The current INPEX was created on October 1, 2008. It has worked hard to drive key projects seamlessly both in Japan and abroad, and to achieve the important goals set during the business integration, while maximizing the synergies of a smooth integration of the former INPEX and Teikoku Oil.

With the greatest of those goals, and the shared dream was to establish itself as a competitive E&P company, capable of self-sustained growth on the world stage. To achieve that goal, we determined to develop our capabilities, experience and human resources through materializing the Ichthys and Abadi projects as the operator.

In this respect, the Ichthys Project is of particular note throughout the first ten years of operation of INPEX. Making the final investment decision (FID) after overcoming many obstacles, production finally started. The journey was exciting but also a full of difficulties.

With the LNG plant site unavoidably changed to Darwin, 900 kilometers away from the production facility, work had proceeded at a steady pace to create development plans, sign engineering, procurement and construction (EPC) contracts, and obtain environmental approvals and licenses. At the same time, other work focused on to solidify the company’s financial position through a capital expansion of ¥500 billion, raising project financing of ¥2 trillion, and finalizing long-term sales contracts for 8.4 million tons of LNG, after which the long-anticipated FID was made in January 2012. With the highly cost-competitive Minami-Nagaoka Gas Field, securing its own fleet of ships, including ownership of its first LNG tanker and chartering of other vessels. Operation has now begun and the company's gas supply chain is complete, with a view to further development going forward.

In what may be a new dawn, INPEX has launched into initiatives toward renewable energies, starting with solar power generation and geothermal power generation.

With oil prices reaching historical lows from the end of 2014, INPEX was under pressure to respond urgently and severely, with actions including reducing costs, reviewing investment programs, and creating a portfolio in order to strengthen its business structure and improve business efficiencies. In fact, the company was experiencing the greatest changes to the business environment in its entire history. Incidentally, it was at this time that production from the Attaka, Mahakam and other concessions, which had underpinned growth for the company for 40 years, started to decline. Therefore, fiscal 2014 and onward represented difficult times for business performance.

Looking back over the past ten years, INPEX has faced numerous major challenges over what feels like the most difficult of journeys. During this period, INPEX has remained focused on becoming a global operator and has made great strides in responding to the many different experiences it faced, including developing HSE-related systems under the “safety first” motto, overall planning and process management, procuring and contracting materials and insurances, securing and managing human resources and finances, and the legal system.

At the same time, the company went through a decade of upheaval, experiencing firsthand how much the business environment could change over a short period of time and how important an agile and flexible response is to things like changing energy supply/demand structures with the arrival of shale oil and other energies, the climate change problem, the growth in renewable energies, tighter corporate governance and the flow of ESG investments.

The long-awaited Ichthys production came online last year. But INPEX has experienced big developments on the business front over the past ten years. Upstream business production volume increased from about 400,000 to about 500,000 barrels per day, with the Ichthys Field growing to a point where it could achieve 700,000 barrels per day at plateau production. With confirmed reserves mainly in the Ichthys and Abadi assets growing from 1.6 billion BOE to 3.6 billion BOE (crude oil equivalents), the company's business infrastructure has been enhanced enormously. Together, the start of full production at Kashagan, the expansion of the Abdi concession, and the start of production at Ichthys have enhanced the company's portfolio. And in Japan, long-term production systems have been strengthened at the Minami-Nagaoka Gas field.

INPEX has expanded its domestic gas supply infrastructure to the two billion cubic meter level, with plans to further expand to 2.5 billion cubic meters in the near future. At the same time, it is developing renewable energies as a business through geothermal power generation at Satulla, and progress toward geothermal and wind power generation.

Next for INPEX is large-scale development of the Abadi Gas Field. Utilizing the accomplishments of the past 10 years to enable its next stage of growth in line with a new growth vision, and leveraging those difficult experiences in future opportunities, INPEX will push through these changing times as it continues to advance as a global company.

The following pages detail the growth and experience trajectory of INPEX over these past ten years. For the sake of convenience, all timeline references to actions of the company's predecessors will be referred to as being taken by INPEX.
In June 2009, the Frade Field offshore of Campos, Brazil started producing oil. This was the first time a Japanese company had participated in a Brazilian petroleum upstream project that progressed to production. Discovered in 1986, the Frade Field is situated offshore in 1,050 to 1,300 meters of water, about 370 kilometers northeast of Rio de Janeiro. The Frade Field was obtained in June 2006, with production start-up planned for the following year.

