

**The Secretary of State for the Council of Ministers and  
Official Spokesperson for the Government of Timor-Leste  
Ágio Pereira**



**June 4, 2010  
Dili, Timor-Leste**

**A lesson for Woodside in compliance; Timor-Leste can wait**

In grandiose platforming at the UBS Resources Conference, CEO of Woodside Don Voelte amusingly attempted to convince a crowd that the Greater Sunrise project was progressing.

“It’s time for this project’s day is in the sun” said Voelte in a meager attempt to provide folly to an untenable position while providing weak and misguided justification for a field that will not be developed under the auspices outlined in the fifteen page speech; a plan flatly rejected by Timorese regulators for non-compliance.

In what has become a tedious “he said, she said” regarding the so called lodgment of the plan, Woodside continues to maintain they have submitted the plan and in doing so; have now fulfilled all obligations under the treaties and to the regulators; a preposterous claim given that Woodside has no documentation for receipt of lodgment; and an independent US lawyer associated with Revenue Watch was witness to the meeting to ensure transparency and has confirmed via an affidavit that the plan was rejected because of non compliance cited by regulators.

While yesterday Voelte “could not talk about the economics of an FLNG” mainly because they are incomplete, he did make misleading statements as to the economics of the other options to support Woodside’s preference; which accordingly, have also not been addressed through independent concept screening reports which were required by regulators under article 4.6 of the production sharing contract in the 2008, 2009 and 2010 WP&B. Describing Woodside’s assertions of only the initial “capex”, capital costs to the conference and media; Voelte omitted the “opex” operating costs over the life of the project along with fiscal and taxation regimes which demonstrate TLNG offers lower wages, maintenance costs and with a 10% flat applicable tax rate; the pipeline to Timor-Leste becomes the most economically attractive option and offers the most commercial rate of return.

Included in the non-compliance is a completion of the reserve certification, and an in depth explanation as to the recalibration of the reserve estimation which has been downsized from 8.5 to 5.1 to suit the FLNG proposal.

While Woodside historically has stated the Timor-Leste option originally was not viable due to the Timor trough, now they acknowledge the plan is technically feasible but have still not submitted the TLNG proposal as an independent concept screening to the National Petroleum Authority as required since its’ inception. Woodside’s assertions about TLNG have recently been disputed by The Government of Timor-Leste after the most comprehensive bathymetric study was conducted on the Timor Sea. Since Timor-Leste’s evaluation; Woodside has refused to submit the independent evaluations of all three concepts bringing question to the validity and independence of the data itself.

The FLNG feasibility study on the other hand has been comprehensively scoped over the last 13 years, since 1997 by Shell, a JV partner who has already commissioned the vessels despite no development plan being approved.

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What Voelte failed to share with his audience: the commercial reality is if the development plan is not approved by 2013 or if Sunrise LNG production has not started by 2017, the CMATS treaty can be cancelled and Sunrise activity suspended until a new treaty can be negotiated between Australia and Timor-Leste.

In addition, PSC 01-19 and PSC 03-20 (the productions sharing contracts) are very specific about the rights and obligations; and as such, they do not cover the downstream aspects of the resource development; Article 1{d} states the agreement does not authorize the contractor to process petroleum beyond the field export point. The two PSCs are also only up to 2026, which is well below the life of the project. Does Woodside think that the Timor-Leste Government through its representation in the JPDA will approve the extension of these PSCs if the FLNG is chosen?

Before any preferred concept development could be addressed; the concept screenings must be completed and submitted to the regulator with further negotiations to include an additional contract/petroleum agreement and/or an amendment to the current PSC's to cover downstream activities.

An in-principle agreement would be required between the two Governments (Australia and Timor-Leste) and with Woodside and the joint venture partners on a development selection; an agreement on how the natural gas will be treated or processed downstream either outside the JPDA administrative jurisdiction or an integrated upstream-downstream operation and an agreement from the Government of Timor-Leste how its share of the petroleum entitlement will be commercially marketed would also be required; a matter which is not left to the discretion of the operator.

All these negotiations and more on applicable benefit models and treaty obligations would need to be considered and fulfilled before any prospect of development is viable.

The Government of Timor-Leste has stated firmly the FLNG does not provide the best commercial advantage in line with best oil field practice; considering the practice does not exist anywhere in the world.

“The ball is back in Woodside’s court” said Timor-Leste’s Government Spokesperson; Ágio Pereira, “Woodside can grandstand through the media and speeches or they can do their due diligence required to re establish the processes necessary through the appropriate mechanisms. But let me be very clear, this time, Timor-Leste has the knowledge, expertise, international support and time to get this right and ensure a fair and equitable outcome.”

While Woodside claims that Timor-Leste would receive 13 billion in income over the life of the project; on shore economic benefits through a pipeline, LNG processing and subsidiary industries are estimated to be from five to thirteen times the proportionate revenue; similar to the benefits inherited by Darwin from Bayu Undan. Timor-Leste would be receiving a minimum of sixty five (65) billion in additional revenue to rebuild the impoverished nation which has endured 24 years of war before gaining independence eight years ago. **ENDS**

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