



Media Release

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Bayu-Undan joint venture and TIMOR GAP sign MOU to cooperate on carbon capture and storage

Santos and its Bayu-Undan joint venture partners have signed a Memorandum of Understanding (MOU) with Timor-Leste's national oil company TIMOR GAP to explore partnership opportunities for the proposed Bayu-Undan carbon capture and storage (CCS) project offshore Timor-Leste.

The MOU follows four non-binding MOUs for CO₂ supply to Bayu-Undan CCS that indicate demand for CO₂ storage at Bayu-Undan CCS could be more than 10 million tonnes per annum (Mtpa).

The MOU with TIMOR GAP includes sharing information about Bayu-Undan CCS and exploring potential partnership opportunities, including equity participation for TIMOR GAP in the Bayu-Undan CCS project.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said Bayu-Undan CCS is well positioned to provide future carbon management services to the Asia Pacific region.

"This could be an exciting new industry for Timor-Leste, putting it at the leading edge of the global energy evolution and generating revenue, local jobs and business opportunities for the nation," Mr Gallagher said.

"Santos and our joint venture partners are delighted to be working with TIMOR GAP on partnership opportunities to advance Bayu-Undan CCS as a carbon storage hub for customers in Australia, Japan, Korea and across Asia as those countries seek to decarbonise their economies.

"This MOU is yet another agreement highlighting the strong interest in carbon capture and storage, and its broad acceptance as a safe, proven technology that is absolutely critical to achieving the world's climate goals.

"We look forward to working with TIMOR GAP and the Timor-Leste and Australian governments to progress the necessary commercial, fiscal and legislative arrangements to support the development of the Bayu-Undan CCS project."

Bayu-Undan CCS ex-Darwin will provide a cost-competitive carbon solution because of its large scale and ability to utilise existing pipelines and other infrastructure.

In addition, the storage reservoirs are well understood, have previously held gas and condensate in place for tens of millions of years, and will provide safe and permanent CO₂ storage.

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The project has the potential to reduce the absolute emissions and emissions intensity of Australian and Timor-Leste gas and LNG projects, as well as other hard to abate industries in the region.

It also means that Australian and Timor-Leste gas and LNG projects will have a competitive advantage in a low-carbon world, with the potential to offer abated gas as a premium product for customers.

The Bayu-Undan CCS project is part of Santos' three-hub CCS strategy that includes the Moomba CCS project, now 70 per cent complete and on track to store up to 1.7 million tonnes of CO₂ per year commencing in 2024.

Santos has a 43.4% operated interest in Bayu-Undan. The remaining interest is held by SK E&S (25%), INPEX (11.4%), Eni (11%) and Tokyo Timor Sea Resources (9.2%).

Santos progresses 10 million tpa offshore CCS project via tie-up with Timor-Leste national oil company

Bayu-Undan carbon capture and storage scheme targeting FID in 2025

Upstream, 7 Aug 2023. By Amanda Battersby in Singapore

Australia's Santos is teaming up with Timor-Leste's national oil company Timor Gap to explore partnership opportunities for the proposed Bayu-Undan carbon capture and storage (CCS) project offshore Timor-Leste.

The collaboration with Timor Gap includes sharing information about Bayu-Undan CCS and exploring potential partnership opportunities, including equity participation for the state player in the project.

Santos and the Bayu-Undan partners have signed a memorandum of understanding with Timor Gap, that follows four non-binding MoUs for carbon dioxide supply to the proposed CCS project that indicate demand for CO₂ storage at Bayu-Undan could be more than 10 million tonnes per annum.

"This could be an exciting new industry for Timor-Leste, putting it at the leading edge of the global energy evolution and generating revenue, local jobs and business opportunities for the nation," Santos chief executive Kevin Gallagher said.

"Santos and our joint-venture partners are delighted to be working with Timor Gap on partnership opportunities to advance Bayu-Undan CCS as a carbon storage hub for customers in Australia, Japan, Korea and across Asia as those countries seek to decarbonise their economies."

Gallagher noted this MoU is yet another agreement highlighting the strong interest in CCS, and its broad acceptance as a safe, proven technology that is absolutely critical to achieving the world's climate goals.

"We look forward to working with Timor Gap and the Timor-Leste and Australian governments to progress the necessary commercial, fiscal and legislative arrangements to support the development of the Bayu-Undan CCS project," he added.

Santos in May said the final investment decision on Bayu-Undan CCS is now targeted for 2025 — two year later than it had earlier touted — subject to the relevant regulatory frameworks and agreements being in place in both Timor-Leste and Australia.

Bayu-Undan CCS ex-Darwin, Australia, will provide a cost-competitive carbon solution because of its large scale and ability to use existing pipelines and other infrastructure, operator Santos on Monday said.

In addition, the storage reservoirs are well understood, have previously held gas and condensate in place for tens of millions of years, and will provide safe and permanent CO₂ storage, according to the operator.

The Bayu-Undan CCS project has the potential to reduce the absolute emissions and emissions intensity of Australian and Timor-Leste gas and liquefied natural gas projects, as well as other hard to abate industries in the region. This means Australian and Timor-Leste gas and LNG projects could have a competitive advantage in a low-carbon world, with the potential to offer abated gas as a premium product for customers.

The Bayu-Undan CCS project is part of Santos' three-hub CCS strategy that includes the Moomba CCS project, which is currently 70% complete and on track to store up to 1.7 million tpa of CO₂ starting in 2024.

The current Bayu-Undan partners are operator Santos with a 43.4% interest, SK E&S on 25%, Inpex having 11.4%, Eni on 11% and Tokyo Timor Sea Resources with 9.2%.

Timor-Leste state oil company enters MoU on Bayu-Undan CO₂ storage project

Offshore 7 August 2023

ADELAIDE, Australia — Santos and its partners have signed a memorandum of understanding (MoU) with Timor-Leste's national oil company TIMOR GAP to explore joint opportunities for the proposed Bayu-Undan carbon capture and storage (CCS) project in the Timor Sea.

The MoU follows four non-binding MoUs for the supply of emitted CO₂ to the project, with potential demand for CO₂ storage of more than 10 MM metric tons annually.

Santos' arrangement with TIMOR GAP includes sharing information about Bayu-Undan CCS and investigating equity participation for the state oil company in the project.

According to Santos, the proposed development can provide a cost-competitive carbon solution because of its scale and the access it provides to existing subsea pipelines and other offshore infrastructure.

Also, the storage reservoirs are understood, having previously held gas and condensate in place for tens of millions of years prior to the development of the Bayu-Undan Field and should therefore provide safe and permanent CO₂ storage.

In addition, the project can potentially reduce the absolute emissions and emissions intensity of nearby Australian and Timor-Leste gas and LNG projects, along with those from other industries in the region.