

[OIL & GAS](#) / [ASIA](#)

## East Timor eyes oil bonanza as historic exploration well spudded

Australian company Timor Resources has spudded the first onshore well in East Timor in more than 50 years as the Southeast Asian nation, also known as Timor Leste, hopes for an oil bonanza.

28/10/2021, 3:45 am

By [Damon Evans](#)



Suellen Osborne, chief executive of Timor Resources

Australian company Timor Resources has spudded the first onshore well in East Timor in more than 50 years as the Southeast Asian nation, also known as Timor Leste, hopes for an oil bonanza.

---

Yesterday, the Prime Minister of East Timor, Taur Matan Ruak, officially launched drilling of the Feto Kmaus well in production sharing contract (PSC) TL-OT-17-08 in Suai.

“The onshore prospectively of Timor has long been talked about and at last we begin drilling modern exploration wells, safely and efficiently, in pursuit of a brighter future for Timorese people,” Suellen Osborne, chief executive of Timor Resources, part of diversified manufacturing and engineering company Nepean Group, said today on LinkedIn.

Timor Resources and its 50:50 joint venture partner, state-backed TimorGAP, signed the PSC in 2017. Since then, operator Timor Resources, has shot new seismic and based on the data acquired has identified two target drilling locations – Feto Kmaus and Liurai.

Timor Leste regulator ANPM said the drilling campaign is the first onshore East Timor in more than 50 years. It also marks the first well to be drilled onshore Timor after the country gained its independence in 2002 following the Indonesian occupation. All historical wells in onshore area of East Timor were mostly drilled during the period between 1960s and 1970s, and showed potential for onshore petroleum system, according to ANPM.

“A commercial discovery in the onshore Timor-Leste will bring a greater benefit to the country and the Timorese people, it will also open up the door for further petroleum exploration in onshore Timor-Leste,” said ANPM.

## Oil Bonanza?

Consultancy Netherland Sewell, which carried out an independent assessment of potential reserves for Timor Resources, previously estimated the privately-owned Australian company is sitting on 127 million barrels of potentially recoverable oil onshore East Timor.

At \$60 per barrel, 127 million barrels, would sell for a total of around \$7.6 billion.

Over the past hundred years, many onshore oil explorers have gone to East Timor and left empty handed. But Timor Resources previously said it had gathered all the historical data and pieced it all together with modern technology, to identify four different play types.

In 2018, the company said that it was realistically targeting 58 million barrels of recoverable oil. At \$60 per barrel this would net some \$3.5 billion in revenue. But that is before any development and production costs are deducted.

As part of the production sharing contract (PSC) signed with regulator ANPM the company will recover its costs first. Then, after government royalties, taxes and

operating costs are paid on any potential oil production, the remaining petroleum profit will be split 50:50 with TimorGAP.

Any significant oil discovery would provide a welcome windfall for East Timor, which has been heavily reliant on revenues from oil and gas. But production from its sole producing field Bayu Undan is waning and operator Santos expects to shut down the field within a couple of years.