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INQUIRY SUBMISSION: TREATY BETWEEN AUSTRALIA AND THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE ESTABLISHING THEIR MARITIME BOUNDARIES IN THE TIMOR SEA (TIMOR TREATY)

On behalf of the Sunrise Joint Venture (Woodside Energy Ltd, ConocoPhillips STL Pty Ltd, Shell Australia Pty Ltd and Osaka Gas Australia Pty Ltd, and relevant affiliates), I refer to the announcement on the Australian Parliament House website inviting interested parties to make a submission to the inquiry on the Timor Treaty.

Noting that on entry into force, the Timor Treaty will replace the existing Timor Sea Treaty and the International Unitisation Agreement related to Sunrise, and will establish a new framework for the development of the Greater Sunrise, the Sunrise Joint Venture thanks the Joint Standing Committee on Treaties for the opportunity to contribute to this process.

The Sunrise Joint Venture has productive working relationships with both Timor-Leste and Australia and a developed understanding of the potential for future production of oil and natural gas from Greater Sunrise to deliver economic and social benefits to all stakeholders involved. On this basis, and as part of an ongoing commitment to our stakeholders in Timor-Leste, the Sunrise Joint Venture continues to maintain an office in Timor-Leste and proudly supports a program of social investment through local partnerships in Dili and surrounding regions.

Background

The Sunrise and Troubadour gas and condensate fields, collectively known as the Greater Sunrise fields, are located approximately 150 kilometres south-east of Timor-Leste and 450 kilometres north-west of Darwin, Northern Territory. Discovered by Woodside in 1974, the Greater Sunrise fields hold contingent resources (2C) of 5.13 trillion cubic feet of gas and 225.9 million barrels of condensate.

Under existing International Unitisation Agreement arrangements, 79.9% of Greater Sunrise is located in Australian waters and is regulated by Australia under two Retention Leases NT/RL2 and NT/RL4. The remaining 20.1% of the resource is located in the Joint Petroleum Development Area and is covered by two Production Sharing Contracts, JPDA 03-19 and JPDA 03-20, which are administered jointly by Australia and Timor-Leste.

Entry into force of the new Treaty

On entry into force, the new Timor Treaty will place Greater Sunrise wholly in an area regulated and administered jointly by Timor-Leste and Australia called the Greater Sunrise Special Regime. The two-tiered regulatory structure will consist of a Designated Authority and a Governance Board.

Under the new Treaty, signed in New York on 6 March 2018, Australia and Timor-Leste agreed that as soon as practicable, the Designated Authority shall enter into the Greater Sunrise Production Sharing Contract under conditions equivalent to those in Production Sharing Contracts JPDA 03-19 and JPDA 03-20, and to

the legal rights held under Retention Leases NT/RL2 and NT/RL4 in accordance with Article 22 of the Timor Sea Treaty and Article 27 of the International Unitisation Agreement.


The Sunrise Joint Venture understands it is the intent of both governments to execute the Greater Sunrise Production Sharing Contract on or before the ratification of the new Timor Treaty. We welcome this approach as it will provide for the greatest level of stability and certainty during transitional arrangements.

The Timor Treaty has the potential to unlock Greater Sunrise, provided the Sunrise Joint Venture is given the fiscal and regulatory certainty necessary for a commercial development to proceed and our rights of ownership and operatorship are unequivocally preserved on equivalent terms. On this basis, the Sunrise Joint Venture remains committed to developing the Greater Sunrise fields.

The Sunrise Joint Venture stands ready to assist both governments during this period of transition and looks forward to entering into discussions on the Greater Sunrise Production Sharing Contract as soon as practicable.

Until the new arrangements are in place, the Sunrise Joint Venture will continue to honour its obligations under the existing Production Sharing Contracts and Retention Leases.

Regards



Richard van Lent
Senior Vice President Browse and Sunrise
Woodside Energy Ltd on behalf of the Sunrise Joint Venture