TIMOR GAP, E.P.

“CAN DO” spirit
To be an integrated oil and gas company and a partner of choice

Edition of March 2017

3rd COMPANY FIRE DRILL SIMULATION

TIMOR GAP is committed with the health and safety of its employees and others who may be affected by the company’s activities. TIMOR GAP undertakes a proactive approach to health, safety, environment and quality management system with the objective to increase productivity and minimize risks associated with the company operations and the oil & gas industry.

On 27th of March, TIMOR GAP responded to the third emergency drill conducted by Timor Plaza, where its main office is located. The purpose of the emergency drill was to provide orderly emergency evacuation plan for all occupants; ensure all exit routes/emergency staircases are not obstructed and prevent injuries/obstruction to health and safety during the emergency situation. It was an opportunity to train TIMOR GAP employees and evaluate the effectiveness of emergency response plan and the building’s emergency equipment.

TIMOR GAP uses emergency preparedness plans to protect employees from fire (including other emergency situation) to prevent life and property loss. The two essential components of the preparedness plan are an emergency action plan which details what to do when a fire occurs and a fire prevention plan. The Emergency Response Team (ERT) with 12 members has been established to respond to any emergency situations that may occur at company working areas. The purpose of company’s ERT is to respond immediately to an emergency situation safely and orderly based on international best practice of emergency evacuation procedures.

The 3rd Fire Drill evacuation it was another opportunity to TIMOR GAP’s ERT Team to identify issues that may improve the safety performance within the company.

Fire Drill alarm rang and immediately all the staff proceed with the evacuation

TIMOR GAP’s Vice President and QHSE’s Team reporting the brief situation of the emergency drill

All companies evacuated the building in direction of the muster points

Fire brigade and ambulance services participated at the 3rd drill simulation

Assembly and First Aid
The company also provides First Aid training is essential to respond quickly and effectively to any emergency situations.

TIMOR GAP E.P. employees (20 participants from different Units) attended the First Aid Training for three days: 9th, 11th and 10th of March. The training was given by ISAT (Industry Safety Assessment Training - Timor-Leste) through RMI Training (Australia). The training covered topics such as introduction and recognition of life-threatening situations, Pre-hospital emergency care, Basic Life Support including perform of Cardiopulmonary Resuscitation (CPR) and also operate first aid equipment according to manufacturer’s instructions.

The First Aid Training organized by TIMOR GAP’s QSHE Unit will help provide immediate assistance to any person suffering a sudden illness or injury in order to save life prior to deliver the casualty to the hospital for further treatment: it’s to prevent condition from worsening; and/or promote recovery through its well-trained first aiders.

TIMOR GAP E.P. thus will continue to protect and promote the health of those affected, either directly or indirectly, by the field operations in the oil and gas industry through the provisions of health and safety related trainings.

**FIRST AID SAVES LIVES**

**ELEMENTARY FIRE FIGHTING & EMERGENCY EVACUATION PLAN**

Safety is a responsibility of all employees and each employee is responsible for their own safety in the workplace. TIMOR GAP is committed to provide a safe and healthy work environment for all employees.

The company makes every reasonable effort to prevent accidents, protect employees from injury and promote health, safety and welfare of all employees.

The company has been investing in trainings in order to promote the safety of its employees through Elementary Fire Fighting & Emergency Evacuation Plan training. The training was conducted in March for two days (23 & 24 March): one group per day. The training’s objective was to provide general knowledge about basic firefighting equipment and procedures, self-rescue and emergency evacuation plan. The training will be useful for employees in order to respond to any emergency situation at the company working areas.

**SAFETY FIRST**
TIMOR GAP AS A REFERENCE FOR THE STUDENTS OF ESCOLA PORTUGUESA DE DILI

True to our belief that Timor-Leste’s future relies within the younger generation, on 10th March, TIMOR GAP welcomed once again a group of students from the Portuguese School of Rui Cinatti (Escola Portuguesa Rui Cinatti) for a presentation delivered by the Refinery and Production Unit followed by a tour to TIMOR GAP’s facilities.

Organized under the school’s subject of Chemistry & Biology, the students from the 12th grade were welcomed with a presentation mainly focused on the refinery operations, emphasizing the refining processes, such as cracking, to which the crude oil is submitted in order to produce petroleum products and petrochemicals. The construction of a refinery and petrochemical complex is envisaged in the Tasi Mane Project.

The construction of infrastructure facilities to support the three clusters of Tasi Mane Project are progressing smoothly as the International Suai Airport is expected to be inaugurated on May 2017, and the first phase of the highway that will connect Suai to Beaco is under construction.

The students had the opportunity to meet Timorese professionals from several areas, who shared information about their career, education and experiences. They also had the opportunity to visualize their professional path and acquire further knowledge in order to better select a career compatible with their interests, personality, and strengths.

BETANO REFINERY AND PETROCHEMICAL COMPLEX PROJECT

Betano Refinery and Petrochemical Complex at Betano, Manufahi District south Coast of Timor-Leste, are planned as one of the three clusters of the Tasi Mane project. The main objective of this project is to capture more added value on Timor-Leste’s condensate or light crude oil from the fields offshore and onshore of Timor-Leste.

The initial phase will establish a relatively small size refinery (condensate splitter plant) with the capacity of 30,000 barrels per day (bpd), with the viability to progressively increase its capacity to 100,000 bpd.

