

# ANNUAL REPORT 2019



# TABLE OF CONTENTS

Table of Contents.....	1
1. AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS IN BRIEF.....	5
1.1 ANPM Regulatory Jurisdiction .....	6
1.2 Values, Vision, Mission and Goals.....	7
Our Values .....	7
Our Vision .....	7
Our Mission .....	7
Our Goals .....	8
1.3 Organizational Structure and Development .....	8
Structure .....	8
Board of Directors (BoD) .....	8
Single Auditor.....	9
Management Committee .....	9
1.4 Major Achievements and Projects Highlights in 2016.....	10
FIRST TIMOR-LESTE OIL AND GAS SUMMIT IN DILI.....	10
LAUNCHING OF TIMOR-LESTE SECOND LICENSING ROUND.....	10
NEW PCSs SIGNING RELATED TO THE MARITIME BOUNDARY TREATY .....	11
PSC SIGNING FOR AREA PSC TL-SO 19-16.....	12
1.5 Joint mmission and Sunrise Commission .....	13
Members of the Timor Sea Treaty Joint Commission in 2017.....	13
Members of the Sunrise Commission in 2017 .....	13
1.6 ANP Human Resource Development .....	13
Staffing.....	13
Training and Capability Development.....	14
1.7 Corporate Procurement.....	14
1.8 Single Auditor.....	15
1.9 Financial Statement and Auditor's report .....	16
ANP - CORPORATE EXPENSES REPORT.....	16
ANP - CORPORATE FINANCIAL STATEMENT .....	17
ANP - REVENUE AUDIT REPORT .....	27
2. CONTRACT OPERATOR'S ACTIVITY .....	22
2.1 Production Sharing Contratcs within the Timor-Leste territory and the special regime area .....	23
2.2 Petroleum Exploration Performance .....	24
Licensing Second Round 2019/2020 .....	27

International Roadshow Promotions .....	28
Timor-Leste Oil and Gas Summit 2019.....	30
The Implementation of the Integrated Airborne Geophysical Survey (IAGS) .....	31
2.3 Production Performance .....	32
Production in Bayu Undan field (PSC –TL-SO-T 19-12 & 19-13.....	32
Kitan Field (PSC TL-SO-T 19-10) .....	34
2.4 Health, Safety and Environmental Performance .....	35
HSE Performance in the Timor-Leste Offshore.....	35
HSE Performance in the Timor-Leste Onshore.....	39
2.5 Marketing performance.....	39
Condensate .....	39
Liquefied Petroleum Gas (LPG) .....	40
Liquified Natural Gas (LNG).....	40
2.6 Petroleum Exploration Expenditure Performance .....	41
A. Timor-Leste Offshore Area -Exploration PSCs .....	41
B. Timor-Leste Onshore - Exploration PSCs .....	41
C. Special Regime Area - Exploration PSCs .....	41
2.7 Petroleum Development Expenditure Performance .....	43
2.8 Local Content Performance.....	44
The 2019 Local Content Expenditure .....	44
Timor-Leste Goods and Services .....	45
Dili Supply Base and Transportation from Dili to Bayu-Undan.....	48
Employment.....	48
Training and Development.....	50
PSC TL-SO-T 19-10 (Former PSC JPDA 06-105) Kitan Field .....	53
PSC TL-SO-T 19-11 (Former PSC ENI JPDA 06-106) .....	53
PSC S-06-04 (ENI Timor-Leste, S.P.A) .....	55
PSC TL-OT 17-08, Block A, Covalima Area .....	55
PSC TL-OT 17-09, Block C, Manufahi Area .....	57
3. REGULATORY PERFORMANCE .....	59
3.1 Upstream.....	60
Legal framework revision .....	60
Petroleum data and reports .....	61
Development Inspections, Supervisions, Monitoring and Approval of Petroleum Operation.....	62

Subsurface .....	66
Water Testing .....	66
HSE Inspections, Supervisions, Monitoring and Approval of Petroleum Operation.....	67
Regulatory Approval for Petroleum Operation in the Timor-Leste Offshore .....	68
Regulatory Approval for Petroleum Operation in the Timor-Leste Onshore .....	68
Entry Authorization into the Contract Area .....	72
Revenue Distribution .....	76
Local Content Investment.....	77
SERN-FULBRIGHT .....	77
TIMOR-LESTE SKILL VOCATIONAL AND EDUCATION TRAINING CENTER .....	78
DATA TAPE AND CORE STORAGE FACILITIES .....	78
CLEAN WATER PROJECT .....	78
HORTICULTURE PROJECT .....	80
 3.2 Downstream Petroleum Activities.....	 81
Revision of Two Existing Regulation.....	82
Dissemination of Electronic License (E-License) Application .....	82
Licensing and Monitoring Downstream Activities .....	82
Licensing and monitoring of Installation and Operation of FFS.....	82
Approval of location, project and operation license .....	82
Suspension to the construction of new FFS.....	86
Transfer of FFS License .....	86
Subsequent Inspection .....	86
Fire Fighting and First Aid Training .....	88
Calibration Activity .....	88
Collection of Fees from FFS .....	89
Licensing and Monitoring Fuel, Biofuel and lubricant trading activity .....	91
True up Mechanism 2018 and Trading License Fee in 2019 .....	91
2019 Trading License Fee .....	94
License Storage Activity .....	95
Fuel Quality Monitoring Program .....	95
Review of Environmental Documents .....	96
Inter-Ministerial Corporation's .....	99
License Fees .....	99
Fuel Import .....	99
 4. MINERAL PERFORMANCE .....	 101

4.1	Introduction.....	102
4.2	Administration and Licensing of Mining Activities .....	102
4.2.1	Location Application Registry and Approval .....	102
4.2.2	Exploration License .....	103
4.2.3	Mining License Application Registered and License .....	103
4.2.4	Environmental License Application Registry and License .....	104
4.3	Monitoring of Mining Activities.....	107
4.3.1	Monitoring of Mining Activities .....	107
4.3.2	Inspection .....	109
4.3.3	Suspensions of Mining activities .....	109
4.4	Mineral Exploration .....	110
4.4.1	Manganese Exploration in RAEOA .....	110
4.4.2	Technical Study for Metallic Mineral .....	111
4.5	TL-Cement Map Publication in Caisido, Baucau .....	110
4.6	Construction Material Production and Revenue Collection .....	112
4.6.1	Construction Material Production .....	112
4.6.2	Revenue Collection .....	112
5.	CORPORATE INITIATIVES.....	114
5.1	Graduate Internship Program .....	115
5.2	University Final Year Project .....	116
5.3	Public Events.....	116
	National Job Fair .....	116
	National Seminar on Petroleum Sector .....	116
	National Flag Rising .....	117
	Taça Comição Função Pública .....	118
	List of Figures.....	119
	List of Graphs.....	120
	List of Tables.....	121



## 1. AUTORIDADE NACIONAL DO PETRÓLEO E MINERAIS IN BRIEF



## 1.1 ANPM REGULATORY JURISDICTION

Autoridade Nacional do Petróleo e Minerais (ANPM) is Timor-Leste's public institution established under Decree Law No.27/2019 of 29<sup>th</sup> August, 2<sup>nd</sup> amendment of Decree Law No.20/2008 of 19<sup>th</sup> June.

ANPM is vested with administrative and financial autonomy to act as regulatory authority for the oil, gas and mineral related activities in accordance with the provisions of the Petroleum Activities Law, Maritime Boundary Treaty, Mining Code, and the Diploma Ministerial on mineral activities.

In the JPDA, ANPM is responsible to the Joint Commission and carry out the day today regulation and management of upstream petroleum activities thru regular supervision and control of petroleum activities including health, safety, environmental protection and assessments of work practices. This responsible finished when the Maritime Boundary Treaty ratified and comes into force on 30<sup>th</sup> August 2019. Based on the Maritime Boundary Treaty, ANPM responsible are managing and regulating petroleum and mining activities in Timor-Leste area, both offshore and onshore and in the Greater Sunrise Special Regime.

In the TLOA, apart from being responsible for the upstream petroleum activities equivalent to those in the JPDA, ANPM is also responsible to regulate downstream petroleum activities including supply, processing, storage, transportation, trading and marketing of oil and gas products.

ANPM is also responsible to regulate mineral activities in all territory including acknowledgement, exploration, assessment, development, exploitation, processing, refining, transportation and commercialization.

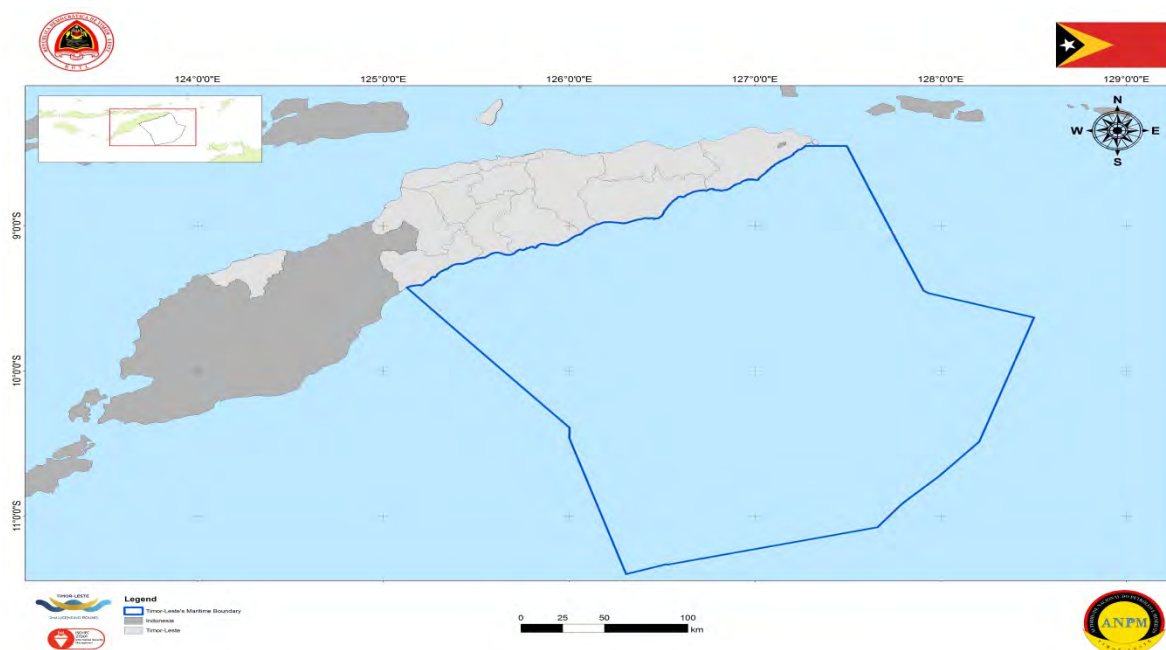


FIGURE 1: ANPM JURISDICTIONAL AREAS (MAP NOT TO SCALE)

## 1.2 VALUES, VISION, MISSION AND GOALS



### OUR VALUES

#### Collaboration

To conduct efficient and effective collaborating among (i) ANPM's internal Directorates, and (ii) with its stakeholders.

#### Openness

Honesty and transparency – underpinned by a culture of trust and respect

#### Unity

ANPM promotes and displays a high degree of teamwork and integration of its employees and Directorates. Whilst appreciating and respecting the cultural intellectual diversity of the individuals that work within it, the ANPM is united in its ambition to become a world class organization in Timor-Leste.

#### Responsibility

As true leaders, ANPM team members take full responsibility for the results of their actions

#### Accountability

ANPM and its team members are fully accountable for their ethical standards, behavior and performance at all times. Furthermore the ANPM is accountable for the government of Timor-Leste. In performing the task in and for the JPDA, the ANPM is accountable for Timor-Leste and Australia.

#### Global view

Whilst operations for the ANPM reside in Timor-Leste, its views are global ones. It deals with and coordinates activities with operators that are multi-national in nature, size and scope.

#### Excellence

In line with developing a world class organization, the ANPM believes in excellence – in everything that it does.

## OUR VISION & MISSION

### Our Vision

- To be a leading petroleum and mineral regulatory authority in the region and a model for institutional development in Timor-Leste.

### Our Mission

- To Maximize revenue and multiply economic benefits;
- To maximize the participation of Timor-Leste in the development of its petroleum and mineral sectors;
- To promote best Health, Safety and Environmental practices;
- To develop the institutional capacity of the Timor-Leste petroleum and mineral sectors.



## OUR GOALS

Ensure that petroleum and mineral resources are effectively explored, developed, managed and regulated;

Ensure that economic benefits are delivered to the contracting states;

Maximize employment opportunities for Timor-Leste nationals;

Develop organizational excellence;

Promote and ensure best HSE practices;

Regulate all downstream petroleum activities in Timor-Leste;

Maximize economic activities of petroleum and mineral sectors in Timor-Leste;

## 1.3 ORGANIZATIONAL STRUCTURE AND DEVELOPMENT

### STRUCTURE

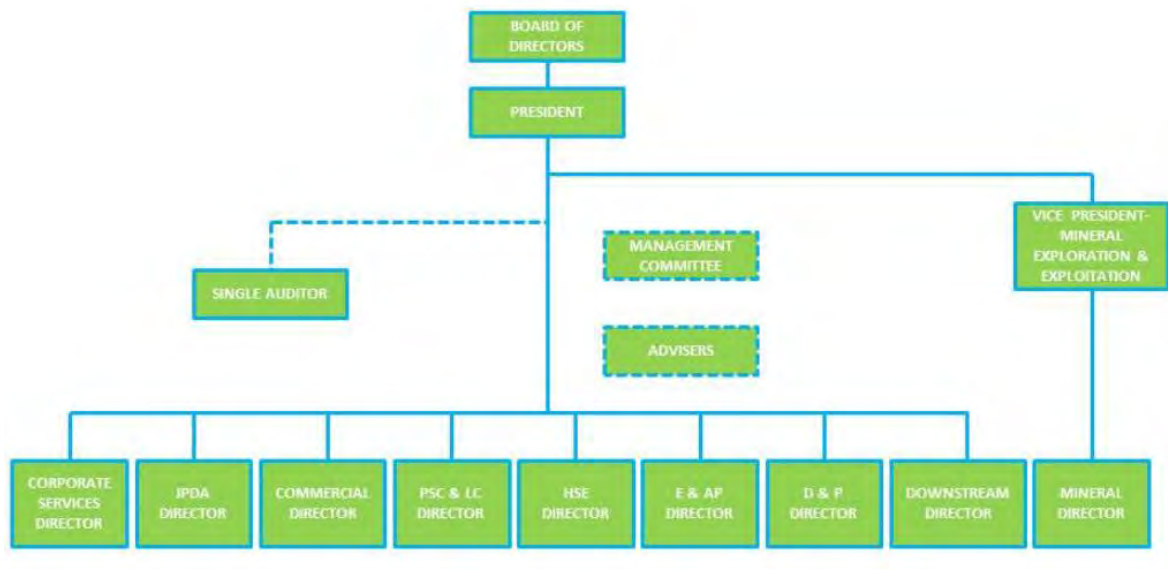


CHART 1: ANPM ORGANIZATIONAL STRUCTURE

### BOARD OF DIRECTORS (BOD)

ANPM Board of Directors in 2019 composed of:

Gualdino da Silva ,BEng(GeoEng) Hons.	Chairman
Jorge Dasilaku Martins, Msc	Non executive member
Jose Manuel Gonçalves, BEng(MiningEng)	Executive member
Mateus da Costa, MSc	Executive member
Nelson de Jesus, SE	Executive member

This composition based on ANPM Decree Law article 7.

BoD is responsible for defining directions and policies for the ANPM. In doing so, the board is responsible for approving internal regulations, strategic directions, technical regulations and directives under the Petroleum Act and approving ANPM's consolidated work plan and budget as prescribed under Article 8 of the ANPM decree law.

## SINGLE AUDITOR

The roles and functions of the Single Auditor (SA) are stipulated under Article 12 and 14 of the Decree Law on the establishment of the ANPM. The Single Auditor is the organ responsible for monitoring legality, regularity, and proper financial and patrimonial management of the ANPM. Single Auditor nominated by Ministry of Petroleum and Mineral Resources and Ministry of Finance for the mandate of three (3) years. The Single Auditor for the period 2015-2018 and 2018-2021 is Oscar Sanchez Faria, M.Acc.

## MANAGEMENT COMMITTEE

Management committee is established by the President which consists of the vice president and all executive directors. The Management committee holds meeting at least once in a month to address day-to-day management of ANPM and to address projects in JPDA and TLOA.

Jose Manuel Gonçalves, BEng (MiningEng)	Vice President - Mineral Exploration & Exploitation
Dionisio Martins, SE, MSc	Director - Corporate Services
Florentino Soares Ferreira, BSc. (Hons.) MS	Director - JPDA
Fernando da Silva, ST, MEDEA	Director - Development and Production
Verawati Corte Real de Oliveira, BSc	Director - Health Safety and Environment
Mateus da Costa, MSc	Director - Exploration and Acreage Release
Rosentino Amado Hei, SH	Director - PSC and Legal Compliance
Nelson de Jesus, SE	Director - Downstream

## 1.4 MAJOR ACHIEVEMENTS AND PROJECTS HIGHLIGHTS IN 2019

### FIRST TIMOR LESTE OIL AND GAS SUMMIT IN DILI

On 3rd – 4th October 2019, Timor Leste for first time organized Timor Leste Oil and Gas Summit in Dili. The two days of conferences dedicated to technical presentations to detail the hydrocarbon proven potential, contractual, fiscal, legal and regulatory regime for the exploration and the exploitation of petroleum resources, and business registration in the country. Timor-Leste Oil & Gas Summit was co-organised by the UK Summit leader IN-VR Oil & Gas and was sponsored by Caltech, ConocoPhillips, BGP, TGS/Spectrum, Sundagas, ION Geophysical, Timor GAP, Miranda Law Firm, Discover Geoscience and many more international and national leading companies.



*FIGURE 2: PRIME MINISTER H.E. TAUR MATAN RUAK AND THE ESPECIAL REPRESENTATIVE OF GOVERNMENT FOR PETROLEUM, H.E. XANANA GUSMÃO OFFICIALLY OPEN TIMOR LESTE OIL AND GAS SUMMIT*

### LAUNCHING OF TIMOR LESTE SECOND LICENSING ROUND

On 3rd October 2019, H.E. Taur Matan Ruak, The Prime Minister of the Democratic Republic of Timor-Leste officially launched the Timor Leste Second Licensing Round. The Government of Timor-Leste release a total of 18 (eighteen) new blocks for public tender of the Production Sharing Contracts. The 18 new blocks on offer consist of 7 new blocks in the Onshore and remaining 11 new blocks in the offshore.



*FIGURE 3: A PANEL DISCUSSION ON SECOND LICENSING ROUND DURING TIMOR-LESTE OIL AND GAS SUMMIT 2019 FOCUS ON GEOLOGICAL UPDATE DATA AND HYDROCARBON POTENTIAL IN TIMOR-LESTE*

### **NEW PSCs SIGNING RELATED TO THE MARITIME BOUNDARY TREATY**

On 28th August 2019, the ANPM on behalf of the Timor Leste Government signed 6 (six) Production Sharing Contract with the Operators. Six PSC were signed marking culmination of all the efforts invested for the last 15-months long by both Timor-Leste and Australia Government through Transitional Arrangement process as part of the Maritime Treaty Boundaries between Timor-Leste and Australia. Out of the six PSCs, four PSCs are from Joint Petroleum Development Area (JPDA); these PSCs are Bayu-Undan Oil Field PSC (previously PSC JPDA 03-12 and 03-13, which is now converted to PSC TL-SO-T 19-12 and PSC TL-SO-T 19-13), the Kitan Oil Field PSC (previously JPDA 06-105, it is now converted to PSC TL-T 19-10), and lastly the PSC JPDA 11-106 which is now converted to PSC TL-SO-T 19-11.

The two other PSCs are the fields originated from Australia's jurisdiction. These PSCs are Buffalo Oil Field (or previously under the permit of WA-523-P) and NOGA's fields or previously under the licenses of AC/L5 and WA-18-L; these PSCs are now converted to PSC TL-SO-T 19-14 and TL-SO-T 19-15 respectively.

The Effective Dates of these PSCs were tied in with the Effective Date of the Treaty ratification.



*FIGURE 4: SIGNING NEW PSCs BETWEEN ANPM AND CONOCOPHILLIPS*

### **PSC SIGNING FOR AREA PSC TL-SO 19-16**

On 8th November 2019, ANPM on behalf of the Ministry of Petroleum and Minerals, representing the State of the Democratic Republic of Timor-Leste, signed a Production Sharing Contract (PSC) TL-SO 19-16 with SundaGas Banda Unipessoal, Lda. The PSC TL-SO 19-16 is situated in the south of the former Joint Petroleum Development Area (JPDA) with total contract area approximately 3571.49 square kilometers. SundaGas and TIMOR GAP are committed to carry out exploration work program for a seven year exploration period.



*FIGURE 5: SIGNING CEREMONY BETWEEN ANPM, TIMOR GAP AND SUNDAGAS*



## 1.5 JOINT COMMISSION AND SUNRISE COMMISSION

### MEMBERS OF THE TIMOR SEA TREATY JOINT COMMISSION IN 2019

- Mr. Francisco da Costa Monteiro Timor-Leste
- Mr. Antonio de Sousa Loyola Timor-Leste
- Mr. Bruce Wilson Australia
- Mr. Domingos Lequisiga Timor-Leste alternate Commissioner
- Mr. Vicente Lacerda Timor-Leste alternate Commissioner

During 2019, no Joint Commission Meetings taking place during the year

### MEMBERS OF THE SUNRISE COMMISSION IN 2019

- Bruce Wilson Australia
- Francisco da Costa Monteiro Timor-Leste

During 2019, no Sunrise Commission Meeting held during the year.

Both Commissions (Joint Commission and Sunrise Commission are automatically disperse when the Maritime Boundary ratified and comes into force on 30<sup>th</sup> August 2019.

## 1.6 ANPM HUMAN RESOURCE DEVELOPMENT

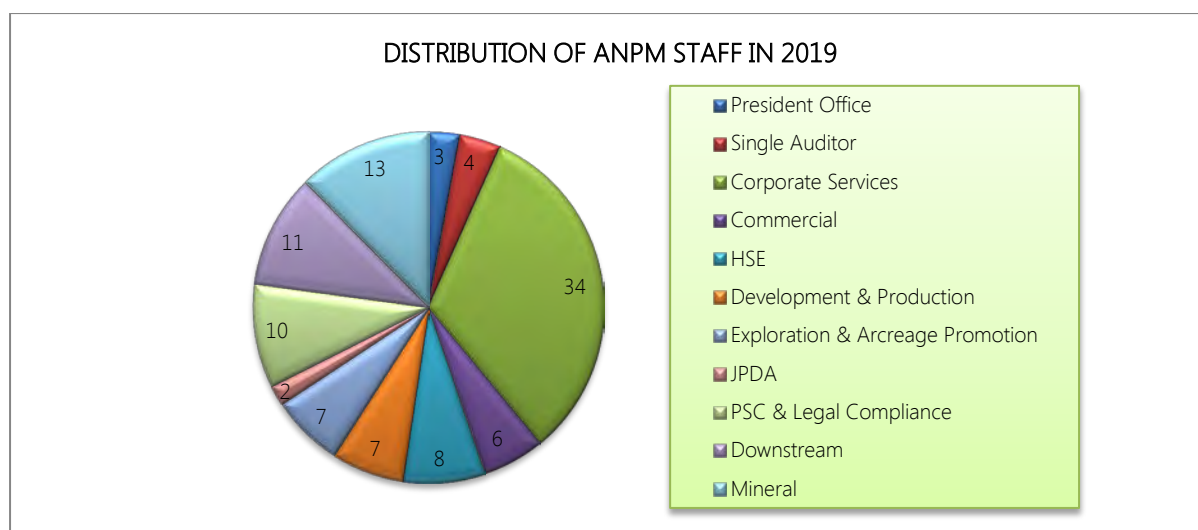


FIGURE 6: ANPM STAFF FROM CS AND COMMERCIAL DIRECTORATS WERE DISCUSSING ANPM STRATEGY ACTION PLAN FOR THE YEAR 2019-2023

ANPM has invested significantly to the capability development of its staffs. The commitment supported the staffs' trainings, workshop, conferences and secondment.

### STAFFING

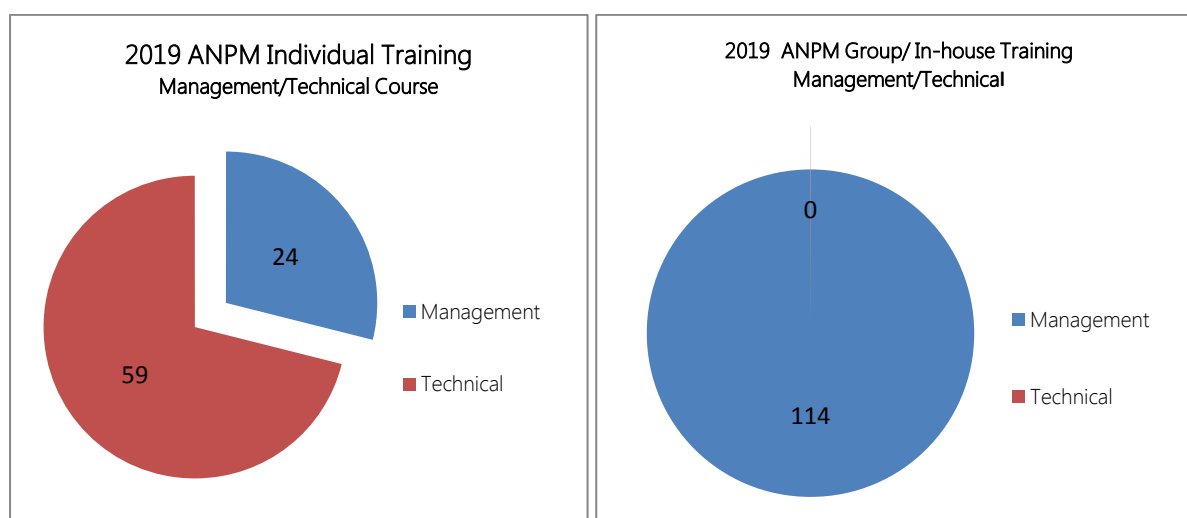
During 2019, ANPM conducted 9 recruitment for new and replacement positions in order to respond to the ANPM's activities. By end of 2019, ANPM has a total of 103 staff spread across different directorates, including President and Single Auditor's offices.



*CHART 2: ANPM STAFF DISTRIBUTION IN 2019*

## TRAINING AND CAPABILITY DEVELOPMENT

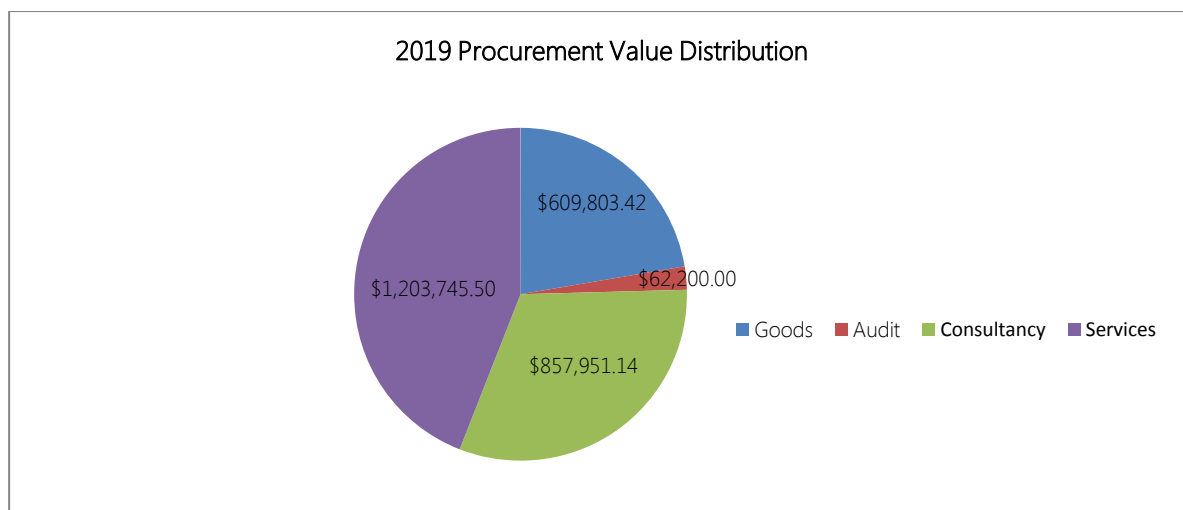
A total of eighty Three individual training programs were attended by relevant ANPM employees. Most of these training programs were in the Management and Technical areas, and were held attended in overseas. Besides that there were Hundred Fourteen other collective training programs conducted within the state for designated employees from various directorate within the ANPM.



*CHART 3: TRAINING AND CAPABILITY DEVELOPMENT IN 2019*

## 1.7 CORPORATE PROCUREMENT

Corporate procurement is categorized into five major items; Consultancy, Audit, Goods and Services. In 2019, Corporate procurement amounts to a total of USD \$ 2,733,700.06. In terms of value distribution, corporate procurement in 2019 mostly expend on Goods, Services and Consultancy. Further details can be found in annex 2 of this report.



*CHART 4: 2019 ANPM PROCUREMENT BY CATEGORIES*

## 1.8 SINGLE AUDITOR

Under the Single Auditor Unit (SAU), there are three internal auditors who work together with the Single Auditor (SA). The team has carried out internal audit function mainly the audit to verify the internal control, compliance as well as financial including management reporting. Under the SAU approved Annual Audit Plan (AAP) by Board of Director (BoD), the SAU team has carried out various internal audit work such as, review budget execution and financial management and provide technical opinion to the ANPM proposed budget in which the final report of both budget opinion and execution will be presented to the BoD for consideration. Furthermore, the team facilitate the external auditor in performing audit to the corporate financial report, mineral as well as petroleum revenue starting from the preparation phase, audit field work until the issuing of the final report.

In addition, the SAU team also conduct an internal audit activity to verify/assess the internal control process of the directorates such as corporate service which includes corporate finance process, administration and procurement process, human resources, training, travel, downstream revenue collection process and mineral as well as petroleum revenue collection process. During the audit process, the SAU collect the document evidence, design flowchart, develop risk and control matrix, performing substantive test and lastly prepare and present the report to the BoD at the end of the year for an input ad recommendation.

The team, moreover, as per approved AAP, is responsible to follow-up the action plan from the agreed recommendations of the previous audit activities, from its internal audit assignment and external audit entities such as from Timor-Leste Supreme Audit Court (*Câmara de Contas*), British Standards Institution (BSI) auditors for Information Security Management Systems (ISMS) ISO27001:2013 standard and external auditors such as Ernst and Young (EY).

## 1.9 FINANCIAL STATEMENT AND AUDITOR'S REPORT

### ANPM - CORPORATE EXPENSES REPORT

Below is the ANP's audited expenses report for 2018. All figures presented are in United States Dollar.

<b>Expenses Report Per 31 December 2018 Audited)</b>		
	<b>Actual</b>	<b>Budget</b>
Development Fees	\$ 3,983,200.00	\$ 3,658,200.00
Contract Services Fees	\$ 880,000.00	\$ 880,000.00
Subsidy from Timor - Leste Government for ANPM Operation	\$ 1,521,189.00	\$ 1,945,594.62
Timor-Leste Government Funding for petroleum audits *		\$ -
Downstream Fees	\$ 470,607.00	\$ 924,038.40
Interest	\$ 7,029.00	\$ -
Profit and disposal of assests	\$ 4,723.00	\$ -
Other Income	\$ 25,866.00	\$ -
<b>Total Income</b>	<b>\$ 6,892,614.00</b>	<b>\$ 7,407,833.02</b>
<b>EXPENSES</b>		
Employee Cost	\$ 2,876,088.00	\$ 3,084,079.43
General and Administration	\$ 3,566,340.00	\$ 3,829,743.00
Depreciation and Amortisation	\$ 406,751.00	\$ 371,688.44
Government petroleum audit cost*		\$ -
Net Loss in Foreign Exchange	\$ 15,752.00	
Contingency		\$ 218,565.33
<b>Total Expenditure/Budget</b>	<b>\$ 6,864,931.00</b>	<b>\$ 7,504,076.20</b>
<b>Surplus</b>	<b>\$ 27,683.00</b>	<b>\$ (96,243.18)</b>

\* non ANPM asset fund (an income to execute Timor - Leste Government program)

Percentage Budget vs Actual 91%

Percentage Income vs Expenditure 100%

## ANPM - CORPORATE FINANCIAL STATEMENT

### AUTORIDADE NACIONAL DO PETRÓLEO

2018 Financial Report (audited)

		2018	2017
		\$	\$
	Notes		Restated (Note 2(a) (ii))
<b>REVENUE AND OTHER INCOME</b>			
Development fees		3,983,200	3,983,200
Contract service fees		880,000	880,000
Subsidy from Timor-Leste Government		1,521,189	1,950,000
Timor-Leste Government funding for petroleum audits		-	291,111
Downstream fees		367,474	244,792
Downstream licenses - trading fees		103,133	82,651
Gain on disposal of property, plant and equipment		4,723	26,052
Interest		7,029	4,053
Other income		25,866	-
<b>TOTAL INCOME</b>		<b>6,892,614</b>	<b>7,461,859</b>
<b>EXPENSES</b>			
Employee costs	15	2,876,088	2,657,536
General and administration	16	3,566,340	3,476,853
Depreciation and amortization		406,751	375,455
Government petroleum audit costs		-	291,111
Net (gain)/loss in foreign exchange		15,752	(11,436)
<b>TOTAL EXPENSES</b>		<b>6,864,931</b>	<b>6,789,519</b>
<b>SURPLUS FOR THE YEAR</b>		<b>27,683</b>	<b>672,340</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>27,683</b>	<b>672,340</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018	2017	As 1 January
		\$	\$	2017
Notes			Restated	Restated
			(Note 2(a) (ii))	(Note 2(a) (ii))
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4	11,854,055	12,893,737	11,053,423
Cash and cash equivalents - Joint Petroleum Development Area	4, 12	28,698,156	13,261,980	5,517,756
Cash-TL Cement Escrow Account	5	50,006,027	-	-
Trade and other receivables	6	204,805	15,512	39,367
Other current assets	7	139,169	30,036	37,576
<b>Total Current Assets</b>		<b>90,902,212</b>	<b>26,201,265</b>	<b>16,648,122</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	9	770,802	921,924	526,200
Intangibles	8	28,377	117,288	208,772
<b>Total Non-Current Assets</b>		<b>799,179</b>	<b>1,039,212</b>	<b>734,972</b>
<b>TOTAL ASSETS</b>		<b>91,701,391</b>	<b>27,240,477</b>	<b>17,383,094</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10	2,121,782	2,404,120	973,084
Payable in respect of Joint Petroleum Development Area Funds	10, 13	28,698,156	13,261,980	5,517,756
Payable TL Cement Escrow Account	14	50,006,027	-	-
Unearned income	12	21,094	924,333	914,550
Provisions	11	147,307	-	-
<b>Total Current Liabilities</b>		<b>80,994,366</b>	<b>16,590,433</b>	<b>7,405,390</b>
Provisions	11	29,298	-	-
<b>Total Non-Current Liabilities</b>		<b>29,298</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>81,023,664</b>	<b>16,590,433</b>	<b>7,405,390</b>
<b>EQUITY</b>				
Initial contribution	20	2,153,168	2,153,168	2,153,168
Accumulated funds		8,174,559	7,911,876	7,697,536
Capital asset reserve	25	350,000	585,000	127,000
<b>Total Equity</b>		<b>10,677,727</b>	<b>10,650,044</b>	<b>9,977,704</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,701,391</b>	<b>27,240,477</b>	<b>17,383,094</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Initial Contribution	Capital Reserve	Accumulated Funds	Total Equity
	\$	\$	\$	\$
At 1 January 2017	2,153,168	127,000	7,019,778	9,299,946
Effect of adoption of new accounting Standards (Note 2(a) (ii))	-	-	677,758	677,758
As at 1 January 2017 (restated)	2,153,168	127,000	7,697,536	9,977,704
Transfer out of capital reserve	-	(127,000)	127,000	-
Transfer into capital reserve	-	585,000	(585,000)	-
Total surplus for the year	-	-	672,340	672,340
At 31 December 2017	<b>2,153,168</b>	<b>585,000</b>	<b>7,911,876</b>	<b>10,650,044</b>
Transfer out of capital reserve	-	(585,000)	585,000	-
Transfer into capital reserve	-	350,000	(350,000)	-
Total surplus for the year	-	-	27,683	27,683
<b>At 31 December 2018</b>	<b>2,153,168</b>	<b>350,000</b>	<b>8,174,559</b>	<b>10,677,727</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## ALLOCATION OF SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Joint Petroleum Development Area	Timor-Leste Exclusive Area	Total for the year
YEAR ENDED 31 DECEMBER 2018	\$	\$	\$
Development fees	3,983,200	-	3,983,200
Contract service fees	880,000	-	880,000
Subsidy from Timor-Leste Government	-	1,521,189	1,521,189
Timor-Leste Government funding for petroleum audits	-	-	-
Downstream fees	-	367,474	367,474
Gain/Loss on disposal of property, plant and equipment	-	4,723	4,723
Downstream licenses - trading fees	-	103,133	103,133
Other Income	-	25,866	25,866
Interest	7,029	-	7,029
<b>Total Income</b>	<b>4,870,229</b>	<b>2,022,385</b>	<b>6,892,614</b>
Expenses split per JPDA Joint Commission approved budget	(4,103,856)	(2,761,075)	(6,864,931)
<b>Surplus/(deficit) for the year</b>	<b>766,373</b>	<b>(738,690)</b>	<b>27,683</b>

*The above Statement of Allocation of Surplus should be read in conjunction with the accompanying notes.*



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
<b>Operating activities</b>			
(Deficit)/surplus for the year		27,683	672,340
Adjustments to reconcile (deficit)/surplus for the year to net cash flows:			
Depreciation of property, plant and equipment	9	328,079	224,441
Amortization of intangible assets	8	78,672	151,014
Gain on disposal of property, plant and equipment		(4,723)	(26,052)
		<b>429,711</b>	<b>1,021,743</b>
Operating surplus before working capital changes			
Working capital adjustments:			
(Increase)/decrease in trade and other receivables	6	(189,291)	23,855
(Increase)/decrease in other current assets	7	(109,132)	7,540
Increase in trade and other payables	10	15,153,835	9,175,259
Increase in employee benefits provision	11	176,605	-
(Decrease)/increase in unearned income	12	(903,238)	9,784
Cash generated from operations		14,128,779	10,238,181
<b>Net cash flow provided by operating activities</b>		<b>14,128,779</b>	<b>10,238,181</b>
<b>Investing activities</b>			
Purchase of intangibles	8	(8,960)	(59,530)
Purchase of property, plant and equipment	9	(157,759)	(620,325)
Proceed on disposal of assets		4,723	26,212
<b>Net cash flow used in investing activities</b>		<b>(161,996)</b>	<b>(653,643)</b>
Net increase in cash and cash equivalents		14,396,494	9,584,538
Cash and cash equivalents at beginning of year		26,155,717	16,571,179
<b>Cash and cash equivalents at end of year</b>	4	<b>40,552,211</b>	<b>26,155,717</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## ANPM - REVENUE AUDIT REPORT

### AUTORIDADE NACIONAL DO PETRÓLEO OF TIMOR-LESTE STATEMENT OF PETROLEUM REVENUE RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue receipts by field			
Bayu-Undan	3	286,520,548	270,772,876
Kitan	4	-	670
Total revenue receipts received		286,520,548	270,773,546
Interest			
- Interest from Term Deposit	6	8,695	8,014
Total receipts received		286,529,243	270,781,560
Bank charges		(1,010)	(880)
Receipts less bank charges for the year		286,528,233	270,780,680
Cash at beginning of year		13,261,980	5,517,756
		299,790,213	276,298,436
Less: cash at end of year	5	(28,698,156)	(13,261,980)
<b>Amount available for distribution</b>		<b>271,092,057</b>	<b>263,036,456</b>
<b>Distributed as follows:</b>			
Distribution to Petroleum Fund of Timor-Leste		243,982,851	233,992,343
Distribution to Department of Industry, Australia		27,109,206	29,044,113
<b>Total payments made</b>		<b>271,092,057</b>	<b>263,036,456</b>

The above Statement of Petroleum Revenue Receipts and Payments should be read in conjunction with the accompanying notes

### MINERAL STATEMENT

#### STATEMENT OF MINERAL REVENUE RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue receipts by type of accounts			
License Fees	3	18,000	21,500
Prospecting		2,000	-
Exploration		-	21,500
Mining		16,000	-
Mining Extraction Fees	4	160,883	395,579
Compensation Fees	5	1,489,922	617,490
Total revenue receipts deposited		<b>1,668,805</b>	<b>1,034,569</b>
Bank charges	6	(60)	(92)
Receipts less bank charges during the year		1,668,744	1,034,477
Cash at beginning of year		-	-
Less: cash at end of year		-	-
<b>Total cash distributed during the year</b>	<b>7</b>	<b>1,668,744</b>	<b>1,034,477</b>

The above Statement of Mineral Revenue Receipts and Payments should be read in conjunction with the accompanying notes. The Mineral Revenue Receipts and Payments are directly paid to Timor-Leste Government account.



