

Australia sees decision on Timor Sea gas development within yr

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- * Australia expects East Timor to honour gas treaty
- * East Timor, Woodside have disagreed on how to develop gas
- * Woodside says continuing meetings with East Timor

By Manolo Serapio Jr

SINGAPORE, Oct 17 (Reuters) - Australia anticipates a decision on the development of gas resources under the Timor Sea within the next year and expects East Timor to honour a treaty between the two countries to develop the gas, Australia's resources minister said.

Martin Ferguson was responding to local media reports that East Timor was on the brink of walking away from a treaty between the two nations to develop the resource.

"Clearly we're looking to move toward some decisions (on the Timor Sea gas field) over the next 12 months or so," Ferguson said in an interview with Reuters late Tuesday in Singapore.

"Timor-Leste and Australia freely entered into a treaty some years ago. We will honour the treaty, we expect Timor-Leste to do the same."

Officials in East Timor, also known as Timor-Leste, could not immediately be reached for comment.

Australian oil and gas firm Woodside Petroleum and East Timor have been stuck in a sometimes bitter debate on how to develop the Greater Sunrise gas fields for years.

Woodside would prefer to build a floating liquefied natural gas (LNG) plant, which the company says would be the least costly option. East Timor favours an onshore plant within its borders which it has argued would provide more jobs and economic development.

The Australian Broadcasting Corporation reported on Tuesday that a Timorese government lawyer was in Australia lobbying government officials in Canberra and had said that the small island nation could "easily find a new partner" to develop the gas.

But Ferguson said East Timor had not communicated that intention to his department.

"The comments made publicly were certainly not made privately in discussions with my department last week. (The lawyer) is not the Timor-Leste government, he is a representative of a U.S. law firm," Ferguson added.

Woodside said Wednesday it is continuing talks with East Timor and met with the Timorese government in September, when it agreed on a timetable for a series of future meetings to share technical data on gas development plans.

"We look forward to further discussion on the development of Greater Sunrise," a spokesman said in an emailed statement to Reuters. (Writing by Rebekah Kebede; Editing by Joseph Radford)