

Abadi LNG Project

LNG project employing the world's first floating LNG technology
Full-scale progress through a strategic partnership

The Abadi gas field is located in the Arafura Sea in Indonesian territorial waters, approximately 2,600 km east of Jakarta, the capital of Indonesia. The field is classified as a giant gas field with an area of more than 1,000 km². Development based on the "floating LNG" concept is being studied, and we are currently preparing for Front-End Engineering and Design (FEED) and related preparatory development work.

Production volume (expected):	LNG 2.5 million tons/year (First phase development)
	Condensate approx. 8,400 bbl/d
Interest owned*:	INPEX 60% Shell 30% PT Energi Mega Persada 10%
Project status:	Preparation for development

*In July 2011, INPEX signed an agreement with Shell for transfer of a 30% participating interest. The transaction is subject to the satisfaction of certain conditions such as the approval of the Indonesian Government.



Project History

INPEX acquired a 100% participating interest in the Masela block in November 1998 through a public tender conducted by the Indonesian Government. INPEX proceeded with the exploratory activity as the operator, and an exploratory well drilled in 2000 discovered the Abadi gas field. This marked the first discovery of oil and natural gas in the Arafura Sea, Indonesia. Subsequently, six appraisal wells were drilled (two in 2002 and four more in 2007-2008) so as to gain a more accurate estimate of the reserves. All of the wells confirmed the presence of a sufficient gas and condensate column.

In parallel with these activities, concept selection studies of development options were carried out. We submitted a plan of development (POD) based on our studies in September 2008, and subsequently received approval in principle for it from the Indonesian Government. Afterward, taking into

consideration a third-party evaluation of the POD implemented by the Government, it was determined that phased development of the Abadi gas field would be appropriate, with the first phase consisting of development as a "floating LNG" with a capacity of 2.5 million tons/year of LNG. The Indonesian Government granted its approval to the plan of development (POD-1) in December 2010. INPEX is currently conducting preparations for FEED and Environmental and Social Impact Assessment (AMDAL) procedures, and we are continuing to make preparations for development.

In the course of moving toward full-scale development, we had been looking into forming a strategic partnership with a company with experience and proven results in the LNG business and large-scale offshore development, which could contribute to the success of this project.

As a result, INPEX chose to invite Royal Dutch Shell onboard as our strategic partner in the Abadi Project, and signed an agreement with the subsidiary of Shell to transfer part of our participating interest (30%) in July 2011.

Project History

1997-2000	2001-2002	2003-2007	2007-2008	2010	Future Milestone
<p>Participated in an open bid, permit acquired</p> <ul style="list-style-type: none"> Submitted a bid for the Masela block at a public tender conducted by the Indonesian Government; A production-sharing contract (PSC) for the block was concluded Conducted a seismic survey; Confirmed the presence of gas and condensate by drilling an exploratory well 	<p>Drilled appraisal wells</p> <ul style="list-style-type: none"> Drilled the Abadi-2 and Abadi-3 appraisal wells over a period of about seven months beginning in March 2002 to appraise the extent of the structure 	<p>Reserves confirmation</p> <ul style="list-style-type: none"> Conducted a reserves evaluation and concept selection studies of development options Drilled four additional appraisal wells from May 2007. Confirmed the extension of gas and condensate pools 	<p>Studies of floating LNG</p> <ul style="list-style-type: none"> Conducted pre-FEED work for a floating LNG Submitted a POD to the Indonesian Government in September 2008 	<p>Government approval of the POD-1</p> <ul style="list-style-type: none"> Transfer of a 10% participating interest to PT Energi Mega Persada Approval of POD-1 was granted by the Indonesian Government 	<ul style="list-style-type: none"> FEED AMDAL (Environmental and Social Impact Assessment) FID Production start

Development of the Abadi Gas Field

Production of the Abadi Project

Planned production at Abadi is 2.5 million tons/year of LNG and 8,400 bbl/d of condensate.

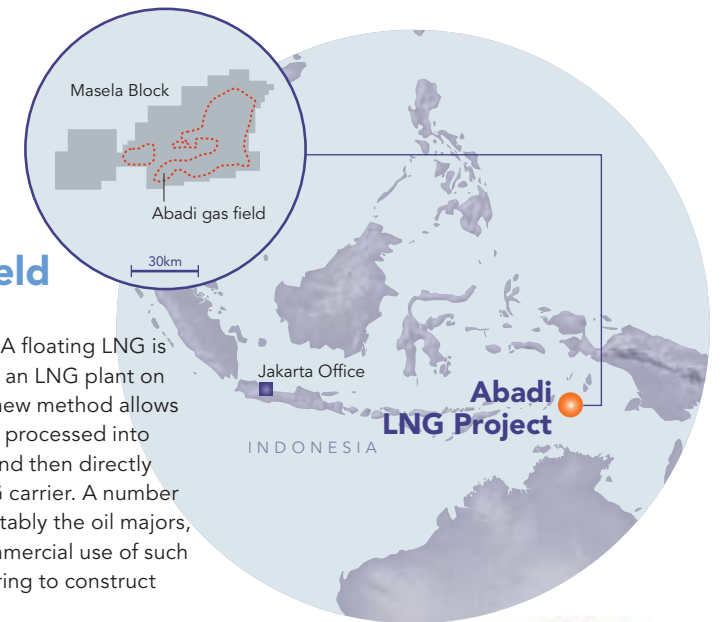
This scale of production was approved for Phase 1 development by the Indonesian Government in December 2010. Phase 1 development is planned for the Northern area of the block where reserves are concentrated. A feasibility study for further development is continuously being conducted based on gas reserves.

Floating LNG Technology

The plan of development for the Abadi Project is based on the "floating LNG" (a floating offshore facility where natural gas is processed, liquefied, stored and

offloaded) concept. A floating LNG is created by installing an LNG plant on a large vessel. This new method allows for natural gas to be processed into liquid at that plant and then directly offloaded to an LNG carrier. A number of oil companies, notably the oil majors, are looking into commercial use of such FLNGs or are preparing to construct them.

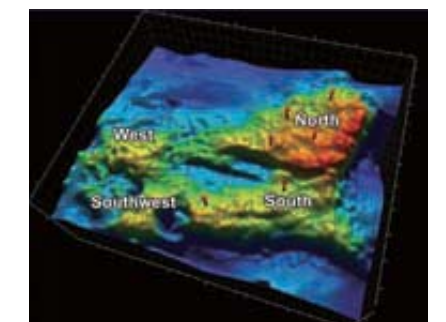
A floating LNG eliminates the need for some conventional equipment, such as pipelines, and therefore requires less initial investment and minimizes environmental impact.



"Abadi" means "eternal" in Bahasa Indonesia. The name was assigned in the hopes of "burning forever."



Image of Abadi FLNG



Structure of the Abadi gas field

Contribution to Regional Community

As part of our efforts to contribute to local communities, INPEX donated 2,000 books, etc., to a local library in Saumlaki city in Maluku, one of the candidate locations for the Abadi Project logistics base, in 2010, at the local community's request. From April 2011, INPEX and Pattimura University are carrying out an empowerment program for the seaweed farmers in Selaru Island in Maluku.

Our other activities in Indonesia include donations to relief efforts after the West Sumatra Earthquake and our ongoing support of exchange students through the INPEX Scholarship Foundation. In addition, we work to improve the understanding of the contributions of the Abadi Project to Indonesia by participating in conferences and exhibitions throughout the country.



Donation to local library in Saumlaki City