

# Hurdles removed for Sunrise and Buffalo

Landmark treaty could progress giant gas field development

Upstream Online, 30 August 2019. By Amanda Battersby in London

Timor-Leste and Australia today in Dili signed the Maritime Boundary Treaty – an agreement that removes several obstacles for development of the Greater Sunrise project and Carnarvon Petroleum's Buffalo field.

The treaty defines the border and formalises the governance structure and tax sharing arrangements between the two nations.

However, before either project can get take the final investment decision the partners will need to agree production sharing contract terms, finalise development concepts and complete engineering studies.

“Timor-Leste's economy is underpinned by a petroleum fund that will see no additional revenue once the Bayu-Undan field ceases in 2022,” said Wood Mackenzie senior analyst Chris Meredith.

“As a result, development of Greater Sunrise is top priority.”

Woodside has indicated that it won't invest in onshore liquefaction facilities in Timor-Leste, noted Meredith.

“We expect Woodside will initially pursue a liquids-stripping project... monetising the large liquid resource up front.

“On a later timeline, the gas resource will be produced via the onshore liquefaction plant.”

The Greater Sunrise licences host the Sunrise and Troubadour gas condensate fields that were discovered in 1974 and are estimated to hold 5.1 trillion cubic feet of gas and 225.9 million barrels of condensate.

The Timor-Leste government in April completed its \$650 million purchase of ConocoPhillips' and Shell's interests in the Greater Sunrise gas fields.

The Dili administration now has a 56.56% interest in the fields after acquiring ConocoPhillips' 30% stake and Shell's 26.56% equity.

The Greater Sunrise fields are located 150 kilometres off Timor-Leste's south coast in water depths between 90 metres and 550 metres.

The other partners are operator Woodside (33.44%) and Osaka Gas (10%).

Meanwhile, Australia's Santos announced that it today had signed agreements supporting the transition to permanent maritime boundaries between Australia and Timor-Leste and a continued stable framework for petroleum activities in the Timor Sea.

Santos and its partners in the producing Bayu-Undan gas field joined the Australian and Timor-Leste governments in agreeing to field operating in Timor-Leste's exclusive maritime jurisdiction under terms "equivalent to previous arrangements".

The agreements give effect to the historic maritime treaty last year struck between the neighbours, which deliver continued regulatory, fiscal and legal certainty for players with petroleum activities in the Timor Sea.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "We are delighted to have been part of this historic achievement which marks the next chapter in Timor-Leste's economic independence and development.

"And what better time to reach and celebrate this milestone than the 20th anniversary of the day when the people of Timor-Leste voted resoundingly for independence.

"The transition agreements bring the certainty and stability needed for on-going operations at Bayu-Undan and a clear pathway for future resource development in the waters of Timor-Leste," Gallagher said.

The Bayu-Undan upstream facilities now fall entirely within Timor-Leste's jurisdiction, while the Bayu-Undan to Darwin pipeline, including the small portion within Timor-Leste's sovereign waters, will be subject to Australia's exclusive jurisdiction.

Santos has an 11.5% interest in the Bayu-Undan joint venture and a similar interest in the ConocoPhillips-operated Darwin LNG project.

Market talk of late has suggested the US company could be looking to divest its controlling stake in Darwin LNG with Santos tipped as a likely purchaser.