

# ECORD FB June 16 Meeting

## 3.4 Chikyu and its current and future funding

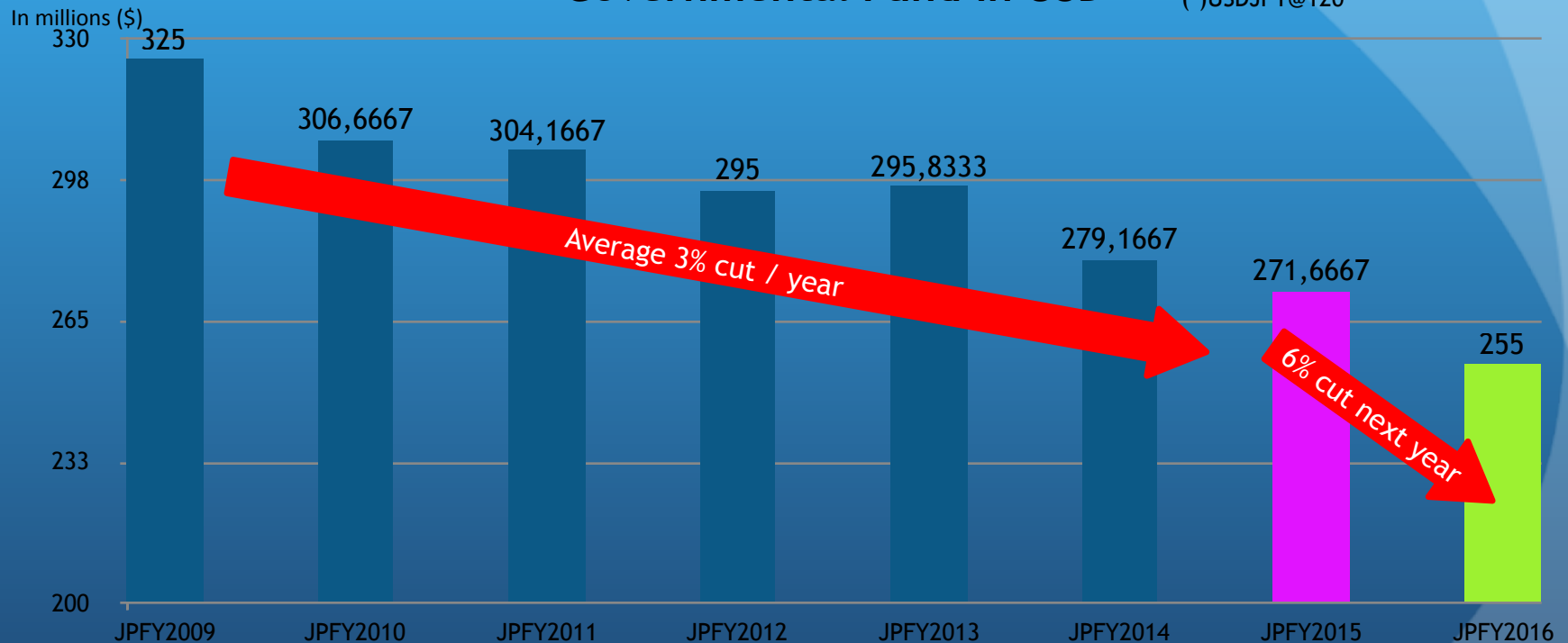
CDEX Nobu Eguchi

## Background of Chikyu Operation

- Governmental Funding has declined over the last 7 years
- Average 3% cut every year
- Even deeper budget cut for the next FY2016: by 6%

### Governmental Fund in USD

(\*)USDJPY@120



### JAMSTEC Budget

Governmental funding for operating expenses  
(excl. mission specific fund and supplementary budget)

# CHIKYU Funding Structure

## Source of Fund

- (1) Gov. Fund(USD58m/year)
- (2) Chikyu member Fees
- (3) Commercial Operation
- (4) CPP
- (5) Donation



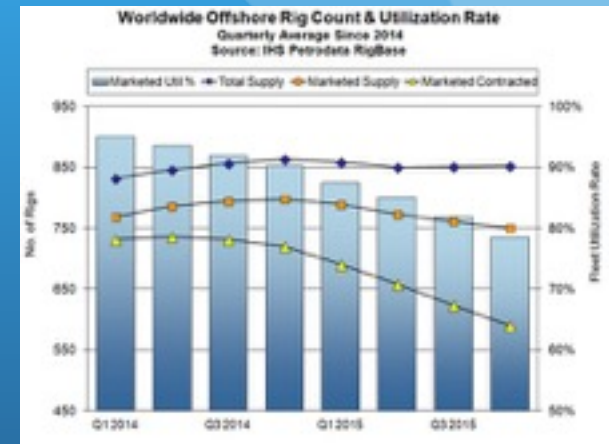
# Market conditions surrounding Chikyu Operation

— WTI(USD/bbl)

## WTI Crude Oil in USD



## Competitive Rig Fleet Utilization (based on HIS Petrodata Weekly Rig Count)



- Rig utilization rate also declining.
- Rigs are, namely, working less.

### (Pros)


- Cost-cutting in operating expenses, i.e. personnel cost, fuel, subcontractors and so on.

### (Cons)

- Less opportunity for commercial drilling.
- Day rates will be much lower.

**Pros & Cons: however, overall impact on Chikyu Operation rather negative**

# Plan with prospect for Commercial Operation

 =Commercial Operation

	4	5	6	7	8	9	10	11	12	2015/1	2015/2	2015/3	Retained Earnings carried forward
2014	Japan	R&M		SIP	R&M						NGHP-02 @India		10M

	4	5	6	7	8	9	10	11	12	2016/1	2016/2	2016/3	Retained Earnings carried forward
2015	NGHP-02@India				Regulatory Shipyard Maintenance						SIP	NanTro C10	20M

	4	5	6	7	8	9	10	11	12	2017/1	2017/2	2017/3	Retained Earnings carried forward
2016	NanTro C10		Japan	R&M			T-Limit		SIP	Commercial Ops			22M

	4	5	6	7	8	9	10	11	12	2018/1	2018/2	2018/3	Retained Earnings carried forward
2017		Japan			Commercial Operation						Japan	IODP or Commercial Operation	44M

	4	5	6	7	8	9	10	11	12	2019/1	2019/2	2019/3	Retained Earnings carried forward
2018	IODP or Commercial Operation Window			Regulatory Shipyard Maintenance			IODP or Commercial Operation Window						34M

# CDEX/JAMSTEC

- JAMSTEC needs IODP expedition in 2016-2017 window.
  - No significant IODP operation in last two years.
  - Earlier execution of high scientific impact IODP project has big impact on MEXT budget allocation.
- Complementary Project Proposals (CPP) more than welcome.
  - Even a riserless proposal, CPP accelerates execution of future projects.
- “Road to Mantle” needs to be started.
  - Still the fundamental target of *Chikyu* IODP operation.
  - Basic engineering development funds requested.
  - No hard-rock drilling experience yet.
- Mediterranean Salinity Crisis (DREAM)
  - Several international workshops were held.
  - Expecting ECORD contribution and drilling proposal.