The refinery cluster in Betano will be established through a commercial venture which TIMOR GAP, E.P. being driver development. In order to support this cluster a new city (Nova Betano) will be constructed.

The feasibility studies for Betano refinery project which includes:
- Front End Engineering Design & Cost Estimation - Completed
- Land Survey (Topography & Geotechnical Survey) - Completed
- Land Development - Completed
- Market Study - Completed
- Environmental Impact (EIA) – On-going
On 7th April, ANPM has awarded the onshore Production Sharing Contracts (PSC) TL-OT-17-08 and TL-OT-17-09 to TIMOR GAP Onshore Block, a subsidiary of TIMOR GAP, E.P. set forth with the purpose to enter into onshore exploration activities, and to TIMOR Resources PTY Ltd, a company incorporated in Australia and part of NEPEAN Engineering, through the signing ceremony of the two PSCs held at Novo Turismo Hotel. Each company holds a 50% interest in the venture with TIMOR Resources taking on the role of operator.

The two contracts cover an area of approximately 2,000 km² in the south-western part of the country with PSC TL-OT-17-08 covering Covalima and Bobonaro Municipalities (1008.3 km²) and PSC TL-OT-17-09 covering Manufahi and Ainaro (1004.02 km²). All across the two blocks several oil & gas seeps have been identified, indicating the existence of an active petroleum system.

The minimum work commitments for each PSCs comprehend an exploration program for the next 7 years, which will include the carrying out of a seismic survey in the first 2 years and going on to drill a well at the 3rd year. This represents a big step in the Petroleum Sector Development in the country, since there has never been any meaningful commercial well drilled since 1975 on the onshore Timor-Leste. The total investment is estimated to be in the range of $60 to $100 million, depending on the actual costs of the day during the exploration period.

The participation of the TIMOR GAP and its partners will promote capacity building for Timorese citizens and transfer of knowledge and technology on the petroleum industry. In the signing ceremony, Mr. Francisco Monteiro, President & CEO of TIMOR GAP, said that the company was “proud to work with its joint venture partner Timor Resources and hoped the venture would see successful oil discovery and lay the foundation for strong partnership that would continue for many decades to come.”
It was a comprehensive 6 days (2-9 May 2017) interactive session training that provides details on the differences between ISO 9001:2008 vs ISO 9001:2015 and ISO 14001:2004 vs ISO 14001:2015 standards, review the ISO’s requirements in-depth and the impacts of the changes for TIMOR GAP, E.P. as oil and gas company.

The purpose of the training is to increase TIMOR GAP, E.P. employee knowledge and gain better understanding of the key changes in the ISO 2015 as well as by adopting those new standards in TIMOR GAP, E.P. Management System, to ensure that TIMOR GAP, E.P as national oil and gas company can provide guarantee to all its stakeholders for work satisfaction, prevent incident and accident and reduce environmental damage. TIMOR GAP, E.P. works toward providing works, services, products and projects that is aligned to Quality, Health, Safety & Environmental International best standards, as valued by the company as “We Care For The Quality, Health, Safety of the employees, communities, contractors, stakeholders and the Environment”

The training was delivered by Mr. Ferijanto Wahjudi from DNV-GL Singapore, and was attended by 40 participants from TIMOR GAP, E.P. The training covered topics such as:

- Reasons for the changes to ISO 2015 version
- Overview of the significant changes
- Impact of the changes to TIMOR GAP, E.P. as oil and gas organization
- ISO License renewal process

In addition, some important and highlighted changes in the new version is on the top Management Commitment, Risk-based thinking, identification of interested parties, and also process based internal auditing. Adopting ISO 9001:2015 & ISO14001:2015 will enable TIMOR GAP, E.P. to implements its working management system as per ISO requirements especially to manage South Cost Project by valuing Safety as High Priority, No Environment Impact and to Satisfy all Stake holders.
TIMOR GAP PRESENTS ITS 2016 ANNUAL REPORT TO THE COUNCIL OF MINISTERS

TIMOR GAP, E.P. represented by its President & CEO, Mr. Francisco Monteiro and the Finance Unit’s Director Mr. Henrique Monteiro, presented the Annual Report for 2016 to the Council of Ministers, on the last 26th of May.

A brief presentation was delivered with the purpose to update the Council of Ministers regarding the main accomplishments, ongoing activities and financial results for the period.

According with the law, TIMOR GAP’s Board of Directors commissioned an independent audit to review the Company’ accounting activities during the year of 2016, and submitted its reports to the “Tribunal das Contas”. This Annual Report was disclosed to the public on 31st May 2017, which is also available for public consultation on the company’s website, www.timorgap.com, similarly to the previous annual reports.

TIMOR GAP is compliant with the Petroleum Fund Law, Petroleum Taxation Law and all other relevant legal frameworks, including the Timor-Leste Transparency Model and is a member of EITI’s Multi-Stakeholder Group.

SUAI AIRPORT - COMING SOON (Inauguration on June ’20th 2017)
EXPO 20 MAY 2017 - 15th Anniversary of the Restoration of Independence

The National Oil & Gas Company of Timor-Leste, TIMOR GAP, E.P. commemorated the 15th Anniversary of the Restoration of the Independence, participating in a 4 days (16th- 19th of May) Exposition at Dili Convention Center.

All Units of the company were represented at TIMOR GAP stand where the public could acquire further knowledge about the company projects and activities on going. The Expo had a huge participation of all Ministries and NGOs.

