

East Timor to buy Shell's stake in Greater Sunrise gas fields for \$300 million

MELBOURNE (Reuters) - East Timor has agreed to buy Royal Dutch Shell's stake in the Greater Sunrise natural gas fields off the northern coast of Australia for \$300 million, the government and Shell Australia said on Wednesday.

The agreement for Shell's 26.56 percent stake in the project will allow the tiny nation to push for development of the field. The site, which was discovered in 1974, straddles the maritime border between Australia and East Timor and disputes between the two countries over the border has delayed development.

"Although we formed different views about the optimal development scenario, we understand the priorities of the Timor-Leste Government and wish it well in pursuing its aspirations to develop this important resource for the nation," executive Zoe Yujnovich of Shell Australia said in the statement.

"This sale aligns with our global strategy to reshape Shell into a simpler and more resilient company."

The deal comes after ConocoPhillips last month sold its 30 percent stake in the project. Remaining partners include Australia's Woodside Petroleum and Japan's Osaka Gas.

The border issue between Australian and East Timor was settled earlier this year. East Timor wants to develop Greater Sunrise by piping gas to a liquefied natural gas (LNG) plant on its south coast, while the project partners have favored a plant in Darwin in north Australia.

"Timor-Leste appreciates Shell's willingness to sell its interests in the Greater Sunrise project," Special Representative Xanana Gusmão of East Timor said in the statement.

“Shell’s attitude throughout the negotiations shows that it is ready to consider not only its commercial interests but also the interests of small nations.”

The Greater Sunrise partners have argued the Timor option would be unprofitable.

Analysts remain skeptical about prospects of the field being developed within the next 10 years, as the parties still need to negotiate fiscal terms and tolling agreements.

However, if other parties get involved, such as the Chinese and Koreans, with further stake sales, development might go ahead.

The Sunrise and Troubadour gas fields, together known as Greater Sunrise, hold around 5.1 trillion cubic feet of gas and about 226 million barrels of condensate, a light oil produced in association with natural gas.

East Timor’s purchase of Shell’s stake is conditional on receiving funding approval from the Timor-Leste Council of Ministers and National Parliament, as well as regulatory and other approvals.

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