



**Australian Government**  
**Department of Industry,  
Innovation and Science**

## QUESTION ON NOTICE

### JOINT STANDING COMMITTEE ON TREATIES (JSCOT) INQUIRY EXAMINING THE CONSEQUENCES OF TERMINATION OF THE TREATY BETWEEN AUSTRALIA AND THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE ON CERTAIN MARITIME ARRANGEMENTS IN THE TIMOR SEA

#### **Question**

**The Hon Stuart Robert MP, Chair of the Joint Standing Committee in Treaties asked the Department of Industry, Innovation and Science:**

*So why ask Ms Schofield regarding the legal position of people prospectively searching in those waters without CMATS, and if there is no change to the legal position—and you cannot comment on their behalf—but I do not understand their statement that they are welcoming an agreement for the Greater Sunrise if the withdrawal of CMATS has no legal ramification upon them. Or am I reading this incorrectly?*

The Chair sought clarification from Ms Schofield with regards to a statement made by Woodside the Operator of the Greater Sunrise gas fields following the announcement by Timor-Leste of its intention to terminate CMATS on 10 January 2017.

A spokeswoman for Australian company Woodside Petroleum, was reported as saying:

*"Woodside supports this morning's joint statement by the Governments of Australia and Timor-Leste and the Conciliation Commission committing to negotiate permanent maritime boundaries between the two countries,"*

*"Woodside understands the Timor Sea Treaty remains in place and we look forward to an agreement that allows for the earliest commercialisation of the Greater Sunrise fields, which promise great benefits for all parties."*

Source: ABC News, 'East Timor tears up oil and gas treaty with Australia after Hague dispute', 10 January 2017, <http://www.abc.net.au/news/2017-01-09/east-timor-tears-up-oil-and-gas-treaty-with-australia/8170476> [accessed 15 March 2017].

In addition to these statements, Peter Coleman, CEO of Woodside gave an interview to ABC PM Business reporter Emily Stewart on 10 January 2017: 'Report on a permanent solution to the maritime boundary disputes over the GReater Sunrise Gas Field'. The full transcript is at

**Attachment A.**



## Transcript

Station: **CANBERRA CONFERENCE UNIT** Date: **10/01/2017**  
Program: **LAUNCH** Time: **06:00 AM**  
Compere: **EMILY STEWART** Summary ID: **C00069707256**  
Item: **REPORT ON A PERMANENT SOLUTION TO THE MARITIME BOUNDARY  
DISPUTES OVER THE GREATER SUNRISE GAS FIELD.**  
**INTERVIEWEE: PETER COLEMAN, CEO, WOODSIDE.**

Audience: Male 16+ Female 16+ All people

NEWSREADER: ... Greater Sunrise gas field in the Timor Sea. Woodside owns the largest stake in the resource, which has remained undeveloped while the two nations argued over their maritime boundaries. The company's Chief Executive Peter Coleman says the move to a compulsory conciliation after abandoning the previous agreement offers a final solution to the question of boundaries. He told Business Reporter Emily Stewart that a permanent solution represents the best chance of the gas field being developed soon.

[Excerpt]

PETER COLEMAN: It's a way of kind of unravelling some of the past, it's recognising the treaty system in place. For us that's the most important thing, making sure we have tenure, but this is an agreement to share revenue between governments and it was clearly something that was an impediment to progress and the fact that now that's been recognised we see as a positive step forward.

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EMILY STEWART: And so with the governments reverting back to the earlier 2002 treaty, does that make any difference to Woodside?

PETER COLEMAN: No, not really to us at this point because the ownership stays the same. And to put this into context, Woodside's been in Timor-Leste for many, many years. In fact, we were the original explorers up there so this discovery has really been in Woodside's portfolio for many years. We've been very patient as it's gone through a number of changes with respect to the governance of the assets themselves. But as you go back to 2002, the title and the ownership there was a very solid one, that's one Woodside's quite comfortable with.

EMILY STEWART: And so why hasn't there been any action or development on the project since the 2006 treaty?

PETER COLEMAN: Well, there's been a lot of work on the project around actually defining what the project itself will be and what the cost structure will be. It's fair to say there's been a difference between the Timorese Government and the project proponents as to what the right development scheme is and we've done a lot of work over time in understanding those differences and the alternatives. But the reality is we got to an impasse on the project here just a few years ago and that impasse was around, well, who actually do we pay the rent to? And as the developers we need surety around the fact that whoever we pay rent to are the ultimate owners.



EMILY STEWART: And so were you referring there to onshore versus floating LNG processing?

PETER COLEMAN: Well, there's actually been three options to discuss over time. There's an onshore option in Timor-Leste itself. That had some challenges to it, particularly with the deep water crossing that's required for that. There was a floating option that the project proponents had as the base case for a period of time and still do, and then of course there's an option to take it into Darwin.

EMILY STEWART: And so what is your current best plan?

PETER COLEMAN: Our base plan is a floating solution. The other alternatives are becoming more and more competitive over time with that floating solution. But the key is once we know what ultimately the fiscal terms are, once we know what the revenue structure is and the ownership structure, then we'll develop the right development concept that meets the needs of the resource owners.

EMILY STEWART: And how attractive is this site? Is this one of the better oil and gas reserves around the world?

PETER COLEMAN: The actual reserve is. So it sits in water depths that are very manageable within industry, it's very benign with respect to the ocean conditions there, and the actual gas itself is rich; it's got lots of liquids in it which have high value. So if you looked at Sunrise on a global basis, it's very competitive as a resource. The challenge has obviously been all of these other things, it's been getting agreement on the development concept,



agreeing on the ownership structure and ultimately the fiscal terms.

EMILY STEWART:

And can you tell us exactly what stage the plans are up to? Are you sort of ready to move in immediately and start production when there is a resolution?

PETER COLEMAN:

Well, we're not ready to start production but we're certainly ready to finalise what we call concept select which is really then when we start the heavy engineering work and then actually designing the facilities and then moving through to a final investment decision. Sunrise actually has an opportunity now to come to the front of the queue. It's a very competitive project. Two years ago, it was lagging well behind, it would not have got to the front of the queue. If we can move Sunrise forward over the next couple of years in particular, it has a real opportunity now to get to the front of the queue in the marketplace, and the market's going to start to come back to us here probably around 2019, 2020 when buyers are going to start to look for new projects.

[End of excerpt]

NEWSREADER:

Woodside Chief Executive Peter Coleman.

\* \* END \* \*

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