

Timor-Leste still sceptical of Woodside's Sunrise project

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The decision by Woodside Petroleum's Browse LNG venture to use a floating plant to develop its large gas reserves has done nothing to soften opposition from Timor-Leste to the use of the process for the stalled Sunrise project.

In an exclusive interview, the head of the nation's National Petroleum Authority (ANP), Dino da Silva, said the authority still regards floating LNG as experimental and unsuitable.

"It's an unproven technology, it would seem to be a pilot project," Mr da Silva said in Canberra. "Once it is -considered as a pilot project, then it involves a trial and error exercise. Will a small country like Timor-Leste be able to take that on board, while it needs -revenues for development?"

Mr da Silva said the ANP was also unconvinced floating LNG was safe.

"This is something that is still not answered," he said.

The Sunrise project has been on ice for several years due to the disagreement between the venture partners and the Timor-Leste government on how it should be developed. While the Sunrise partners favour a floating LNG project, Timor-Leste is adamant the gas must be piped ashore to its southern coast.

Woodside chief executive Peter Coleman said in February the project had a 12-month window to make progress. The debate around the 5.13 trillion cubic feet gas resource was complicated in May when the Timor-Leste government used years-old allegations of espionage by the Australian government to invoke arbitration over the revenue-sharing treaty for Sunrise.

The field lies partly in waters jointly managed by Timor-Leste and Australia so requires both governments to agree on the development plan. The ANP has oversight of both Timor-Leste's and Australia's oil interests in the region.

Mr da Silva's comments come as oil major Shell has been vaunting the advantages of its floating LNG technology, which will be used first at its -Prelude venture in the Browse Basin.

Shell technology director Matthias Bichsel said in Canberra this week the process opened the way to sidestep economic, political and environmental hurdles and drove the Browse venture's plan to switch from an onshore project.

Timor-Leste's tiny economy is entirely dependent on petroleum royalties. Commercialisation of Sunrise, where royalties were to be split 50:50 by Australia and Timor-Leste, would add to those from ConocoPhillips' Bayu-Undan project and Eni's Kitan oil project.

Mr da Silva noted that Timor-Leste had firmly stated its preference since 2009 that Sunrise gas be developed on its shores, and that couldn't be ignored.

"They are the host, they are a major stakeholder," he said. "This has to be discussed further."

However, he noted the "mutual interest" of the governments and the partners in the field being developed. "I am a big believer that because of this common interest they will continue to discuss. No one has walked away yet, nor has either government closed the door. It is a good sign," he said.

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