

Impact of an Exclusive Economic Zone delimitation on East Timor's petroleum revenue



TIMOR SEA PETROLEUM SEMINAR Dili, East Timor, March 23, 2002

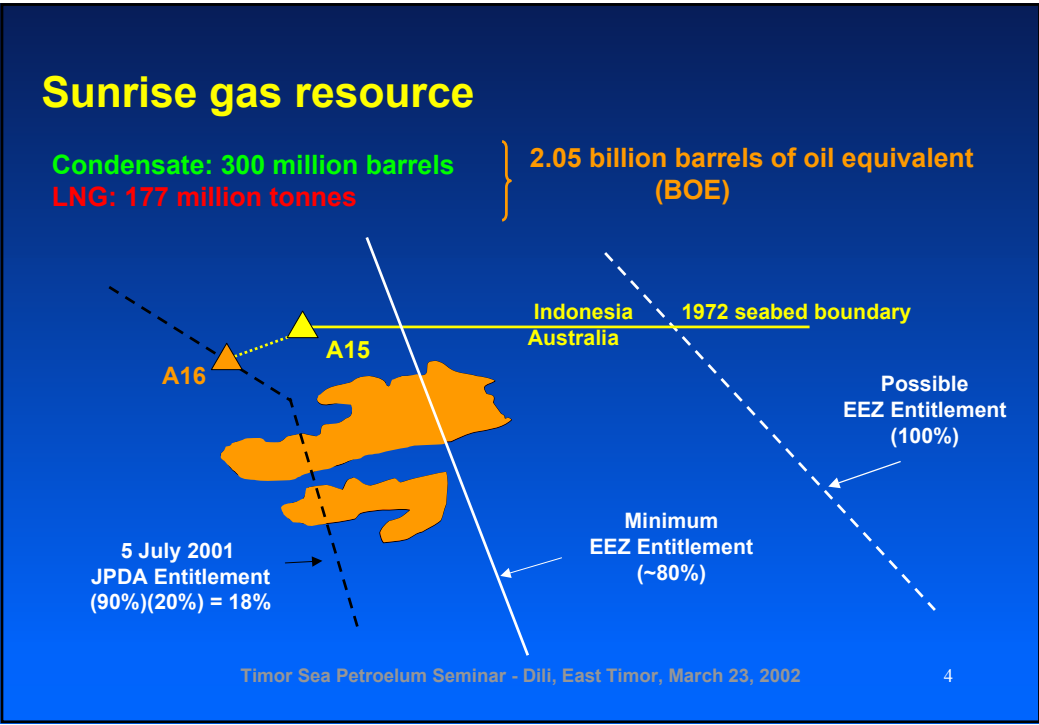
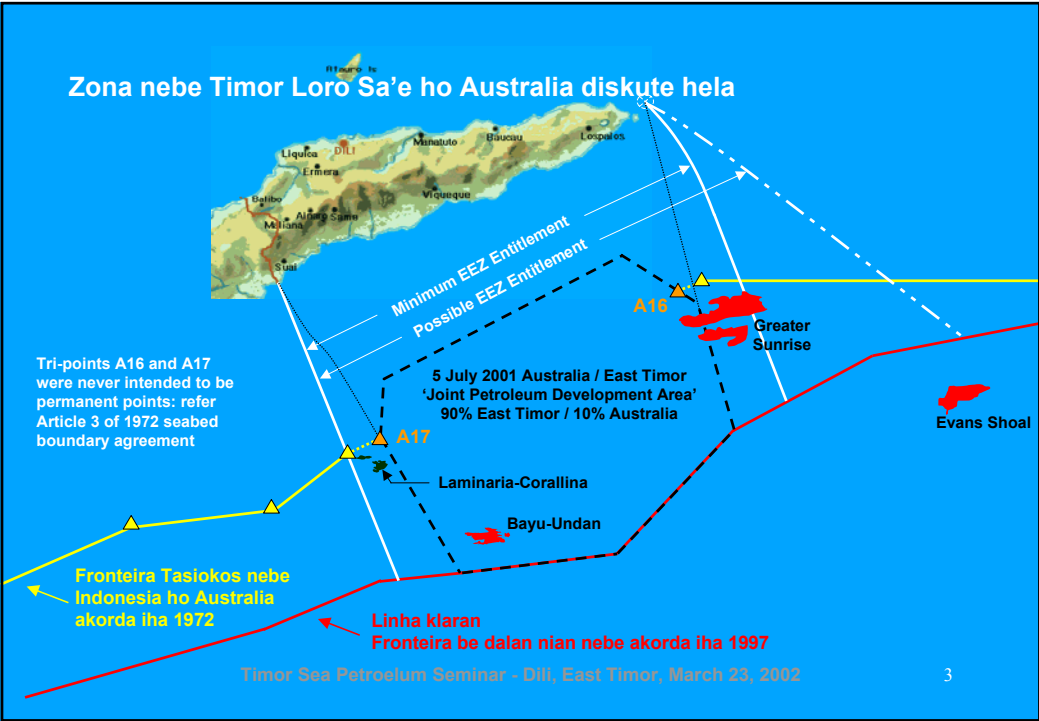
Presentation by Geoffrey McKee • G A McKee & Associates Pty Ltd • Oil & Gas Project Development Services • Sydney • Australia

