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GOVERNMENT RESOLUTION No. 44/2015

of 22 December

**ON THE PARTICIPATION OF TIMOR GAP, E.P. IN OIL OPERATIONS
IN THE TIMOR-LESTE EXCLUSIVE AREA**

Whereas TIMOR GAP- Timor Gas & Oil, E.P. (abbreviated as TIMOR GAP, EP) is a public company of the Democratic Republic of Timor-Leste that is intended, among other activities, to participation in representing the State in any Petroleum Operations as defined in Article 2 of Law 13/2005, of September 2, including activities (i) exploring for Petroleum, (ii) research, development, exploitation, sale or export of Petroleum or (iii) construction, installation or operation of any structures, facilities or support for the development, exploitation and export of Petroleum, or dismantling or removal of any of these structures, facilities or installations;

Recognizing that, after four years since its creation, TIMOR GAP, EP currently has the expertise required to perform activities of prospecting and exploration of oil and natural gas and thus it is of interest to the Government to promote a more direct involvement of the State in national petroleum projects through the assignment to that public enterprise of research and production rights;

Considering the importance given to oil resources for National Strategic Development and that the only projects currently in production are in the Joint Petroleum Development Area, making it necessary to deepen the knowledge of existing resources in the Timor-Leste Exclusive Area, through the promotion of prospecting and exploration activities, including conducting studies for the acquisition of 3D seismic data covering the areas considered relevant; Taking into account the results of the seismic data and other prospecting and exploration activities have an important role in attracting the necessary investment by international oil companies in the area under the exclusive jurisdiction of the State of Timor-Leste;

Recognizing that the development of new oil projects is a necessary step for the commercial discovery of oil and natural gas, and for the maintenance of adequate levels of oil and gas production in the long term; Given that, in the current international scenario price of oil, international oil companies have been drastically cutting their research budgets and investments in undeveloped oil fields;

Taking into account the proposal presented by TIMOR GAP, EP, expressing interest in conducting petroleum operations in the Timor-Leste Exclusive Area, with the aim of reducing the geological risk and improving knowledge on the potential of existing hydrocarbons;

The Government decides, in accordance with paragraph 115.1(o) of the Constitution, in conjunction with Article 6.2 of Decree-Law 31/2011 of 27 July, the following:

1. Authorize the participation of TIMOR GAP, EP, with a participatory interest value equal to or less than 100% the production sharing contracts for Onshore and Offshore blocks in the Timor-Leste Exclusive Area, whose contract areas are described and mapped respectively in Annexes I and II to this Resolution of which they are integral parts.
2. That the participation referred to in the previous paragraph will be achieved through a limited liability company 100% held by TIMOR GAP, EP with the sole purpose of participating in petroleum operations.
3. Authorize the implementation by TIMOR GAP, EP, directly or through its subsidiary TIMOR GAP Seismic Services, Lda., to conduct a multi-client seismic survey in the Timor-Leste Exclusive Area ("TLEA") of to enable the State of Timor-Leste to acquire a deep knowledge of the geology and petroleum potential of that area.
4. Safeguarding the public interest, support the decision of the Ministry of Petroleum and Mineral Resources to proceed with direct awards of these production sharing contracts to of TIMOR GAP, EP, as well as a license for prospecting for seismic data surveys in the TLEA.
5. This Resolution shall enter into force on the day following its publication, with retroactive effect from December 14, 2015.

Approved by the Council of Ministers on 14 December 2015.

To be published

The Prime Minister,

Rui Maria de Araujo

Annex I

Description of the Contract Area for Onshore Block

Points	Latitude S	Longitude E
1	9°00'2.0316"S	125°09'15.9528"E
2	9°00'1.3554"S	125°23'57.7986"E
3	8°54'3.3592"S	125°23'57.5240"E
4	8°54'2.2327"S	125°48'5.4913"E
5	9°08'2.2900"S	125°56'22.7225"E
Point 5 - Point 6 = Coastline		
6	19°27'41.9836"S	125°05'19.1546"E
Point 6 - Point 1 = Land border between Timor-Leste and Indonesia		

Description of the Contract Area for Offshore Block

Points	Latitude S	Longitude E
1	9°08'32.2307"S	126°57'52.4464"E
2	8°52'19.0272"S	127°38'1.4404"E
3	9°15'50.2366"S	127°48'6.7906"E
4	9°31'21.0522"S	127°08'7.6078"E

Annex II

Map of the Contract Areas for Onshore and Offshore Blocks

