

News

Phillips Petroleum (91-12) Pty Ltd
Bayu-Undan Gas Recycle Project
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JOBS AND REVENUE ALREADY FLOWING FROM BAYU-UNDAN

PERTH, Sept. 25, 2002 - The initial installation phase of the Bayu-Undan Gas Recycle Project - to be completed this month - has already provided the people of East Timor with new skills, new jobs, stimulated new investments, and provided revenue to the East Timor Government.

The President of Phillips Petroleum (91-12) Pty Ltd, Dr Stephen Brand, said that a total of 49 East Timorese have been employed offshore and a further 11 are employed in a range of onshore support roles.

Dr Brand, who recently accompanied East Timor's Prime Minister Mari Alkatiri, Finance Minister Maria Madalena Boavida Brites, and Transport and Communications Minister Ovidio Amaral, on their first visit to the Bayu-Undan field in the Timor Sea, said that plans to train and employ more East Timorese, including veterans, will go ahead once the necessary regulatory framework is completed.

"To confidently make the necessary investments to proceed, the Board of Directors of ConocoPhillips* and the boards of our Bayu-Undan co-venturers, need to have the Timor Sea Treaty ratified and the regulatory framework and fiscal stability completed by East Timor's Government and Legislative Assembly at the latest by the end of this month (September)," Dr Brand said.

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“The sooner that framework is completed, the sooner more significant benefits from Bayu-Undan start flowing to East Timor.”

Dr Brand said that ConocoPhillips plans to spend \$US 2 million through March 2004 in training East Timorese to work on the project and a further \$US 500,000 per year for the next 10 years to provide additional on the job training.

Meanwhile, ConocoPhillips' contractors have spent more than US\$100,000 in providing East Timorese with training ranging from English language courses to basic first aid, and from firefighting and helicopter and water survival to seaman qualifications. Another contractor estimates it will spend approximately US\$120,000 in training 30 East Timorese in the offshore completions phase.

Dr Brand said that while the number of direct jobs with ConocoPhillips and its contractors is limited, revenue for the government and local businesses is just as important.

“The government levied approximately US\$20,000 in import duty for a communications system for the CHC Helicopters base in Dili and a monthly bill of US\$5,600 has been flowing into government coffers from the departure tax levied on the offshore crew departing for the rig and for Darwin or other overseas destinations.

“As well, the helicopter operator is spending about US\$65,000 per month in accommodation in Dili for its flight and engineering crews and in payments to local sub-contractors and labour, and other local services.”

Dr Brand said the employment and business activity generated is in line with the company's determination of seeing the Bayu-Undan project as a partnership between East Timor and ConocoPhillips.

“What is needed now is for the East Timor and Australian governments to ratify the Timor Sea Treaty and approve the associated tax and fiscal stability legislation,

abandonment provisions, gas valuation and gas development plan, so that, together, we can stimulate new investment and employment and provide secure revenue for the nation.”

“ConocoPhillips plans on being a long-term partner with East Timor for many years. I am very confident that it will be beneficial for all of us.”

* On August 30, 2002, Phillips Petroleum Company, parent company of Phillips Petroleum (91-12) Pty Ltd, and Conoco Inc. merged to form ConocoPhillips.

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NOTES TO MEDIA:

Photo 1 - Dr Stephen Brand, President of Phillips Petroleum* (91-12) Pty Ltd, and East Timor’s Prime Minister Mari Alkatiri, Finance Minister Maria Madalena Boavida Brites, and Transport and Communications Minister Ovidio Amaral, Bayu-Undan with East Timorese workers.

Photo 2 - Finance Minister Maria Madalena Boavida Brites, President of Phillips Petroleum Dr Stephen Brand, Prime Minister Mari Alkatiri, Transport and Communications Minister Ovidio Amaral, and an East Timorese worker at one of the Bayu-Undan platforms in the Timor Sea.