Impact of an Exclusive Economic Zone (EEZ) delimitation on East Timor's Petroleum Revenue

- Brief history / background
- 5 July 2001 proposal versus EEZ delimitation
 - Sunrise
 - Laminaria / Corallina
 - Bayu-Undan
- Potential benefit to East Timor of an EEZ delimitation

US\$40 billion*

* Additional revenue to East Timor, cumulative as-spent dollars of the day over life of all project scenarios 2000 to 2050 (assumes base oil price escalation of 2.5% in line with forecasted US inflation rate). The present (real, de-escalated) value of this future cash flow is approximately US\$21 billion.



Sunrise gas resource

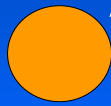
Condensate: 300 million barrels
 LNG: 177 million tonnes

Energy
 2.05 billion
 barrels of oil equivalent (BOE)

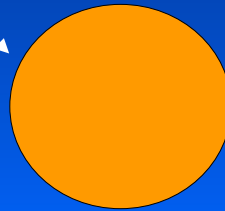
5-July-2001 proposal

Resources owned

Possible resources lost



370 million BOE



1680 million BOE

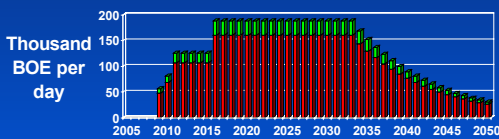
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5

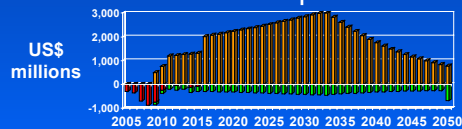
Sunrise gas resource - Floating LNG prospect

Condensate: 300 million barrels
 LNG: 177 million tonnes

Production



Project cash flow



Gross sales revenue
 US\$80 billion*

* cumulative as-spent dollars of the day over the life of this project scenario. The present (real, de-escalated) value of this future revenue flow is US\$42 billion.

■ Development Capital costs ■ Operating cost (incl. LNG transport)
 ■ Combined product sales revenue

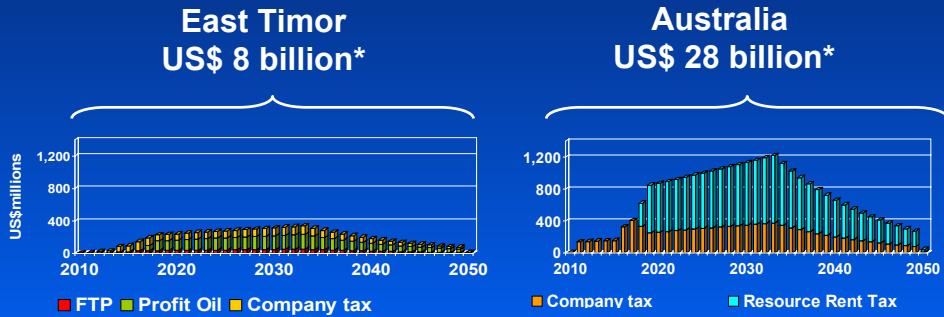
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6

