

## **SUNRISE HOPES RISE IN THE TIMOR SEA\***

Further talks between Australia and East Timor ended in Canberra on 9 March 2005 on the optimistic note that an agreement could be reached that would provide the basis for the multi-billion dollar Greater Sunrise oil and gas development to go ahead.

Some twenty per cent of the Greater Sunrise deposit overlaps the Joint Petroleum Development Area (JPDA) set up by the Timor Sea Treaty between East Timor and Australia that came into force on 2 April 2003. That Treaty gives 90 per cent of JPDA revenue to East Timor. On 6 March 2003, Australia and East Timor had also agreed, notwithstanding that maritime boundaries had not been agreed between Australia and East Timor, to a Unitisation Agreement under which 20.1 per cent of production from Greater Sunrise would be attributed to the JDDA and 79.9 per cent to Australia. Australia passed the *Greater Sunrise Unitisation Agreement Implementation Act 2004* to implement the Agreement, but East Timor made it clear that it would not follow suit with its own legislation.

The resulting talks between the two Governments held late last year failed to resolve this impasse, but the Australian delegation indicated a preparedness to look at any creative solution 'under which the issue of a permanent boundary would be put on ice', and East Timor has expressed similar views. The recently reported words of the Australian Foreign Minister, Alexander Downer, are that the framework of an agreement has been nipped out. It appears that one of the possibilities would be to set aside the determination of a permanent seabed boundary between the two countries for up to a century.

No reference has been made to Indonesia although most of the Greater Sunrise Deposit is closer to Indonesia than to East Timor, but Australia has an earlier Treaty with Indonesia which sets a boundary giving the Deposit to Australia.

These developments fit in with a trend that has emerged of countries seeking to resolve offshore disputes by agreement in order to expedite development. The next meeting with East Timor could take place as early as April this year.

## **NEW SOUTH WALES**

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