

'Fresh start' needed on Sunrise LNG: Woodside CEO



by [Angela Macdonald-Smith](#)

Woodside Petroleum chief executive Peter Coleman has called for a fresh start on deliberations around the commercial development of the valuable Sunrise gas field in the Timor Sea, although is still ruling out an investment in an onshore LNG plant in Timor-Leste.

Mr Coleman said an LNG investment there, as stipulated by the Timor-Leste government, wouldn't meet Woodside's hurdle rates for investment, but there still may be a way the company could participate in such a project.

The 5.13 trillion cubic feet Sunrise gasfield has remained undeveloped for years, stalled by disagreement over how it should be developed and by the renegotiation of the maritime border between Australia and Timor-Leste.

The signing of a treaty between the two governments in March in New York opened the door for movement on Sunrise. But the option of floating LNG, once favoured by the Sunrise partners, is not allowed under the deal, while a more recent push for the Woodside-led venture for the field to be developed in Darwin is opposed by Timor-Leste.

"In my view, we just have to clear the decks of all the burden of all of the past negotiations and just start completely afresh and say, today, what would we do?" Mr Coleman said in an interview.

Quizzed on his view on the once-favoured option of floating LNG, Mr Coleman said what Woodside wants wasn't the issue given the resource is owned by the Timor-Leste and Australian governments.

"The reality is, it's not what we want," he said.

"At the end of the day we are not the resource owner, so you can butt your head against the wall for as long as you want but keeping doing that is not going to get you a different outcome.

"The two governments are the resource owners and certain development concepts have been provided over time, and one of those parties has continued to reject those proposals."

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The field, which also holds 226 million barrels of oil-like condensates, is partly owned by Shell, ConocoPhillips and Osaka Gas. It could have been an option for supplying gas to Conoco's Darwin LNG plant to replace declining gas supplies from the Bayu-Undan field. But the Conoco-led Barossa gas venture, which includes Santos, has now jumped in front as the primary candidate to supply replacement gas to Darwin LNG, with the partners starting engineering and design work on the project in April.

Mr Coleman said the Sunrise venture has yet to re-engage on discussions over development concepts for Sunrise as they await an agreement between the Australian and Timor-Leste governments on the fiscal terms that will apply.

Initial engagement on that is "imminent", he said, noting assurances from both sides that the terms that apply will be no worse for the venture partners than under the previous framework.

"Each venture partner has a fairly firm view around what they think the right option will be: we haven't re-engaged as a venture since the push for Darwin was not accepted and so what we want to see is, just show us what these fiscal terms look like and then you'll start to see the Sunrise venture start to re engage," he said.

"At this point each house is forming their own view as to what an acceptable development option would be."

Mr Coleman said any project would "have to be fiscally something that we can invest in" and signalled onshore LNG in Timor-Leste wouldn't fit the bill, while leaving the door open to other arrangements.

"If there was an onshore development in Timor then we would not be an investor in that because those returns would certainly not meet our economic hurdles," he said.

"But there may be certain arrangements in place that would allow us to participate. That's a little way off but there are some models out there that allow those things to happen," he said, while underlining that was Woodside's own view rather than a Sunrise venture approach.

The Production Sharing Contract covering Sunrise on the Timor-Leste side expires in 2026, while the Australian retention leases covering the Australian part of the field will continue to be renewed every five years, Mr Coleman said.

"At this point I would say just watch this space," he said.