“Tasi Tolu” was the area in Dili chosen for the official ceremonies during 20th of May, where, in addition to the celebrations of the Restoration of Independence, this period also includes the inauguration ceremony of the fourth President of the Republic, since Restoration of Independence, Francisco Guterres “Lu-Olo”.

PUBLIC DEBATES / CIVIL SOCIETY

Dili, May’ 9th - LUTA HAMUTUK invited TIMOR GAP’s President & CEO, Mr. Francisco Monteiro to disseminate information about the development of Suai Supply Base (SSB) as part of Tasi Mane Project. Mr. Francisco took this occasion to further share the information about the petroleum development in Timor-Leste up to date where Tasi Mane Project plays an essential role in its industrialization. Participating in this event were Luta Hamutuk, among other NGOs, and students. TIMOR GAP’s President & CEO was accompanied by Mr. Tomas Talo Freitas (Pipeline Manager) and Miss Pascoela Sequeira (LNG Process Engineer), from TIMOR GAP’s Gas Business Unit.

Liquiça, May 26th - TIMOR GAP, E.P was invited to participate and deliver a presentation in the Annual Colloquium on Petroleum Fund organized by Conselho Consultivo do Fundo Petrolífero (CCFP). At the request of President & CEO, the presentation from TIMOR GAP was delivered by Pascoela Sequeira (LNG Process Engineer) and accompanied by Tomas Talo Freitas (Pipeline Manager) and Geovania de Castro (Quality Assurance Engineer).

The main objective of this Annual Colloquium was to disseminate information on the management of Petroleum Fund to the community. TIMOR GAP, E.P was one of the partners among others such as National Authority of Petroleum & Minerals (ANPM), Central Bank of Timor Leste (BCTL), Ministry of Finance, and National Parliament represented by Committee C. The audience of this annual colloquium is the local community from Liquiça municipality which consists of local authority, National Police, high school students, Women’s organization (Rede Feto), and local entrepreneurs.

In this occasion, TIMOR GAP was pleased to share information about petroleum sector development particularly the progress of Tasi Mane Project including its industrialization plans and long terms social and economic benefits for both the people and nation of Timor-Leste.
SUAI AIRPORT INAUGURATION

On 20th of June, a significant stepping stone towards the development of our Country's infrastructures and air communication system was attained with the inauguration of Suai Airport. Named in honour of a Timor-Leste’s prominent political/military figure, the “Commander in Chief of FALINTIL, Kay Rala Xanana Gusmão, International Airport”, located between Matai and Holbelis, Covalima district, features a 1.5 km long runway, a new terminal building with facilities for customs and immigration, fire station and helipad with Medivac air ambulance facilities.

The President of the Republic, H.E. Francisco Lu-Olo Guterres, officially cut the ribbon to open the International Airport, in the presence of the Prime Minister of Timor-Leste, H.E. Rui Maria de Araújo, Minister of Public Works, Transport and Communication, H.E. Gastão de Sousa, and the Minister of Petroleum and Mineral Resources, H.E. Alfredo Pires along with other members of National Parliament, Veterans and local community and traditional leaders.

The Suai airport is a supporting infrastructure envisioned in the Tasi Mane Project, a multi-year development of three industrial clusters on the south coast identified in the national Strategic Development Plan.

The airport was refurbished in line with International Civil Aviation Organization (ICAO) best standards with the main purpose of allowing safe operations of light airplanes and helicopters to support petroleum activities and supply base operations, thus benefiting the companies working on oil and gas platforms, the Tasi Mane project, and the communities living in the south coast. With the new airport it is expected the creation of multiple services such as air traffic control, catering, maintenance, fire brigade, meteorological, transports, security, passenger handling, communications, fuel companies, hence generating various new job opportunities.
Respecting our country traditions and earning the trust of local communities is essential to the success of our projects and operations. In view of this, TIMOR GAP partook in a traditional ceremony carried out under the rehabilitation and expansion of the Suai airport held on 8th-12th, in Camanasa, where the new airport is located.

The above mentioned traditional ceremony, locally known as “Tesi Ai Lulik” (cutting of sacred trees), encompasses the felling of ancient trees considered sacred and protected by the local community. Although considered sacred by the locals, the clearance of the 500 meters forest area is necessary to meet the requirements established by the Civil Aviation for the visibility conditions and required length of the approach area to the runway, ensuring the safety of the flights operations.

The traditional ceremony involved cultural dances and displays, several gatherings and dialogue with the traditional leaders held on the “Uma Lulik” (Timorese sacred house) and in the forest area near an “Ai Lulik” (sacred tree), where it was performed a ritual and an symbolic offering to the sacred forest spirits. This ceremony assembled more than 100 villagers, traditional leaders of different villages of Suai, ANPM’s President, Mr. Gualdino da Silva (on behalf of H.E. Minister of Petroleum and Mineral Resources, Mr. Alfredo Pires) and TIMOR GAP’s Directors Mr. Luis Martins and Mr. Vicente Lacerda.

TIMOR GAP understands and respects the social context in which the company operates, helping to preserve Timor-Leste traditions while working for the country’s development and growth.
SUMMARY OF E&P DEPARTMENT IN-HOUSE TRAINING

Schlumberger senior geophysicist and reservoir engineer were in the E&P office from the 15th – 26th May 2017 to train and expose their industry experiences in both static and dynamic models for the E&P team members. The data used in this two weeks training was comprised of:

1. Crocodile 3D seismic data that covered OFFSHORE BLOCK contract area and Sera-1 well data within TLEA and Bayu Undan field data in the JPDA for Geologies and geophysics team members
2. Bayu Undan field production data for build a reservoir Simulation model for engineering team members.

