

Santos to Shut Bayu Undan Gas Project in Timor Sea, Says Minister

DILI, 05 June 2025 (TATOLI) – Santos has formally notified the Timor-Leste government about its intention to shut down the Bayu Undan Gas Project in the Timor Sea.

“With gas production at the Bayu Undan field coming to an end, Santos and its partners have informed the Ministry of Petroleum and Mineral Resources (MPRM) and the National Petroleum Authority (ANP) of their plan to cease gas production from the field,” Minister of Petroleum and Mineral Resources Francisco da Costa Monteiro told reporters on Wednesday.

Monteiro said Santos has also reiterated its plan to repurpose the Bayu Undan field for carbon storage beneath the seabed — a move that could generate billions of dollars for Timor-Leste.

The Bayu-Undan Carbon Capture and Storage (CCS) project is estimated to cost US \$1.6 billion and is expected to generate up to US\$7 billion.

He said that in addition to Santos’ proposed carbon capture and storage (CCS) project, the Government and Timor Gap plan to explore the remaining gas reserves in the Bayu Undan field. “The reserves could be developed alongside other fields, such as Chuditch and nearby fields, with the aim of piping the gas to Timor-Leste.

Monteiro said Santos and the National Petroleum Authority (ANP) have conducted a study on the decommissioning of oil and gas facilities of the Bayu Undan field, aiming to minimize the environmental impact associated with dismantling the field’s platforms.

Bayu-Undan has been a major source of revenue for Timor-Leste’s economy for more than two decades.

Santos has a 43.4% operated interest in Bayu-Undan. The remaining interest is held by SK E&S (25%), INPEX (11.4%), Eni (11%) and Tokyo Timor Sea Resources (9.2%).



BAYU-UNDAN CESSATION OF PRODUCTION

PRESS RELEASE from ANP

Dili, Timor-Leste – June 13, 2025

The Autoridade Nacional do Petróleo I.P. (ANP) formally received a notification on June 4, 2025, from the Contract Operator of Bayu-Undan, representing the Bayu-Undan Joint Venture (BUJV), regarding the cessation of production at the Bayu-Undan field. The BUJV decision to cease production is mainly driven by the limited gas market in the Australian Northern Territory and high operational costs due to aging facilities. The Bayu-Undan field ceased production permanently on June 4, 2025, at 10:52 Dili time.

Following this cessation, and in accordance with Section 2.6 of the Production Sharing Contracts PSC-TL-SO-T 19-12 and PSC-TL-SO-T 19-13 ('the PSCs'), the PSCs have now been terminated. Consequently, the Decommissioning Agreement, signed on November 29, 2023, became effective on June 4, 2025, in accordance with Clause 3.1 of the Agreement.

The Bayu-Undan gas condensate field was initially discovered by the Bayu-1 exploration well in March 1995, and subsequently appraised through ten (10) additional exploration and appraisal wells between 1995 and 1998. The first phase of development drilling involved 10 wells and was conducted in 2003, leading to the commencement of hydrocarbon liquids production in 2004. The Bayu-Undan Field Development Plan, initially approved in 2000, was amended in 2003 to allow for gas export sales to Darwin LNG, which began in 2006. In November 2023, as per information provided by the operator, the circumstances arose at that time that contributed to the Bayu-Undan gas production reaching the minimum gas feed rate (the safe operating limit) at DLNG at 72 MMscf/d. To ensure the cessation of gas supply to DLNG is undertaken in good legal administrative order and to maximise economic recovery of the remaining hydrocarbon from the Bayu-Undan field, ANP and BUJV engaged in discussion on the legal administrative process in terms of completion of Feed Gas Sale and Purchase Agreement (FGSPA) and the alternative market. With ANP's approval, BUJV entered into an agreement, namely a Gas Sale Agreement (GSA) with Power and Water Corporation (PWC) Darwin to supply Bayu-Undan gas to the Australian domestic market until production was officially ceased on June 4, 2025.

According to the latest assessment, the Bayu-Undan field gas recycle project has estimated GIIP of 7.7 Tscf raw gas. To date, the field has produced 5.99 Tscf raw gas which includes ~5.5 Tscf lean gas and ~400MMstb liquids. The remaining ~3 Tscf recoverable raw gas is subject to further technical and economic feasibility assessment.

From 2004 to 2025, the Bayu-Undan field achieved several major operational milestones, including three successful development phases that resulted in a total of 34 wells. Additional efforts such as well interventions and other technical optimizations aimed at extending production has contributed to the multiple extension of the term of PSCs, with the latest term extended until 30th June 2026. Furthermore, the Bayu-Undan production operation has served as a benchmark for excellence in safely operating the Bayu Undan production facilities in accordance with Health, Safety, and Environment (HSE) standard, recording zero fatalities and no environmental incidents throughout its operational life.

Since 2008, ANP has acted as the regulatory authority for the petroleum sector in the Former Joint Petroleum Development Area (JPDA). When the Maritime Boundaries Treaty (MBT) entered into force on 30 August 2019, the Former Joint Petroleum Development Area (JPDA), including the Bayu-Undan field, transitioned into full Jurisdiction of Timor-Leste under the supervision of ANP, the regulatory authority for the petroleum sector in Timor-Leste. ANP wishes to acknowledge the strong and productive collaboration with BUJV over the years and extends sincere appreciation to all past and present Contract Operator and its Joint Ventures.