To ensure the timely production from the Frade Field, Petrobras supervised the project. Frade Field was placed on stream in accordance with the agreed production start-up schedule. The project partners also safely resumed oil production in April 2013. Frade Field was in the exploration and evaluation stage, and the project partners voluntarily suspended production temporarily in March 2012, but safely resumed oil production in April 2013.

The Tangguh LNG Project became operational in 2009. The project was commissioned in stages. In June 2009, the Tangguh LNG Project lifted the first LNG cargo from the gas field in Indonesia.

The Tangguh LNG Project was established in October 1997, when the government of Indonesia and the Indonesian state-owned oil company, Pertamina, signed an agreement with INPEX and Mitsubishi Corporation to develop the huge amount of recoverable reserves and increase the value of the project. Development work is currently progressing toward the planned start of production in 2020. After the startup of train 3 for production, the annual LNG production capacity will increase to 11.4 million tons and it will be one of the world’s largest LNG projects.

**INPEX discontinues oil production at Griffin oil fields offshore Western Australia**

In October 2009, the Griffin oil fields in the WA-10-L production license region offshore Western Australia, with INPEX involvement through its subsidiary INPEX Alpha, ceased production. This was the first project in Australia that was also a major project that gave INPEX an opportunity for development in such a remote location.

**Frade Field offshore Campos, Brazil commences oil production**

In June 2009, the Frade Field offshore of Campos, Brazil started producing oil. This was the first time a Japanese company had participated in a Brazilian petroleum upstream project that progressed to production. Discovered in 1986, the Frade Field is situated offshore in 1,050 to 1,300 meters of water, about 370 kilometers northeast of Rio de Janeiro. With its Petroleum Law Revision of 1997, Brazil opened to foreign companies its upstream oil concessions that had previously been exclusive domain of the country’s national oil company Petrobras. In line with the INPEX strategy of gaining a foothold in Brazil through participation in upstream projects, the company took part in an international bidding process conducted by Petrobras in July 1999. At that time, the Frade Field was in the exploration and evaluation stage, and was successful in acquiring the Frade Field concession interest. INPEX is participating in this project through Frade Japão Petróleo Limitada (FJPL), which holds 18.3% interest. FJPL is a Brazilian subsidiary of INPEX Offshore North Campos, Ltd., whose shareholders are INPEX, Sojitz Corporation and Japan Gas and Metals National Corporation (JGMNC). With Chevron as operator (participating interest of 51.7%), FJPL (18.3%) is partnering with Petrobras (30%) in development and production from this project.

This field was developed on the concept of tying back the subsea wells to a floating production, storage and offloading (FPSO) vessel. The final investment decision (FID) for the Frade Field was obtained in June 2006, with production starting in June 2009. Due to small oil seeps, the project partners voluntarily suspended production temporarily in March 2012, but safely resumed oil production in April 2013.

The Tangguh LNG Project is composed of three Blocks: Berau, Wuriagar and Muturi, located between Berau Bay and Bintuni Bay in Bintuni, in the Indonesian province of West Papua. As a result of exploration carried out since the mid-1990s, giant gas fields straddling these three Blocks were identified. In 1997, President Suharto named this large LNG project “Tangguh” as the third major LNG project following Arun and Saka Ali. INPEX acquired 16.30% participating interest in this project in October 2001 through MI Berau, a company jointly established with Mitsubishi Corporation (INPEX net 7.17%). INPEX later acquired a further stake, increasing its net interest to 7.79%. Joint venture partners in this project are the operator BP (40.2%), CNOC (13.9%), Nippon Oil Exploration (Berau) (12.2%), KG Beru Petroleum (8.6%), LNG Japan Corporation (7.3%), and KG Wuriagar Petroleum (1.4%).

The Tangguh LNG Project received approval from the Indonesian government in January 2005 for the development plan with total annual LNG production capacity of 7.6 million tons through trains 1 & 2. FID was made in March 2005 and it went on to ship the first LNG cargo in 2009. In July 2016, the project made FID for the development of a third train to develop the huge amount of recoverable reserves and increase the value of the project. Development work is currently progressing toward the planned start of production in 2020. After the startup of train 3 for production, the annual LNG production capacity will increase to 11.4 million tons and it will be one of the world’s largest LNG projects.

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**Part II First 10 years after merger**

2008–2009
full participation in oil and gas exploration and development in Australia.

The Griffin oil fields consisted of three fields, the Griffin, the Chinook and the Scindian. They were located about 62 kilometers off the coast of Western Australia in the Carnarvon Basin, and in a water depth of about 130 meters. Discovered in 1989 and 1990, the fields started production in January 1994. After processing and storage on an FPSO vessel, the oil was offloaded to tankers, and gas was pumped through a 70-kilometer subsea pipeline for sale within Australia. With a 20% participating interest in the project, INPEX Alpha worked on production with the operator BHP Billiton (45%) and ExxonMobil (35%).