Sunrise FLNG project scenario

Government revenue split between East Timor and Australia
based on 5 July 2001 Arrangement (unratified)

As spent dollars-of-the day



Total government take = \$36 billion

* The present (real, de-escalated) values of these future cash flows are US\$4.4 billion and US\$15.6 billion respectively

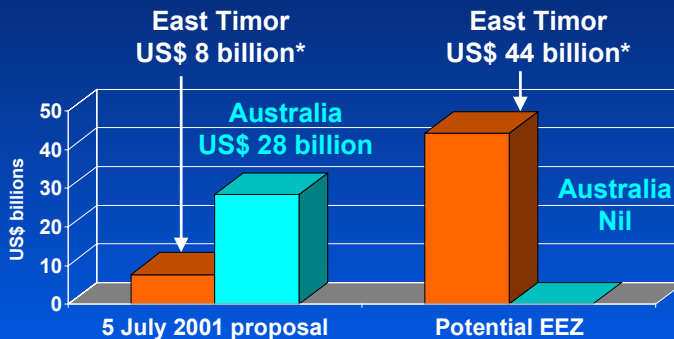
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7

Sunrise FLNG development scenario

Indicative government revenue

Cumulative dollars-of-the day over project life

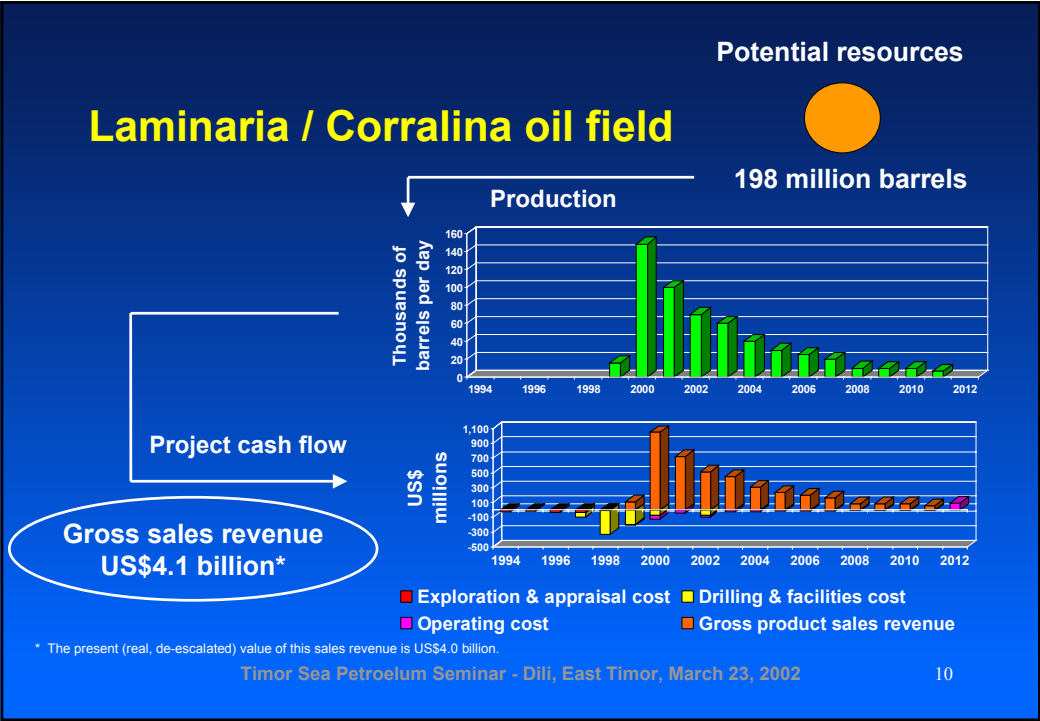
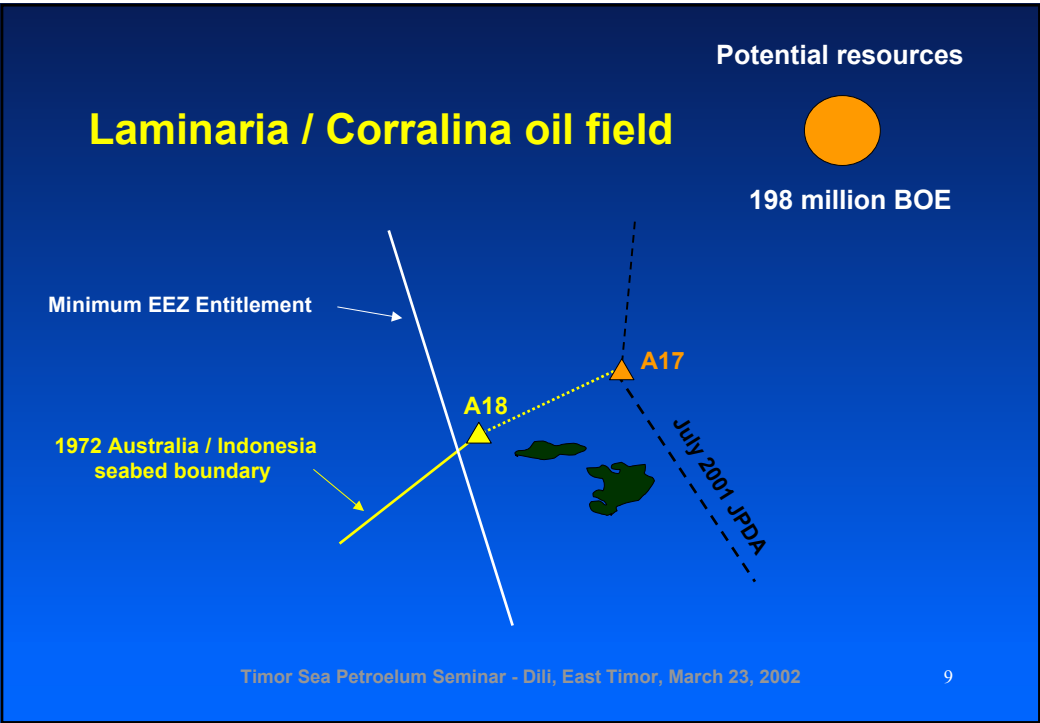


