Border treaty set to spur Timor-Leste action

Sunrise project development and new exploration round on menu when agreement is finally ratified

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Timor-Leste has outlined a series of upstream petroleum initiatives that will take place, including the start of the Sunrise development, once the new maritime boundary treaty between Timor-Leste and Australia has been ratified.

Gualdino da Silva, the president of Timor-Leste's national petroleum and minerals regulator (ANPM), said the country's objectives for 2019 are to ratify the treaty, begin the development of the Sunrise project, and open up new offshore and onshore areas for the exploration and development of oil and gas.

In addition, the ANPM is busy preparing the model production sharing contract that will underpin all petroleum activities in its exclusive waters. The PSC for Sunrise will be a separate contract.

As far as Sunrise is concerned, da Silva emphasised that the acquisitions of Shell's 26.56% interest and ConocoPhillips' 30% equity are on track for completion in the coming months.

A range of processes are under way in Timor-Leste to enable the combined US$650 million payment to be made in the coming weeks, with the funds set to come from the country's Petroleum Fund.

Once the acquisitions are completed, a new production sharing contract for Sunrise will need to be designed and then approved by a joint Sunrise governance board.

The Sunrise PSC will be an amalgamation of the two existing licences in Timor-Leste and the two retention leases in Australia's jurisdiction.

The Sunrise joint venture will then work on finalising the development concept, said da Silva.
“Obviously, Timor-Leste has only one wish — a pipeline to Timor-Leste. That is non-negotiable. The treaty provides for that,” he said.

“We are prepared to meet all the commercial expectations, for us it is a nation-building project, whereas for them (oil company partners) it’s about NPVs (net present values) and IRRs (internal rates of return), we understand that. But we will strike a balance,” he added.

Sunrise will provide the feedstock gas for a planned onshore liquefied natural gas plant on Timor-Leste’s south coast.

Da Silva acknowledged that Sunrise operator Woodside Petroleum wants to invest in the offshore development, but not in the Timor LNG plant. He explained that development of Sunrise is crucial to the country’s future, and detailed the independent studies that have been completed by engineering majors to confirm there are no technical showstoppers to bringing the pipeline across the Timor Trough.

For the subsea export pipeline, pre-front end engineering and design and FEED work has been completed. The same tasks have been done on the marine facilities; while pre-FEED is also completed on the LNG plant.

“We have worked with the right minds and people to realise this.” he said. “So we are serious, we have the plan, the policy, and the work.

“In the last years, we have proven that it’s not just a political slogan or a dream, it is real, and it can be justified and achieved.”

Timor-Leste is hopeful that first gas can be generated from Sunrise in late 2025.

Abel Guterres, Timor-Leste’s ambassador to Australia, New Zealand and Fiji, was quoted as saying that Timor-Leste will turn to Chinese investors to help develop the Sunrise LNG plant if potential partners in Australia, the US, Japan and South Korea decide not to invest.

Guterres said Timor-Leste welcomes new investment in the offshore arena and the new onshore play, as well as minerals exploration once relevant policies have been finalised this year. Ratification of the new maritime boundary treaty will happen later in the year — Australia must first hold a national election.

The new boundary follows the southern line of the joint petroleum development area (JPDA), which is effectively the median line between the two countries.

The entire JPDA, which was previously shared by the two nations, will be within Timor-Leste’s exclusive jurisdiction.

The JPDA hosts the producing Bayu-Undan field, as well as the suspended Kitan oilfield, exploration Block 11-106 plus the Chudditch and Kelp Deep gas discoveries. In addition, the Buffalo oilfield, which is being redeveloped, will also fall under Timor-Leste’s ownership.

The jewel in the crown is the Greater Sunrise gas discoveries, which are included in the new treaty as the Greater Sunrise Special Regime Area, effectively ring fencing the discoveries as an area of joint Timor-Leste and Australian jurisdiction.