The fields were producing about 80,000 barrels of oil per day at peak. However, through natural depletion the volume dropped to less than 4,000 barrels per day until 2009 when production finally ceased. The fields produced a total of 178 million barrels of oil equivalent.

In 2003, the Van Gogh Oil Field is located about 80 kilometers west of Ahwaz, the capital of Iran’s Khuzestan Province, was discovered in 1999. In 2000, the concession was loaded to tankers, and gas was pumped through a 70-kilometer subsea pipeline for sale within Australia. With a 20% participating interest in the project, INPEX Alpha worked on production with the operator BHP Billiton (45%) and ExxonMobil (35%).

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INPEX commences oil production at multiple oil fields offshore Western Australia

In February 2010, INPEX started producing oil through its subsidiary, INPEX Alpha, at the Van Gogh Oil Field located in production license region WA-43-L offshore Western Australia. In August 2010, production also started from the Ravensworth Oil Field is processed and offloaded at the FPSO used at the Van Gogh Oil Field.

INPEX withdraws from Azadegan development project

The Azadegan Oil Field, a giant onshore oil field located about 80 kilometers west of Ahwaz, the capital of Iran’s Khuzestan Province, was discovered in 1999. In 2000, the concession of Saudi Arabia held by Japan through Arabian Oil Company, Ltd. was expired. In reaction to this, the Japanese government was looking for a replacement concession in the Middle East to secure the country’s energy security. In November 2000, on the occasion of Iranian President Khatami’s visit to Japan, the

INPEX commences oil production at multiple oil fields offshore Western Australia

In February 2010, INPEX Alpha commenced producing oil from the Van Gogh Oil Field located in production license region WA-35-L offshore Western Australia. INPEX Alpha has a 28.500% participating interest in this project, with the operator BHP Billiton (45%) and ExxonMobil (35%). Production in the Griffin oil fields ceased in 2009, which was one of INPEX’s core business activities in Australia.

Discovered in 2003, the Van Gogh Oil Field is located about 50 kilometers offshore Western Australia at a water depth of 400 meters. In 2007, development the field was decided with the concept of tying back the subsea wells to an FPSO vessel. INPEX Alpha has a 47.499% participating interest in this project, with the remaining 52.501% held by Apache Corporation (currently Santos) as the operator. In May 2015, the Coniston Oil Field located in the Coniston Unit, straddling the WA-35-L region where the Van Gogh Oil Field is located and the neighboring WA-55-L region, started production through the FPSO used at the Van Gogh Oil Field.

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two governments signed a basic agreement giving Japan priority negotiation rights for the Azadegan development. At the time, INPEX had succeeded in acquiring a large concession in the Caspian Sea to add to its key assets in Indonesia and Australia. It set out to transform into a company capable of expanding globally and rank among the international oil companies of Europe and the US some day in the future. Therefore, it had decided that becoming an operator of one of the major oil field development businesses in the Middle East was an essential strategy for that goal. For this reason, it entered the contest as a private sector company and began serious negotiations with NIOC toward acquiring a concession. As a result of tough negotiations, in February 2004, INPEX and Naftiran Intertrade Co., Ltd (NICO), a subsidiary of NIOC, finally managed to sign a service agreement. It was called a “buyback” agreement regarding the evaluation and development of the Azadegan Oil Field with participating interests of 75% and 25% respectively. The contract for Azadegan Oil Field development adopts a two-stage concept. The full production level for stage 1 was expected to reach 260,000 barrels per day after 8 years from the date of the contract. Subsequently, in accordance with the basic development plan, oil reservoir evaluation work, basic design work on the facility, and development preparations were conducted. However, the project economics had turned for the worse since 2004 because the international situation surrounding Iran deteriorated and dramatic increases in steel market prices caused considerable increases in development costs. As a result, in October 2006, INPEX assigned 65% of its participating interest to NICO and transferred operatorship. Furthermore, the international situation continuously deteriorated, and sanctions against Iran by the US got tougher in particular. Therefore, investment to Iran became practically impossible. As a result, in October 2010, INPEX made an overall decision to withdraw from the project in light of discussions with relevant parties including the Japanese government.

As explained above, this project was a large project that was part of a planned strategy to advance further as a global enterprise, with comprehensive support from the Japanese government, so having to withdraw halfway through was a regrettable result. Nevertheless, this project provided INPEX with first-hand experience of the changes in the external environment, such as oil prices, materials and equipment markets and international affairs, which are unavoidable when conducting upstream businesses. Since then, the useful experience and knowledge gained by INPEX through this episode has helped with other project management and risk management situations.