Potential additional revenue = \$36 billion

* The present (real, de-escalated) values of these future cash flows are US\$4.4 billion and US\$22.3 billion respectively

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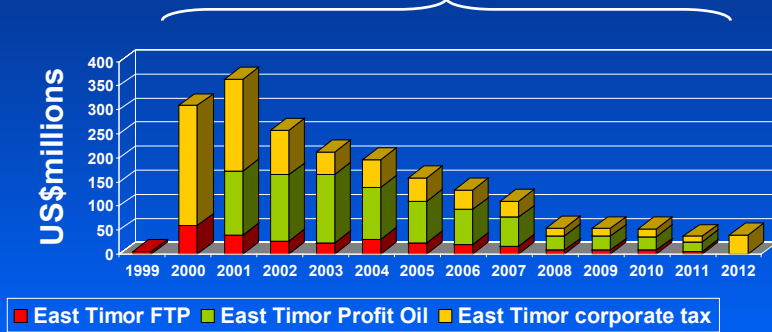
8



Laminaria / Corralina development Hypothetical East Timorese revenue if resources were inside East Timor's EEZ

As spent dollars-of-the day
East Timor PSC fiscal scheme at 100% jurisdiction

US\$ 2.0 billion*



* Present Value is US\$ 1.9 billion.

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11

Bayu-Undan gas condensate field

LPG: 175 million barrels

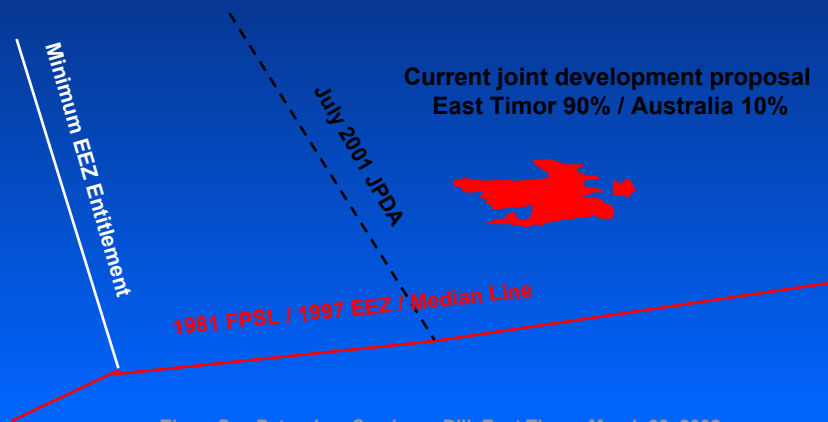
Condensate: 229 million barrels

LNG: 66 million tonnes

Energy

1.05 billion

barrels of oil equivalent (BOE)



