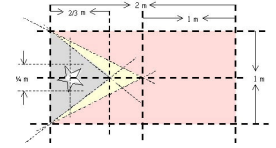


Regulation of the Petroleum Sector in Timor-Leste

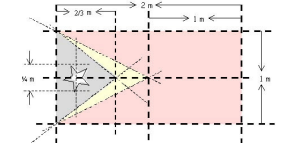
Proposal



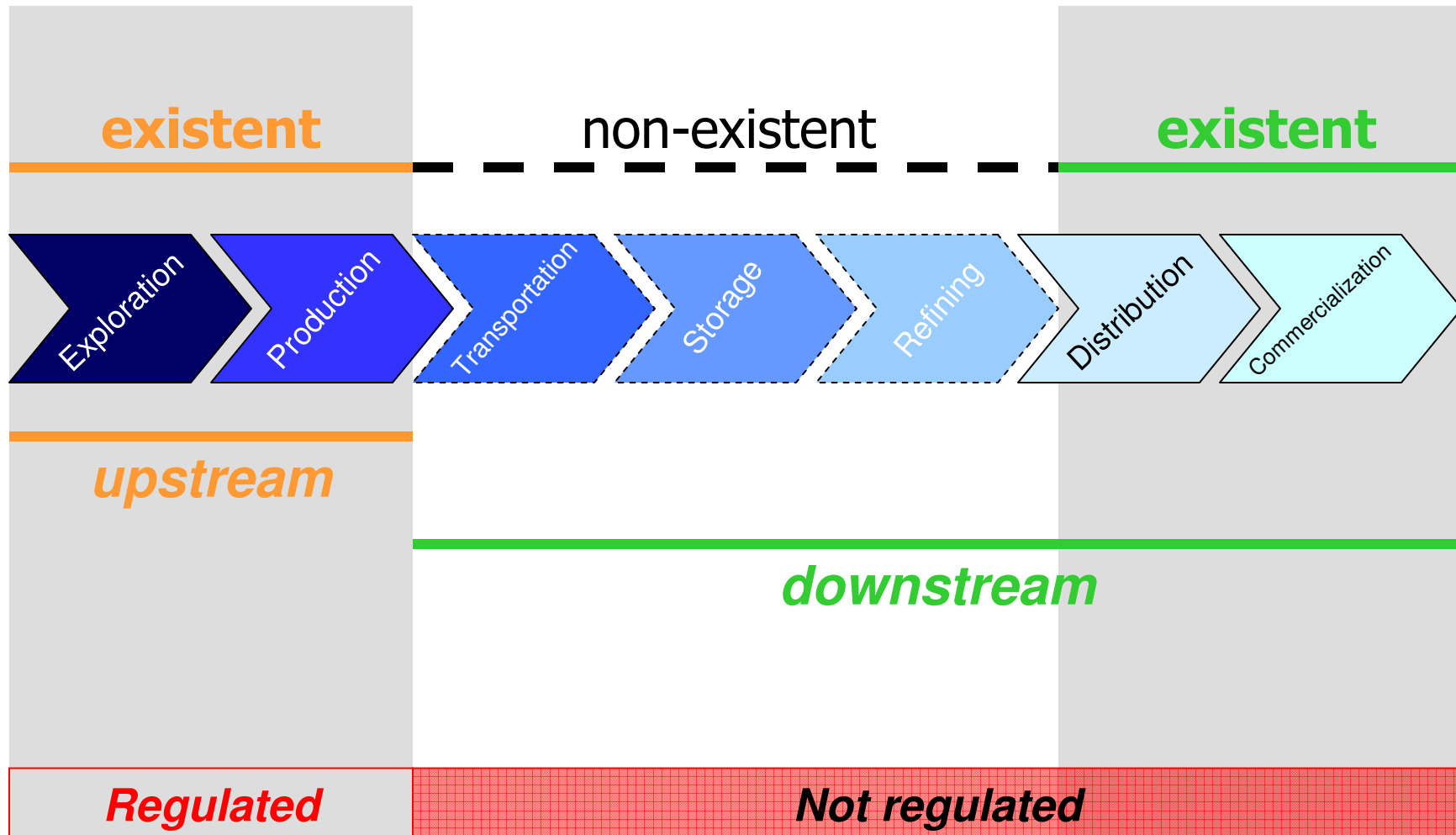
Principal Reasons for Creation of a New Regulatory Authority for the Petroleum Sector in Timor-Leste (TL)



- 1) Mandatory requirement from Timor Sea Treaty for TSDA to become part of the Timor-Leste Government structure;
- 2) Necessity to have in place a regulatory authority to regulate the petroleum activities on TL exclusive zones;
- 3) Increase human resources capacity in the petroleum sector;
- 4) Create uniformity in the petroleum sector;
- 5) Strengthen the supply of petroleum to TL;
- 6) Improve investment confidence in the petroleum sector;
- 7) Provide consumer protection to areas where petroleum derived products eg: fuel
- 8) Centralise coordination of Local Content obligation