## 2. PETROLEUM CONTRACT OPERATOR'S ACTIVITIES





ANPM role is to ensure contractors' compliances in undertaking both the Mineral Activities and Petroleum Operations through processes of evaluating industries report on Petroleum Operations, conducting monitorizations, investigations, audits and inspections on facilities, vessel, rigs during the processes of Petroleum Operations and Mineral Activities in accordance to the applicable laws in the Timor Leste Territory on behalf of Timor-Leste and the Sunrise Special Regime on behalf of Australia and Timor-Leste. ANPM uses information from reports, investigations, inspections and audit to analyze trends for better improvement and decision making.

Overall, the quantity and scope of reports in 2019 reflect the contract operators' activities associated offshore production performance, the evaluations of the result of the explorations and development drillings, non-seismic airborne geophysical data acquisitions, data processing and interpretation, as well as ANPM's increasing proactive involvement to enforce regulatory requirements when dealing with oil and gas operator operating.

## 2.1 PRODUCTION SHARING CONTRACTS (PSCs) WITHIN THE TIMOR-LESTE TERRITORY AND THE SPECIAL REGIME AREA

In 2019, there were ten (11) contract areas that consist of two (2) PSCs on in the Onshore Area, eight (8) PSCs in the Offshore Area of the Timor-Leste territory, and One (1) PSC in the Special Regime of Sunrise Troubadour which as being fully administered by the ANPM on behalf Australia and Timor-Leste. Table below briefly outlines the statuses of each of the 11 PSCs through the period of the 2019.

Contract Operator	PSC	Locality	Statuses
ConocoPhillips JPDA 03-12 & 03-13 Pty Ltd	PSC TL-SO-T 19-12 PSC TL-SO-T 19-13	Timor Leste Territory Offshore	Production
Eni JPDA 06-105 Pty Ltd	PSC TL-SO-T 19-10 (Kitan Field)	Timor Leste Territory Offshore	Temporary Suspended oil field. The field was temporarily suspended after the productions ceased in December 2015 due to low oil price.
Woodside Energy Limited 03- 19 Pty Ltd	Greater Sunrise PSC		Exploration – Development Concept Studies
Eni JPDA 11-106 Pty Ltd	TL-SO-T 19-11	Timor Leste Territory Offshore	Exploration
Eni Timor Leste SPA	S-06-04	Timor Leste Territory Offshore	Exploration
TIMOR GAP Offshore Unipessoal Limitada	TL-S-15-01	Timor Leste Territory Offshore	Exploration
Timor Resources Pty Ltd	TL-OT-17-08 and TL-	Timor Leste Onshore	Exploration.

OT-17-09			
Carnarvon Petroleum LTD	TL- SO-T 19-14	Timor Leste Territory Offshore	Exploration
Sunda Gas	TL- SO-T 19-16	Timor Leste Territory Offshore	Exploration

TABLE 1: LIST OF CURRENT PETROLEUM PRODUCTION SHARING CONTRACTS BOTH IN THE TIMOR-LESTE TERRITORY AND THE SPECIAL REGIME

The locations of the all the 11 PSCs can be seen in Map below which outlines active PSCs portfolios both the within the Timor-Leste Onshore and Offshore territory as well as the Sunrise special regime during the period of 2019.

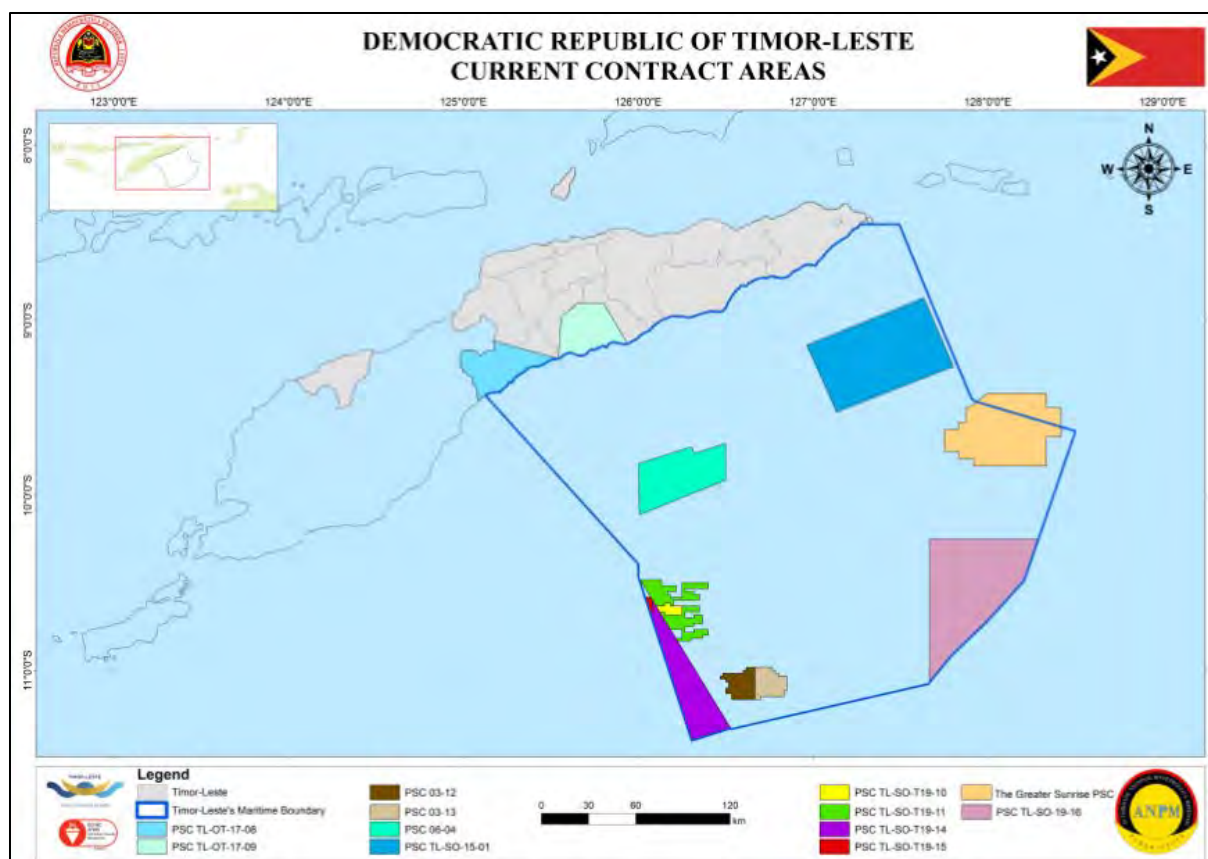
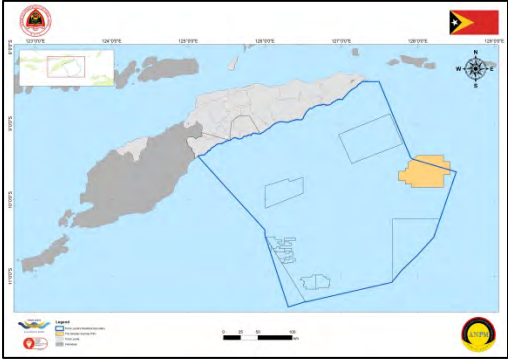
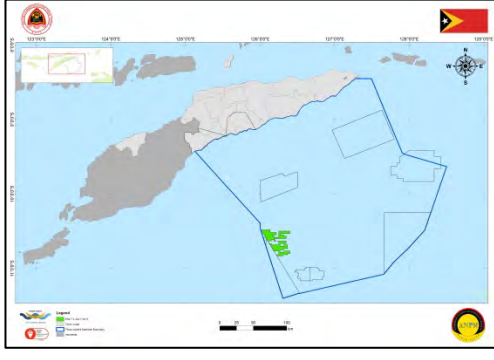
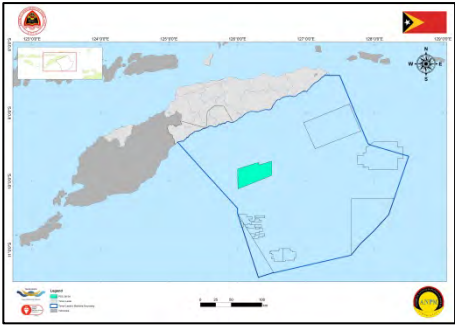
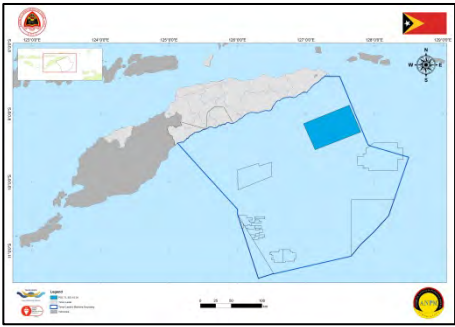
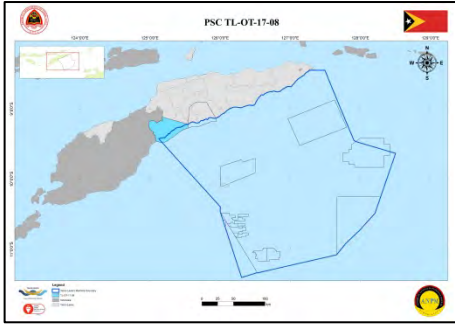


FIGURE 7: SHOWS THE MAP OF THE CURRENT ACTIVE PSCS BOTH IN THE TIMOR-LESTE ONSHORE AND OFFSHORE TERRITORY AS WELL AS THE SPECIAL REGIME

## 2.2 PETROLEUM EXPLORATION PERFORMANCES

As briefly outline in section 2.1, during the period of 2019 post the Timor-Leste and Australia Maritime Treaty ratification, there are ten (10) active PSCs within the Timor Leste Onshore and Offshore Territory and One (1) PSC in the Sunrise Special Regime Area. These eleven (11) PSCs are the Bayu Undan production field that consisted of Two (2) unitized PSCs, the temporarily suspended Kitan PSC that are located within the Timor Leste Offshore territory, the Greater Sunrise PSC which is still under the development concept studies which is located within the Special Regime; Whereas the rest of the PSCs are under exploration stage.

PSC	Activities
<p data-bbox="316 295 518 324">Greater sunrise PSC</p> 	<ul style="list-style-type: none"> <li>• After the ratification of the Maritime Border Treaty between Australia and Timor – Leste in August 30, 2019, Sunrise and Troubadour fields has now become one unique PSC within a Sunrise Special Regime. The Sunrise Special Regime PSC is fully administered the ANPM on behalf of the Government of Australia and Timor-Leste.</li> <li>• Currently the Transitional Arrangement team which involve both the Australian and the Timor-Leste Government and the Operator and Joint Ventures of the Sunrise PSC is currently in the process of finalizing the relevant terms and conditions of the PSCs which may have been affected due to the new Maritime Border Treaty Arrangement.</li> </ul>
<p data-bbox="316 1028 518 1057">PSC TL-SO-T 19-11</p> 	<ul style="list-style-type: none"> <li>• After the new maritime boundary and transition from JPDA to Timor Leste offshore territory the JPDA PSC 11-106 was changed to PSC TL-SO-T 19-11 to reflect the new treaty arrangement as well as the the Timor-leste jurisdiction.</li> <li>• After further G&amp;G studies performed in 2018, the operator finally spudded the first well Kanase-1 in March 2019</li> <li>• The well was targeting both Jurassic prospect and a Triassic play</li> <li>• The well was completed in June 2019 and the result of the drilling shows no commercial discovery.</li> <li>• The remain working on the was on further technical studies as well as regional studies which are expected to be completed by July 2020.</li> </ul>

<p>TLO PSC S-06-04</p> 	<ul style="list-style-type: none"> <li>• The technical and geological and geophysical studies are still ongoing,</li> <li>• the operator is aiming to complete the studies by Early 2020.</li> </ul>
<p>TLO PSC TL-SO-15-01</p> 	<ul style="list-style-type: none"> <li>• TIMOR GAP Offshore Block has completed their seismic interpretation of broadband seismic Crocodile 3D, and identified several viable prospects for drilling targets.</li> <li>• During the period 2019 the operator sought for the ANPM approval to conduct additional G&amp;G studies utilizing some geophysical methods to enhance the seismic image at the sub-thrust area further improve the seismic imaging under the sub-thrust area as part of minimizing explorations risks and identifying a proper drilling locations</li> </ul>
<p>TL-OT-17-08</p> 	<ul style="list-style-type: none"> <li>• Over the period of 2019, the operator and its Joint Venture has completed the Fafulu 2D seismic survey on PSC contract are of TL-OT-17-08 in Covalima district.</li> <li>• After the completion of the seismic interpretation of the Fafulu 2D survey within contract area, the operator has identified with 4 different drilling targets.</li> <li>• The all the drilling logistics preparations are currently ongoing. All the drilling locations has been identified and the operator has commenced the drill site preparations, including consulting with local communities. The drilling tender has been awarded and it is expected that by first quarter all drilling equipment will be mobilized onsite and the first well spudding is to comment in the second quarter of 2020.</li> </ul>



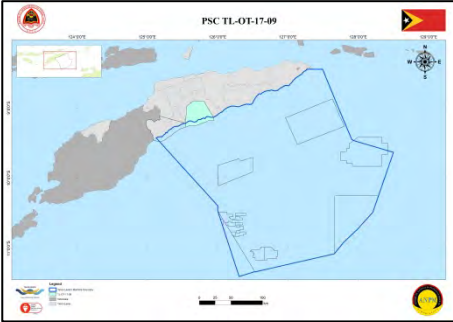
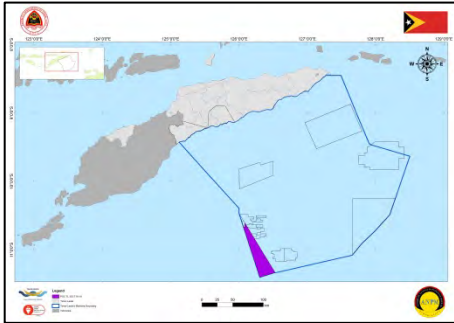
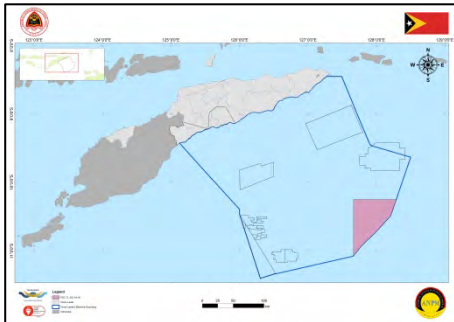
<p style="text-align: center;">TL-OT-17-09</p> 	<ul style="list-style-type: none"> <li>• The Acquisition of the 2D seismic data within PSC TL-OT-17-09 was completed in October 2019 and the processing and interpretation of the seismic data are still ongoing.</li> <li>• It is expected that the interpretation will be completed within the month of May 2020. Upon the completion of the interpretation, and after the completion of the drilling of the 4 wells within the contract area TL-OT-17-08, the rig is going to be mobilized it into the contract area TL-OT-17-09 to continue the drilling campaign in this contract area.</li> </ul>
<p style="text-align: center;">PSC TL-SO-T 19-14</p> 	<ul style="list-style-type: none"> <li>• The contract area was previously under the Australian jurisdiction. After the Ratification of the new maritime boundary in August 2019 it became PSC TL-SO-T 19-14 fully under Timor – Leste new territorial water jurisdiction.</li> <li>• The PSC is operated by Carnarvon Petroleum LTD and at the moment the Operator is focusing on the G&amp;G studies.</li> </ul>
<p style="text-align: center;">PSC TL-SO-19-16</p> 	<ul style="list-style-type: none"> <li>• The PSC was awarded signed in November 2019 and Operated by SundaGas and its JV partner TIMOR GAP Offshore block in the fourth quarter 2019 through a direct award mechanism in accordance with the Law No. 05/2205, the Petroleum Activities Law Article 13.1(b)(ii).</li> <li>• The PSC at the moment is at the Exploration stage and the contractor is focusing on the G&amp;G studies</li> </ul>

TABLE 2: SUMMARY OF EXPLORATION PSCS ACTIVITIES WITHIN THE EACH CONTRACT AREA

## LICENSING ROUND 2019/2020

After more than one and half decades of silence, on October 03, 2020, Timor – Leste announce its second licensing round. This second licensing round was launched by His Excellency Prime Minister Taur Matan Ruak in conjunction with the opening the first Timor – Leste Annual Oil and Gas Summit 2019 at the Dili Convention Center. This round is launched based on the Government Dispatch No. 2/GMPM/IX/2019 regarding the new blocks for the Petroleum Sharing Contract (PSC) for the both onshore and offshore areas; where the Government of Timor-Leste through the

Autoridade Nacional do Petróleo e Minerais (ANPM) release 18 new exploration blocks – 7 onshore and 11 offshore for an open and competitive bidding to all the International Oil Companies (IOC) and National Oil Companies (NOC).

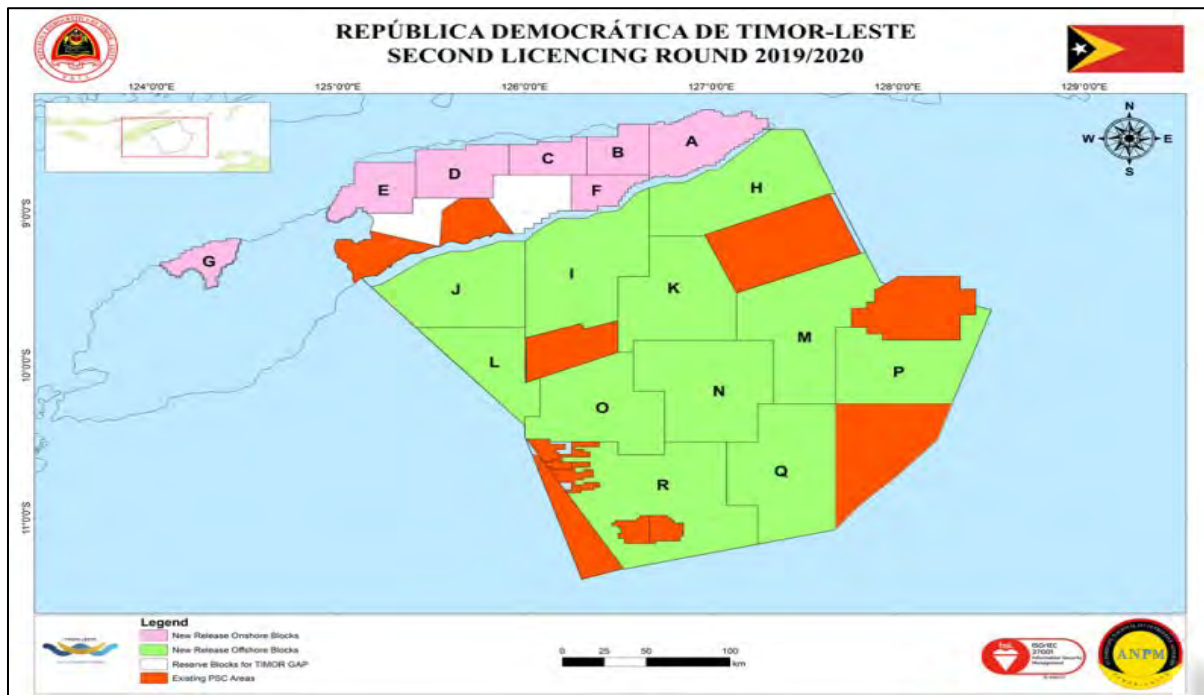


FIGURE 8: SHOWS THE MAP OF THE 18 NEW BLOCKS RELEASED FOR THE PERIOD OF 2019/2020

## INTERNATIONAL ROADSHOW PROMOTIONS

As part of the promotion strategy to attract the potential bidders for the newly released blocks, like any other countries in the world would have done during a licensing round period; the ANPM conducts several international roadshow promotions and participated International Conferences and Exhibitions at certain cities such as Singapore, Abu Dhabi, Perth, London, Houston, which are believed to be the regional center for petroleum industries throughout Asia, Australasia, Europe and America. In that, over the period of 2019 the ANPM participated in several different international conferences and exhibitions as follows:

On the 11-14 of November 2019, the ANPM team participated at ADIPEC – Abu Dhabi International Petroleum Exhibition & Conference 2019 as an exhibitor by promoting the Timor-Leste second licensing round. The ANPM team managed to meet various IOCs during the event and had several side meetings with several companies to further present in details the potentials as well as the process and procedures on how the companies can bids.



*FIGURE 9: SHOWS SOME OF THE PICTURES OF HIGHLIGHTS OF THE ROADSHOW ACTIVITIES DURING ADIPEC 2019*

After successful exhibitions at the ADIPEC 2019, on December 2-3, 2019, the ANPM participated the World Energy Capital Assembly (WECA) event in London, United Kingdom. . On that event, President of ANPM had the opportunity to be speaker to share about the experiences of the the petroleum industry in Timor-Leste as well as to promote the Licensing round 2019/2020. Following on the event, the ANPM also hosted a separate roadshow session where the team invited all the IOCs that they met during the event and all they contacted prior to the event. During the roadshow in 4 December ANPM focussed on giving presentation regarding the blocks Pre-qualification, Bidding Round, available data, and also presentation from Multi Client companies regarding multiclient data in Timor-Leste territory. In order to gain a wider and global markets of IOCs and NOCs, the ANPM also engaged IN-VR as our marketing agency which can also facilitate the promotions, and organizing some of the roadshows, namely in London, Singapore, Houston, Perth and some more cities as the time progressing. After the successful road show in both Abu Dhabi and London, the ANPM is planning to host Roadshow in Houston- USA, Perth-Australia and Singapore in 2020. Please refer to pictures below regarding the highlights of the WECA and Roadshow in the London UK.



FIGURE 10: SHOWS THE PICTURES HIGHLIGHTS OF THE WECA CONFERENCE 2019 IN LONDON, UK AS WELL AS THE ROADSHOW EVENT DAY AFTER THE CONFERENCE

## TIMOR LESTE OIL AND GAS SUMMIT 2019

Timor Leste Oil and Gas Summit is an annual global oil and gas conference which has been first time launched in Timor-Leste organized by IN-VR, a well-known International event organizer based in London and in collaboration and cohosted by the ANPM. The first Timor-Leste Oil and Gas Summit took place on October 3 and 4, 2019 which was participated by more than 260 delegates from 90 different oil and gas and services companies from 16 different countries, including Australia, Canada, Singapore, Australia, Indonesia, United Kingdom, Spain, Greece, United State of America, New Zealand and many more countries from Europe and other Asia Pacific. The event also draw the attentions of the highest dignitaries in the country which can be seen from the participant of His Excellency Prime Minister Taur Matan Ruak and his key ministers, the former Presidents of Republic and former Prime Ministers, H.E. Kayrala Xanana Gusmao and H.E. Dr. Jose Ramos Horta, as well as the representatives of the Parliamentarian Bench.

The first Timor-Leste Oil and Gas Summit 2019 was also marked by the launching of the Timor-Leste second licensing round 2019/2020. This event has been also considered as one of the key highlight event in the country during the year apart from the 20 years anniversary Timor Leste referendum day.





*FIGURE 11: H.E. PRIME MINISTER TAUR MATAN RUAK ACCOMPANIED BY MR. XANANA GUSMAO AND DR. JOSE RAMOS HORTA LAUNCHING THE FIRST TIMOR-LESTE OIL AND GAS SUMMIT AND THE TIMOR-LESTE SECOND LICENSING ROUND ON 3TH OCTOBER 2019*

## THE IMPLEMENTATION OF THE INTEGRATED AIRBORNE GEOPHYSICAL SURVEY-IAGS

The implementation of the Integrated Airborne Geophysical Surveys (IAGS) – project commenced in late Mid-late 2016, which covers four different Airborne Geophysical survey methods, namely the regional gravity survey, a combined regional magnetic - radiometric survey, and detail electromagnetic survey and gravity gradiometry survey. The acquisition of the regional gravity survey over the mainland Timor Island, and the islands of Atauro and Jaco, as well as the enclave of Oecussi and north offshore was completed in 2017. Over the period of 2018, PT. Karvak and its sub-contractor Airborne Petroleum Geophysics (APG), a Canadian based company, completed the data processing of the acquired regional gravity. At the same time, PT. Karvak and its sub-contractor APG continued with the acquisition of a regional magnetic – radiometric survey over the entire onshore territory of Timor-Leste and the survey was completed in April 2019.

Upon completion of the regional survey, PT. Karvak and its sub-consultant performed a regional data interpretation on the Gravity and Magnetic-Radiometric survey to seek the potential target areas for both Petroleum and Mineral for detail survey using Electromagnetic (EM) and Airborne Gravity gradiometric Survey (AGG). The AGG survey was commenced in February 2019 with the aim for mapping out the extension of the identified sedimentary basins which was completed at the end of March 2019. Whereas EM survey was commenced in June 2019 with the aim is to further map several predefined area which are suspected to be potential for minerals prospective areas. . The EM survey expected to be completed by the end of April 2020.



FIGURE 12: PT. KARVAK NUSA GEOMATIKA WAS PRESENTING THE PROGRESS OF THE IAGS SURVEY INCLUDE THE EM SURVEY THAT ARE GOING RIGHT NOW IN TIMOR-LESTE

## 2.3 PRODUCTION PERFORMANCE

### PRODUCTION IN BAYU UNDAN FIELD (PSC-TL-SO-19-12 & 19-13)

Bayu-Undan (BU) is a gas condensate field which geographically locates in the Timor-Leste offshore waters. The field is operated by ConocoPhillips with its Joint ventures and located approximately 250 km from South-East of Suai, Timor-Leste. Bayu-Undan project has two operating facilities including offshore facilities and Onshore (Darwin LNG) facility. Offshore facilities consist of a Central Production and Processing Complex (DPP and CUQ), FSO, WP1, subsea in-field pipelines and gas export pipeline to Darwin.

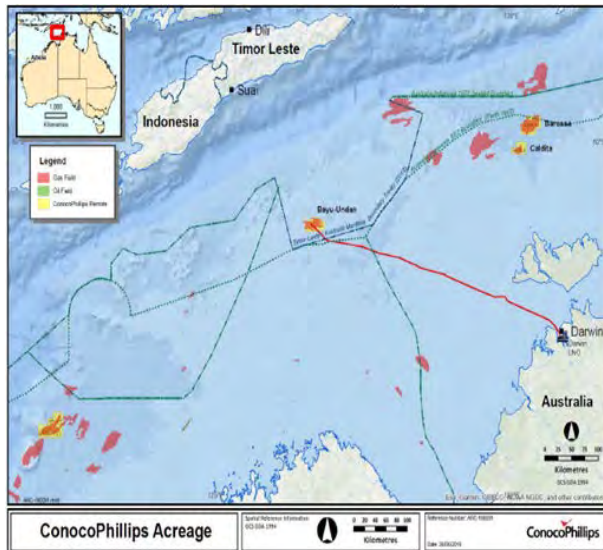


FIGURE 13: BU FIELD LOCATION

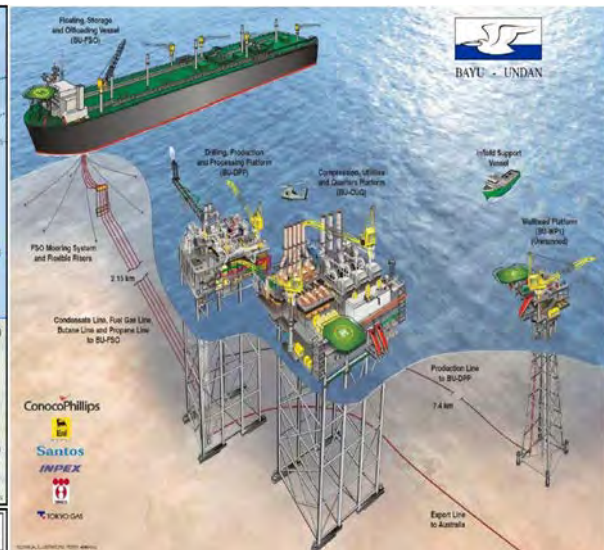
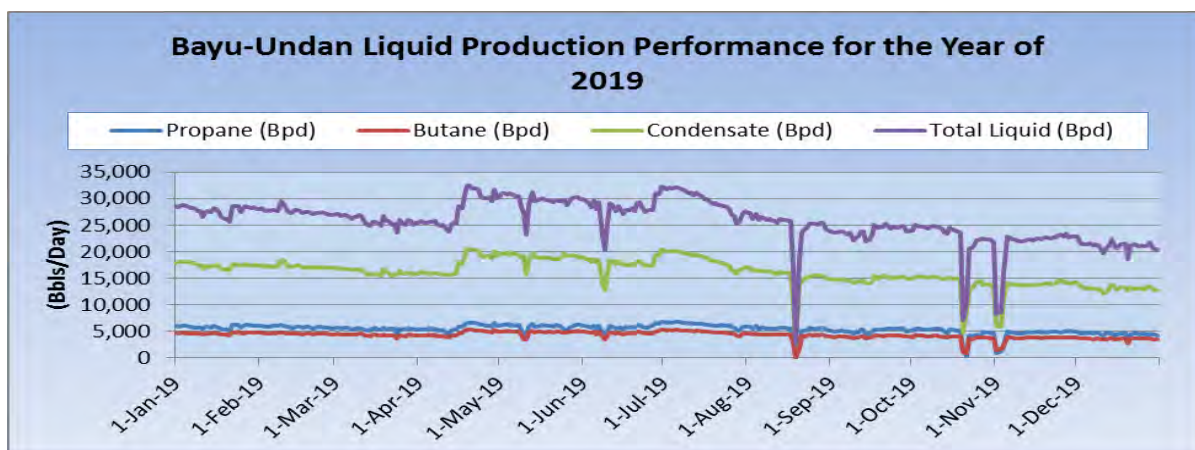


FIGURE 14: BU FACILITY

It is acknowledged that the Bayu-Undan field matures and productivity from existing wells decreases with increasing water produced; there are gas reinjection wells has gradually been converted from re-injection duty to production duty for fulfilling the DLNG gas demand. Historically, two injector wells (such as D14 and D04) have been permanently converted to production duty in Jan 2015 and Jan 2018 respectively, whilst the remaining 2 injector wells (such as D09 and D15) are remained at performing injection duty.

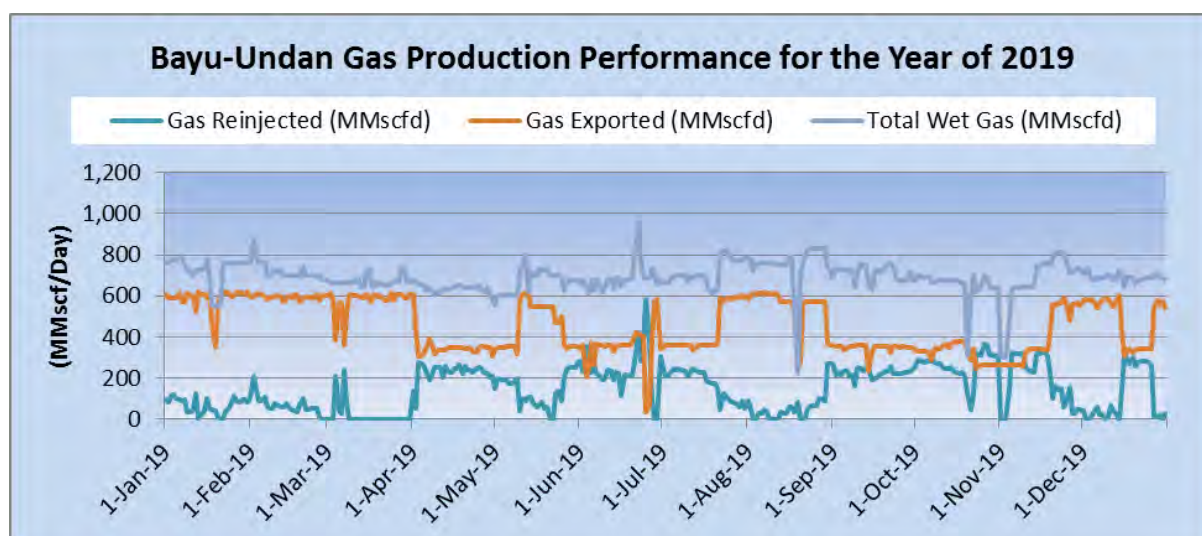
In the year of 2019, Bayu-Undan field produced from 13 producing wells of 2 R2P wells, 3 infill wells and 8 existing producing wells. The total wet gas production through producing wells was 252.63 BCF and the combined liquid production (Condensate and LPG) was 9.42 MMbbls. Similarly, the total annual gas export to DLNG for the reporting period was 165.90 BCF. There were several production interruptions throughout the year including half rate in DLNG, well intervention (W06,W11 and D10), plant maintenance campaign, plant shut down due CPP PSD & FSO ESD1, DLNG SDP event, DLNG shut down for 36 hours outage due to complete critical DLNG maintenance on 25th June 2019. In addition, several wells were brought offline due to water load and decline rate especially wells located in superblock area within the field..