The principal objective of two weeks in house training was to strengthen the skills and capacity of E&P team members in the following areas:

a. Effective and maximize in utilizing PETREL geophysics and geology tools for the interpretation of Crocodile 3D seismic data in the contract area of TIMOR GAP OFFSHORE BLOCK within TLEA and review of Bayu Undan field data within the JPDA.
b. Turn-up with an effective reasonable solutions for the challenges in the seismic interpretation and static modelling/Geomodel
c. Expose the team members to a real project experience in building reservoir simulation and history matching models in combination utilizing of computer based software that composed of PETREL RE, INTERSECT, ECLIPSE 300 and PVTi software.
d. Develop a comprehensive understanding of oil and gas reservoir characteristics ranging from fluid and rock characteristics through to reservoir descriptions and classifications as well as development and production of resources management and optimization strategy of oil and gas field.
e. Build dynamic and history matching model that end up with a forecast of future production behavior of Bayu Undan wells particularly production forecast of Bayu Undan field post PSC of 2022.
TIMOR GAP signed its second PSC, through its wholly-owned subsidiary, TIMOR GAP Offshore Block, on December 2015, to begin exploration offshore in the block TL-SO-15-01, taking a step towards achieving TIMOR GAP’s growth strategy and demonstrating its commitment to expand the company’s exploration portfolio. The aforesaid PSC TL-SO-15-01 was awarded to TIMOR GAP with 100% interest through Timor-Leste Government Resolution No. 44/2015 and it is located approximately 50km southeast of Timor’s island eastern tip, within exclusive Timor-Leste maritime borders, midway between Timor and the Greater Sunrise gas-condensate field and covered by modern broadband 2D seismic surveys. The PSC Exploration Work Program is divided into three periods, namely, Initial Period (Contract Years 1 to 3), Second Period (Contract Years 4 and 5) and Third Period (Contract Years 6 and 7).

In order to fulfil the Minimum Exploration Work Requirements within the Initial Period, comprising the acquisition, processing and interpretation of 3D seismic data and integrated G&G studies, as well as prospect mapping and identification of drillable targets, TIMOR GAP engaged TIMOR GAP Seismic Service, a joint venture company created between TIMOR GAP and BGP GeoExplorer in 2015, to undertake 3D seismic survey. The 2780-square-kilometer Crocodile 3D broadband seismic survey which covers most of the PSC area commenced on 23rd December 2015 and was completed on 7th March 2016, followed by the official ceremony to hand over the survey data to TIMOR GAP and thereafter to ANPM, held on 10th March. The seismic data was subsequently processed by international geophysical contractors Schlumberger / WesternGeco during 2016.

In early 2017, a contract for a full prospectivity assessment including interpretation of the 3D seismic, AVO analysis, play analysis, prospect ranking and economics was awarded to CGG GeoConsulting, the leading global geoscience company. According to initial results from this assessment by CGG GeoConsulting geoscientists the seismic data to be of exceptionally high quality, revealing clearly for the first time the geology in the ‘subthrust’ zone beneath the northern slope of the Timor Trough. The processing strategies which was designed by combining the advanced technologies of seismic processing and imaging tools were seen to collectively improve the imaging and enhance the resolution of the target reservoir. The data allows the imaging of more than 30 individual closed seismic structures at various geological levels (Jurassic, Triassic and Permian), frequently stacked vertically, in 17 geographically distinct locations. Further prospective resources have yet to be determined by CGG GeoConsulting experts, but the size of structures suggests the potential for substantial hydrocarbon accumulations closer to Timor-Leste’s shoreline. This includes a previously unrecognized exploration fairway in intermediate water depths which provides several highly attractive exploration drilling targets.

The identification of prospects in the Triassic and Permian formations represent a game changer for explorations in the region. To date many prospects and exploration plays have all been found the Jurassic formation.

The Crocodile project was funded by the Timor-Leste Government through TIMOR GAP. The final results should prove the overall project to be a highly valuable investment for petroleum exploration in the sovereign territory of Timor-Leste.
KOICA Timor-Leste invited three participants (one from ANPM and two from TIMOR GAP) to represent Timor-Leste in the Practical Training for Petroleum Quality Management System (PQMS) by K-Petro in Seongnam, Republic of Korea from 18th May to 15th June, 2017.

K-Petro is the governmental agency which carries out monitoring of petroleum product quality and distribution in the domestic market as well as R&D of petroleum and alternative fuels to ensure a reliable petroleum market and contribute to the development of the petroleum industry and public welfare in Korea.

PQMS refers to K-Petro’s system of monitoring the quality and distribution of petroleum products. The objectives of the PQMS training were:

a) To understand the advanced petroleum quality management system in order to support sustainable development;
b) To learn Korea’s efficient and systematic policies on fuel quality management;
c) To learn current issues and technologies in petroleum energy sector;
d) To strengthen the global network through the mutual technical cooperation in the field of petroleum and energy

The training included lectures from industry experts and site visits. The focus of the lectures was on PQMS however other topics included oil stockpiling, introduction of lubricants and grease and renewable energies. Site visits included K-Petro’s in-house laboratory and R&D facility and other sites including DOPCO (Daehan Oil Pipeline Corporation), KOGAS (Korea Gas Corporation) and SK Energy Ulsan Complex.