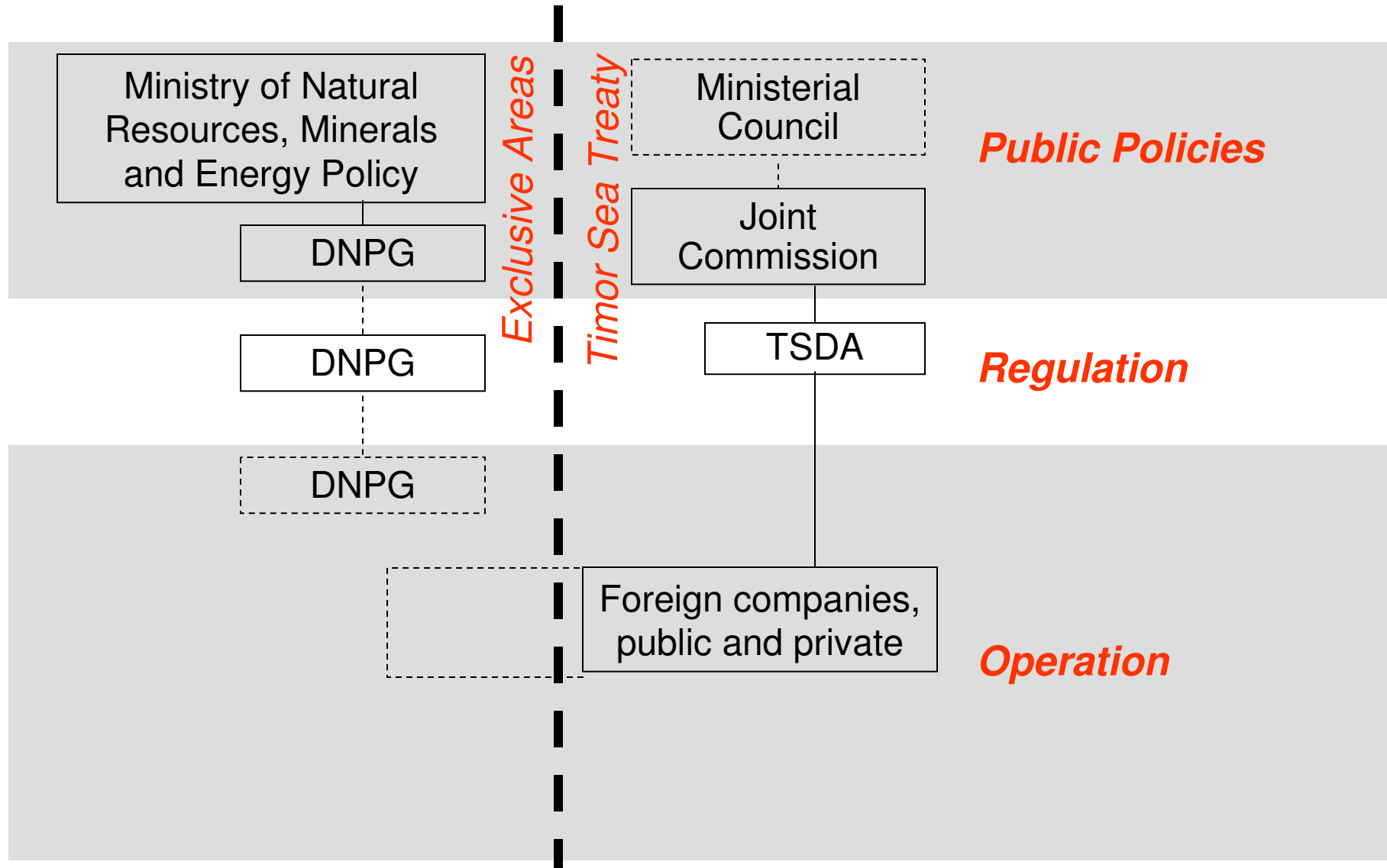
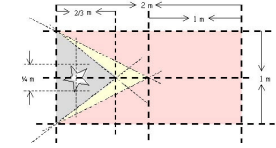
Petroleum Industry in Timor-Leste





