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Submission to the
RDTL National Directorate of Environmental Services
and the National Petroleum Authority
regarding the
Kitan Field Development Draft Environmental Impact Statement
from
La'ó Hamutuk
22 April 2010

La'ó Hamutuk, as a Timor-Leste civil society organization which has monitored oil and gas developments in Timor-Leste for the past decade, appreciates the opportunity to offer some thoughts on the Environmental Impact Statement for the Kitan project. Although we have not had enough time to gather the technical expertise to analyze the draft EIS in detail, we would like to provide a few comments which may improve the document and its implementation.

Access to information and meaningful consultation

The Kitan project lies in Contract Area 06-105 of the Joint Petroleum Development Area, and is therefore administered by the RDTL National Petroleum Authority (ANP), in conjunction with organs of the Timor-Leste and Australian Commonwealth governments.

The Kitan Field Development Plan, which includes this draft EIS, is the first such plan to be submitted to the Democratic Republic of Timor-Leste since the restoration of independence in 2002, as well as the first ever considered by the National Petroleum Authority. We believe it is important to have an effective evaluation of this plan, including meaningful public consultations on all aspects of it. Unfortunately, we have yet to receive any documents or invitations from Eni or the ANP about any aspects of this project, but only from the National Directorate for Environment (Direcção Nacional do Meio Ambiente/DNMA).

We received a single, hard-to-read photocopy of the document, and asked Eni to provide an electronic copy. After consultation with ANP, they declined to do so. **La'ó Hamutuk does not** understand why the company and regulatory authorities are unwilling to facilitate stakeholders in improving the quality of their submissions, especially since Eni states that “**Stakeholder engagement and consultation** are essential components of a successful environmental impact assessment process.”¹

¹ Draft Kitan EIS, page 12.

According to section 3.4 “Opportunity for public comment” of the document, “the draft EIS will be made available on the Eni website and made publically available on the DNPG/SERN website (www.sern-tl.org).”² It is not on either of these sites, nor anywhere else on the internet.

We hope that the other promises contained in this document will be kept better than this one.

DNMA’s invitation to submit comments on the draft EIS for the Kitan Field Development Plan refers to a discussion on 23 February where Eni provided information on the proposed exploratory drilling for the Cova field, a different project. We encourage DNMA, ANP and Eni to conduct similar meetings about the Kitan project, with prior distribution of relevant documents and opportunities for questions and discussion, before the Kitan Field Development Plan is approved.

The draft EIS we received from DNMA references other documents which we have not been able to obtain. We would appreciate electronic and paper copies of the following, as well as anything else which contains information about proposed Kitan development, in order to be able to provide more relevant and detailed comments:

- *Eni’s External Relations and Stakeholder Management Plan* (Eni 2007)³ and the associated workshop (Eni 2009b)
- *Eni’s Kitan Development Local Content Plan* (Eni 2009a)
- *Eni’s Kitan Development Project Stakeholder Management Plan* (Eni 2009b)
- *Eni’s Kitan Field Development Gas Disposal Study* (Eni 2009c)
- *Eni’s Kitan Project Greenhouse Gas Performance Benchmarking* (Eni 2009d)
- *ERM’s Social Baseline assessment for Eni Timor-Leste (Draft)* (ERM 2009)
- *Fugro’s Field Report on the Kitan Field Development Project – Geophysical Surveys 2008* (Fugro 2008)

Flaring

Article 3.7 of the Decree-Law establishing the ANP says that “The ANP shall ensure compliance with public health standards and environmental legislation and/or subsidiary regulations in all petroleum operations, as well as good environmental practices by minimising discharges and emissions.”

Although La’o Hamutuk participated in a TSDA public consultation on revised draft Technical Regulations for the JPDA in June 2008⁴, the revised Regulations have not been completed, and the June 2003 Interim Regulations are still in force in the JPDA. Clause 615 states “Except in an emergency, the flaring or venting of petroleum shall not be carried out without approval.”

² Draft Kitan EIS, page 43.

³ Parenthesized references relate to the list on pages 129-132 of the Kitan draft EIS.

⁴ See <http://www.laohamutuk.org/Oil/PetRegime/NPALaw/TechRegs/08TSDATechRegs.htm> for the documents and our submission.

