



PUBLIC NOTICE – TIMOR SEA TREATY

Section 19 – Petroleum Mining Code - Summary Details of Production Sharing Contract for the Joint Petroleum Development Area

Parties

On 24 July 2006 Production Sharing Contract JPDA 06-105 ('PSC 06-105') was entered into between the Timor Sea Designated Authority ('TSDA') and Woodside Petroleum (Timor Sea 1) Pty Ltd, INPEX TIMOR SEA LTD and Talisman Resources (JPDA 03-01) Pty Ltd (collectively 'the Contractor').

Interim PSC JPDA 03-01

The Contractor and the TSDA had a pre-existing agreement concerning the PSC 06-105 Contract Area. The Contractor was the holder of Interim Production Sharing Contract JPDA 03-01 ('Interim PSC').

PSC 06-105 provides for the Interim PSC to terminate upon the date that PSC 06-105 enters into force. Costs incurred under the Interim PSC ('Past Costs') are carried forward into PSC 06-105 and will be dealt with as though they were incurred under PSC 06-105. In order to encourage expeditious development, Past Costs will reduce if a commercial discovery is not made by 30 September 2006.

Exploration Period

Exploration is broken up into two periods totalling 5 years. The Contractor is required to relinquish 25 percent of the contract area at the end of the 3rd year and the remainder of the contract area at the expiration of the 5th year other than those parts of the contract area that constitute development areas.

Minimum work obligations are provided in the contract for each exploration period. These are as follows:

Contract Years 1-3

The Contractor has undertaken to evaluate seismic survey data obtained through an earlier survey ('the Ikan Seismic Survey') and to drill an exploration well contingent upon the Contractor identifying a drillable prospect through such Ikan Seismic Survey data evaluation.

Contract Years 4-5

The Contractor has undertaken to drill 1 exploration well.

Production Period

If a commercial discovery is made by the Contractor the TSDA is required to declare a development area over the relevant parts of the contract area. Within 12 months of the declaration of a development area, or within 6 months in the case of the Jahal and/or Kuda Tasi fields (these discoveries pre-date the Interim PSC and it was therefore agreed that a shorter time frame should apply), the Contractor is required to submit a development plan outlining its proposals for the development of the field. Relinquishment of a development area occurs after a period of 25 years from the approval of the development plan.

Cost Recovery and Production Sharing

The first 5 percent of production is taken by the TSDA. The Contractor will recover its exploration, development and operating expenditures, including uplift on such expenditures, and Past Costs, from the remaining 95 percent of production.

Any production remaining after cost recovery is shared on the basis that the Contractor receives 60 percent and the TSDA 40 percent of that remaining production.

The sales revenue derived from the share of production that the TSDA is entitled to, is shared, as between Timor-Leste and Australia, 90 percent and 10 percent respectively.

Dispute Resolution

In case of disputes between the parties to PSC 06-105, and in the event they cannot be settled amicably, arbitration will be conducted in accordance with the rules of the International Chamber of Commerce. The place of arbitration is Singapore.

Jose Lobato
Executive Director

Map of Contract Area – JPDA 06-105

