Woodside eyes Timor Sunrise options

Woodside Petroleum is looking at options to develop the Sunrise liquefied natural gas project but says the East Timorese and Australian governments need to first agree on terms.

Chief executive Peter Coleman met with East Timor's Petroleum Minister Alfredo Pires and West Australian Premier Colin Barnett on Thursday in an effort to break the deadlock over developing the five trillion cubic feet resource off East Timor.

The Sunrise gas field lies in the Joint Petroleum Development Area, which is jointly administered by Australia and East Timor.

But the two nations have been unable to agree on tax issues and development plans.

Mr Pires says his fledgling nation is prepared to contribute $800 million towards its preferred onshore pipeline option, or buy out project partners who wish to exit the project.

But Woodside and its joint venture partners favour a floating LNG option and appear reluctant to agree to the offer.

On Friday, Woodside said the Sunrise joint venture, involving Shell and Conoco Phillips, remained committed to developing the Greater Sunrise fields, but required the East Timorese and Australian governments to first agree on the "legal, regulatory and fiscal regime applicable to Sunrise".

"The Sunrise joint venture values its relationships with both governments and is prepared to investigate different options, as a way of facilitating tripartite agreement," Woodside said in a statement.

Development of the resource could proceed once the three parties reach agreement, Woodside said.

Mr Pires said it was important that all parties come to an agreement soon because a current production sharing contract is only valid until 2026.

He says no one will sign up to long term contracts which are shorter than 10 years.

"Timor L'Este is willing to purchase anyone's equity if they're willing," Mr Pires told reporters on Thursday.

"We can do things like the pipeline - we now know that's $800 million. We can throw that in as a nation."

But he maintained East Timor wanted an onshore development and was not considering floating LNG.

"At this stage we're sticking to our guns," Mr Pires said.

"It's much cheaper than anything else."

Another option is to pipe the gas to Darwin to be processed.