The La'o Hamutuk Bulletin

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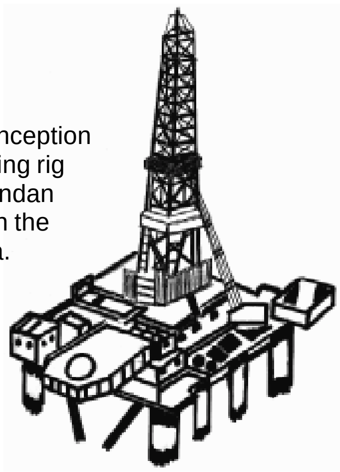
With our first post-independence Bulletin, *La'o Hamutuk* continues our investigation into the oil and gas resources which are so important to the future of East Timor. Our cover article discusses some aspects of the global oil industry, pointing out problems which have occurred elsewhere that East Timor can work to avoid repeating. We're including information about Australia's oil resources and the major oil companies active in the Timor Sea. We also report on the May Donors' Conference in Dili. The back page contains thoughts from several East Timorese activists about how international supporters can help their newly-independent country.

With Money, Oil Also Brings Problems

All over the world, governments with oil and gas deposits under the land and sea have contracted with international petroleum companies to find, extract, process and export these petroleum resources. In many of these countries, the people hope that money from the oil and gas will improve their lives, enabling their government to provide better health care, education, employment and other vital services. As in East Timor, people expect oil revenues to facilitate the development of their infrastructure and to improve the quality of their lives.

But oil development does not come without a price. Around the world, the activities of petroleum companies have negative impacts on democracy, the local and global environment, peace, and economic equality. As East Timor travels the road to becoming one of the most oil-dependent countries in the world, we must be careful to minimize these impacts. We must learn from the experiences of other countries, and closely monitor and guide the oil industry here to ensure that we do not repeat bad experiences.



Artist's conception of the drilling rig at Bayu-Undan gas field in the Timor Sea.

At the end of May, *La'o Hamutuk* hosted two environmental activists who work with the Oilwatch Network. Oilwatch (http://www.Oilwatch.org.ec) was formed in Ecuador in 1996 by people from tropical forest, oil-producing countries in Latin America, Africa, and Asia. It includes NGOs from nearly every such country affected by oil and gas development who work to monitor and resist the negative effects of the petroleum industry. Esperanza Martinez from Ecuador and Hemantha Withenage from Sri Lanka shared experiences of people around the world with international petroleum companies. They also described what Oilwatch and its partner groups are doing to monitor and resist the problems which come with oil development. Most of the information in this article comes from their presentation.

As Esperanza said, "The tropics are the richest part of the world. We have water, biodiversity and culture, as well as oil and gas. But we are the poorest economically – just like Timor Lorosa'e. The World Bank says our problem is extreme poverty – but we say the problem is the wealthy countries."

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Inside . . .

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The Process of Petroleum Exploitation

Crude oil, gas, and "formation water" (very salty water) lie mixed together in the ground or under the sea. The process of finding and extracting petroleum products is the same on land as under water, but under the sea it is more difficult to observe or monitor what's being extracted or discarded. These are the steps:

1. Seismic exploration to find where the oil and gas is under the ground. The companies explode dynamite to measure waves in the earth. The explosions disturb animals and plants which live in and under the sea.
2. Exploratory drilling of test wells to determine the amount of oil present. In the sea, this can be done from platforms or ships. It creates waste sand and stones.
3. If enough oil and gas is found, the companies build extraction wells to remove it.
4. The extracted materials are separated into oil, gas and formation water. The companies use only what they want – if it's oil, they burn off the gas; if it's gas, they discard the oil. Sometimes (as at Bayu-Undan over the next few years), the oil and other useful liquids ("condensate") are extracted and the gas is pumped back into the ground for later re-extraction and use.
5. The oil and gas must be transported (by pipelines, tankers or trucks) to where it is refined and used for fuel or chemicals. If gas is to be moved by ship (as from the Timor Sea to customers in Japan), it must first be liquified, which is usually done on land, although Shell is proposing to build the world's first floating liquefaction plant in the Timor Sea.
6. The great majority of the world's oil and gas is consumed in the United States, Europe, and Japan. It's used mostly for cars, to generate electricity, and for other industrial processes.

The negative effects of oil development

Oil is found in nearly all tropical areas: in the Middle East, Latin America, Africa and Asia. Among the forest countries where oil has had the greatest impact are Ecuador, Venezuela, Colombia, Brazil and Mexico in Latin America; Nigeria, Gabon, and Cameroon in Africa; Thailand, Indonesia, Malaysia and Burma in Asia.

In most of these places, greed for the oil money has caused foreign invasion, civil war, dictatorship and/or repression. Oil causes and sustains major conflicts, especially where the United States military is involved, such as in Colombia, Iraq and Afghanistan. During the last ten years, there have been civil wars in many oil-dependent areas, including Algeria, Angola, Congo, Indonesia (Aceh), Iraq, Nigeria, Sudan, and Yemen. In 1997, the governments of these countries, which depend on oil for a large fraction of their national income, spent an average of 12.5% of their budgets on the military. For every 5 percent rise in oil dependence, they spent an additional 1.6% on the military. In one example, Peru offered the foreign oil companies more favorable conditions than neighboring Ecuador. In the late 1990s the companies provoked a war between the two countries, and Peru now controls oil-bearing Amazon territory that was formerly part of Ecuador.

