



Timor Sea Designated Authority

for the Joint Petroleum
Development Area

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Release of Petroleum Exploration Areas

2005

FOREWORD

The Timor Sea Designated Authority for the Joint Petroleum Development Area is pleased to announce the release of exploration acreage available for application. Production Sharing Contracts will be offered to successful applicants based on a Work Program bidding system. This is the first such release since the Timor Sea Treaty entered into force in April 2003.

The Joint Petroleum Development Area (JPDA), established under the Timor Sea Treaty, lies geologically in the Northern Bonaparte Basin which is a proven petroliferous province containing several major oil and gas fields. Within the JPDA, technically recoverable reserves of more than 5 trillion cubic feet of gas, and 500 million barrels of oil, condensate, and LPG's have been proven to exist, and the majority of these reserves are currently being developed.

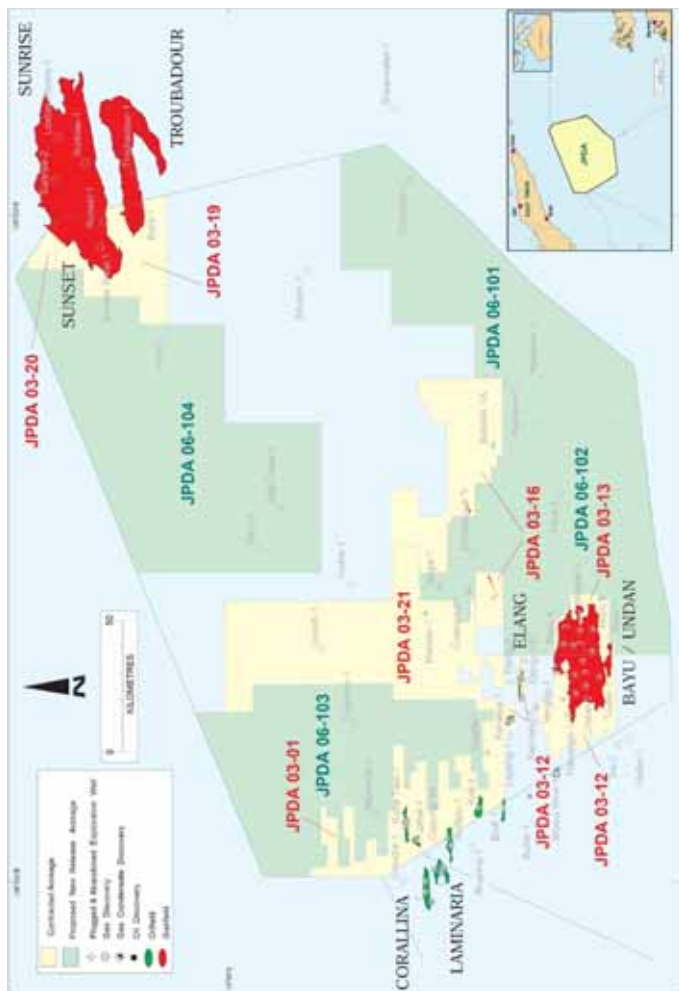
Four Production Sharing Contract areas are being offered, ranging in approximate size from 3,770 square kilometres to 5,770 square kilometres, lying in water depths of 70 metres to 1,000 metres. Each of these areas is uniquely attractive. Two areas contain gas discoveries, one area lies near two oil fields currently proposed for development, and one area lies adjacent to a giant undeveloped gas field.

The Timor Sea Designated Authority invites petroleum explorers to apply for Production Sharing Contracts in any or all of the areas offered. Detailed information for applicants is available in the enclosed compact disk. In summary, the Timor Sea Designated Authority offers the following essentials : a petroliferous province, development infrastructure, and proven professional administration.

The closing date for applications is 5 PM on Friday 26th May, 2006.

We look forward to your participation.





WHY EXPLORE IN THE JPDA?