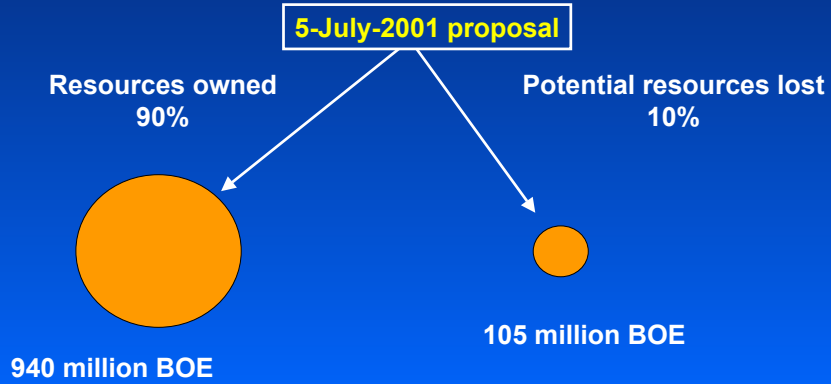
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12

Bayu-Undan gas condensate field

LPG: 175 million barrels
 Condensate: 229 million barrels
 LNG: 66 million tonnes

Energy
 1.05 billion
 barrels of oil equivalent (BOE)



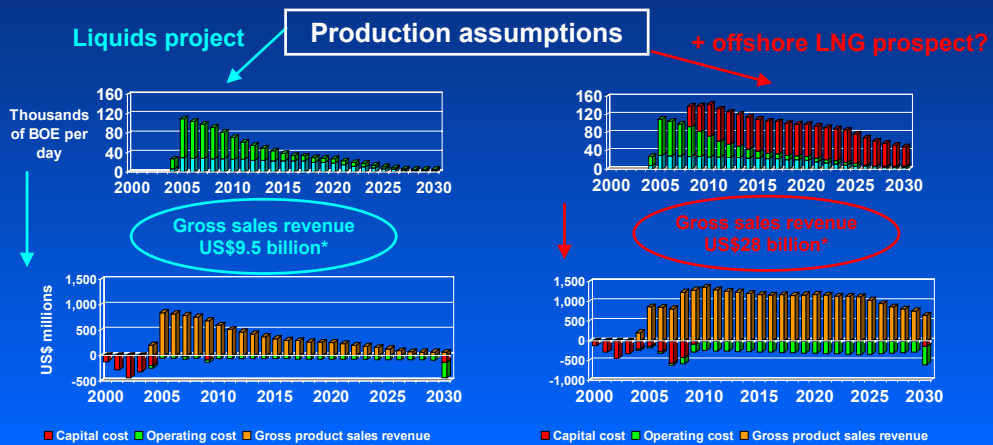
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13

