

'Positive Step' To Develop Timor Sea Plays

Santos has announced that it had entered into an agreement with ConocoPhillip and SK E&S (SK), an affiliate of South Korean conglomerate SK Group, to progress the development of the Caldita and Barossa gas discoveries located in the Timor Sea.

Prior to the agreement, Santos held a 40% interest in both discoveries, with operator ConocoPhillips holding the remaining 60%.

The base commercial terms of the farm-out agreement are as follows:

- SK will earn a non-operated 37.5% interest through a proportionate reduction by ConocoPhillips and Santos.
- In exchange for the initial interest assignment, SK has agreed to fund the first US\$260 million of a three-well appraisal program, expected to begin in 2013. Following completion of the appraisal program, SK will have the option to increase its interest to 49.5% in exchange for a payment of US\$60 million to ConocoPhillips and Santos, shared according to their original interests in the permits.

- SK will fund up to US\$90 million of pre-Front End Engineering and Design (Pre-FEED) and FEED activities, expected to begin in 2014.
- SK will make FID and First LNG cargo payments of up to US\$110 million upon meeting certain milestones.

Santos CEO, David Knox said he was pleased to enter into an agreement with SK and ConocoPhillips aimed at commercialising Caldita and Barossa.

"Today's agreement is another demonstration of the value inherent in Santos' portfolio and is consistent with our strategy of building partnerships to commercialise assets."

ConocoPhillips Australia-West, President Todd Creeger said the farm-out agreement with the SK Group was a positive step towards commercialising the Caldita/ Barossa gas discoveries and that rig availability assessments and government and environmental documentation preparation were already underway.

"ConocoPhillips is pleased to further progress appraisal work on the Caldita/Barossa gas discoveries, and with Santos we welcome SK as a joint venture participant to the project. While further appraisal work is required, we are hopeful that

Caldita/Barossa will be developed as a LNG project either in Darwin or as a floating LNG facility."

SK E&S is an energy service provider primarily involved in the provision of city gas and electricpower in the Republic of Korea. It distributes city gas through seven regional suppliers and is collectively the largest city gas company in the country with 25% market share.

SK E&S forms a part of the SK Group, South Korea's third largest conglomerate and businesses in primarily three sectors: Energy & Chemicals, Telecommunications & IT Services, and Trading & Logistics. Through its mainholding company SK Holdings, the Group owns and operates subsidiaries such as SK Innovation (holding company of SK Energy, the largest oil refining company in Korea), SK Telecom, SKE&S, SK Networks, SK Shipping and SK E&C, and other affiliates in over 40 countries. SK Holdings was recognised as the world's 82nd largest company by revenue in the 2011 edition of Fortune Global 500.

Through its subsidiaries SK Innovation, SK E&S, SK E&C and SK Shipping, SK Holdings has extensive experience in the LNG sector, which includes interests in Peru LNG, Yemen LNG, RasLaffan LNG and Oman LNG. ■



Chris Slind, Houston manager, dressed up as a cowboy – for promotional purposes only.

DownUnder Rides Into Houston And London

DownUnder GeoSolutions is having a tremendously busy year, opening not one new international office, but two. The DownUnder GeoSolutions' Houston office is now open and London is being established in August.

The Houston office will cover the Americas region with a full service offering and will also become a DUG Software sales and support hub for this area. The team will be led by Chris Slind, Geoscience Manager.

Chris, (pictured hamming it up for a promotional brochure), has a very strong technical background and has experience in processing all kinds of data including land, marine, transition zone, multicomponent; and has been running PreSDM projects in North America and Canada since 1998.

The London office, in the heart of the city on Piccadilly, will form the company's European headquarters and will again offer full services, plus software sales and support. Heading up the London software division will be Margarita Norvill. Margarita was manager of DUgeo's Indonesian office for the past five years and has worked as a senior geophysicist for the company since its inception.

DownUnder GeoSolutions' Managing Director, Matt Lamont said: "We firmly believe that if we continue to deliver top quality projects consistently on time and on budget, our business will continue to grow in Houston and London as it has in our other regional headquarters around the world. We are excited to be increasing our presence in other markets around the globe." ■