**INPEX decommissions offshore Iwaki platform**

In May 2010, INPEX started decommissioning the platform at its Offshore Iwaki Gas Field, located about 40 kilometers offshore of Nara Town, in Fukushima Prefecture, Japan, at a water depth of 154 meters.

The Iwaki Gas Field was the first offshore gas field on the Pacific Ocean side in Japan. It was discovered in 1973 through joint exploration drilling by INPEX and Esso Exploration. The field produced gas and condensate for 25 years between the start of production in 1984 and 2007. For development of the gas field, it was taken into account that this area has severe weather and nautical conditions, and frequent earthquakes. Therefore, the facilities were designed and manufactured to withstand a 100-year weather event such as a typhoon with waves up to 20 meters and wind speeds up to 62 meters per second, and a 200-year earthquake event on the level of the Great Kanto Earthquake. Construction of the platform started in 1981. At a height of 247 meters from the ocean floor and with a total weight of 33,500 tons, the giant offshore facilities were completed in 1984. This was thanks to the superiority of Japan’s industrial technologies. Drilling of the production well took about one year from its start in February 1984, which enabled gas production to start in July 1984. All gas and condensate produced in the gas field was transported to the Naraha Plant, in Fukushima Prefecture, Japan, about one year from its start in February 1984, which enabled clean power generation fuel to the neighboring Hirono Thermal Power Station operated by Tokyo Electric Power Co., Inc.

As the initial stage recoverable gas was estimated at 3.5 billion cubic meters. However, the reservoir turned out to be better than expected, delivering a total of 5.6 billion cubic meters of gas over its lifetime. After gas production ended in July 2007, INPEX plugged and abandoned all production wells, and then started preparing for conductor pipe decommissioning, and platform decommissioning work that included washing clean the pipeline.

During platform decommissioning, a Sapura 3000 heavy lifting vessel was brought from Malaysia. One of only a few in the world, the floating crane has a lifting capacity of about 2,700 tons and comes equipped with hull thrusters to enable dynamic positioning. Work entailed (1) lifting and decommissioning the topside facilities, (2) truncation of the jacket legs 92 meters under the water surface, (3) lifting and decommissioning the two meter diameter main piles from the eight jacket legs, (4) pumping air into the upper jacket to create a buoyancy tank for lifting it and moving it for temporary placement on the ocean floor, and (5) pulling down the upper jacket to be used as a reef for fish. It was one of the largest steel platform decommissions globally. Therefore, the work required a range of technical challenges to be overcome and a high level of cooperation between the company and various contractors in Japan and overseas. In July 2010, the work was completed successfully ahead of schedule, and without any accident.

**INPEX formulates Corporate HSE Medium-term Plan**

INPEX Holdings, Inc. was established in April 2006 ahead of full integration. At the time, it determined that activities in line with an international standard HSE Management System (HSEMS) were essential for driving greater globalization of the company’s E&P activities. So in June of that year, INPEX defined a new Health, Safety and Environmental (HSE) Policy for the whole Group. In 2007, it established the Corporate HSE Committee to discuss rules and requirements for building the HSEMS. It then formulated HSEMS rules covering all health, safety and environment initiatives to properly implement the commitment of the HSE Policy. Since then, INPEX has systematically focused on building its HSEMS while launching various initiatives for ongoing improvements to environmental and occupational safety and health aspects of operator projects. Through this process, in February 2010, INPEX formulated its Phase 1 Corporate HSE Medium-term Plan (FY2010–2012) that aims to broaden HSE awareness and improve the level of HSE activities. The five objectives set in the plan...
were (1) Enhance cooperation with HSE staff at Operational Organizations, (2) Improve capabilities of HSE staff through education and training, (3) Establish and achieve medium-term numerical targets, (4) Acquire HSE capabilities equal to the average level among International Oil Companies (IOCs), and (5) Contribute to preventing global warming through greenhouse gas emission reductions and energy-saving measures. As a result, it succeeded in dramatically raising the level of HSE activities. They included application of the IFC performance standards and IFC guidelines to voluntary corporate standards, establishing the INPEX 7 Safety Rules, and holding HSE Meetings for HSE managers in Japan and overseas. And promotion of the system of HSE awards, development of systems for responding to large-scale oil spill, and development of earthquake response manuals in anticipation of a Tokyo inland earthquake were also included.

