

East Timor's last chance for Greater Sunrise

By [Damon Evans](#) 17 July 2017



Greater Sunrise gas could be used to backfill the Darwin LNG plant in northern Australia. (ConocoPhillips)

The result of looming parliamentary elections in East Timor may spur politicians to secure a deal to develop the Greater Sunrise gas fields, as potential investors accelerate plans to backfill the Darwin LNG plant from alternative fields. But development of Greater Sunrise remains stalled by the ongoing boundary dispute with Australia, which will stay unresolved until after the elections.

On 13 July, ConocoPhillips said the owners of Darwin, which include Santos, Inpex, Eni and Tokyo Gas, are assessing several options to backfill the LNG plant at Wickham Point from 2023, when the current offshore gas supply from the Bayu-Undan field is expected to be exhausted. But the United States-based major believes its proposed Barossa project off northern Australia is the leading candidate to backfill the plant's sole 3.7 mtpa train.

"The first field to go to Wickham Point will kill any subsequent project in the area in the foreseeable future. There is so much competition in the region that a relatively small gas field such as Sunrise will become irrelevant, except [...] to reuse existing LNG equipment," Jeffrey Feynman, an independent oil and gas consultant, told *Interfax Natural Gas Daily*.

If a second LNG train needs to be built for Sunrise at Darwin the overall cash flow from Sunrise would drop from \$20 billion – if it were developed as backfill – to \$11.5 billion, assuming the existing infrastructure were re-employed by Barossa, while tax paid to East Timor would fall from \$8.5 billion to \$4.5 billion, according to Feynman.

East Timor has long advocated the development of Greater Sunrise on its shores, which Dili claims would provide greater economic benefits, rather than allowing the gas to be piped to Australia. Industry experts told *Interfax Natural Gas Daily* it would cost at least \$16 billion to develop Greater Sunrise, which straddles both East Timorese and Australian waters, in East Timor. However, it would cost only around \$4 billion if the gas were used to backfill an existing facility, such as Darwin, in northern Australia. The ongoing maritime boundary dispute with Australia, as well as the breakdown in talks with project operator Woodside Petroleum, has seen [investment plans for Sunrise shelved](#).

Maritime boundaries

East Timor and Australia remain engaged in a UN-backed conciliation process to resolve their differences over maritime boundaries. An agreement will be needed before the development of Greater Sunrise can begin.

However, the conciliation commission will release only its findings on 19 September – rather than a binding decision – which will provide the basis for ongoing negotiations. A resolution will depend on whether both sides have been able to reach a compromise, Rebecca Strating, an expert in Southeast Asian politics at La Trobe University in Australia, told *Interfax Natural Gas Daily*.

Taking a tough stance against Australia and delineating a permanent maritime boundary form part of the pledges made by all political parties ahead of the parliamentary elections on 22 July. But the results of the negotiations have been conveniently scheduled for after the election results are in, Clinton Fernandes, professor of international and political studies at the University of New South Wales in Canberra, told *Interfax Natural Gas Daily*.

Once a new government has been formed, the power brokers in Dili can change the narrative surrounding the boundary negotiations and Sunrise, said a Dili-based political analyst.

“The Timorese will take a deal, get as much royalties as possible by agreeing to piping Sunrise gas to Darwin and forget about the maritime boundary. So the story goes for now,” said a source close to the UN-backed conciliation proceedings between the two nations, who declined to be named.

“Let’s hope the Barossa announcement is only bait for East Timor, although the fields are shallower than Sunrise and free of political impediment. The fields belong to ConocoPhillips and Santos, already partners at Bayu-Undan. I wouldn’t blame them for giving Barossa preference,” said Feynman.

If East Timor does not soften its stance on Greater Sunrise – allowing the gas to be quickly developed in Australia – the country could be [bankrupt within 10 years](#), as it has no clear plan to replace revenues from declining production at Bayu-Undan, which is expected to run dry by 2022.

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