

Annex 26:
Supplemental Action Plan of 23 December 2017

**SUPPLEMENTAL ACTION PLAN FOR
THE GREATER SUNRISE DEVELOPMENT CONCEPT**

23 December 2017

On 30 August 2017 in Copenhagen, the Parties reached agreement on a Comprehensive Package Agreement in respect of the maritime boundary between them in the Timor Sea, a special regime for the governance of the Sunrise and Troubadour gas fields and an Action Plan for engagement with the Greater Sunrise Joint Venture regarding the development of the resource.

Pursuant to the Action Plan, the Parties agreed to engage with the Joint Venture in order to assess the development concepts for Greater Sunrise against the criteria agreed in the 30 August Agreement and to take a decision on the development concept by 15 December 2017. As a fall back, the Action Plan provided that “[i]f the Parties are unable to agree to the Development Concept in accordance with the Criteria ahead of 15 December 2017, the Commission shall engage with the Parties with a view to facilitating agreement on the Development Concept by no later than 1 February 2018.”

Following consultations with the Commission in Singapore, both Parties have concluded that it is not realistic, on the information before them, for the two governments to take a decision on the development concept for Greater Sunrise by 15 December 2017. Both Parties have, however, reaffirmed to the Commission their wish to consider the development concept for Greater Sunrise in the context of the present conciliation proceedings and to take a decision between a D-LNG concept and a T-LNG concept on the basis of information sufficient to permit an appropriate comparison and evaluation of the two concepts.

Pursuant to the fall-back provisions of the Action Plan of the 30 August Agreement, the Commission intends to engage directly with the Parties and with the Joint Venture to ensure that the necessary information to permit an appropriate comparison and evaluation of the D-LNG and T-LNG concepts is available to the Parties and to assist the Parties in taking a decision on the development concept for Greater Sunrise. As part of this engagement, the Commission has adopted the schedule set out in Annex A to this Supplemental Action Plan. The Commission further invokes Article 10(2) of its Rules of Procedure and requests the Parties’ good faith cooperation in the timely provision of the information and materials set out in Annex B to this Supplemental Action Plan. The Commission will also retain an independent expert to assist it with neutral advice regarding the technical and economic data and materials provided by the Parties and by the Joint Venture.

Having consulted with ConocoPhillips, the Commission is satisfied that there is a realistic prospect that the window of availability for a D-LNG concept will remain open until 1 March 2018 (especially if Woodside/Shell/Osaka Gas make an approach to Darwin LNG prior to 15 January 2018), however the Commission also acknowledges that Darwin LNG is currently engaged in discussions with other projects and may enter into an agreement committing capacity to another project prior to 1 March 2018. The Commission and the Parties have accordingly agreed to extend the deadline for a decision on the development concept until 1 March 2018.

**ANNEX A: SCHEDULE FOR ENGAGEMENT REGARDING
THE GREATER SUNRISE DEVELOPMENT CONCEPT**

Date	Action
By 23 December 2017	Commission to adopt the Terms of Reference for its expert adviser
By 29 December 2017	Commission to conclude any supplemental confidentiality agreement necessary for access to the Joint Venture data room
By 29 December 2017	Timor-Leste and Joint Venture to provide Commission with access to their respective data rooms
By 5 January 2018	Commission to notify the Parties and the Joint Venture of the identity of the proposed expert adviser
By 6 January 2018	Parties and the Joint Venture to provide any comments they may have on the identity of the proposed expert adviser
By 15 January 2018	Parties and the Joint Venture to provide all information and materials requested in Annex B to this Action Plan
16 January 2018	Commission to confirm that all information and materials requested pursuant to this Action Plan have been provided
22 January 2018	Parties and the Joint Venture each to provide the Commission with a written submission setting out its views regarding the T-LNG and D-LNG development concepts and the information and materials provided
29 January to 2 February 2018	Commission, Parties, and Joint Venture to meet in a location to be confirmed in order to analyse the information provided by the Parties and the Joint Venture, and assess the sufficiency and adequacy of that information in order for the Parties to take a decision on the selection of a development concept; review Parties' comments on the Framework Agreement and discussion of the process for concluding a Framework Agreement for D-LNG and for T-LNG
By 9 February 2018	Parties and the Joint Venture to provide any additional information and materials identified as necessary by the Commission
14 February 2018	Parties and the Joint Venture each to provide the Commission with a written submission setting out its views regarding the T-LNG and D-LNG development concepts and the information and materials provided
19-23 February 2018	Commission, Parties, and Joint Venture to meet in a location to be confirmed in order to analyse the information provided by the Parties and the Joint Venture, and in order for the Parties to make a decision on the selection of a development concept; discussion leading to the completion of Framework Agreements for D-LNG and for T-LNG
1 March 2018	Latest date for decision on the development concept for Greater Sunrise
1-16 March 2018	Timeframe for signature of Treaty in New York, NY
16 March 2018	Commission to transmit its Report to the Parties in draft
5 April 2018	Parties to provide any comments on the draft Report
19 April 2018	Having considered the Parties' comments, Commission to transmit its final Report to the Parties and the UN Secretary-General