OILWATCH

Oil development causes major environmental destruction, both local and global. Two hectares of forest is cut down for each well build on land. Exploration and exploitation produce seismic shock, pollution and waste. For every barrel extracted, at least one barrel is spilled. The oil industry has negative consequences for forest and marine animals, and also for human beings, including cancer, leukemia and miscarriages. In countries which produce more oil, child mortality is higher and life expectancy at birth is lower than in other countries. The tropics are more ecologically fragile than the countries where oil is consumed, so we need to take extra measures to protect our forests and seas.

Globally, burning fossil fuels (coal, oil and gas) adds carbon dioxide (CO_2) to the atmosphere, causing worldwide climate change which leads to extreme weather (storms, floods, droughts, etc.), rising sea levels, and other disasters. Most scientists and many governments have now recognized this problem, and are gradually shifting from fossil fuels to renewable energy sources. Nearly every government has signed the Climate Change Convention ("Kyoto Protocol") to protect the global environment. This agreement includes economic incentives for oil consumers and producers to reduce their use of fossil fuels, and provides special compensation for islands like East Timor which will be most affected by rising sea levels. Unfortunately, a few of the main energy-consuming countries, including the United States and Australia, continue to oppose these agreements.

Petroleum Development and Poverty

In nations which depend on oil, poverty is often widespread. Countries which get most of their income from oil and gas often rank lowest on the "Human Development Index" (HDI) which includes income, health and education measures. The most oil-dependent nations are Angola, Yemen, the Congo and Nigeria, with at least 40% of their national budgets coming from oil. Their HDIs are all in the lowest quarter of the world's nations.

Having oil does not mean the people of a country become rich. On the contrary, oil and mineral dependence has often damaged public welfare and reduced the rate of economic growth. Oil brings debt as money is borrowed to pay for oil development, and then oil must be exploited to pay off the debt, creating a vicious circle. Furthermore, the oil companies have the power to blackmail governments, demanding tax exemptions, other financial subsidies, and/or military support. In Ecuador, one U.S. company forced the government to pay them $72 for every barrel of oil, although the government could only sell it for $15 per barrel.

Oil and gas dependent countries are characterized by high child mortality, malnutrition and disease, poor education and illiteracy, corruption, authoritarianism, vulnerability to economic shocks, and high military spending. East Timor already has some of these problems as a result of colonialism, occupation and war – but oil money alone will not solve them. In fact, the experience of other countries show that it often makes them worse.

Because of highly-paid foreign workers, oil disrupts indigenous cultures and can bring inflation, prostitution, HIV/AIDS and other problems. East Timor has had a similar experience with UNTAET international staff and contractors. If many foreign oil workers come here, they will probably stay longer and be less considerate of the local population.

The Power of the Oil Companies

Petroleum corporations are often much more powerful than governments, especially when large companies like Phillips or Shell come into small countries like East Timor (See graph, page 5). The companies often determine the choice of the Ministers of Energy, dictate the governments' environmental policies, and use the military to protect their investments. It is impossible for a small government, even a democracy, to get a fair deal from huge multinational oil companies.

The companies in the Timor Sea prefer to deal with Australia, with whom they have worked for a long time, rather than East Timor. To the companies, East Timor looks revolutionary or unstable. When East Timor negotiates with Australia, the companies will usually support Canberra and use their power to push for a quick, unfair settlement. East Timor must use public support here, in Australia and worldwide to try to balance the negotiations – and perhaps even ask for oil development to be suspended until the boundaries are resolved. Since the boundary question could be settled quickly if the Australia government negotiated fairly and legally, slowing the development could encourage the companies to pressure Australia to seriously discuss the issue.

Once oil exploitation starts, it's more difficult to control. It is better to act now, and to insist on transparency, democracy and environmental responsibility. But even after exploitation is underway, monitoring and advocacy can help reduce its negative effects.

What Can be Done

Although the companies claim they are environmentally and socially responsible, they often lie. They say serious problems are in the past, and that the company has improved – but in reality the problems persist and are repeated. We can learn much from the experiences of other countries – both about the routine (normal) activities of the companies, and about the consequences of accidents or other extreme situations.

One way we can help understand and respond to the companies' procedures is by monitoring their activities. Monitoring is a tool which can help achieve goals like empowering the people, ensuring the wealth is shared, preserving democracy, and protecting the environment. In a future *La'o Hamutuk Bulletin*, we will discuss how East Timor's Constitution and national laws, as well as international law, documents, reports from the companies and other agencies, observation and testing, can be used to monitor what they are doing.

Around the world, local indigenous, environmental and grassroots communities and activists are dealing with these same issues, and often the same companies. They have developed the Oilwatch Network to learn from each other's experiences and strengthen each other's campaigns. By using monitoring, advocacy, the courts, and public exposure of information, Oilwatch members have averted environmental disasters and forced oil companies to be more responsible to the people of the countries they work in.