GRAPH 1: TOTAL LIQUID PRODUCED

It is observed from the above graph that the total liquid production was almost steady at average rate of 25,000 bbls per day, except on second week of August (i.e. 18-23) and end of August towards the second week of September (i.e. 30 Aug until 16 Sep) as well as from mid of October onwards it is seen an overlap dropped of liquid production below 25,000 bbls due to CPP & FSO PSD on 18<sup>th</sup> – 20<sup>th</sup> of August, R2P well test, PSD on 20<sup>th</sup> October and low rate wells on D13,W11 & DS02.



GRAPH 2: TOTAL WET GAS, INJECTED LEAN GAS AND GAS EXPORTED

Throughout the year, the average wet gas production was at 692 MMscfd. In addition, the total lean gas injected for year of 2019 was 54.49 BCF. The increasing of lean gas injection in the mid of the year was mainly due to the DLNG half rate, DLNG planned zero rate on and facility start-up.

### KITAN FIELD (PSC TL-SO 19-10)

The Kitan field is located in the Timor-Leste offshore with approximately 170 km South of the Timor-Leste coast. There is no current production from Kitan field as this field was Shut-in on 16<sup>th</sup> December 2015 due to oil price drop. Risers were



disconnected and completed topside process cleaning by flushing and purging of production plant. Floating Production Storage and Offloading (FPSO) departed from Kitan field on 27<sup>th</sup> February, 2016.

The ANPM is in continuous discussion with ENI (Contract Operator) on the method and time for the final field abandonment as well as assessing the field redevelopment options.

## 2.4 HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

Health, Safety and Environment (HSE) Directorate is responsible for regulating and enforcing relevant legislation in both Timor-Leste Area and Joint Petroleum Development Area (JPDA). JPDA then ceased to exist and became Timor-Leste waters following the ratification of Maritime Boundary Treaty on 30 August 2019. The aim of regulating and enforcing HSE legislation in petroleum operations is to ensure that the contract operators control and manage risks to As Low as Reasonably Practicable (ALARP).

Major petroleum operations implemented by the operators in 2019 were the onshore seismic survey in PSC-TL-OT-17-09 in Manufahi and Ainaro Municipalities, Kanase-1 drilling in the contract area of JPDA 11-106, now became PSC TL-SO-T 19-11 and well intervention and maintenance in the Bayu-Undan Field (PSC TL-SO-T 19-12, PSC TL-SO-TL 19-13).

ANPM-HSE Directorate's primary focus is constantly on preventing incident/accident and to ensure that the contract operators continue to be accountable for safe operations. We continuously aim at taking considerable steps towards continuous improvement and effectively regulate this sector. ANPM-HSE Directorate fulfill its function by undertake rigorous assessment and carrying out inspection, investigation and enforcement as necessary.

### HSE PERFORMANCE IN THE TIMOR LESTE OFFSHORE

JPDA and Timor-Leste's legal framework has stipulated various requirements for petroleum activities. As the regulatory authority, ANPM aimed at maintaining effective and efficient regulatory assessment, to ensure rigorous review is carried out and at the same time, meeting the project schedule. During this reporting year, rigorous regulatory assessment was carried out for the following activities;

#### a). HSE Incident in the Bayu Undan Field

Contract operators are obliged to report incidents to ANPM. The incidents are categorized into reportable and recordable incident including dangerous occurrences. Whilst the reportable incidents and dangerous occurrences shall be notified immediately or within 48 hours to ANPM, the contract operators also provide recordable incidents and summary of its HSE performances to ANPM on a monthly basis. These data are important as it allows ANPM-HSE to monitor and assess contract operators' HSE performances. Furthermore, these data are analyzed to establish trend of the reportable and recordable incidents that enable HSE directorate to focus its regulatory functions to specific areas of concern.

Overall in 2019 there were a total of 202 incidents compiled from the petroleum activities in the Bayu-Undan Field. Out of 202 incidents, there were two reportable in the month of September and October 2019 which were investigated by

operator and immediately reported to ANPM. These incidents were near misses incidents. The first was live 240volt supply found during test for dead on GT3 starter motor. The second was N2 cylinder dropped from main deck hatch to 3<sup>rd</sup> deck forward machinery space.

The chart and the graph below represent percentage of each incident by category/type and the spread of each incident category across the months during 2019, for a total Man Hours of 1,053,930.

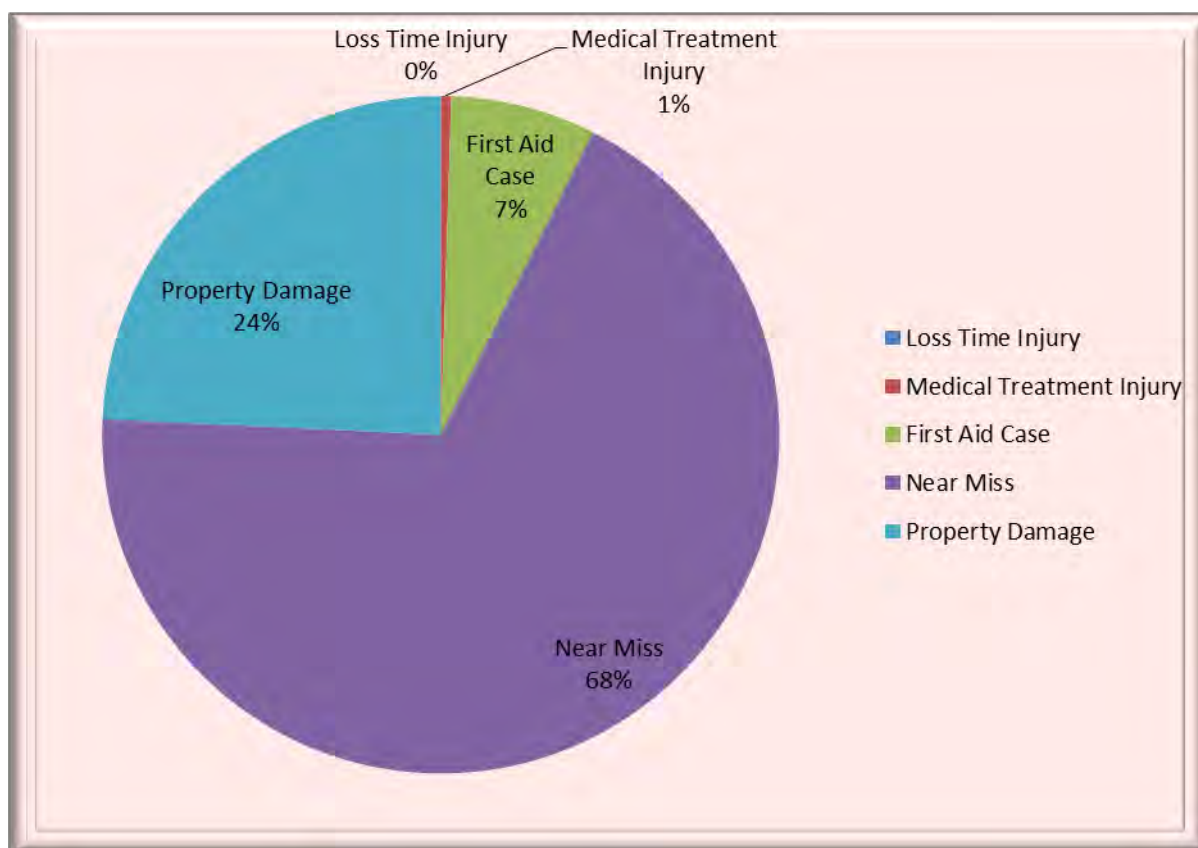
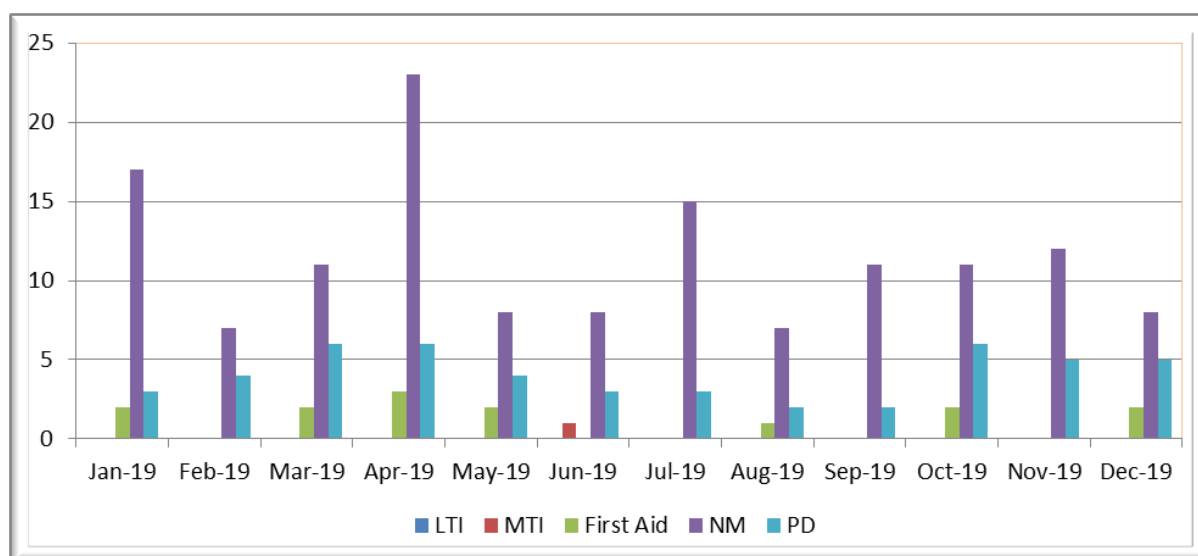


CHART 5: BAYU UNDAN 2019 HSE INCIDENTS

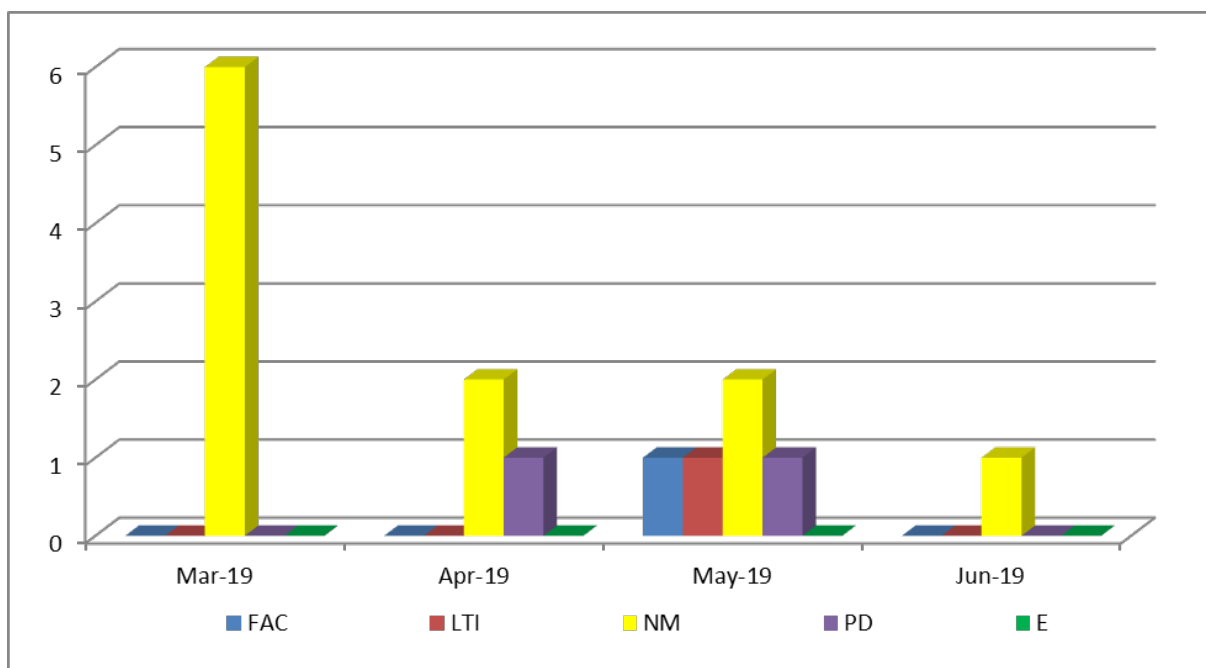


GRAPH 3: BAYU UNDAN 2019 HSE INCIDENTS ON A MONTHLY BASIS

Contract operator is continuously encouraged to report health concerns, workplace hazards, unsafe conditions, near misses and actual incident. The number presented in the above graphs reflected reporting culture in the Bayu-Undan. Total man-hours accumulated in 2019 was 1,053,930. The graph shows that with more than 1 million total man-hours, 68% of the incidents were classified as near miss. It is important to note that these near misses were mostly registered as an opportunity to improve certain practices and systems.

#### b). HSE Incident of Kanase-1 Drilling Campaign

Kanase-1 Drilling was undertaken by the Maersk Deliverer MODU which arrived at Kanase Field on 13 March 2019. The MODU departed the field on 20 June 2019. The environmental incidents were not occurred but there were 15 Health and Safety incidents occurred during the drilling campaign. The graph below shows the health & safety performance during the drilling campaign.



GRAPH 4: HSE PERFORMANCE DURING KANASE-1 DRILLING

#### c) Gas Disposal in the Production Facility in the Bayu Undan Field

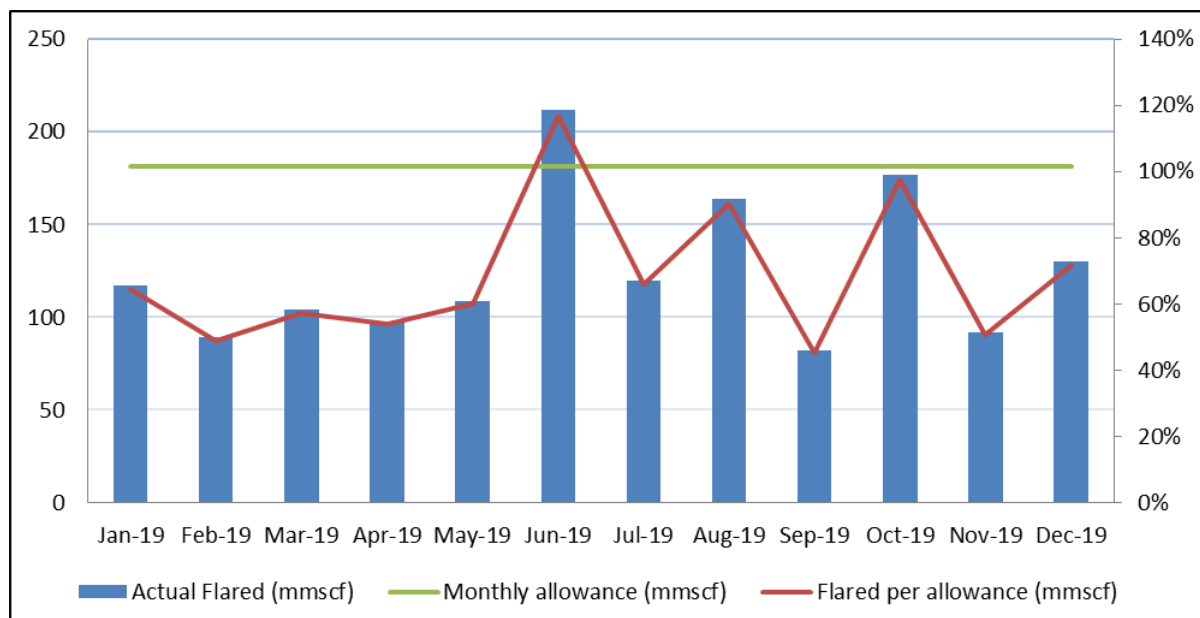
Flaring allowance is approved annually based on the activities to be undertaken each year. In 2019 flaring allowance was granted to BU Operations, as the only production facility in the Timor-Leste water.

A total of 2,178 mmscf was requested and subsequently approved to be flared in 2019. The amount requested considered a combination of historical actual flare data accumulated since commencement of steady-state operation (2005) and the known scope of planned activities in 2019. In addition to routine operational activities, the 2019 application included the allowance for flaring from the following planned non-routine activities:

- 2019 Planned Service Campaigns
- Flaring associated with use of the well unloading line

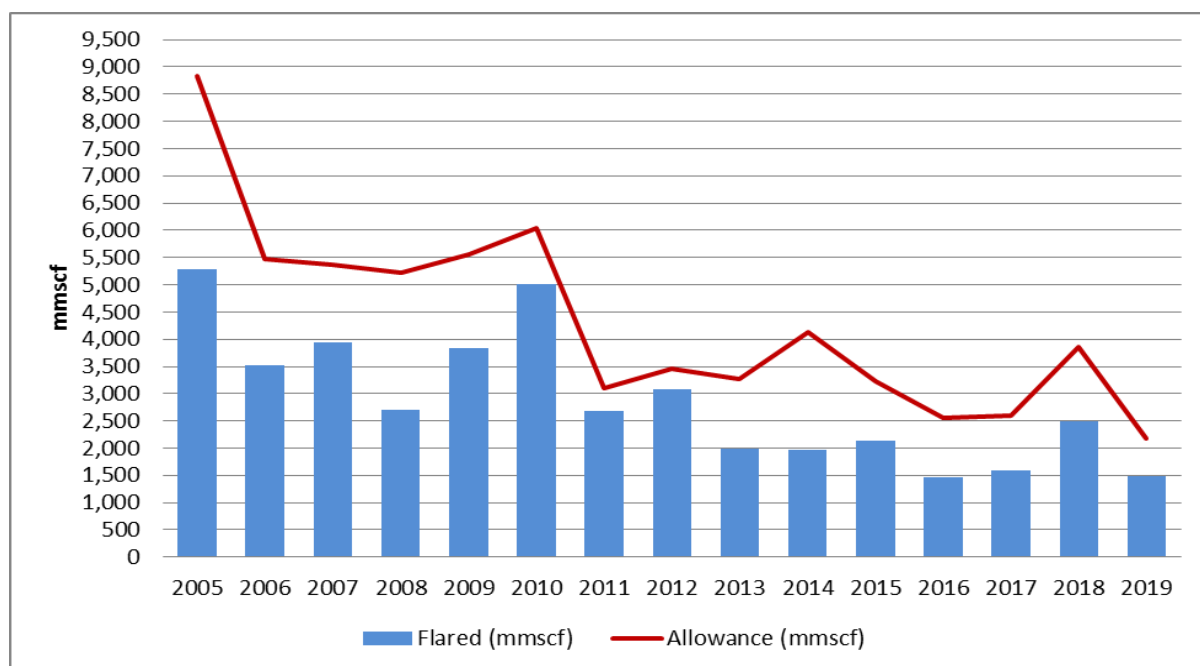
- Additional Flaring associated with two re-injection compressor operations

Total actual volume flared during 2019 was 1,494 mmscf, which is about 69% of the approved volume by the ANPM for reporting periods. As a result, full compliance was achieved as it was well below the annual consent volume of 2,178 mmscf. The graph below shows the flaring allowance and the actual volume flared gas during 2019 on a monthly basis.



GRAPH 5: 2019 FLARING ACTUAL VS FLARING ALLOWANCE IN BAYU UNDAN

As graphically portrayed above, the amount monthly flared for most of the time has been well below the flaring monthly allowance volume. However, a spike was recorded in the month of June and this was due to the online re-injection compressor trip.



GRAPH 6: ANNUAL FLARING TREND (2005-2019) IN BAYU UNDAN



In general, the Bayu Undan Annual Flaring trend has been flattening, if not decreasing, in the last 5 years. The amount flared slightly increased in 2018 due to planned non-routine activities, rate reduction campaign, and major facility shutdown. However, there is a decrease in flaring in 2019 compared to 2018 as a result of no planned shutdown activities in 2019.

Efforts for reduction of flaring have also been one of the main focuses of discussion with the contract operator and will be continuously carried out throughout the years until the end of field life.

## HSE PERFORMANCE IN THE TIMOR-LESTE ONSHORE

In 2019, petroleum operations in Timor-Leste onshore were focused on seismic survey at the contract area of PSC TL-OT-17-09 and airborne geophysical survey program. There were only two incidents recorded for the seismic survey; a first aid case (scorpion or insect bite) and a non work-related case (encountered crocodile on the beach). Total man-hours accumulated for the seismic survey was 133,596 without a single lost time injury (LTI).

For Integrated Airborne Geophysical Survey (IAGS), there was no HSE incidents recorded during the reporting period.

## 2.5 MARKETING PERFORMANCE

As widely known that the Bayu-Undan (BU) field is a gas condensate field which produces; Condensate, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG). LPG and LNG products are continued to market with the existing arrangements under term contract, while Condensate sold under spot market.

In terms of global oil prices, earlier in the year of 2019, Brent oil price has been fluctuated from \$50/bbl in January to \$71/bbl in May, then drop again and remain around \$62/bbl throughout the second semester of 2019.

LPG prices started well in 2019, riding on winter demand and crude oil price increase. Following deepening of the trade war in 2Q, prices declined sharply. Butane faced competition from naphtha, and traded close to propane, which benefited from demand from new PDH projects. April 2019 Saudi CP and Argus FEI prices recorded as the highest prices during the year, propane and butane were sold at average price of \$453/MT amid strong demand from China, India and Southeast Asia to fulfill the need of commercial sector and petrochemical feedstock.

In spite of DLNG SPA buyers JERA and TG cargoes dropped in year 2019 due to nuclear power generation restarts and high LNG inventories in Japan due to the wheatear condition in Japan is warmer that previous year. Under current condition, the States revenue form petroleum are generated more from LNG sales.

## CONDENSATE

Graph below shows that despite of 2019 oil price is slightly lower compared to the last year, however, the condensate revenue slightly higher than the previous year figures. The increase of the revenues was supported by the Bayu Undan infill well liquid production. Total cargoes sold in 2019 were 13 cargoes, higher than year 2018 which were only 7 cargoes.



*GRAPH 7: CONDENSATE SOLD IN 2018 & 2019*

### LIQUEFIED PETROLEUM GAS (LPG)

The successful of BUIW has also add incremental values to LPG production in 2019. As a result, LPG revenue was slightly high compared to previous year. This changes can be seen from the total cargo lifted in 2019 was 7 cargoes compared to 2018 only 5 cargoes sold as illustrated in the below graph.

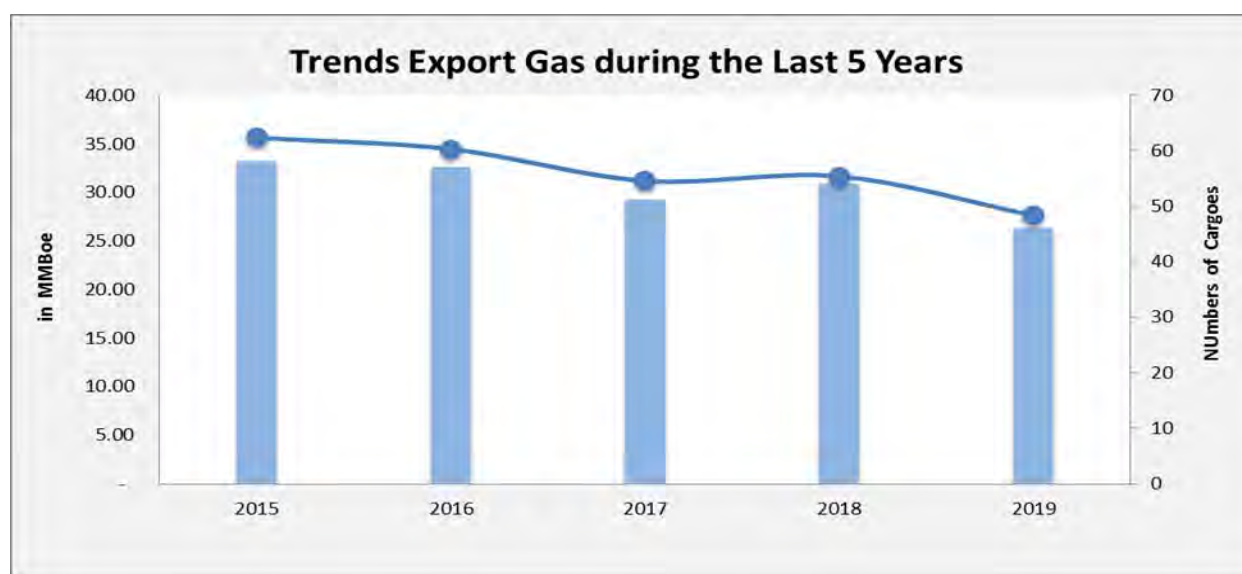


*GRAPH 8: LPG SOLD 2018 & 2019*

### LIQUEFIED NATURAL GAS (LNG)

LNG is continue sold under a long term sale agreement (SPA) between Darwin LNG and Tokyo Gas (TG) and JERA. Natural gas is transported to Darwin, Australia, via a pipeline, where it is liquefied at an onshore processing plant in Darwin and then sold as LNG to customers such as Tokyo Electric (TE) and JERA. Overall, 2019 recorded as a lowest

quantity for the past 5 years although field capacity was sufficient to deliver above Annual Contract Quantity (ACQ). Gradual reduction of Japan LNG demand affecting buyers lowered down their 2019 cargoes.



GRAPH 9: GAS EXPORT DURING THE LAST 5 YEARS

## 2.6 PETROLEUM EXPLORATION EXPENDITURE PERFORMANCE

### A. TIMOR LESTE OFFSHORE AREA - EXPLORATION PSCs

- PSC TL-SO-T 19-11

This PSC-TL-SO-T 19-11 is a PSC that substitutes the existing PSC JPDA 11-106 as the result of the implementation of the Maritime Boundary Treaty between Timor-Leste and Australia which transforming the Former JPDA area as Timor-Leste territory. Eni, a Milan based oil firm through Eni JPDA 11-106 B.V. as operator of this field in partnership with INPEX Offshore Timor-Leste, LTD., and TIMOR GAP PSC 11-106 Unipessoal, Limitada (which has a 24% participating interest under this PSC). The expenditure incurred under PSC-TL-SO-T 19-11 was reported for the period started from 1 January 2019 to 29 August 2019 (under PSC JPDA 11-106), and after Maritime Boundary Treaty comes into force in 30 August 2019 to the year ended 31 December 2019 it is reported under PSC-TL-SO-T 19-11 terms. The majority of expenditure in 2019 was related to drilling costs.

- PSC TLOA S06-04 Block E

Eni, a Milan based oil firm through Eni SpA, as operator of this field together with Galp Petroleum and Korean Gas acquired this PSC in 2006. Eni SpA, as the operator of this PSC, requested an extension to the deferral of its drilling commitment as a result of the sustained low oil prices. The ANPM granted its extension which will be expired in 30<sup>th</sup> June 2020, this extension would enable Eni to finalise its G&G studies to firm up its exploration

economics. For the period year 2019 the majority of the expenditure was related to the G&G study including permit maintenance and local content.

- **PSC TL-SO-15-01**

This PSC is 100% owned and operated by Timor GAP OFFSHORE BLOCK UNIPESSOAL, LDA ("TGOB") one of the subsidiaries of the Timor Gas e Petróleo TIMOR GAP. EP, is the Timor-Leste national oil company. This PSC has been acquired in late December 2015. During the year of 2019, the majority of expenditure was related to G&G study, seismic data acquisition and interpretation, including permit maintenance and local content.

- **PSC TL-SO-T 19-14 (CARNAVON)**

This PSC TL-SO-T 19-14 is a PSC transiting from an Australia's offshore licences title to Timor-Leste PSC as the result of the implementation of the Maritime Boundary Treaty between Timor-Leste and Australia which transforming the some parts of Australia's waters as Timor-Leste territory. Carnarvon Petroleum Timor Unipessoal Lda ("Carnarvon") is an Australia Oil and Gas Company incorporated and registered in Timor-Leste is the only company who hold 100% participating interest and operate this PSC as operator. For year 2019 most of the expenditures incurred were related to environmental study, reprocessing seismic study and redevelopment study.

- **PSC TL-SO-T 19-16 (SUNDA GAS)**

This PSC is newly offshore PSC signed in late November 2019 to the joint venture between Director, SundaGas Banda Unipessoal Lda ("Sunda Gas") and TIMOR GAP Chuditch Unipessoal Lda (with Participating Interest of 25%). Sunda Gas is the operator of this PSC. There were no material expenditures for year 2019 which also be brought to 2020 expenditures report.

## **B. TIMOR-LESTE ONSHORE AREA – EXPLORATION PSCs**

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- **PSC TL-OT-17-08 & PSC TL-OT-17-09**

Both PSCs was granted in 2017 to Joint Ventures between TIMOR RESOURCES PTY LTD., an Australia oil company and a permanent representation in Timor-Leste and TIMOR GAP ONSHORE BLOCK, UNIPESSOAL, LDA. one of the subsidiaries of the Timor Gas e Petróleo TIMOR GAP. EP, is the Timor-Leste national oil company with participation interest of 50%. The operator for both PSCs is Timor Resources. In 2019, the majority of expenditure was related to G&G study, seismic data acquisition (for PSC TL-OT-17-09), processing and interpretation, drilling preparation (for PSC TL-OT-17-08), including permit maintenance and local content.

## **C. SPECIAL REGIME AREA – EXPLORATION PSCs**

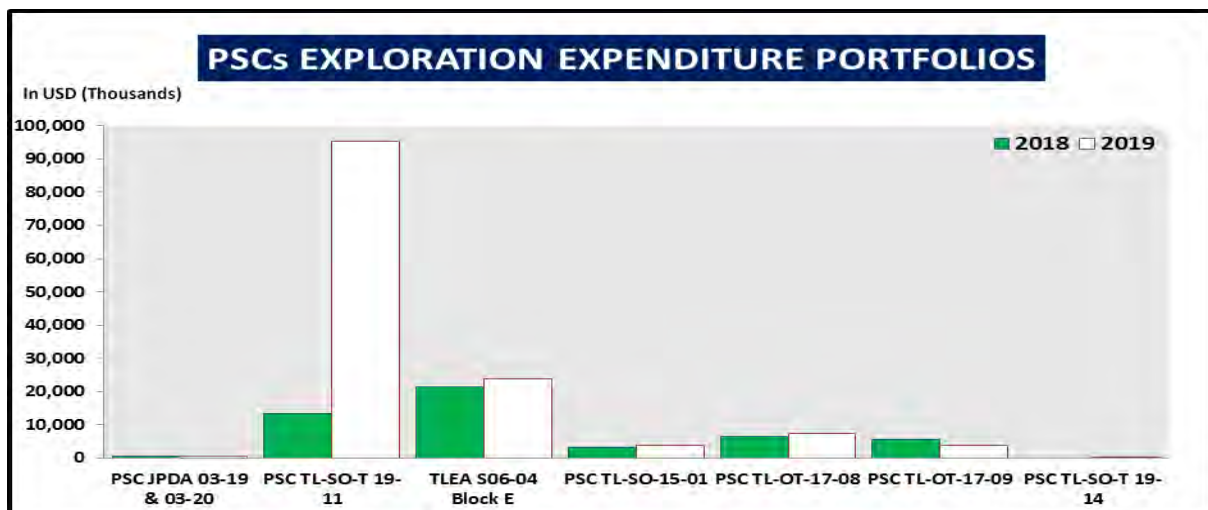
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- **PSC JPDA 03—19 & 03-20**

Woodside Petroleum, an Australia oil company is the operator of the Sunrise PSC together with TIMOR GAP GREATER SUNRISE 03-19, Unipessoal Lda, TIMOR GAP GREATER SUNRISE 03-20, Unipessoal Lda (with cumulative participation interests of 56.56%) and Osaka Gas Sunrise (PSC-19 & 20) Pty Ltd are the Joint Ventures. Sunrise and Troubadour is a proven discovered gas field with associated condensate. As provided in

the Annex B of the Maritime Boundary Treaty define the Greater Sunrise as Special Regime Area, the development of this project is very much subject to the on-going negotiation between the two countries, Timor-Leste and Australia as well as Greater Sunrise Joint Ventures. For permit maintenance for year 2019, this PSC continues to maintain its present with annual minimum work programs and budget for its local office, permits and corporate initiative investments.

To summarize, the below graph outlines the year ended 31 December 2019 exploration expenditures reported in comparison to the previous year. Those expenditures are inclusive of the investment credit and uplift for the periods.



GRAPH 10: TIMOR-LESTE OFFSHORE, ONSHORE AND SPECIAL REGIME AREA PSC EXPLORATION EXPENDITURE

## 2.7 PETROLEUM DEVELOPMENT EXPENDITURE PERFORMANCE

- PSC TL-SO-T 19-12 and PSC TL-SO-T 19-13

These PSC-TL-SO-T 19-12 and PSC-TL-SO-T 19-13 are PSCs that substitute the existing PSC JPDA 03-12 and PSC JPDA 03-13 as the result of the implementation of the Maritime Boundary Treaty between Timor-Leste and Australia which transforming the Former JPDA area as Timor-Leste territory. ConocoPhillips (03-12) Pty Ltd as the contract operator represent Bayu Undan Joint Venture to perform petroleum activities in Bayu Undan contract area. The Bayu Undan annual operating costs for year 2019 are mainly to cover the operation and production including lifting costs, logistic, supply, minor and major maintenance. For 2019 capital expenditures, there were costs related carried forward costs from 2018 infill well drilling campaign.

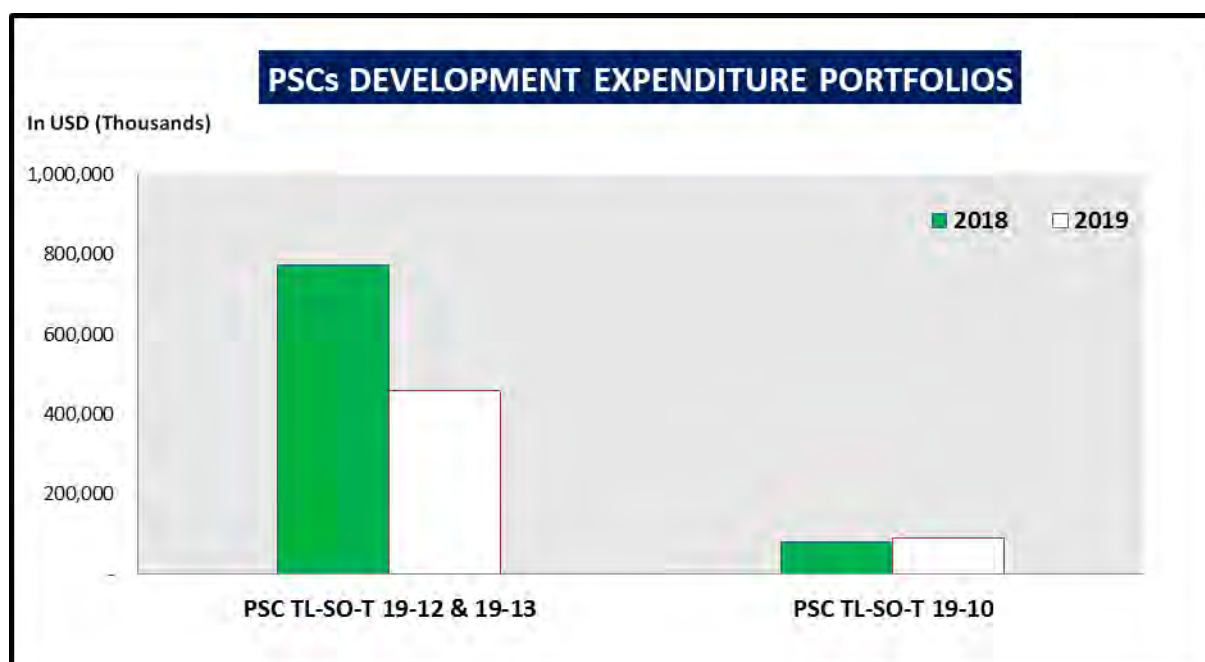
- PSC TL-SO-T 19-10

This PSC-TL-SO-T 19-10 is a PSC that substitutes the existing PSC JPDA 06-105 as the result of the implementation of the Maritime Boundary Treaty between Timor-Leste and Australia which transforming the Former JPDA area as Timor-Leste territory. This PSC is operated by Eni with it joint venture of Inpex and Repsol. The operation of this PSC was suspended due to the impact of sustain low oil price to the economics of the Kitan field and reserved for future development of the field. The expenditures have been reported under the PSC JPDA 06-105 started from 1 January 2019 to 29 August 2019 and the PSC-TL-SO-T 19-10 from 30 August 2019 ended 31 December 2019, those costs were mostly related to general and administrative activities



in order to maintain the contract area including activities on the studies of future development or decommissioning options.