Looking ahead, ANP will continue to work collaboratively with the Contract Operator acting on behalf of BUJV, to ensure full compliance with Decommissioning Agreement, the applicable decommissioning regulatory framework and commitment to the approved decommissioning plan. In parallel, the Ministry of Petroleum and Mineral Resources has initiated, and will continue, discussions with BUJV to explore future utilization options for the existing offshore Bayu-Undan production assets that may benefit the State and other relevant stakeholders.

End

Empreza Santos informa produsaun mina no gás iha Bayu Undan termina – MPRM

DILI, 04 Juñu 2025 (TATOLI) – Ministru Petróleu no Rekursu Minerál (MPRM), Francisco Monteiro, informa nia parte simu ona informasaun husi petrolífera Santos ho parseiru sira kona-ba produsaun mina no gás iha kampu Bayu Undan ne'ebé termina ona.

“Loos duni, produsaun Bayu Undan hanesan uluk temi beibeik tun daudaun. Agora to'ó tempu ona kompañia Santos ho nian parseiru informa mai ministériu no Autoridade Nasionál Pétroleu [ANP] katak sira entende ona hakarak hapara nia produsaun”, governante ne'e dehan iha Palásiu Governu, ohin.

Nia mós adianta katak empreza Santos mós propoin hela depoizde ida-ne'e Governu konsidera sira-nia hanoin oinsá uza ekipamentu ne'e ba projetu ida *Carbon Capture and Storage (CCS)* nian.

“Parte ida-ne'e mak ami hanoin sei iha diferença uitoan. Ita hanoin hela aleinde CCS, ita mós iha planu ida katak Bayu Undan nia produsaun para, maibé komu rezerva ami identifika iha hela, Santos rasik mós publika katak nia rezerva sei iha hela, entaun ami hamutuk ho Timor GAP ho parseiru balun, inklui iha diskusaun mós ho Santos atu haree took forma oinsá para produsaun ida agora lori bá Austrália ne'e hapara tiha”, Francisco Monteiro realsa.

Nia esplika bainhira produsaun ida agora dada ba Austrália ne'e hapara tiha, depoiz tinan rua ka tolu nia laran dezenvolve fali projetu seluk ida, lori gás sira iha Bayu Undan ne'e rasik ho *Chuditch* no seluk tan tau hamutuk dada mai.

“Ne'ebé informasaun ne'ebé ita-boot sira rona ona ne'e loos katak produsaun para ona, maibé la'ós dehan rezerva hotu ona”, nia afirma.

Kona-ba informasaun husi traballadór sira ne'ebé serbisu iha Bayu Undan dehan para ona ne'e loos, katak kuandu kontratu hotu ona normalmente sira mós tenke para.

“Maibé ha'u fiar Santos sei iha programa lubuk ida. Ba produsaun mak para ona, maibé sira iha atividade decommission [ka] dezmantelamentu balu tenke hahú daudaun ona. Fiar katak serbisu-na'in balu iha ne'ebá bele kontinua ba prosesu dezmantelamentu ne'e, maibé laiha, ita haree took forma iha futuro halo dezenvolvimentu ba kampu ne'e oinsá”, dehan.

Governante ne'e relata, tuir informasaun, totál traballadór timoroan ne'ebé daudaun serbisu iha Bayu Undan ne'e kuaze 300.

“Kona-ba sira-nia estatutu ne'e Santos mak hatene, maibé Governu sei buka meu hotu [hodi] haree katak sira kontinua nafatin iha prosesu dezmantelamentu. Kuandu buat ne'e iha, más kontratu ne'e bazeia ba serbisu ne'ebé iha, bainhira serbisu ne'e hotu para lai, maibé sira-nia esperiênsia sira ne'e Governu sente katak futuro sira bele mai partisipa iha projetu sira iha Timór ka Greater Sunrise nian”, nia subliña.

Hodi esplika katak bainhira dezmantelamentu ekipamentu sira ne'e iha programa lubuk ida, balu sei lori mai hamoos iha Tíbar, seluk lori fali bá fatin ida harahun nian ne'e.

“Impaktu ba biodiversidade, halo análise hotu ona. Kompañia hamutuk ho ANP halo ona investigasaun lubun ida konba-ba prosesu dezmantelamentu ne'e oinsá para labele iha impaktu maka'as ba ambiente no seguransa nian”, konklui.

Bayu Undan lokaliza iha tasi Timór, besik kilométru 250 husi parte súl Dili nian. Kampu Bayu Undan hahú produsaun iha tinan 2004.

Empreza australiana Santos mak halo operasaun ba Bayu Undan, ne'ebé kaer partisipasaun 36,5% no mós halo parte iha *joint venture* SK E&S (21%), INPEX (9,6%), ENI (9,2%), *Tokyo Timor Sea Resources* (7,7%) no Timor GAP (16%).

Jornalista: Arminda Fonseca

Editora: Maria Auxiliadora