As East Timor enters the community of oil-producing nations, we can benefit from their expertise and experience. Just as the oil companies work globally to maximize their profits, people can cooperate globally to minimize the negative effects of oil company operations. ❖

Choosing Wealth Instead of Oil

In May, the Central American country of Costa Rica decided not to develop its recently discovered oil resources. In his inaugural address, President Dr. Abel Pacheco de la Espriella said

> *"We will compete without destroying nature because, beyond the events of the moment, our rich biodiversity will always be a great wealth and we will preserve it. Before becoming an oil enclave, before becoming a land of open pit mining, I plan to initiate a sustained effort to transform Costa Rica into an ecological power. The true fuel and the true gold of the future will be water and oxygen; they will be our aquifers and our forests. Before we declare peace among ourselves and we declare peace among all nations; now we should declare a peace with nature."*

Costa Rica is requesting that the international community pay for its contribution to reducing global climate change. This new market mechanism could be an opportunity for East Timor; under the Climate Change Convention, it may be possible for East Timor to be **paid to delay or not to develop** its oil and gas. *La'o Hamutuk* will explore this concept further in a future *Bulletin*.

Oil and Gas Fields in the Timor Sea

On 20 May, Australia and East Timor signed a treaty to share the Timor Sea oil and gas. It is not yet in effect, awaiting ratification by both parliaments. This treaty gives Australia revenues which would probably go to East Timor under the Law of the Sea (UNCLOS), which became international law in 1982. (See *LH Bulletin* Vol. 3 No. 4.)

The map below shows the main oil and gas fields in the Timor Sea belonging to East Timor, Australia and Indonesia.

Maritime economic zones are shown in dashed boxes:

JPDA the **Joint Petroleum Development Area** is derived from the illegal 1989 Timor Gap Treaty between Indonesia and Australia. Under the Timor Sea Treaty (TST), the JPDA is shared 90% East Timor and 10% Australia. Under current international law principles, it would be 100% East Timor.

EEZ the **Exclusive Economic Zone** would be East Timor's under current law. The TST gives it to Australia.

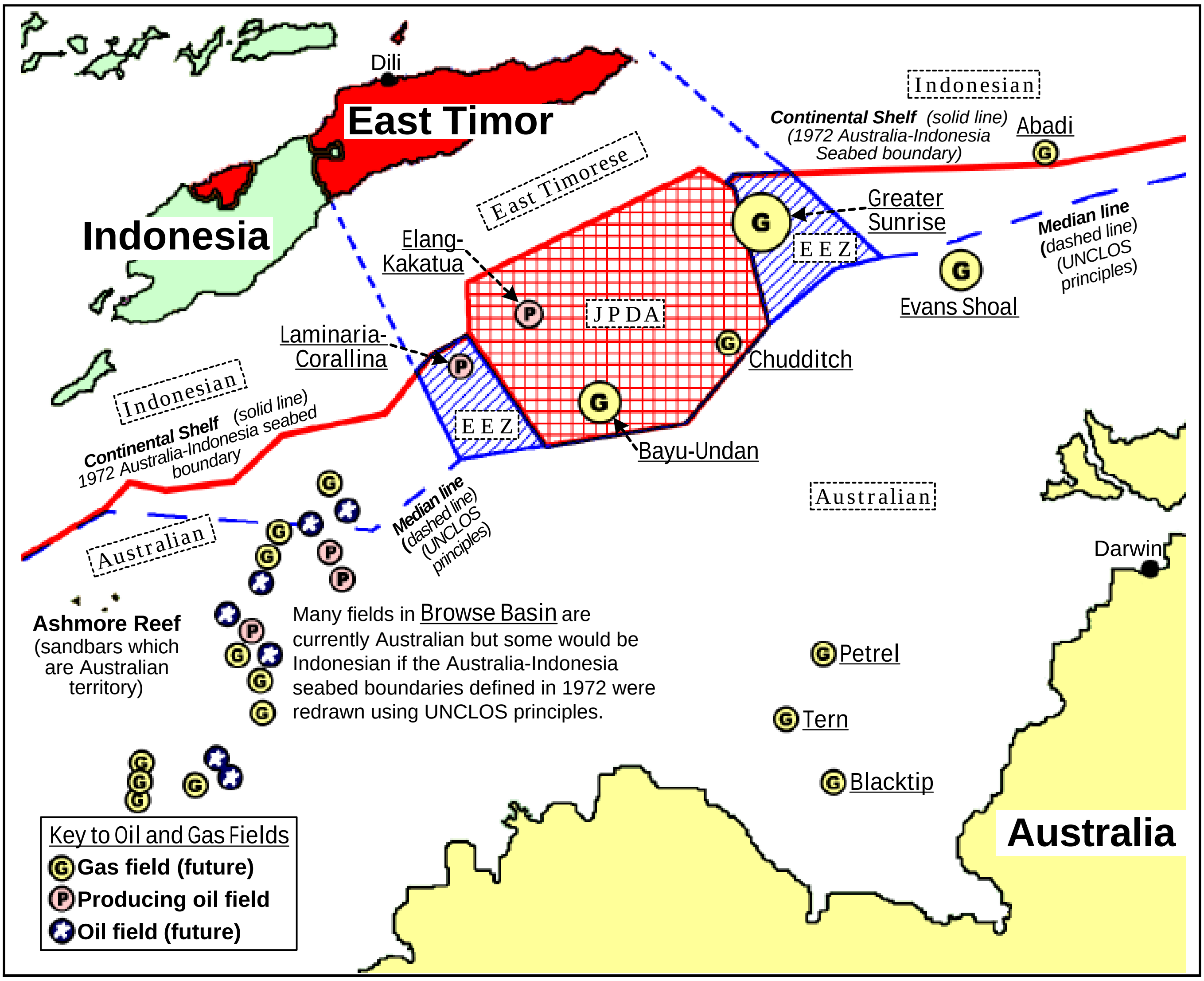
Australian Zones which belong to a particular country without question are labelled as such.

