

Australia, East Timor Agree On Border, Pathway To Develop Giant Gas Fields

Tsvetana Paraskova, Oilprice.com 26 February 2018

Australia and East Timor have reached an agreement in their long-running dispute over their maritime border and on a pathway to develop the gas fields in the Greater Sunrise territory they share, The Hague-based Permanent Court of Arbitration [said](#) on Sunday at the end of the latest round of talks.

Since East Timor gained [independence](#) in 2002, Australia and East Timor have been unable to establish permanent maritime borders to regulate how much each of the countries should receive in revenues from the Greater Sunrise basin within their borders—revenues estimated at billions of dollars.

The Law of the Sea and established practice say that a boundary would be settled at equal distance between two countries. This would place most of the potentially prolific Greater Sunrise fields in East Timor's territory. Australia, however, has always claimed that the boundary should be at the edge of Australia's continental shelf, closer to East Timor's land.

Following a conciliation process, now Australia and East Timor have reached an “agreement on a treaty which delimits the maritime boundary between them in the Timor Sea and addresses the legal status of the Greater Sunrise gas field, the establishment of a Special Regime for Greater Sunrise, and a pathway to the development of the resource,” the court said.

“The treaty also establishes revenue sharing arrangements between the governments of Timor-Leste and Australia where the shares of upstream revenue allocated to each of the Parties will differ depending on downstream benefits associated with the different development concepts for the Greater Sunrise gas field,” it added.

Australia and East Timor will sign the Maritime Boundaries Treaty on March 6 in New York at a ceremony hosted by the Secretary-General of the United Nations, António Guterres.

The fields in the Greater Sunrise area are estimated to [contain](#) 5.13 trillion cubic feet of gas and 225.9 million barrels of condensate, according to the operator, Woodside, which has 33.44 percent in the joint venture. ConocoPhillips with 30 percent, Shell with 26.56 percent, and Osaka Gas with 10 percent are the other

partners in the joint venture.

With the agreement between Australia and East Timor, the consortium now can start thinking about development options. But the long-running dispute has so far delayed decisions, and according to [Reuters](#), development is at least a decade away.

According to reports, East Timor could receive up to 80 percent of the revenue from Greater Sunrise, but the tiny nation might agree to less if gas from the fields is piped to a terminal in its territory.

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