

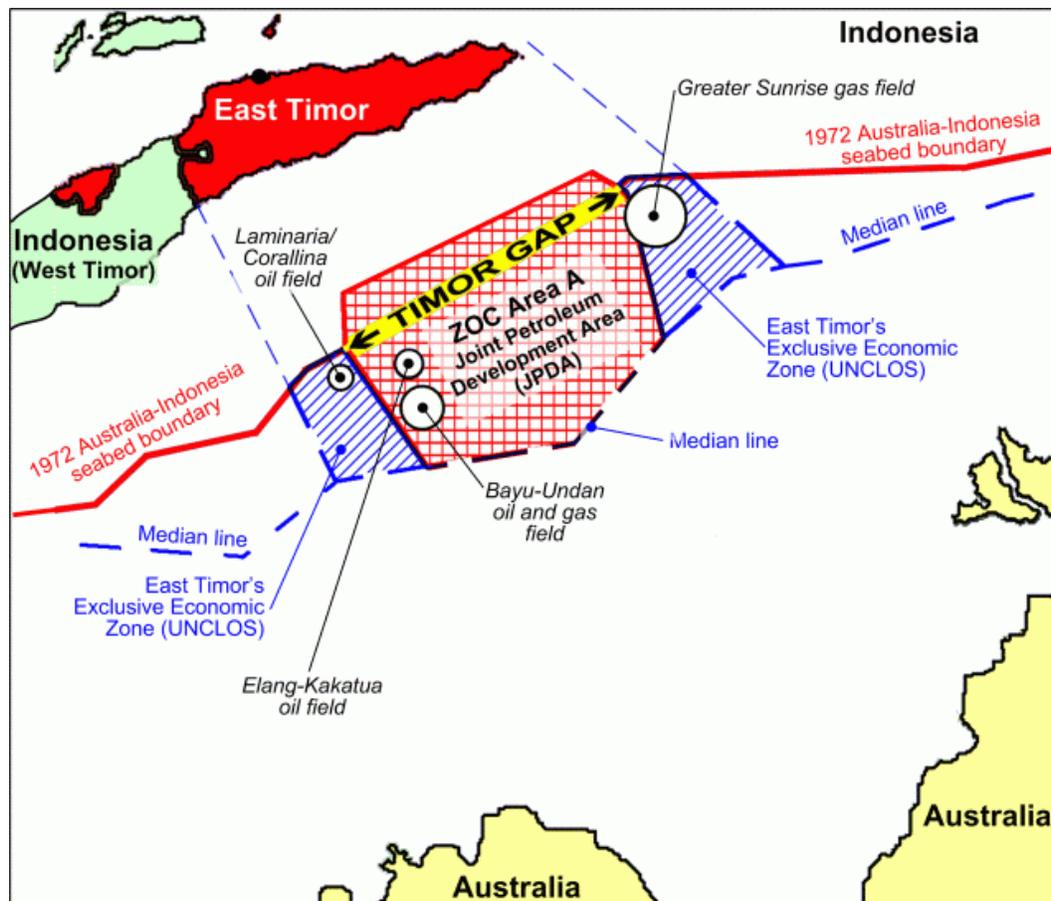
Timor Sea Justice Campaign

'A fair go for East Timor'

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Timor Sea Oil and Gas Resources

- Oil and gas worth more than US \$30 billion lie under the Timor Sea, between East Timor and Australia (the equivalent of approximately 4840 million Barrels of Oil) .
- 68% of the petroleum resources in the Timor Sea lie closer to East Timor than to Australia, and are claimed by East Timor under International Law.
- Under current revenue sharing arrangements, Australia takes 72% of the petroleum revenues in the Timor Sea, including almost 60% of the revenues from fields closer to East Timor than to Australia.
- If maritime boundaries were established in accordance with current principles of international law it is estimated that East Timor would receive around 68% of the total petroleum revenues in the Timor Sea, including up to 100% of those closer to East Timor than to Australia.
- If maritime boundaries were established in accordance with current principles of international law it is estimated that East Timor would receive around US \$12 billion, while under current interim arrangements, East Timor expects to receive just US \$4.4 billion
- Australia, therefore, stands to profit to the tune of over US \$7 billion at the expense of East Timor. This amount includes an estimated US \$1.5 - 2 billion already collected by Australia since 1999.



Map Source : La'o Hamutuk, The East Timor Institute for Reconstruction Monitoring and Analysis

Web: <http://www.etan.org/lh>) The dotted lines show East Timor's probable maritime boundaries under current principles of International Law. Only petroleum fields closer to East Timor than to Australia are shown on this map.

Major Petroleum Fields closer to East Timor than to Australia

Buffalo, Corallina and Laminaria:

Value of petroleum: 270 million Barrels of Oil Equivalent

Total Government share: US\$ 2 billion

Stage of production: Operated by Woodside Petroleum. Production began in late 1999 and will be exhausted by 2005.