Producing and future oil and gas fields are shown as circles, next to the underlined field name or connected by an arrow. Larger circles have more resources.

The heavy solid line is the Australia-Indonesian seabed boundary, negotiated in 1972. Although this line is based on outdated principles and closer to Indonesia than to Australia, it is still in effect.

The lighter dashed line is the median line, halfway between the shorelines of Australia and Indonesia or East Timor. If current Law of the Sea principles applied, this would be the seabed boundary.

There are many oil and gas fields in the Browse Basin south of West Timor. Because of the 1972 treaty, these belong to Australia, although some are closer to Indonesia. Since 1931, Australia has controlled four tiny uninhabited islands called **Ashmore Reef.** As a result, Australia's economic zone extends close to Roti and West Timor, including many oil and gas fields.



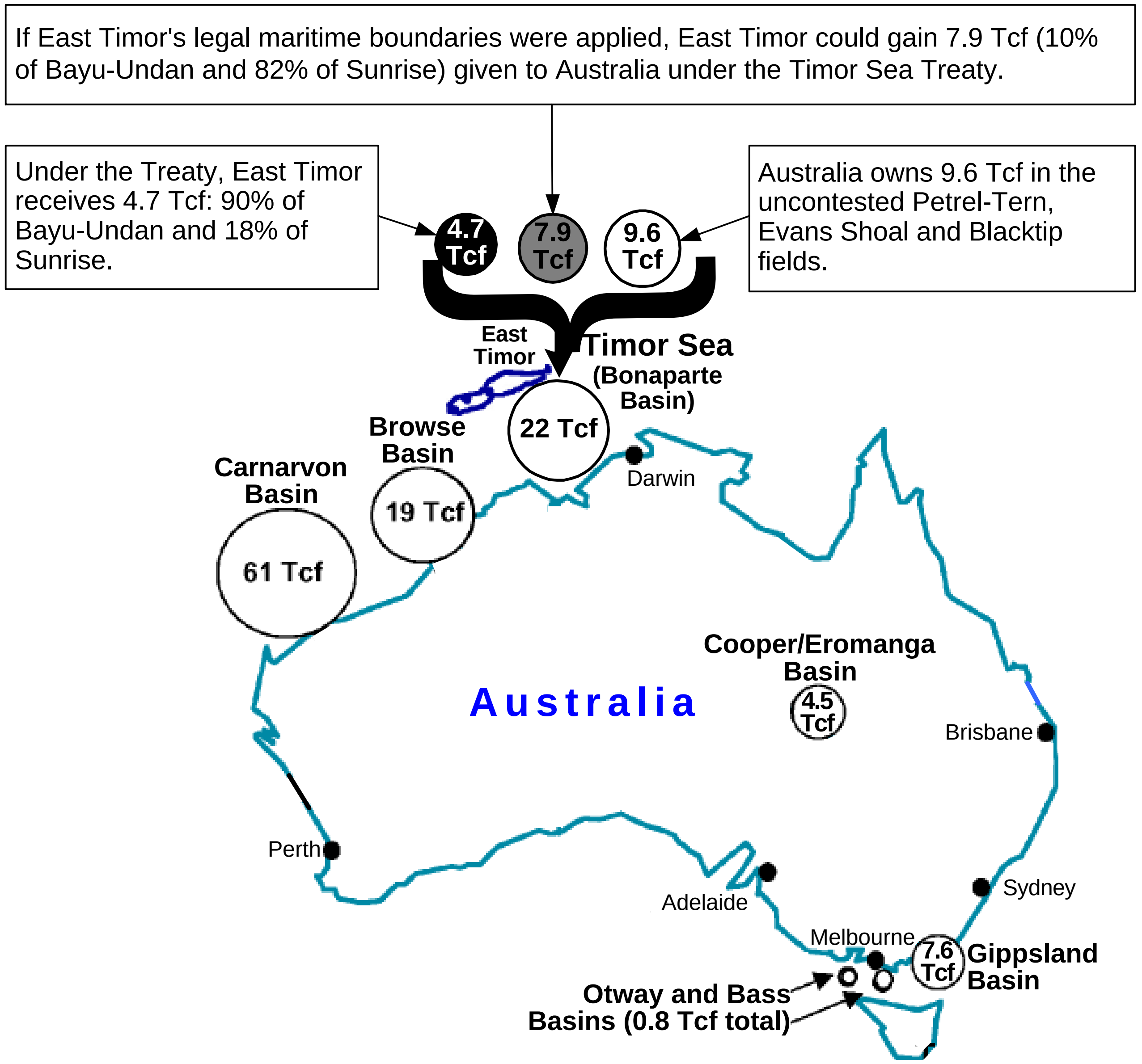
Four-Fifths of Australia's Gas is Outside the Timor Sea

The oil and gas in the Timor Sea are the only significant petroleum resources available to East Timor, and East Timor's future depends on these revenues.