PROVEN PETROLIFEROUS PROVINCE

The Joint Petroleum Development Area (JPDA) is a proven petroliferous province. Of the 47 wells drilled into 34 prospects, 9 exploration wells discovered (and 13 appraisal wells confirmed) accumulations of hydrocarbons with commercial significance ranging from marginal to very high.

Proven recoverable reserves are as follows:

- 50 Million barrels oil (Elang, Kakatua, Kakatua North, Jahal, and Kuda Tasi)
- 460 Million Barrels of Condensate & NGL's (Bayu-Undan and 20.1% of Sunrise & Troubador)
- 5.7 Trillion Cubic Feet of gas (Bayu-Undan, 20.1% of Sunrise & Troubador, and Chuditch)

Oil production commenced in 1998 at the Elang/Kakatua Oil Fields with initial rates of 35,000 barrels per day, and these fields are still producing. Condensate and LPG production commenced in 2004 at the Bayu-Undan Gas/Condensate Field, and the gas recycling facilities are current processing up to 110,000 barrels of liquids per day, with the resultant lean gas being reinjected and stored for future export. Gas export from Bayu-Undan to the Darwin LNG plant is expected to commence in the first half of 2006.

EXISTING INFRASTRUCTURE

Until recently, the nearest facilities were located hundreds of kilometres from the JPDA. Now there are multi-platform facilities at Bayu-Undan, and a gas pipeline to Darwin. There are also FPSO's at Elang/Kakatua/Kakatua North, and at Laminaria/Corallina, adjacent to the west of the JPDA. Future gas projects such as Sunrise/Troubadour will also require platform facilities and an additional pipeline to shore.

PROVEN ADMINISTRATIVE TRACK RECORD

The Timor Sea Designated Authority (TSDA) has consistently demonstrated professional maturity in the administration and regulation of Production Sharing Contracts and associated activity in the JPDA. Assessing, processing, and turnaround of submissions for approval, is second to none in comparable regimes elsewhere. Although the TSDA is both a contract participant and a regulator, a team has been established and dedicated to handling safety and environmental regulatory issues, and that role is of paramount importance. In applying regulatory vigilance, a firm but cooperative relationship with all participating companies is steadfastly maintained in accordance with best practice. This does not detract from the TSDA's commitment to maximise the financial benefit to the Contracting States, and (with the support of the Joint Commission) is favourably inclined to consider mutually beneficial creative solutions to honour those commitments.

LEGAL REGIME

The TSDA, after extensive consultation with the Governments of Australia and Timor-Leste, industry and other stakeholders, has recently developed a new legal regime for the development of JPDA petroleum resources. Consistent with the Timor Sea Treaty, the regime comprises the JPDA Petroleum Mining Code and a model Production Sharing Contract.

The TSDA will award a PSC to the successful bidder for each contract area based on competitive work program bidding. The contract can be entered into between explorers operating individually or jointly and provides exclusive rights to develop petroleum resources within the contract area.

The PSC requires a minimum work obligation but also provides flexibility by recognising the need for retention periods to allow appraisal of resources and to develop markets for gas.

If a commercial discovery is made by an explorer, then subject to the approval by the TSDA of a development plan, the PSC will be extended by up to 25 years.

FISCAL REGIME

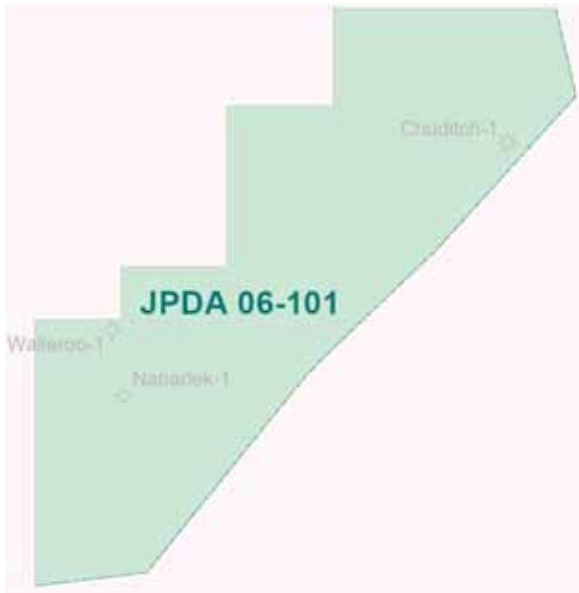
The fiscal regime was designed jointly with Timor-Leste's own petroleum regime and is similarly competitive and stable. The regime recognises a range of field types and sizes.