East Timor's share with permanent boundaries consistent with International Law: 100%

Current arrangements: Since 1999, the Australia government has received more than USD1 billion in revenue. East Timor will receive nil revenue from this field under current arrangements.

Bayu Undan:

Value of petroleum: US \$6-7 billion

Total Government share: US \$3.3 billion

Stage of production: Operated by ConocoPhillips and construction is well underway. Production was due to start in early 2004.

East Timor's share with permanent boundaries consistent with International Law: 100%

Current arrangements: Under the Timor Sea Treaty, East Timor will receive 90% and Australia 10% of government revenue.

Greater Sunrise:

Value of petroleum: Estimated to be between US \$22-25 billion.

Government share: US \$7 billion

Stage of production: Woodside aims to begin production in 2009.

East Timor's share with permanent boundaries consistent with International Law: up to 100%

Current arrangements: The Greater Sunrise Unitisation Agreement currently gives almost 82% of revenue to Australia, and just over 18% to East Timor.

Historical Background

In **1972**, Australia and Indonesia signed a seabed boundary treaty based on the now outdated continental shelf principle, establishing a seabed boundary much closer to Indonesia than to Australia. Since Portugal (the colonial ruler of East Timor at that time) refused to participate in the discussions, the boundary was incomplete, resulting in the "Timor Gap".

In **1989** Australia and Indonesia agreed on the Timor Gap Treaty, which divided revenue from the seabed resources in the "Gap," giving Australia the largest share in return for Australia's recognition of Indonesia's illegal annexation of East Timor. The Treaty defined a Zone of Cooperation (ZOC) Central Area A, within which resources would be shared equally between Australia and Indonesia. Australia continued to control areas east and west of the ZOC. When East Timor achieved independence, the Timor Gap Treaty became invalid.

In **1997** Australia and Indonesia signed a treaty on the water column boundary including parts of the Timor Sea based on median line principles.

During the **UN Transitional Administration (UNTAET)**, action was taken to preserve the oil companies' contracts and continue development, so that East Timor would receive some oil revenues quickly. The first UNTAET-Australia agreement, in 2000, continued the terms of the 1989 Timor Gap Treaty. The 50-50 division of Zone of Cooperation Area A was renamed the Joint Petroleum Development Area (JPDA). The following year, UNTAET and Australia renegotiated the agreement to divide petroleum production in the JPDA, 90% for East Timor and 10% for Australia, signing the Timor Sea Arrangement in July 2001.

In **March 2002**, before East Timor's independence, Australia withdrew from the jurisdiction of the two international arbitration bodies used to settle maritime boundary disputes, the International Court of Justice (ICJ) and the International Tribunal on the Law of the Sea (ITLOS).

On **20 May 2002**, Australia and East Timor signed the Timor Sea Treaty. This treaty gives East Timor 90% of revenues from inside the JPDA. Australia continues to develop and profit from larger petroleum areas outside the JPDA, which are closer to East Timor than to Australia and wholly claimed by East Timor. The Timor Sea Treaty would allow for the production of the Bayu Undan area (within the JPDA) to begin, with 90% of the government share of revenue going to the newly independent East Timor.

In **October 2002**, East Timor enacted a Maritime Boundaries Law, claiming a 200 nautical mile Exclusive Economic Zone in all directions, based on UNCLOS principles. This claim includes all of the major petroleum fields listed above.

In **March 2003**, Australia and East Timor signed the Greater Sunrise Unitisation Agreement. This is an interim arrangement between East Timor and Australia to put in place a legal regime necessary for the project to progress while maritime boundaries are finalised. The Unitisation Agreement currently allocates almost 82% of revenues from the Greater Sunrise field to Australia, and just over 18% to East Timor, despite the fact that the field is twice as close to East Timor as it is to Australia. Australia refused to ratify the Timor Sea Treaty (signed one year before) until the agreement was signed, which would have delayed production of the Bayu Undan field and East Timor's access to the urgently needed government revenue from this field.

On **10 March 2004**, the Australian government introduced the Greater Sunrise Unitisation Agreement Implementation Bill, into both Houses of Parliament. This Bill will implement the Unitisation Agreement. As the Bill stands, Australia would gain almost AUD 8 billion in future government revenue over East Timor which has little revenue independent of foreign aid.

Sources

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The Timor Sea Justice Campaign

The Timor Sea Justice Campaign is an independent campaign based in Melbourne and initiated in January 2004. The campaign seeks to change Australian government policy in relation to the Timor Sea and is made up of concerned individuals of various ages and professions working on a voluntary basis. The Timor Sea Justice campaign believes that as a sovereign nation, East Timor has the right to settle its boundaries with neighbouring countries and to benefit from its natural resources, particularly at the time that this new nation needs the revenue from resources in the Timor Sea to develop and provide its citizens with basic services such as schools and hospitals. The Timor Sea Justice campaign aims to lobby the Australian government to be a friendly and cooperative neighbour to East Timor, building on the goodwill between the two nations, and to respect the economic, social and cultural rights of the East Timorese and East Timor's full sovereign rights under international law.