

The sensible development option for Sunrise

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Regarding the development of Sunrise, we read reports of the battle between the supporters of a pipeline to Timor on one hand, and a pipeline to Darwin on the other. Although the latter option is by far the better of the two for both parties, it is surprising that no one publicly states that for the time being the best option overall, by far, is no pipeline at all. It is quite certain that this would be the option favored by Woodside.

The obvious best option is to develop as soon as possible the field offshore for the production of liquids only (condensate and LPG if present), and have the natural gas re-injected underground, as it would be anyhow, until a later time when an educated and sober decision is made about the pipeline.

The rationale is that developing the project offshore has only advantages, since:

- a. the capital required for producing liquids offshore is considerably lower than for producing natural gas either offshore or onshore;
- b. the return on investment for producing liquids offshore is considerably higher than for producing natural gas;
- c. producing liquids offshore is considerably less risky, both technically and financially, than producing natural gas either offshore or onshore;
- d. in the production of offshore liquids natural gas is re-injected underground anyhow, whether it is later exported or not; development of the field, whether natural gas is exported or not, has to be staged anyway;
- e. natural gas can remain in the reservoir until the whales come home, at a time when a gas production plan is devised and built, including, years from now, in Darwin;
- f. there is no rationale nor justification for East Timor to refuse a staged development, similar to Bayu Undan's, where the decision to pipe natural gas was made quite a long time after the decision to produce liquids had been planned and financed.

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