For Timor-Leste, the training was very meaningful as Timor is in the process of developing its own PQMS. For TIMOR GAP itself, the training was particularly relevant as the Company’s downstream business is also expanding through their fuel stations and entering the next phase of the Betano Refinery Project.

Having the knowledge and skills from the course will assist TIMOR GAP to ensure its downstream business can work with Timor-Leste’s own PQMS and ultimately contribute to accomplishing our Vision and Mission.

Special appreciation to KOICA and K-Petro who sponsored and provided the training.

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INTERNETION PROGRAM – TIMOR Vs WINSTON UNIVERSITY (USA)

TIMOR GAP encourages talented young students to acquire further knowledge on the company’s business areas and operations by providing inclusive internship programs. In this context, a Timorese student from Westminster College (USA) completed a one month internship with TIMOR GAP.

During her internship, Ms. Leticia was exposed to different units/subsidiaries, namely the Quality, Health, Security & Environment Unit, learning more about the company’s Integrated Management System and the ISO certification process; and TIMOR GAP’s Onshore and Offshore subsidiaries, covering subjects such as introduction to seismic acquisition and crocodile 3D survey, introduction to PSC –TL-SO-15-01 regulations, preparation of map mosaic for the onshore Blocks A, B, & C and PSC database management.

The said internship program was an initiative of Westminster College set forth in close coordination with TIMOR GAP, with the aim to provide on the job training to the student within her area of study. We firmly believe that education is a trigger for national development.
TIMOR GAP Fuel Station in Suai is operated by certified people from Covalima community:

- Your friends
- Your neighbors
- Your family

Thank you for your preference

SOUTHERN COAST PROJECTS

Today, The Company is focused on the Southern Coast (Tasi Mane) Project as the main activity in the formation of a Company Portfolio in the future. The project will focus on the development of the coastal zone from Suai to Beaço that requires infrastructure to support a growing domestic petroleum industry. Following on from this development, the company will diversify into other areas of operations, such as E&P sector and downstream activities.
On September 4th, the People of Timor-Leste mobilized en masse to welcome Timor-Leste’s Chief Negotiator for Maritime Boundaries, H. E. Kay Rala Xanana Gusmão, and expressed their gratitude and joy for the work done towards a permanent maritime boundary and the Sunrise gas development.

The latest round of maritime boundary negotiations between Timor-Leste and Australia took place in Copenhagen with the Conciliation Commission, between August 28th and September 1st. The Permanent Court of Arbitration shared information about the process in a press release dated September 1st, announcing that the two nations have reached agreement about the central elements of delimiting their maritime boundary in the Timor Sea. While the specifics of the agreement between Timor-Leste and Australia remain confidential until October, Xanana Gusmão’s triumphant return to Timor-Leste anticipate a positive and advantageous outcome for the country and its future generations.

Both countries commended the agreement, with Australian Foreign Affairs Minister, H.E. Julie Bishop, calling it a “landmark day” and thanking the Commission for “bringing the parties together”. The Minister of State and Council of Ministers and one of the members of Timor-Leste’s negotiation team, H.E. Ágio Pereira, expressed pride and a great satisfaction with the success of the conciliation process, stating that “Timor-Leste and Australia have set a positive example for the international community at large”.

In 2006 the CMATS treaty was signed between Timor-Leste and Australia, establishing a framework for the joint development of the Greater Sunrise oil & gas field (at one time estimated to be worth US$40 billion) and putting a moratorium on permanent boundary maritime delimitation. In April 2015, Timor-Leste initiated UN Compulsory Conciliation (UNCC) proceedings under Annex V of UN Convention on the Law of the Sea (UNCLOS) to assist in resolving the long-running dispute. Despite the non-binding nature of the conciliation, both states have entered talks in good faith. As part of the ‘confidence building measures’ that emerged from the meetings held in Singapore, both states agreed to terminate the 2006 Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS).

As a result of the conciliation process, both nations have finally resolved their bitter and longstanding dispute over maritime boundaries in the Timor Sea. This agreement will enable the goal of Timor-Leste in bringing the planned pipeline to the south coast and its mega development project, Tasi Mane.

Timor-Leste’s Chief Negotiator Gusmao said the “dream of full sovereignty” by settling on a boundary with Australia had been achieved.
Another remarkable milestone carved by TIMOR GAP in its commitment for Health and Safety at Workplace during its XXI World Congress in Singapore. By 7th September 2017 onwards, TIMOR GAP will actively actualizing a Safe and Health workplace and will concentrate on People as the center for the prevention of any incident to be happen. This commitment is portrayed by becoming part of world and Global Vision of Prevention and has been certified by International Social Security Association (ISSA) in collaboration with International Labor Organization (ILO) to the commitment to campaign the ZEROOO VISION at workplace.

A global Vision of Prevention becomes Moto during XXI world Congress Safety and Health at Workplace in Singapore with 3 Topics such as;

- **Vision Zero** – From Vision to Reality with aims to inculcate a mindset that all injuries and ill-health arising from work are preventable. To achieve this would require commitment from all stakeholders across all levels in workforce.
- **Healthy work – Healthy Life.** The world of work is becoming more challenging, complex and fast-paced. Correspondingly, the link between work environment and employees' health is getting stronger. To improve employees' health and ensure that they can work longer and live healthier this should be managed in a comprehensive and integrated manner.
- **People Centered Prevention.** Protecting employees is the heart of what Occupational Safety and Health (OSH) is about. To build inclusive workplace for OSH to thrive components such as demographic changes, ageing, gender, culture and education are important. To support these efforts, sustainable strategies for the promotion, protection and education of our people are critical.

