



Strong performer: despite JKC's travails in completing the Ichthys LNG facility, the project is performing very strongly  
Photo: INPEX

## KBR, JKC, Chiyoda lose Ichthys appeal but dispute continues

### Heavyweight contractors had claimed parent company guarantees relating to Ichthys power plant

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By **Russell Searancke**

A consortium of KBR, JGC and Chiyoda has lost a legal appeal in its ongoing battle against a group of sub-contractors linked to the Ichthys LNG project in Australia.

The three heavyweight companies had formed the JKC joint venture to perform the massive onshore construction contract at Ichthys.

A group of sub-contractors comprising GE, UGL and CH2M were responsible for the Ichthys combined cycle power plant, but walked off the job in early 2017, leaving JKC to complete the power plant with the support of new sub-contractors.

Western Australia's Supreme Court on 22 July 2020 dismissed JKC's appeal against a 2019 ruling in which JKC had claimed parent company guarantees against the three sub-contractors.

KBR said in its Form 10-Q for the period ending 31 March 2020 that JKC had initiated the suit against the parent companies to seek a declaration that the parents either had to perform and finish the work or pay for the completion of the power plant based on their payment and performance guarantees.

The ruling does not bring the dispute to an end; the issue as to which party validly terminated the sub-contract is the subject of an international arbitration.



**Huge costs  
dispute casts a  
cloud over  
Ichthys LNG  
contractors**

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KBR said that, as of 31 March 2020, JKC's claims against the sub-contractors was US\$1.8 billion for the recovery of JKC's costs. Hearings on the power plant arbitration are scheduled for November 2020 and March 2021.

The previous hearing dates were vacated due to the Covid-19 outbreak, and the current dates may continue to be impacted on by the pandemic, added KBR.

In total, the JKC venture racked up up to US\$2.7 billion in change orders and claims during the execution of its workscope.

It is also in dispute with the sub-contractors that built the four LNG storage tanks - Laing O'Rourke and Kawasaki Heavy Industries. [\(Copyright\)](#)