Australia, on the other hand, has four times as much gas in other parts of its territory, as shown on the map below. Circles show the location of Australia's "Proven and Probable" (2P) reserves of natural gas, where gas underground or undersea could be extracted and sold. The size of each circle represents the amount of gas in Trillions of Cubic Feet (Tcf). Oil reserves are not shown.

Australia has about 110 Trillion cubic feet (Tcf) of natural gas, with a value of approximately U.S. $850 billion ($850,000,000,000). This could produce about $400 billion in government revenues. Australia has much more gas than it can consume domestically, so most Timor Sea gas will be exported to Japan.

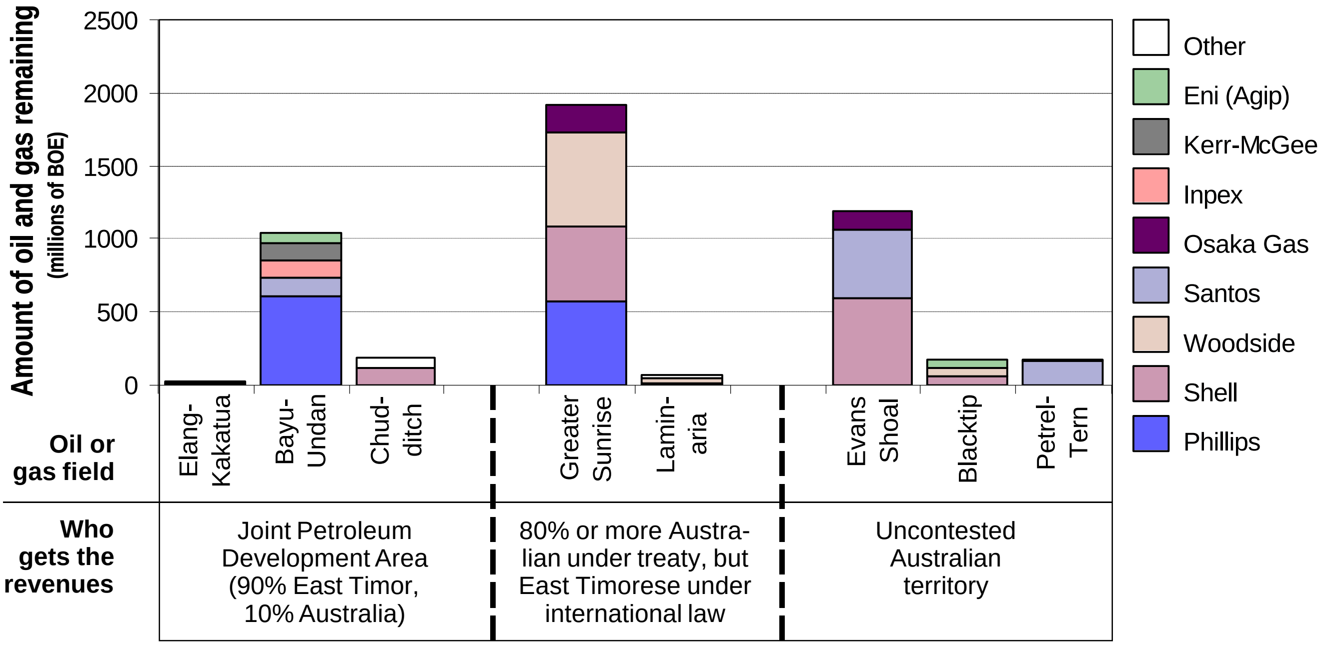
One-fifth of Australia's gas, 22 Tcf, lies under the Timor Sea. Some is in Australian territory and some in the "Joint Petroleum Development Area" shared between East Timor (90%) and Australia (10%) under the Timor Sea Treaty. The Treaty gives revenue from 4.7 Tcf of Timor Sea Gas to East Timor and 17.5 Tcf to Australia. If East Timor's full maritime boundaries were applied instead, 7.9 Tcf of this 17.5 could belong to East Timor.