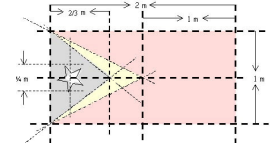
Petroleum Sector in Timor-Leste

Current Institutional Model - Upstream





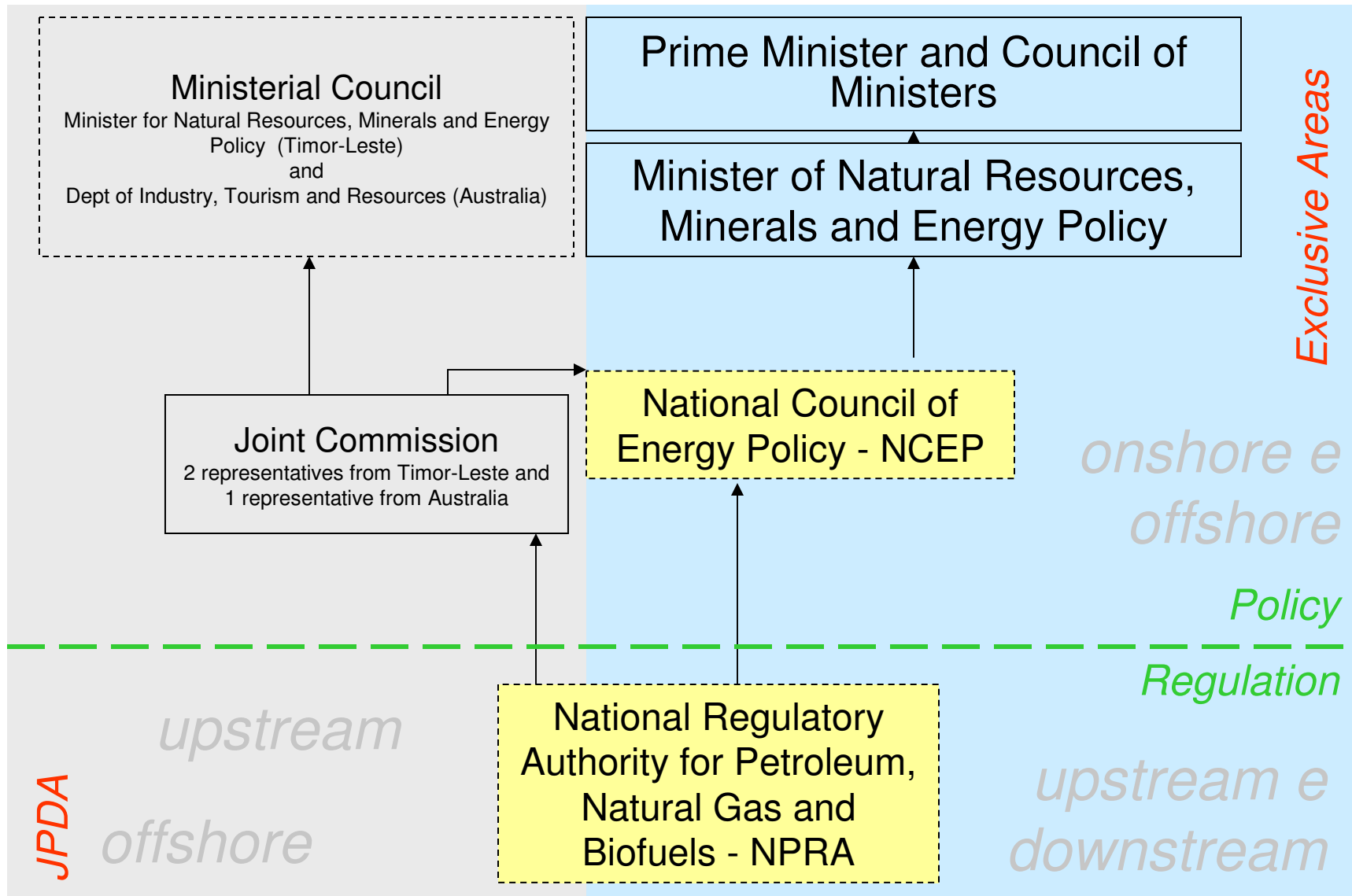
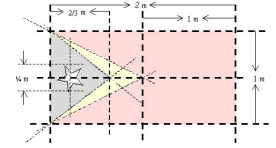
Reasons for Downstream Regulation



- 1)
- 2)
- 3) Monitoring of fuel transportation;
- 4) Long term energy planning;
- 5)
- 6) Energy security;
- 7)
- 8)
- 9)
- 10) Consumer protection;
- 11) Promotion and security of investments;
- 12)

