Oilex hit by Timor demand

22 May 2015 00:00 GMT

TIMOR-Leste has demanded a $17 million payment from an Oilex-led joint venture in an ongoing dispute over the validity of an offshore exploration permit, writes Russell Searancke.

Oilex said the National Petroleum Authority in Timor-Leste asserts that the payment is due to cover the estimated cost of exploration activities not carried out in 2013 in Block JPDA 06-103 and certain local content obligations set out in the production sharing contract.

The joint venture had applied in July 2013 to terminate JPDA 06-103 due to tenure uncertainties provoked by the ongoing legal proceedings between the Timor-Leste and Australian governments, and the status of the Certain Maritime Arrangements in the Timor Sea treaty.

Oilex said it has previously requested credit for excess expenditure on its approved work programme of US$5 million and this issue was unresolved.

"Oilex considers such excess expenditure should be included as part of any financial assessment incorporated in the termination process," the company said.

The partners have until 12 June 2015 to submit a written response to the Authority.

The joint venture has already drilled two wells in the permit, both of which were dry.

The co-owners are Oilex on 10%, Indian trio Gujarat State Petroleum Corporation, Videocon Industries and Bharat Petroleum on 20%, Japan Energy on 15% and Australia's Pan Pacific on 15%.