

## GUNTINGAN BERITA

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# East Timor faces tough talks on boundary, oil and gas

Dow Jones

Canberra

East Timor, the world's newest nation, will have trouble settling its disputed maritime boundaries with Australia, Stephen Sherlock, an analyst at the Australian Parliament library, said Thursday.

At stake are potentially huge royalties from energy production in the area.

East Timor wants to settle the issue in such a way as to increase potential revenue from the development of oil and gas resources in the Timor Sea, between the two nations, but it isn't in a very good bargaining position.

"Actually they don't really have any leverage to make Australia come to the negotiating table," he said in an interview on *Australian Broadcasting Corp.* radio.

If Australia says it doesn't want to negotiate new boundaries, then the only way for East Timor to bring Australia to the table is by applying enough domestic or international pressure to do so, he said.

East Timor could theoretically line up with **Indonesia** on the issue and seek joint talks

on the issue, but "there's no sign that Dili and Jakarta are getting together or even that there's any serious discussion in either capital about it."

"It's something that may happen in the future but there's no sign of it actually happening now," he said.

"Since the issue potentially involves major economic assets, the success of future tri-lateral relations between East Timor, Indonesia and Australia may depend on a final resolution," he said in a research paper issued by the library.

East Timor came into existence May 20, and immediately signed the Timor Sea Treaty with Australia.

The treaty is the fundamental document setting out how the economic benefits of energy developments in a Joint Petroleum Development Area in the Timor Sea are shared between the two.

The treaty, which hasn't yet been ratified, was established without prejudice to the setting of maritime boundaries between the two nations.

East Timor didn't establish maritime boundaries with Australia or any other nation and it didn't inherit any boundaries that existed prior to May 20.

Sherlock said East Timor agreed to put aside the seabed boundary issue because it didn't want to jeopardize a possible flow of revenue that likely will come from energy production in the Joint petroleum Development Area in the next several years, namely the Bayu-Undan project, operated by Phillips Petroleum Co.

First stage of Bayu-Undan, to strip condensate and liquefied petroleum gas from wet natural gas and reinject the dry gas into the offshore reservoir, is scheduled to begin production early in 2004.

Australia refused to agree to a new seabed boundary and new talks on the matter might have stalled investment in energy exploration and production in the area, he said.

In June, Prime Minister Mari Alkatiri said East Timor will make its claim for the maritime boundary with Australia "under international law."

East Timor previously has said it wants the boundary set at the midpoint between the two nations.

But Australia wants to retain the boundary that operated up to May 20, which is at the edge of Australia's conti-

mental shelf, well north of the midpoint and just off East Timor's south coast.

Sherlock said Australia could be at a disadvantage in boundary talks given changes in law of the sea and general international practice in the past 30 years.

When Indonesia and Australia signed agreement on maritime boundaries covering the Timor Sea in 1972, the principle was that a nation's maritime boundary ran along the edge of the continental shelf, he said.

"Things have changed since then, and generally its recognized that there should be a median, a midway line drawn between two countries that share a particular sea," he said.

If the midpoint boundary is accepted, Australia could lose billions of dollars in potential revenue from royalties from the proposed Greater Sunrise project on the eastern edge of the Joint Petroleum Development area.

The Greater Sunrise gas field falls 20.1 percent within the Joint Petroleum Development Area while 79.9 percent falls exclusively in Australian territory.