East Timor: Potential US$1 B revenues from new Timor Sea gas field

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The Timorese oil regulator said yesterday that a new gas field to be developed in the Timor Sea, in a partnership between East Timor and Sunda Gas, could represent revenues of US$1 billion.

"It is estimated that the project will have revenues of one billion dollars, subject to fluctuations. We have about 0.7 TCF (trillion cubic feet) of gas," the president of the National Petroleum and Minerals Authority (ANPM), Gualdino da Silva, told Lusa.

Gualdino da Silva spoke to Lusa after the oil company TimorGap, ANPM and Sunda Gas, based in Singapore, signed a production sharing contract to explore gas reserves in the Timor Sea, specifically in the TL-SO-19-16 field, known as Chuditch.

Silva explained that in the first two years, in which Timor Gap will not make any investment, Sunda Gas will "process seismic data and redo the maps" of the structure and then decide whether to drill there as well.

There is renewed interest in the Timor Sea after the entry into force of the maritime border treaty between East Timor and Australia.

In the case of the field – an area of 357 square kilometres on the southeast edge of what was the former joint Australian – Timorese oil development zone, now in Timorese waters -, negotiations began before the ratification of the treaty.

Regarding the business itself, the head of ANMP explained that the agreement provides for the formation of a consortium with 75% for Sunda Gas and 25% for a subsidiary of Timor Gap, Chuditch Unipessoal, Lda. This follows similar production sharing contracts in the Timor Sea, with SundaGas "assuming the associated risk".

Even so, he stressed, the revenues for East Timor will be higher, since the State receives "40% of the profits" – a value that "will go directly to the Petroleum Fund" – with TimorGap receiving 25% of the remaining 60%.