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Woodside casts doubt on Sunrise



Stalled: Woodside chief Peter Coleman says the joint venture has run out of options to move Sunrise forward while Australia and Timor-Leste settle their dispute

Josh Lewis 18 February 2015 05:00 GMT

Australia's Woodside Petroleum has appeared to have shelved its stalled Sunrise liquefied natural gas development in the Timor Sea.

Speaking after the release of the company's annual results, Woodside chief executive Peter Coleman said the Sunrise consortium had run out of options to move the project forward.

"For us we are at a point that we are looking at Sunrise and it's very difficult to spend any material amount of money (on it)," he said.

Woodside has been locked in discussions with the Australian and Timor-Leste governments over the delayed development which has been held up by disputes over the preferred development option for the field.

The Australian company has previously stated that its preferred development option would be for a floating LNG solution, while the Timor-Leste government favours onshore development which will see the gas piped back to a processing plant near Dili.

Further complicating matters is a dispute between the Australian and Timor-Leste governments, with the latter initiating legal action in 2013 accusing Australia of "covert operations" during the 2006 negotiations for the Certain Maritime Arrangements in the Timor Sea (CMATS) treaty.

Timor-Leste is claiming the alleged covert operations resulted in Australia gaining information that assisted it during negotiations.

Coleman said on Wednesday that neither the Australian or Timor-Leste governments had given a timeframe for settling their issues, including their dispute over the maritime boundary.

"Before you take that next step, you need to know who you're paying your rent to," Coleman said.

"At this point in time we don't know what the regulatory framework is, we don't know what the fiscal framework will be, so we can't evaluate this project and we can't put it up to buyers as to being a viable project that they would be interested in."

He added that the recent surprise decision for Xanana Gusmao to step down as Timor-Leste prime minister was not expected to help speed up the process.

"I wouldn't expect that changes in leadership at any particular time are going to make fundamental changes in the way this moves forward," he said.

Coleman also noted that he believed Gusmao would still remain "quite influential" within the government given the fact he was still going to remain in cabinet, staying on as the country's Mentoring Minister and Minister of Planning and Strategic Investment.

The Greater Sunrise fields were discovered in the mid-1970s and are owned by operator Woodside with a 33.44% stake, ConocoPhillips on 30%, Shell with 26.56% and Osaka Gas on 10%.

The project's estimated contingent reserves are 5.13 trillion cubic feet of dry gas and 226 million barrels of condensate.