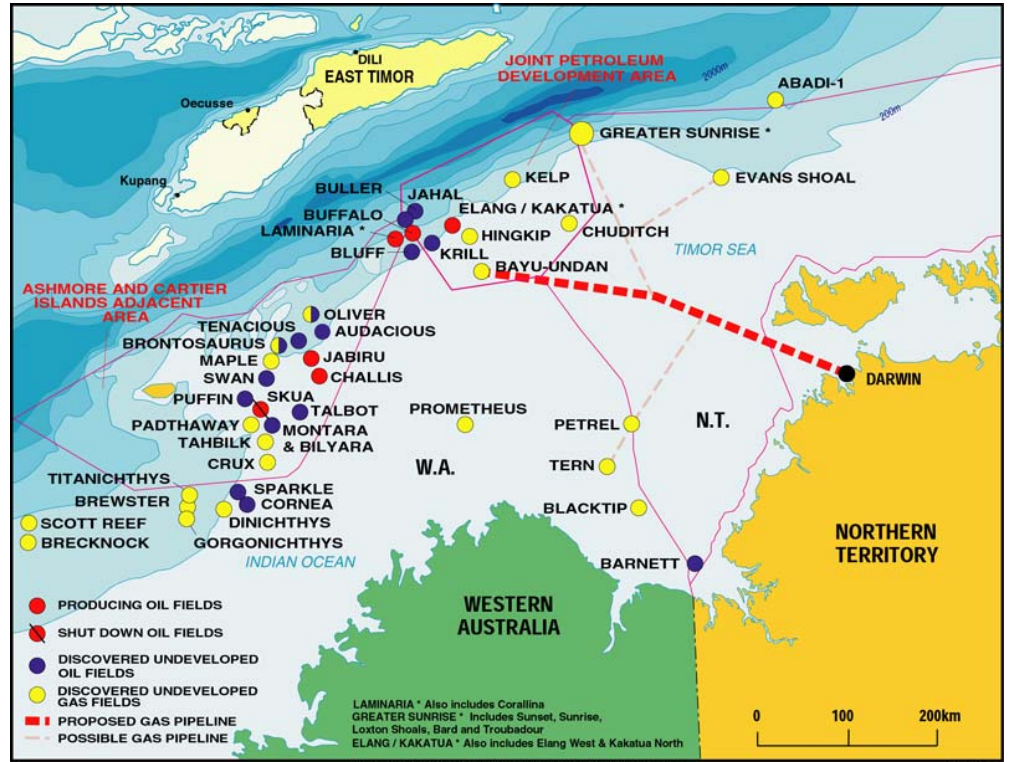


# Oil & Gas

## BAYU-UNDAN GAS FIELD



Timor Sea Oil & Gas fields

### LOCATION

Discovered in 1995, the 160km<sup>2</sup> Bayu-Undan gas field lies in the Joint Petroleum Development Area between East Timor and Australia, about 500 km north-west of Darwin. The field lies within adjacent contract areas ZOC-A 91-12 and 91-13.

### PARTICIPANTS

The field was unitised in July 1999 with Phillips Petroleum (91-12) Pty Ltd appointed as operator.

Current participants are:

ConocoPhillips	56.718%
Eni Australia	12.039%
Santos Ltd	10.635%
Inpex	10.528%
Tepco and TG	10.08%

### PROJECT OVERVIEW

Proven plus probable reserves are approximately 96 billion cubic metres (3.4 trillion cubic feet) of gas and 64 million cubic metres (400 million barrels) of liquid hydrocarbons (LPG and condensate).

The development of Bayu-Undan is being undertaken in two stages. The initial stage is the liquid stripping gas recycle phase. This involves stripping condensate and LPG and re-injecting dry gas into the reservoir. The second stage is gas development and includes a pipeline to shore in Darwin. This stage was approved on 15 June 2003 following the Australian and East Timor government's ratification of an agreement reached between ConocoPhillips and Timor Leste in December 2001 and ratification, (6 March 2003) of the Timor Sea Treaty signed in Dili on 20 May 2002.

### Stage 1

All major supply contracts have been awarded for the liquid stripping gas recycle phase, with development drilling having started in May 2002 and full commercial production planned to start in 2004.

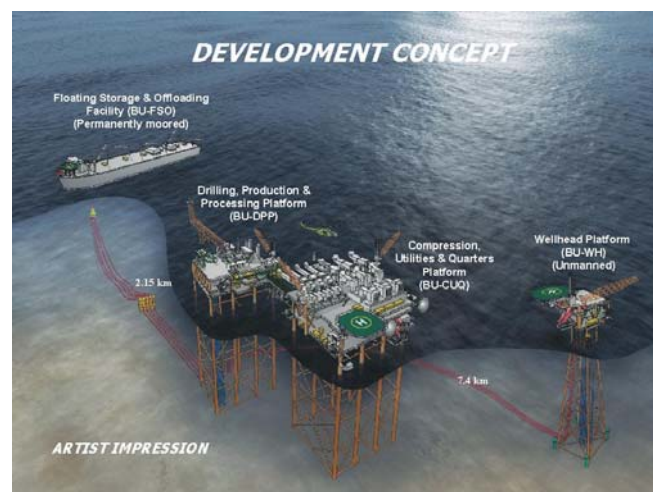
Capital expenditure is estimated at US\$1.8 billion, with daily production peaking at 110,000 barrels of condensate and LPG. Facilities to export up to 750 million cubic feet per day of gas by pipeline are included in the design.

Initially 17 wells will be needed, with provision for up to 26 wells for full project development.

As illustrated below, facilities include three platforms for (1) drilling, production, and processing, (2) compression, utilities and accommodation and, (3) remote wellhead production purposes and a permanently moored floating storage and offloading (FSO) vessel.

The unnamed well head platform was installed in April 2002 and drilling started on 17 May 2002. The jackets for the other two platforms have been installed on the seabed. The top sides of both of the main platforms will be installed by early September. The FSO *Liberdade* was launched in Korea in September 2002, and will be located on site before the end of September 2003.

Dry natural gas will be initially recycled back into the field. Subject to ratification of the Timor Sea Treaty, the gas will be piped to Darwin to an LNG plant aimed for commercial production starting in the first quarter of 2006.



## HISTORY

**23 February 2000:** The Timor Gap Joint Authority approved the Bayu-Undan gas recycle development plan following exchange of diplomatic notes between Australia and UNTAET on behalf of East Timor, continuing terms of the Timor Gap Treaty until the date of East Timor's independence.

**3 January 2001:** Phillips Petroleum awarded the Bayu-Undan gas recycle project hook-up and commissioning contract to a joint venture between Aker Marine Contractors and Clough Engineering. Visit the ConocoPhillips website for more details.

## **GAS AND GAS-BASED MANUFACTURING CUSTOMERS**

Phillips announced on 12 March 2002 that it has signed a Heads of Agreement (HOA) with the Tokyo Electric Power Company, Incorporated (TEPCO) and Tokyo Gas Co. Ltd (TG) detailing terms for the sale of three million tonnes per year of LNG from the Bayu-Undan field. This agreement commits nearly 100% of the proven reserves of this field. Construction of the LNG plant (siteworks) commenced on 23 June 2003. The contracts are for the supply of 3Mtpa of LNG for 17 years commencing in early 2006.

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