

## East Timor Wants Shell Excluded From Sunrise Development Talks

*By Ross Kelly of DOW JONES NEWSWIRES*

SYDNEY -(Dow Jones, 23 June 2011)- East Timor is calling for Royal Dutch Shell PLC. (RDSB.LN) to be excluded from discussions about the development of the Greater Sunrise gas field, claiming its promotion of floating liquefied natural gas technology represents a conflict of interest.

East Timor has consistently opposed the use of a floating LNG vessel to develop the resource, which straddles its maritime border with Australia, preferring to have the gas piped to an LNG plant built on its coastline. Floating LNG is an untried technology that converts natural gas to a liquid on a vessel permanently moored at sea.

The Sunrise joint venture is operated by Woodside Petroleum Ltd. (WPL.AU). Shell and ConocoPhillips (COP) are also partners in the venture, which last year selected Shell's floating LNG technology as the best way to develop the gas field.

“Shell cannot independently advocate for the best commercial advantage of the development of Greater Sunrise when Shell has a commercial conflict of interest,” East Timor's Secretary of State Agio Pereira said in a statement.

“Shell decided on the FLNG option and then announced the order of the FLNG units before the debate had ever begun,” Pereira said.

Shell on Thursday rejected East Timor's claims.

“Our interests are in recommending the best commercial and technical option,” a spokeswoman said.

“Shell is committed to open and transparent discussions on the various development options for Sunrise with Australian and Timor Leste stakeholders,” she said.

Shell also recognises that any development recommendation requires the approval of both Australia and East Timor's governments before it can proceed, the spokeswoman said.

Last month, Shell internally approved construction of what could be the world's first floating LNG vessel to field off the northwestern Australian coast.

East Timor President Jose Ramos-Horta said a week later that his country remains “completely open” to talks with the Sunrise joint venture partners, but is concerned about the companies' insistence on using “untested technology” for the project.

A war of words over the development erupted between Woodside and East Timor when a floating LNG concept was selected by the joint venture partners in April 2010.

Former Woodside Chief Executive Don Voelte has expressed regret he wasn't able to get a breakthrough on Sunrise and some analysts are hoping new chief executive Peter Coleman will make better progress with East Timorese officials.

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