

ConocoPhillips updates East Timor contracts for Bayu Undan gas

By Alison Bevege, Reuters 30 August 2019 in Yahoo! Finance

SYDNEY, Aug 31 (Reuters) - Liquefied natural gas producer ConocoPhillips announced new production sharing contracts with East Timor for the ageing Bayu Undan gas field on Saturday, following the implementation of a new maritime border with Australia.

The gas condensate deposit in the Timor Sea, 250 km (155 miles) south of East Timor and 500 km (311 miles) north of Australia, now falls within the small Pacific nation's jurisdiction, after it ratified the Maritime Boundary Treaty on Friday.

"We look forward to the Bayu Undan project operating in Timor-Leste's maritime jurisdiction and continuing to develop together with Timor-Leste during Bayu Undan's final years," Chris Wilson, president of ConocoPhillips Australia-West, said in a statement.

Bayu Undan has been the impoverished nation's main source of revenue for more than a decade, paying more than \$20 billion into the Timor-Leste Petroleum Fund since 2004, ConocoPhillips said on its website.

The field is projected to run out of gas around 2022.

Previously, Bayu Undan fell within the Joint Petroleum Development Area (JPDA), a boxed-off zone between the two nations that allowed the development of resources while protracted negotiations over a permanent boundary continued.

The JPDA was governed by the 2003 Timor Sea Treaty, which allocated 90 percent of the taxes paid on business profits to East Timor and 10 percent to Australia.

The new permanent maritime boundary gives 100 percent of Bayu Undan tax revenue to East Timor, along with sole jurisdiction over, ownership and management of the field, ConocoPhillips said.

The new production sharing contracts, which took effect on Friday, give regulatory certainty on terms equivalent, leaving the operation of the field unchanged.

The Bayu Undan to Darwin pipeline, built in 2006 to feed the ConocoPhillips-operated Darwin LNG plant in Northern Australia, remains in Australia's jurisdiction.

The Darwin LNG plant produces 3.7 million tonnes each year, and needs to secure more feedstock once Bayu Undan runs dry.

Conoco and partners Santos and South Korea's SK E&S have agreed to do preliminary design work to develop the Barossa field, 300 km (188 miles) north of Darwin, to supply Darwin LNG.

(Reporting by Alison Bevege; Editing by Clarence Fernandez)