The below graph shows development expenditures of those above PSCs reported for the year ended 31 December 2019 in comparison to the previous year. Those expenditures are inclusive of the investment credit and uplift for the period.



GRAPH 11: PSCs DEVELOPMENT EXPENDITURE

## 2.8 LOCAL CONTENT PERFORMANCE

The ANPM was established to work closely with the operator of the oil and gas companies operating in JPDA and Timor-Leste Exclusive Area, ensuring that all petroleum operations are in compliance with the laws and regulations and Timor-Leste as resource owner makes efforts in improving the local economy by leveraging linkages to extractive projects, beyond the revenues the petroleum operations generated. The approach to enhance local content and ensuring that a company is using and hiring local manpower and procuring local goods and services from local suppliers to the oil and gas industry operations and which can be measured in monetary terms to promote local content with lasting sustainable benefits to the country.

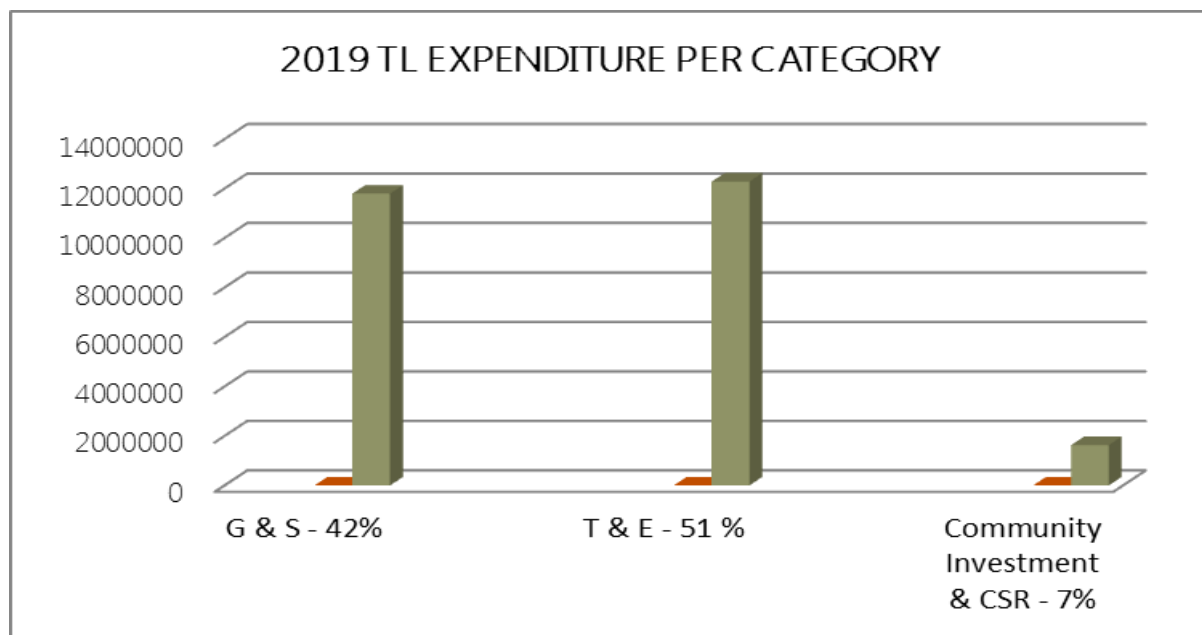
In 2019, the sign of the Maritime Boundary Treaty (MBT) by the Australian and Timor-Leste has delimited maritime areas between the two countries in the Timor Sea. As the MBT come into force in the former JPDA cease to be existed and the special regime for Greater Sunrise was established to benefit both countries. The 2019 annual Timor-Leste Local Content Performance within the Timor-Leste jurisdiction area has shown significant local participation in the supply chain of Goods and Services in petroleum sectors as well as employment and training opportunities for Timor-Leste nationals and permanent residents with due regard to occupational health and safety requirements for the petroleum activities.

### THE 2019 LOCAL CONTENT EXPENDITURE

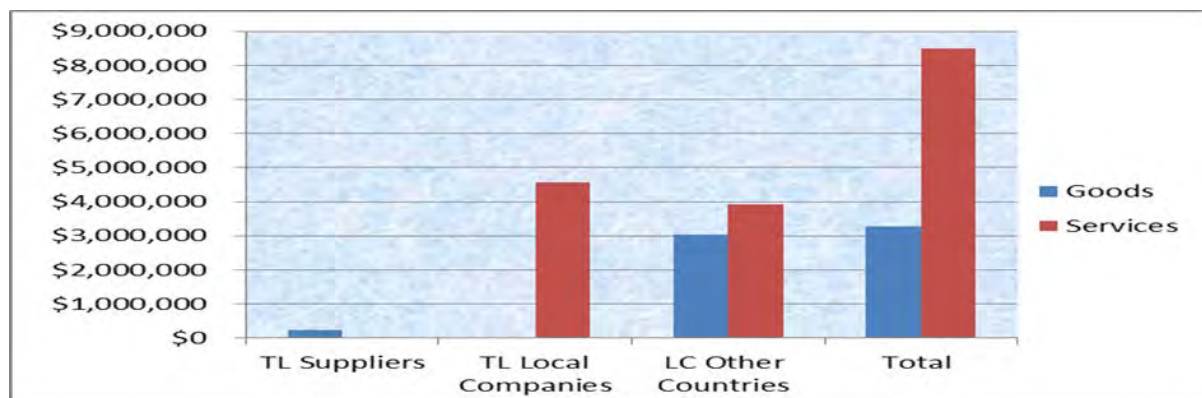
The cumulative Local Content expenditures from Bayu-Undan operations as of December 2019 amounts to **US\$18.07 MM**. This total amount representing following categories:

- a. Goods & Services is US\$ \$ 5,7MM,
- b. Training and Employment US\$11,7MM
- c. Community Investment US\$ 1,7MM

The graph below explains includes total values made for Timor-Leste local Goods and Services, Training and Employment and Community Investment & CSR made for 2019.



GRAPH 12: 2019 BAYU UNDAN TIMOR-LESTE CONTENT EXPENDITURE



GRAPH 13: 2019 BAYU UNDAN TIMOR-LESTE CONTENT EXPENDITURE ON GOODS AND SERVICES

## TIMOR-LESTE GOODS AND SERVICES

During 2019, ConocoPhillips continued to apply the local content assessments approaches in its supply chain and procurement process and continue creating opportunities for maximum participation of the local Timor-Leste suppliers in Bayu-Undan supply goods and services. A total of \$ 5,7MM, was spent in local goods and services during 2019, which shown significant decline compare to the amount spent in the previous year spend.. Whilst noting that Timor-Leste

supplier is less mature compare to other countries in terms of supplying to the oil and gas industry, ConocoPhillips is continue to support suppliers in building their capabilities through direct ConocoPhillips subcontracts or ConocoPhillips other subcontractors.

The table below provides a description and value of Timor-Leste local Goods and Services procured for Bayu-Undan by Timor-Leste local companies and non-Timor-Leste companies.

Goods			
Vendor Name	Contract Name	TL Supplier	Other Countries Supplier
Altus Logistic Pty Ltd	Sundry goods for Freight Forwarding		\$ 7,768.00
Auto Timor-Leste	Motor Vehicles and Transport		
Babcock Offshore Services Australasia Pty Ltd	Materials and Equipment Lease for Operation and Provision of Helicopter Services for Bayu-Undan Maintenance Service contract		\$ 1,068,547.00
Café Corporate	Timor Coffee – Perth Office		\$ 19,965.00
Callidus Process Solutions Pty Ltd	Training lunches		\$ 247.00
Caltech general contracting	PPE	\$ 2,798.00	
Caltech Unipessoal LDA	PPE and Consumables	\$ 73,298.00	
Compass Group (Australia) Pty Ltd	Food and Consumables for Catering and Hospitality Services contract		\$ 281,672.00
Contract Resources Pty Ltd	Accommodation Costs		\$ 521.00
Digital Instant Shop	Hardware, PPE, Electrical Consumables	\$ 785.00	
Dili Development Co Lda	Office Fit out and Rental Charges	\$ 89,762.00	
Esilva Motors	Vehicle Hire and Rental	\$ 4,417.00	
Esset (Electrical Sales and Service East Timor)	Hardware, PPE and Consumables	\$ 3,602.00	
Inovar4 Lda	Hardware, PPE, Electrical Consumables	\$ 1,920.00	
MMA Offshore Vessel Operations Pty Ltd (Mermaid Marine Australia)	Chemicals and Cleaning Consumables for PSV Services contract		\$ 4,304.00
Noble Contracting II GMBH	Provision of drill rigs		\$ -
Oceaneering Australia Pty Ltd	Accommodation Costs		\$ 5,798.00
Centru Formasaun Professional Dom Bosco		\$2,362.00	
Planet Unipessoal LDA		\$ 5,072.00	
Tiger Fuel Svsc		\$ 772.00	\$ 4,380.00
Vinod Patel Investments Timor SA	Hardware, PPE, Electrical Consumables	\$ 1,827.00	
		<b>\$386,632.00</b>	<b>\$ 1,388,823.00</b>
			<b>\$ 1,775,454.00</b>
Services			
Vendor Name	Contract Name	TL Suppliers	Other Country Suppliers
Administration of Airport & Air	Airport Rent	\$ 78,764.00	
Altus Logistics Pty Ltd	Administration support for Freight Forwarding		\$ 12,369.00
Altus Oil & Gas SVCS Unipessoal LDA	Logistics and Management Fees for the Supply Base	\$114,383.00	
Babcock Offshore Services Australasia Pty Ltd	Provision of Helicopter Services for Bayu-Undan		\$ 977,259.00
Callidus Process Solutions Pty Ltd	Engineering and Technician Services for Valve and Maintenance Services		\$ 2,167.00
CAMARA DE COMERCIO E INDUSTRIA DE TIMOR - LESTE		\$ 2,000.00	
Compass Group (Australia) Pty Ltd	Travel and Accommodation Charges/Misc for Catering and Hospitality Services contract		\$ 193,489.00

ConocoPhillips Miscellaneous	Business Travel		\$ 50,567.00
Contract Resources Pty Ltd	Recruitment Agency Fees		\$ 14,075.00
Dragon Svc Unipessoal Lda		\$ 927.00	
Electricidade De Timor Leste (Edtl)	Utilities Charges	\$ 33,797.00	
FMC Technologies Singapore Pty Ltd	Advertising and recruitment costs for Provision of Hardware BUIW contract		\$ 699.00
Esperanca Timor Oan LDA		\$ 4,272.00	
Halliburton Australia Pty Ltd	Travel and Accommodation Charges/Misc for Provision of the Well Intervention contract		\$ 1,555.00
Jornal Independente	Membership and Subscription Fees	\$ 15,100.00	
JYL International Unipessoal Lda	Accommodation	\$110,730.00	
KOTUG Maritime Services (Bayu-Undan) Pty Ltd (Formerly: KT Maritime Services (Bayu Undan) Pty Ltd)	Logistics and Crewing for Provision of ISV contract		\$ 41,112.00
LEADER LDA		\$ 18,397.00	
Lodge Hotel Pty Ltd	Accommodation	\$ 193,453.00	
Maubere Security Lda	Security Services	\$ 88,843.00	
MMA Offshore Vessel Operations Pty Ltd (Mermaid Marine Australia)	Personnel Support Services for PSV Services contract		\$ 9,270.00
National Fire Engineering Timor-Leste		\$ 240.00	
NSL Oilchem Timor Lda		\$ 11,284.00	
Oceaneering Australia Pty Ltd	Labour Hire Services		\$ 106,994.00
Oceania Unipessoal Lda			
Qube Ports Pty Ltd	Provision of supply base		\$ 3,566.00
RMS Engineering & Construction P/L	Equipment hire, Security, Misc for Maintenance COP Dili Office contract	\$ 18,752.00	
Schlumberger Australia Pty Ltd	Well Clean Up Services		\$ 161,800.00
SDV Logistics East-Timor Unipessoal Lda	Crew Change and Travel and Logistics Charges for Provision of Logistic Support and Associated Services in Dili	\$ 1,388,114.00	
Stamford Medical Lda	Medical Services	\$ 55,179.00	
Timly Enterprise Co		\$ 2,030.00	
Timor Post	Postal Service Charges	\$ 8,529.00	
Timor Tatoli Naroman Foundation		\$ 264.00	
Timor Telecom S.A.	Utilities Charges	\$ 117,436.00	
Wood Group PSN Australia Pty Ltd	Rentals and Utilities for Provision of Engineering Services contract		\$ 91,599.00
		\$ 2,262,494.00	\$ 1,665,823.00
			\$ 3,928,317.00
Total Goods and Services			\$ 11,789,918.00

TABLE 3: DESCRIPTION AND VALUE OF TIMOR-LESTE GOODS AND SERVICES FOR BAYU UN DAN

- a. **Targeted Procurement-** In 2019 ConocoPhillips has continued to engage with local suppliers providing opportunities to local suppliers in the supply chain of goods and services to the specification of standards required for Bayu-Undan . Aware with the capability of suppliers community in Timor-Leste, while building their capabilities, ConocoPhillips has also catered in such way to meet the capability of local suppliers by unbundling the services of few scope works have been specifically in order to encourage maximum participation in the procurement process, the scope of works identified as targeted procurement are as follows:
- o Catering and Cleaning Services subcontract
  - o General Hardware consumables

- Personal Protective Equipment (PPE)
  - Low risk fabrication
  - Heli fuel testing
- b. Centralized Enhance Training Approach** – scopes which due to limitations (short duration, highly specialized and other such restrictions) would provide more meaningful local content through a contribution to a centralized training approach (LC-CETA). The contracts awarded under this category were seventeen (17) contracts, which mainly required for BUIW project.

Besides, the effort to enhance Timor-Leste supplier's participation through enhancement with local suppliers by enhancement of procurement process and the establishment of fit-for Purpose Supply Base in Dili, Timor-Leste, to support the direct supply of dry goods from Dili to Bayu-Undan.

### **DILI SUPPLY BASE & TRANSPORTATION FROM DILI TO BAYU-UNDAN**

Dili Supply base contract was awarded to Altus logistics in Q4 2016, the facility is based in Dili which provides a 200m<sup>2</sup> yard and 50m<sup>2</sup> of internal space which can accommodate the handling and packing of catering goods and other materials to supply to Bayu-Undan on a regular basis. December 2016 to the end of 2017 the Goods and services sourced in Timor-Leste have been transported through an established commercial route from Dili to Bayu-Undan. Dry goods and are stored and handled in a contained on the existing Dili-Darwin this general schedule between Dili and Darwin which will then send off to Darwin. The container is transported to Bayu-Undan via ConocoPhillips Australia's platform Vessel upon its arrival at Darwin Facility. In 2019, as reported four (4) more containers have been shipped to Bayu-Undan facility making a total of 22 containers transported since the beginning of 2017.. This arrangement is considered as commercially viable and sufficient in terms of local procured goods quantity, it also has the advantage of being scalable to allow the increase in local sourced goods for the future.

### **EMPLOYMENT**

Below chart shows the number of Timor-Leste Nationals (TLN) and Permanent Residents employed in the Bayu-Undan operation, with the total number of 343 TLN in 2019. These number represents 148 or 43% of the number of employment offshore, 115 or 34% of the number of employment onshore, 80 of 23% of the number of employment thorough service companies. This overall TLN employment headcount includes 275 TLN employment who are fully dedicated to Bayu Undan known as Long Term Dedicated (LTD) or Full Time Equivalent (FTE), and 68 number of Short-Term Workforce (STW) or Non-FTE, such as contracting companies which are not included in the bayu-undan core activities such a marine, medical, aviation services and short-term programs.



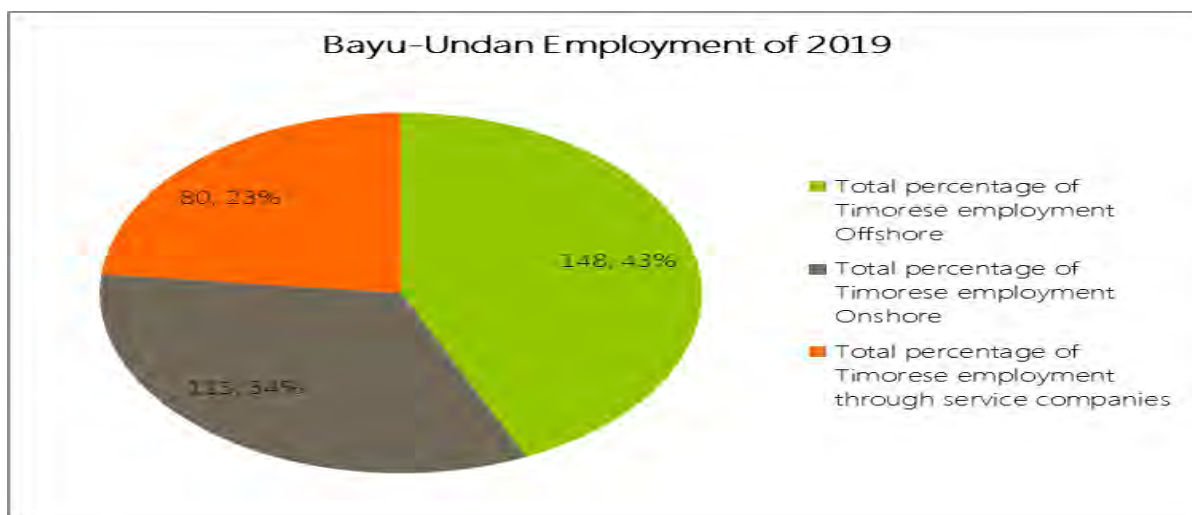
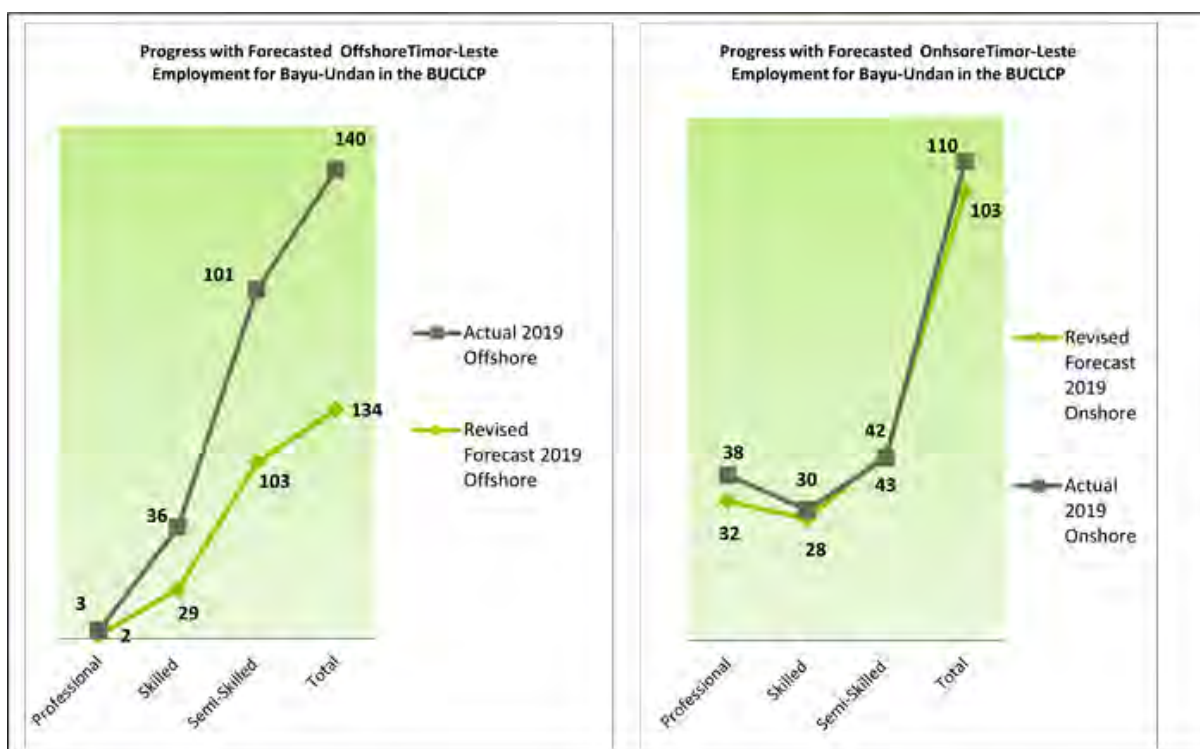


CHART 6: BAYU UNDAN EMPLOYMENT 2019

Considering the ANPM and Bayu-Undan Operator, ConocoPhillips alignment on Bayu-Undan Consolidated Local Content Plan (BUCLCP), ANPM as a regulatory authority continues to track the implementation of BUCLCP against its plan through Bayu Undan operator and its sub-contractors. The detailing of the plan is reviewed and updated in a two (2) year term basis.

The progress with forecasted Timor-Leste Employment both Offshore and Onshore for Bayu-Undan field in 2019 in the BUCLCP is presented in the graph below.



GRAPH 14: PROGRESS WITH FORECAST TIMOR-LESTE EMPLOYMENT FOR BAYU UNDAN IN 2019 IN BUCLCP

The above graph shows that, the total forecasted number of 237 TLN LTD employment (offshore plus onshore) to 250 of actuals TLN LTD employment number in 2019 indicates that, there has been an overall increase of thirteen (13) of TLN LTD employment positions in the year 2019 as a results of successful implementation of training and career progression highlights in BUCLCP. The increased number represents the incremental of the position in the professional and skilled category with Clough Amec Pty Ltd, ConocoPhillips and Wood Group, for both offshore and onshore roles.

## TRAINING AND DEVELOPMENT BAYU UNDAN PROJECT

There were various of training and competency development program offered to TLN and promotion occurred during 2019, as follows:

### a). Clough Amec Pty Ltd (CAPL)-Operation and Maintenance Service Contractor

- **Training**

- After the completion of Certificate III training at Charles Darwin University (CDU) in the year 2019, all the eight (8) instrumentation trainees have obtained the Certificate III in the area of Instrumentation and Control. The other ten (10) mechanical trainees have firstly achieved their Certificate III in the area of Mechanical Engineering in 2018.
- Achieved Diploma in the area of Work Health and Safety in Darwin and Taproot Investigation in Perth by two (2) Health and Safety and Environmental (HSE) trainees who have been trained in the referred area.
- The IRATA (Industrial Rope Access Training Association) training also completed by three (3) Blaster Painters.
- One (1) year On the Job Training (OJT) in Perth done for Onshore based Project Training Administrator

- **Promotion**

As a results of training and development program implemented by CAPL, two (2) Mechanical Technicians was promoted to Specialist Trade IRATA Level 1, Skilled Category after trained and passed Rope Access Level 1, promotion of two (2) Advanced Scaffolder and one (1) Blaster Painter into Leading Hand Roles, skilled category, promotion of four (4) Intermediate Scaffolders to Advanced Scaffolders and also promotion of two (2) TLN working onshore from Data Analyst to Office Administrator and Senior Office Administrator to Office Coordinator/Supervisor.

### b). Babcock – Helicopter Services Contractor

- **A current Trainee Co-pilot holds a Commercial Pilot Helicopter License (CPL);**

Currently he is gaining operational knowledge by working with the operations function at the base, in order to support for Co-Pilot trainee career progression.

- **2 Airframe Engine Engineer Apprentices**

- Out of 11 modules, 9 modules including Mathematics, Physics, Electrical Fundamentals, Materials and Hardware, Maintenance practices, Aerodynamics, Human Factors, Helicopter Aerodynamics, Gas Turbine engines have been completed by these 2 Engineers in Australia Aviation in Cairns.

- They have been rescheduled to finish the other incomplete modules in 2020.

- **The other Avionics engineering apprentice**

Due to unsuccessfully obtaining the Commercial Pilot Helicopter Licensed, this former co-pilot has been arranged to attend the EASA (European Aviation Safety Agency) B1.3 training course on August 2020 in Cairns Australia. To support the issuance of a B2 accreditation at the end of this training, some of the practical experience is being gained by him by working in Babcock Hangar in Dili.

- **Operations staff and General Hands**

In 2019, these TLN received English language training.

#### c). ESS – Catering and Cleaning Services Contractor

After ESS undertaking a comparative re-assessment in July 2018, ESS is currently on tracking to achieve 100% target for Timor-Leste offshore workforce by early 2021.

Training and development highlights in supporting this achievement are as follows:

- **Offshore**

- In May 2019, three (3) TL Offshore Unit Manager (OUM) completed their enhanced competency training, Health and Safety and Environment (HSE) training in Perth and offshore rostering and scheduling training
- In September 2019, four (4) TL Chefs starting supported transition of PD (Professional Development) two (2) of enhanced competency program, this will be completed by December 2020.
- 100% Completion of PD 1 (one) by two (2) TL cooks and they are in progress of the transition to PD two (2) in June 2020 – August 2020
- In February 2019, two (2) TL cooks 100% completed and fully transitioned into the roles

- **Onshore**

- Completed training in Custom and Quarantine Procedures by TL Logistic Manager
- TL Office Administrator completed training in Systems Manager and Manning Forecasting

#### d). Oceaneering – Non Destructive Testing (NDT) and Inspection Services Contractor

- In Q1 2020, all the NDT (Non-Destructive Testing) trainees are expected to receive validation of certifications by BINDT (British Institute of Non-Destructive Testing) certifying body, after passing the examinations for NDT disciplines.
- PCN (Personnel Certification in Non-Destructive Testing) Level II accreditation achieved by the first two (2) Timorese NDT Technicians. They are currently placed on a permanent rotation offshore with offshore teams. Forwarding plan in the First Quarter of 2020 for both technicians are to attend the Western Australia Radiation Safety License to allow their progression to PCN Radiographic Testing Level II and trained by TCS Pty Ltd in Perth.

- Asset Integrity Coordinator attended 3 training courses in 2019, such as ConocoPhillips PCMS (Plant Condition Management Software) Training, Oceaneering Leadership Training and online Certificate IV training in Business Administration which commences on 8 October 2019 and to be finished by January 2021.

#### e). Wood Group – Engineering Services Contractor

- **Training**
  - Over a period of three (3) months, seven (7) Certificate of Competency in Mechanical Engineering is delivered.
  - IELTS certificate preparation course and exam
- **Promotion**

There are four (4) promotions occurred in 2019 such as the promotion of two (2) Junior Designer to Designer and two (2) Trainee Designer got promoted to Junior Designer at the year end of 2019.

#### f). Other Contractors

The other contractors such as SDV, Altus, Kotug Maritime, MMA and other general services contractors (Air North, Callidus, Halliburton, RMS, Stamford, Contract Resources, Qube, etc.) also provided capacity building and training program for TLN in accordance with their local content plan and commitment during 2019.

#### g). Timor Leste Graduate Internship Program (GIP) with ConocoPhillips

Considering the successful implementation of the first batch of the Graduate Internship Program, ConocoPhillips and

and its Joint Ventures expressed its commitment to continue supporting the second batch of the program.

The recruitment of the next batch of the program was carried out in 2018 which resulted in selecting fourteen (14) candidates to attend the first stage six (6) months Foundational Skills training program delivered in Dili and Darwin from the fourth quarter of 2018 until the second quarter of 2019, covering English language development, business skills and foundations in the oil and gas industry. Upon the completion of the first stage of the program, the fourteen (14) trainees successfully graduated at Timor Plaza on 13 May 2019.



FIGURE 15: STAGE ONE GRADUATION CEREMONY

Following the graduation, an industry engagement session was hosted on 7 June 2019, by the working group consisted of Autoridade Nacional do Petróleo e Minerais (ANPM) and ConocoPhillips and it was participated by more than fifteen (15) local Timor-Leste companies to enable the Stage One (1) graduates to promote their skills and experiences to potential Timor-Leste employers. A similar occasion is designed and be implemented by ConocoPhillips for Stage Two (2) interns after the conclusion of their twelve (12) months internship program.

Seven (7) successful graduates who were selected for the next stage, were joining a twelve (12) months paid internship program with ConocoPhillips, after the completion of pre-employment process and signed the contract with ConocoPhillips. The commencement of the internship was on September 2019, in which the interns been placed in ConocoPhillips Departments of Finance, Information Technology, Supply Chain, Exploration, Marine and Engineering to enable them



FIGURE 16: COMMENCEMENT OF THE TWELVE MONTHS INTERNSHIP IN CONOCOPHILLIPS

gaining the real industry experiences and attaining further skills required by the industry. All of the interns are based in Perth and Darwin.

During the internship, ConocoPhillips discipline experts are mentoring the interns, ongoing of English development & workplace learning tailored for individual intern disciplines in each of their areas.

Considering the quarterly milestone presentation is a key aspect of the program, to presenting the interns' learning and development process in their referred disciplines, the activity is required to be delivered by each of the intern on each quarterly basis. The first quarterly milestone presentation delivered on 5 December 2019. The next quarterly milestone presentation is planned to be done on March 2020, June 2020 and September 2020, before their internship completion in the last quarter of 2020.

### PSC TL-SO-T 19-10 (FORMER PSC JPDA 06-105) KITAN FIELD

As the Kitan field is ceased to produce the field had been suspended in 2016. The suspension of production in Kitan field led to less activities carried out by the contract operator. Hence, since 2016, the contract operator's local content delivery through training and employment as well as provisions of good and services had been discontinued.

During 2019 reporting period, there were only three (3) Timor-Leste Nationals employed by Eni in the position of Country Representative, Social Initiatives Supervisor, and Local Content Supervisor, are to maintain its administrative activities in Eni's Dili Office and also to perform any other related tasks to all Eni's PSCs, including PSC TL – SO- T 19-10 (former PSC 06-105), PSC TL-SO-T 19-11 (former PSC 11-106) and S-06-04.

### PSC TL-SO-T 19-11 (FORMER ENI JPDA 11-106)

Production Sharing Contract PSC TL-SO-T-19-11 is ENI JPDA 11-106 BV, operator in the Kanase contract Area. In 2019, upon the completion of Maritime Boundary negotiation Eni and its joint venture were granted an extension of Production Sharing Contract which valid until September 2021.

The 2019 Local Content reporting period from July, 31 until December 31, 2019 which covers Good ans Services, Training and Employment and PSC Local Content commitment are describe as following:



#### a). Goods and Services:

Based on PSC Eni for procurement Goods and Services Eni is required to give preferences to local suppliers to compete for the provision of goods and services for the operator's activities on competitive terms and conditions. However, due to lack of activities during the reporting period, Eni and its Joint Ventures did not seek any services from local contractors. The operator maintained its commitment to seek and pre-qualify potential local companies which meet Eni's pre-qualification criteria. Eni continues to assist local companies who are pre-qualified and registered in their database and be invited to participate in Eni's tender activities for provision of goods and services.

For Kanase Drilling Eni implemented its Local Content and procurement through its procurement of Goods and Services during the campaign.

The table below provides the Contracts Awarded in 2019 during the drilling Campaign:

Scope	Contractor	Contract Effective Date
Provision of AHT with 250 Ton BP	Maersk Supply Services A/S	February 2019
Provision of PSV and AHT	GO Offshore Pty Ltd	February 2019
Provision of Helicopter Services	Babcock Offshore Services Australasia Pty Ltd	March 2019
Provision of Marine Gas Oil (MGO)	Orion Holdings Limited	February 2019
Provision of Well Testing Services	Schlumberger Australia Pty Ltd	May 2019

TABLE 4: THE CONTRACTS AWARDED IN 2019 DURING THE DRILLING CAMPAIGN

As part of this process, Eni provides information and assistance to local companies that are interested in becoming pre-qualified. Once pre-qualified, these companies are listed in Eni's procurement database and may be invited to participate in relevant tenders. It is important to note that pre-qualification does not guarantee success in the tender process. Eni does not require all types of companies to prequalify prior to do business with Eni.

#### b). Employment and Training

There are no staff employed under PSC TL-SO-T 19-11, the three (3) Timorese staff employed in Eni Timor-Leste Dili office are contracted through Eni JPDA 06-105 Pty Ltd.

#### c). Timorese Graduate Training Program (GIP)

Eni has provided of six months of Dili Based training in English, HSE, IT and Petroleum Geoscience and Engineering to ten( 10) qualified Timorese graduates. Five out of the 10 graduates have successfully selected by Eni for a secondment during Kanase Drilling campaign carried out in 2019.

## PSC S-06-04 (ENI TIMOR LESTE, S.P.A.)

PSC S 06-04 is granted an extension of the PSC which valids until 28 June 2020 following the relinquishment of other permits in the TLEA. Eni Timor Leste maintain its permit and the commitment to contribute funds to the establishment of petroleum infrastructure and other local content commitments associated with this PSC.

### a). Goods and Services

Eni Timor-Leste, SPA continue its engagement with local companies and suppliers for the provisions services and goods in security and logistics and other office related services. Following table show is the list of companies contracted by Eni Timor-Leste.

Timor Telecom	EDTL
Suara Timor Lorosae	Timor Plaza
ETO	High Risk Security Group
Timor Post	Enarco I Unipessoal Lda
Vila Verde Apartment	CRA Timor-Leste
DHL	Discovery Inn
Leader Unipessoal Lda	ISAT
	Cruz Vermelha de Timor – Leste

TABLE 5: THE LIST OF COMPANIES CONTRACTED BY ENI TIMOR-LESTE

### b). Employment and Training

As previously reported, the Timorese staff employed in Eni Dili office are hired by Eni through . The said three (3) Timorese employees hold the positions as Country Representative, Social Initiatives Supervisor, and Local Content Supervisor. The timorese are employed to maintain Eni administrative activities in Eni's Dili Office and also to perform any other related tasks to all Eni's PSCs, including PSC 06-105, PSC 11-106 and S-06-04.

## PSC TL-OT-17-18, BLOCK A COVALIMA AREA

Under the PSCs Timor Resource is required to fulfill local content requirement in all stages of onshore activities through hiring local manpower, training and knowledge transfer to local Timorese, and provision of good and services from local companies. Under each PSC, Timor Resources is also committed to deliver a meaningful local content contribution through projects identified by the designated authority, ANPM.

### a). Procurement of Goods and Services

Following are the list of goods and services procured in relation to onshore activities in Covalima area and for upcoming drilling campaign planned in 2020.

