

ConocoPhillips sells stake in Sunrise gas field to East Timor

MELBOURNE (Reuters) - U.S. oil and gas producer ConocoPhillips said on Monday it signed a deal to sell its 30 percent stake in the Greater Sunrise gas field to East Timor for \$350 million.



FILE PHOTO: Logos of ConocoPhillips are seen in its booth at Gastech, the world's biggest expo for the gas industry, in Chiba, Japan, April 4, 2017. REUTERS/Toru Hanai

A delegation led by former East Timor president Xanana Gusmao and its proposed new petroleum minister Alfredo Pires signed a final agreement in Bali last Friday with ConocoPhillips' Australia West president Chris Wilson, the Australian Financial Review reported earlier on Monday, without citing any sources.

Taking a stake would help East Timor position itself to push for the development of Greater Sunrise, discovered in 1974 but long delayed as it straddles the maritime border between Australia and East Timor, which was only agreed earlier this year following a protracted dispute between the two countries.

“Although we differ with the government on its proposed development plan for Sunrise, we recognize the importance of the field to the nation of Timor-Leste,” ConocoPhillips said.

The company’s shares rose as much as 2.2 percent to \$79.13, highest since September 2014.

The deal is expected to close in the first quarter of 2019, once certain conditions are met, Conoco said.

The border agreement outlined two options for developing Greater Sunrise - piping the gas to East Timor, which the tiny Southeast Asian nation has long wanted, or piping it to Australia for processing.

East Timor wants the gas to come to its shores as it is eager to develop oil and gas-based industries, such as petrochemicals manufacturing, to diversify its economy, one of the world’s poorest.

The need is urgent as the government’s main source of revenue, the Bayu Undan gas field run by ConocoPhillips, is set to run dry by 2022.

The East Timor embassy in Australia did not respond to phone calls or an email request for comment.

Australia’s Woodside Petroleum, operator and 33 percent stakeholder in Greater Sunrise, could not be reached for comment outside of business hours.

The Sunrise and Troubadour gas fields, together known as Greater Sunrise, were discovered in 1974 and hold around 5.1 trillion cubic feet of gas, according to the project’s operator, Australia’s Woodside Petroleum.

The fields also hold about 226 million barrels of condensate, an ultra-light form of crude oil that would help make the development more profitable.

The other owners are Royal Dutch Shell and Japan's Osaka Gas.

State-owned company Timor Gap is looking to build a liquefied natural gas plant on the country's south coast, the Australian Financial Review said.

Timor Gap was not immediately available for comment. Pires did not respond to an email.

Under an agreement signed in March, East Timor will receive 70 percent of the royalty revenues from Greater Sunrise if the gas is piped to its shores or 80 percent if piped to Australia.

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