bid in round 2.4 of Mexico's bidding process for a deepwater exploration concession. INPEX E&P Mexico, S.A. de C.V. acquired the

Exploration Block 22 AP-CS-G03 with a 35% participating interest together with Chevron (operator with 37.5%) and Pemex (27.5%) in January 2018. The block is located in the Salina Basin in deep water in the southern Gulf of Mexico, and it was the second block in Mexico for INPEX, after the acquisition of a 33.3333% interest in Block 3 in the Perdido area in the northern Gulf of Mexico in 2016, together with subsidiaries of Chevron (operator with 33.3334%) and Pemex (33.3333%).

This string of exploration block acquisitions helped expanding INPEX's exploration portfolio in its prioritized exploration areas.

Abadi LNG Project enters Pre-FEED

The Abadi LNG Project is operated by the INPEX subsidiary INPEX Masela, Ltd. which was established for the development and production of the Abadi Gas Field, which was discovered in 2000.

The Abadi Gas Field is located 150 kilometers off the coast of the Tanimbar Islands, east Indonesia. INPEX Masela, Ltd. formulated a development plan in 2010 using a floating LNG

(FLNG) concept, with equipment for treatment, liquefaction, storage, and offloading of natural gas to achieve annual LNG production of 2.5 million tons. It obtained approval from the Indonesian government and started front-end engineering and design (FEED) work. Because significant increase of gas reserves was confirmed through appraisal wells drilling, it submitted a revised development plan to the government in 2015 with increased annual LNG production capacity of 7.5 million tons.

However, in April 2016, the Indonesian government requested that INPEX should reconsider development as an onshore LNG scheme. After a series of constructive discussions with its partner Shell and the government, it was decided to develop the Abadi Gas Field as an onshore LNG project with annual LNG production capacity of 9.5 million tons. From March to October of 2018, Pre-FEED (conceptual design) work was conducted ahead of the FEED work.

INPEX appointed asset leader of Lower Zakum Oil Field offshore Abu Dhabi

In April 2018, INPEX was appointed by ADNOC as the

Asset Leader for the Lower Zakum Oil Field where it had a 10% participating interest through its subsidiary JODCO Lower Zakum Limited. In addition to INPEX's announcement in a press release dated April 30, the appointment was also announced at the Japan-UAE Business Forum held on the same day in the presence of Japan's Prime Minister Shinzo Abe who was visiting Abu Dhabi.

Asset Leader is a new system adopted for new ADCO interests. One foreign partner per asset group is appointed to the role and advises ADNOC on development and production of the assets. The role also entails working closely with the operator of the Lower Zakum Oil Field to achieve production targets, review optimal EOR technologies, reduce costs, transfer technologies and conduct other work.

INPEX was appointed to this role in recognition of its involvement in oil development and production projects in Abu Dhabi, and its efforts to resolve a range of technical challenges. It was the first time that a company other than one of the oil majors was appointed as Asset Leader for a giant offshore field in Abu Dhabi.

With 45 years' experience working in Abu Dhabi, INPEX has been involved in a broad range of technology areas, including regional geology, IOR/EOR (secondary and tertiary recovery), asphaltene issue, geomechanics and rock physics, drilling and well completion, oil reservoir characterization and modeling, production and facilities, development planning and multi-disciplinary integrated studies. This knowledge and these technologies are INPEX's strengths. Through fulfilment of its responsibilities as an Asset Leader, it endeavors to further improve its technical capabilities.

INPEX is also the only international oil company with interests in both the Lower and Upper Zakum Oil Fields, so it plans to leverage this position to maximize synergies in the development of both fields.

INPEX expects to gain greater coordinating and negotiating capabilities by coordinating development plans for these giant oil fields with ADNOC and the major oil companies as Asset Leader of the Lower Zakum Oil Field, involved in offshore Abu Dhabi oil development with a complex array of stakeholders. Specifically, this means putting together Lower Zakum Oil Field partners (an Indian consortium, China's CNPC, Italy's ENI and France's Total) and working with the Upper Zakum Oil Field partner (ExxonMobil) to discuss the synergies between the two oil fields.

