

# The West Australian

## Woodside considers options as ConocoPhillips sells Sunrise LNG stake to East Timor Government

Peter Williams | The West Australian

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📷 ConocoPhillips' Australia-West president Chris Wilson. Picture: Simon Santi/The West Australian

Sunrise LNG operator Woodside Petroleum has left open the prospect of over-riding a deal for the East Timor Government to buy a 30 per cent stake in the undeveloped project.

East Timor and ConocoPhillips today jointly announced the \$US350 million (\$484 million) deal for the US company to sell its shareholding in the Greater Sunrise fields in the Timor Sea.

Both Woodside, which holds 33.4 per cent of Sunrise, and Shell (26.6 per cent) have pre-emptive rights to buy the ConocoPhillips stake. Osaka Gas has the remaining 10 per cent.

“The joint venture participants hold certain rights that may or may not be exercised in such circumstances,” a Woodside spokeswoman said. She said Woodside would engage with East Timor on Sunrise in the wake of the deal.

“Woodside and the Sunrise joint venture remain committed to the development of Greater Sunrise and we look forward to working with Timor-Leste to deliver value to both the people of Timor-Leste and the shareholders of the joint venture participants,” she said.

East Timor Prime Minister Taur Matan Ratak said the agreement with ConocoPhillips would allow his government to proceed with discussions with other joint venture members on developing the resources.

Special representative Xanana Gusmao said ConocoPhillips and the other partners had always known of East Timor's preference to pipe the gas to East Timor's south coast.

ConocoPhillips had preferred processing Sunrise gas at the Darwin LNG plant it operates.

"We respect the Timor-Leste Government's preference to develop the Sunrise fields through a new greenfield, Timor-Leste-based LNG facility," ConocoPhillips' Australia-West president Chris Wilson said.

"While we differ on the proposed economic development option, we recognise the importance of Sunrise to the nation of Timor-Leste and hope the sale of our interest to the Government allows them to progress their vision for the development of Sunrise," Mr Wilson said.

The Sunrise and Troubadour gas and condensate fields, collectively known as the Greater Sunrise fields, are about 150km south east of East Timor and 450km north west of Darwin.

The sale price recovers ConocoPhillips' Sunrise project costs. The transaction is expected to close in the March quarter of 2019.

Aside from pre-emption rights, East Timor's purchase is conditional on receiving funding from the Council of Ministers and National Parliament, as well as regulatory approvals.

Credit Suisse said the deal valued Woodside's stake at about \$520 million.

"While Xanana Gusmao has a habit of proving the impossible possible, so we won't rule anything out, we remain sceptical of progress on Sunrise anytime soon," analysts Saul Kavonic and Peter Liu said in a research note.

"And we have doubts Woodside would be able to exit at a similar price point to what ConocoPhillips achieved, or that it would be a good idea for Woodside to participate in any development."

Wood Mackenzie analyst David Low said an onshore development in East Timor would require construction of a pipeline, liquefaction plant and associated infrastructure, and an offshore platform to collect condensate.

"We believe the key onshore project risk is the construction of a greenfield LNG project in a country that has historically lacked large-scale infrastructure projects," Mr Low said.

"The next step is for the project to put forward a viable development plan that all the project participants would be willing and happy to commit to."