

TIMOR BOUNDARY

In 1984 Australian I.L. News we briefly noted the fact that the demarcation of the continental shelf with Indonesia had not yet been agreed with Indonesia as regards the Timor Gap. No agreement had previously been entered into with Portugal. The Australian financial journal, Australian Business in its issue of 28 March 1984 published an article by Mr Mark Westfield on the important resource issues involved in this question. The Editor, Mr Andrew Clark, has now kindly authorised us to republish that article.

Showdown at Timor Gap

By MARK WESTFIELD

When a group of six Canberra bureaucrats goes to Jakarta in June to continue talks with the Indonesians over the disputed seabed boundary in the Timor Sea, they'll be negotiating for more than crayfish and molluscs.

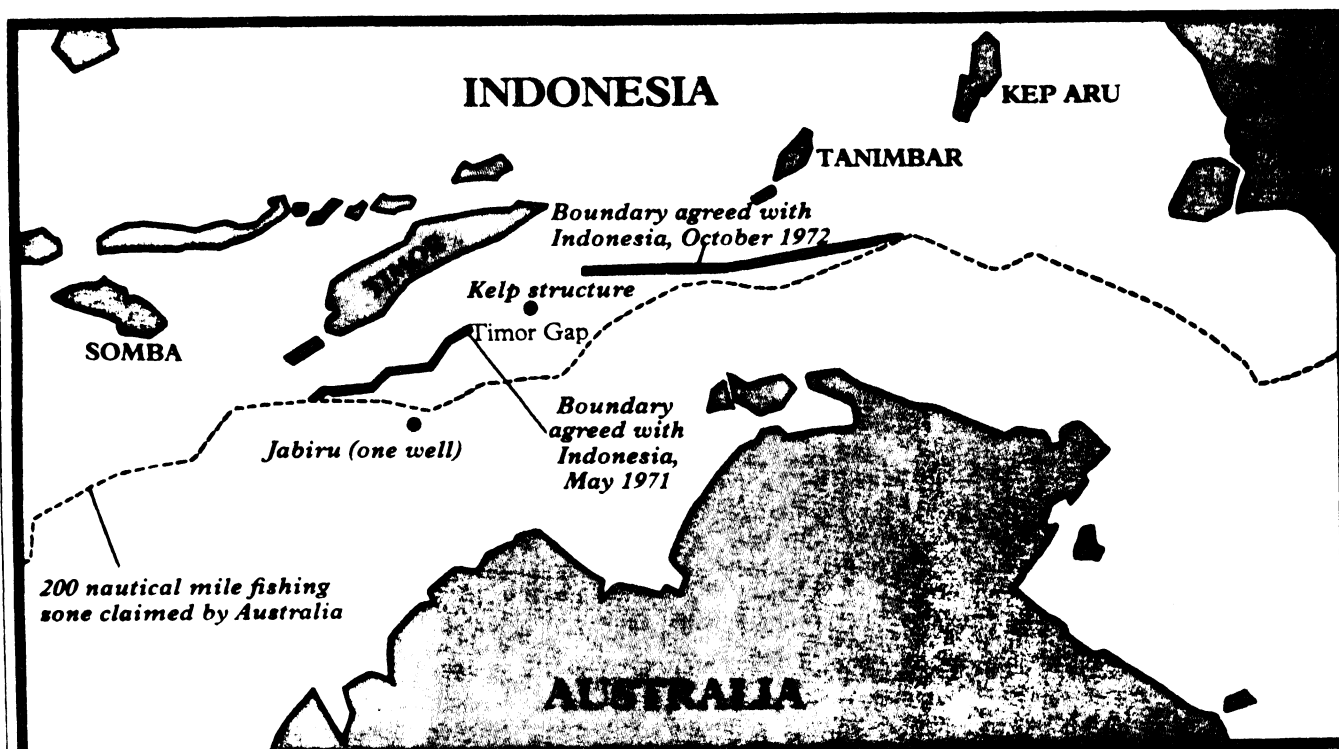
In the suitcase of one of the officials, Jim Starkey of the Department of Resources and Energy, will be highly sensitive estimates of oil and gas reserves believed to be locked in one of the world's biggest jurassic rock structures. The structure lies in the middle of the disputed area.

Known as Kelp, the dome-shaped structure is embedded under the sea floor on the edge of the Australian continental shelf before it plunges 3000m into the Timor Trough.

The most conservative estimate puts the oil reserves in Kelp at around 500 million barrels, and the most optimistic is for more than 5 billion barrels. Gas reserves are estimated at 50,000 billion (or 50 million million) cu ft of natural gas.

