Member Country Report of Timor Leste/East Timor

Submitted by

Timor Leste Delegation

(For Agenda Item 3)
ANNUAL MEMBER COUNTRY REPORT

Country: TIMOR LESTE Period: 1 July 2008 - 30 June 2009

GEO-RESOURCES SECTOR

1. MINERAL PROGRAMME

Summary

The government of Timor Leste through Secretariat of State for Natural Resources, National Directorate for Geology and Minerals, has been preparing various program to be conducted over the next five years, the mineral sector remained one of the important sectors in the development of Timor Leste.

The Secretariat of State for Natural Resources is now preparing the Draft of Mining Law, while we are awaiting for the process to be approved by the National Parliament of Timor Leste also we are starting the geological mapping program of Timor Leste to be done in the next five years.

1.1. Annual Review of Individual Technical Activities

During 2008 -2009 the National Directorate for Geology and Mineral setting up a program for mineral activities under ministerial diploma signed 30th of June 2008 and for geological mapping. The program on geological mapping consists of:

- Complete a detailed geological survey of Timor Leste over the next four years,
- Build and develop trained team of Timorese geologist for continual exploration and research activities within Timor Leste,
- Conduct detailed geological field mapping,
- Compilation of geological maps (at a scale of 1:12500), respective cross sections and stratigraphic fence diagrams are produced.

The program of geological mapping is designed as follows:

1. The program will be split down into several project areas - 40km x 40km,
2. Each year a project area will be chosen for the focus of geological mapping and investigation,
3. The first project area has been pre-selected as an area of approximately 37 km x 37km, located within the district of Covalima,
4. The project area called TLGS-PA1 (Timor Leste Geological Survey - Project Area 1).
1.2. Proposed Future Activities

- Finishing the East Timor Mining Law process which includes the public consultation process, debates with relevant institutions with this program and advertising the result.
- Work together with mapping program team to do the survey.
- Build and develop trained team of Timorese for Mineral program and Geological Survey activities.

1.3. Assistance Required from CCOP/Other Member Countries in Support of Future Activities

- Sharing with us the good experience and the relevant information regarding the mineral activities and geological survey activities.
- Support East Timorese team to learn with you who have more experience in those areas.

1.4. Others Comments

Timor Leste is young country and has no experience in the mineral and geological survey activities. We have fought to have a good life for East Timorese people, and we will work hard to build and develop our country. For supporting our dream we really need to learn more from you, our colleagues, who have more experience in these areas.

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2. ENERGY PROGRAMME

2.1. Summary

Timor Leste is the world’s youngest nation. The country has considerable hydrocarbon resources, some of which have been established both offshore and onshore and there are great hopes to find new and significant hydrocarbon resources in previously unexplored areas.

The Joint Petroleum Development Area (JPDA), formerly ZOCA, is administered jointly between Timor Leste and Australia, with a revenue split 90/10. The petroleum activities in Timor Leste, are administered by the Autoridade Nacional Petroleum (ANP). It is an institution responsible for managing and regulating petroleum activities in Timor Leste’s exclusive jurisdictional areas and in the Joint Petroleum Development Area (JPDA).

As indicated in the onshore map below, numerous oil and gas seeps occur onshore Timor Leste. A total of 24 gases and 16 oil seeps have been identified and mapped, over 20 onshore wells were drilled prior to 1975 and a number of significant oil and gas seeps have attracted industry interest to engage in onshore exploration.

For Timor Leste Exclusive Offshore Area (see map below), in 2006, 6 out of 11 blocks were awarded to two different companies, Reliance and Eni Timor Leste. For the 6 blocks awarded, 3 firm wells are scheduled to be drilled by the end of 2009. In the JPDA area, since the early years of exploration in the 1970s numerous petroleum prospects and leads have been identified, fifty exploration wells have been drilled and four commercially viable fields have been identified and developed. Amongst these, the Elang, Kakatua and Kakatua north fields (EKKN), which produced oil since the late 1990s, ceased production in mid 2007, whilst Bayu Undan (JPDA 03-12 & 03-13) continues to produce oil and gas at a steady rate since its first production in 2004. The Greater Sunrise field, with mainly natural gas, and the Kitan oil field (JPDA 06-105), which was declared commercial early this year, are currently being assessed for appropriate development options. And the last one is JPDA 06-103, which also already approved by ANP to drill this year.
2.2. Annual Review of Individual Technical Activities