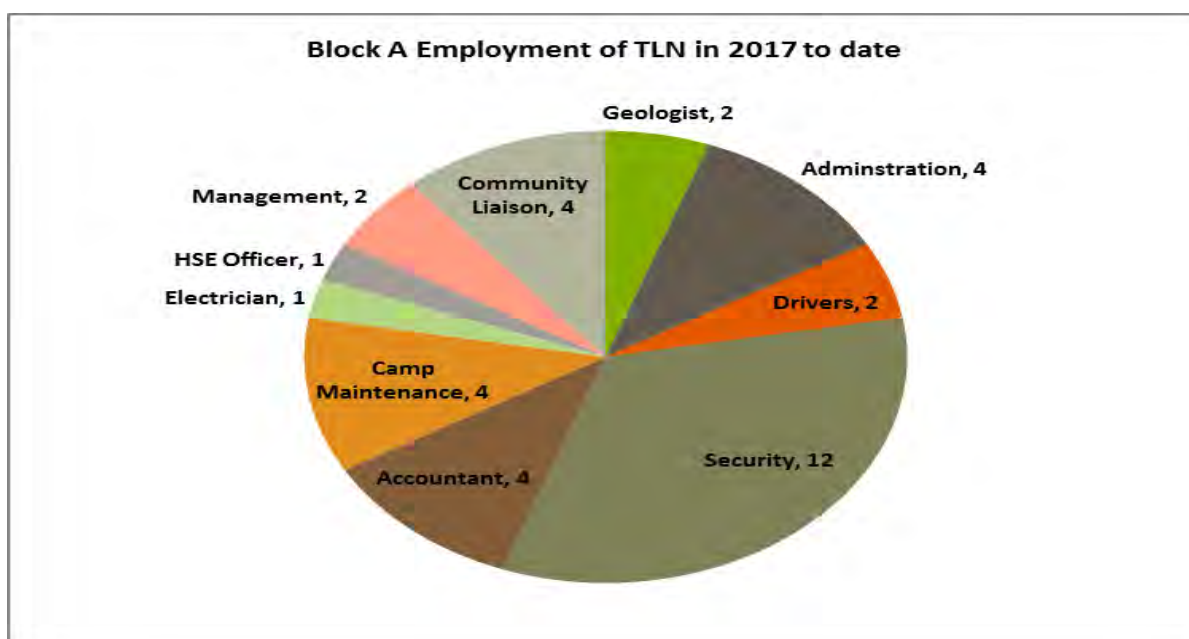
- Timor Resource has been working closely with the local content team of the ANPM and local authorities to continue encourage participation of local suppliers in the supply goods and service for onshore activities. As part of the

preparation for the drilling campaign in Suai, ANPM and TR organized a series of activities including Radio Talk Show and Suppliers workshop with the main objective to disseminate information to relevant parties especially to potential local suppliers on the provision of goods and services for the upcoming drilling campaign in Suai.

- As for the engagement with local Timorese Businesses, Timor Resources is committed to include:
  - the supply of diesel,
  - supply of water,
  - supply of surveying, IT,
  - WIFI, legal, banking,
  - HSE services from local companies. As well as the
  - Supply of heavy equipment for well pad clearance, and construction.
  - Supply of quarry rock, land clearance, construction work in preparations for drilling activities.

#### b). Employment and Training

Since April 2017 to date, The company Timor Resources employed a total of thirty six (36) FTE (Full Time Equivalent) TLN in their office in Dili as presented in the following chart. These FTE employees are responsible for the activities related to the PSC TL-OT-17-08 and PSC TL-OT-17-09.



*CHART 7: BLOCK A EMPLOYMENT OF TLN IN 2017 TO DATE*

Timor Resources had also contracted 192 TLN for short term employment during the Fafulu 2D Seismic activities carried out in the permit area during 2018 as reported on Timor-Leste Onshore Content 2018 Annual Report Block A. As the seismic activity has concluded in 2018.

In addition, for the upcoming drilling campaign which is planned to be done in 2020, Timor Resources is also planned to hire approximately 200 TLN in the position category of skilled and unskilled employees. The recruitment announcement will be advertised locally.

Aside from employment opportunities provided by Timor Resources, it has also offered training opportunities for its onshore based-staff on the specific technical and safety requirement to meet the minimum technical requirement to perform all related job requirement during the 2018 reporting period. The training was mostly conducted locally.

Additionally, to ensure the seismic activities run smoothly in 2018 in the permit area, Timor Resources has also equipped the TLN with specific on the job training for its short-term employees for the seismic to gain knowledge in oil and gas operations at operational level. To do the practical, Timor Resources used both class room and in the field.

For the upcoming 2020 drilling activities, Timor-Resources has also established its training matrix for drilling campaign in Block A.

## PSC TL-OT-17-19, BLOCK C MANUFAHI AREA

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### a). Procurement of Goods and Services

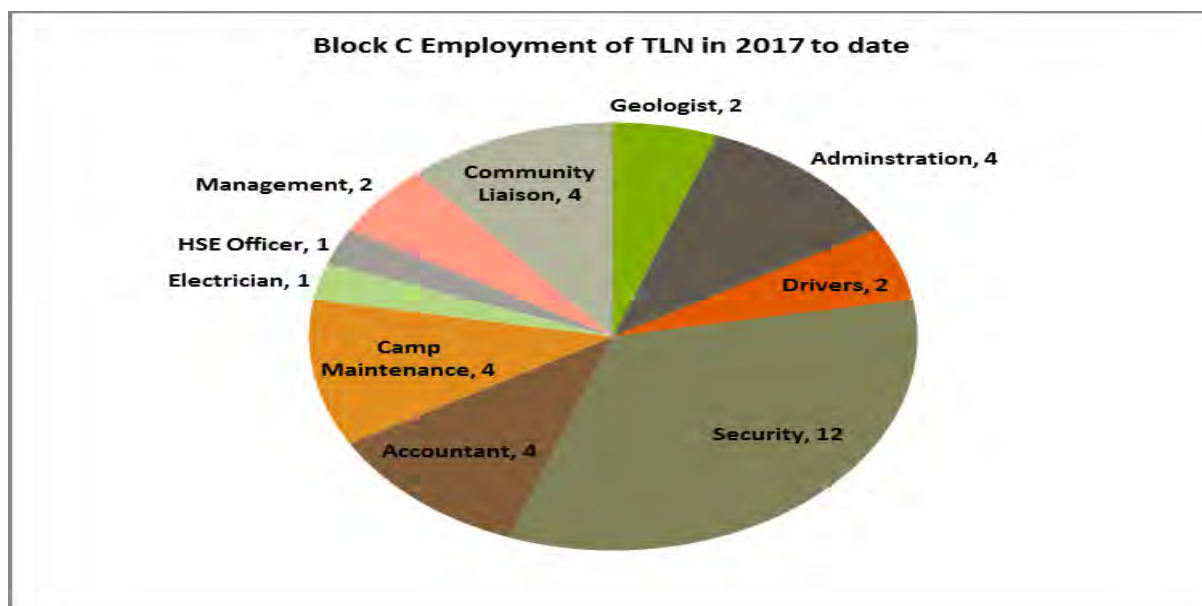
Following are the list of goods and services procured in relation to onshore activities in Manufahi area and for upcoming drilling campaign planned in 2020.

- Timor Resource has been working closely with the local content team of the ANPM and local authorities to continue encourage participation of local suppliers in the supply goods and service for onshore activities. As part of the preparation for the drilling campaign in Suai, ANPM and TR organized a series of activities including Radio Talk Show and Suppliers workshop with the main objective to disseminate information to relevant parties especially to potential local suppliers on the provision of goods and services for the upcoming drilling campaign in Suai.
- As for the engagement with local Timorese Businesses, Timor Resources is committed to include:
  - the supply of diesel,
  - supply of water,
  - supply of surveying, IT,
  - WIFI, legal, banking,
  - HSE services from local companies. As well as the
  - Supply of heavy equipment for well pad clearance, and construction.
  - Supply of quarry rock, land clearance, construction work in preparations for drilling activities.

### b). Employment

As reported previously in the PSC TL-OT-17-08 that the 36 FTE TLN who are employed by Timor Resources since April 2017 to date, are responsible for the activities related to the PSC TL-OT-17-08 and PSC TL-OT-17-09. The following charts detailing the number of TLN as its position.





*CHART 8: BLOCK C EMPLOYMENT OF TLN IN 2017 TO DATE*

Timor Resources had also contracted 194 TLN for short term employment during 2018 reporting period. This number represents 55 of operational workers originally from Block C and 139 employees are from Block A.

In addition, for the upcoming drilling campaign which is planned to be done in Block C in 2020, Timor Resources will provide the detailing of employment and training for the drilling campaign in the Block C.

### 3. REGULATORY PERFORMANCE



## 3.1 UPSTREAM

### LEGAL FRAMEWORK REVISION

#### a). Explosive Decree-Law

- Since 2017, the ANPM has been working with the Ministry of Interior in finalizing the product of legislation related to Decree-Law for Import, transport and use and storage of commercial explosive to support infrastructure project, Mining and Petroleum operations. The activities also consulted with an international firm to improve technical requirement stipulated under the Decree-Law. As a result of cooperation between the government entities in Timor-Leste, the Decree-Law was submitted to Council of Ministers in early April 2019 and approved in 27 of April 2019.
- In light of such approval, ANPM continues to provide its support in addressing subsequent queries from the Legal Counsel of the President office which lead to the promulgation of the Decree-law by the president of the republic on 31 January 2020 and the respective decree-Law is now published at the Journal da República.

#### b). Onshore Decree-Law

- ANPM team continues to provide support as required by legal counsel from office of the counsel of Minister concerning some outstanding issue associated with the provision of the Decree-Law.
- While noting the legal counsel from the office of Prime Minister is in the process of bringing the Decree-law to President of Republic, the ANPM team remain available for any clarification needed by the President Office. We will do our best to get the decree-law promulgated by the President of Republic.

#### c). PSC TL-SO 19-16 (SUNDA GAS)

- In late 2019, Autoridade Nacional do Petróleo e Minerais ("ANPM") on behalf of the Ministry of Petroleum and Minerals, representing the State of the Republic Democratic Republic of Timor-Leste, signed a Production Sharing Contract (PSC) TL-SO- 19-16 with the SundaGas Banda Unipessoal, Lda. ("SundaGas") and TIMOR GAP Chuditch Unipessoal, Lda. ("TIMOR GAP"). ,
- PSC TL-SO-19-16 is situated in the south of the former Joint Petroleum Development Area (JPDA) with total Contract Area approximately 3571.49 square kilometres, and the entire PSC will be published at the Jornal da República.

#### d). PSC TL-OT 17-08 (Block A) and PSC TL-OT 17-08 (Block C)

- In September 18<sup>th</sup>, 2019 Timor Resources submitted a letter application to formally apply for a 5 kilometres extension offshore from the current southern coastal boundary of the license. The seismic study result presented by TIMOR RESOURCES PTY LTD indicated that the existence of geological formations in the area adjacent to the current Block A, therefore they proposed to include as a part of area adjacent to Production Sharing Contract TL-OT-17-08 (Block A) and Production Sharing Contract TL-OT-17-09 (Block C). Prospects and

Leads Mapping done by Timor Resources on the recently acquired Fafulu 2D seismic data on Block A and C shows extension of Prospects area (geometry) beyond the shoreline. These proposed wells for these Prospects are Laisapi-1, Kumbili-1 and Lafaek -1 are interpreted to have significant resources in the offshore region and as interpreted.

- The ANPM requested to the Council of Ministers through the Acting Minister of Petroleum and Mineral, H.E., Mr. Agio Pereira to enlarge the current Block A and Block C under PSC TL-OT-17-08 and TL-OT-17-09 pursuant to the proposal of Timor Resources and amend the Government Resolution no.39/2016 on the subdivision of onshore area, to accommodate the change of current contract area Block A and Block C. The Acting Minister of Petroleum and Minerals, H.E., Mr. Agio Pereira, and the President of ANPM, presented the proposal for a Government Resolution, approved by the Council of Ministers, which approves the extension of the area of Block A and Block C onshore, and partially amends Government Resolution No. 39/2016 of November 23. The adopted Government Resolution will allow the development and exploitation in areas adjacent to Blocks A and C, in which evidence of the existence of geological formations with development and exploration potential have been identified.
- Both Deed of Amendment to the Production Sharing Contract PSC TL-OT-17-08 (Block A) and PSC TL-OT-17-09 (Block C) had been signed and became effective on 16 January 2020 with the changes, *inter alia*, to the Annex A, B, C and D of the PSC's.

## PETROLEUM DATA AND REPORTS

As part of the ANPM's efforts in managing Petroleum data and information to support petroleum and resources management; ANPM has established an integrated fiscal data room and an interactive online information display called a LAFAEK database system with its function is to manage data and reports information from all the Petroleum activities in Timor Leste Territory. This database is established to serve the interest of data storage and data management regarding petroleum sector. The ANPM also is currently developing a relevant data base system relevant to mineral activities which shall be expanded slowly to serve the needs for mineral sectors related data management. The ANPM continues to improve the data inventories systems by collecting all the relevant seismic and non-seismic data acquired, as well as various information and reports in relation to the mineral resources management in our systems. In order to support the Timor-Leste Second Licensing round promotion, the ANPM also engaged ZEBRA DATA Sciences (ZDS), a United Kingdom based online data hosting company which facilitate the ANPM hosting the Timor-Leste data and information online which can be easily accessed by any interested IOC to access and view, and review the data online where they are through any standard web browsers.



## DEVELOPMENT AND PRODUCTION INSPECTIONS, SUPERVISIONS, MONITORING AND APPROVAL OF PETROLEUM OPERATION

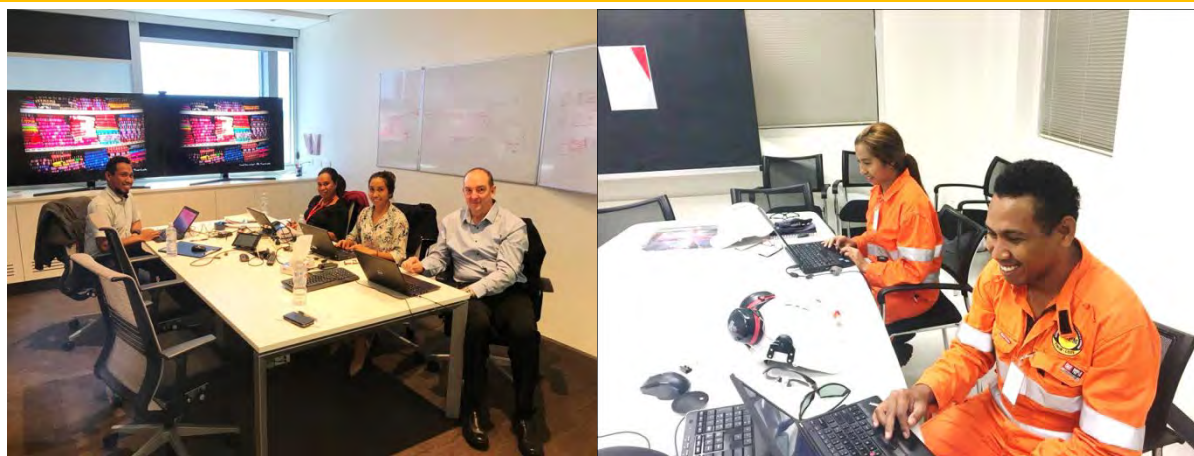


FIGURE 17: METERING AND COMMERCIAL TEAM CARRIED OUT METERING AUDIT AND MASS BALANCE AUDIT IN DARWIN LNG PLANT AND COPA OFFICE PERTH

The Interim Petroleum Mining Code (IPMC), Petroleum Mining Code (PMC) and interim Regulations issued under article 37 of the IPMC provides basis for inspections, supervision, monitoring and approval of petroleum production operations in both Bayu-Undan and Kitan fields.

The objective of the regulatory function of Development and Production Directorate as mandated by the above mentioned legal framework is to ensure the production operation carried out smoothly in a prudent manner. This objective has been reflected under Development and Production Directorate 2019-2023 Strategic Action Plans (SAP) through:

- Continuous monitoring of petroleum production operations performance from all fields;
- Carrying out regular process, maintenance, metering inspections;
- Ensuring the application of secondary and tertiary recovery methods on the existing producing fields;
- Actively involving in the review of BU and Kitan decommissioning plan;

INSPECTION			
DIRECTORATE	TITLE	LOCATION	REMARKS
DEVELOPMENT & PRODUCTION	Metering	CoP Office, Perth, BU Offshore, DNLG, Darwin Australia	The ANPM metering team carried out two audits/inspections in 2019 at different facilities/location.
	Mass Balance Follow Audit	CoP Office, Perth, DNLG, Darwin and BU-CPP	The metering and commercial team conducted a follow-up Mass Balance Inspection and auditing at 3 different facilities/location. The result showed the BU mass balance between 1.04% and



			6.04% while the DLNG between 4.2% and 5.2%.
	DLNG Metering System Audit & LNG Offtake Witnessing	DLNG Facility, Darwin Australia	The metering audit performed at DLNG facility found that all metering systems work well within performance tolerance limit and associated fiscal calculation for LNG quantity and quality determination were correctly applied as per ANPM cross check calculation. The systems also appear to be maintained at good standards.
	BU Maintenance	Perth Office & BU Facilities	The D&P maintenance team conducted the yearly Bayu-Undan Maintenance Inspection onshore at ConocoPhillips office in Perth and Bayu-Undan offshore facilities

TABLE 6: D&P INSPECTION DURING 2019



FIGURE 18: MAINTENANCE TEAM INSPECTED THE LOCATION OF OILY WATER ANALIZER AND EXPORT VALVE (EDS) ON BU-DPP PLATFORM

OBSERVATION			
TITLE	ACTIVITY	LOCATION	REMARKS
DLNG Metering Facility	Inlet Flow Computers Site Acceptance Test (SAT)	DLNG	Metering team witnessed Site Acceptance Testing (SAT) of new DLNG inlet flow computers and The testing was successful without any issue found.

	Validation of Feed gas and on-site power generation (OSPG) metering System	DLNG	The metering team observed the third monthly validation of Feed Gas and On-Site Power Generation (OSPG) metering system. The testing was successfully carried out without any issue found.
Bayu Undan Metering Facility	CUQ	CUQ Facility	The objective of the observation is to ensure that all relevant equipment of export metering systems is working reliably within the required tolerance limits and conforms to the design specifications
	Floating Storage and Offloading (FSO)	CUQ Facility	The metering team conducted two consecutive observations of the sixth monthly validation of FSO fiscal radar CTS system and the testing was successfully carried out with no significant issue found.
Drilling Activities	Kanase-1 Drilling Campaign		The drilling team have participated in Kanase-1 drilling campaign and Maersk drilling rig offshore
	Well Intervention	BU DPP Platform	The team conducted observation to the well intervention campaign to ensure Contractor and its well subcontractors complied with the JPDA regulation and guarantee the successful of operation.
BU Decommissioning Activities	Joint study weekly and fortnightly teleconferences		BU Decommissioning team attended weekly and fortnightly Joint study teleconference meeting for a period of 3 months (August to December 2019).
	Bayu Undan Joint study workshop		BU decommissioning team attended BU Joint Study workshop in Perth, Australia with RESL, LinchPin, and COPA to review and assess the result of the 2019 decommissioning joint study.

TABLE 7: D&P OBSERVATION DURING 2019

## SUBSURFACE

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The development and production (D&P) subsurface team continued collaborating with third party (Sproule consultant) to carry out the assessment of Bayu-Undan reservoir models using 2018 Infill wells reservoir information, well intervention and R2p multi-rate tests.

In order to technically align with ConocoPhillips reservoir model (BTC 2018) regarding volumetric uncertainty and reservoir performance towards end of field life, the ANPM (and Sproule) participated in subsurface workshop held in April 2018 in Perth, Western Australia. Throughout the workshop, both parties understood that there is no significant difference between two models post infill wells drilling. Hence, the updated model provided deeper understanding of the field for monitoring the reservoir performance while maximizing liquid recovery in short term and optimizing the gas recovery in long term.

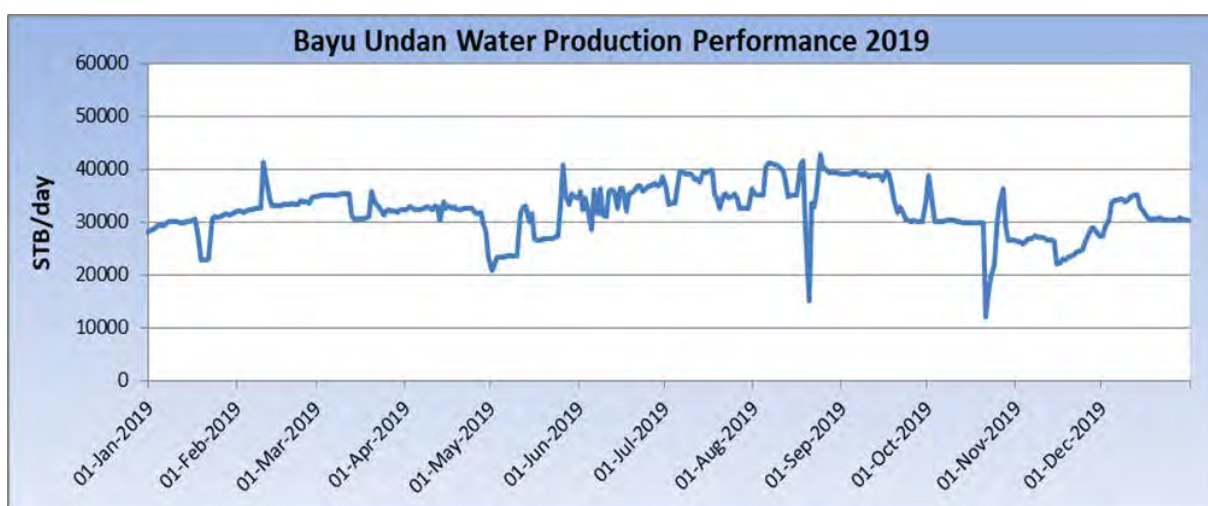
In addition, the ANPM also carried a review of Bayu-Undan subsurface studies (both Sproule & ANPM and ConocoPhillips) with the assistance from ODIN Consultant. The intention of this review study was to verify the existing models for the purpose of CO<sub>2</sub> sequestration post End of Field Life (EOFL).

Following the review, it is concluded that the ConocoPhillips static model is "Fit for Purpose" and with minor improvements could be used for CO<sub>2</sub> sequestration studies. The Static model updated by ODIN Consultant will then be used to build dynamic model for the purpose of CO<sub>2</sub> sequestration project

The D&P subsurface team routinely monitored the Bayu Undan reservoir performance through reviewing of reservoir performances reports and engaging with operator in arranging regular meetings and workshops. The details are as follows:

- Reservoir management and surveillance
  - Raw gas rate maintained at average 686 MMscfd. There was 6 months DLNG half rate during 2019 due to decreasing of gas demand from buyer. Overall, Bayu Undan continued to maintain gas deliverability to DLNG at agreed rate (i.e. 473 MMSCFD)
  - Liquid rate entered the year approximately 28,000 STB/day and exited the year at approximately 20,000 SBT/day. The average liquid production of the year was 25,852 STB/day. The major liquid contribution wells of the year were BUIW and R2P wells due to most produced raw gas contributed from native gas.
    - There was an increase in liquid production during mid-year due to temporary online of liquid loaded wells such as W02, W05 and D05
    - Late of the year, the liquid production was dropped significantly as rate decline due to early water breakthrough into BU-DS05 (i.e. approx. 2,000 STB/day)
    - BU-D04 well was getting rich in liquid and hence, it was preference over BU-D14 (getting leaner gas or less liquid) for production to maximise field liquid production

- Water rate entered the year approximately 28,000 STB/day and peaked at 40,000 STB/day with testing liquid loaded wells, and exited the year approximately 31,000 STB/day. The average water production of the field was approximately 32,250 STB/day. The major water contribution wells of the year were BU-D14, BU-W12 and BU-DS02.
  - BU-D14 produced approximately 12,000 STB/day
  - BU-W12 produce approximately 9,000 STB/day
  - BU-DS02 produced approximately 8,000 STB/day



GRAPH 15: MONTHLY TOTAL WATER PRODUCTION IN BAYU UNDAN FIELD

With reference to graph above, there was production reached to 40,000 STB/day due to some loaded wells brought online for temporary production such as W02, W05, D05 and D11. The water production falled back to approximate 30,000 STB/day towards end of the year. In general, the well intervention campaign significantly contributed to the reduction of water production from some high wet wells.

## WELL TESTING

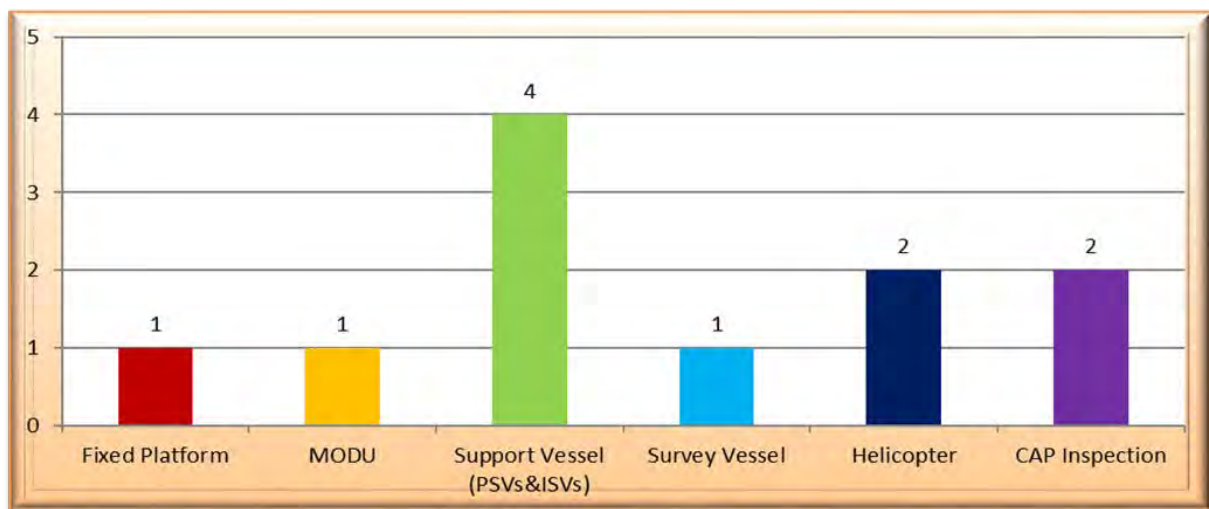
As Bayu Undan field becomes mature, the well test is required to monitor production performance and monitor the decline in field capacity towards the end of field life. Throughout the year 2019, the well testing activity was focused on the BUIW and R2P wells for monitoring the gas production including water-production for making decision on well intervention in optimizing field gas recovery. In addition, well test activity was conducted for the liquid loaded wells such as W02, W05, D11 and D05. This activity contributed to the additional value of field liquid production as those wells contain high liquid condensate.

Overall, it is important to note that as Bayu Undan field has a very strong aquifer support, most of the wells experienced earlier water breakthrough as compared with ConocoPhillips reservoir models. Consequently, field liquid production was dropped as some major rich gas wells being flooded with water. In addition, it is observed that most of the plover formation has been drained with existing wells production, in turn, late field production mostly contributed from Elang formation.

## HEALTH, SAFETY AND ENVIRONMENT INSPECTIONS, SUPERVISIONS, MONITORING AND APPROVAL OF PETROLEUM OPERATION

### a). Inspection Related to the Petroleum Operation in the Timor-Leste Offshore (Bayu Undan Field and Kanase Field)

During the reporting period, the HSE directorate conducted a total of 11 inspections across a range of facility types such as; fixed production and storage facility, Mobile Offshore Drilling Unit (MODU), Platform Supply Vessels/Infield Support Vessels, Helicopters and Corrective Action Plan (CAP) Inspections. The main inspection objectives were to ensure the contract operators' compliance to the applicable legislations and conformance with relevant regulatory submissions that were approved and/or accepted by the ANPM.



GRAPH 16: 2019 ANPM HSE INSPECTIONS

From the inspection activities referred above a total of 450 inspection findings were recorded. Where 130 findings required corrective actions, this include non-conformance to operator management system. The chart below provides a breakdown of findings required corrective action recorded during 2019 inspection to petroleum facilities and its associated supporting facilities such as helicopters and vessels, etc. There was no non-compliance against applicable legislations recorded during the reporting period.

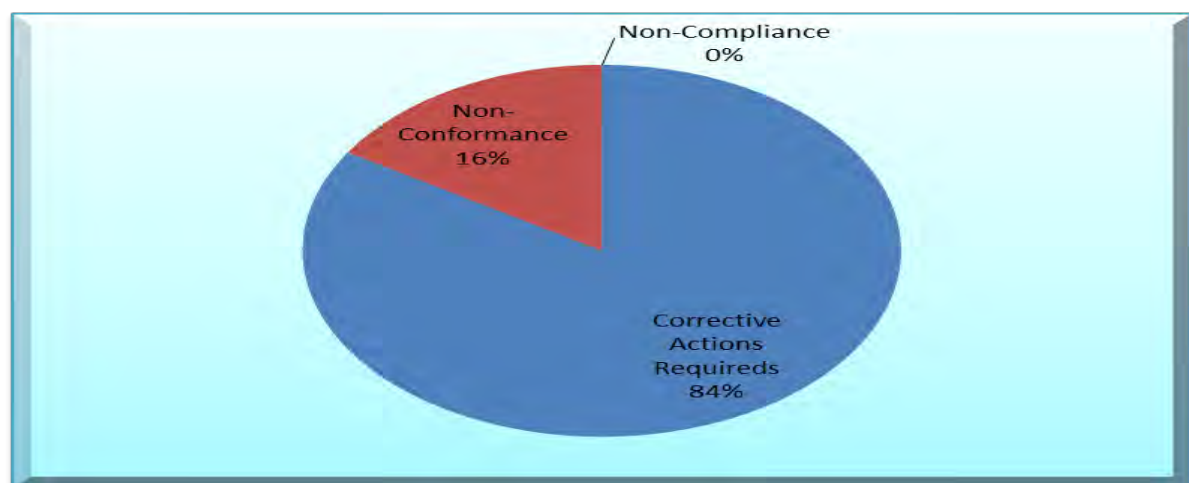


CHART 9: 2019 ANPM HSE INSPECTIONS FINDING SUMMARY



Findings identified during the inspection were recorded in a report format and communicated to relevant contract operators for closing out in a timeline agreed both by ANPM and contract operators. Overall most of the findings required corrective actions have already been closed out by the contract operators.

#### b). Inspection to Petroleum Related Survey in Timor-Leste Onshore

In 2019, one inspection activity was carried out to petroleum related facilities/operations in Timor-Leste, i.e. inspection activity carried out to Bell Geospace (ALCI Aviation Ltd) fixed wing FXTGX Helicopter. The Bell Geospace helicopter was contracted by PT Karvac Nusa Geomatika to carry out Integrated Airborne Geophysical Survey in Timor-Leste. Twenty (25) findings were recorded during the inspection, where eighteen (18) were findings required corrective action and seven (7) were positive findings. No non-conformance and non-compliance findings were recorded. All findings were closed out.

### REGULATORY SUBMISSION, ASSESSMENT AND APPROVAL FOR PETROLEUM OPERATION IN THE TIMOR-LESTE OFFSHORE

During the reporting period, ANPM received various regulatory submissions for review and acceptance or approval, etc. for petroleum operations in Timor-Leste waters. The regulatory submissions submitted by contract operators include but not limited to the following:

- Safety Cases
- Health and Safety Plan
- Environmental Impact Assessments, Environmental Management Plans, Environment Monitoring Program
- Oil Spill Contingency Plans
- Emergency Response Plans
- Diving Project Plan & DSMS
- Aircraft & Vessel Documents
- Scope of verification and validation

The table below summarizes regulatory submissions, assessment undertaken and assessment outcome during the reporting period.

Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome	Remarks
	Maersk Deliverer HSE Case Kanase-1 (JPDA 11-106) drilling campaign	1	Accepted	
	Kanase Bridging Safety Case Document for Kanase-1 (JPDA 11-106) drilling campaign	1	Accepted along with the MODU Maersk Deliverer HSE Case	
	Rig move approval for	1	Approval	

Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome	Remarks
Health and Safety	MODU Maersk Deliverer from Kanase-1 ST well location to outside JPDA.		granted.	
	Maersk Drilling Contingency Manual for MODU Maersk Deliverer (ERP).	1	Approval granted.	
	ENI Campaign Interface Management Plan (IMP) for the Kanase-1 drilling campaign.	1	Approval granted.	
	Consent to Use a Facility "MODU Maersk Deliverer" for the Kanase-1 drilling campaign within the JPDA 11-106.	1	Consent granted	
	Declaration of Safety Zone around MODU Maersk Deliverer during Kanase-1 drilling campaign in the JPDA 11-106.	1	Declaration granted.	
	Application from ConocoPhillips to conduct a subsea inspection of the original appraisal wells – Safety Case regulatory compliance application.	1	Still under discussion and approval has not been granted.	
	Vessel dossier for entry authorisation for 19 offshore vessels (7 LPG, 12 Condensate)	19	Authorisation granted.	
	Annual BU Updated ERP Rev. 11 for Bayu-Undan Operations.	1	Approval granted	
	2019 Flaring and venting for Bayu-Undan Operations.	1	Approval granted.	Continuous discussion since Q4 2018 and the decision was made in early 2019.

Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome	Remarks
Environmental	Bayu-Undan Operations Environmental Management Plan (OEMP) Revision 14 - Long Term Produced Formation Water Disposal Strategy	1	Assessment pending	The assessment is pending because of the discussion of the Long Term Produced Formation Water Disposal Strategy is still ongoing. The approval of OEMP is subject to the ANPM approval of the disposal strategy.
	BU Operations Oil Spill Contingency Plan (OSCP)	1	OSCP Review acknowledged	The operator has carried out an annual review on the BU OSCP. However, there was no new approval granted because there were no updates or changes to the BU OSCP revision. The BU OSCP Rev 4 dated March 2018 is still enforced until the next BU OSCP approval.
	Application for Temporary Approval for Simultaneous Disposal of PFW - testing of the offline high WGR wells	1	Temporary Approval granted	
	Application for Temporary Approval for Simultaneous Disposal of PFW - WP1 Well Intervention	1	Temporary Approval granted	
	2019 Planned Bayu-Undan Five Yearly Marine Survey-Summary of Proposed Scope	1	Scope of work acknowledged.	
	Bayu-Undan Produced Formation Water Dispensation Request from Operations Environmental Management Plan (EMP) to permit simultaneous disposal of PFW	1	Request for dispensation was rejected.	The contract operator was requested to apply certain production strategy to manage PFW
	Application for BU Master	1	Approval granted	

Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome	Remarks
	Chemical List Approval			
	Bayu Undan Operations EMP rev 15	1	Assessment ongoing	Operations EMP cover non-operations activities, i.e. geotechnical survey and wellhead cleaning and inspection. Considering the above contract operators was requested to lodge an addendum EMP instead
2020	Bayu-Undan Flaring and Venting Application	1	Assessment ongoing	Application was submitted in Q4 2019.
	Kitan Environmental Management Plan for 2019 Stewardship Survey	1	Approval granted	
	Kanase Exploration Drilling Environmental Impact Statement	1	Approval granted	Assessment had started since Q4 2018 and the approval granted in Q1 2019
	Kanase Exploration Drilling Environmental Management Plan	1	Approval granted	Assessment had started since Q4 2018 and the approval granted in Q1 2019
	Oil Spill Contingency Plan (OSCP) for Kanase Exploration Drilling	1	Approval granted	
	Chemical Application for Kanase Exploration Drilling	4	4 Approvals granted	

TABLE 8: TIMOR-LESTE WATERS REGULATORY SUBMISSION AND APPROVAL STATUS

## REGULATORY SUBMISSION, ASSESSMENT AND APPROVAL FOR PETROLEUM OPERATION IN TIMOR-LESTE ONSHORE

The following table provides summary of assessment and approval of the regulatory document submitted to HSE Directorate for onshore petroleum project in Timor-Leste Onshore area.

Regulatory Submissions			
Submission Type	Submission Sub-Type	Number Submitted	Assessment Outcome
Health and Safety	Health and Safety Plan for Block C (PSC TL-OT-17-09) Vibroseis Seismic Survey	1	Approval granted
	Emergency Response Plan for Block C (PSC TL-OT-17-09) Vibroseis Seismic Survey	1	Approval Granted.
Environment	Terms of Reference (ToR) for Drilling Project in PSC-OT-TL-08	1	Approval Granted
	Terms of Reference (ToR) for Pipeline Development from Greater Sunrise to Beaco	1	Assessment ongoing

TABLE 9: TIMOR-LESTE ONSHORE REGULATORY SUBMISSION AND APPROVAL STATUS

## ENTRY AUTHORIZATIONS INTO THE CONTRACT AREA

### a). Vessels

During the reporting period a total of sixteen (16) vessel entry authorizations were issued to the contract operators that operating in the Timor Leste waters to enter into contract area. Out of 16 entry authorizations, seven (7) were granted for new vessels (ISV/PSV/Construction vessel/MODU and nine (9) were issued for extensions of existing vessels.

In addition, there were nineteen (19) entry authorizations issued for offtake tankers to enter into contract area in the Timor-Leste waters. Twelve (12) entry authorizations were granted for the Condensate (CO) offtake tankers and 7 were granted for LPG offtake tankers respectively.

The following tables indicated numbers of entry authorization such as; extension or new entry authorisation granted for vessels and helicopters to enter Bayu-Undan and Kanase contact areas.