Bayu-Undan gas condensate field

LPG: 175 million barrels
 Condensate: 229 million barrels

Gas (LNG): 66 million tonnes

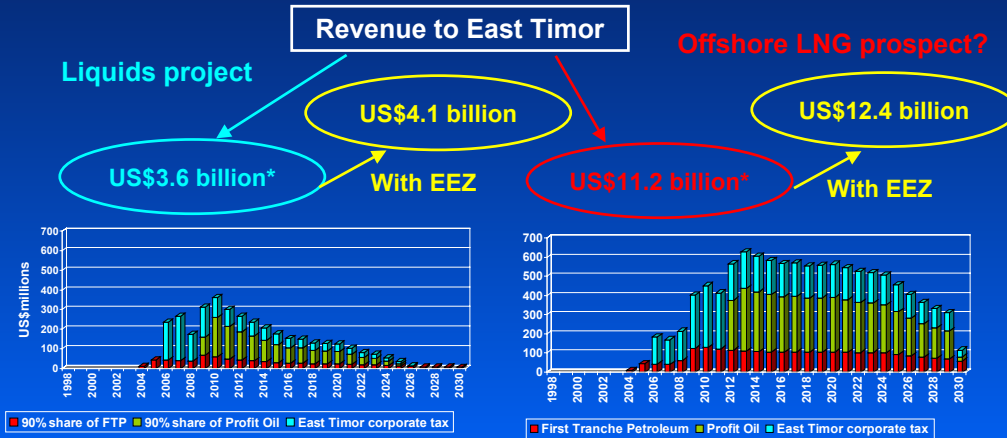


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14

* The present (real, de-escalated) values of these future cash flows are US\$7.5 billion and US\$20.1 billion respectively

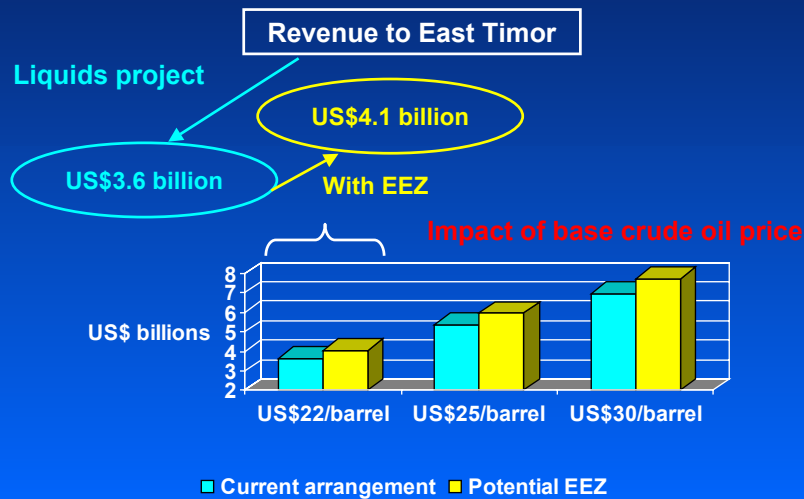
Bayu-Undan gas condensate field



* The present (real, de-escalated) values of these future cash flows are US\$2.8 billion and US\$7.7 billion respectively

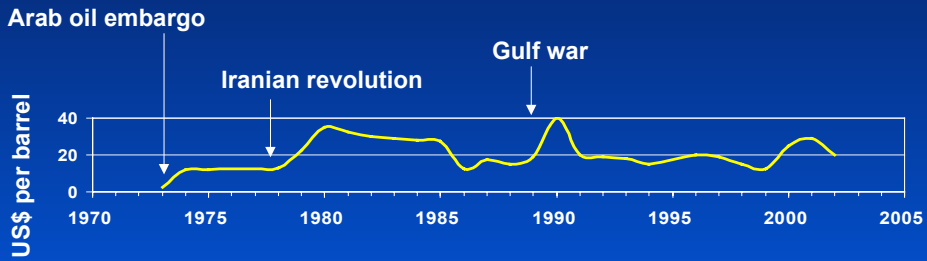
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Bayu-Undan gas condensate field



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Spot Crude oil prices 1973 - 2002



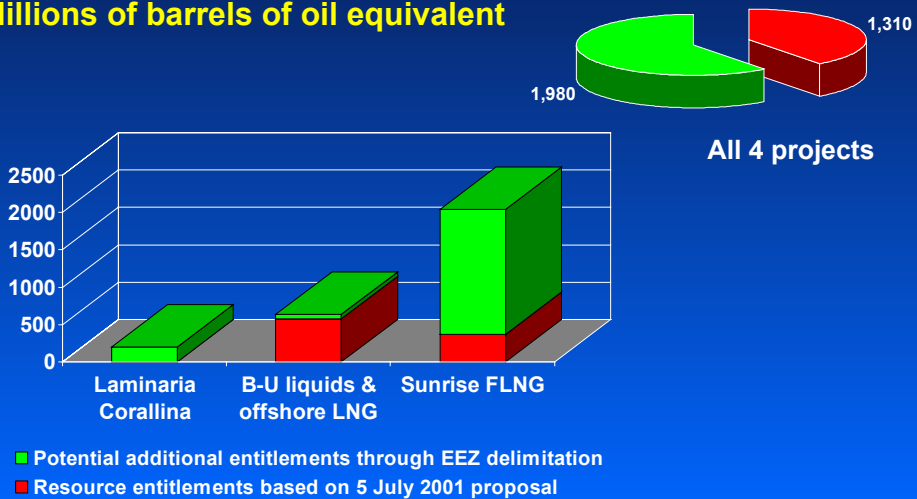
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17