Source: Australian Department of Industry, Science and Resources

Company Shares of Timor Sea Oil and Gas Fields

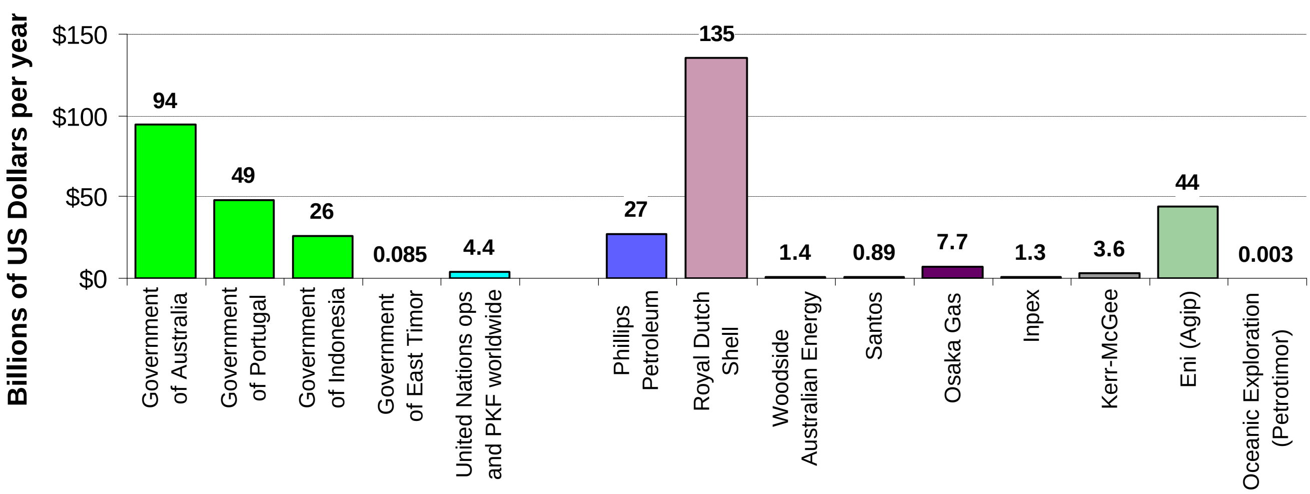
Each bar represents the amount of oil and gas resources in each field under the Timor Sea (22 Tcf circle on Australia map, previous page). Because it includes both gas and oil, the chart shows energy content in "Barrels of Oil Equivalent" (BOE). One trillion cubic feet (Tcf) of gas is equivalent to about 175 million BOE. Within each bar, each rectangle colored with a different pattern shows how much of the oil and gas from that field has been purchased by each company, as indicated on the right. Most of the oil in the Elang-Kakatua and Laminaria fields has already been extracted, and the bars show only the amount remaining.



The money to be made from Timor Sea oil and gas has attracted many international petroleum companies to East Timor's neighborhood. The graph above shows which ones have purchased rights to sell the oil and gas. Phillips Petroleum (USA), Royal Dutch Shell (Great Britain and the Netherlands) and Woodside Australian Energy have the largest shares, and they are operating the oil industry here. Below and on the next few pages, we give some basic information about these and other companies which own gas and oil resources in the Timor Sea.

Annual Revenues of Governments and Oil Companies

Multinational oil companies are huge and powerful institutions, larger than many governments. One way to evaluate their power is to look at the amount of money involved in their operations. The graph below shows how much money selected governments and oil companies received (revenues, sales and taxes) during 2001. For East Timor and the United Nations, the figures are from their proposed budgets for 2002. The United Nations number includes operations, administration, and peacekeeping everywhere in the world.



Timor Sea Oil Companies at a Glance

The following brief summaries of basic information and history describe the international oil companies with the largest involvement in oil and gas developments in the Timor Sea. We have tried to make the information accurate, but inconsistencies in reporting and availability of data have required some estimates and approximations.

- ★ Money is given in millions of U.S. dollars, according to each company's Annual Report for 2001. "Assets" is the amount invested in the company, "revenues" is how much they received in 2001, and "profits" is how much was paid to the shareholders (owners) of the company during 2001.
- ★ Reserves are oil and gas still in the ground, estimated in millions of Barrels of Oil Equivalent (mmBOE), from annual reports and other sources. Unless marked as proved (1P), figures are Proved and Probable (2P), indicating a 50% likelihood of containing this amount of energy. One BOE will sell for approximately U.S. $20.
- ★ "Reserves in Timor Sea" shows the amount each company owns of both East Timorese and Australian parts of the Timor Sea oil and gas deposits.
- ★ The "Timor Sea part of reserves" percentage is an estimate of what part of each company's worldwide total gas and oil reserves is in the Timor Sea. It indicates approximately how important the Timor Sea is to the company's future.

Phillips Petroleum

Where based	**United States**
Year founded	**1917**
Number of employees	**38,700**
Assets	**$35,000**
Revenues	**$26,800**
Profits	**$1,661**

Where do they get oil and gas?
USA, Alaska, North Sea, Cameroon, Nigeria, Somalia, China, Kazakhstan…

Reserves worldwide (P)	**8,700**
Reserves in Timor Sea (2P)	**1,200**
Timor Sea part of reserves	**7%**

Phillips Petroleum operates and owns 58% of the **Bayu-Undan** project and some smaller fields in the JPDA, and is also a 30% owner of Sunrise. In March 2002, Phillips announced plans to sell 10% of Bayu-Undan to Tokyo Electric Power Company and Tokyo Gas, two **Japanese companies who will buy most of the gas** from the field beginning in 2006.

Phillips began dealing with the Suharto regime in 1968 and, in 1991, was in the first group of companies to sign contracts for Timor Gap oil exploration during the Indonesian occupation. The company continued to pay millions of dollars in royalties to Indonesia even after the August 1999 referendum in East Timor. During the UNTAET period, Phillips fought hard (with support from the U.S. government) to limit East Timor's efforts to tax its operations. The company has invested approximately $1.6 billion in Bayu-Undan. Phillips is pushing for a pipeline from Bayu-Undan to Darwin, and hopes to include gas from Sunrise in this pipeline. Initially, they are selling the liquid fuels from the Bayu-Undan field, and pumping the "dry gas" back underground for later use.

Phillips **will merge with Conoco** later this year to become the world's seventh-largest oil company. Phillips works in all aspects of the oil and gas industry, from exploration and exploitation to refining and retail sales. For the past few years, Phillips has been shifting away from high-risk explorations (risk can come from doubt about oil resources as well as political uncertainty). At the same time, the company has been buying up smaller oil companies.

