Terry Mills
Leader of the Opposition

$6.6m Sunrise project "likely to stall"

17 November 2004

The Territory's attempts to sell the seas off our coast to countries like Japan as a reliable source of gas has been dealt a blow with the $6.6 billion Greater Sunrise gas project teetering, CLP Leader Terry Mills warned today.

Mr Mills said he fears the worst after learning that an investor briefing has been told by Woodside's director of gas and commercial, David Maxwell that "the project is likely to stall."

"This would be a serious setback for the Territory and send out the worst possible message to potential gas investors considering business in the seas off the Territory coast," Mr Mills said.

"Investors in Japan are well aware of the gas potential of the Timor Sea but they view fiscal certainty as paramount, and if this can't be provided then they will quickly look elsewhere to other more reliable sources of supply."

"There is a very real risk that in a few weeks East Timor will not have a project and neither, sadly, will the Northern Territory."

Mr Mills said the new demands by East Timor that the Australian Government pay more than $2.6 billion in compensation for oil produced from Timor Sea fields since 1999, had further complicated negotiations on a maritime boundary between the two countries.

"As it is the project has been put in jeopardy by the demand that Sunrise partners Woodside and ConocoPhillips take the gas to East Timor rather than Darwin," Mr Mills said.

"Now there is a demand for $2.6 billion to be paid by the Australian Government in compensation. East Timor also wants the companies that invested in developing the Laminaria, Corallina and Buffalo oil fields to pay at least $600 million in compensation for royalties.

Mr Mills reiterated the CLP's position that basing all production of the Greater Sunrise oil and gas field in East Timor is not an option for the Northern Territory.

"Sunrise gas onshore in Darwin is the only option," Mr Mills said.

"Anything less would hinder our attempts to establish a gas industry here."

*See attached article*
SYDNEY, Nov 17 - Australia's Woodside Petroleum Ltd. <WPL.AX> said on Wednesday the A$6.6 billion ($5 billion) liquefied natural gas (LNG) project it operates in the Timor Sea would likely stall.

Woodside has said the project could not go ahead unless East Timor ratified a pact covering the Greater Sunrise development which lies in the Timor Sea.

Australia's parliament approved the pact earlier this year but East Timor's parliament is yet to ratify it.

"The project is likely to stall, that looks like the most likely scenario," David Maxwell, Woodside director of gas and commercial, told an investor briefing.

Woodside shares were trading up 1.35 percent at A$18.82 in early morning trade.

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