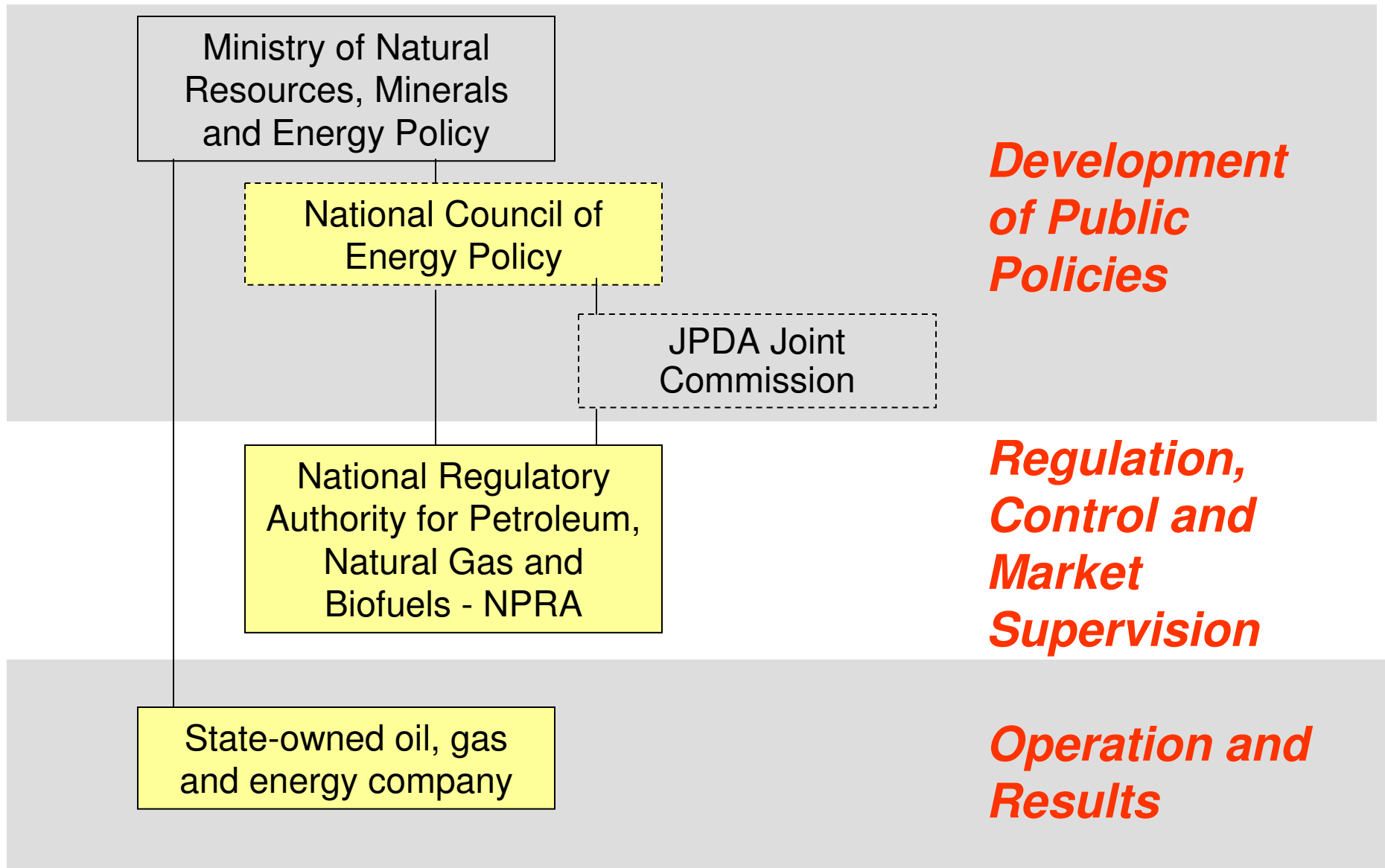
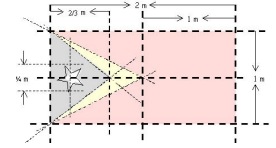


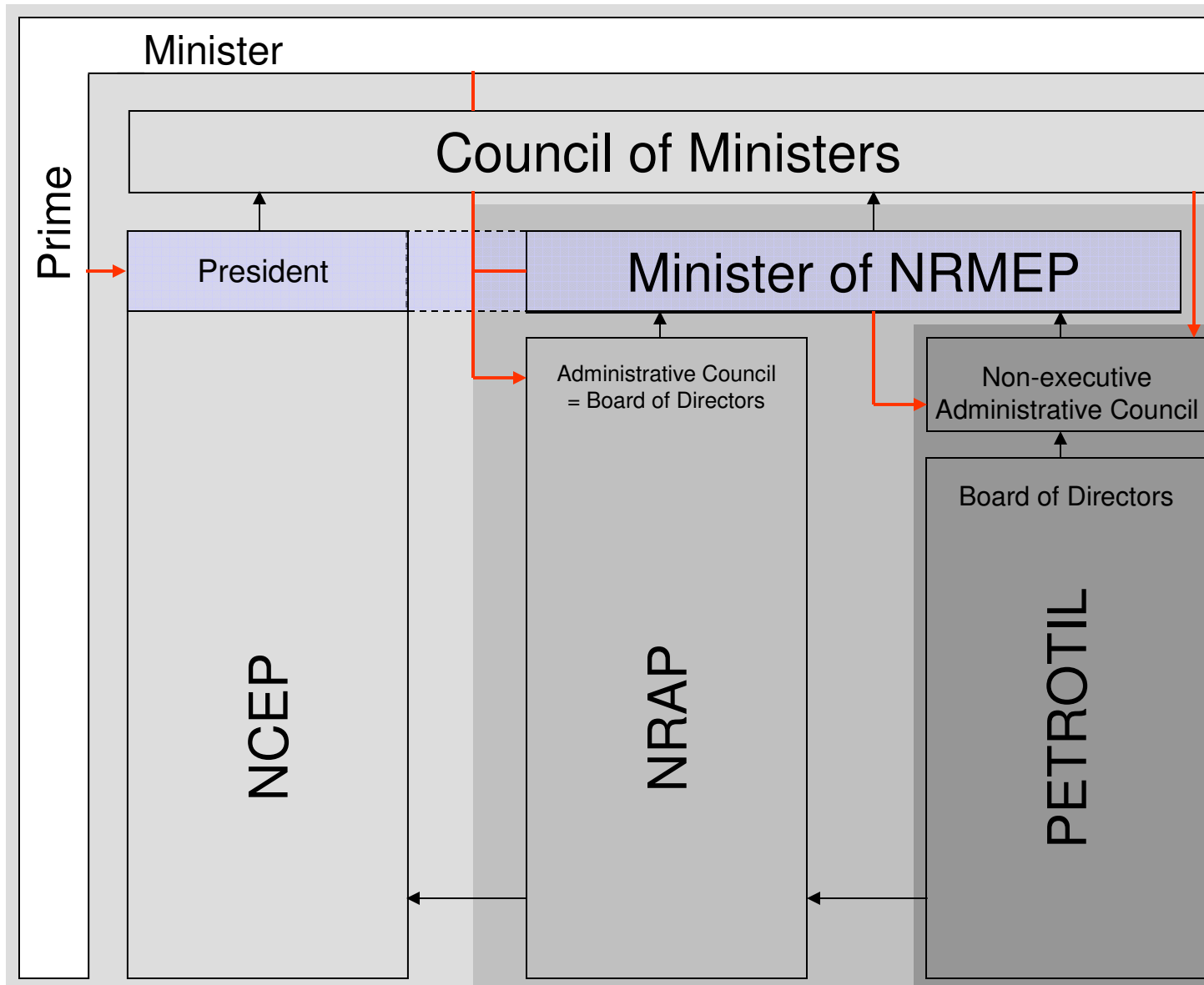
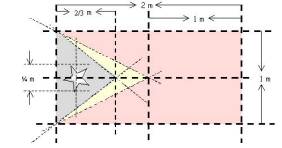
Proposed Regulatory Institutional Model





