

## Ichthys LNG project legal fight continues

By [Nadia Budihardjo](#)



The Ichthys LNG project in Darwin.

Oil and gas company [Inpex](#) has failed in its bid to have separate trials over issues arising from the construction of \$US45 billion Ichthys LNG plant project.

The Ichthys LNG plant in Darwin is owned by [Inpex](#) and France's Total, but the project had been hit by cost increases and delays during construction.

[Inpex](#) is a Japanese oil and gas company with offices in Perth and Darwin.

In 2020, [Inpex](#) claimed the damages to the Ichthys project should be covered under the insurance policies it signed with multiple companies.

Legal proceedings have been ongoing for 2.5 years, with [Inpex's](#) latest efforts to have separate trials based on issues struck down by the [Supreme Court of Western Australia](#).

Supreme Court Justice Michael Lundberg dismissed Inpex's application in a judgment delivered today.

According to the judgment, [Inpex](#) claimed indemnity under two insurance policies, one that includes a syndicate of 25 insurance companies and the other named Mitsui Sumitomo as the only insurer.

The syndicate of 25 companies include AIG Australia, Allianz and Mitsui Sumitomo.

[Inpex](#) claimed the onshore LNG plant suffered damage including impaired piping and equipment, cracked coating, rust, abnormal erosion, thermal degradation, water ingress and mineral wool being infiltrated.

It also claimed calculating the amount of money payable should be dealt with after the court determined the substantive legal issue.

However, Justice Lundberg said he was not persuaded that separating the trials based on issues would bring early resolution.

“I have also taken into account the overall delay in the resolution of the proceedings which would likely result from a separation of the trials (assuming the second trial is required),” he said in his judgment.

“The orthodox position is that all issues of fact and law in dispute in an action should be tried together.”

Justice Lundberg said he had no doubt the pleadings would increase in complexity as the proceedings unfold.

Ichthys LNG plant had been estimated to cost \$US45 billion, then equivalent to \$A62 billion.

[JKC Australia](#), a joint venture between Japanese companies JGC and Chiyoda and US giant KBR, was the contractor for the project.

However, JKC was also tangled in legal issues over contract termination of works for the power station at Ichthys.