The Phase 2 Corporate HSE Medium-term Plan (FY2013–2015) established seven objectives to raise the company’s level of HSE activities to a level equal to the IOCs 1st tier group. As a result, it succeeded in further raising its ability to execute HSE activities. Through this, voluntary standardization of Safety Cases and establishment of related management requirements through the creation of a new team specializing in Process Safety were achieved. In addition, dramatic improvement of LTIF and TRIR results, revision of emergency response procedures and a corporate crisis response manual through the adoption of an Incident Command System, and adoption of an HSE risk activity reporting system were also provided. In 2016, INPEX formulated a new Phase 3 Corporate HSE Medium-term Plan (FY2016-2020) that followed on from Phase 2. The eight objectives were established to rapidly yet steadily achieve HSE competencies on a level equal to the IOCs 1st tier group. Its eight objectives were (1) Reform the INPEX HSEMS in accordance with the newly released IOGP guidelines, (2) Enhance the HSE assurance and governance system by conducting risk-based audits and HSE reviews, (3) Enhance technical support using HSE resources, (4) Develop HSE activities reflecting worksite feedback, (5) Commit to major accident prevention by promoting Process Safety management, (6) Continue monitoring and evaluating LTIF and TRIR, (7) Improve emergency and crisis response capabilities, and (8) Drive forward management plans for reducing GHG emissions. During FY2016, the company successfully shared HSE lessons on construction work by enhancing HSE technical support in Japan and overseas and holding HSE Forums. Such efforts contributed to achieving LTIF of 0.11 and TRIR of 0.97 which were the top 25% level of IOGP member companies; however, considering that both benchmarks started to show an increase in FY2017, enhanced efforts have been undertaken to ensure further improvements. In April 2017, INPEX revised its HSE Policy in line with this latest plan. Also, it once again declared that it would work to develop an HSE culture in which HSE is regarded as an indispensable factor in all areas of decision making, and that will be pursued on a daily basis. The company is now also actively involved in efforts to improve HSE performance across the whole Group, revise its HSEMS Manual, and expand the scope of HSE management to its domestic subsidiaries and others.

INPEX joins Great East Japan Earthquake relief and recovery efforts

On March 11, 2011, a huge magnitude 9.0 earthquake occurred in the Pacific Ocean offshore of the Tohoku region in Japan, and with a powerful tsunami immediately afterward, 15,896 people died, and 2,537 people are still missing as of June 10, 2018, according to the National Police Agency, resulting in massive damage and a large number of people lost their livelihood. INPEXluckily escaped any human loss or serious property damage, but Fukushima Prefecture, with which INPEX had a long and deep relationship through production operations at its Offshore Iwaki Gas Field, severely damaged by the earthquake, tsunami and the effects of nuclear disaster after the earthquake. INPEX’s business sites at Nagasaki City and Kashiwazaki City had previously experienced the Niigata Chuetsu earthquake. INPEX is strongly aware of the necessity of prompt relief and support, so the following relief and recovery efforts were immediately implemented.

- Donation of 200 million yen, plus a further 4.8 million yen provided by INPEX Group executives and employees, to the affected areas through the Japan Red Cross
- Provision of essential household items, including drinking water, emergency food items, blankets and other relief goods to affected areas (Soma City, Fukushima Prefecture)
- Provision of petroleum products, refined and manufactured from domestic oil at an INPEX Group refinery to affected areas (Iwaki City and Soma City, Fukushima Prefecture) due to severe fuel shortages
- Provision of physical support such as restoration work of town gas supplies

In July 2011, INPEX set up a paid volunteer leave system to support volunteer activities in affected areas conducted by employees, with related transport and accommodation, as well as equipment, paid for by INPEX. In the same month, 31 employees participated in recovery work in the city of Rikuzentakata, Iwate Prefecture. Since then, and up until December 2016, 82 restoration and recovery activities have been conducted by INPEX employees, with participation by more than 700 people.

Ensure that you have checked off all 7 rules prior to the start of work.

