

Inpex sues Dutch company for \$2.5b over ongoing 'systemic degradation' to Bladin Point Ichthys LNG plant

Inpex is suing a Dutch company for more than \$2.5bn in damages it claims resulted from 'systemic degradation' to its Darwin LNG plant caused by a faulty coating designed to protect it from the elements.

JASON WALLS, NT News

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Inpex is suing a Dutch company for more than \$2.5bn in damages it claims resulted from 'systemic degradation' to its Darwin LNG plant caused by a faulty coating designed to protect it from the elements. Picture: Supplied

INPEX is suing a Dutch company for more than \$2.5bn in damages it claims resulted from "systemic degradation" to its Darwin LNG plant caused by a faulty coating designed to protect it from the elements.

In documents filed with the Federal Court, Inpex claims an epoxy known as I228 supplied by AzkoNobel failed to protect the facility from the "highly corrosive environment" at Bladin Point and operating temperatures of up to 230C.

It claims AzkoNobel engaged in "misleading or deceptive" conduct when it claimed the material could protect the plant from damage caused by Darwin's harsh tropical environment.

"Contrary to the representations, I228 was and is not capable of providing a protective barrier for a reasonable time against the external environment when applied to steelwork that was exposed to UV, salt spray and high humidity of the kind generally or regularly experienced in Bladin Point," the documents read.

"I228 was and is not suitable for exposure in a wide range of highly corrosive environments, including insulated and uninsulated steel and on the exterior or pipework, process vessels etc, operating at temperatures up to 230C."

Inpex claims the epoxy “failed to provide a protective barrier against the external environment” and is seeking to recoup the costs it incurred in investigating and remediating the resulting degradation to the steelwork.

“Many of those areas of the plant now exhibit signs of severe erosion, rust crazing (both due to exposure to UV and water) and thermal degradation in higher temperatures within its stated temperature range (above 120C but below 230C),” the documents read.

“From 23 July 2015, it became manifest to Inpex that I228 was failing and that there was a systemic degradation issue associated with I228 across the plant.”

The documents say the “at least” \$2.5bn sought includes compensation for ongoing remediation work now and into the future as well as associated “business interruption loss”.

In a statement, an Inpex spokeswoman said despite the degradation, gas production operations were “proceeding safely and smoothly”.

“Inpex has developed a long-term maintenance program to undertake the rectification and repair works,” she said.

“As safety is the utmost priority at Inpex, these rectification works are being undertaken to ensure Ichthys LNG’s continued safe operations by protecting the long-term integrity of the onshore processing facilities across its 40-year asset life.”

AzkoNobel is yet to file a defence with the court but the proceeding was stayed earlier this month after Inpex missed a deadline to provide security for the Dutch company’s costs.

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