

East Timor PM rejects Woodside's FLNG plan

KIM CHRISTIAN AAP FEBRUARY 20, 2015 3:02PM

EAST Timor's new prime minister has rejected Woodside Petroleum's plan to process gas offshore, leaving the \$17 billion Sunrise project dead in the water.

RUI Maria de Araujo, who was sworn in to the fledgling nation's top job on Monday, has also outlined his unity government's priority to draw new maritime boundaries with Australia.

Woodside Petroleum this week shelved plans to develop the Sunrise gas field off East Timor, citing regulatory and fiscal uncertainty in relation to the five trillion cubic feet resource.

The energy giant's move has put pressure on East Timor to consider using floating LNG technology or run the risk the project will not be built.

But Mr de Araujo has reiterated his predecessor Xanana Gusmao's demands that the gas be processed on East Timor's south coast and said his country will not consider a floating LNG option.

"The pipeline to Timor-Leste has been proven to be economically and technically viable and will be used when Greater Sunrise is developed," a spokesman for Mr de Araujo said in a statement to AAP.

He also confirmed the East Timorese and Australian governments are in confidential discussions on the issue of boundaries.

East Timor and Australia have been unable to agree on development plans and tax revenue for the Sunrise gas field which lies in the Joint Petroleum Development Area, jointly administered by the two nations.

Australia's northern neighbour has previously said the longstanding CMATS treaty covering the Sunrise resource was invalid, casting uncertainty over the agreement to equally share royalties between Australia and East Timor.

Drawing a permanent boundary could shift the resource into East Timorese territory.

The prime minister's office said East Timor was now seeking to "properly settle its maritime boundary with Australia".

"Timor-Leste has been blessed with a world class gas reserve in an area which will lie within its maritime boundary once delimited under international law," the spokesman said.

There was no doubt that Sunrise would be exploited in the coming years and the best way to achieve long-term fiscal certainty and an optimal investment environment was to draw the boundary line, he said.

Woodside chief executive Peter Coleman on Wednesday said regulatory and fiscal uncertainty meant his company could not offer Sunrise to buyers as a viable project.

Perth-based Woodside is cutting investment expenditure by 20 per cent and cutting more than 300 jobs.

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