



## NEWS RELEASE

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### **Western Gas Selects McDermott and BHGE as Development Partner for Equus Gas Project in Australia**

- McDermott and BHGE will be exclusive partners to Western Gas for the Equus Gas Project in Australia
- Collaboration will provide an integrated solution to develop the entire field covering drilling, subsea, production facilities, export pipeline, an LNG facility and a domestic gas connection
- Full field development services from an early stage will enhance project economics and provide delivery certainty for Western Gas

HOUSTON, Dec. 12, 2018 /PRNewswire/ -- McDermott International, Inc. (NYSE: MDR) today announced they, with Baker Hughes, a GE company, have signed a memorandum of understanding (MOU) with Western Gas Corporation Pty Ltd to be the exclusive development partners for the Equus Gas Project in Western Australia. The companies were also awarded a contract to support the planning phases of the project.

As part of this initial contract, McDermott and BHGE will work with Western Gas to advance the pre-front end engineering design (pre-FEED) and front-end engineering design (FEED) to final investment decision (FID). McDermott and BHGE's joint venture, io Oil & Gas Consulting, will provide the pre-FEED support to deliver a technically robust and cost-efficient development plan. McDermott's portion of the contract is classified as sizable\*.

Pre-FEED work will commence immediately and is estimated to be complete by Q2 2019. McDermott and BHGE will continue with FEED work thereafter.

Upon FID, McDermott and BHGE are expected to undertake the engineering, procurement, construction, installation and commissioning (EPCIC) of the entire field development scope under a separate contract. The scope will cover reservoir evaluation, drilling and completions, subsea, production facilities, an export pipeline, an LNG facility and a domestic gas connection facility.

"This project underscores the value of McDermott's vertically-integrated capabilities and our collaboration with BHGE, who will leverage their broad portfolio to support the project," said Ian Prescott, McDermott's Senior Vice President for Asia Pacific. "In close collaboration with BHGE, we are taking a holistic approach to field development from drilling, subsea, production facilities and an export pipeline to an LNG facility and onshore gas connection. By more closely connecting each stage of the project, we aim to drive significant efficiencies and cost savings for Western Gas through the full life of the field."

"It was important to us to engage with partners that could offer a full field development and execution solution that would help deliver an efficient development plan, enhance project economics and reduce time to first gas," said Andrew Leibovitch, executive director for Western Gas. "BHGE and McDermott bring a wealth of global expertise, products and services to help drive efficiencies across the life of the field."

The contract award will be reflected in McDermott's fourth quarter 2018 backlog.

## Project Details

The Equus gas fields are located about 124 miles (200 kilometers) north-west of the Western Australian town of Onslow. The fields' water depth ranges from 3,280 feet (1,000 meters) to 3,937 feet (1,200 meters) with an anticipated downstream nearshore LNG facility and pipeline connection to the Western Australian gas market.

The Equus Gas Project is a development-ready asset with an extensive history of exploration and appraisal activities and development studies.

McDermott and BHGE have participated in the exploration appraisal drilling program and FEED studies with the previous owner Hess before Western Gas acquired the asset in November 2017. This includes BHGE's Gaffney, Cline & Associates having independently certified the contingent resource.

io has also performed a number of technical studies for Western Gas to assess development options. The MOU and the expected scope of work for the EPCIC were built on these past studies.

\* - McDermott defines a sizable contract as between USD \$1 million and USD \$50 million.

## About McDermott

McDermott is a premier, fully integrated provider of technology, engineering and construction solutions to the energy industry. For more than a century, customers have trusted McDermott to design and build end-to-end infrastructure and technology solutions to transport and transform oil and gas into the products the world needs today. Our proprietary technologies, integrated expertise and comprehensive solutions deliver certainty, innovation and added value to energy projects around the world. Customers rely on McDermott to deliver certainty to the most complex projects, from concept to commissioning. It is called the "One McDermott Way." Operating in over 54 countries, McDermott's locally focused and globally-integrated resources include approximately 40,000 employees, a diversified fleet of specialty marine construction vessels and fabrication facilities around the world. As used in this press release, McDermott includes McDermott International, Inc. and its subsidiaries and affiliates. To learn more, visit [www.mcdermott.com](http://www.mcdermott.com).

## About io Oil & Gas Consulting

io Oil & Gas Consulting is a strategic consultancy created to provide greater certainty and higher decision quality to operators and help bring more projects to sanction by disrupting traditional approaches. io is unique with its integrated strategic-techno-commercial capabilities ensuring a balanced approach between commercial, technical and strategic priorities capitalizing on multi-discipline capabilities in subsurface, drilling, subsea, marine, facilities, decommissioning/life extension and environmental alongside economic modelling. We are a joint venture between Baker Hughes, a GE company, and McDermott and are unique in having their know-how, expertise and data 'hard coded' into our DNA. For powerful thinking, visit [www.iooilandgas.com](http://www.iooilandgas.com).

## Forward-Looking Statements

In accordance with the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, McDermott cautions that statements in this press release which are forward-looking, and provide other than historical information, involve risks, contingencies and uncertainties that may impact McDermott's actual results of operations. These forward-looking statements include, among other things, statements about backlog, to the extent backlog may be viewed as an indicator of future revenues or profitability, the expected value, scope, execution and timing of the project and the expected follow-on EPCIC contract upon FID. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made by using various underlying assumptions and are subject to numerous risks, contingencies and uncertainties, including, among others: adverse changes in the markets in which we operate or credit markets, our inability to successfully execute on contracts in backlog, changes in project design or schedules, the availability of qualified personnel, changes in the terms, scope or timing of contracts, contract cancellations, change orders and other

modifications and actions by our customers and other business counterparties, changes in industry norms and adverse outcomes in legal or other dispute resolution proceedings. If one or more of these risks materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. For a more complete discussion of these and other risk factors, please see McDermott's annual and quarterly filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2017 and subsequent quarterly reports on Form 10-Q. This press release reflects management's views as of the date hereof. Except to the extent required by applicable law, McDermott undertakes no obligation to update or revise any forward-looking statement.

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