INPEX 7 Safety Rules

2011

Feb
Acquired participating interest in the Waller Ridge 19/86/129/144 Blocks located in the Gulf of Mexico in the US
Feb
Confirmed gas and condensate in the Da Ngyapai structure in Blocks BS-18 & BS-19, offshore southern offshore Vietnam
Apr
The Environment Safety Unit was transferred to the HSE UNIT
May
Opened Rio da Janeiro Office in Brazil
May
Decided investment of the Tayama Line between Higashiya City and Tayona (QML)
Jun
Final investment decision made on the Ruby gas field in the Sakakoku Block in Indonesia
Jun
Agreed on joint geothermal energy development survey with Iceland’s Kzen Co., Ltd. in Hobbando and Aikou Prefecture
Jun
Decided purchases for entire 8.4 million tons per annum of LNG from the Ichthys LNG Project

Jan
Established the Health, Safety and Environmental Policy
Jul
Split the Technical Division Technology Development & Support Unit into Sub-areas Evaluation Unit and Field Development Unit
Jul
Obtained approval for the Ichthys LNG Project Environmental Impact Assessment
Jul
Undertook legal restructuring and transferred Company assets related to the Ichthys LNG Project
Oct
Commenced crude oil production from the Kizan Oil Field, Japan Petroleum Development Area, Tanio Suu (UPGAB-1B)
Nov
Oil sheen occurred in the vicinity of the Frade-field Campos Basin, offshore Brazil
Nov
Acquired 100% participating interest in the Balar Selaru Block, south offshore Indonesia

Recovery support activities for the Great East Japan Earthquake at Rikuzentakata City (September 2011)

INPEX Statement

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- Provision of petroleum products, refined and manufactured from domestic oil at an INPEX Group refinery to affected areas (Iwaki City and Soma City, Fukushima Prefecture) due to severe fuel shortages
- Provision of physical support such as restoration work of town gas supplies

In July 2011, INPEX set up a paid volunteer leave system to support volunteer activities in affected areas conducted by employees, with related transport and accommodation, as well as equipment, paid for by INPEX. In the same month, 31 employees participated in recovery work in the city of Rikuzentakata, Iwate Prefecture. Since then, and up until December 2016, 82 restoration and recovery activities have been conducted by INPEX employees, with participation by more than 700 people.

2011
Nov
Held the first Environmental Meeting (on Nov 28 and 29)
Nov
Agreed in principle to acquire participating interest in the shale gas projects in the Horn River, Cordova and Liard basins, British Columbia State, Canada
Dec
Transferred partial participating interest in the Masela Block, Abadi Gas Field to a subsidiary of Shell
Dec
Agreement made with Osaka Gas Co., Ltd. for partial transfer of Ichthys LNG Project equity interest
Dec
Final investment decision made on the Coniston Unit located offshore Western Australia
Dec
Sold interests in the West Bakr block, Egypt
Dec
Joined United Nations Global Compact Initiative

Geothermal resources. Our initial surveying started in 2011, with surface study including geological survey, gravity survey and electro-magnetic survey. Then in July 2013, with the additional participation of Mitsui Oil Exploration Co., Ltd., the second stage began with drilling of geothermal exploratory wells to survey such things as geological structure, underground temperature and permeability of the reservoir. After that, the companies investigated commercialization, including flow test of exploratory wells at both sites.

From 2013, INPEX also started the joint study at the Bandaisan area and Azuma-Adatara area of Fukushima Prefecture as a member of the Fukushima Geothermal Project Team, a group of 11 Japanese companies, with a view to geothermal energy development.

Ichthys LNG Project finalizes sales agreements covering all LNG to be produced

In June 2011, the Ichthys Project Joint Venture reached agreements to enter into long-term sales contracts for liquefied natural gas (LNG) from the Ichthys LNG Project, which was required for development of Ichthys by INPEX as operator. The long-term sales contracts, running for 15 years from 2017, will supply 5 Buyer Consortium consisting of Tokyo Electric Power Co., Inc. (1.05 million tons per annum (mtpa), now JERA Co., Inc.), Tokyo Gas Co., Ltd. (1.05 mtpa), The Kansai Electric Power Co., Inc. (0.80 mtpa), Osaka Gas Co., Ltd. (0.80 mtpa), and Kyushu Electric Power Co., Inc. (0.30 mtpa), 2 Buyer Consortium consisting of Chuubu Electric Power Co., Inc. (0.49 mtpa, now JERA Co., Inc.) and Toho Gas Co., Ltd. (0.28 mtpa), CPC Corporation, Taiwan (1.75 mtpa), Total and INPEX (0.90 mtpa each). Then from December 2011 to January 2012, the Ichthys Project Joint Venture signed legally binding Sales and Purchase Agreements with these 10 companies. The signing of these contracts meant the Project secured the sales of the total volume of the annual LNG production of 8.4 million tons.

This 8.4 mtpa of LNG is equivalent to over 10% of Japan’s annual LNG import volume. Approximately 70% of this volume will be shipped to Japanese buyers, which means the Ichthys Project contributes to a stable energy supply to Japan. Securing long-term buyers of entire LNG production was a big step forward in obtaining the FID.

