



Australia and East Timor agree on maritime border, 'pathway' to develop gas field

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East Timor and Australia have reached an agreement for a treaty on their disputed maritime border and on a "pathway" to develop the giant Greater Sunrise offshore gas fields, the Permanent Court of Arbitration in The Hague says.

Under the agreement, the share of revenue from the offshore gas field will differ depending on downstream benefits that arise from "different development concepts", the statement released following talks in Kuala Lumpur said.

The agreement would establish a maritime boundary in the Timor Sea for the first time.

Australia had sought a boundary aligned with its continental shelf, but East Timor argued the border should lie half way between it and Australia — placing much of the Greater Sunrise fields under its control.

The long-running dispute had led the owners of Greater Sunrise — Woodside Petroleum, ConocoPhillips, Royal Dutch Shell and Japan's Osaka Gas — to shelve the project.

The fields are estimated to hold 144 billion cubic metres of gas and 226 million barrels of condensates, which analysts have previously estimated could be worth up to \$50 billion.

However, development could be at least a decade away, with Woodside looking at the latter half of the next decade.

Ending years of opposition, Australia agreed in 2017 to accept Dili's formal notice to terminate an agreement to split petroleum revenue equally from Greater Sunrise and set a 50-year timetable for negotiating a permanent sea boundary.

Dili had taken the long-running maritime border dispute to the Permanent Court of Arbitration, an intergovernmental organisation based at The Hague, which ordered compulsory arbitration between the two parties.

The court announced last year that the countries had reached an agreement "on the central elements of a maritime boundary delimitation between them in the Timor Sea" — but that details would remain confidential until the deal was finalised.

The two governments will meet in New York at the United Nations headquarters on March 6 to sign the new maritime boundary treaty, the statement said.

East Timor could get up to 80pc of revenue

East Timor had been pushing for the building of an onshore processing plant to boost its economy rather than a floating plant.

According to media reports, East Timor could receive up to 80 per cent of revenue, but could agree to less if gas is piped to a terminal in the tiny country.

The Sunrise joint venture, led by Woodside, said it was aware the two governments had agreed on a new maritime boundaries treaty.

"We hope that the Commission's conclusions and the signing of the treaty will help to provide the fiscal and regulatory certainty required to develop Greater Sunrise for the benefit of all parties," a Sunrise joint venture spokeswoman said.

Australia's foreign ministry said the countries had "agreed [on] a draft treaty establishing our maritime boundaries and the sharing of revenue from the development of the Greater Sunrise resource".

In the emailed statement, the ministry said the countries would "continue to work towards a decision on the development concept for Greater Sunrise".

East Timor's oil minister, Hernani Filomena Coelho da Silva, said his country's preference was for the gas to come to his country to help development.