Excerpts from
RDTL National Petroleum Authority (ANP) Annual Reports
relating to ENI’s blocks in the JPDA (excluding Bayu-Undan)


4.1.2. JPDA 06-105

Contract Area : 1,232KmSq
Operator : Eni JPDA 06-105 Pty Ltd
Partners : Talisman Resources (JPDA 06-105), INPEX Timor Sea

Health Safety and Environment

Since Eni JPDA 06-105 Pty Ltd had purchased the block JPDA 06-105 from Woodside, it was not
necessary for Eni to perform any exploration activity. Eni commenced its activity with the
geophysical and geotechnical survey. Eni was required to submit several HSE related
documents for acceptance and approval by the Designated Authority.

In the process of obtaining approval to perform geotechnical & geophysical survey, based on
the JPDA Interim Technical Regulations, Eni was required to submit:
   a) Survey Plan
   b) HSE Plan
   c) Vessel certificates

Eni also performed drilling activities in JPDA 06-105 and based on the Interim Regulation, Eni
submitted a number of HSE documents to the ANP for approval as follows:
   a) Drilling rig safety case and bridging document (review by H&S Dept.)
   b) Vessel dossiers for Infield Support Vessels (ISVs) (Review by H&S Dept.)
   c) Environment Management Plan (Review by Environment Dept)
   d) Oil Spill Contingency Plan (Review by Environment Dept)

Eni Pty Ltd decided to use Songa Venus as the drilling rig for drilling activity in JPDA 06-105.
After careful revision of the documents mentioned above, the DA was comfortable to provide
the approval to use Songa Venus as the drilling rig.

The Designated Authority was invited to inspect the vessel prior to entering the JPDA but due to
busy schedule within the HSE department, the DA was unable to perform the inspection.

The drilling campaign went exceptionally well and there were no major incidents or accident
events during that period.
Eni drilled two wells using the Songa Venus jack-up rig in early 2008 to evaluate the Kitan structure within the southern portion of the PSC – Kitan-1 and Kitan-2. Both wells encountered a commercially viable oil accumulation, and accordingly a declaration of a Commercial Discovery was made by Eni and Joint Venture Partners INPEX Timor Sea Ltd (35%) and Talisman Resources Pty (25%) Ltd on 11 April 2008. Eni is in the process of preparing a Field Development Plan for Kitan which is scheduled to be presented to the ANP for assessment in May 2009. The declaration of commercial discovery has attracted industrial attention to the JPDA petroleum activity, giving rise to renewed industry interest in the attractiveness of the petroleum prospects in the JPDA and Timor-Leste areas.
2.2 Kitan Commercial Discovery & FDP Assessment

Following the announcement of the Kitan Oil field discovery in 2008 processes have continued which would lead to transformation of the field into a producing field.

The first step to be achieved by the ANP and ENI is the approval of a Field Development Plan (FDP), which will become the agreed concept for the development of the field.

As required by the Production Sharing Contract (PSC), ENI shall submit its FDP within 12 months after the declaration of discovery, and it was submitted to the ANP in May 2009 for assessment and approval.

As the Kitan FDP was the first FDP to be assessed by the ANP and acknowledging its inexperience, the ANP had planned and budgeted for consultant services to assist in the assessment process.

The consultant services were acquired for several areas of specialties, including Exploration and Production, Commercial, Legal and HSE. The ANP was also able to acquired assistance from the Norwegian government through its Norwegian Petroleum Assistance Program (NPAP) for Timor-Leste.

The assessment process covered all aspects of the FDP and the ANP ensured that all the processes are well documented.

As the Designated Authority under the Timor Sea Treaty, the ANP is required by the PSC to seek consent from the Joint Commissioners prior to the approval of the FDP. Hence, the ANP provided a full report of the assessment and recommendations to the Joint Commissioners. The ANP is expecting the consent from the Joint Commissioners on the recommendation provided.
7.2 Eni JPDA 06-105 Pty Ltd

Eni JPDA 06-105 Pty Ltd (40% Share), INPEX Timor Sea, Ltd. (35% share) and Talisman Resources (JPDA 06-105) Pty Ltd (25% share) are the Joint Venture Partners for contract area JPDA 06-105. As the contract operator selected by Joint Venture Partners, Eni has established a good relationship with the ANP.

Figure 15 Block JPDA 06-105 map

7.2.1 JPDA 06-105 (Kitan)

The Kitan Development Area covers 123km² out of the 925km² of the PSC. The Kitan field is located in water depths ranging from 300 – 330 meters and is estimated to have recoverable oil reserves in the order of 34.6 million barrels.

Exploration

Interpretation of the new PSTM-processed Ikan 3D seismic survey was completed over Kitan, Jahal, Kuda Tasi and the northern leads and prospects. This mapping was an integral part of the evaluation of additional potentially drillable prospects in preparation for drilling in 2010. In September 2009, 25% of the PSC area was relinquished as part of the Year 3 PSC work program obligation.
KITAN Field Development Plan (FDP)

Kitan oil field was discovered in 2008 and Eni spent most of 2009 preparing the Field Development Plan and planning for the commencement development. In May 2009, Eni and its Joint Ventures for JPDA 06-105 submitted the Kitan Field Development Plan to the ANP for assessment and approval. The ANP has been reviewing the plan and preparing for approval of the plan. The Field Development Plan stated the Mid Case oil reserves are 34.6 Mbbl (base case) and that the peak production of the field is expected to be 40,000 bopd. The First Oil is currently forecast towards end of 2011.

Health Safety & Environment

Kitan field will be the second production facility in the JPDA and based on the requirements from the PSC & Interim Technical Regulation, ENI as the contract operator would need to comply with a number of HSE regulations.

According to Article 4.11 of the PSC, the Contract Operator will need to consider its HSE commitments within the FDP. These commitments would be demonstrated through the documents created to ensure implementation of mitigation measures the protection on the health safety and the environment.

Hence, ENI was required to submit a number of documents, such as:

- Safety Case
- Draft Environment Impact Statement
- Environment Impact Statement
- Environment Management Plan
- Oil Spill Contingency Plan

The documents listed above would need to be submitted to the ANP for assessment and approval.

Commercial

The Kitan Field Development Plan was submitted by Eni JPDA 06-105 in May 2009. The commercial team reviewed the economic part of the plan and had identified a few minor PSCs interpretation issues which both ANP and Eni agreed on which resulted in the full alignment of the economic models of the ANP and Eni.

Local Content

In 2009, the local content program for Eni JPDA 06-105 Pty Ltd focussed on activities associated with the Kitan Development. This included the discussions on the National Library Project; recruitment of TL nationals by Eni’s contractors, FMC and Transocean; and the local content provision assessment under the Kitan Field.

Various discussions were held between ANP, the office of Secretary of State for Natural Resources (SERN), Eni, and the Ministry of Education on the conceptual ideas for the National Library project. By the year end, a steering committee and a working group had been established to respectively outline the strategic vision needed for the project and to outline the detailed actions through a phased approach. Concept definition for the project had already commenced by year end. In 2010, the focus will be directed to establishing the Basis of Design (BoD) for the project, and to make all necessary arrangements for construction. Another local content program has been the recruitment of a number of sixteen TL nationals for Transocean, Eni’s drilling subcontractor. FMC, Eni’s subcontractor for subsea installations, completed the recruitment of 7 trainees to work in Singapore from early 2010. In addition three TL nationals continue to be employed at Eni’s Dili office in the areas of administration and social responsibility.