

Australian Industry Participation (AIP) plan Summary – Project Phase

1. Project Details

Designated project proponent: QGC Pty Ltd.

Project name: Surat Basin Natural Gas Development

Description of the project: The Surat Basin Natural Gas Development is part of the continuous development of QGC’s tenements to sustain natural gas supply to both the domestic market and our two-train LNG plant on Curtis Island near Gladstone. While QGC Pty Ltd has majority ownership of the project, it is a Joint Venture partnership between QGC Pty Ltd, CNOOC and Tokyo Gas. This project will cover the development of approximately 1,200 new coal seam gas wells and associated gathering infrastructure between 2017 and 2021. Each year, new well and gathering infrastructure is constructed in parallel to the Company’s operational activities. The detailed plans for well and infrastructure placement are developed gradually as part of smaller packages of work referred to internally as Project Access and Clearance Requests (PACRs). The first package of wells being developed in 2017 and 2018 is located in the central and southern areas of existing tenements, and is referred to by the business as ‘Project Ruby’. Development areas beyond 2018 will be announced as they are determined.

Estimated project value: \$4.2 billion (5-year estimate)

Project location: The project is situated in the Surat Basin of Queensland. All activities for the project will be undertaken on QGC’s existing tenements, which extend from south of Tara to north of Wandoan. Tenements are located in the Western Downs Regional Council and Banana Shire local government areas.

Link to project information: <http://www.shell.com.au/about-us/projects-and-locations/qgc.html> and <http://www.shell.com.au/sustainability/supplying-to-shell-australia.html>

Project contact for procurement information: Yana Khamulo – Senior Procurement Manager Wells & Projects. Yana.Khamulo@shell.com or (07) 3024 8315

Other project proponents involved in the project: CNOOC Coal Seam Gas Company Pty Ltd and Tokyo Gas QCLNG Pty Ltd.

2. Opportunities to supply Goods and Services

Expected opportunities	Opportunities for Australian entities	Opportunities for non-Australian entities
Wellhead separator skids & offskid spools	Yes	Yes
Booster pumps (long lead item)	Yes	Yes
Manual valves	Yes	Yes
Instruments (including FIT-003)	Yes	Yes

Expected opportunities	Opportunities for Australian entities	Opportunities for non-Australian entities
On-off valves (long lead item)	Yes	Yes
Flow control valves (long lead item)	Yes	Yes
Quick connect cables	Yes	Yes
Flex hoses	Yes	Yes
Fencing	Yes	Yes
Hydraulic power units (HPU) and drive heads	Yes	Yes
Remote Terminal Unit (long lead item)	Yes	Yes
Pipe supports	Yes	Yes
HDPE pipe	Yes	Yes
Gathering fabricated spools	Yes	Yes
PE fittings	Yes	Yes
PE ball valves	Yes	Yes
Drill bits	Yes	Yes
Drilling chemicals	Yes	Yes
Drilling cement	Yes	Yes
Progressive Cavity Pumps (PCP)	Yes	Yes
Automatic Diverter Valves (ADV)	Yes	Yes
Permanent Downhole gauges (PDHG)	Yes	Yes
Sucker Rods	Yes	Yes
Wellhead	Yes	Yes
Casing	Yes	Yes
Wellsite facility installations	Yes	No
Gathering network construction	Yes	No

Expected opportunities	Opportunities for Australian entities	Opportunities for non-Australian entities
Geotech services	Yes	No
Fabrication	Yes	No
Welding inspection	Yes	No
Bulk earthworks	Yes	No
Accommodation	Yes	No
Transportation (aircraft, buses, road trains and freight and float)	Yes	No
Concrete pumping	Yes	No
Vacuum excavation	Yes	No
Cranes and heavy lift	Yes	No
Paramedical services	Yes	No
Security	Yes	No
Design verification	Yes	No
Flange management and auditing	Yes	No
Hydrostatic testing	Yes	No
Flare certification	Yes	No
HV audit and dossier compilation	Yes	No
Vessel inspection	Yes	No
Earth grid testing	Yes	No
Pile integrity testing	Yes	No
Perform non-destructive testing	Yes	No
Lube oil flushing	Yes	No
Traffic control	Yes	No
Road construction including kerbing	Yes	No