Ichthys LNG Project celebrates operational commencement

The Ichthys LNG Project, which INPEX is undertaking as operator, commenced production of gas from the wellhead in July 2018 following the completion of final safety verifications. Shipments of offshore condensate (ultra-light crude oil) from the floating production, storage, and offloading facility (the Ichthys Venturer) started in early October 2018. In addition, the long-awaited first shipment of LNG from the onshore LNG liquefaction plant in Darwin began in late October 2018. This first shipment of LNG was delivered to the Naoetsu LNG Terminal operated by INPEX in Niigata Prefecture in Japan at the end of October, organically linking the company's LNG development business overseas to its gas distribution network in Japan. Shipments of LPG from the onshore gas liquefaction plant in Darwin started in mid-November.

To celebrate the Ichthys LNG Project's smooth startup

of operations, the Ichthys LNG Production Commencement Ceremony was held at the Darwin Convention Center on November 16.

The ceremony was attended by about 400 individuals including Prime Minister Shinzo Abe of Japan, Prime Minister Scott Morrison of Australia, Minister of Economy, Trade and Industry Hiroshige Seko of Japan, Minister for Resources and Northern Australia Matthew Canavan, Chief Minister of the Northern Territory Michael Gunner and other government officials from both countries as well as the buyers of the LNG and LPG produced from the project, financial institutions involved in project financing, project partners, members of local communities, other project stakeholders and INPEX directors and employees. At the ceremony, the participants celebrated the commencement of operations of the Ichthys LNG Project positioned as a symbol of the cordial relations between Japan and Australia.

Prior to the ceremony, Minister of Economy, Trade and Industry Hiroshige Seko of Japan, Minister for Trade, Tourism and Investment Simon Birmingham, Minister for Resources and Northern Australia Matthew Canavan of Australia, and Minister for Primary Industry and Resources Kenneth Vowles of the Northern Territory participated in a plaque unveiling ceremony officially marking the startup of operations of the Ichthys LNG Project's onshore gas liquefaction plant. The plaque was unveiled by Ministers Seko and Birmingham to the applause of the many INPEX workers and others in attendance. The plaque is inscribed with the names of all the Japanese and Australian ministers in attendance and will watch over operations at the plant site for the next 40 years and beyond.

Meanwhile, another ceremony was held on November 29 in Joetsu City, Niigata Prefecture, where LNG from the first Ichthys LNG tanker was received at the Naoetsu LNG Terminal, to celebrate the offtake of LNG from the Ichthys LNG Project.

The event was attended by project stakeholders including Ryo Minami, Director-General, Natural Resources and Fuel Department, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry (METI), His Excellency the Honourable Richard Court, Ambassador of Australia to Japan, Noboru Ohno, Director-General of Regional Development of Joetsu City, Niigata Prefectural Government Office, and Hideyuki Murayama, Mayor of Joetsu City. Also present were natural gas customers based in Japan.

The event included the screening of a video featuring the history of the Project beginning with INPEX's acquisition of the offshore exploration permit and ending with the arrival and unloading of the Project's first LNG cargo at the Naoetsu LNG Terminal. The event served as a demonstration to Project



Full-page advertisement in the *Nikkei* Newspaper (November 16, 2018)



Ceremony held to commemorate receipt of LNG from the Ichthys LNG Project

stakeholders of INPEX's significant step toward the development of a global gas value chain business.

Following the commencement of LNG shipments in October 2018, LNG production at the Ichthys LNG Project will gradually increase and will reach a plateau production volume of approximately 8.9 million tons per year, which is equivalent to more than 10% of Japan's annual LNG imports. (Initial plans at FID consisted of producing 8.4 million tons per year, but following a review in September 2015, the production output target was increased by approximately 6%). The Ichthys LNG Project will also produce approximately 1.65 million tons of LPG per year as well as 100,000 barrels of condensate per day at peak.



Ichthys LNG Project Production Commencement Commemorative Ceremony
From left: INPEX Chairman Toshiaki Kitamura, Chief Minister of the Northern Territory Michael Gunner, Prime Minister Scott Morrison of Australia, and Prime Minister Shinzo Abe of Japan



Ichthys LNG Project Production Commencement Commemorative Ceremony
Hiroshige Seko, Minister of Economy, Trade and Industry in Japan (third from left) takes the lead in breaking open the ceremonial sake barrel