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Accord on gas pipeline

Petro-Mekong inching closer to a deal in Timor Leste

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PETALING JAYA: The Timor Leste government has inked a memorandum of understanding (MoU) to partner with Germany's Europipe GmbH to build a much-needed gas pipeline from a massive offshore oil and gas field to the impoverished country's mainland.

The project is co-managed by Malaysian firm and regional representative of Europipe, [Petro-Mekong Corp Sdn Bhd](#).

In email replies to queries from *StarBiz*, Petro-Mekong officials confirmed that last Wednesday, a sample of the deep-sea pipe was unveiled at Timor Leste's parliament house by [Prime Minister Xanana Gusmao](#) and has now become a permanent display structure there.

The event was featured in local and some foreign media reports.



Gusmao

Australian media reported Gusmao as saying at the unveiling that the pipeline would become a reality with the partnership of Europipe.

According to Petro-Mekong, earlier that day, the Timor Leste government also said it was working closely with Europipe "to commence implementation of the pipeline to bring their natural gas direct to the shores of Timor Leste for the development of the country's own oil and gas industry".

Petro-Mekong [executive director Datuk Seri Dr Shafiq Sit Abdullah](#) said in an email reply to *StarBiz*: "We are proud to be part of this nation-building process. After the signing of the MoU between Europipe and the government of Timor Leste, the momentum to ensure that the pipe lands the gas onshore for the benefit of the country has dramatically quickened under the leadership of Prime Minister Xanana Gusmao."

The local partner for the project is Timorese firm Nexus Meridian LDA.

Petro-Mekong's reply to *StarBiz* quoted Nexus Meridian [chairman Victor Alves](#) as saying: "Petro-Mekong and Europipe have delivered on their promise to the people of Timor Leste. Today is an important milestone in this partnership to move our nation forward. The other technical partner of Europipe, Salzgitter Mannesmann, is already committed to ensuring this project is delivered on time."



People viewing the specimen of the deep sea pipe air-flow from Germany by Europipe in the centre of Timor Leste's parliament house

StarBiz had reported last December that Petro-Mekong and Europipe had conducted a joint feasibility study for the gas pipeline, which would measure more than 300km and stretching from the Greater [Sunrise](#) oil and gas field to Timor Leste's mainland.

The cost of the pipeline and pipe laying is estimated at US\$1bil (RM3.1bil) to US\$2bil (RM6.2bil), while a further US\$5bil (RM15.7bil) is expected to be spent on building gas separation and processing plants and an integrated petroleum supply base on the mainland in Timor Leste.

Gusmao, elected in 2007, has been actively seeking to ensure that a pipeline is built from the Greater Sunrise oil and gas field into Timor Leste in order for the country to enjoy more economic benefits and spinoffs from its own natural resources.

The Timor Leste government and Australian oil and gas giant Woodside, which has been developing another oil and gas field off the waters of Timor Leste following an earlier agreement with the then Indonesian-led Timorese government, have been at loggerheads on this issue.

Woodside has said it would prefer to build the first-of-its-kind floating processing plant at the oil field itself at a cost of US\$8bil (RM25bil) to US\$10bil (RM31.4bil).

When asked about Woodside estimates that the Timor Leste pipeline option would cost US\$5bil more than a floating station, Timor Leste's [secretary of state Alfredo Pires](#) was quoted by ABC Radio Australia as saying: "Probably the word is rubbish. One pipeline has gone to Australia. We think it's only fair that the other one comes to Timor Leste so we can share the benefits as well."

Pires was also quoted as saying his government was convinced that Europipe and its partners could carry out the project.

"What was said before, that to make such a pipeline would be outside the technology envelope is not the case. It is very do-able. They can actually make this pipe in two months."

Both Pires and Gusmao had visited the Europipe factories in Germany earlier in the year, it has been reported.