New dawn for Timor gas

Peter Ker October 10 2011

Onshore processing talks raise hope for end to political impasse.

WOODSIDE Petroleum has opened the door on East Timor's biggest-ever resource project, with the company agreeing to revisit the concept of processing gas from the "Greater Sunrise" gas field on East Timorese soil.

Development of the Timor Sea gas field has stalled because Woodside and its joint-venture partners want to use a floating processing plant to handle the gas, putting them at odds with East Timor's desire for an onshore plant that will create jobs in the impoverished nation.

The disagreement soured relations between the two parties during the reign of former Woodside boss Don Voelte, leaving new chief executive Peter Coleman to repair relations during recent talks in East Timor with its Secretary of State for Natural Resources, Alfredo Pires.

According to the East Timor government, Mr Coleman indicated during those talks that an onshore plant was not off the table, as it was during the Voelte era.

"In the meeting with Mr Coleman, Secretary of State Pires reaffirmed Timor-Leste's position. Mr Coleman expressed his willingness to reassess the position with joint venture partners," it said.

The apparent willingness to reconsider an onshore processing plant comes less than two months after Mr Coleman indicated the company would not even discuss a deviation from the floating option.

"It's too early for us to move away, or even have discussions around a different development concept for Sunrise," Mr Coleman said on August 17.

"We really do believe we have the right development concept."

While a floating platform remains Woodside's preferred option, the company did not deny it had offered to reconsider the onshore option during the recent talks with East Timor.

"Woodside recently held good meetings with the Timor-Leste Government and we are focused on finding a solution to develop Greater Sunrise," said a spokeswoman for the company.

"All parties involved with Greater Sunrise, including both governments and the joint venture, are aligned in their desire to see this resource developed."

While Mr Coleman's more diplomatic approach to negotiations appears to have brought the parties closer together, recent comments by East Timor's President Jose Ramos-Horta suggest a final agreement is still a way off. "The difference of opinion between us and the consortium remains, and on our side we're extremely worried about the risks of [the floating option] and the cost," he said on September 22.

But Mr Ramos-Horta added that Mr Coleman had left a "very positive" impression, and had negotiated without "arrogance or dogma".

Despite Woodside being the operator and biggest stakeholder in the Greater Sunrise project, responsibility for striking an agreement rests with the Australian and East Timorese governments under treaties struck to develop the gas fields that straddle the two nations' borders.

Woodside's minority partners in the joint venture include Royal Dutch Shell, ConocoPhillips and Osaka Gas, and the fields are estimated to contain 5.1 trillion cubic feet of liquefied natural gas and 226 million barrels of condensate.