ANNEX B: REQUESTS FOR INFORMATION AND MATERIALS REGARDING THE GREATER SUNRISE DEVELOPMENT CONCEPT

Having consulted with the Parties and with the Greater Sunrise Joint Venture, the Commission has determined that the following information and materials are integral to the assessment and comparison of the D-LNG and T-LNG development concepts. The Commission requests that the Parties and Joint Venture provide the following information by 15 January 2018, in accordance with the schedule annexed to this Action Plan.

Information and Materials in Respect of the D-LNG Concept

- The **Joint Venture** is requested to make a specific offer of equity participation by Timor-Leste in the Greater Sunrise Joint Venture and the Darwin Joint Venture, including details of the conditions attached to the acquisition and holding of such equity, and any option to acquire further equity at cost;
- The **Joint Venture** is requested to confirm that spending in respect of local content activities would be exempted from the cost recovery provisions of the production sharing contract;
- The **Joint Venture** is requested to commit to an overall level of spending on local content activities to be agreed as part of the Heads of Agreement, as well as an indicative plan and timeframe for such spending along the different project phases (to be refined in the course of the elaboration of the development plan), including at least the following items:
 - a domestic gas pipeline or regasification plant;
 - a contribution to the development of supporting infrastructure for the development of petroleum activities in the South Coast, including in particular the Suai supply base/port project;
 - a fibre optic broadband link; and
 - a commitment to establishing a business development center, which will act as an employment and business gateway that promotes opportunities for enabling local capabilities to supply goods and services for petroleum operations, through training, financing, and other support;
 - a commitment to establishing a comprehensive training plan, a Technical College, and targets for employment of Timorese nationals throughout the lifetime of the project;
 - a commitment to establish operational offices in Timor-Leste, run logistics for Greater Sunrise from Timor-Leste, and generally source through Timor-Leste suppliers;
- The **Joint Venture** and **Timor-Leste** are requested to provide a full copy of their economic models for D-LNG;
- **Australia** is requested to provide the latest audit of Darwin Plant.
- **Woodside/Shell/Osaka Gas** are requested to approach the Darwin Joint Venture on behalf of the Greater Sunrise Joint Venture in order to (a) commence exchanges of technical information, including in respect of the physical condition and reliability of the Darwin plant and (b) narrow the current estimated range for the tolling fee and clarify whether that fee would be all-in including OPEX or excluding OPEX.
- **Woodside/Shell/Osaka Gas** are requested to elaborate on the basis for the Joint Venture's views on the condition of the Darwin plant and existing pipeline.
- The **Joint Venture** is requested to provide technical definition and justification for the selection of FPSO Upstream Concept and how this concept compares with a fixed platform concept.

Information and Materials in Respect of the T-LNG Concept

- **Timor-Leste** is requested to provide a specific proposal for how it would arrange sustainable financing for additional costs involved in the downstream elements of a T-LNG approach;
- The **Joint Venture** is requested to indicate the conditions under which it would and would not agree to proceed with a T-LNG approach supported by additional financing, including an indication of specific concerns about sustainability and corresponding local content and equity offers under a T-LNG scenario;
- **Timor-Leste** and the **Joint Venture** are requested to provide a full copy of their economic models for T-LNG;
- The **Joint Venture** is invited to indicate its views on conditions under which it could or could not offer equity participation by Timor-Leste in the Greater Sunrise Joint Venture in the context of a T-LNG concept, including details on the conditions attached to the acquisition and holding of such equity, and any option to acquire equity at cost;
- The **Joint Venture** is invited to indicate its views on conditions under which it would or would not be interested in equity participation in a T-LNG Joint Venture;
- **Timor-Leste** is requested to provide details on its proposal for the construction of the T-LNG downstream facilities including scheduling and start date;
- **Timor-Leste** is requested to provide details on potential operators of the T-LNG downstream facilities and engagement to date;
- **Timor-Leste** is requested to provide details regarding its pipeline construction cost estimates;
- **Timor-Leste** and **Joint Venture** are requested to provide a written clarification of the basis for their respective assumptions and estimates in respect of the following items, including references to any relevant documentation in data rooms:
 - Size of recoverable reserves;
 - Owners cost percentage;
 - Facilities contingency percentage;
 - T-LNG production tariff (all-in including OPEX, and excluding OPEX);
 - T-LNG and D-LNG production profile (including reasonable potential downtime of facilities); and
 - Condensate production rate