

Australian Industry Participation (AIP) plan Summary

– Project Phase

1. Project Details

Designated project proponent: Beach Energy Limited

Project name: Otway Offshore Project

Description of the project: The Otway Offshore Project is focused on further development of the resources in the Geographe and Thylacine offshore gas fields located in the Otway basin that will tie back to the existing Otway Gas Plant via the existing Otway Gas Production Pipeline which comes ashore near the township of Port Campbell in Victoria. The Otway Offshore Project is progressing for the development of resources in the Victorian Otway Basin thus extending the plant life of the Otway Gas Plant, and continuing to meet future forecast demand for natural gas, and contributing significant opportunities for Australia.

Scope The Otway Offshore project comprises further development of the Geographe and Thylacine fields and comprises: Drilling and completion of two Geographe subsea development wells and their tie-in to existing subsea infrastructure; drilling and completion of up to four Thylacine subsea development wells and their tie-in to the existing Thylacine platform; Drilling, and potential completion, of the Artisan exploration well; Drilling of an T/30P exploration well; and any required modifications to the Otway Gas Plant.

Contracts & Procurement The contracts & procurement strategy for key goods and services is for Beach Energy to competitively tender packages to companies with the capability, capacity and demonstrated experience in the Australian offshore Oil and Gas industry. Where Beach is procuring key goods or services directly, as the procurement entity, it will ensure compliance with all obligations in this plan. Beach may engage one or more Lead Contractors (hereafter referred to as Contractors) to undertake design, procurement, construction and installation, and directly manage a suite of subcontractors on behalf of the Project. Where a Contractor is engaged to complete Otway Offshore project scope, Beach will ensure that all relevant obligations of this plan flow down to Contractors and their subcontractors.

Project timeline (indicative)

First tender packages for key goods and services are expected to be issued to market Q1 2019 with works expected to commence Q3 2019.

Key Dates:

Geographe drilling commencement: Q2 2020

Geographe First Gas: Q3 2022

Thylacine drilling commencement: Q4 2020

Thylacine First Gas: Q1 2023

Estimated project value: >\$500 million

Project location: The Otway Offshore Project is focused on further development of the resources in the Geographe and Thylacine offshore gas fields located in the Otway basin that will tie back to the existing Otway Gas Plant via the existing Otway Gas Production Pipeline which comes ashore near the township of Port Campbell in Victoria.

Link to project information: <https://www.beachenergy.com.au/vic-otway-basin/> and <https://gateway.icn.org.au/project/4222/beach-energy-otway-offshore-project>.

Project contact for procurement information: Dallas Russell, Phone: +61 8 8433 24 10

E-mail: Dallas.Russell@beachenergy.com.au

Other project proponents involved in the project: Not Applicable

2. Opportunities to supply Goods and Services

Below is an indicative list of opportunities likely to arise under the Otway Offshore Project.

Expected opportunities	Opportunities for Australian entities*	Opportunities for non-Australian entities
Drilling and Completions		
Drilling rig supply and operate	Yes	Yes
Downhole Completion Services	Yes	Yes
Permanent Downhole Gauge Services	Yes	Yes
Well Clean-Up & Flowback Services	Yes	Yes
Directional Drilling Services	Yes	Yes
Mud Logging Services	Yes	Yes
Drilling Fluids Services	Yes	Yes
Rig Cooling Services	Yes	Yes
Cementing Top-Up Services	Yes	Yes
Casing & Tubular Running Services	No	Yes
Downhole Fishing Services	Yes	Yes
Downhole Tools	Yes	Yes
Pit & Tank Cleaning Services	Yes	Yes
ROV Services	Yes	Yes
Solids Control & Cuttings Handling Services	Yes	Yes
Supply of Oil Country Tubular Goods (OCTG)	No	Yes
Tubular Running Services	Yes	Yes
Slickline Services	Yes	Yes

Expected opportunities	Opportunities for Australian entities*	Opportunities for non-Australian entities
Subsea		
Wellheads, Christmas Trees and Control Systems	Yes	Yes
Umbilical Fabrication and Installation	No	Yes
Line pipe Fabrication and Coating Services	No	Yes
Pipe and Flowline Installation Services	Yes	Yes
Hardware Installation Services	Yes	Yes
Geotechnical Offshore Survey	Yes	Yes
Geotechnical Testing and Reporting	Yes	Yes
Services		
Helicopter Logistics	Yes	Yes
Engineering	Yes	Yes
Project Management	Yes	Yes
Quality Assurance Inspection/Verification	Yes	Yes
Accommodation	Yes	Yes
Vessels: AHTS or PSV class	Yes	Yes
Fuel	Yes	Yes
Marine Warranty Services	Yes	Yes

Note: The information provided in the table above is based on an assessment by Beach. Any questions or issues should be raised with the project contact.

The subsea technology required for the Otway Offshore project requires highly specialised expertise and technology that, based on Beach's experience and expertise, does not exist in Australia: Casing & Tubular Running Services, OCTG, Umbilical Fabrication and Installation, and Line pipe Fabrication and Coating Services.

3. Standards to be used in the project

Australian Industry will not be disadvantaged by the execution of the Otway Offshore Project. All standards for key goods and services for the Project are recognised industry norms in common use within the Australian Oil and Gas industry.

Australian entities will have the ability to meet these standards.

4. AIP activities to be undertaken by the Project Proponent

- The activities undertaken by Beach will ensure that full, fair and reasonable opportunity has been provided to Australian companies. Beach will ensure that obligations arising under the *Australian Jobs Act 2013* are fulfilled and are included in contracts with procurement entities.
- Beach will engage in advance of commencement of tendering activity for key goods and services with the Industry Capability Network Victoria (ICNVIC) or an independent service provider to determine whether Australian capability and capacity exists for scopes of work equal to or in excess of A\$1 million. Project information and work packages (and updates) will be published on the ICN Gateway to promote opportunities for Australian entities. Works packages will identify project specific requirements, standards and codes.
- Supplier briefings will be conducted to raise awareness of the project and the opportunities available to Australian entities, where to find detailed information relating to opportunities, details relating to standards and other requirements.
- Supplier briefings will be arranged and promoted through the ICN Victoria and its networks with local industry councils and associations. Additional advertising and promotional mediums are being considered. The first supplier briefing is being scheduled for July 2019 in Geelong.
- Beach will develop a contracting strategy which will outline the timeframes considered appropriate for the market engagement for a package of work. Based on the timeframes outlined in this strategy, work packages will be made publicly available via the ICN website for interested suppliers to register their expression of interest.
The work packages are published and available to the supplier base at the same time ensuring there are no unfair or disadvantaged parties in the process.
- Timeframes to respond to register an expression of interest will be reasonable and equal for all suppliers.
- Where upskilling is required, training recommendations will be provided to assist with the development of Australian suppliers.
- Where appropriate, Beach will facilitate introductions of Australian entities to technical Contractors.
- Consideration of employment of local aboriginal people and businesses where they are appropriately qualified and capable of carrying out the work.
- Exploring opportunities for capacity building and support for locally owned Indigenous organisations consistent with core business activities.
- Consideration given to contractors that actively engage with the local Indigenous community.
- Contract owners will work closely with Contractor's to identify supplier capability of Australian businesses and where these might be afforded the opportunity to participate in the global supply chains.
- If a Contractor has been unsuccessful in bidding for work on the Project, Beach will provide feedback on areas of improvement and upskilling including any relevant skills capability and capacity development (but not comparative pricing) will be provided.