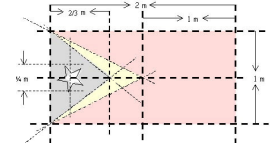
New Model - Functions







The NCEP



Main Attributions:

Recommend Policies
Supervision of Regulatory Authorities
in area of Energy
National energy matrix
Long term planning
Energy security

Chair:

Minister of MNRMEP

9 Members:

4 Ministers,
1 civil society,
1 university,
1 private sector,
1 Petroleum Fund
Council
NPRA president

Budget:

MRNMPE

National Energy
Policy Council
(NCEP)

Executive Secretary:

Permanent Secretary
of the MRNMPE

Work
Groups and
Technical
Committees

Advisory X Determinative
function

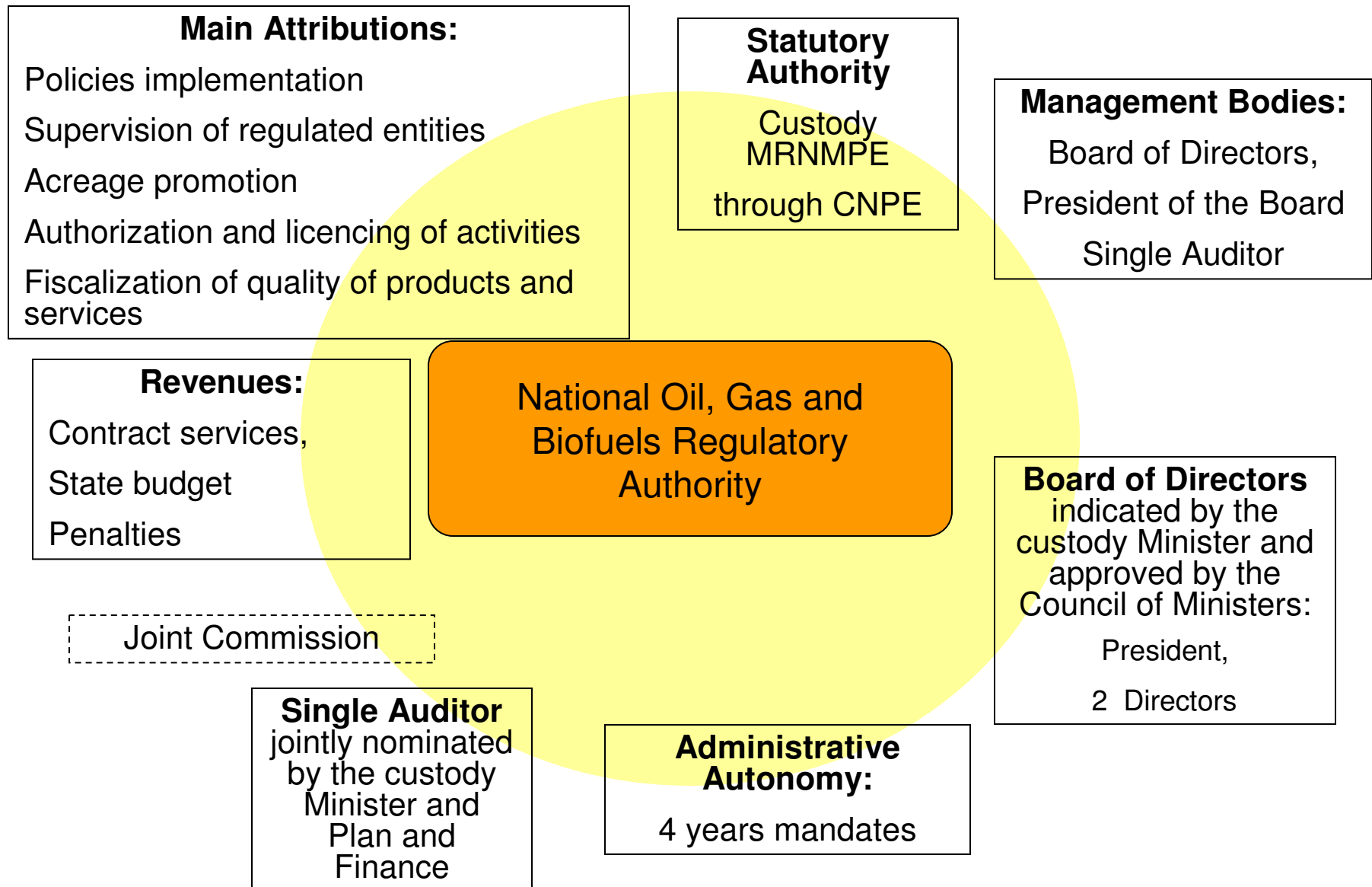
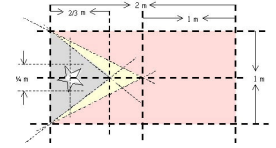
Procedure:

