

**The Secretary of State for the Council of Ministers and
Official Spokesperson for the Government of Timor-Leste
Ágio Pereira**



**November 9, 2010
Dili, Timor-Leste**

Timor-Leste extends a lifeline to Woodside

As Shell divested one third of its stock in Woodside overnight, the Government of Timor-Leste has extended an offer to fast track development plans for a pipeline from Greater Sunrise 150km to the South Coast of Timor-Leste. The Government has spent three years engaged in comprehensive analysis, assessments and plans to ensure the Timor-Leste option is the safest, most cost effective for stakeholders and shareholders with the most technically feasible route to maximize returns.

According to Business Spectator¹, Woodside's entire asset base is troubled. Woodside is the operator of Timor-Leste's Greater Sunrise development, which has, until recently, been delayed with non-compliance issues with Timorese regulators. Shell has cited simplifying its operations as a main reason for offloading its interests in Woodside, agreeing only to retain the remainder of shares for one year with exceptions including a takeover bid in the next twelve months or sale to a strategic third party of an interest greater than 3 per cent.

Shell and Woodside are part of a joint venture consortium in Greater Sunrise; and have been close allies in their development plans for Greater Sunrise; excluding the Government of Timor-Leste's interests despite their inability to do so in accordance with the Treaties.

In a 2003 report by Sea Power Centre Australia² regarding the status of Greater Sunrise it states "There are currently two proposals for development: linking the area to the planned subsea pipeline from Bayu-Undan, and also a Floating Liquid Natural Gas (FLNG) plant. Developments were awaiting the ratification of the Timor Sea Treaty by East Timor and Australia, finalized on 7 March 2003, and a decision determining whether development will proceed through onshore processing at Darwin or via FLNG processing should be made in the near future."

On page 11 the report states, "The current processing proposal preferred by the operators, Shell and Woodside, is a FLNG facility located offshore." The FLNG project had been scoped as far back as 1999. Six months after Timor-Leste became the world's newest nation article 4.22 in the Report 49³ stated Shell and Woodside were investing 11 million into FLNG technology for Greater Sunrise.

Plans were muted in 2008 when Timor-Leste established a world class active regulator, a different approach to what has become the normative role of regulators, who have become increasingly passive in balancing market solutions with oil and gas operators; leading to some of the world's worst environmental disasters in recent years. Timor-Leste is now leading the Asia Pacific region with best practice revenue management.

Communicate Magazine noted "Oil, gas and mining companies are being forced to come clean about their activities to the public, local communities, governments and regulators. In cases of controversy, their investors need to be kept in the loop as well. The role of stakeholder relations has become critical in the industry and the work of communications chiefs at these companies is now integral to their success in gaining licenses to operate in

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¹ Business Spectator, Supratim Ahikar, "Breakfast Deals: Wanting Woodside" 9 November 2010

² The Timor Sea Joint Petroleum Development Area Oil and Gas Resources; The Defence Implications, working paper number 1

³ Joint Standing Committee on Treaties, Timor Sea Treaty, November 2002

countries around the world. Their ability to engage with a wide variety of groups will help determine the future winners and losers in the extraction industry.”⁴

Unfortunately, Shell and Woodside have ignored issues of sovereignty and relations have been impeded between the operators and Timor-Leste.

The Government of Timor-Leste is now prepared to offer Woodside and its joint venture partners a progressive model for development of the field, setting a new global benchmark of best practice between operators and developing nations with a short distance pipeline direct to the South Coast of Timor-Leste.

Secretary of State Ágio Pereira noted “It is time to consider a multi-faceted approach to development of Greater Sunrise; to build up the south coast corridor with a view to a more enhanced regional security framework, to expedite and maximize returns for the shareholders and stakeholders of the JV partners and more importantly, the people of Timor-Leste and lastly to demonstrate that industry and sovereign nations can work within a new paradigm which is a necessity in these global conditions. **ENDS**

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⁴ Communicate Magazine October 27, 2010