



# Woodside Petroleum waiting on Australia-East Timor maritime deal to develop Greater Sunrise

By business reporter Emily Stewart, staff

Posted Tue 10 Jan 2017, 7:01pm

## It is back to the drawing board for a maritime agreement between Australia and East Timor.

At stake are oil and gas reserves worth up to \$40 billion but, while both governments fight over future revenue sharing, development of the project has not even started.

Woodside Petroleum's most valuable oil and gas reserves hold up to 5 trillion cubic feet of gas and were discovered in 1974, but have been waiting to be developed ever since.

"We were the original explorers up there. So this discovery has really been in Woodside's portfolio for many years," Woodside chief executive Peter Coleman told Business PM.

"We've been very patient as it's gone through a number of changes in respect to governance."

The company has teamed up in a joint venture with Conoco Phillips and Shell to extract the resources.

However, with the so-called Greater Sunrise project site in open waters, the Australian and East Timorese Governments have been in dispute over revenue sharing.

A 2006 temporary treaty had agreed on a 50:50 split but, after claims of spying surfaced, East Timor took the treaty to the Hague, with uncertainty causing the developers to shelve the project in 2015.

Woodside has welcomed this week's decision to dissolve the treaty, with both governments now open to negotiating a permanent solution.

"It's recognising the treaty's still in place, for us that's the most important thing, recognising we've got tenure [over the field]," Mr Coleman said.

However, the company said development will not proceed until it has certainty over the revenue sharing arrangements between the two governments.

"Reality is we got to an impasse on the project just a few years ago. Who actually do we pay the rents to?" Mr Coleman commented.

"Woodside is really sitting on the bench until the Australian Government and the Timor Leste government sort out how they will proceed with the new boundaries," said Giuliano Sala Tenna, institutional equity sales at Bell Potter.

## Greater Sunrise might 'come to the front of the queue'

There has also been an impasse with the East Timorese over the development model, with the fledgling nation preferring to host a processing plant, and the jobs that go with building and operating it, while the energy companies have favoured a floating liquefaction plant.

Using a land-based plant in Darwin would also be an option.



**PHOTO:** Woodside has teamed up in a joint venture to extract the resources from the Timor Sea. (Supplied: Woodside Energy)

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"Our base plan is a floating solution, the other alternatives are becoming more and more competitive over time with that floating solution," Mr Coleman said.

Fortunately for the project, oil and LNG prices have crashed in the past 3 years, which has meant competing projects have been put on hold and technology has advanced, creating a window of opportunity if energy prices recover, as Woodside now forecasts.

"It means Sunrise has an opportunity to come to the front of the queue," Mr Coleman said.

"It's a very competitive project, two years ago it was lagging well behind, it would not have got to the front of the queue."

Woodside is predicting commodity prices will rally in 2019, and is calling on both governments to reach a conclusion as soon as possible so they can capitalise.

**Topics:** oil-and-gas, company-news, international-law, world-politics, australia, east-timor

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