2 meetings per year

Joint Commission
JPDA

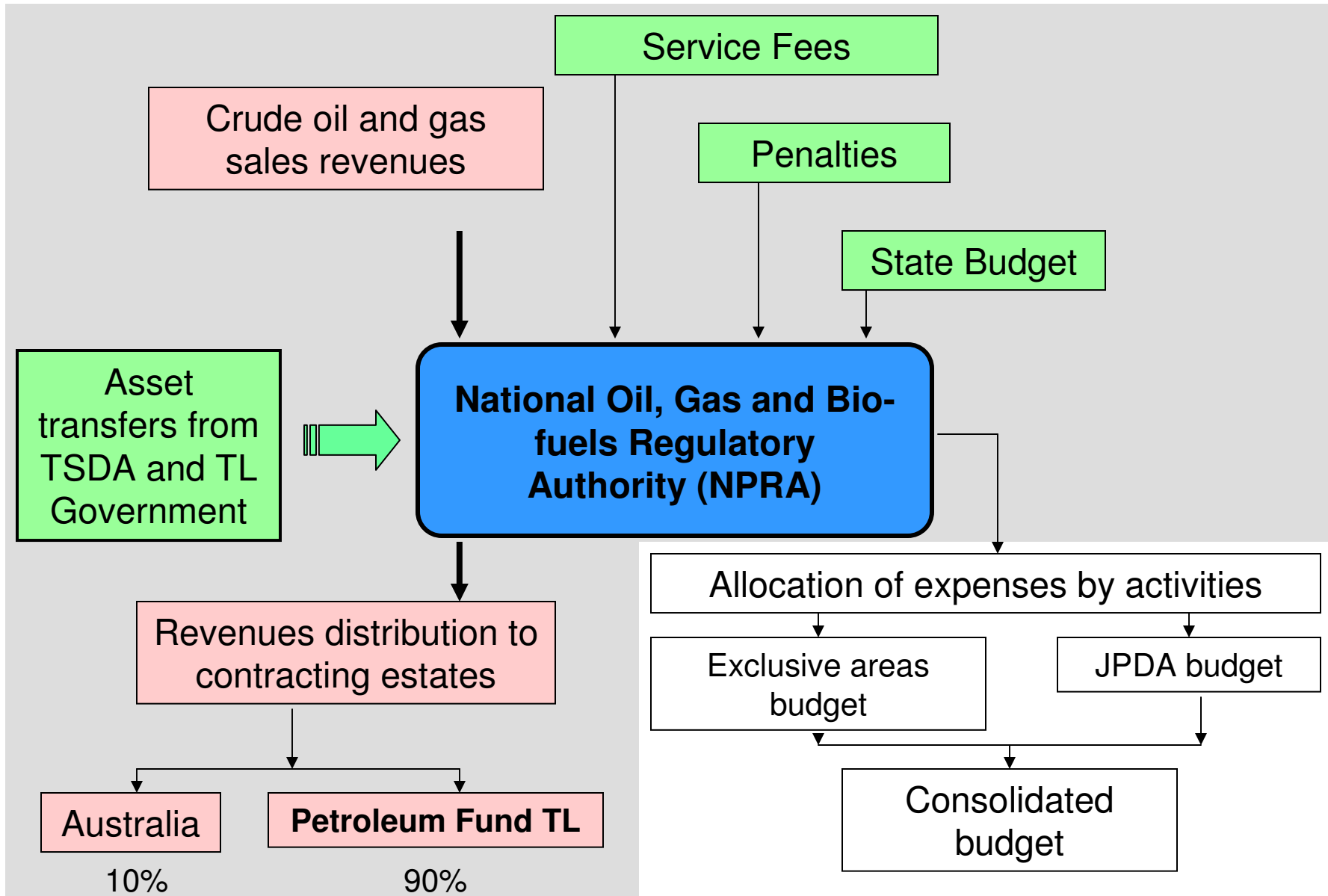
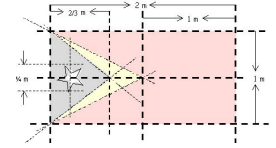


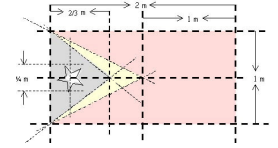
What is the NRAP (ARNP)





NPRA Finance Management





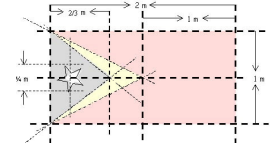
Timor-Leste National Oil Corporation for Petroleum, Natural Gas and Energy