INPEX launches joint study in preparation for first commercial geothermal power generation project

In June 2011, INPEX and Idemitsu Kosan Co., Ltd. agreed to conduct the joint study, namely a geothermal power generation feasibility study, in Amemasudake area (Akaigawa Village and Sapporo City) of Hokkaido and the Oyasu area (Yuzawa City) of Akita Prefecture. This was a major step towards realizing the basic INPEX strategy of Evolution into a company that offers diversified forms of energy, established at the time of the business integration in 2008. INPEX had made its first inroads into the renewable energy business. INPEX adjudicated that the discovery of subsurface geothermal resources would allow the application of the technologies and knowledge, acquired over many years identifying and developing underground oil and gas resources, so it expected to realize strong synergies in this new endeavor.

New Energy and Industrial Technology Development Organization (NEDO) had already surveyed the Amemasudake and Oyasu areas to promote geothermal energy development, and had identified them as having high potential for
Ichthys LNG Project announces financial investment decision (FID) in January 2012. The project is one of australias subsidiaries, this was the first time for a Japanese company to lead an LNG development operator of the project.

The real engineering, procurement and construction (EPC) work—detailed design, materials procurement and construction—began in March 2012, through its subsidiary INPEX Oil & Gas (EPC) work—detailed design, materials procurement and construction—began in March 2012, through its subsidiary INPEX Oil & Gas

The Prelude FLNG Project consists of two gas fields located offshore Western Australia. This was one of the world’s first FLNG (floating liquefied natural gas) projects using a floating facility for gas liquefaction. In July 2011, INPEX selected Royal Dutch Shell as a strategic partner and hoped to acquire experience and knowledge about FLNG development for use in future LNG projects.

The Prelude FLNG Project consists of two gas fields—located offshore Western Australia’s WA-44-L region offshore Western Australia. This was one of the world’s first FLNG (floating liquefied natural gas) projects using a floating facility for gas liquefaction. In July 2011, INPEX selected Royal Dutch Shell as a strategic partner and hoped to acquire experience and knowledge about FLNG development for use in future LNG projects.

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The companies conducted a three-dimensional seismic survey and other geological and geophysical studies on both blocks before drilling wildcard wells. They eventually withdrew from the S Block in 2016 after being unable to find oil or gas. They discovered several oil layers at the Bestari-1 exploration well, drilled in Block R in 2015, but withdrew from that also because the appraisal wells were unable to confirm if there were commercial quantities available in the reserves.

**INPEX establishes MEDIUM-TO-LONG-TERM VISION**

In May 2012, INPEX established its MEDIUM-TO-LONG-TERM VISION of INPEX-Ichthys and our growth beyond. With the FID obtained for the Ichthys LNG Project in January of the same year, INPEX established the VISION to set targets for achieving sustainable growth over the medium-to-long term, and for clarifying key initiatives for the next five years leading up to the Ichthys startup.

The energy situation was changing rapidly and becoming more complex, so there was an acute awareness of a shift toward gas and renewable energies amid increasing demand for energy, partnerships and acquisitions within the energy development industry expanding dynamically, and the need to respond to the arrival of unconventional resources and issues surrounding safe operations and the global environment. To achieve continuous growth in this environment while focusing on the start of safe operations and the global environment, to achieve long-term, and for clarifying key initiatives for the next five years, INPEX projected a long-term vision.

INPEX established targets for the following five years:

1. **Continuous enhancement of our E&P activities** (1 million barrels per day by the early 2020s), (2) Strengthening our gas supply chain (domestic gas supplies of 2.5 billion cubic meters annually by the early 2020s) and 3 billion cubic meters in the long term), and (3) Reinforcement of our renewable energy initiatives (research, development and commercialization targeting growth for the next generation). The three management policies of INPEX wanted to develop were (1) Securing / developing human resources and building an efficient organizational structure, (2) Investment for growth and return for shareholders, and (3) Responsible management as a global company.

The three targets INPEX set itself were (1) Continuous enhancement of our E&P activities (1 million barrels per day by the early 2020s), (2) Strengthening our gas supply chain (domestic gas supplies of 2.5 billion cubic meters annually by the early 2020s and 3 billion cubic meters in the long term), and (3) Reinforcement of our renewable energy initiatives (research, development and commercialization targeting growth for the next generation). The three management policies INPEX wanted to develop were (1) Securing / developing human resources and building an efficient organizational structure, (2) Investment for growth and return for shareholders, and (3) Responsible management as a global company.