Summary

East Timor's indicative petroleum resources

Millions of barrels of oil equivalent



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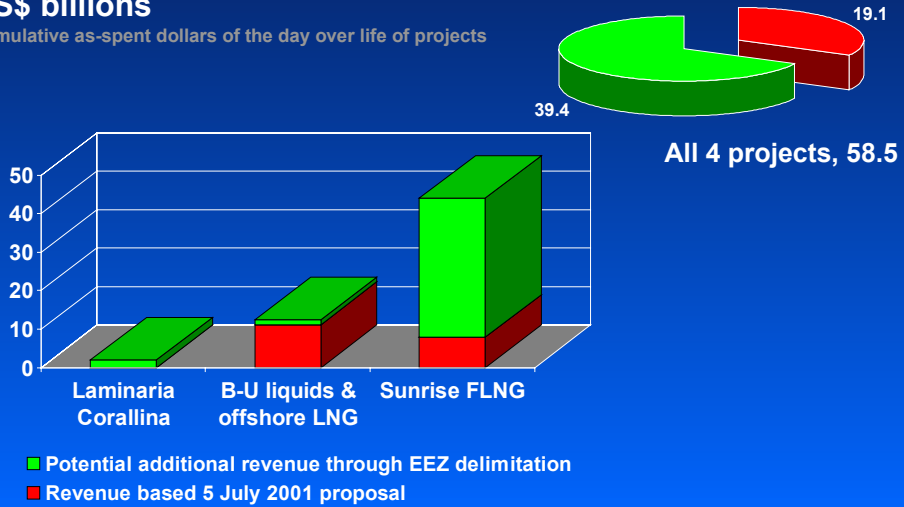
18

Summary

East Timor's indicative petroleum revenue

US\$ billions

Cumulative as-spent dollars of the day over life of projects



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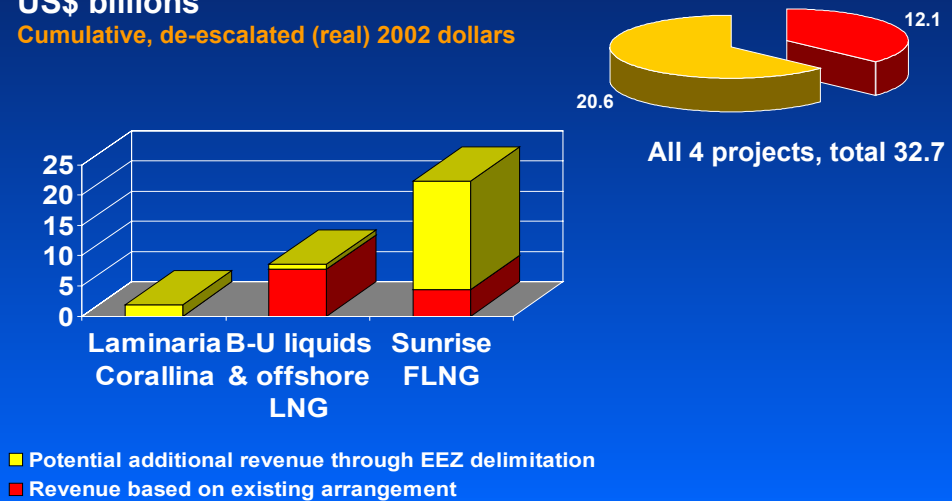
19

Summary

East Timor's indicative petroleum revenue

US\$ billions

Cumulative, de-escalated (real) 2002 dollars



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20