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# Timor-Leste Awards Two Onshore PSCs

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Timor-Leste's state-owned Timor GAP EP and Australian partner Timor Resources have signed two PSCs with government authorities covering onshore Blocks TL-OT-17-08 and TL-OT-17-09. The acreages lie in the country's southwest, where more than 60 of oil and gas seeps have been reported.

This is the first onshore exploration agreement the Timor-Leste government has signed with a foreign company.

Timor GAP and operator Timor Resources signed the PSCs with Autoridade Nacional do Petroleo e Minerais (ANPM), the country's national authority for petroleum and minerals.

According to a statement released by Timor Resources on April 7, Timor GAP has carried out extensive geological and geophysical studies in the area and estimates a hydrocarbon resource in excess of 500 million barrels.

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Timor Resources is an affiliate of Australia's Nepean Group and will hold 50% of the contracts.

The Australian company said exploration would begin immediately and that it would consist of 900 km of 2D seismic shot in 2018 over an area covering 2,000 square km.

"We have already identified multiple targets and play types," Timor Resources' exploration general manager, Mike Bucknill, said in the company statement. "Analysis of recovered oil confirms favourable characteristics of 25-35° API gravity and low sulphur (0.08%)."

The company plans to invest A\$150 million (US\$113.4 million) in exploration and development and bring production on stream within four years.

Timor GAP's president and CEO, Francisco Monteiro, said the contracts opened an opportunity "to explore the potential of the onshore prospects, which over the last four decades have seen little activities."

Minister of State Agio Pereira said exploration in the area was another effort by the government to diversify the country's economy through the "crucial" development of its oil and gas sector.

In December 2015, the Timor-Leste Ministry of Petroleum and Mineral Resources awarded Timor GAP an onshore PSC along the country's southern coast that Timor GAP subsequently divided into three separate blocks. Timor Resources has acquired a 50% participating interest in two of these, becoming the first independent party in more than 40 years to have rights to develop onshore oil and gas resources on the mainland.

The government has proposed a budget of US\$2 billion to be invested by 2021 in establishing a petroleum corridor along the country's southern coast in which a supply base, refinery, petrochemical plant, LNG plant and retail stations would be located. The project also calls for a new sea port at Tiban Bay.

Timor-Leste depends upon its offshore oil and gas operations to provide 80% of its gross national income and 95% of its total government revenue. However, it lacks sufficient capital to invest in

its hydrocarbon industry.

The country has been embroiled in a dispute with foreign companies and Australia over its offshore maritime border and earlier this year notified Canberra that it would terminate a 2006 treaty, which Dili claims is unfair, on April 10. The hydrocarbon resources in the Timor Sea are estimated to be worth A\$40 billion (US\$30.22 billion). The dispute has forced a halt to the development of the Greater Sunrise project in which Australia's Woodside, ConocoPhillips of the US, Royal Dutch Shell and Japan's Osaka Gas have been involved.

The Greater Sunrise field holds an estimated 5.1 tcf (144.43 bcm) of gas resources. Timor-Leste and the companies have agreed to negotiations about the field, but these are expected to be difficult and protracted.



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Any questions? Please get in touch

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