Article 5.5 of PSC 06-105 states “Except with the consent of the Designated Authority, or in an emergency, the Contractor shall not flare Petroleum.”

We expect that Eni and its partners will interpret the ANP’s approval of this EIS and the associated development plan as consent to flare, which we believe is a bad idea.

According to the DEIS, flaring of “surplus gas” will release about 0.597Mt of Greenhouse Gases into the atmosphere, in addition to 0.912Mt from exhaust emissions. Nearly all of the non-emergency flaring is in the first two years of operation. We encourage the competent authorities to find a way for this gas to be compressed and delivered to Timor-Leste to help this country meet its energy needs.

At present, Timor-Leste depends almost totally on diesel fuel for electric power generation and is building new systems which will use heavy fuel oil. Both of these fuels are imported, polluting and expensive. In the medium-term, Timor-Leste will move away from liquid fossil fuels to cleaner, locally-produced energy sources, including renewables and Timor-Leste’s own natural gas. Instead of throwing away the associated gas from Kitan, it should be compressed and brought onshore to help Timor-Leste begin this transition.

Although the approximately 10 billion cubic feet of associated gas to be flared at Kitan may not be enough for Eni to see as commercially useful, it is more than 50 times as much as will be harvested annually by the Aliambata gas seep project. In other words, it could provide electricity for about 15,000 rural Timorese households for more than ten years.⁵

In a document we have not seen (Eni 2009c), Eni concluded **that the “gas export option” increases the project’s capital cost by 160%**, but apparently this is the cost of a pipeline from Kitan to Bayu-Undan, from where the gas would go to Darwin. We encourage Eni and ANP to be more creative, and to look for a way – perhaps by shipping CNG to Dili – that this gas could be used for the benefit of Timor-Leste’s people.

If further study indicates that this is not possible, re-injection (and possible future use) would be environmentally preferable to flaring or venting.

Accident probability

The draft EIS acknowledges that a major oil spill is the “most significant potential threat to the environment” that could happen at the Kitan project, with a “high” inherent risk.⁶ However, the draft EIS then downplays it as occurring “once every one million years.” We believe that this seriously understates the danger that such an event could occur – a belief reinforced by the Montara/West Atlas accident last year.

⁵ This calculation is based on the data in the Aliambata *Environmental Management Plan for the Gas Seep Harvesting Project* written by RDTL in August 2006, available at <http://www.laohamutuk.org/Oil/Power/Aliambata/AliambataEnvMgmtAug06.pdf>

⁶ Draft Kitan EIS, table 5.3 on page 67.

Eni acknowledges that there have been seven well blowouts in Australian waters, although only one (Montara) has occurred among the 1,500 offshore wells drilled in the last 25 years. **They also explain that the cause of the Montara well blowout “has yet to be announced.”**⁷ At the Dili discussion of the Cova exploratory drilling project on 23 February 2010, Eni personnel assured attendees that something like Montara could not happen at an Eni project because Eni is a large, international company with a reputation to defend, unlike the National Petroleum Company of Thailand (PTTEP).

The oil slick from the Montara spill has contaminated more than 15,000km² of the Timor Sea and affected fishing off the Indonesian coast, approximately 500 kilometers away. This belies **Eni’s assumption that a major spill at Kitan “is unlikely to impact the coastline,”** as Timor-Leste’s land is only 125 km away from Kitan.

We suggest that rather than waiting for an announcement from PTTEP, Eni learn whatever it can to ensure that a similar accident will not happen at Kitan. A great deal of information has already come out through the Australian inquiry⁸ into the Montara accident, which is expected to report at the end of this month. Eni should study that experience to avoid repeating it.

Monitoring and engagement

La’o Hamutuk would like to stay involved, and receive more information, as this project **develops. We hope that we are considered a “stakeholder” by all concerned,** and look forward to helping the regulatory authorities protect the interests of **Timor-Leste’s people and the resources and environment of this new country.**

Thank you for the opportunity to comment, and we apologize for not being able to analyze and comment on all aspects of the draft Environmental Impact Statement.

Dili, 22 April 2010



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⁷ Draft Kitan EIS, page 69.

⁸ <http://www.montarainquiry.gov.au/>