Woodside’s development plans will not be approved for Greater Sunrise

The Spokesperson of the Government of Timor-Leste, Secretary of State Ágio Pereira, confirmed the current proposed plans of Woodside and the consortium partners to pipe gas from the Greater Sunrise field to either Darwin or a floating LNG would not be approved by the Government of Timor-Leste because commercial viability was still in question; putting an end to the conjecture as to any impending announcement Woodside intends to make on developing the field.

Pereira noted that the Government was mandated to uphold the terms of the Timor Sea Treaty and the Government did not have confidence in Woodside’s current assessment of the proposed development options.

Concerns had mounted after results from a feasibility study on the development of Greater Sunrise conducted jointly with the Malaysian company Petronas and other studies commissioned by the Government from independent evaluators revealed conflicting results to Woodside’s original assertions.

There are also doubts as to whether the commercially viability and technical feasibility of the Timor-Leste option had been properly assessed given the risks associated with Woodside’s proposed options; risks inherent to shallow water, long distant pipelines with further concerns as to physically adverse conditions inherent to floating LNG’s which could compromise the capacity of production.

The Timor-Leste pipeline option had been eliminated unilaterally by Woodside without proper due assessment.

There also has been much speculation on why a commercial operator would divest the Timor-Leste pipeline option protected in deep waters; which is 300klm shorter in distance, minimizing the quantitative risks.

Cost is another factor the Government believes should be more thoroughly scrutinized in assessing each option for development of Greater Sunrise. The 500klm pipeline to Darwin from the development in the Timor Sea of Bayu Undan was one of the most expensive in Northern Territory history; costs which ultimately affect profit margins for all stakeholders.

Negotiations on Greater Sunrise had all but ceased shortly after Woodside announced its development plans eliminating the Timor-Leste option. Despite the Government’s position to uphold the terms of the treaty while continuing efforts to present real commercial concerns associated with Woodside’s proposed development plans, Woodside has maintained publicly that negotiations with the Government were proceeding according to plan.

Secretary of State Pereira noted “The executives of Woodside have underestimated the Government’s priority in ensuring that the resources owned by the people of Timor-Leste are properly managed. We have gone to extraordinary lengths to properly evaluate, investigate, assess and reassess the merits of the Timor-Leste option; we do not believe Woodside has
acted on the same accord. While the Government will continue to act in good faith with our partners; the decision for development of Greater Sunrise will not be left to the discretion of Woodside’s executives.’

“The development of Greater Sunrise and approval of development plans thereof will be based on the option which will most effectively contribute to the development of Timor-Leste and benefit the livelihood of our peoples.” ENDS

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