These figures are estimates based on seismic work only. Exploration in the area was frozen following the Indonesian takeover of East Timor in 1975. The permits were issued during the late '60s by

Australian and Indonesian disputed offshore areas



Kelp structure in the Timor Sea

Most optimistic estimate for reserves is 5 billion barrels-plus

the Commonwealth (on behalf of the Northern Territory) and Western Australia.

But at worst, Kelp would be Australia's second largest field, behind Bass Strait's Halibut with its 1.1 billion barrels of remaining recoverable crude. At best, if the upper estimate is correct, Kelp would be one of the 25 biggest oilfields in the world. Saudi Arabia's giant Gahwar field with its 83 billion barrels and Kuwait's Burgan with 72 billion are the biggest.

However, to put Kelp in better perspective, it would treble Australia's remaining oil reserves of 1.85 billion barrels.

Geologists with knowledge of the area who spoke to *Australian Business* used adjectives like "massive" and "huge" to describe the structure. One said the horizontal cross-section of the dome covers an area of 4000sq km.

Best poised to exploit the potentially huge reserves of Kelp is **Woodside Petroleum**, which heads consortia with permits to four exploration areas over the structure.

The areas are WA-36P, NT-P8, NT-P11 and NT-P12. Only NT-P8 is within Australian jurisdiction. The other three, which are directly over Kelp, are disputed.

Other companies with claims to permit areas touching on the structure are the Perth-based explorer **Pelsart Oil NL**, which has an application pending

for a permit on WA-74P; a consortium headed by **Oil and Minerals Queensland** wants WA-122P, and a group led by **Ottor Exploration NL** has sought WA-133P.

Australian Aquitaine, an offshoot of the French oil group **Elf-Aquitaine**, has a permit renewal pending on NT-P4.

All permits in the area have been suspended and exploration work frozen pending settlement of the seabed talks. Until then, the future of the potential field is uncertain.

The June talks will be the sixth round since Australia and Indonesia began negotiations in February 1979 on closing the Timor Gap — the 250 km hole in the incomplete seabed boundary settled by the countries in the early 1970s.

The two sides are as far apart now as they were when the talks started. Australia has argued that its seabed jurisdiction should extend as far as the continental shelf. This would draw a straight jurisdiction line between the two end points of the agreed border, and give Kelp to Australia.

Indonesia claims that Timor and Australia share the same continental shelf and that the 3000m deep Timor Trough is merely a crack in the shelf. The Indonesians say any agreement should use as a model the treaty between Britain and Norway in the North Sea. These countries sketched their 200 nautical mile economic zones on a map then drew their seabed border along the

straight line where the zones intersected.

This formula would give the Indonesians a bite-shaped chunk out of the area claimed by Australia — plus virtually all of the Kelp structure.

Observers close to the negotiations say Indonesia felt it gave away too much in the early 1970s agreements and is holding out for a better deal this time.

The existence of the Kelp structure has been known since the UK-based **Burmah Oil** acquired several permit areas and conducted extensive seismic work in 1969 and 1970. Burmah ran into financial difficulties in the mid-1970s and sold its Australian interest to Woodside.

The Commonwealth and West Australian governments allocated dozens of exploration permits around the northwest coast in the late 1960s and early 1970s while the Federal Government was moving slowly towards agreement with the Indonesians and Portuguese over seabed jurisdiction.

Australia agreed with Indonesia in May 1971 to fix the seabed boundary east of the Timor Gap, and in October 1972 the countries delineated the western boundary.

Portugal, which had administered East Timor since the 16th century, was slower to negotiate. When it pulled out in 1975, leaving East Timor to local warring factions and the Indonesians, Lisbon also left unfinished the negotiation of seabed control. ■

POSTSCRIPT:

The Sydney Morning Herald on 31 March 1984 published comments attributed to the Indonesian Foreign Minister **Dr. Mochar** on this issue. The article said that the Minister described as "untenable" and "unrealistic" Australia's claim. Indonesia was "not in a particular hurry" to conclude an agreement, which would require a high level political decision. The article attributed the following to the Minister:

"..... it would be difficult to continue like this, basing arguments purely on technical and legal data, and that a political decision has to be made to resolve the issue".

"That would require, I think, the making of a compromise. But I haven't seen any readiness (to do that) on the part of Australia.

"At present we are still arguing from our respective viewpoints, or standpoints. But you can argue till you are blue in the face."

In the meantime, reports indicate that the Portuguese foreign minister wishes to begin negotiations with Indonesia on the status of the former territory of Portuguese East Timor. Australian and Fretelin participation have been suggested. Whether this will be of any relevance to the Australian Indonesian boundary negotiations is not clear: BBC World Service 1-2 April 1984.