As we all believes that Incident/Accident, Diseases, and Harm at TG’s working areas are preventable as per commitment of TG to Vision ZEROOO and in line with TG Integrated Management System (TG-IMS), QHSE awareness program will consistenstly and build a climate of trust and open communication at every level in the company to promote the 3 core values of this campaign; Health, Safety & Well-being and also by implementing the 7 Golden Rules at all level of our activities. The 7 Golden rules are:

1) Take Leadership and demonstrate Commitment
2) Identify the Hazards and provide resources to control the risks
3) Define Target by develop Objective and Program
4) Ensure a safe and healthy system are in place and well organized
5) Ensure Safety and Health while working with machines, equipment’s and workplaces
6) Improve qualification - develop competencies
7) Invest in People - motivate by participation

By taking part of this globe Vision Zerooo Companies & Partners, CAN DO committed to have STRONG PREVENTION CULTURE to ELIMINATE & PREVENT Incident/Accident, Harm and Occupational Diseases at all TG working areas until 2020 by doing:

- Continuous improve our Safety, Health and Welfare at work
- Prevent occupational Accident/Accident, disease and harm
- Reduce the economic burden of poor working conditions
- Be part of the a global community of Vision Zero Companies and Partner Organization

TIMOR GAP, E.P. also has listed as one of the Vision Zerooo Companies & Partners with over than 500 Companies & Partners from over the world at VISION ZEROOO website [http://visionzero.global/vision-zero-companies-partners](http://visionzero.global/vision-zero-companies-partners). Be part of this global zero vision as business oriented, we can then able to achieve TG corporate values which is always seeking new opportunities and adding value to resources as well as enlarge stakeholders.

Hopes this achievement can trigger us to continue improve our internal process to bring CAN DO forward in a safely, healthy and zero harm as contribution to 3 TG’s key questions: “Where we are”, “Where we want to be” and “How to get there” in the next 5, 10 and 20 years (Message from President & CEO, Strategic & Business Plan 2016-2035)
TIMOR GAP DRILLING & SERVICES LDA SIGNED A MoU WITH SCHLUMBERGER

On September, 19th it was sign an agreement between TIMOR GAP and Schlumberger Australia Pty. Ltd. The Memorandum of Understanding (MoU) shows the alliance between both companies to work closely in providing drilling services to all drilling activities in JPDA.

In responding to current Oil and Gas market in Timor Leste, the TIMOR GAP Drilling and Services (TGDS) intends to have this corporation with Schlumberger Australia Pty. Ltd., to elaborate more in training and competency for future of business development of TIMOR GAP.

Schlumberger is the world’s leading provider of technology for reservoir characterization drilling, production, and processing to the oil and gas industry. Schlumberger supplies the industry's most comprehensive range of products and services, from exploration through production and integrated pore-to-pipeline solutions for hydrocarbon recovery that optimize reservoir performance.

The signing ceremony of MoU brought a big achievement for both companies as it was attended and signing by Mr. Mark Annand as Schlumberger Australia Pty. Ltd Geomarket Manager and Mr. Antonio de Sousa as Vice President of TIMOR GAP, E.P.

ENVIRONMENTAL IMPACT ASSESSMENT FOR BETANO REFINERY

On the 6th of September, 2017 TEAM Consulting Engineering and Management Co., Ltd. conducted the Final Presentation of the Environmental Impact Assessment (EIA) for the Betano Refinery Project.

The presentation was attended by National Directorate for Pollution Control and Environmental Impact (NDPCEI) and TIMORGAP management and staff.

The EIA for Betano Refinery Project covers two components:

1. Betano Refinery, Water Supply and Nova Betano
2. Condensate and Products Pipelines

Each component was assessed at each phase of the project (pre-construction, construction and operation phases) in terms of the environmental impacts and the proposed mitigation and monitoring programs. In the months prior to the Final Presentation, the Consultant and TIMORGAP collected the data and undertook an assessment including public consultations to produce the Environmental Impact Statement (EIS) and Environmental Management Plan (EMP) which was reviewed by TIMORGAP and revised in response to the technical comments from NDPCEI.

After the final presentation,
TRAINING IN FIELD DEVELOPMENT PLANNING - SCHLUMBERGER AUSTRALIA

Training in Field Development Planning was undertaken at Schlumberger office, Perth Western Australia conducted from 16th October to 10th November 2017.

Two engineers of Exploration & Production Unit were attended and learned different aspects and modules of field development planning, ranging from basic simulation workflow, input data set up of rock physics and fluid models throughout to simulation run and result view as well as history matching and prediction of future production.

Secondment program with Schlumberger was part of working relationship established between TIMOR GAP and Schlumberger through the signing of Memorandum of Understanding between the parties in the previous years.

The secondment program was focused on engineering software that comprised of PETREL RE, INTERSECT fundamental and advanced, PIPESIM and Oil Field Manager (OFM) modules.

The study cases was focused on Bayu Undan reservoir Simulation dynamic model as well as set up production cases for Greater Sunrise field using field management strategy.