**INPEX completes construction of Naosetsu LNG Terminal**

In December 2013, INPEX held a completion ceremony for the Naosetsu LNG Terminal. This was the company’s first LNG receiving facility built in Joetsu City, Niigata Prefecture. With the opening of this terminal, INPEX improved its domestic gas supply capacity and stabilized its supply system by mixing LNG produced overseas and gas produced in Japan from the Minami-Nagasaki Gas Field in Niigata Prefecture. This further expanded its infrastructure to achieve its target of reinforcing the gas supply chain, one of the growth targets in INPEX’s Medium-to-Long-term Vision.

Japan’s demand for gas was central to a transition away from petroleum-based fuels, and there were expectations that this transition would remain strong into the future. The FID for the Naosetsu LNG Terminal was made in August 2008 and actual construction commenced in August 2009. With construction proceeding smoothly, the first LNG tanker, the TANGGUH FOJA, docked in August 2013. After that, commissioning of the key facilities proceeded in turn and the terminal was opened on December 1, 2013, ahead of schedule. The terminal includes two above-ground LNG tanks with storage capacity of 180,000 kiloliters, a berth which enables the large 210,000 cubic meter loading class Q-Max LNG tanker to dock, vaporizers and calorific value adjustment facilities. The terminal can supply enough gas to satisfy the annual gas needs of about five million households.

In 2016, cryogenic LPG facility was also completed in response to moves to adjust calorific values to 45 mega joules per cubic meter, and its operation is ongoing.

**INPEX commences Mega Solar Joetsu photovoltaic power generation in Joetsu, Niigata**

In April 2013, INPEX held a completion ceremony for the INPEX Mega Solar Joetsu, the company’s first photovoltaic power generation facility. It was also INPEX’s first commercialization project related to its Medium-to-Long-term Vision growth target of Reinforcement of our renewable energy initiatives. INPEX used part (46,710 square meters) of the premises owned by its subsidiary INPEX Logistics (Japan) Co., Ltd. (INPEX Logistics) in Joetsu City, Niigata Prefecture. INPEX commenced installing the solar panels in October 2012, with a
maximum of approximately 2,000kW of electric generating capacity, and went on to start operation in April 2013.

Then in July 2015, second new photovoltaic power generation facility owned by INPEX Logistics commenced the commercial operations. With this, the total expected annual power generation capacity of the INP Energy Trading Singapore Pte Ltd. achieves reduced transportation costs through a significant improvement in fuel efficiency. She is co-owned by INPEX SHIP-PING and Kawasaki Kisen Kaisha Ltd. (“K” Line) for a time charter by INPEX SHIPPING. In October 2017 at the naming ceremony, she was named “OCEANIC BREEZE” by Toshiaki Kitamura, then president and CEO of INPEX, and she was delivered in April 2018.

Construction begins on LNG tankers to service Ichthys LNG Project

In June 2013, INPEX made a decision to build and charter its first LNG ship to transport 0.9 million tons of Ichthys LNG per annum to the INPEX Naersu LNG Terminal. Built by Mitsubishi Heavy Industries, Ltd., the specifica- tion is 288 meters length of perpendicular, 49 meters breadth with a tank capacity of 155,300 cubic meters. The ship features continuous cover over Moss spherical tanks integrated with the hull called “Sayendo type.” The ultra-steam turbine plant achieves reduced transportation costs through a significant improvement in fuel efficiency. She is co-owned by INPEX SHIP-PING and Kawasaki Kisen Kaisha Ltd. (“K” Line) for a time charter by INPEX SHIPPING. In October 2017 at the naming ceremony, she was named “OCEANIC BREEZE” by Toshiaki Kitamura, then president and CEO of INPEX, and she was delivered in April 2018.

In May 2013, IT Marine Transport Pte. Ltd, (ITMT), a joint venture with TOTAL, was established to transport 1.75 million tons of Ichthys LNG per annum, to be delivered to CPC Corporation, Taiwan, through time charter agreement with “K” Line.

Built by Kawasaki Heavy Industries, Ltd., this world’s largest Moss-type LNG ship’s specification is about 300 meters length of perpendicular, 52 meters breadth, with tank capacity of 182,000 cubic meters. The ship features a TFDJ (Tri-Fuel Diesel Electric propulsion system, utilizing a diesel engine fueled by natural gas, marine diesel oil, or heavy fuel oil. This system achieves reduced transportation costs through high fuel efficiency. In September 2017 at the naming ceremony, she was named “PACIFIC BREEZE” by Jing-Zen Fang, then vice president of CPC, and she was delivered in March 2018.

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 Medium- and Long-Term Offshore Methane Hydrate Production Tests. A program being implemented by JGMEC 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