

Oil companies talk Greater Sunrise options



Sunrise's reserves could be used to backfill Darwin LNG. (ConocoPhillips)

Damon Evans /
Singapore



THE WOODSIDE PETROLEUM-LED Greater Sunrise joint venture has started discussing potential development options with East Timor and Australia for how to commercialise the 142 billion cubic metre gas field.

The Sunrise JV – which also includes Shell, ConocoPhillips and Osaka Gas – met representatives from East Timor and Australia last week shortly before it emerged that the two countries had settled their long-standing maritime border dispute, a spokesperson for Woodside told *Interfax Natural Gas Daily*.

“The Sunrise JV has participated in compulsory conciliation proceedings in The Hague and has recently recommenced discussing potential development options with both governments. This process remains confidential,” added the spokesperson.

The UN-backed Conciliation Commission, which has helped mediate on long-standing differences between Australia and East Timor, confirmed on 15 October that the countries had agreed on a complete draft treaty relating to a permanent maritime boundary, adding talks with the JV would now be the main focus.

But any progress on the development of Sunrise, which has been stalled for years, will be dependent on alignment between Australia

and East Timor and the Sunrise JV on fiscal and regulatory terms, added the spokesperson.

The commission said a further meeting in Singapore in November could set a date for signing the new agreements, which is expected to take place by the end of year or in early 2018. The Sunrise JV will also participate in the meeting next month, a spokesperson for East Timor told *Interfax Natural Gas Daily*.

In the joint statement, Australia and East Timor said they would pursue their domestic approval processes to proceed with the signing of the treaty.

Political problems

Political turbulence in East Timor, where the future of the country's new minority government is uncertain, could also delay the Greater Sunrise treaty.

Opposition parties, which together hold a majority of parliamentary seats, are threatening to vote down the government's programme this week, the first move that could lead to the fall of the government. If Prime Minister Mari Alkatiri's programme is rejected twice, then the government – which only took office in September – will go into caretaker mode until a new government can be formed. This may result in new elections taking place in early 2018.

“I doubt any self-respecting oil company, during the current instability, would consider dealing with the East Timorese government, let alone entertain such a harebrained idea about developing an LNG export plant and petroleum corridor on its southern coast,” an Australian academic specialising in East Timor told *Interfax Natural Gas Daily*.

Most of East Timor's political parties support a demand by the country's former president and prime minister, Xanana Gusmao, that gas from Greater Sunrise be piped to a yet-to-be developed LNG export complex on its southern shores. Although not holding a seat in parliament,

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The flag of the ruling Fretilin party in Dili, East Timor. The government may be about to fall. (PA)

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Gusmao remains the country's de facto power broker, and Alkatiri has appointed him as the president of East Timor's Boundaries Authority and head of the Southern Coast Development body, which controls an exclusive zone designated for petroleum development.

But Gusmao and his advisers are believed to be prepared to compromise on the development options for Sunrise as East Timor's petroleum revenues from the Conoco-operated Bayu-Undan project – the country's sole producing field – are fast running out, a source close to the UN proceedings, who wished to remain anonymous, told *Interfax Natural Gas Daily*.

"Irrespective of the agreement, it is not likely that the joint venture will have much interest

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East Timor is running out of time to develop its Greater Sunrise gas fields, as potential investors consider alternatives.

in developing Sunrise at this time, given the field is relatively small and more ambitious projects, such as Wheatstone, Prelude and Ichthys, are coming into production in the region. The only incentive would be for the gas to go to the existing LNG export plant in Darwin," Jeffrey Feynman, an independent oil and gas consultant, told *Interfax Natural Gas Daily*.

Sunrise's reserves could be used to backfill the Conoco-operated Darwin LNG export plant in Australia, but this seems unlikely until after 2025, Peter Strachan, an independent Perth-based oil and gas analyst, told *Interfax Natural Gas Daily*. ■

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