Phillips' Board of Directors includes two people who directly supported Indonesia's occupation of East Timor:

J. Stapleton Roy was U.S. Ambassador to Indonesia from 1995 to 2000 and did little to support East Timor's struggle for independence. During the destruction of September 1999, he explained U.S. inaction by saying "The dilemma is that Indonesia matters and East Timor doesn't." Roy, who now manages Henry Kissinger's consulting firm, joined Phillips' board in 2001. He is also on the Board of Freeport-McMoran Copper and Gold, a U.S. mining company deeply implicated in human rights violations in West Papua.

Lawrence Eagleburger was on Phillips' Board from 1993 to 2001 and remains their special advisor on international affairs. In 1975, as U.S. Deputy Secretary of State (under Henry Kissinger), Eagleburger helped conceal Indonesia's use of U.S. weapons to invade East Timor. As Secretary of State in 1992, Eagleburger supported increasing U.S. military aid to Indonesia just after the Santa Cruz massacre. He is also on the Board of Directors of Halliburton, an oil technology company headed until 2000 by U.S. Vice President Dick Cheney.

Royal Dutch Shell

Where based	**Britain/Netherlands**
Year founded	**1890**
Number of employees	**91,000**
Assets	**$183,000**
Revenues	**$135,000**
Profits	**$12,000**
Where do they get oil and gas? 41 countries, including Nigeria, Brunei, Colombia, Malaysia, Gabon, Philippines	
Reserves worldwide (P)	**19,100**
Reserves in Timor Sea (2P)	**1,350**
Timor Sea part of reserves	**3%**

Royal Dutch Shell owns 27% and **operates the Greater Sunrise field,** and has shares in several other Timor Sea oil and gas fields, including Laminaria. It also owns 50% of the large Evans Shoal gas field and 35% of Blacktip, in the Australian part of the Timor Sea, as well as operating elsewhere in Australia. Shell has purchased more Timor Sea oil and gas than any other company. It plans to liquefy the Sunrise gas at a **floating platform** in the middle of the sea, since it wants to send the gas north and east, rather than to Australia. This would be the first such facility anywhere.

Shell is the **second largest oil company in the world,** with exploration and production on every continent. Shell signed contracts for the occupied Timor Sea in 1991, exactly 100 years after it first became involved in Indonesia (Dutch East Indies). The company has a long history of support for colonialism and repressive regimes, including the German Nazis until 1936.

During the 1980s, Shell was the **target of worldwide protests** over its support for the racist apartheid regime in South Africa. More recently, the company has come under fire for collaborating with a dictatorship and human rights violations in Nigeria, Africa's most populous country. Shell is accused of complicity in the 1995 execution of Nigerian playwright Ken Saro-Wiwa, an environmental activist who was hanged along with eight others for protesting oil exploration. In Europe, environmental NGOs have campaigned against Shell's environmental practices, including dumping toxic waste from its platforms in the North Sea.

WOODSIDE AUSTRALIAN ENERGY

Where based	**Australia**
Year founded	**1954**
Number of employees	**2,420**
Assets	**$3,700**
Revenues	**$1,430**
Profits	**$555**
Where do they get oil and gas? Australia, Cambodia, PNG, Africa	
Reserves worldwide (2P)	**1,210**
Reserves in Timor Sea (2P)	**730**
Timor Sea part of reserves	**40%**

Woodside Australian Energy operates the **Laminaria-Corallina oil field** in the disputed area just outside the JPDA, and owns 45% of that field. In 2000 and 2001, Woodside's revenues from that field totaled U.S.$1.1 billion, 38% of the company's income. **Woodside now owns 33.4 % of Greater Sunrise,** after selling off 6.5% last year.

Woodside was one of the first purchasers of Timor Sea contracts, in 1991. The company originally supported Phillips' proposal to build a pipeline to Darwin, but now **supports Shell's preference for a floating facility,** with Japan as the principal customer.

Woodside is an Australian company, with a minority of its operations in Asia and Africa. Most of the company's holdings are off the Northwest coast of Australia, although most of its gas is sold to Asia, with some to the Australian market.

Shell attempted to purchase Woodside in 2001, but was prevented by the Australian government which felt that too much foreign ownership of Australia's energy sources could endanger their security. Nevertheless, Shell owns 34% of Woodside, and three Shell executives sit on Woodside's Board of Directors.

Santos

Where based	**Australia**
Year founded	**1964**
Number of employees	**1,713**
Assets	**$3,100**
Revenues	**$890**
Profits	**$272**
Where do they get oil and gas? Australia, Papua New Guinea, Indonesia	
Reserves worldwide (2P)	**724***
Reserves in Timor Sea (2P)	**770**
Timor Sea part of reserves	**50% ***

Santos, Australia's largest gas producer, has been shifting its priorities from on-shore production to the larger reserves offshore. Santos is heavily invested in the sea off Australia's northwest coast, mostly in Australian waters. The company owns and operates the **Petrel-Tern** fields near Darwin, and also has a 12% share of **Sunrise** and pieces of small fields in the JPDA. It entered the Timor Sea in 1991, during the Indonesian occupation of East Timor. In July 2002, Santos took over from Shell as operator of the large Evans Shoal gas fields in the Australian part of the Timor Sea, of which it owns 40%.