The main features include:

- royalty at 5% of gross production;
- Cost recovery with an annual uplift (US 30-year bond rate + 11%).
- Provision for recovery of abandonment costs.
- Sharing of production, 60 % to contractor and 40% to the TSDA after recovery of costs plus uplift.

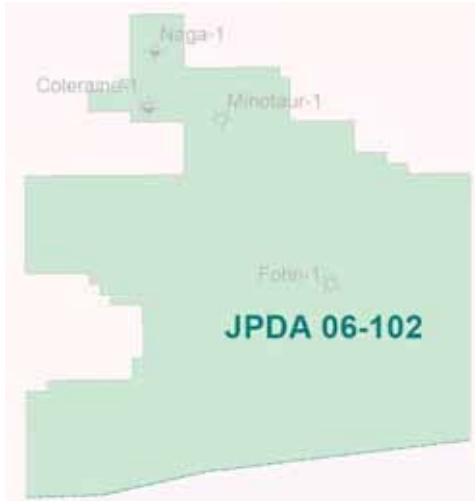
In addition, the Treaty recognises the right of the two governments to apply their own taxing legislation however provisions are also included to prevent double taxation.

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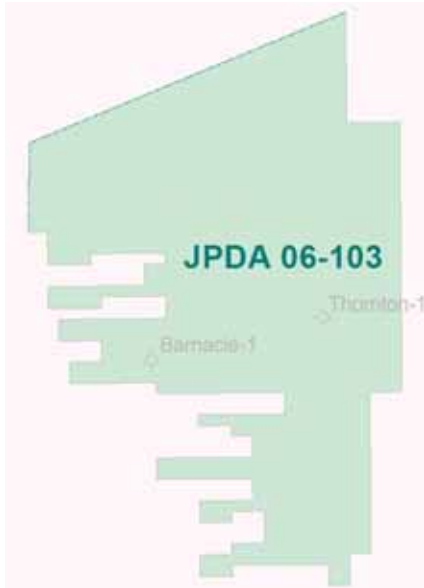
- Contains the Chuditch gas discovery (0.7 TCF of recoverable gas reserves, with some Carbon Dioxide contamination).
- Only three wells have been drilled in this area including Chuditch.
- Proven and potential Mesozoic and Permian plays.
- Untested structures likely to exist adjacent to Chuditch at depths of approximately 3,000 metres.
- Reasonably good, semi-detailed 2D seismic coverage across entire area.
- Excellent address – near the largest Gas/Condensate producing field, (including pipeline infrastructure), in the Timor Sea – the Bayu-Undan field.
- Water depths are generally less than 100 metres.