PETROTIL

Proposal



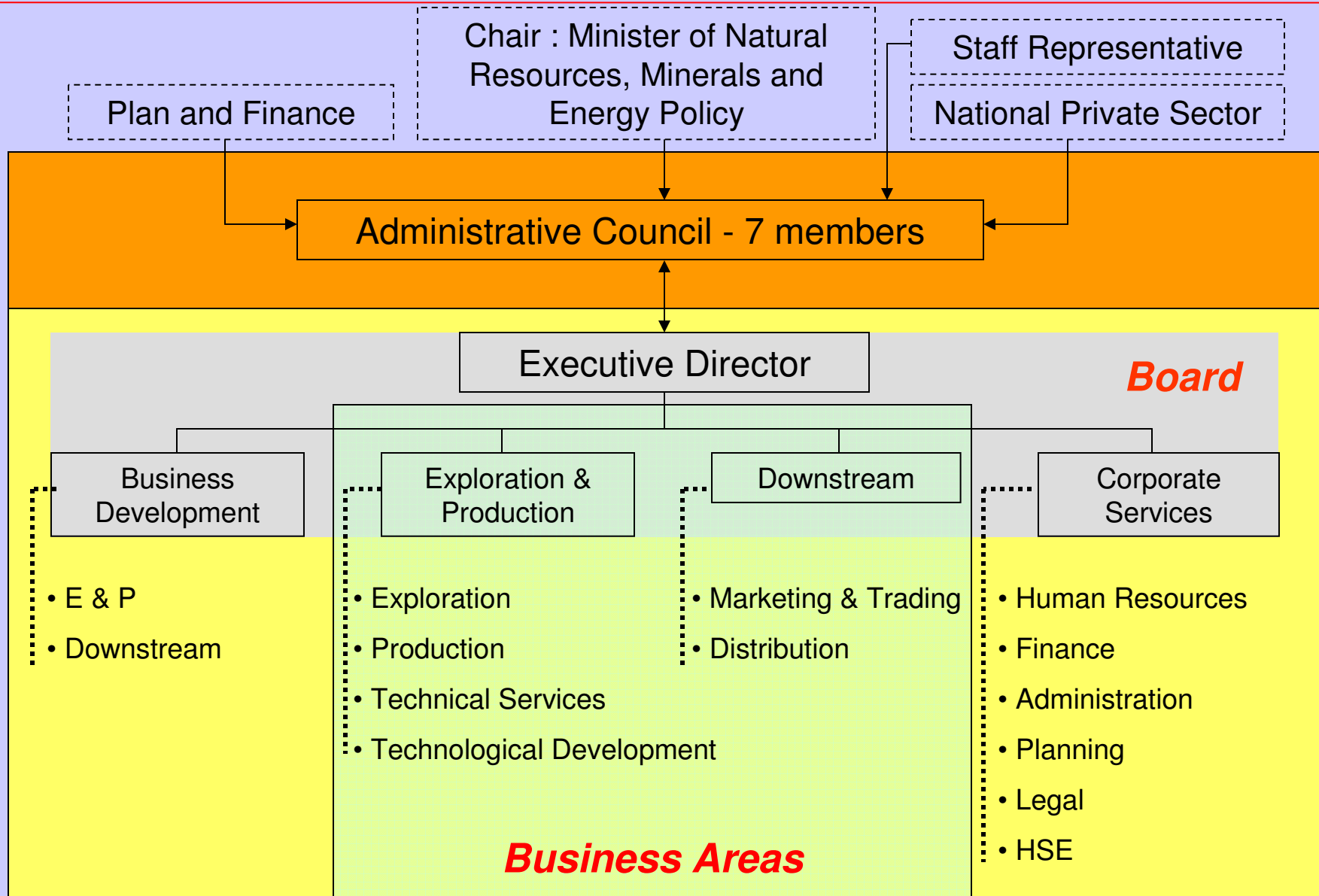
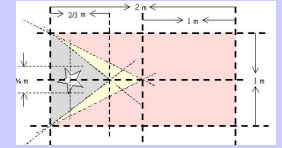
Expected Benefits - PETROTIL



- 1) Increase socio-economic return from petroleum resources;
- 2)
- 3)
- 4)
- 5) Employment generation;
- 6) Fast track education and training of qualified Timorese personnel;
- 7) ... development of project management capabilities within TL;
- 8)
- 9) Operational assurance of energy security for the country;
- 10) Technical and commercial cooperation with other oil/gas companies;
- 11)
- 12)
- 13) Contribute to development of goods and services from local suppliers
-

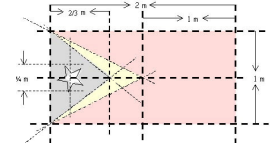


PETROTIL - Basic Structure





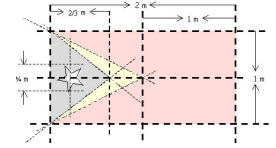
PETROFIL Business Plan



Upstream	Exploration and Production <i>onshore</i> and <i>offshore</i>
	Storage and Management of Geological/Geophysical data
	Management of supply base for onshore and offshore petroleum operations
Downstream	Trading and Marketing, including importation of products for the internal fuel market
	Implementation and management of storage capacity for a regional supply hub, including bunkering
	Fuel distribution through own petrol-station network, including LPG
	Lubricants fabrication and distribution
	Onshore processing of Bayu-Undan condensate
	Onshore LNG plant for Sunrise gas
	Regional refinery for 200.000 bbl/d capacity



