

# East Timor starts new gas field arbitration

*[Michael Roddan](#) 24 September 2015, 3:31 Pm*

East Timor has started new arbitration proceedings to resolve a dispute with Australia over access to offshore petroleum resources, including the Greater Sunrise fields that Woodside Petroleum hopes to develop.

After failing to agree on rules for a possible gas pipeline from the disputed offshore area between East Timor and Australia, the government of the smaller country told Canberra today that it had taken the issue to an arbitration tribunal.

“The initiation of arbitration will allow for each party to present its position supported by facts and law,” the East Timor government said in a statement.

Dispute resolution procedures are set out under the Timor Sea Treaty, which the two countries signed in 2002 after East Timor gained independence. The treaty provides for the sharing of petroleum sourced from the disputed offshore Joint Petroleum Development Area.

East Timor said it disagreed with Australia’s claim to exclusive jurisdictional rights, including taxation rights, relating to the entire length of a petroleum export pipeline, including into the shared development area.

“Australia’s claim would deny Timor-Leste any jurisdictional rights relating to this pipeline or activities relating to this pipeline,” it said.

“This is inconsistent with the text and purpose of the treaty and is not supported by any negotiating or other documents that have been brought to light.”

The Greater Sunrise gas and oil fields, which Woodside Petroleum operates in a commercial joint venture, overlap a combined area of exclusive Australian jurisdiction and areas under the Joint Petroleum Development Area.

Woodside has a 33 per cent stake in the project, while Royal Dutch Shell holds 27 per cent, ConocoPhillips has a 30 per cent interest and Osaka Gas has 10 per cent.

Developing the project depends on East Timor and Australia agreeing on regulatory and fiscal rules.

East Timor said it remained willing to resolve the dispute directly with Australia, after the issue arose in early 2014 amid an alleged interference by Australia at an international arbitration.

But the country said that depended on Australia recognising shared jurisdiction, according to the terms of the treaty and being willing to “engage in productive consultations to determine the degree of each nation’s jurisdiction over the shared pipeline and related activities”.