

Australian Industry Participation (AIP) plan Summary

– Project Phase

1. Project Details

Designated project proponent: Shell Australia Pty Ltd

Project name: Crux

Description of the project:

Shell Australia Pty Ltd (Shell), together with the Joint Venture Participants Seven Group Holdings (SGH) Energy (15%) and Osaka Gas (3%), is progressing planning for the development of the Crux gas field, located approximately 160 km north-east of the Prelude field in the northern Browse Basin, offshore the Kimberley coast, Western Australia.

The Crux project forms an important part of Shell Australia's gas portfolio, identified as the primary source of backfill gas supply to the Prelude FLNG facility. The concept comprises:

- a Not Normally Manned (NNM) platform, which includes processing facilities with associated utility systems
- 5 production wells
- a 26-inch multi-phase export pipeline, approximately 165 km long, which ties the platform back to the Prelude FLNG facility
- A 16" flexible riser which connects the export pipeline to the Prelude FLNG facility
- Remote operations, the Crux platform will be connected to and remotely operated from the Prelude FLNG facility via a fibre optic cable.

Front-End Engineering and Design (FEED) for the Crux Project is expected to commence in 2019 with the Financial Investment Decision (FID) scheduled for 2020. The Crux Project has an anticipated life of 20-years.

Crux will be delivered under an Engineering, Procurement, Construction and Installation (EPCI) Contract, with Shell Australia as the procurement entity. However, the EPCI Contractor will develop the work packages needed to complete the scope of work and will be the Procurement entity for those packages.

Project location: Offshore Western Australia, approximately 600 km north of Broome; 160 km north east of the Prelude FLNG Facility.

Link to project information: The Crux Project forms an important part of Shell Australia's gas portfolio, identified as the primary source of backfill gas to the Prelude LNG facility, as described at: www.shell.com.au/crux. Major work packages will be listed on ICN Gateway for expression of interest: www.Crux.icn.org.au

Project contact for procurement information: Linus O'Brien, Principal Supply Chain Consultant, ICNWA; 08 9365 7556; Linus.OBrien@icnwa.org.au

Other project proponents involved in the project: SGH Energy and Osaka Gas

2. Opportunities to supply Goods and Services

Expected opportunities	Opportunities for Australian entities	Opportunities for non-Australian entities
Goods		
Not Normally Manned Platform, Topsides - fabrication	No	Yes
Jacket - fabrication	No	Yes
Foundation piling - fabrication	No	Yes
Pipelines (export and other) - fabrication	No	Yes
Pipeline manifold – fabrication	Yes	Yes
Flexible Riser - fabrication	No	Yes
Umbilical – fabrication	No	Yes
Wells (e.g. Modular Platform Rig, drilling template, subsea wellhead, surface wellhead, OCTG.)	No	Yes
Services		
Front End Engineering & Design Services for all scopes	Yes	Yes
Transport and Installation	No	Yes
Hook-Up and commissioning e.g. call-off contracts and logistics for helicopters, supply base, accommodation, support vessels etc.	Yes	Yes
Wells drilling and completion (Rig, Mud Logging, Drilling Fluids, Cementing, ROV, engineering, QAQC, logistics, well control etc.)	Yes	Yes

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.

Explanation for item(s) in list above where it is indicated 'No Opportunities for Australian entities'

Goods

Not Normally Manned Platform, Topsides and Jacket

Australian companies are not capable of tendering for this type of work. This can be attributed to the limited work of this nature in Australia and the scale of the NNM Platform, Topside and Jacket which require suitable wharf infrastructure and a workforce familiar with this type of construction.

Foundation (piling)

Australian companies are not capable of tendering for this type of work. This can be attributed to the limited work of this nature in Australia and the size of foundation structures which require availability of suitable wharf infrastructure.

Pipeline, Flexible Riser, Umbilical and Wells infrastructure

There are limited construction facilities globally for the fabrication of Pipeline, Flexible Risers, Umbilicals and Wells infrastructure and no facilities currently exist in Australia.

