CANBERRA -(Dow Jones)- The Australian Government will assess any development plan proposed by a joint venture led by Woodside Petroleum Ltd. (WPL.AU) for the Sunrise gas field, which straddles a northern maritime border with East Timor, a spokesman for Resources and Energy Minister Martin Ferguson said Thursday.

No development proposal has yet been received by the government, he said.

Woodside was to have decided by Dec. 31 if it would process Sunrise gas through an expansion of ConocoPhillips' (COP) existing liquefied natural gas plant at Darwin, or from a floating LNG facility over the Sunrise field.

Woodside needs approval from the East Timor and Australian governments to develop the gas field. East Timor wants the gas to be piped onshore and processed in its country.

But Australia is committed to development of the field under the terms of the revenue-sharing Timor Gap Treaty.

"The Australian Government remains committed to the Treaty and the processes outlined in it for dealing with any different views on the development proposals put forward," the minister's spokesman said.

East Timor Secretary of State Agio Pereira said Wednesday that proposals from Woodside to pipe gas from the Sunrise field to either Darwin or a floating LNG processing facility wouldn't be approved by the government because "commercial viability" is unclear.

"The 500-kilometer pipeline to Darwin from the development in the Timor Sea of Bayu Undan was one of the most expensive in Northern Territory history...(and these costs) ultimately affect profit margins for all stakeholders," Pereira said in a press release.

East Timor wants to create a petrochemical sector on its shores to create jobs and spur the economy. But Woodside has ruled out landing the gas in East Timor, citing greater costs and the technical risks in having to build a pipeline across a deep ocean trench known as the Timor Gap.

But it probably doesn't have the capacity under the treaty to unilaterally reject a development proposal.

Containing more than 5 trillion cubic feet of gas and associated condensate, Sunrise was discovered more than three decades ago. But its location in the Australia and East Timor joint petroleum development area has frustrated several previous development attempts.

Under the treaty, the Woodside joint venture is required to develop the gas "to the best commercial advantage, consistent with good oil field practice," the company said.

"Woodside and its joint venture participants are finalizing a development theme selection that will accord
with key treaty requirements," it said.

Woodside's Sunrise partners are ConocoPhillips, Royal Dutch Shell (RDSB.LN) and Osaka Gas Co. Ltd. (9532.TO).

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(END) Dow Jones Newswires

January 14, 2010 03:50 ET (08:50 GMT)

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