

Woodside Petroleum calls for alignment on Sunrise gas

Angela Macdonald-Smith Published: February 9, 2015 - 12:15AM

Woodside Petroleum has called for a resolution between Australian and East Timor of the renewed uncertainty over the administration of the Sunrise gas resource in the Timor Sea as it seeks to break the stalemate around its long-stalled \$US13 billion (\$17 billion) Sunrise gas project.

Woodside said settling the issues around the management of the Sunrise resource "would provide more certainty to investors and could potentially advance the development of Greater Sunrise".

The comments come after fresh uncertainty was thrown over Sunrise by East Timor last week when the parliament passed a law establishing a maritime council with the intent of settling permanent boundaries with Australia. In a statement, government spokesman Agio Pereira said East Timor now considered the CMATS treaty covering the Sunrise resource "invalid", throwing the issue of boundaries, put aside for 50 years under the treaty, back into contention.

But last week's offer of resignation of Prime Minister Xanana Gusmao may offer improved prospects for a negotiated settlement between Australia and East Timor on Sunrise. Mr Gusmao's successor is likely to be the opposition FRETILIN party's Rui Araujo, a former health minister, in a unity government that may be more open to discussions on Sunrise, East Timor expert Damien Kingsbury at Deakin University said.

Australia's National Security Committee is understood to have met last week to discuss relations with East Timor amid concern in the oil and gas industry that any move towards resetting the maritime boundary would put at risk significant investments in exploration and production projects.

Under the CMATS accord, Australia and East Timor would share equally royalties from the 5.1-trillion-cubic-foot Sunrise gas field. However, setting a permanent boundary could shift the resource entirely into Timorese waters, depending on where it was set.

East Timor has long been adamant Sunrise gas be developed through an onshore plant on its soil. While the Sunrise venture was favouring floating LNG, Woodside last year changed its negotiating tack, agreeing to reconsider the option of building an LNG plant on East Timor to process the gas. Its partners in the resource, including Royal Dutch Shell and ConocoPhillips, are thought to have reservations about the onshore concept.

But Professor Kingsbury said a "national unity" government under Mr Araujo "might open up greater scope for negotiation over Sunrise because FRETILIN has always been slightly more amenable" to a compromise on the field.

"A lot of people in East Timor would like to see the matter resolved," he said. "There is increasing awareness that the country will run out of oil and money if it continues along the same path."

ConocoPhillips noted the CMATS and arbitration proceedings in the International Court of Justice were temporarily on hold and said it was too early to draw conclusions about potential impacts. Vice president commercial Mike Nazroo said the US player and its partners "remain committed to developing the Greater Sunrise fields", which requires alignment between East Timor, Australia and the joint venture.

A Woodside spokeswoman said: "We value our relationships with both governments and seek alignment that allows the timely progression of the development for the benefit of all stakeholders."

"Once alignment is established, we believe there is an opportunity to proceed with a development that will bring significant benefits including job creation, capacity building and infrastructure development."

Federal Industry Minister Ian Macfarlane declined to comment.

This story was found at: http://www.smh.com.au/business/woodside-petroleum-calls-for-alignment-on-sunrise-gas-20150208-137uhy.html

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