We value and add value to our resources
TIMOR GAP Seismic Services (TGSS) has a commitment to find a potential partner (PT.BGP Indonesia) to work together for the upcoming onshore 2D Seismic Acquisition in Timor-Leste area with Timor Resources as operator for this project. Therefore, TGSS and PT.BGP Indonesia were invited to field scouting trip with all the competitors for the two prospect block A and block C that conducted by Timor Resources in September 2017, with the purpose to collect the information for terrain condition and seismic surface condition, also to define the best design parameters and technology that suitable for this project.

Further to this field trip, TGSS with PT.BGP Indonesia signed Memorandum of Understanding in October 2017, the principal objective is to work together in the geophysical industry and related projects in the scope of cooperation for the coming onshore 2D seismic acquisition project.

The two onshore PSCs, PSC TL-OT-17-08 (Block A) covering parts of Covalima and Bobonaro municipalities and PSC TL-OT-17-09 (Block C) located in Manufahi and Ainaro municipalities, were awarded to TIMOR GAP Onshore Block and Timor Resources Pty Ltd, and the commitments for these PSCs include the acquisition of up to 900 line km of 2D seismic. Established in 2015, TIMOR GAP Seismic Services (TGSS) is owned by TIMOR GAP (60%) and BGP Geoexplorer Pte, Ltd (40%) and aims to provide seismic survey services within the Timor-Leste’s territory and afar.
A delegation from Timor-Leste led by His Excellency Mr. Kay Rala Xanana Gusmão paid a visit to Badak LNG facility located in Bontang, Indonesian province of East Kalimantan from 21st–23rd of November 2017. The main objectives of this visit were not only to learn the experiences of Badak LNG in terms of what it has done to become one of the world’s leading LNG industries spanning four decades, but also to be able to see firsthand its direct contribution towards the State’s development through Corporate Social Responsibility (CSR) programs, particularly how it has turned the traditional fishing village of Bontang to become a city.

Prior to touring LNG plant facilities, the Delegation first held a courtesy meeting with the Management of Badak LNG at its Headquarters located within the 2,000 hectares of LNG Complex. In his presentation, Mr. Gitut Yulisaskar – Vice President of Business Support – on behalf of the President and entire management of Badak LNG warmly welcomed His Excellency Mr. Gusmão and the Delegation to their premises. He then made a remark that for the future development of Timor-Leste, an onshore LNG Plant in the country will be a much better choice than a floating LNG or any other options. He presented Badak LNG as a good example due to what it has contributed, positively, to the local economy of Bontang as well as the overall economic development both at province and national levels.

His Excellency Mr. Gusmão remarked by appreciating Badak LNG for making the visit possible, “we are very grateful to be in Badak LNG to know more deeply about Badak LNG plant operation and its contribution to the development of Bontang Community”. He further stated that once the agreement for the development of Greater Sunrise is reached and Timor-Leste starts to build an LNG plant in its soil, “Timor-Leste will need support and advice from Badak LNG”.

Following the courtesy meeting, His Excellency and the Delegation was escorted for a plant tour in order to observe the operations and maintenance of Badak’s eight (8) LNG trains, all of which run by Indonesian nationals. From control room, the tour was continued to LNG loading jetties, LNG maintenance workshop and finally to the LNG Learning Center – home to the LNG academy as well as the center in which many LNG Companies from Asia to Africa and to America have had their technicians successfully undergone LNG training over the course of the last decade. It was also the center from which two (2) of TIMOR GAP’s Engineers received their first OPITO certificates following the completion of intensive On-Job-Training (OJT) on LNG Operations and Maintenance between 2015 and 2016.
During the visit, PT Badak Management also kindly organized for His Excellency Mr. Xanana Gusmão and the Delegation to have a courtesy meeting with the Mayor of Bontang city, Ibu Neni. Similar to PT Badak, His Excellency Mr. Gusmão and Delegation was warmly welcomed at her office by Ibu Neni and local Government officials. In her welcome speech, Ibu Neni stated that “it is a good choice for the government of Timor-Leste to learn from Badak LNG experience and choose them as the work partner in LNG business”. She further explained that “the presence of Badak LNG in Bontang city has not caused any damages to the environment and people living in the Bontang city is happy with presence of Badak LNG". His Excellency Mr. Gusmão also commented that “we have come here as friends and brothers to learn how to build LNG plant and the positive impact of Badak LNG to the development of the Bontang city”. Having learned that Badak LNG has been operated fully by Indonesian nationals for decades, he also indicated that “We hope to have good relationship with Badak LNG in the future and to work together to build Timor-Leste’s human capital to be as strong as Badak LNG”.

Led by His Excellency Mr. Kay Rala Xanana Gusmão, Timor-Leste’s delegation in the visit composed of Maritime Boundary Office, TIMOR GAP and accompanied by Timor-Leste’s Ambassador to the Republic of Indonesia, His Excellency Mr. Alberto Carlos. The delegation took off from Badak LNG airport with Badak LNG’s Chartered Pelita Air on a cool morning of Borneo’s tropical weather of 23rd November 2017.
In line with the growing geostrategic, geopolitical and geo-economic importance of the energy, on 22nd November 2016 was held the 2nd Ministers of Energy Meeting of the Community of Portuguese-Speaking Countries (CPLP), at Itaipu Binacional, in Foz do Iguacu (Paraná) Brazil. This meeting was organized by Brazil, as the Member State holding the Presidency pro tempore, under the theme “The Sustainable Development of Energy in CPLP”, with the presence of ministers responsible for energy in the CPLP and its representatives from Angola, Brazil, Cape Verde, Equatorial Guinea, Mozambique, Portugal, São Tomé e Príncipe and Timor-Leste, the latter represented by H.E. Minister of Petroleum, Mr. Hernani Coelho.

