

Timor too hard for Timor Sea JV

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A JOINT venture led by Oilex has moved to relinquish a production sharing contract in the Timor Sea due to the ongoing uncertainty surrounding the Certain Maritime Arrangements in the Timor Sea treaty.

Oilex has written to the Timor-Leste authority seeking to terminate the PSC by mutual consent.

It said in a statement late Friday that its concern was the outcome of an ongoing stoush between the Australian and Timor-Leste governments over the CMATS treaty.

In May Timor-Leste alleged Australia had engaged in espionage during negotiations covering the 2006 CMATS treaty.

The CMATS treaty governs the split of revenue from the Greater Sunrise field, which straddles both nations borders.

The treaty lapsed in February, with either side now able to cancel the treaty at their election.

Timor-Leste is now arguing that CMATS is invalid because it alleges Australia did not conduct the CMATS negotiations in 2004 in good faith by engaging in espionage.

Oilex said it was both the uncertainty over the espionage charges and how they might affect the CMATS treaty, as well as the prospect of either side cancelling the treaty that led the JV to ask for termination of the JPDA 06-103 PSC.

In a situation where sovereign nations seek to resolve issues related to international boundaries, it is in the best interest of all parties to allow such matters to run their course, Oilex managing director Ron Miller said.

He told *EnergyNews* that Oilex still viewed the geology of the PSC as attractive, if not the treaty around it.

As acreage we still think its quite attractive but obviously the circumstances under which we entered the permit are significantly different from those today, Miller said.

Private capital needs not only the geology, it needs the certainty on the government side and we dont think its quite possible to have that confidence when the treaty underpinning the PSC is up in the air.

Miller said Oilex would more than likely have been looking for an exit from the PSC anyhow given the companys renewed focus on onshore unconventional activities, but a farm-out could have been on the cards.

No doubt selling the equity could have been an option for us, but I think it would have been a hard sell given the uncertainty there, he said.

Through seismic, the JV had delineated the Bazartete prospect, which Oilex estimates has a mean unrisks prospective resource of 70 million barrels of oil with a 23% chance of success.

JV partners include Japan Energy, GSPC, Videocon, Bharat PetroResources and fellow Australian Securities Exchange-listed Pan Pacific Petroleum.

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