No.	Vessel's Name	Type of Vessel	Project/Activities	Approval Date	Expire Date
1	MMA Inscription	Platform Supply Vessel (PSV)	BU Operations	10 Jan 19	9 Jan 20
2	MMA Inscription (Extension)	PSV	<ul style="list-style-type: none"> <li>- Platform Supply Vessel,</li> <li>- Infield DS05 Tieback System Survey, and</li> <li>- 5-yearly Marine Environmental Monitoring Survey.</li> </ul>	23 Sep 19	10 Oct 20
			<ul style="list-style-type: none"> <li>- Platform Supply Vessel,</li> <li>- Continuing performing</li> </ul>	31 Oct 19	14 Nov19



3	MMA Inscription (Extension)	PSV	Infield DS05 Tieback System Survey, and 5-yearly Marine Environmental Monitoring Survey.		
4	RT Raven	Offshore Tug/ Infield Support Vessel (ISV)	BU Operations	1 Jun 19	1 June 20

TABLE 10: PLATFORM SUPPLY VESSEL AND INFIELD SUPPORT VESSELS APPROVALS FOR BAYU UNDAN

No.	Offtake Tanker Name	Offtake Number	Field Name	Date of Approval
1	Astomos Earth	LPG Offtake – L0268	Bayu Undan	9 Jan19
2	Lucina Providence	LPG Offtake – L0269	Bayu Undan	4 Mar19
3	Astomos Earth	LPG Offtake – L0270	Bayu Undan	23 Apr 19
4	Cristal Marine	LPG Offtake – L0271	Bayu Undan	12 Jun19
5	Doraji Gas	LPG Offtake – L0272	Bayu Undan	26 July19
6	Nadeshiko Gas	LPG Offtake – L0273	Bayu Undan	26 Sep19
7	Doraji Gas	LPG Offtake – L0274	Bayu Undan	25 Nov19

TABLE 11: OFFTAKE TANKER ENTRY AUTHORIZATION - LPG FOR BAYU UNDAN

No.	Offtake Tanker Name	Offtake Number	Field Name	Date of Approval
1	Alpine Maria	CO Offtake – CO380	Bayu Undan	3 Jan 19
2	Silver London	CO Offtake – CO381	Bayu Undan	14 Jan19
3	British Officer	CO Offtake – CO382A	Bayu Undan	8 Feb19
4	Silver Esther	CO Offtake – CO382B	Bayu Undan	8 Feb19
5	Sea Hope	CO Offtake – CO383	Bayu Undan	18 Ma19
6	Falcon Express	CO Offtake – CO384	Bayu Undan	2 May19
7	Aristaios	CO Offtake – CO385	Bayu Undan	29 May19
8	Alpine Link	CO Offtake – CO386	Bayu Undan	4 June 19
9	British Reliance	CO Offtake – CO387	Bayu Undan	9 July 19

10	Maersk Pearl	CO Offtake – CO388	Bayu Undan	21 Aug 19
11	BLACKCOMB SPIRIT	CO Offtake – CO389	Bayu Undan	4 Oct 19
12	SEANOSTRUM	CO Offtake – CO390	Bayu Undan	22 Nov19

TABLE 12: OFFTAKE ENTRY AUTHORIZATION - CONDESATE FOR BAYU UNDAN

No.	Vessel's Name	Type of Vessel	Project/Activities	Approval Date	Expire Date
1	Bhagwan Dryden	Survey Vessel	(ENI 11-105) Kitan Field Subsea Facility Survey	8 Nov 19	20 Nov19
2	Bhagwan Dryden (Extension)	Survey Vessel	(ENI 11-105) Kitan Field Subsea Facility Survey	20 Nov 19	14 Dec 19
3	Bahtera Pertiwi	Platform Support Vessel (PSV)	(ENI 11-106) Kanase: <ul style="list-style-type: none"> <li>- Anchor Handling</li> <li>- Cargo Operations</li> <li>- Supply Operations</li> <li>- Material Bunkering and</li> <li>- Emergency Response for the Kanase -1 Drilling Campaign</li> </ul>	13 Mar 19	1 Jun 19
4	Bahtera Pertiwi (Extension)	Platform Support Vessel (PSV)	(ENI 11-106) Kanase: <ul style="list-style-type: none"> <li>- Anchor Handling</li> <li>- Cargo Operations</li> <li>- Supply Operations</li> <li>- Material Bunkering and</li> <li>- Emergency Response for the Kanase -1 Drilling Campaign</li> </ul>	2 Jun 19	1 Jul 19
5	Go Sirius	Anchor Handling Tug Support Vessel	(ENI 11-106) Kanase: <ul style="list-style-type: none"> <li>- Anchor Handling</li> <li>- Cargo Operations</li> <li>- Supply Operations</li> <li>- Material Bunkering and</li> <li>- Emergency Response for the Kanase -1 Drilling Campaign</li> </ul>	12 Mar 19	1 Jun 19
6	Go Sirius (Extension)	Anchor Handling Tug Support Vessel	(ENI 11-106) Kanase: <ul style="list-style-type: none"> <li>- Anchor Handling</li> <li>- Cargo Operations</li> <li>- Supply Operations</li> <li>- Material Bunkering and</li> <li>- Emergency Response for the Kanase -1 Drilling Campaign</li> </ul>	2 Jun 19	1 Jul 19
		Mobile	ENI 11-106) Kanase:	12 Mar 19	1 Jun 19

No.	Vessel's Name	Type of Vessel	Project/Activities	Approval Date	Expire Date
7	Maersk Deliverer	Offshore Drilling Unit (MODU)	Kanase -1 Drilling Activities		
8	Maersk Deliverer (Extension)	Mobile Offshore Drilling Unit (MODU)	ENI 11-106) Kanase: Kanase -1 Drilling Activities	2 Jun 19	1 Jul 19
9	Maersk Mariner	Anchor Handling Tug Support Vessel	(ENI-11-106) Kanase: -Platform Support Vessel - to perform pre-lay of anchor prior to the arrival of MODU Maersk Deliverer	7 Mar 19	13 Mar 19
10	Maersk Mariner (Extension)	Anchor Handling Tug Support Vessel	(ENI-11-106) Kanase: -Platform Support Vessel - to perform pre-lay of anchor prior to the arrival of MODU Maersk Deliverer	14 Mar 19	15 Mar 19
11	Maersk Mariner (Extension)	Anchor Handling Tug Support Vessel	(ENI-11-106) Kanase: -Platform Support Vessel - to perform pre-lay of anchor prior to the arrival of MODU Maersk Deliverer	16 Mar 19	Maersk Mariner (Extension)
12	Maersk Mariner (Extension)	Anchor Handling Tug Support Vessel	(ENI-11-106) Kanase: -Platform Support Vessel - to perform pre-lay of anchor prior to the arrival of MODU Maersk Deliverer	2 Jun 19	1 Jul 19

TABLE 13: PLATFORM SUPPLY VESSELS AND INFIELD SUPPLY VESSELS ENTRY AUTHORIZATION FOR KANASE-1 DRILLING CAMPAIGN

#### b). Helicopters

In total there were six (6) entry authorisations issued to six helicopters during the reporting period. Two (2) were extensions of entry authorizations granted for two Airbus Helicopters for Bayu-Undan Operations. Another four (4) entry authorisations were issued to two Airbus and two Sikorsky to support Kanase-1 drilling campaign.

No	Helicopter's Name	Code of Helicopter/	Project/Activities	Approval Date	Expire Date
1	Airbus EC175 – H175	VH-NYI	Approved for the BU normal operations	1 Jan 19	31 Dec 19
2	Airbus EC175 – H175	VH-NYJ	Approved for the BU normal operations	1 Jan 19	31 Dec 19

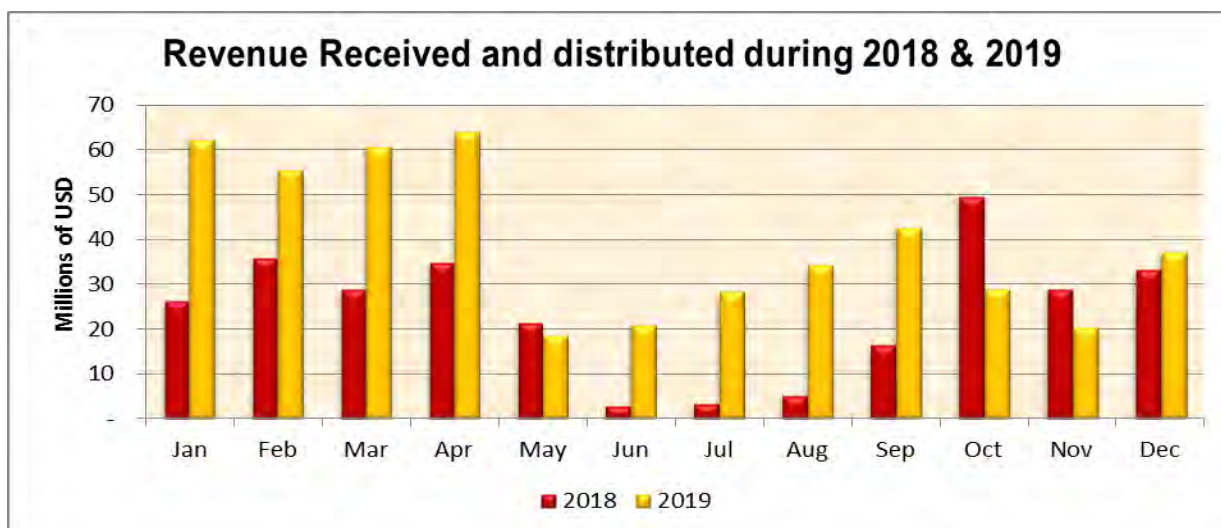
TABLE 14: HELICOPTER ENTRY AUTHORIZATION FOR BAYU UNDAN OPERATIONS

No	Helicopter's Name	Code of Helicopter/	Project/Activities	Approval Date	Expire Date
1	Airbus EC175 – H175	VH-NYI and VH-NYJ	Approved for the Kanase-1 drilling campaign.	13 Mar 19	1 Jun 19
2	Sikorsky S92	VH-NYW and VH-NYV	Approved for the Kanase-1 drilling campaign in the JPDA 11-106.	20 Mar19	1 Jun19
3	Sikorsky S92	H-NYW and VH-NYV	First amendment to S92 helicopters approval as back-up helicopters when H175s are unavailable and to include use of Truscott/Darwin airbase for the Kanase-1 drilling campaign in the event of cyclone or down manning.	4 Apr19	1 Jun19
4	Airbus EC175 – H175	VH-NYJ and VH-NYI	First extension for two Babcock H175 Helicopters for the Kanase-1 drilling campaign.	2 Jun19	1 Jul19

TABLE 15: HELICOPTER ENTRY AUTHORIZATION FOR KANASE-1 DRILLING CAMPAIGN

## REVENUE DISTRIBUTION

As shown in the graph below, the total revenue collection for year 2019 is slightly increased compare to year 2018. As can be seen, the BU project faced the natural field depleting; however, the successful drilling of BUIW has helped to increased production which contributes to increasing in revenues. In 2019 the revenues receipt from FTP and Profit Oil and Gas is higher than last year. Revenue distributed in 2019 surpassing the previous record in 2018 of USD 286.5MM and has increased to USD 473.7MM. The total amount of USD 473.7MM represent 60% increasing of revenues in 2019 from the previous year, this suggests that even though low oil price compare to last year, the rise of oil production from the successful of BUIW have contributed to the higher total governments' receipts.



GRAPH 17: REVENUE RECEIVED AND DISTRIBUTED 2018 AND 2019

## LOCAL CONTENT INVESTMENT SERN-FULBRIGHT

SERN Fulbright Scholarship Program is a tripartite partnership between the ANPM representing the ministry of Petroleum and Minerals, the Embassy of the United States of America in Timor-Leste and ConocoPhillips to provide scholarship potential Timorese to pursue masters and doctorate degrees in the U.S. Up to date Ernesto Pinto is currently pursuing a Master of Petroleum Engineering at Missouri University of Science and Technology, and expected to graduate in December 2020. Another successful graduate Gilsel E. M. Borges graduated on 24 December 2019 and returned to TL, completing his Master of Geology at Southern Illinois University at Carbondale. As of 2019, the total number of graduates successfully pursued their masters degrees in various areas related to Enrgy, oil and gas are 20.

They had been returned to the country and contribute to the development of socio-economic of Timor-Leste in their respective areas. The last batch of the program had recruited 5 successful recipients of the programs along with 4 alternate candidates. The successful candidates will be sent off to pursue their postgraduate degrees in universities in the United States of America in 2020. The program has been successfully implemented as it reaches the targeted number was initially planned.

The Fourth batch recruitment had been finalized in October 2017 which resulted in recruiting four (4) Timorese Scholars to undertake post graduate studies the area of oil and gas and mineral study areas in order to support

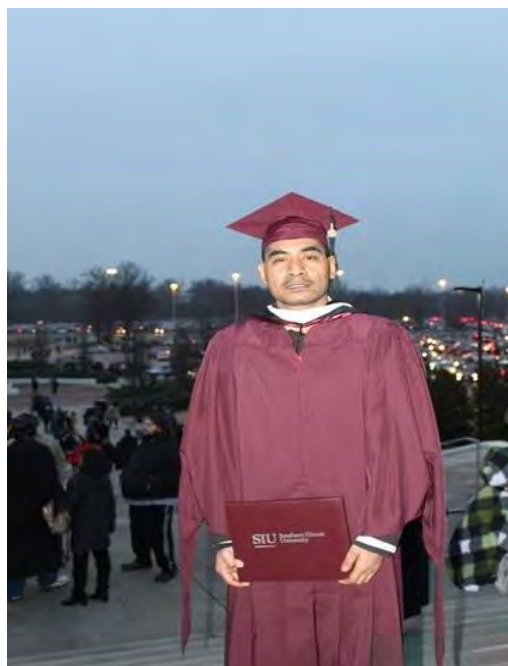


FIGURE 19: GILSEL BORGES, ON HIS GRADUATION DAY FROM THE SOUTHERN ILLINOIS UNIVERSITY



petroleum and mineral sectors. Unfortunately, two (2) of the successful candidates withdrew their offers due to work commitment and health reason, a hail and farewell ceremony to welcome the returned students and sending off the successful candidates was held in June 2018 as the scholars were expected to start their studies in October 2018, one candidate had departed for the USA in July 2018 and the other one will be leaving to the USA in January 2019. A discussion for 2019 recruitment for the last batch of the program will be discussed in the first quarter of 2019. The Working Group is looking at increasing the number of recruitment from 5 to 7 scholars considering this may be the last batch of the scholarship program.

## **TIMOR-LESTE SKILL VOCATIONAL AND EDUCATION TRAINING CENTER**

At the end of 2018, all the program agreements (Memorandum of Understanding, Partnership Implementation Agreement, and Funding Agreement) have been signed by Secretário de Estado da Formação Profissional e Emprego (SEFOPE), Autoridade Nacional do Petróleo e Minerais (ANPM), ConocoPhillips, Centro Nacional do Emprego e Formação Profissional (CNEFP) Tibar and Cegelec Oil and Gas, to continue the second intake of the pilot program in 2019, upon the successful delivery of the first batch pilot program in 2018. Thirty (30) Timorese trainees have been recruited to commence the foundational training course in the first quarter of 2019 and seventy (27) of them passed the fundamental examination, but only twenty four (24) trainees were selected to undertake Level 1 and Level 2 training in the area of Electrical and Instrumentation.

All the trainees were enthusiastic and motivated undertaking this training program and as a result they have shown their



*FIGURE 20: TRAINING PROGRAM FOR SECOND BATCH*

dedication and were progressing well during 2019 training program.

For the sake of the program sustainability, the four (4) assigned CNEFP's local trainers are also engaged in day-to-day training delivery, both in class room and in

practical, with the assistance of CEGELEC's trainers, including leading the toolbox meeting, actively involved in teaching Level 1 classes,

including assisting in electrical hands-on training. Additionally, coaching and mentoring sessions are also provided to them by CEGELEC's trainers, in order to enhance

their coaching and mentoring skills. Moreover, a further English language course development is also offered to the

local trainers to improve their English ability which become as a barrier during the training program development. All of these components will remain to continue as a training elements in Batch three (3) program.

Prior to the conclusion of the second batch pilot program, in which the graduation is planned to be taken place on January 2020, the working group which consisted of SEFOPE, ANPM, ConocoPhillips, CNEFP Tibar and Cegelec oil and gas has initiated to host an industry engagement session which is done on 4 November 2019, aiming to promote to the

prospective local Timor-Leste industries, the Timorese ready skills and knowledge in the area Electrical and Indtumentation demanded by the industry for the internship and or future employment. It is expected that these twenty four (24) trainees will be engaged by the in-country industries, where the opportunities may arise.

### DATA TAPE AND CORE STORAGE FACILITIES

Based on the PSC S-06-04 Eni is committed to deliver its local content commitment with total fund contribution of US\$1,2M to the establishment of Data Tape and Core Storeage Facility the initial plan was to construct the facility in Hera within the Compound of University of Timor-Leste, however, due to new major planning taking place at the university level, therefore, the project was advice to find the new site. With this situation, ANPM explored and coordinated with relevant stakeholders like IPG and Timor Gap, and was able to identify the new project site in the Municipality of Covalima dedicated to construct the facility. As the way forward, the project is in the stage of site preparations and developing the detail implementation plan include the soil study with P.T. Bita Enarcon working closely with IPG as the project owner.

### CLEAN WATER PROJECT

Under the Annex D of of both PSC, Timor Resource is committed to implement projects in Horticulture and Water areas. The two projects are scheduled to begin the first Quarter of 2020 and finalized by the end of fourth Quarter in 2020. The clean water projects will be carried out to provide local communities access to clean water to respond to communities needs for clean water.

The projects will be implemented by constructing or rehabilitation of exsiting and replacing faulty drilling water wells. clean water infrastructures in the identified sites for the projects in sucos in Covalima and Manufahi Municipalities. The identified Sucos for Clean Water project are Suco Labarai and Suco Matai in Suai and Ferik-Sare in Same.



FIGURE 21: ANPM TEAM INSPECTED WATER CLEAN PROJECT IN LABARAI, SUAI



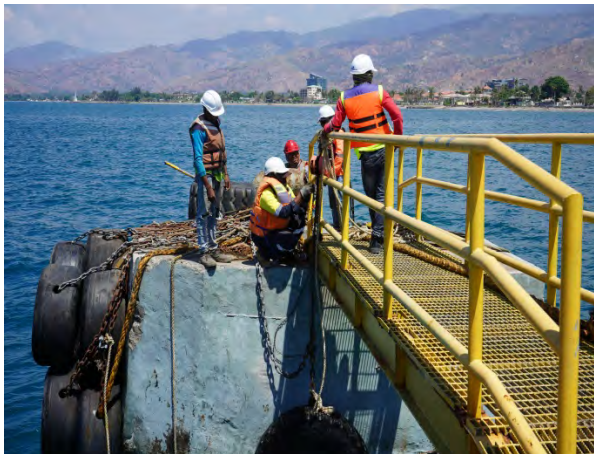
*FIGURE 22: ANPM TEAM INSPECTED WATER CLEAN PROJECT IN MATAI, COVALIMA*

## HORTICULTURE PROJECT

Under the annex D of PSC Timor Resources is committed to implement a horticulture project in the villages directly affected by the operations. The locations for the project implementations have been identified by the local authorities of Chefe Sucos and Chefe Aldeias. And further, identified the land type and type crops, as well as conducting market assessment. The irrigation and land clearance to be conducted as plan in near time as per the schedule for the project delivery within 2020 as per the amended local content plan.



## 3.2 DOWNSTREAM PETROLEUM ACTIVITIES



## REVISION OF TWO EXISTING REGULATION

In last quarter of 2019, the Directorate conducted review to the existing Regulations namely Regulation on Installation and Operation of Fuel Filling Station and Regulation on Installation and Operation of Storage Facility. This revision is part of the Directorate 5 years Strategic Action Plans.

The revision of Regulation on Installation and Operation of Fuel Filling Station covers technical rules and Licensing Fees. Whereas the revision of Regulation on Installation and Operation of Storage Facility covers the Licensing Fees.

The revision of technical rules is due to a better understanding of how they should be applied to Automotive Fuel Filling Stations in the context of Timor-Leste, to ensure the general safety of the population and the changes on fees in both Regulations are a result aimed at preventing the negative impact of high fees on fuel prices charged to final consumers and also taking into consideration the country's current stage of economic development.

The revision has been concluded and planned to submit to ANPM Board of Director for discussion and approval in first quarter of 2020.

## DISSEMINATION OF ELECTRONIC LICENSE (E-LICENSE) APPLICATION

On 11<sup>th</sup> of November 2019, the Downstream Directorate conducted a half day workshop on Electronic Application for Trading Activity. This workshop was aimed to disseminate the information the electronic system for Trading Activity license as well as application for the approval of import and export of fuel.

Most of the licensed trading companies participated in the workshop as well as the companies who planned to obtain license to carry out trading activity.

This workshop was assisted by the Information Technology (IT) department under Corporate Service Directorate of ANPM.

It was expected to launch the system in second quarter of 2020.

## LICENSING AND MONITORING DOWNSTREAM ACTIVITIES

### LICENSING AND MONITORING OF INSTALLATION AND OPERATION OF FUEL FILLING STATION (FFS)

## APPROVAL OF LOCATION, PROJECT AND OPERATION LICENSE

The downstream inspection division verified 20 from 22 new applications submitted by entities from municipalities including RAEOA. One (1) amongst 20 applications has been approved and now under project approval stage. The other six applications were rejected due to distance requirement. Detail information is provided in the table below including some of site inspection pictures.

Detail information is provided in the table below.

No.	Applicant	Location	Location Approval	Project Approval
1	Sahan II	Manatuto	Under Progress	-
2	Aleixo Ximenes	Vemasse and Venilale	Under Progress	-



3	Decargel	Vernasse	Under Progress	
4	La Ode Si	Laga	Under Progress	-
5	Siagisa	Hera	Under Progress	
6	Unidade	Seical, Baucau	Under Progress	
7	PITSA	Metinara	Under Progress	
8	Ritogian	Maubessi	Under Progress	
9	Caileba	Liquiça	Under Progress	
10	Adi Pay	Ossu	No	-
11	Green Diamond	Oecussi	Yes	Under Progress
12	Joridano Unip Lda	Manufahi	Under Progress	-
13	F-FDTL	Metinara	Under Progress	-
14	Realistic Fuel	Tibar	Under Progress	-
15	ETO Lda	Tibar	Under Progress	-
16	DB Ingracia	Hera	Approved	-
17	DB Ingracia	Metinara	Planned for site verification	-
18	Barique	Natarbora	Planned for site verification	
17	Belak Fuel	Liquica	Rejected	-
18	Belijo	Manleuana	Rejected	-
19	PITSA	Manleuana	Rejected	-
20	Kevina	Hudi Laran	Rejected	-
21	Repende	Tibar	Rejected	-
22	Silrei	Vernasse	Rejected	

TABLE 16: NEW APPLICANTS AND THEIR PROCESS

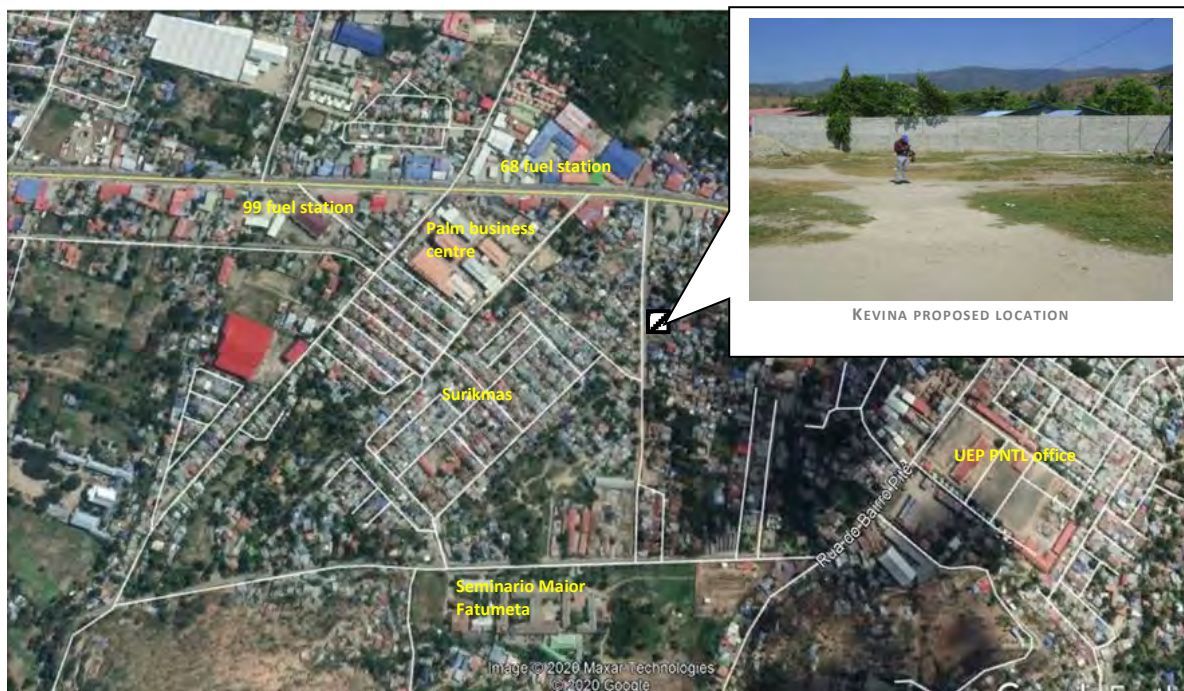


FIGURE 23: VERIFICATION TO THE LOCATION PROPOSED KEVINA LDA, FOR AUTOMOTIVE RETAIL FFS-HUDI LARAN, DILI



FIGURE 24: VERIFICATION TO THE LOCATION PROPOSED BY MINISTRY OF DEFENSE FOR A HOME BASE AUTOMOTIVE FFS-METINARO, DILI

The Directorate also granted operational license to several existing Automotive and Aviation Fuel Filling Stations. A license was also issued to one new Fuel Filling Station.

No	Name of FFS	Type	Operator/Company	Location
1	Miramar Fuel Filling Station	Existing	Miramar Unipessoal, Lda	Comoro, Dili
2	Tatoli Fuel Filling Station	Existing	Tatoli Unipessoal, Lda	Fuiluru, Lospalos
3	Nundole Wei Fuel Filling Station	Existing	Nundole Wei Fuel Station, Lda	Manleuana Dili
4	Ra'ameta Fuel Filling Station	Existing	Ra'ameta, Lda	Buibau, Baucau
5	Nagarjo Fuel Filling Station	Existing	Nagarjo, Lda	Becora, Dili
6	Titer Fuel Filling Station	Existing	Titer Unip. Lda.	Lospalos, Lautem
7	Risa Fuel Fuel Filling Station	Existing	Risa Fuel, Lda.	Taibesi, Dili
8	ETO Aviation Fuel Filling Station	Existing	ETO Aviation, Lda.	Rua Aeroportu Nicolau Lobato, Dili
9	PITSA Aviation Fuel Filling Station	Existing	Pertamina Internacional Timor, S.A	Rua Aeroportu Nicolau Lobato, Dili
10	Cabureno Fuel Filling Station	Existing	Cabureno Fuel, Lda	Tirilolo, Baucau
11	Fecilia Fuel Filling Station	Existing	Fecilia, Lda.	Triloka, Baucau
12	Aitula Fuel Filling Station	Existing	Aitula Fuel, Lda.	Covalima
13	Aitula Fuel Filling Station	Existing	Aitula Fuel, Lda	Bobonaro
14	Aitula Fuel Filling Station	Existing	Aitula Fuel, Lda	Ainaro
15	Aitula Atypical Fuel Filling Station	Existing	Aitula Fuel, Lda	Manufahi
16	Borala Fuel Filling Station	Existing	Borala, Lda	Beloi, Viqueque
17	Borala Fuel Filling Station	Existing	Borala, Lda	Mercida, Viqueque
18	Ergin Fuel Filling Station	New	Ergin Fuel, Lda	Metinaro, Dili

TABLE 17: LICENSED FUEL FILLING STATIONS IN 2019

Following are some pictures taken during the inspection activities:



FIGURE 25: PRELIMINARY INSPECTION ACTIVITIES AT EXISTING FFS

### SUSPENSION TO THE CONSTRUCTION OF NEW FUEL FILLING STATION

The Directorate had temporarily suspended the construction of 2 new Fuel filling Stations located in Liquiça Municipality. This action was taken considering the facilities were constructed without any approvals. The FFS belongs to Realistic and Caileba Company and approval will be granted to continue the construction of the facility once both companies have fulfilled the location and project requirements sets under the enacted Regulation on Installation and Operation of Fuel Filling Station.

### TRANSFER OF FFS LICENSE

The transfer of license from SVSC (Tiger Fuel FFS) to Esperança Timor Oan (ETO) has been finalized following the compliance with the administration requirement including fee.

### SUBSEQUENT INSPECTION AND DUE DATE OF EXTENSION PERIOD FOR EXISTING AUTOMOTIVE FUEL FILLING STATION

The Directorate through its Inspection Division continued to encourage the Existing Fuel Filling Station to bring up their facilities in accordance with applicable Laws and Regulations. This action was conducted through a consecutive subsequent inspections with a three-month interval to monitor the implementation of correction actions by the operators.

The result of inspection was 12 amongst 36 existing AFFS have implemented the inspection recommendations. Whilst a total of 24 existing AFFS have not closed the inspection recommendation within the extension period. One (KCXII) amongst 24 AFFS has been closed by the ANPM on December 2019 since none of the inspection recommendations were implemented. The rest 23 AFFS were given additional time frame up to 6 months to implement the inspection recommendations.

Detail information can be seen in the table below:

No.	Name of Fuel Filling Station	Total of Inspection Findings	Extension Monitoring Record (Findings)			Administration requirement	
			Mar-19	Jun-19	Sep-19	Minimum Requirement	Environmental License
1	Aitula AFFS – Dili	8	7	NI	2	√	x
2	Lafahek Oil & Gas AFFS – Dili	14	9	9	Completed	√	√
3	Belak Fuel AFFS – Dili	6	7	4	Completed	√	√
4	Mae da Graca AFFS – Bebonuk	7	6	4	Completed	√	√
5	Mae da Graca AFFS – Raikotu	14	7	4	Completed	√	√
6	ETO AFFS – Mandarin, Dili	8	9	10	3	√	√
7	Borala AFFS- Dili	7	3	3	Completed	√	√
8	E Silva Motor HBFFS – Dili	1	1	1	1	√	x
9	Andikalima AFFS– Liquica	4	4	1	1	√	√
10	Ruvic AFFS – Dili	Not Implemented	Not Implemented	Not Implemented	Not Implemented	√	x
11	Ruvic AFFS – Hera, Dili	Not Implemented	Not Implemented	Not Implemented	Not Implemented	√	x
12	Global Fuel AFFS – Suai	4	4	4	Completed	√	√
13	Abomkase AFFS – Maliana	7	7	1	1	√	√
14	ETO AFFS – Balide, Dili	6	4	3	Completed	√	√
15	Realistic AFFS – Balide, Dili	10	5	4	1	√	x
16	Alexa AFFS – Liquica	4	2	1	Completed	√	√
17	Roman fuel AFFS – Ermera	13	Nil	Nil	Completed	√	√
18	Vida Diak Petroleum AFFS – Liquica		Nil	Nil	Completed	√	√
19	Realistic AFFS – Akanuno, Dili	1	1	1	1	x	x
20	Mira Mar AFFS – Dili	15	Nil	Nil	Completed	√	√
21	Mosalaki AFFS – Lautem	1	1	1	Completed	√	√
22	Risa Fuel Taibessi AFFS – Dili	15	15	15	5	√	x
23	Nagarjo Becora AFFS – Dili	12	9	9	9	x	x
24	Ra’ameta AFFS – Baucau	12	12	12	8	√	√
25	Belijo AFFS – Baucau	11	11	9	3	√	x



26	Cabureno AFS – Baucau	15	15	15	8	√	x
27	Albatros AFS – Baucau	15	9	8	6	√	x
28	Realistic AFS – Baucau	15	15	10	6	√	x
29	Fecilia AFS – Baucau	15	12	Not Implemented	7	√	x
30	Titer AFS – Lautem	15	15	15	7	√	√
31	Tatoli AFS – Lautem	15	15	15	7	√	√
32	Nagarjo AFS – Baucau	15	15	15	6	√	x
33	Borala AFS - Santa Cruz, Viqueque	15	15	15	9	√	√
34	Borala AFS – Mercida, Viqueque	15	15	15	9	√	√
35	KCXXII AFS – Same	15	15	15	15	x	x
36	Quebubun AFS – Maliana	13	13	13	6	√	√

TABLE 18: LIST OF INSPECTION AND MONITORING FOR EXISTING AFS IN 2019

Below are some pictures taken during the subsequent inspections activities;



FIGURE 26: SUBSEQUENT INSPECTION AT EXISTING AFS

## FIREFIGHTING AND FIRST AID TRAINING

In Last quarter of 2019, the Directorate in coordination with Bombeiros Timor-Leste conducted firefighting and first aid training to the existing AFS operators in east and west zone. This program was initiated to facilitate the existing AFS operators to fulfil the operational requirement on Trainings considering the due date of extension period. All of AFS operators attended the training and it is planned to extend the same program to AFS operators in South zone.

## CALIBRATION ACTIVITY

In the 3<sup>rd</sup> quarter of 2019 the Directorate started conducting verification to fuel dispensers to all AFS including RAEOA. The objective of this verification was to ensure the Fuel Dispensers were operated within the standard and the maximum permissible errors (MPEs). The result of the verification showed that most of Fuel Dispensers complied with the adopted standard and delivered fuel within the MPEs.



**Lafahek Oil and Gas FFS, Comoro, Dili**



**East Gas Corporation FFS, Bidau, Dili**

FIGURE 27: CALIBRATION ACTIVITY AT FFS

## COLLECTION OF FEES FROM FUEL FILLING STATION

The total fee collected by the Directorate from FFS throughout 2019 is \$260,300.00. This fee covers licensing fee for the issuance of new license in 2019, the annual fee of companies licensed in 2014, 2015, 2016, 2017, 2018 and Aviation FFS as well as the fee for the transfer of license. The remaining fees that have not been paid by the companies are \$24,750.

