

East Timor finds evidence to resist Woodside gas plan

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A HIGH-STAKES battle taking place between East Timor and Woodside Petroleum over the Greater Sunrise oil and gas field is set to escalate after a US company's survey of 45,000 square kilometres of the Timor Sea.

The president of Houston-based DeepGulf, Mark Mozkowski, says the survey will provide evidence to back East Timor's demand that Woodside build a liquefied natural gas plant on the half-island country.

"At the moment it looks pretty feasible," Mr Mozkowski said, referring to a pipeline from the field to East Timor.

Woodside has ruled out building a pipeline, partly because of a 3400-metre deep gash in the ocean floor, known as the Timor Trough.

But Mr Mozkowski said his company's survey shows the trough's walls are not as steep as previously thought.

"There isn't much of a slope at all, contrary to what other people say," Mr Mozkowski told *The Age* in the East Timorese capital Dili.

He said the only data previously made public about the trough was "soft and sloppy" material obtained from satellite images.

DeepGulf has had three survey boats operating in the waters off East Timor since June. Mr Mozkowski said the survey would be completed by January and then a report prepared on the results.

DeepGulf was commissioned to do the survey for the East Timorese Government and a consortium of South Korean companies.

East Timor's leaders have recently hardened their rhetoric over their demand for the plant on its shores, even threatening to block the \$14 billion project rather than yield to Woodside's terms.

The country's President, Jose Ramos Horta, told the Northern Territory Parliament this month that he "would prefer to forgo Greater Sunrise than surrender to the dictates of a bunch of oil executive millionaires".

Woodside this year declared it was considering only two options for Greater Sunrise, which contains about 300 million barrels of light oil and 8.3 trillion cubic feet of natural gas — piping and processing the gas in Darwin where ConocoPhillips, one of Woodside's partners in the venture already, has a processing plant; or building a floating plant in the Timor Sea.

Tensions over the field rose when East Timor recently signed a memorandum of understanding that gives South Korea preferential access to the gas, the first time East Timor has made a gas supply contract with a foreign country since it became independent in 2002. But under the Greater Sunrise agreements, Woodside and its partners retain the right to market the gas.

A spokesman for Woodside said the company will "progress the concept which develops the Greater Sunrise reservoir to the best commercial advantage, consistent with good oilfield practice".

Under the agreements, East Timor will receive 50 per cent of government upstream revenues generated from Greater Sunrise.

"This provides a long-term, stable and significant cash flow to Timor-Leste (East Timor)," the spokesman said.

Jose Teixeira, a former minister who played a key role in the Greater Sunrise negotiations, told *The Age* that the benefits for East Timor were too great for the field not to proceed.

Unless a development plan is in place by 2013, the deal can lapse.

Mr Ramos Horta told the NT Parliament that his country would soon appoint a senior negotiator for Sunrise: "We are ready to study and analyse all options, to talk and explore ideas and arrangements that are mutually beneficial."

But he also signalled East Timor was ready to continue to resist Woodside. "My people are poor and have been victimised for too long. You are rich and powerful. So I have to side with my country and people who are weaker and poorer."

<http://www.woodside.com.au>