2.2.1. Bayu Undan (JPDA 03-12 & JPDA 03-13)

Bayu Undan field is the current production that is giving good potential petroleum reserves in the rebuilding and development of Timor Leste. Bayu Undan was discovered in 1995, commenced production in February 2004. The gas condensate field has estimated recoverable reserves of 400 million barrels condensate and LPG, and 3.4 tcf of natural gas. The field lies in 80 meters of water, 50 kilometers south of Suai, Timor-Leste, and 500 kilometers northwest of Darwin, Australia. The reservoir gas is stripped of its liquid (LPG and condensate) which is then stored in the FPSO Liberdade. The lean gas is piped 500km southeast to Darwin where it is processed into LNG. The Operator is Conoco Phillips with the partners is INPEX, Santos, Tokyo Electric Power and Tokyo Gas.
The following figure indicates condensates, LPG and water produced from January 2004 to July 2009.

The recoverable gas is 3,979 Bcf and recoverable liquid is 542 MMstb is the probabilistic estimates of the field’s resources.

2.2.2. EKKN Project

The EKKN oil fields were brought online through a Floating Production Storage and Offloading Facility (FPSO) from July 1998 to July 2007. The cumulative production from the field was 31.6 Mmbbls.

2.2.3. JPDA 03-19 & JPDA 03-20

Woodside Petroleum Pty Ltd, as the operator for Greater Sunrise field, is currently assessing appropriate method for the development of the field. The field is estimated to contain recoverable reserves of 5.7 tcf dry gas and 299 Mmbbls of condensate. More geological and geophysical related studies have also been undertaken to further assess the current reserves estimate.

2.2.4. JPDA 06-101(A)

Block JPDA 06-101(A) is operated by Minza Oil and Gas Ltd. Exploration activities in the block focus on completing geological and geophysical studies and planning for 2D seismic survey acquisition to enhance the understanding of the Chudich field and the nearby prospect within the block. Extension was given to Minza Oil Ltd in block JPDA 06-101A to carry forward Seismic Survey to third contract year ending 9 March 2009.

2.3. Proposed Future Activities

2.3.1. JPDA 06-102

The operator for block JPDA 06-102, Petronas Carigali Overseas Sdn Bhd, has completed acquiring and processing a 3D seismic survey over an area of 645 km² targeting the Bayu East and Elang Far East prospect. Petronas in block JPDA 06-102 was gearing up to drilling all three commited wells. JVs agreed and drillable prospects approved by ANP are: Makikit (formerly known as Elang Far East, Kurita (formerly known as Bayu South East), and Sipu (formerly known as Bayu South). The drilling will start in mid-July.
2.3.2. JPDA 06-103

Oilex Ltd as the operator for block JPDA 06-103, has 2 well commitments in 2009 and another 2 wells in the company plans to drill is first well in Q4 2009. The company is working towards completing a 3D seismic survey over an area of 2082 km², prospect mapping and ranking. It expected the first well in August 2009 by the drilling rig Trans Ocean Legend.

2.3.3. JPDA 06-105

JPDA 06-105 is operated by Eni Pty Ltd who drilled 2 wells, Kitan-1 and Kitan-2 to evaluate the Kitan Structure in the southern sector of block JPDA 06-105 (Kitan prospect) in early 2008. The two wells encountered the presence of a commercial oil accumulation, thus a commercial discovery for this field was declared in April 2008 by the JPDA-105 Joint Venture (consisting of Eni, INPEX Timor Sea, Ltd and Talisman Resources (JPDA 06-105) Pty Limited). Eni Pty Lty has further progressed in the preparation of a Development Plan and is scheduled to deliver the plan to the ANP before mid year 2009.

2.4. Other Comments

For the moment, ANP does not need assistance but we are really appreciated if CCOP can provide assistance to support us in our Exploration and Production program.

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