No	Name of FFS	Annual Fee	License date	Fee Received in 2019	Outstanding Fee in 2019
1	Miramar Unipessoal, Lda (Dili)	\$ 3,650.00	2019	\$ 3,650.00	\$ -
2	Tatoli Unipessoal, Lda	\$ 1,900.00	2019	\$ 1,900.00	\$ -
3	Nundole Wei Fuel Station	\$ 4,800.00	2019	\$ 4,800.00	\$ -
4	Ra'ameta	\$ 3,500.00	2019	\$ 3,500.00	\$ -
5	Nagarjo (Dili)	\$2,700.00	2019	\$ 2,700.00	\$ -
6	Titer Unipessoal, Lda	\$ 1,350.00	2019	\$ 1,350.00	\$ -
7	Risa Fuel, Lda	\$ 5,200.00	2019	\$ 5,200.00	\$ -
8	ETO FFS Aviation	\$ 15,700.00	2019	\$ 15,700.00	\$ -
9	PITSA FFS Aviation	\$ 21,200.00	2019	\$ 21,200.00	\$ -
10	Cabureno Fuel, Lda	\$ 1,350.00	2019	\$ 1,350.00	\$ -
11	Ficilia Unipessoal, Lda	\$ 1,200.00	2019	\$ 1,200.00	\$ -
12	Aitula Fuel, Lda (Manufahi)	\$ 1,200.00	2019	\$ 1,200.00	\$ -
13	Aitula Fuel, Lda (Covalima)	\$ 1,200.00	2019	\$ 1,200.00	\$ -
14	Aitula Fuel, Lda (Bobonaro)	\$ 1, 200.00	2019	\$ 1,200.00	\$ -
15	Aitula Fuel, Lda (Ainaro)	\$ 1, 200.00	2019	\$ 1,200.00	\$ -
16	Queybubun, Lda	\$ 1,200.00	2019	\$ 1,200.00	\$ -
17	Borala, Lda (Beloi, Viqueque)	\$ 1,200.00	2019	\$ 1,200.00	\$ -
18	Borala, Lda (Mercida, Viqueque)	\$ 3,000.00	2019	\$ 3,000.00	\$ -
19	Ergin Fuel, Lda	\$ 5,950.00	2019	\$ 5,950.00	\$ -
20	Pertamina International Timor, SA FFS	\$ 8,200.00	2018	\$ 8,200.00	\$ -
21	Roman Fuel FFS	\$ 1,350.00	2018	\$ 1,350.00	\$ -
22	Nusabe FFS	\$ 2,200.00	2018	\$ 2,200.00	\$ -

23	Miglen FFS	\$ 1,200.00	2018	\$ 1,200.00	\$ -
24	Mosalaki 99 FFS	\$ 2,200.00	2018	\$ 2,200.00	\$ -
25	Albatross FFS	\$ 1,500.00	2018	\$ 1,500.00	\$ -
26	Repende FFS	\$ 1,200.00	2018	\$ 1,200.00	\$ -
27	Jesoria FFS	\$ 2,200.00	2018	\$ 2,200.00	\$ -
28	Belijo FFS	\$ 1,200.00	2018	\$ 1,200.00	\$ -
29	Realistic FFS (Baucau)	\$ 1,850.00	2018	\$ 1,850.00	\$ 1,850.00
30	Realistic, FFS (Hera)	\$ 3,350.00	2018	\$ 3,350.00	\$ 3,350.00
31	Ai-Dalau Furak FFS	\$ 1,200.00	2018	\$ 1,200.00	\$ -
32	Alexa Fuel FFS	\$ 1,200.00	2017	\$ 1,200.00	\$ -
33	Lafaek Oil and Gas FFS	\$ 5,950.00	2017	\$ 5,950.00	\$ -
34	Mãe da Graça FFS	\$ 3,500.00	2017	\$ 3,500.00	\$ -
35	Divita Fuel FFS	\$ 6,350.00	2017	\$ -	\$ 6,350.00
36	Andika Lima FFS	\$ 2,200.00	2017	\$ 2,200.00	\$ -
37	Timor Gap E.P FFS	\$ 8,200.00	2016	\$ 8,200.00	\$ -
38	68 Petroleum FFS	\$ 11,800.00	2016	\$ 11,800.00	\$ -
39	Chong Ti Petroleum FFS	\$ 6,700.00	2016	\$ 6,700.00	\$ -
40	99 Petroleum FFS	\$ 6,700.00	2016	\$ 6,700.00	\$ -
41	De Shun Fuel Station FFS	\$ 6,700.00	2016	\$ 6,700.00	\$ -
42	Culu Hun Fuel Station FFS	\$ 6,700.00	2016	\$ 6,700.00	\$ -
43	Realistic Fuel FFS	\$ 4,500.00	2016	\$ 4,500.00	-
44	Super Fuel FFS	\$ 2,350.00	2016	\$ 2,350.00	\$ -
45	Ruvic FFS (Hera)	\$ 3,500.00	2016	\$ -	\$ 3,500.00
46	Arjumar FFS	\$ 3,700.00	2016	\$ 3,700.00	\$ -
47	Global Fuel Filling Station FFS	\$ 1,600.00	2016	\$ 1,600.00	\$ -
48	Abom Kase FFS	\$ 1,200.00	2016	\$ 1,200.00	\$ -
49	Belak Fuel, FFS	\$ 1,650.00	2016	\$ 1,650.00	\$ -
50	Esperança Timor Oan, Lda FFS (Manatuto)	\$ 3,450.00	2015	\$ 3,450.00	\$ -
51	East Gas Corporation FFS	\$ 2,350.00	2015	\$ 2,350.00	\$ -
52	Vida Diak Petroleum FFS	\$ 2,400.00	2015	\$ 2,400.00	\$ -
53	Borala FFS (Dili)	\$ 8,500.00	2015	\$ -	\$ 8,500.00
54	Mãe da Graça FFS	\$ 2,200.00	2015	\$ 2,200.00	\$ -
55	Specialized Vehicle Services Centre FFS	\$ 11,300.00	2015	\$ 11,300.00	\$ -
56	Mega Petroleo FFS	\$ 5,200.00	2015	\$ 5,200.00	\$ -
57	Xalila Fuel Unipessoal FFS	\$ 7,750.00	2015	\$ 7,750.00	\$ -
58	Esperança Timor Oan FFS (Dili)	\$ 8,350.00	2014	\$ 8,350.00	\$ -
59	Aitula Fuel FFS (Dili)	\$ 3,850.00	2014	\$ 3,850.00	\$ -
60	E Silva Motors Trading as Rentlo FFS	\$ 1,200.00	2014	\$ 1,200.00	\$ -
61	Ruvic Unipessoal FFS (Dili)	\$ 1,200.00	2014	\$ -	\$ 1,200.00
62	Mekar Fuel FFS	\$ 2,450.00	2014	\$ 2,450.00	\$ -
Total		\$ 285,080.00		\$ 260,300.00	\$ 24,750.00

TABLE 19: DETAILS OF COMPANIES AND THEIR CORRESPONDENCE FEE

## LICENSING AND MONITORING FUEL, BIOFUEL AND LUBRICANT TRADING ACTIVITY

In 2019, the Directorate issued Trading Activity license to seven (7) companies who wishing to import lubricant and asphalt. Following table provides the detail information on the licensed companies.

No	Name of Company	License Number	Licensing period
1	Dragon Service	ANPM/C/2019/001	10 Years
2	Limpeno Unipessoal, Lda	ANPM/C/2019/002	10 Years
3	Montana Diak Unipessoal, Lda	ANPM/C/2019/003	10 Years
4	Aitula Fuel, Lda	ANPM/C/2019/004	10 Years
5	Tanjung Motor	ANPM/C/2019/005	10 Years
6	Eastern Star Motor & Diverse Trading	ANPM/C/2019/006	10 Years
7	OTE Energy, Lda	ANPM/C/2019/007	10 Years

TABLE 20: DETAIL OF LICENSED FUEL TRADERS

## TRUE UP MECHANISM 2018 AND TRADING LICENSING FEE IN 2019

On January 2019, the Directorate conducted *True up Mechanism* of Trading fees collected in 2018. The result of True up mechanism is foreseen in the table below:

No.	Company	2018 Annual Plan (Liters) (AP)	Realization (Liters) ®	Differences (Liters) (R-AP)	Fee paid based on 2018 Annual Plan	Actual Fee based on Realization	Refund of 2018 Fee	Carry Forward to 2019
1	Xalila	269,038	-	- 269,038	\$ 134.52	\$ -	\$134.52	\$ -
2	PITSA	61,846,600	80,642,769	18,796,169	\$ 30,923.30	\$ 40,321.38	\$ -	\$ -
3	ETO	46,900,000	111,152,769	64,252,769	\$ 23,450.00	\$ 55,576.38	\$ -	\$ -
4	Far Ocean	10,020,000	3,376,010	- 6,643,990	\$ 5,010.00	\$ 1,688.01	\$ -	\$3,322.00
5	Arjumar	-	-	-	\$ -	\$ -	\$ -	\$ -
6	Gilficac	767,080	-	- 767,080	\$ 383.54	\$ -	\$ -	\$ 383.54
7	EQ	8,420,498	-	- 8,420,498	\$ 4,210.25	\$ -		\$4,210.25
8	Golden VIP	472,500	412,912	- 59,588	\$ 236.25	\$ 206.46	\$ -	\$ 29.79
9	Gafung	4,000,000	1,037,085	- 2,962,915	\$ 2,000.00	\$ 518.54	\$ -	\$1,481.46
10	OGV	1,890,000	-	- 1,890,000	\$ 945.00	\$ -	\$ 945.00	-
11	Sacom	19,641,719	3,200,068	-16,441,651	\$ 9,820.86	\$ 1,600.03	\$ -	\$8,220.83
12	EDS	209,000	228,971	19,971	\$ 104.50	\$ 114.49	\$ -	\$ -
13	King	1,000,000	752,000	- 248,000	\$ 500.00	\$ 376.00	\$ -	\$ 124.00

	construction							
14	Klean Gas, Lda	120,000	204,000	84,000	\$ 60.00	\$ 102.00	\$ -	\$ -
15	Cahaya Abadi Group	1,000,000	65,300	- 934,700	\$ 500.00	\$ 32.65	\$ -	\$ 467.35
16	Surya Putra II, Lda	200,000	164,953	- 35,047	\$ 100.00	\$ 82.48	\$ -	\$ 17.52
17	NSL OilChem(Timor), Lda	350,000	146,545	- 203,455	\$ 175.00	\$ 73.27	\$ -	\$ 101.73
18	Aimutin Furak II, Lda	100,000	74,661	- 25,339	\$ 50.00	\$ 37.33	\$ -	\$ 12.67
19	Fortuna Star, Lda	20,000	671,568	651,568	\$ 10.00	\$ 335.78	\$ -	\$ -
20	Eastern Dragon, Lda	156,088	130,830	- 25,258	\$ 78.04	\$ 65.42	\$ -	\$ 12.63
21	Henk-Jon, Lda	100,000	76,704	- 23,296	\$ 50.00	\$ 38.35	\$ -	\$ 11.65
22	Gio Motor Unipessoal, Lda	20,000	6,408	- 13,592	\$ 10.00	\$ 3.20	\$ -	\$ 6.80
23	Uma Asia Motorizada Unipessoal, Lda	20,000	13,395	- 6,605	\$ 10.00	\$ 6.70	\$ -	\$ 3.30
24	Jonize construction Unipessoal, Lda	4,139,392	659,450	- 3,479,942	\$ 2,069.70	\$ 329.73	\$ -	\$1,739.97
25	Jova construction , Lda	100,000	95,480	- 4,520	\$ 50.00	\$ 47.74	\$ -	\$ 2.26
26	Campeao Motors, Lda	300,000	183,222	- 116,778	\$ 150.00	\$ 91.61	\$ -	\$ 58.39
27	Carya Timor - Leste	258,301	234,714	- 23,587	\$ 129.15	\$ 117.36	\$ -	\$ 11.79
28	Thai Siam Auto Parts,	5,000	972	- 4,028	\$ 2.50	\$ 0.49	\$ -	\$ 2.01



	Lda							
29	Rufa Forever Unipessoal, Lda	104,000	25,020	- 78,980	\$ 52.00	\$ 12.51	\$ -	\$ 39.49
30	Vemisdal Unipessoal, Lda.	3,160,000	2,440,000	- 720,000	\$ 1,580.00	\$ 1,220.00	\$ -	\$ 360.00
31	Auto Timor-Leste, Lda	15,000	-	- 15,000	\$ 7.50	\$ -	\$ -	\$ 7.50
32	Nison Unipessoal Lda.	24,644	-	- 24,644	\$ 12.32	\$ -	\$ -	\$ 12.32
33	ZL Hardware and Machinery	420,000	-	- 420,000	\$ 210.00	\$ -	\$ -	\$ 210.00
34	Rahardjo	90,000	33,691	- 56,309	\$ 45.00	\$ 16.85	\$ -	\$ 28.15
35	Sister Motor and Drivers, Lda	9,500	-	- 9,500	\$ 4.75	\$ -	\$ -	\$ 4.75
36	Junior G.G.A. Unipessoal, Lda	15,500	8,779	- 6,721	\$ 7.75	\$ 4.39	\$ -	\$ 3.36
Total					\$ 83,081.93	\$ 103,019.14	\$ 1,079.52	\$ 20,885.51

TABLE 21: TRUE UP MECHANISM OF FUEL COLLECTED IN 2018

Table above shows that total actual fee received for Trading Activity in 2018 is **US\$ 103,019.14**.

Five (5) companies imported more than annual plan and further pay additional fee for 2018. Whereas 22 companies imported less than annual plan and 8 companies did not perform any import activity. The remaining annual plan and fee of 22 and 6 companies was further adjusted to 2019 while the fee of Xalila and OGV Company was refunded following its confirmation to discontinue the Trading Activity.

## 2019 TRADING LICENSING FEE

The fee collected in the licensing process of trading activity was calculated based on the annual import plan. Apart from the licensing fee, the Directorate also collected annual fee from the companies licensed in 2017, 2018 and 2019 based on their 2019 import plan.

The True up Mechanism of Trading activity in 2019 will be conducted in 2020 to reconcile the fee based on import plan realization. Based on the data recorded by the Directorate, it shows that up to end of 2019 most of the companies did not realize the import plan.

No.	Company	2019 Annual Plan (Liters) (AP)	Realization (Liters) (R)	Differences (Liters) (R-AP)	Fee paid based on 2019 Annual Plan	Actual Fee based on Realisation
1	Pertamina International, S.A	81,444,500	71,800,297	-9,644,203	\$ 40,722.25	\$ 35,900.15
2	Esperanca Timor Oan (ETO)	47,500,500	129,157,477	81,656,977	\$ 23,750.25	\$ 64,578.74
3	Far Ocean	6,643,990	3,582,712	-3,061,278	\$ 3,322.00	\$ 1,791.36
4	Gilficac Unipessoal, Lda	767,080	-	-767,080	\$ 383.54	\$ -
5	Golden Energy VIP, Lda	453,600	458,291	4,691	\$ 226.80	\$ 229.15
6	Gafung	2,962,915	-	-2,962,915	\$ 1,481.46	\$ -
7	Sacom energy, Lda	36,233,662	36,233,662	0	\$ 18,116.83	\$ 18,116.83
8	Express Distribution Service	228,800	209,270	-19,530	\$ 114.40	\$ 104.64
9	King Construction	248,000	711,880	463,880	\$ 124.00	\$ 355.94
10	Klean Gas, Lda	306,000	142,800	-163,200	\$ 153.00	\$ 71.40
11	Cahaya Jaya Abadi	934,700	38,784	-895,916	\$ 467.35	\$ 19.39
12	Surya Putra II, Lda	220,000	95,407	-124,593	\$ 110.00	\$ 47.70
13	NSL Oilchem	203,455	402,486	199,031	\$ 101.73	\$ 201.24
14	Aimutin Furak II, Lda	100,000	183,622	83,622	\$ 50.00	\$ 91.81
15	Fortuna Star, Lda	20,000	422,952	402,952	\$ 10.00	\$ 211.48
16	Eastern Dragon, Lda	210,000	178,520	-31,480	\$ 105.00	\$ 89.26
17	Henk-Jon, Lda	100,000	2,600	-97,400	\$ 50.00	\$ 1.30
18	Gio Motor	13,592	-	-13,592	\$ 6.80	\$ -
19	Uma Asia	6,605.20	25,196	18,591	\$ 3.30	\$ 12.60
20	Jonize	3,479,942	687,220	-2,792,722	\$ 1,739.97	\$ 343.61
21	Jova Construcation, Lda	200,000	458,304	258,304	\$ 100.00	\$ 229.15
22	Campeao Motor	116,778	176,452	59,674	\$ 58.39	\$ 88.23
23	Carya Timor Leste	23,587	59,852	36,265	\$ 11.79	\$ 29.93
24	Thai Siam	4,020	13,420	9,400	\$ 2.01	\$ 6.71
25	Rufa Forever	78,980	32,868	-46,112	\$ 39.49	\$ 16.43
26	Vemisdal Unipessoal, Lda	2,800,000	3,194,720	394,720	\$ 1,400.00	\$ 1,597.36
27	Auto Timor Leste	15,000	10,533	-4,467	\$ 7.50	\$ 5.27
28	Nison	24,644	73,960	49,316	\$ 12.32	\$ 36.98
29	ZI Harware and Machinery	420,000	-	-420,000	\$ 210.00	\$ -
30	Rahardjo	56,309	23,390.20	-32,919	\$ 28.15	\$ 11.70
31	Sister Motor	9,500	24,924	15,424	\$ 4.75	\$ 12.46
32	Junior G.G.A	42,000	50,018	8,018	\$ 21.00	\$ 25.01
33	Dragon Service unipessoal, Lda	3,400	2,564	-836	\$ 1.70	\$ 1.28
34	Limpeno Unipessoal, Lda	5,000	7,728	2,728	\$ 2.50	\$ 3.86
35	Montana Diak	103,000	100,370	-2,630	\$ 51.50	\$ 50.19
36	Aitula Fuel, Lda	539,000	60,000	-479,000	\$ 269.50	\$ 30.00
37	Tanjung Motor	225,936	31,329	-194,607	\$ 112.97	\$ 15.66
38	Eastern Star Motors & Diverse Trade	10,000	7,692	-2,308	\$ 5.00	\$ 3.85
39	OTE Energy	2,000,000	1,394,100	-605,900	\$ 1,000.00	\$ 697.05
	<b>Total</b>	<b>188,754,495</b>	<b>250,055,400</b>	<b>61,300,905</b>	<b>\$ 94,377.25</b>	<b>\$ 125,028</b>

TABLE 22: IMPORT PLAN REALIZATION

Table above shows that the fee payable based on the import plan in 2019 is \$ 94,377.25 while total fee receivable in 2019 based on the actual import realization is \$125,028.

## LICENSING STORAGE ACTIVITY

### ➤ Storage Facility of Lai-Ara Nikmat Mujur

In the last quarter of 2019, The Directorate with assistance from Bro Nant International (BNI) consultant performed inspection to verify the implementation of inspection recommendation issued on 2018. This inspection included pipes testing to ensure the pipes installed fulfilled with the operational requirement. The inspection also covered project document review and facilities and equipments inspection in order to ensure the the compliance with the Regulation of Storage Activity. Below is the picture taken during inspection activity:



FIGURE 28: INSPECTION LAI-ARA NIKMAT MUJUR STORAGE FACILITY - KAITEHU, LIQUICA

### ➤ New Proposed Storage Facility

The Directorate also received a new application from Global Oil Storage Terminal Lda for the construction of Storage Facility in Lauhata Suco, Bazartete Post Administrative, Liquiça Municipality. The company is now in the process of finalizing the environmental licensing process to fulfill the requirement for location approval.

### ➤ Collection of Fees from Storage Facility

The total fee collected from Storage Facilities in 2019 is \$597,708.330.00. This fee covers the annual fee paid by the company licensed in 2018 and the fee paid the company for 2017 – 2018 periods. The outstanding fees that have not been paid by the company for 2019 are \$ 403,000.00.

## FUEL QUALITY MONITORING PROGRAM

Fuel Quality Monitoring Program is one of the approved activities as listed in Downstream Directorate Annual Strategic Plan. This program is to ensure the fuel imported, distributed, marketed and used in Timor-Leste comply with specifications setted in Regulation No. 1/2014, of 15 January 2014 on Fuel, Biofuel, and Lubricant Quality Standards and Specifications as amended by Regulation No. 1/2015, of 1 April.

The Inspection Division collected four fuel samples from two fuel terminals namely Esperança Timor Oan (ETO) storage facility and Pertamina International Timor, SA (PITSA) storage facility. Besides, inspectors also randomly collected samples from retailers namely Chong Ti Petroleum FFS and Super Fuel FFS. collected. Total six (6) fuel samples were collected in 2019 annual fuel quality inspection consist of 3 Diesel and 3 Petrol samples. The Diesel samples were sent to INTERTEK laboratory for analytical testing based on ASTM method D4814-13a (standard specification for automotive spark-ignition engine fuel) and D975 (Standard specification for diesel fuel oils) as stated on Work Order with reference No. ANPM/DS/19/1360 including parameters request for analysis. The laboratory test identified 5 samples (2 Diesel and 3 Petrol) are off specification and one sample is on specification. The parameters identified as off specification are Distillation T95% for Diesel and Oxygenates (MTBE) and Olefins for Petrol.

Upon assessing the laboratory analytical report the Downstream Inspection Division prepared Memo, offence Report, notice offences, notification of laboratory analytical result to operators and other documents related to DS Director to be submitted to ANPM President and Board of Directors for their final decision. Two recommendations were proposed to the ANPM management such:

1. To impose penalties according to type of breach foreseen in regulation
2. To procure and establish cargo acceptance test equipment for testing certain parameters based on industry best practice.

## REVIEW OF ENVIRONMENTAL DOCUMENTS

ANPM received Environmental documents submitted by 57 project proponents for various downstream activity covering Fuel Filling Station, Storage Activity, LPG Storage and Refilling Facility, LNG Plant and Marine Facility. The documents submitted consist of Project Document (PD), Environmental Management Plan (EMP), Simplified Environmental Impact Statement (SEIS), Environmental Impact Statement (EIS) and Term of Reference (ToR).

Most of the documents submitted were the Environmental Management Plan (EMP) of existing Fuel Filling Stations and LPG Storage and Refilling Facility. Whereas some of the documents submitted were for the new FFS and Storage Activity projects.

A total of 42 Environmental License had been issued to the existing Automotive Fuel Filling Stations as well as New Automotive Fuel Filling Station. The license issued was subject to approval of the Environmental Management Plan and the authorization for the issuance of License from the Higher Environmental Authority (Minister of Petroleum and Mineral Resources).

No	Company	Type of Project	PD	ToR	SEIS	EIS	EMP	Status	License
1	68 Petroleum	FFS	-				Concluded	Approved	Issued
2	De Shun Fuel	FFS	-				Concluded	Approved	Issued
3	Culuhun Fuel	FFS	-				Concluded	Approved	Issued
4	Chong Ti Petroleum	FFS	-				Concluded	Approved	Issued
5	99 Petroleum	FFS	-				Concluded	Approved	Issued

6	Global Fuel	FFS	-				Concluded	Approved	Issued
7	Alexa	FFS	-				Concluded	Approved	Issued
8	Andika Lima	FFS	-				Concluded	Approved	Issued
9	Borala	FFS	-				Concluded	Approved	Issued
10	Mekar Fuel	FFS	-				Concluded	Approved	Issued
11	Mosalaki	FFS	-				Concluded	Approved	Issued
12	Repende	FFS	-				Concluded	Approved	Issued
13	ETO Manatuto	FFS	-				Concluded	Approved	Issued
14	Ra'ameta	FFS	-				Concluded	Approved	Issued
15	ETO Balide	FFS	-				Concluded	Approved	Issued
16	ETO Mandarin	FFS	-				Concluded	Approved	Issued
17	Titer	FFS	-				Concluded	Approved	Issued
18	Tatoli	FFS	-				Concluded	Approved	Issued
19	Borala Fuel	FFS	-				Concluded	Approved	Issued
20	Borala Viqueque Beloi	FFS	-				Concluded	Approved	Issued
21	Borala Viqueque Vila	FFS	-				Concluded	Approved	Issued
22	Jesoria	FFS	-				Concluded	Approved	Issued
23	Nusabe	FFS	-				Concluded	Approved	Issued
24	Miglen	FFS	-				Concluded	Approved	Issued
25	Aidalau	FFS	-				Concluded	Approved	Issued
26	Miramar Dili	FFS	-				Concluded	Approved	Issued
27	Queybubun Laco	FFS	-				Concluded	Approved	Issued
28	Xalila	FFS	-				Concluded	Approved	Issued
29	Mega Petroleum	FFS	-				Concluded	Approved	Issued
30	Ergin Fuel Lda	FFS	-				Concluded	Approved	Issued
31	Super Fuel	FFS	-				Concluded	Approved	Issued
32	Arjumar Fuel	FFS	-				Concluded	Approved	Issued
33	Belak Fuel	FFS	-				Concluded	Approved	Issued
34	Lafahek Oil & Gas	FFS	-				Concluded	Approved	Issued
35	Mae da Graca Raikotu	FFS	-				Concluded	Approved	Issued



36	Vida Diak Petroleum	FFS	-				Concluded	Approved	Issued
37	Divita Fuel	FFS	-				Concluded	Approved	Issued
38	Roman Fuel	FFS	-				Concluded	Approved	Issued
39	Abom Kase	FFS	-				Concluded	Approved	Issued
40	Green Diamond	FFS	-				Concluded	Approved	Issued
41	Mae da Graca Pantai Kelapa	FFS	-				Concluded	Approved	Issued
42	Ady Pay	FFS	Concluded		Concluded		Concluded	Approved	Issued
43	Arca Flacor		Concluded		Concluded		Concluded		
44	Central Hill	FFS	Concluded		Under Review		Under Review		
45	Nautetu	FFS	Concluded				Under Review		
46	Nundole	FFS	-				Under Review		
47	East Gas Corporation	FFS	-				Under Review		
48	Leopho-Loy	FFS	Concluded						
49	Chamar	FFS	Concluded		Under Review		Under Review		
50	Manudare	FFS	Concluded		Under Review		Under Review		
51	Fecilia	FFS	-				Under Review		
52	Klean Gas	LPG Storage and Refilling Facility	-				Under Review		
53	Vip Gas		-				Under Review		
54	Global Oil	Storage Activity	Concluded	Concluded					
55	Lia-Ara	LPG Storage and Refilling Facility	-	Under Review					
56	Waiwatu	LPG Storage and Refilling Facility	-	Under Review					

57	LNG- Timor Gap	Processing Activity	-	Under Review					
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TABLE 23: DETAIL INFORMATION ON THE PROJECT PROPONENT AND ENVIRONMENTAL DOCUMENTS

## INTER-MINISTERIAL COOPERATION'S

The Downstream Directorate continued its coordination and relationship with relevant government entity and institution in Timor-Leste such as SERVE, Bombeiros and Land and Property in order to facilitate the licensing process of Downstream Activities.

## LICENSE FEES

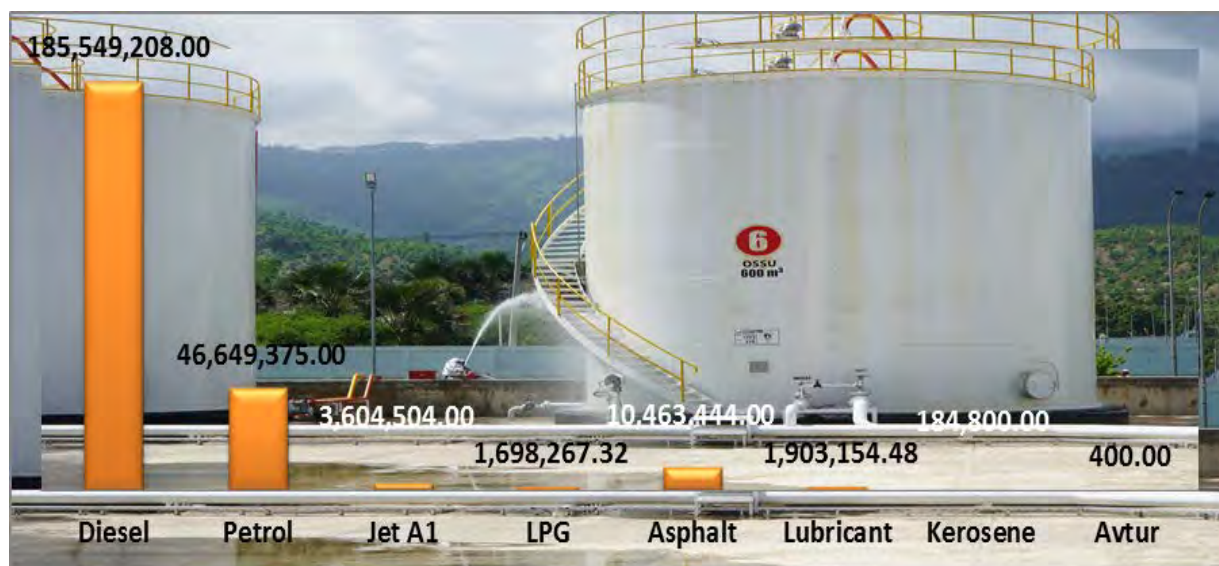
In 2019, the Directorate collected total fees of \$ 988,686.330. These fees were collected from the operators of licensed FFS, Storage and Trading Activities.

Type of the Activity	2019 Fees
Installation and Operation of Fuel Filling Station	\$ 260,300.000
Installation and Operation of Storage Facility	\$ 597,708.330
Fuel, Biofuel and Lubricant Trading Activity	\$ 125,028.000
FFS Transfer of License	\$ 5,650.000
Total	\$ 988,686.330

TABLE 24: TOTAL FEE RECEIVED IN 2019

## FUEL IMPORT DATA

In 2019, there were eight (8) types of Fuel that were imported to the country. Below graph indicates types of Fuel and their corresponding volume and percentage based on the data recorded.



GRAPH 18: 2019 FUEL IMPORT DATA

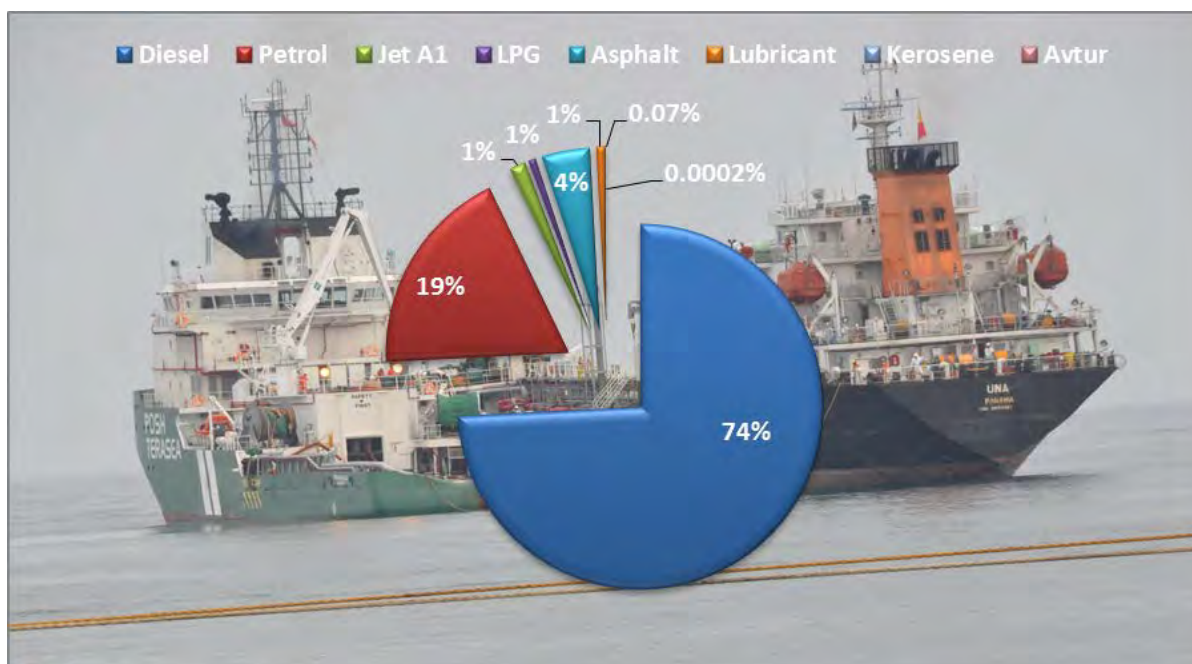


CHART 10: FUEL IMPORT DATA IN PERCENTAGE

Diesel ranks in the first place with 74% of total fuel imported to the country. The quantity imported has increased 1% compared to 2018 with 73%. The importation of Gasoline had decreased 1% as well as Jet Fuel meanwhile LPG remained constant at 1% as well as Asphalt at 4% respectively. The import of Lubricant also has increased to 1% compared to 2018 with 0.03%. Aviation gasoline decreased to 0.0002% from 0.03% in 2018.

According to importation data, majority of importation of Diesel was used for the Power Plants in providing electricity to the country. Following chart foresees the detail of Diesel Import Data:

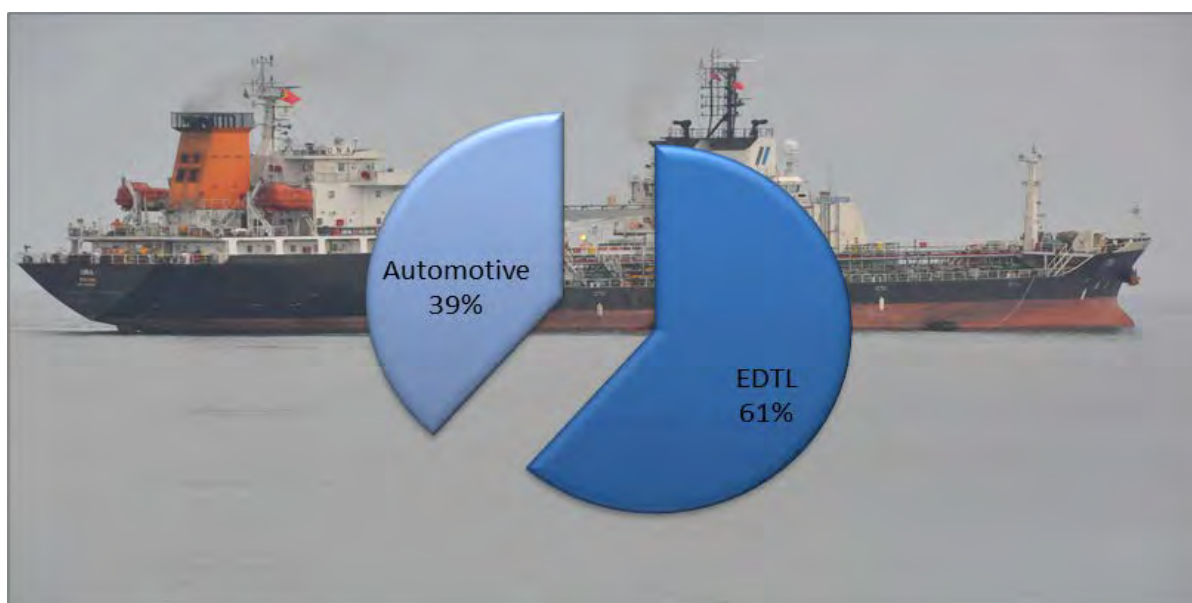


CHART 11: 2019 DIESEL IMPORT DATA



## 4. MINERAL PERFORMANCE



## 4.1 INTRODUCTION

Administration of mining related activities in Timor-Leste is still focused on Construction Material based on the requirement set forth in Ministerial Diploma No. 64/2016 November 16. In addition to the Construction Materials, the scope of application of the Diploma Ministerial also cover certain Dimension and Ornamental Stones as well as Process Minerals.

Despite numerous interests from potential investors, exploration and development of potential heavy minerals in Timor-Leste is yet to commence due to the absence of Mining Code legislation framework.

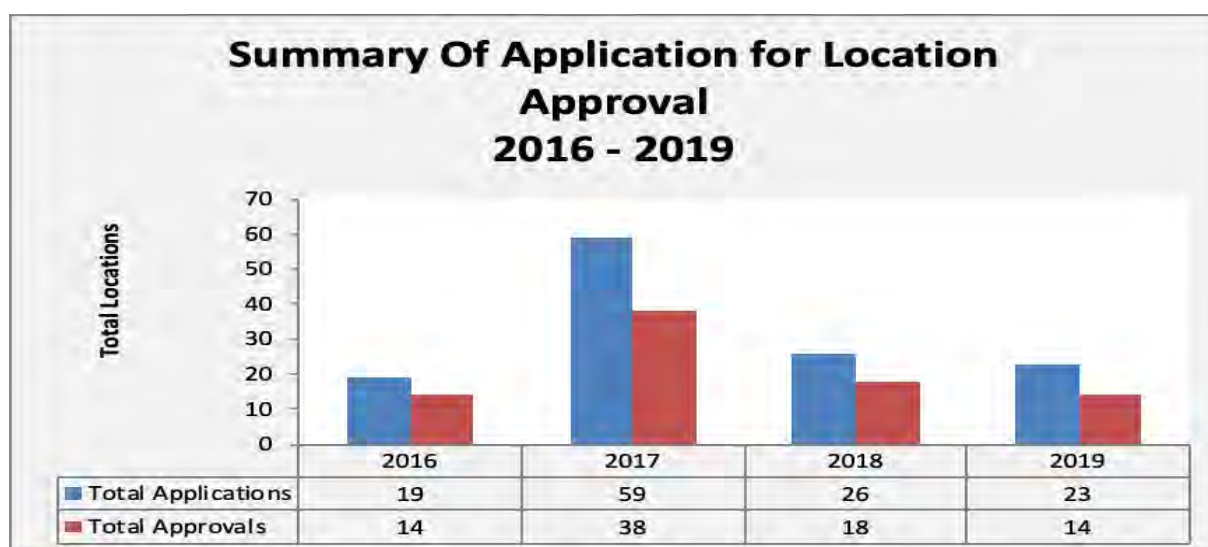
In 2019, mining activities particularly quarry activities have been observed to be significantly increased in compared to previous years. This increase is seen through increase in the number of mining related applications and records of quantities of Construction Materials produced and used throughout the country and similarly the level of revenue generated from mining activities.

## 4.2 ADMINISTRATION AND LICENSING OF MINING ACTIVITIES

### 4.2.1 LOCATION APPLICATION REGISTRY AND APPROVALS

In 2019, a total of twenty-three (23) applications for location approval were lodged in to ANPM. Most of the locations applied for in 2019 were for the purpose of supporting the ongoing road construction project in the territory of Timor-Leste whilst a small number of applications were for general commercial purpose.

