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## Timor-Leste holding firm on where to turn natural gas from Sunrise into LNG

By Christine Forster | August 30, 2012 12:15 PM [Comments \(3\)](#)

The young nation of Timor-Leste is doggedly sticking to its guns on the matter of LNG, continuing to stare down Australian Woodside Petroleum's plans to develop the Sunrise gas field using a floating production facility.

Prime Minister Xanana Gusmao used the swearing-in of the new government elected in Timor-Leste's July 9 poll to officially repeat his calls for Sunrise gas to be piped north to a processing plant to be built on Timor-Leste's south coast.

The development of the "south coast and of the oil and gas sector will remain a priority" for the new government, Gusmao said in his August 8 address.

"The government is committed to bringing the pipeline from the Greater Sunrise field to the south coast of Timor-Leste," he said. "Let's prove to the world that a pipeline to Timor-Leste is a safe and economically viable solution and that our horizon is the development of a petroleum industry able to provide direct economic dividends for our population."

About 20% of Greater Sunrise lies in the Timor Sea's Joint Petroleum Development Area between Australia and Timor-Leste. The field is administered by the two countries under the Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS) and an international unitization agreement, ratified in February 2007. The field development plan requires approval by both governments.

The Woodside-led Sunrise joint venture decided in April 2010 that a 3.6 million mt/year floating LNG facility was the best commercial option for the development of Sunrise, in preference to its second choice of piping the gas 500 km (310 miles) to a plant in the northern Australian city of Darwin. A third option, of building a 200 km pipeline across the deep Timor Trench to Timor-Leste, was the first to be ruled out by the proponents on the grounds of cost.

From the very outset, the joint venture's conclusion has been flatly rejected by Dili, which has taken a hard line that the only development option it would approve would be an onshore LNG plant in Timor-Leste. The government says its own studies have confirmed the option's feasibility and risk.

The difference of opinion has left the project in limbo since 2010. But current Woodside CEO Peter Coleman has taken a more conciliatory approach than his predecessor Don Voelte, and has now put all the options back on the table.

"One of the commitments we made on re-engagement was that while the joint venture still firmly felt that floating was the best option, as part of the re-engagement we would work with the Timor-Leste and Australian governments and update the costs for both Darwin and Timor-Leste LNG," Coleman told a briefing this week after unveiling Woodside's interim result.

"Those numbers haven't been dusted off for a while," he added. "Just as part of the re-engagement process we said we would come back to the table and in an open book-way share our estimates, because they have their own. We wanted to be able to lay them side by side and see where our assumptions differ to theirs."

Coleman said Woodside was “updating the costs, uncertainties and challenges of the development concepts” in preparation for its next expected engagement with the Timor-Leste government. “We are looking forward to the next engagement,” he added.

Whatever the outcome of the talks, Coleman played down the potential threat posed by a February 2013 expiry deadline on the CMATS treaty.

“CMATS is a government-to-government negotiation and is an issue between the Timor-Leste government and the Australian government,” Coleman told the briefing. “There’s a clause in there that allows CMATS to roll over if none of the parties decide they want to cancel it...We don’t see it as a huge impediment to progress,” he added.

“Our view is we’ve got to focus on getting the best development out there. CMATS was an enabler for development... I still see that whatever happens we’ll be able to come to an appropriate combination.”

Sunrise is 33.44% owned by Woodside, alongside partners ConocoPhillips (30%), Shell (26.56%) and Osaka Gas (10%). The joint venturers have spent \$400 million appraising the field and conducting final evaluations of the FLNG and Darwin development options.

Whatever transpires when Woodside and the Timorese next meet, it seems there’s still a way to go before Sunrise’s 5.13 Tcf of gas and 225.9 million barrels of condensate makes it into development.



**CharlesScheiner** 0 pts

For more comprehensive information and references on this issue, from a Timor-Leste civil society perspective, see <http://www.laohamutuk.org/Oil/Sunrise/10Sunrise.htm>

LESS THAN A MINUTE AGO



**gas4gaza** 5 pts

Xanana Gusmao has said "The development of the 'south coast and of the oil and gas sector will remain a priority' for the new government. The following link shows a possible "middle way" solution to the new government's impasse with Woodside Petroleum.

See [http://gamckee.com/wordpress/?page\\_id=235](http://gamckee.com/wordpress/?page_id=235)

This alternative high-level development concept does satisfy the new government's desire to develop the south coast, whilst at the same time allows Woodside and JV partners to pursue their preferred development concept (floating LNG production).

There may be other creative and pragmatic solutions to the dispute, but we have not seen any published as yet.

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