CPLP was created in 1996 with the aim of strengthening the ties of friendship between Portuguese-speaking countries and has been working on cooperation in areas such as Health and Education, Food Safety and Environment. Later in 2015, during the first Conference on Energy for Development of the CPLP, the “Decade of Sustainable Energy for All” (2014-2024) was launched in Lisbon. The II Ministers of Energy Meeting focused on promoting the use of renewable energies and energy efficiency to diversify the energy mix and reduce greenhouse gas emissions, approving documents that will guide energy partnerships, especially in generation from renewable sources.

In view of the above, the meeting resulted on the signature of a joint statement, “Declaration of Foz do Iguacu”, by all Member States in which they recognize the importance of joining efforts to promote Agenda 2030 and the Sustainable Development Goals (ODS), which advocate security and sustainability in energy generation, as well as universal access to energy services.

This meeting also saw the endorsement of the Energy Strategic Cooperation Plan for 2018-2023 and the Action Plan for the 2018-2019 biennium, which contains the guidelines for future cooperation and the actions and initiatives to taken by the CPLP Member States in the energy area during the forthcoming two years and further on. The activities foreseen in the Action Plan include the creation of an online portal dedicated to energy, promotion of a multilateral funds workshop and promotion of the II Energy Conference for the Development of CPLP. The meeting also approved the creation of a working group within the scope of the CPLP to exchange experiences in access to energy for all at affordable prices as a means of combating energy poverty.

During its intervention, H.E. Minister of Petroleum of Timor-Leste, emphasized that the revenues and profit obtained with the exploration and production of the country’s oil and gas resources and associated activities, will enable Timor-Leste to further develop and reach a sustainable growth through the investment in multiple sectors, including to increase the production and use of renewable and cleaner energies.

**DECADE OF SUSTAINABLE ENERGY FOR ALL**
OFFSHORE DRILLING TRAINING PROGRAM

Offshore Drilling Training (Jack Up) Program is a capacity building program which took place in China, at COSL Drilling Headquarters and in offshore Bohay Bay, during the period of five (5) weeks. The Training commenced on 30th November and was completed on 7th December.

Offshore Drilling Training (Jack Up) Program is a part of Secondment Program provided by COSL Drilling, agreed under the Cooperative Agreement between TIMOR GAP Drilling & Services (TGDS) and COSL Drilling. This Secondment program aims to provide training and development for selected TIMOR GAP Drilling Officials and its composed of three (3) batches which are: 1. Offshore Drilling Training, 2. Health, Safety & Environment Training, 3. Commercial (HR, Finance, Bidding & Tendering) Training.

For the first batch, Offshore Drilling Training, 3 trainees undertook the Drilling training in Yanjiao, Tanggu and Offshore (Jack Up Rig) during 38 days. During the training in offshore (Jack up rig), trainees had the opportunity to learn and understand the important operations during the drilling of exploration well (BZ-19-6-3 Well) in Bohay Bay, China. The important operations such as Rig Towing, Drilling Open Hole & Casing Program, Cementing, Circulation System, Coring, Accumulator Room, Blow Out Preventer (BOP), BOP pressure testing, and others, were well studied during their time on Rig. The team also had the opportunity to be on board on Jack Up Rig, Hai Yan Shei You 932 (HYSY 932), to directly experience intact drilling operations and understand the major tools and equipment used during operations. More importantly, the trainees also learned about basic safety knowledge on rig involving proper use of PPE, to be aware of surrounding risks, learn to identify and mitigate the risk which appears in different situation and develop in-depth knowledge about major risk operations in drilling process.

After the 5 weeks training, trainees were provided with certificates as part of their success in fulfilling the Offshore Drilling Training (Jack Up) Program. Upon the completion of the training, trainees are expected to contribute to the development of TIMOR GAP, E. P. and its subsidiary, TGDS, by utilizing their skills and knowledge gained during this Training Program.
China Overseas Engineering Group C.Ltd. in joint venture with China Railway First Group C., Ltd. (COVEC – CRFG JV) was awarded with a construction contract for the phase one of the highway project.

The construction works commenced in 2016 upon the land-handing over of the Branch I, II and III, achieving a progress of 77.006% by the end of 2017. The project employs a construction workforce of approximately 1,500 workers, of which nearly 1,200 are local workers engaged under the local content requirements.

1) Suai – Fatucai /Mola - 30.4 km - The land title identification and compensation process for phase one of the highway project (section 1: Suai – Zumalai) was concluded in 2017, in close collaboration with an inter-ministerial team.

2) Fatucai/Mola – Betano - 34.3 km - The land title identification and acquisition process for phase two of the highway project (section 2: Fatucai/Mola – Betano) is assumed to commence in 2018.

3) Betano – Clacuc - 34.5 km

4) Clacuc – Beaço - 52.6 km
TIMOR GAP Fuel Station in Suai is operated by certified people from Covalima community:

- Your friends
- Your neighbors
- Your family

Thank you for your preference

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SOUTHERN COAST PROJECTS

Today, The Company is focused on the Southern Coast (Tasi Mane) Project as the main activity in the formation of a Company Portfolio in the future. The project will focus on the development of the coastal zone from Suai to Beaço that requires infrastructure to support a growing domestic petroleum industry. Following on from this development, the company will diverge into other areas of operations, such as E&P sector and downstream activities.