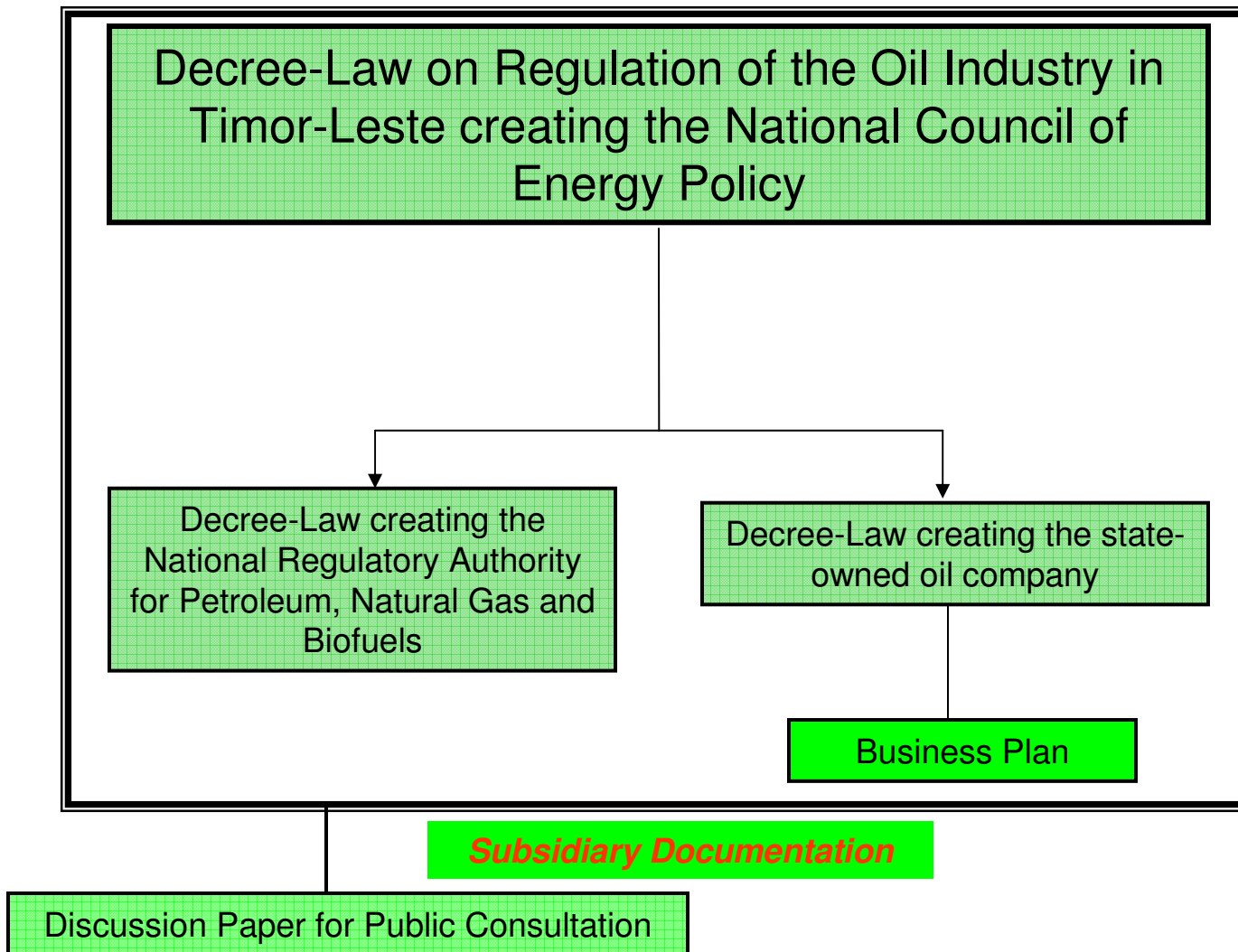
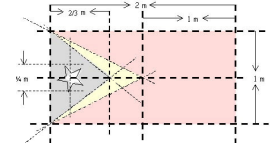
Revisiting Functions



	MRNMEP	NCEP	NPRA	PETROTIL
Policy development	X	X		
Long-term planning	X			
Co-ordination	X			
Regulation		X	X	
Supervision			X	
Control of government take			X	X
Operation				X
Training	X		X	X
Asset Management			JPDA X	X
Results			JPDA X	X

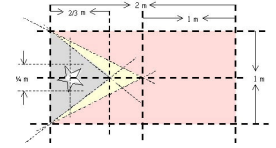


Legal Package for Implementation





Highlights of the Legal Package



- Approval of the Council of Ministers;
- Petroleum Law ;
- Petroleum Fund Law;
- Fulfils TST requirements maintaining balance of powers;
- Regulates all segments of the TL petroleum industry;
- Simple and immediate implementation;
- Allows improved state control, planning and management of petroleum resources;
- Establishes basis for the solution of the energy security problem