Services

Transport and installation

There are currently no Australian shipping companies with the capability to transport and install loads of this nature.

3. Standards to be used in the project

- Project design and construction will be done to Australian Statutory Laws and Regulations, and will be designed predominantly to International Codes and Standards with some specific Australian Standards.
- Australian entities supplying the oil and gas market are accustomed to the use of International Codes and Standards and Australian Statutory Laws and Regulations. Therefore, it is not expected that tender requirements referencing International Codes and Standards and Australian Statutory Laws and Regulations will be at a disadvantage to Australian entities.
- Suppliers may be required to meet conditions for certain activities defined by WA Government legislation (e.g. Petroleum and Geothermal Energy Resources Act, Environmental protection Act) and Commonwealth Government legislation (e.g. Offshore Petroleum and Greenhouse Gas Storage Act and Environmental Protection and Biodiversity Conservation Act).
- Individual standards requirements will vary significantly between different scopes of work for the Crux Project 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

- Continue to publish scopes of work on ICN Gateway to drive awareness of opportunities for Australian entities. This will be delivered through both direct contracting by Shell and lead contractors (e.g. FEED & EPCI's) for the Crux Project.
- AIP obligations and commitments outlined in the Crux AIP Plan will be cascaded down to lead contractors (e.g. FEED and EPCI's), including via the development of their own AIP Plan aligned with the Crux AIP Plan.

- Shell and EPCI's provide a forecast of direct and indirect procurement opportunities for the Crux Project through the quarterly Shell e-Newsletter. This newsletter is distributed to 1,000+ stakeholders.
- Engage existing Prelude logistics contracts for Crux with the objective of maximising Australian content.
- Continue to support government and industry initiatives that have been established to generate local awareness of procurement opportunities, and support local businesses to participate effectively.
- All Shell staff involved in the implementation of the AIP Plan will be made fully aware of the Company's obligations and commitments.
- Shell will require each contractor to nominate a 'contact officer' to attend a briefing on AIP obligations and commitments under the contract and Shell's Supply Principles and Commitments.
- Contractors will be provided with a detailed reporting template which will contain AIP-related key performance indicators which must be reported against on a quarterly basis.
- If an EPCI Contractor with an Australian entity has been unsuccessful in bidding for work on the project, we will provide the entity an opportunity to attend a de-brief session with the Crux CP team post contract award. This opportunity will be outlined in the written notification that is provided to unsuccessful bidders.
- Where an Australian entity has expressed interest through ICN Gateway but were shortlisted out, Crux CP team/ ICNWA will provide feedback.
- Shell, through its database of Australian entities will seek opportunities for Crux suppliers to integrate with our own global supply chains.
- Shell's contract holders will work closely with international contractors appointed for the Crux Project to identify the particular capacity of local businesses and where these might be afforded the opportunity to participate in the contractors' global supply chains.

5. AIP activities to be undertaken by procurement entities

- It should be noted that for the Engineering, Procurement, Construction and Installation (EPCI) Contract(s), Shell Australia Pty Ltd will be the Procurement entity.
- However, the EPCI Contractor(s) will ultimately be the entity who will develop the work packages needed to complete the scope of work. The EPCI Contractor(s) will develop a contracting strategy which outlines the timeframes considered appropriate to tender for and deliver the scope of work. Based on the timeframes outlined in this strategy, tender documents are released to the market.
- This may be through an 'invitation to tender' process (with a select few entities) or through an 'open tender' process (although this is not common). In either event, all tenderers are notified at the same time as to the availability of the opportunity – be they international or Australian. As such, all tenderers are provided with equal timeframes to respond to the request for bid and no entity is unfairly advantaged or disadvantaged in this process.
- EPCI Contractors (through the tender process) will be asked to demonstrate a similarly fair and transparent process of notification.