Chief Minister, Clare Martin, today confirmed that the prospect of Timor Sea gas coming on shore from the major Bayu-Undan field appeared more likely than ever, following a weekend meeting with East Timor Chief Minister, Mari Alkatiri.

"At that meeting Dr Alkatiri reassured me, and Resource Minister Paul Henderson, that the May 20 treaty signing between Australia and East Timor would remove all barriers and pave the way for Bayu-Undan oil and gas development," she said.

"Following our discussion with Dr Alkatiri, we are convinced that gas to Darwin from Bayu-Undan will proceed – something I'm sure Territorians will welcome.

"When we came to power last year this project was on its knees, due to differences between East Timor and Phillips - we have worked long and hard behind the scenes to encourage both parties to work together for mutual benefit."

The Territory Government held its talks with the East Timor Chief Minister following his Friday meeting with Federal Government Ministers Downer, Costello and MacFarlane.

"Importantly, all parties are now confident that remaining barriers to Bayu-Undan's development, including tax issues, can now be finalised," Ms Martin said.

"While we welcome this positive news about Bayu-Undan we will continue our campaign to bring gas on shore from this and the Sunrise field."

Ms Martin also said East Timorese and Australian leaders appear to have agreed upon a way forward regarding "unitisation" of the Sunrise field, governing the split between the two countries of the revenues from the field.

"All parties are working hard to finalise arrangements for Sunrise, and the fact that there are some outstanding matters should not cause major problems for the joint developers."

Ms Martin made her comments during the first day of the May sittings.