Expected opportunities	Opportunities for Australian entities	Opportunities for non-Australian entities
Waste removal and potable water	Yes	No
Permanent fencing	Yes	No
Rehabilitation and amelioration	Yes	No
Precast concrete and culverts	Yes	No
Civil and construction services	Yes	No
Fencing services	Yes	No
Minor equipment maintenance	Yes	No
Rigs	Yes	Yes
Fishing, milling and drilling	Yes	Yes
De-watering	Yes	Yes
Off-plot road construction	Yes	No

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

3. Standards to be used in the project

QGC adheres to Australian Standards or (where these do not exist) the Company looks to achieve international best practice standards. Suppliers may also be required to meet conditions for certain activities defined by Queensland Government legislation (e.g. the Petroleum and Gas Act 2004 or the Environmental Protection Act 1994) or Australian Government environmental approvals.

Individual standards requirements will vary significantly between different scopes of work for the Surat Basin Natural Gas Development and will be set out as part of the contracting strategy developed for each work package.

4. AIP activities to be undertaken by the Project Proponent

- Hosting a **dedicated webpage** outlining how to ‘become a supplier’ with Shell Australia. This webpage describes how prospective suppliers can register their interest with QGC and Shell – to increase their visibility with our procurement teams and those of our major contractors. <http://www.shell.com.au/sustainability/supplying-to-shell-australia.html>
- Maintaining an up-to-date **database of Australian suppliers** to be referred to during the contracting strategy phase of each work package (and to be shared with primary contractors where appropriate).
- Engaging with the **Industry Capability Network** in Queensland to investigate means of making work packages more visible and accessible to suppliers.

- Regarding **pre-qualification** details, our level of expectation regarding health and safety, quality, finance and environment for each tier of the supply chain is made clear on our website at: <http://www.shell.com.au/sustainability/supplying-to-shell-australia/what-we-expect-from-ourcontractors.html>. This includes the requirement for all suppliers to be compliant with Australian standards. Suppliers that are short-listed and invited to participate in tender processes will then also be asked to formally pre-qualify through Shell's Supplier Pre-Qualification System (SQS).
- Distributing a **community circular** each quarter, through the local chambers of commerce and interested community members, containing details of all upcoming procurement and recruitment opportunities in our supply chain.
- Engaging with **multiple local organisations** (e.g. chambers of commerce, other business groups, and local government entities) to promote procurement opportunities through their networks.
- Undertaking **supplier information sessions** in local communities to provide businesses with project updates and details around upcoming work packages and workforce changes.
- Engaging with **State and Federal government agencies** to communicate opportunities and to work with government programs to enhance the capacity of Australian entities.
- Providing **feedback to unsuccessful Australian bidders** to suggest areas of improvement on future tendering opportunities.
- Undertaking **internal quarterly reporting on AIP commitments** to ensure progress and identify areas for improvement

5. AIP activities to be undertaken by procurement entities

- Contractors (as procurement entities and through the tender process) will be required to demonstrate that they have adequate processes in place to maintain a current **understanding of Australian entities**.
- Key contractors will **communicate opportunities** through a number of means including via the ICN Gateway for some packages of work.
- Major contractors will be required to prepare a **Local Communities Plan** in response to QGC's tenders for the Project. This Plan will require contractors to detail the actions that will be implemented to facilitate local involvement in contractors' supply chains. This will include engagement with local business bodies, publishing opportunities locally, and proposing measures to improve capability and capacity within local SMEs.
- Major contractors will **report quarterly** to QGC on progress against KPIs in their Local Communities Plan.