* *Santos' Annual Report gives a number for the company's total reserves worldwide which is less than the amount we believe they own in the Timor Sea. Since this is impossible, our figure for how much the Timor Sea represents of their total is a guess.*

Osaka Gas

Where based	**Japan**
Year founded	**1897**
Number of employees	**9,264**
Assets	**$10,600**
Revenues	**$7,683**
Profits	**$291**
Where do they get oil and gas? Indonesia, Brunei, Australia, Malaysia	
Reserves in Timor Sea (2P)	**310**
Timor Sea part of reserves	**11%**

Osaka Gas supplies gas to customers in the second-largest metropolitan area in Japan, representing about **32% of Japan's total gas consumption**. In an effort to diversity its sources of gas, Osaka purchased 10% of the **Greater Sunrise and Evans Shoal** fields in 2000. However, Osaka remains primarily a distribution and sales company, and is not directly involved in exploration and exploitation operations.

INPEX

Where based	**Japan**
Year founded	**1966**
Number of employees	**227**
Assets	**$238**
Revenues	**$1,256**
Where do they get oil and gas? Mostly Indonesia, also Australia and 13 other countries	
Reserves in Timor Sea (2P)	**130**
Timor Sea part of reserves	**4%**

Inpex was formed by Japanese energy companies to buy oil and gas from overseas, initially from Indonesia but recently expanding worldwide. They are responsible for more than one-quarter of all gas exported from Indonesia to Japan. The company first entered the Timor Gap in 1992, and now owns 11.7% of **Bayu-Undan**, as well as shares in some smaller fields.

Inpex also owns and operates the **Abadi** (Masela) field in the Indonesian part of the Timor Sea, east of East Timor. Abadi is not included in the graphs in this *LH Bulletin*.

Half of Inpex is **owned by the Japan National Oil Company,** with the remainder divided among twenty other industrial and energy companies and banks, with the largest shares held by Japan Petroleum Exploration, Mitsubishi, and Mitsui Oil Exploration. Until last year, Inpex was known as Indonesia Petroleum Ltd.

KERR-McGEE CORPORATION

Where based	**United States**
Year founded	**1929**
Number of employees	**4,638**
Assets	**$11,000**
Revenues	**$3,600**
Profits	**$486**
Where do they get oil and gas? Mostly USA, Gulf of Mexico, North Sea	
Reserves worldwide (P)	**1,500**
Reserves in Timor Sea (2P)	**120**
Timor Sea part of reserves	**4%**

Kerr-McGee Corporation bought the Dallas-based oil exploration company **Oryx Energy** in 1999. Oryx had been in the Timor Gap since 1991, and Kerr-McGee owns 11% of **Bayu-Undan**.

A Kerr-McGee nuclear weapons plant in Oklahoma, USA, was implicated in the 1974 killing of employee Karen Silkwood as she was about to speak to the media. The company was charged with numerous instances of radioactive pollution, but has since left the nuclear weapons business.

Kerr-McGee recently signed agreements with Morocco to explore for oil off the coast of **Western Sahara.** This African territory is illegally occupied by Morocco in defiance of the United Nations, similar to Indonesia's occupation of East Timor. Last January, the UN Legal Office declared that "exploration and exploitation activities would be in violation of … international law principles." It remains to be seen if Morocco and Kerr-McGee will respect that declaration, or if Morocco will permit the long-delayed referendum on independence to take place.

Eni

Where based	**Italy**
Year founded	**1926**
Number of employees	**71,000**
Assets	**$60,000**
Revenues	**$44,000**
Profits	**$6,900**
Where do they get oil and gas? 67 countries all over the world	
Reserves worldwide (P)	**6,900**
Reserves in Timor Sea (2P)	**120**
Timor Sea part of reserves	**0.8%**

Eni, the world's sixth-largest oil company, owns Agip, which bought **British Borneo** in 2000. In 1991, British Borneo purchased 6.7% of **Bayu-Undan**; they later bought 30% of Blacktip. Eni is purchasing more of Bayu-Undan, and will soon own 12.2%.

The company has oil and gas developments all over the world, and their investment in the Timor Sea is a small part of their total operations.

petrotimor

Oceanic Exploration

Where based	**United States**
Year founded	**1969**
Number of employees	**18**
Assets	**$3**
Revenues	**$3**
Profits (loss)	**-$2.9**
Where do they get oil and gas? Timor Sea and Kansas, USA	
Reserves worldwide	**nearly 0**
Claimed Timor reserves	**1,700**
Timor Sea part of reserves	**99%**

PetroTimor claims rights to oil and gas in virtually the entire JPDA based on a 1974 contract with Portugal. Today, its claims are not recognized by any government. (See *La'o Hamutuk Bulletin* Vol. 3, No. 4).

PetroTimor is **part of Oceanic Exploration**, a tiny company which owns a few small businesses in different fields. Oceanic is owned by General Atomics, a U.S. nuclear technology company owned by the Blue family. One-fifth of PetroTimor belongs to East Timor.

In addition to advocating a pipeline to East Timor and providing legal advice for East Timor to claim its full maritime boundaries, PetroTimor is suing Phillips in Australian court for its expropriated property in the JPDA.

With fewer than 20 employees in several businesses, Oceanic Exploration has no capacity to develop East Timor's oil resources. Rather, the company is hoping to extract money from companies currently working on Timor Sea oil.