



Rural

Development of Greater Sunrise gas field in East Timor could be decades away

ABC Rural By Babs McHugh

18

Posted Thu 12 Jan 2017, 12:53am

Political and energy analysts have expressed serious doubts that East Timor will ever be able to benefit from a major gas project unless it changes its policy.

East Timor and the Australian Government on Monday announced they would abandon a 10-year-old treaty on maritime borders.

The 2006 treaty was an agreement that a freeze of 50 years be put on negotiations for a permanent maritime border in the Timor Sea.

Within the area is the large and high quality Greater Sunrise gas field, which straddles Australian and East Timor waters 80/20.

East Timor insists the field be developed by bringing the gas to an onshore gas plant so it can make and ship liquefied natural gas (LNG) and other products.

Its aim is to boost economic development and create new downstream industries for the fledgling country, which only gained official independence from Indonesia in 2002.

But technical issues, the gas price, a looming LNG glut and high greenfield development costs render that option unfeasible.

Trough a major stumbling block for laying pipe

Independent analyst Peter Strachan said the biggest technical stumbling block was a subsea trench called the Timor Trough, which is 3-5 kilometres deep at its deepest point.

"Imagine having to put an 80 centimetre steel pipe down and up the other side of that trough," he said.

"The project itself is in water depths from 200 to 400 metres and technically, this has never been done before.

"It's not like the relatively easy way of running a pipeline along the continental shelf that has a sandy bed, it's flat and it's about 100 metres deep."

Mr Strachan said he understood the desire by East Timor to develop its own downstream industry, but the economics did not stack up.

"It's a good goal, but the project was at the top of the list to be developed at the early part of last decade, by Woodside," he said.

"With an agreement in place, it was hoping to have the project up and running by 2011 or 2012.

"Had there not been this uncertainty about sovereignty, and the unrealistic demands by East Timor for the project to be developed there, the project would've probably been running four or five years by now."



PHOTO: The Greater Sunrise gas field straddles Australian and East Timor waters.
(ABC Rural: Lucie Bell)

Sending gas to Darwin best option

Mr Strachan said with a low price for LNG of about \$US10/mBtu and a looming glut, piping the gas to existing facilities in Darwin would make more economic sense.

"There's more than 25 million tonnes too much LNG being produced annually at the moment," he said.

"But if it went ahead, the options could include a floating LNG (FLNG) plant, to potentially backfill into the Bayu-Undan gas project, and an expansion of the one-train facility in Darwin."

Oil, gas and energy specialist with Wood Mackenzie, Saul Kavonic, agreed that tying in to the Bayu-Undan project would be the most likely way Greater Sunrise would go ahead, within the next decade at least.

"Bayu-Undan is the main gas field that supplies the Darwin LNG plant and it's also located within the same area that could be up for discussion," he said.

"It's been a longstanding legacy project and we forecast it will cease operations by early next decade, so there's scope there.

"Building a brand new project would entail much higher costs and risks, and those kind of big, greenfield developments are off the cards at the moment.

"Further expansion of brownfields (existing developments) are more likely."