

<http://www.afr.com/business/energy/gas/conocophillips-santos-push-ahead-with-500m-plan-to-develop-barossa-gas-field-20180308-h0x6yw#ixzz59COYb9HX>

*Australian Financial Review*, Mar 8, 2018

## **ConocoPhillips, Santos push ahead with \$500m plan to develop Barossa gas field**

**ConocoPhillips' Bayu-Undan gas venture will run out of gas for Darwin LNG by early next decade.**

*by Angela Macdonald-Smith*

ConocoPhillips and Santos are pushing ahead with their \$500 million plan to develop the Barossa gas field off Australia's north coast to replace declining supplies for Darwin LNG, with Santos declaring that Sunrise gas has "virtually no chance" of being processed there despite this week's milestone treaty with Timor-Leste.

The treaty, signed in New York on Tuesday US time, only allows for gas from the Sunrise field to be processed in either Conoco's Darwin LNG plant or at a new LNG plant in Timor-Leste, which the Sunrise partners have always ruled out as too risky.

But Conoco and its partners in the Barossa venture, Santos and Korea's SK Group, are resolved on Barossa gas as the lead candidate to replace the declining gas from the Bayu-Undan offshore field to supply Darwin LNG, with the field to be empty by 2022-23.

Santos, which also owns a stake in Darwin LNG, believes without doubt that Barossa is "the only field that can provide certainty on backfill for DLNG and deliver gas when DLNG will need it in the early 2020s," said Bruce Clement, head of conventional oil & gas.

"As one of the owners of DLNG, we want that certainty and we want to know that gas is definitely on the way to keep that plant full as Bayu-Undan comes off plateau," Mr Clement said.

"Based on the recent correspondence from Timor-Leste's Xanana Gusmão to the commission, it appears there is virtually no chance that Sunrise will be a competitor for DLNG backfill and certainly not in a timeframe that would enable it to deliver gas when it will be needed." Mr Clement was referring to a letter released on the ABC's website from Mr Gusmão, Timor-Leste's chief negotiator on the sea boundary treaty, who makes it clear that Sunrise gas must be processed in an LNG plant in Timor-Leste.

He says that "remains as the only option ... that will bring transformative socio-economic benefits to our nation" and that taking Sunrise gas to Darwin would only bring "windfall gains" to Australian companies amid a range of criticisms about the treaty process and its final wording.

Mr Gusmão, a former President and Prime Minister of Timor-Leste, slams the economic modelling included in the Australia-Timor Leste accord for the Timor LNG option. He says the paper comparing the Timor and the Darwin LNG options is "not a simple

recommendation but instead a clearly one-sided position paper, drafted to pressure Timor-Leste into deciding in favour of the DLNG development concept”.

Conoco, Santos and SK are still targeting the June quarter as the date to start engineering and design work on the 20-year Barossa project as urgency builds to replace Bayu-Undan gas to prevent production grinding to a halt at the 3.7 million tonnes a year Darwin LNG plant.

A draft industry participation plan for the Barossa project has been lodged with the government, while an offshore project application has been lodged with offshore petroleum regulator NOPSEMA.

The project would involve a floating production ship producing from six wells at the field in the Bonaparte Basin, about 300km north of Darwin in Australian waters. A new 260-290km pipeline would be built to take gas to the existing Bayu-Undan-to-Darwin pipeline. Production would start in 2023 by which time the Bayu-Undan field is expected to be exhausted. The partners are targeting a final investment decision in late 2019.

Sunrise could sit alongside other fields such as the Cash-Maple gas field held by Thailand’s PTTEP as a potential secondary supply source for Darwin LNG after Barossa, one industry source suggested.

The Sunrise joint venture, which includes Shell, Conoco and Osaka Gas, as well as Woodside, on Wednesday voiced disappointment that an agreement hadn’t been struck about the development concept for the gas field and is thought to be considering its position.