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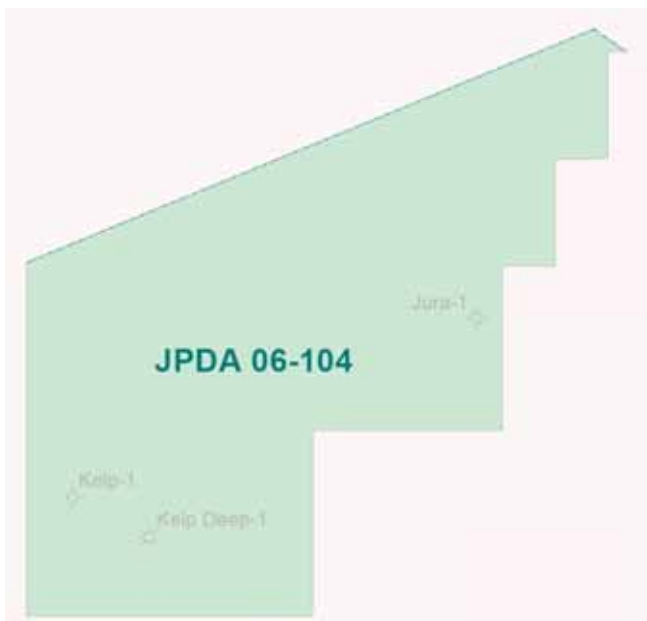
- Adjacent to the Bayu-Undan Gas/Condensate producing field.
- Proven Mesozoic oil and gas province. Possible Permian plays.
- Significant hydrocarbon shows from 4 wells drilled in the area.
- Depth to primary target zone generally less than 3,500 metres subsea.
- Good, semi-detailed 2D seismic coverage across entire area.
- Water depths are less than 120 metres.

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- Located near major oil & gas production fields and infrastructures in the region (Laminaria, Corolina, Elang/Kakatua oil fields, and Bayu-Undan Gas/Condensate field).
- Proven petroleum province.
- Plays include Permian to Jurassic fault blocks, drape and stratigraphic traps, and fluvio-deltaic to marine-shelfal sandstone with a Cretaceous seal.
- Probable untested structures exist, with targets less than 3,500 metres subsea.
- Adjacent to the Jahal and Kuda Tasi oil fields which are currently proposed for development.
- Good, semi-detailed 2D seismic coverage across entire area.
- Water depths are generally 130 metres or deeper.

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- Adjacent to the largest gas/condensate field in the Timor Sea, the Greater Sunrise Field (Recoverable Reserves of 7.6 TCF of gas and 300 MM barrels of condensate).
- Only three wells drilled in this area, including the Kelp Deep-1 Permian gas discovery.
- Significant hydrocarbon shows encountered in wells surrounding this area.
- Probable existence of untested structures.
- Play types include Permian to Jurassic fault blocks.
- The Aptian Unconformity is easily mapped, and is underlain by Jurassic Flamingo and Plover sandstones and overlain by Early Cretaceous seal.
- Depth to targets range from 2,050 – 5,000 m.
- Reasonable, semi-detailed 2D seismic coverage across entire area (including recent reconnaissance 2D).
- Water depths range from 200 to 1,000 metres.

BIDDING GUIDELINES

The TSDA is committed to the philosophy of openness and transparency.

Production Sharing Contracts will be awarded based on competitive work program bidding. The successful explorers will be those who commit to a thorough exploration program and are able to demonstrate technical competence and financial capability.

The PSC will include an agreed exploration work program and budget over seven (7) contract years, divided into three (3) commitments of 3 years, followed by two commitments of 2 years each. The first commitment is the minimum work program which will be allowed to explorers.



DATA AVAILABILITY

Seismic and Drilling Data Sets are available from one or more of the following:

Geoscience Australia

GPO Box 378
Canberra ACT 2601
Ph: +61 2 6249 9111
Fax: +61 2 6249 9999

Fugro Multi Client Services Pty Ltd

9 Richardson Street
West Perth WA 6005
Ph: +61 8 9321 4400
Fax: +61 8 9321 4401

Wiltshire Geological Services

13 St Andrews Avenue
Mount Osmond SA 5064
Ph: +61 8 8379 3246
Fax: +61 8 8379 7732

Energy and Mineral Resources Directorate

Fomento Building, 2nd Floor
Avenida de Alexio Corterial,
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Australian Seismic Brokers Pty Ltd ***Exploration Data Services Pty Ltd***

Unit 5, 171 Abernethy Road
Belmont WA 6104
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