In all, the total registered locations in 2019 were 127 locations across all municipalities in Timor-Leste. The statistic and location distributions are presented below.



GRAPH 19: STATIC OF LOCATION REGISTERED FROM 2016 TO 2019



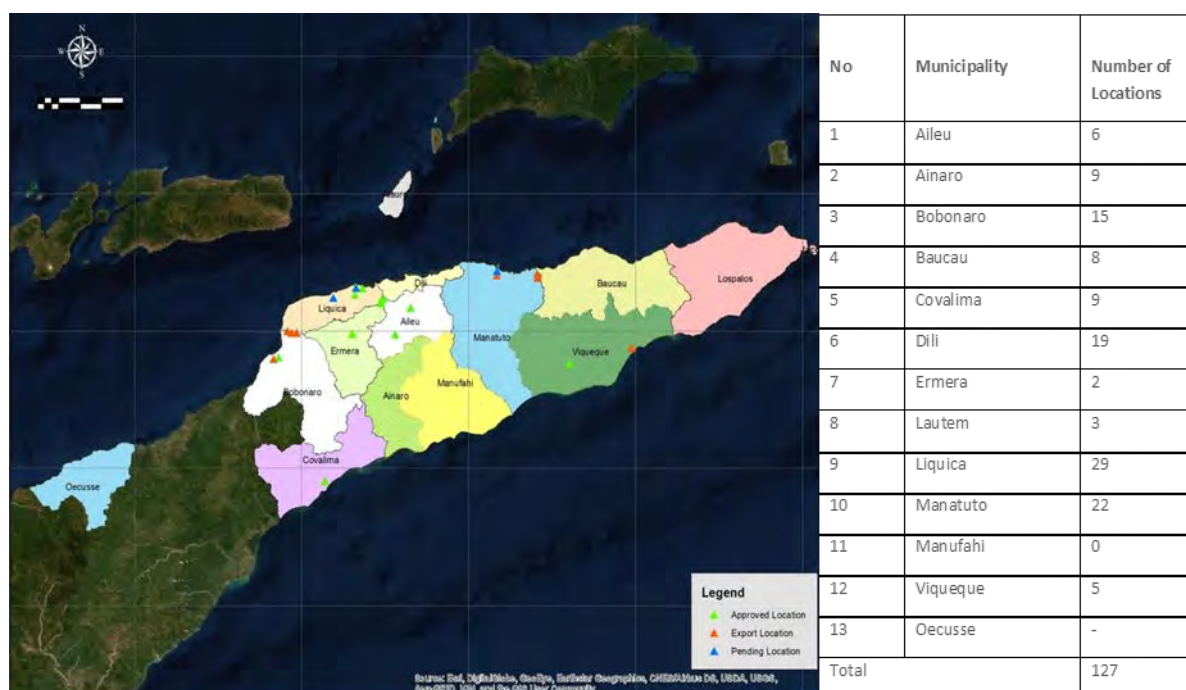


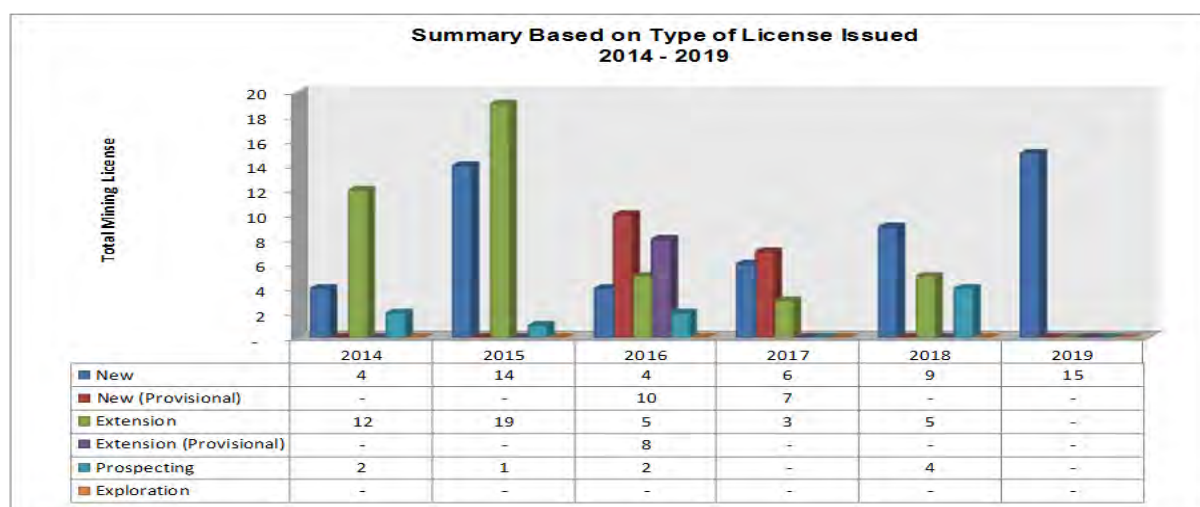
FIGURE 29: REGISTERED LOCATION IN ALL MUNICIPALITIES

#### 4.2.2 EXPLORATION LICENSE

There were no exploration licenses granted in 2019. Nonetheless following the extensive study carried out by ANPM in 2018, negotiations were underway in 2019 to attribute exploration license for marble resources located in Manatuto Municipality. It is expected that the conclusion of the negotiation for exploration license will set path forward for development of marble resources as well as other potential dimension and ornamental stones.

#### 4.2.3 MINING LICENSE APPLICATION REGISTERED AND LICENSE

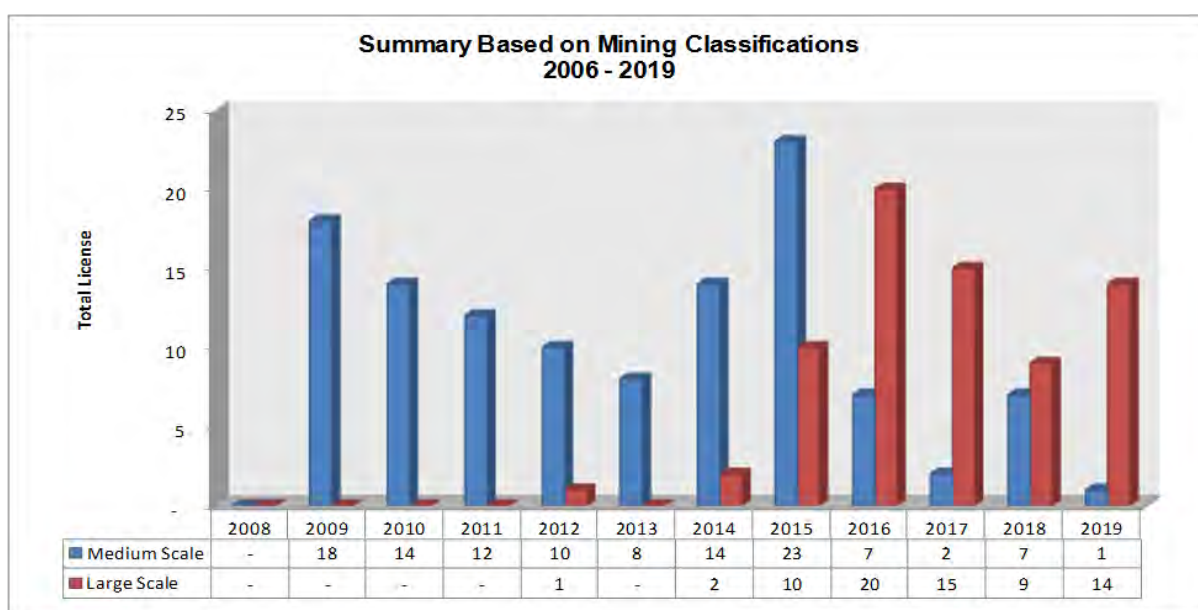
In 2019, a total of eighteen (18) applications for mining license were registered. Out of these applications, a total of fifteen (15) Mining license for Construction Materials were issued to companies operating in civil construction.



GRAPH 20: MINING LICENSE HISTORY

AUTORIDADE NACIONAL DO PETROLEO E MINERAIS MINERAL DIRECTORATE ADMINISTRATION AND REVENUE DEPARTMENT LIST OF MINERAL LICENSE 2019										
No	Application Received Date	License No	Company Name	Origin	Types of License	Mineral Extracted	Location	Date of Issue	Date of Expired	Status
1	8 April 2019	01/2019	China Harbour Timor Lda	International	Mining	Gravel	Liquica	28 June 2019	28 June 2020	Valid
2	20 February 2018	02/2019	CBMI	International	Mining	Sand	Bobonaro	18 October 2019	18 October 2020	Valid
3	20 February 2018	03/2019	CBMI	International	Mining	Gravel	Bobonaro	18 October 2019	18 October 2020	Valid
4	12 March 2018	04/2019	CBMI	International	Mining	Sand	Bobonaro	18 October 2019	18 October 2020	Valid
5	12 March 2018	05/2019	CBMI	International	Mining	Gravel	Bobonaro	18 October 2019	18 October 2020	Valid
6	20 February 2018	06/2019	CBMI	International	Mining	Sand	Liquica	18 October 2019	18 October 2020	Valid
7	20 February 2018	07/2019	CBMI	International	Mining	Gravel	Liquica	18 October 2019	18 October 2020	Valid
8	27 March 2018	08/2019	CBMI	International	Mining	Sand	Lautem	18 October 2019	18 October 2020	Valid
9	27 March 2018	09/2019	CBMI	International	Mining	Gravel	Lautem	18 October 2019	18 October 2020	Valid
10	27 March 2018	10/2019	CBMI	International	Mining	Sand	Baucau	18 October 2019	18 October 2020	Valid
11	27 March 2018	11/2019	CBMI	International	Mining	Gravel	Baucau	18 October 2019	18 October 2020	Valid
12	27 March 2018	12/2019	CBMI	International	Mining	Sand	Baucau	18 October 2019	18 October 2020	Valid
13	27 March 2018	13/2019	CBMI	International	Mining	Gravel	Baucau	18 October 2019	18 October 2020	Valid
14	9 February 2018	14/2020	King Construction	Local	Mining	Gravel	Liquica	2 December 2019	2 December 2020	Valid

TABLE 25: LIST OF MINING LICENSE ISSUED IN 2019



GRAPH 21: STATIC OF LICENSE ISSUED FROM MEDIUM SCALE TO LARGE SCALE

#### 4.2.4 ENVIRONMENTAL LICENSE APPLICATION REGISTRY AND LICENSE

Environmental Licensing for mining activities are conducted by ANPM pursuant to Environmental Licensing process sets out under Decree Law No.5/2011 and subsequent Diploma Ministerial issued for implementation of the said Decree Law.

In 2019, a significant increase in registry of application for environmental licensing were observed. One category A Environmental license was issued to an international company intending to quarry significant amount of Construction

Materials for the construction of the Tibar bay Port. The licensing process was overseen by the Evaluation Committee for Environmental Impact Assessment consisting of members representing, Ministry of Public Works, Ministry Health, Secretary of State for Art and Culture, Secretary of State for Environment as well as Ministry of Petroleum and Mineral. Together all members recommend to the Higher Environmental Authority for petroleum and mining activity to approve the issuance of Environmental License for the quarry of construction material for Tibar Port construction.



FIGURE 30: EVALUATION COMMITTEE FOR ENVIRONMENTAL IMPACT ASSESSMENT MEETING AND PROJECT SITE VISIT



FIGURE 31: EIA PUBLIC CONSULTATION IN LIQUICA MUNICIPALITY AND IN KAITEHU VILLAGE

No	Environmental License Stage	Proponent	Type of activity	Status
1	Project Document (PD)	Naturaza Timor Naroman., Lda. (NTN)	Sand Quarry	6 Project Description documents completed
		Hoven II Unip.,Lda.	Sand Quarry	
			Sand Quarry	
		Montana Diak Unip.,Lda.	Sand Quarry	
		International Maverick Leisure Unip.,Lda. (IML)	Sand Quarry	
		Nananiu Unip.,Lda.	Sand & Rock Quarry	

2	Project Category – Category	Aquarius Unip.,Lda.	Sand Quarry	4 Project categories for category B were concluded
		Naturaza Timor Naroman., Lda. (NTN)	Sand Quarry	
		Montana Diak Unip.,Lda.	Sand Quarry	
		International Maverick Leisure Unip.,Lda. (IML)	Sand Quarry	
3	Term of Reference (ToR)	China Harbour Timor Lda. (CHT)	Rock Quarry	ToR for Category A project was concluded
4	EIA (EIS and EMP) for Category A project	China Harbour Timor Lda. (CHT)	Rock Quarry	EIS and EMP for Category A project was concluded
5	IEE (SEIS & EMP) for Category B Project	Fitun Diak Unip.,Lda.	Rock Quarry	Process terminated
		Jonize Construction Unip.,Lda.	Sand and Rock Quarry	Assessment ongoing
		Linatet Unip.,Lda.	Rock Quarry	Project categorised
		King Construction Lda.	Rock Quarry	Category B Project - Environmental License granted
		Lacu’Hu Unip.,Lda.	Sand Quarry	Assessment ongoing
		Jonize Unip.,Lda.	Sand Quarry	Assessment ongoing
		Alda Magno Unip.,Lda	Sand Quarry	Assessment ongoing
		Timor Block Building Industry Unip.,Lda. (TBBI)	Sand Quarry	Assessment ongoing
		Naturaza Timor Naroman., Lda. (NTN)	Sand Quarry	Assessment ongoing
		Montana Diak Unip.,Lda.	Sand Quarry	Assessment ongoing
		Aquarius Unip.,Lda.	Sand Quarry	Category B Project - Environmental License granted
6	Site Specific Environmental Management Plan (SSEMP)	CBMI Construction CO & Chongqing Road Engineering (Group) CO, Lda.	Sand Quarry	6 SSEMP were accepted
			Sand Quarry	
			Sand Quarry	

7	Environmental License		Sand Quarry	
			Sand Quarry	
			Sand Quarry	
		China Harbour Timor Lda. (CHT)	Rock Quarry	Category A Project - Environmental License issued
		King Construction Lda.	Rock Quarry	Category B Project - Environmental License granted
		Aquarius Unip.,Lda.	Sand Quarry	
		City Development Group Lda. (CDG)	Rock Quarry	

TABLE 26: ENVIRONMENTAL LICENSE APPLICATION REGISTRY AND LICENSE



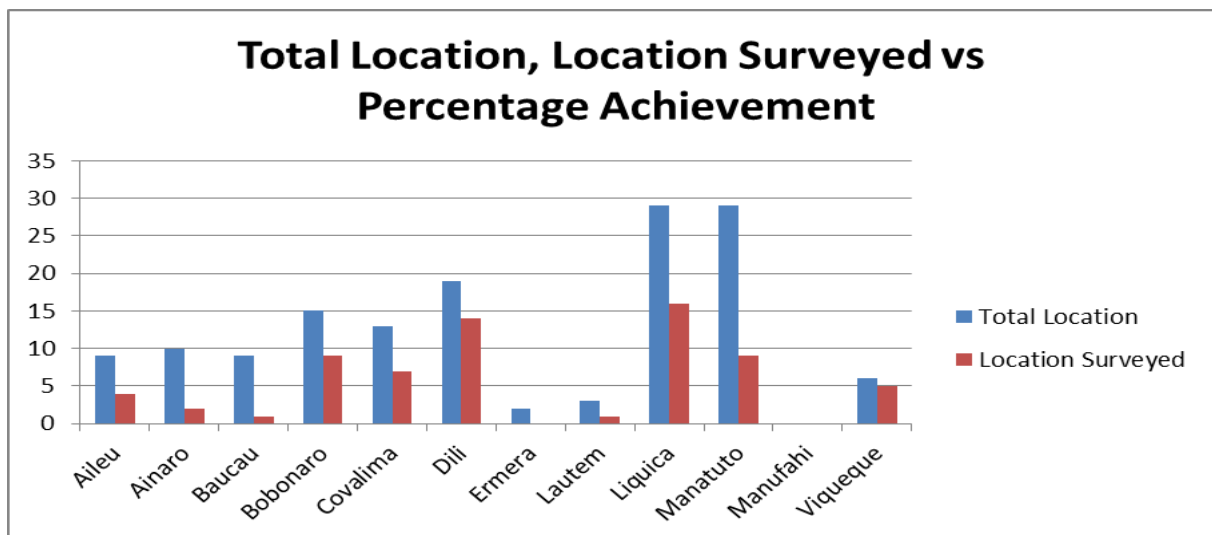
FIGURE 32: AWARD OF ENVIRONMENTAL LICENSE TO LOCAL COMPANIES

## 4.3 MONITORING OF MINING ACTIVITIES

### 4.3.1 MONITORING OF MINING ACTIVITIES

As part of extraction activity, ANPM also performed Drone Survey for all registered locations. The survey is aimed for establishing baseline conditions of the locations for location approval as well as monitoring and inspections purposes. Furthermore, the drone survey also provides critical information and data from quarry site for stockpile volumetric computation.





GRAPH 22: DRONE COVERAGE'S PERCENTAGE DURING 2019 SURVEYED



FIGURE 33: PROCESSED DRONE IMAGE FOR STOCKPILE VOLUMETRIC CALCULATION



FIGURE 34: PROCESSED DRONE IMAGE FOR GENERAL MONITORING

### 4.3.2 INSPECTION

There were several inspections and monitoring activity carried out jointly between Health Safety and Environmental (HSE) Department and Exploration and Exploitation (EE) Department as well as independent plan inspection performed by HSE Department to an International company. Details inspections and monitoring could be seen in the table below.

No.	Date of Inspection & Monitoring	Proponent	Mining Activity & Location
1	21 – 22 February 2019	Sinohydro CO. Ltd.	<u>Sand Extraction</u>
			<u>Rock Quarry</u>
2	28 February – 1 March 2019	Hoven II Unip.,Lda	<u>Sand River Quarry</u>
		Instituição do Gestão e Equipamentos (IGE)	<u>Sand River Quarry</u>
		Jonize Construction Unip.,Lda.	<u>Sand River Quarry</u>
		Joviver-WIKA JV	<u>Sand River Quarry</u>
		Always Construction	<u>Sand River Quarry</u>
		Attramor	<u>Sand River Quarry</u>
3	27 – 30 May 2019	Uhacae Lda.	<u>Sand River Quarry</u>
			<u>Rock Quarry</u>
		Sister Motor	<u>Sand River Extraction</u>
		CBMI CO. Ltd.	<u>Sand River Extraction</u>
4	15 May 2019	China Harbour Timor Lda. (CHT)	<u>Rock Quarry</u>
5	23 August 2019	Fitun Diak Unip.,Lda.	<u>Rock Quarry</u>
6	4 September 2019	China Harbour Timor Lda. (CHT)	<u>Rock Quarry</u>
7	30 – 31 October 2019	Uhacae Lda.	<u>Rock Quarry</u>
		Community/Sucos	<u>Sand River Extractiona</u>

TABLE 27: DETAILS OF THE INSPECTION AND MONITORING

### 4.3.3 SUSPENSIONS OF MINING ACTIVITIES

Diploma Ministerial No. 64/2016 November 16, Article 42.2 (a) foreseen that "For the mining activities without holding valid mining license, the Regulatory authority shall suspend the mining activities and obliges the natural or legal person to pay for Construction Materials, Process Materials or Dimension and Ornamental stones collected or extracted".

In 2019, a total of ten (10) unauthorized activities were suspended.

<b>AUTORIDADE NACIONAL DO PETROLEO E MINERAIS</b> <b>MINERAL DIRECTORATE</b> <b>ADMINISTRATION AND REVENUE DEPARTMENT</b> <b>LIST OF SUSPENDED EXTRACTION ACTIVITY</b>					
No	Suspension Notice	Company Name	Mineral Extracted	Location	Status
1	3 January 2019	Starking Raw Materials Industry Unip.Lda	Gravel and Sand	Suai, Covalima	Mining Application Process
2	10 January 2019	Carya Timor Leste.Lda	Gravel	Tibar, Liquisa	Compensation completed
3	10 January 2019	Timor General and Development Group.,Co.,Ltd	Gravel	Hera, Dili	Compensation payment Process
4	22 January 2019	Li Britadeira.Lda	Gravel and Sand	Liquisa	Compensation completed
5	14 March 2019	Attramor Unipessoal.Lda	Gravel and Sand	Manehaat, Manatuto	Compensation payment
6	15 March 2019	Hoven II Unipessoal.Lda	Gravel and Sand	Viqueque	Compensation payment Process
7	22 April 2019	CBMI Construction Co.,Ltd	Gravel and Sand	Liquisa and Baucau	Compensation payment Process
8	14 June 2019	Linatet Unipessoal.Lda	Gravel and Sand	San Kaitehu, Liquisa	Compensation payment Process
9	9 August 2019	Cement Timor Trading S.A	Gravel and Sand	Liquisa	Compensation completed
10	12 Dec 2019	City Development Group.Lda	Sand	Comoro, Liquisa	Compensation completed

TABLE 28: LIST OF SUSPENDED UNAUTHORIZED ACTIVITIES



FIGURE 35: SUSPENSION OF UNAUTHORIZED QUARRY ACTIVITY

## 4.4 MINERAL EXPLORATION

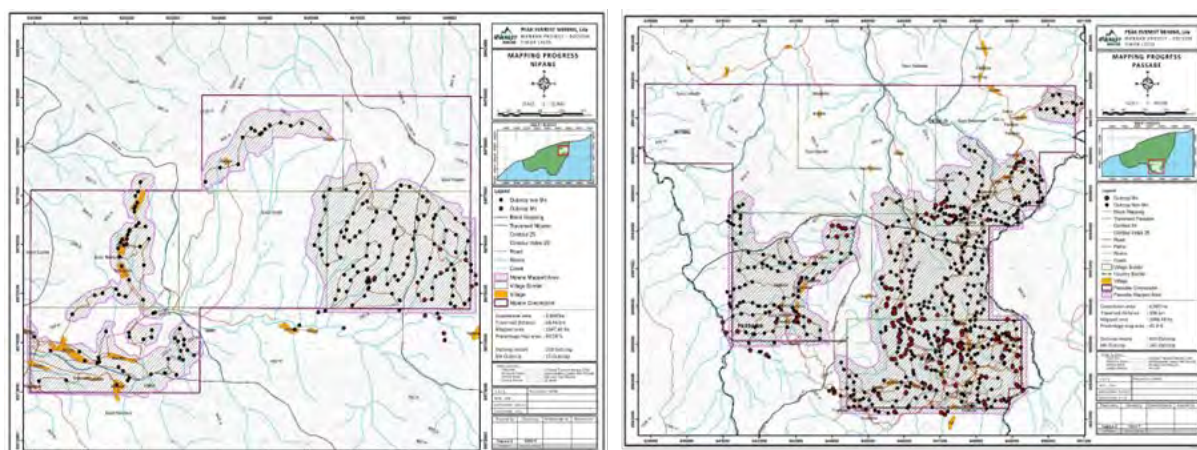
### 4.4.1 MANGANESE EXPLORATION IN RAE OA

Peak Everest Mining Lda operates under Exploration Agreement with the Government of Timor Leste signed on 9 April, 2018 to perform exploration work for manganese deposit in Passabe and Nippane area.

The purpose of the exploration activity is to identify the occurrences, quality and quantity of the marble resources as well as to determine the feasibility of the project for the development of the marble resources.

The Nipane block concession (4,060 ha) located in Pante Makassar sub-district Oecusse, and the Passabe concession block (6,905 ha) located in Passabe, Nitibe and Oesilo sub-district, Oecusse, Timor Leste.





The exploration activities for both Nipane and Passable block has been completed in 2019 and company is in the process of finalizing the feasibility study report for further assessment.

#### 4.4.2 TECHNICAL STUDY FOR METALLIC MINERAL

ANPM carried out preliminary fieldwork for metallic mineral potential in 2019 as part of its effort to understand metallic mineral potential in Timor-Leste. The preliminary work will be extended to 2020.



FIGURE 37: FIELDWORK AT UABUBU, OSSU

#### 4.5 TL-CEMENT MAP PUBLICATION IN CAISIDO, BAUCAU

On July 15th - August 15th, 2019 the Inter - Ministerial team which composes of Ministry of Justice, State Secretary for Land and property, Ministry of Agriculture and Fisheries, Ministry of Public Work, Ministry of Petroleum and Mineral, ANPM and PNTL, Local Authorities, Veterans, and Lia-Nain conducted Map Publication activity of TL-Cement project in Baucau, Caisido. The intention of this activity was to publish the result of Land and Property Identification work which conducted back in 2016 and 2018.

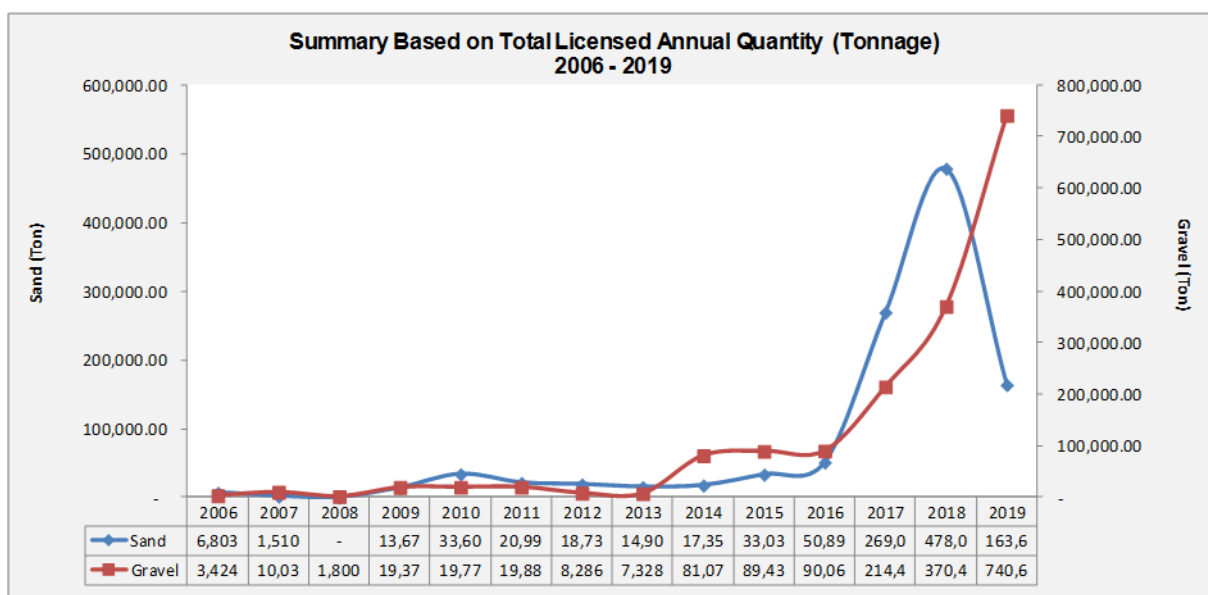


FIGURE 38: LAND PUBLICATION ACTIVITIES IN KAISIDU, BAUCAU MUNICIPALITY

## 4.6 CONSTRUCTION MATERIAL PRODUCTION AND REVENUE COLLECTION

### 4.6.1 CONSTRUCTION MATERIAL PRODUCTION

Construction Material extracted in 2019 is estimated at 904,260.38 tons. This total is made up of 740,627.65 tons of gravel and 163,632.73 tons of sand. Quantity of Construction Material produced in 2019 is highest compare to the previous year due to the increasing demand for construction material to support ongoing Tibar bay project. Details of quantity of extracted material as outlined in the graph below.

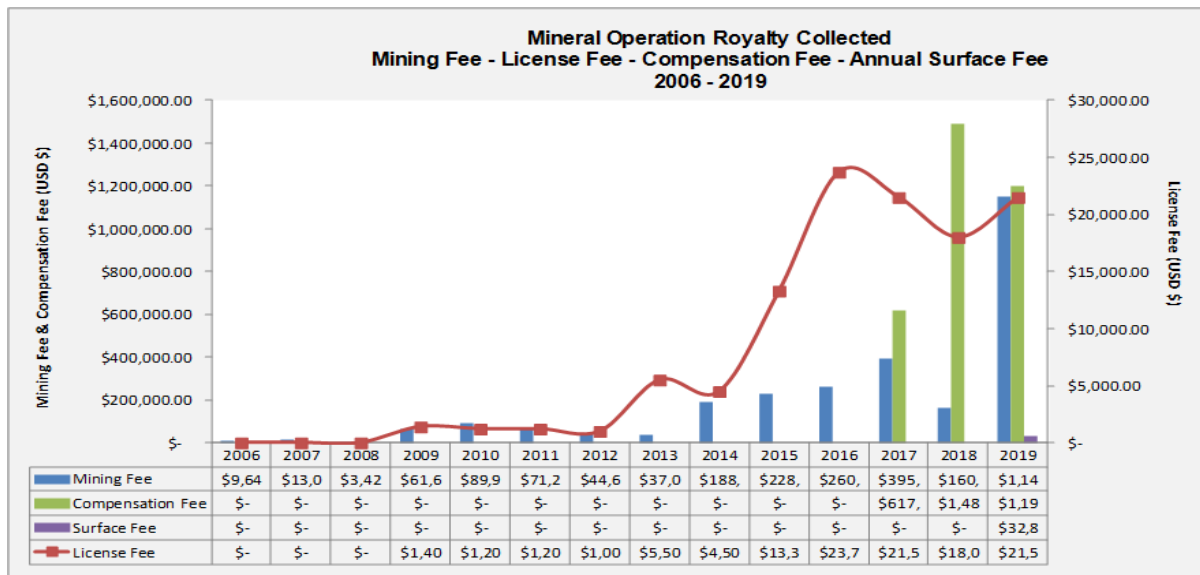


GRAPH 23: QUANTITY OF MATERIAL EXTRACT BASED ON TOTAL LICENSED

### 4.6.2 REVENUE COLLECTION

Revenue collections for the year of 2019 mainly contribute from the collection of license fee, mineral fee, compensation payment, prospecting fee and surface fee rent. Total revenue is Two millions four hundred-one and seven hundred ninety- one and thirty six cents (USD 2, 401,791.36) . The breakdown details of each type of payment as shown on graph below;





GRAPH 24: SUMMARY OF REVENUE COLLECTION BY CATEGORY 2006-2019

## 5. CORPORATE INITIATIVES



As a Timorese Autonomous organization, ANPM assumes obligation to share knowledge and experience on its core business with relevant stakeholders and academic graduates within the country and those from overseas. In 2019, our initiatives in sharing of knowledge and experience have been stepped up by not only increasing the number but also expanding the areas of disciplines. This is primarily contributed by opportunities and lessons learnt from previous years.

## 5.1 GRADUATE INTERNSHIP PROGRAM

Graduates are attached to the ANPM by means of a Graduate Internship Program. The successful candidates are offered with the opportunity to learn firsthand from the knowledge and experience of our experienced staffs in different disciplines and have the opportunity to get exposed to some field activities to gain knowledge and experience on real projects. In 2019, the ANPM provided once GIP program for the period six months duration. A total of 23 graduates were selected to be attached to the directorates within the ANPM.

Type of Program	GIP and FYP - 2019			
	University / Program	ANPM Directorate	Participants	
			Male	Female
Graduate Internship Program (GIP)				
Technical Group	Geology and Geophysics	Geology and Geophysics E&AR	3	1
	Development and Production	D&P	0	4
	Environment Engineering	HSE	1	0
	Health and Safety		0	1
	Oil and Gas Commercial	Commercial	2	2
	Local Content & Procurement in Oil and Gas	PSC Legal Compliance	0	1
	Oil & Gas Legal Framework		0	0
	Mining Engineering	Mineral	0	1
	Downstream Environment Engineering	Downstream	0	0
	Downstream Calibration Engineering		2	0
Total Interns			18	
Corporate Group	Information and Technology	Corporate Service (CS)	2	0
	Corporate Finance		0	1
	Corporate Administration and Procurement		0	0
	Training &Human Resource		1	1
	Internal Audit	Single Auditor	0	0
Total Interns			5	

TABLE 29: 2019 GRADUATION INTERNSHIP PROGRAM

## 5.2 UNIVERSITY FINAL YEAR PROJECT

The ANPM offers mentoring opportunity for final year students at university level to gain some work experiences and data collection for their thesis writing purpose as a part of university curriculum's requirements. A total of 41 students were assisted in completing their field study program and 6 students for data collection with different directorate within the ANPM in 2019.

Type of Program	GIP and FYP - 2019			
	University / Program	ANPM Directorate	Participants	
			Male	Female
Final Year Project (FYP)				
Data Information Collection	UNDIL	D&P	2	0
	DIT	Downstream	2	2
Total students			6	
Field Study Program	UNDIL	D&P	13	9
	DIT		6	13
Total students			41	

TABLE 30: 2019 FINAL YEAR PROJECT

## 5.3 PUBLIC EVENTS

### NATIONAL JOB FAIR

In 2019, ANPM has been invited to take part at one National Exhibitions namely Job Fair. This Fair focus to the Last Year Student of Senior High School and Vocational School that organized by the Secretary of State for Professional Training and Employment (SEFOPE).



FIGURE 39: ANPM ATTENDED JOB FAIR 2019

### NATIONAL SEMINAR ON PETROLEUM SECTOR

During 2019, ANPM was invited by several institutions to attend the national seminar related to the Petroleum Sector and Maritime Boundary Treaty. ANPM attended four national seminars that organized by National University of Timor Leste (UNTL), Dili University (Dili), Institute of Defense Falintil-FDTL and Ministry of Finance on 16+ Forum Annual Showcase.





FIGURE 40: SHOWS THE ANPM ATTENDED THE FOUR SEMINAR DURING 2019

## NATIONAL FLAG RISING

As a part of Government and Public Institution, ANPM has responsible to attend all activities of the state and government. Rising Flag is a one of Government activity that conducts every month. The ANPM also has responsible to perform morning flag rising ceremony twice a year in Ministry of Finance Building.



FIGURE 41: ANPM STAFF PERFORMED MORNING FLAG RISING CEREMONY AT MINISTRY OF FINANCE BUILDING



## TAÇA COMIÇÃO FUNÇÃO PÚBLICA

In 2019, ANPM was invited to participate in the Taça Comição Função Pública together with the Ministry of Petroleum and Mineral (MPM) and the TIMOR GAP E.P. This sport event that consist of Volleyball, Basketball and Futsal for Male and Female, were for commemorating Anniversary of Comição Função Pública.



FIGURE 42: ANPM SPORT TEAM

## LIST OF FIGURES

Figure 1: ANPM JURISDICTIONAL AREAS (MAP NOT TO SCALE).....	6
Figure 2: Prime Minister H.E. Taur Matan Ruak and The Especial Representative of Government for Petroleum, H.E. Xanana Gusmão Officially Open Timor Leste Oil and Gas Summit.....	10
Figure 3: A Panel Discussion on Second Licensing Round during Timor Leste Oil and Gas Summit 2019 Focus on Geological Update Data and Hydrocarbon Potensial in Timor Leste.....	11
Figure 4: Signing New PSCs between ANPM and ConocoPhillips.....	12
Figure 5: Signing Ceremony between ANPM, TIMOR GAP and SundaGas .....	12
Figure 6: ANPM Staff from CS and Commercial Directorats were discussing ANPM Strategy Action Plan for the year 2019-2023.....	13
Figure 7: Shows the Map of the current active PSCs both in the Timor-Leste Onshore and Offshore Territory as well as the Special Regime .....	24
Figure 8: Shows the map of the 18 new blocks released for the period of 2019/2020.....	28
Figure 9: Shows some of the pictures of highlights of the Roadshow activities during ADIPEC 2019.....	29
Figure 10: Shows the pictures highlights of the WECA conference 2019 in London, UK as well as the Roadshow event day after the conference .....	30
Figure 11: H.E. Prime Minister Taur Matan Ruak accompanied by Mr. Xanana Gusmao and Dr. Jose Ramos Horta Launching the First Timor-Leste Oil and Gas Summit and the Timor-Leste Second Licensing Round on 3th October 2019.....	31
Figure 12: PT. Karvak Nusa Geomatika was presenting the progress of the IAGS Survey include the EM Survey that are going right now in Timor-Leste .....	32
Figure 13: BU Field Location .....	33
Figure 14: BU Facility .....	33
Figure 15: Stage one Graduation Ceremony.....	52
Figure 16: Commencement of the Twelve months Internship in ConocoPhillips.....	53
Figure 17: Metering and Commercial team carried out metering Audit and Mass Balance audit in Darwin LNG Plant and COPA Office Perth .....	62
Figure 18: Mainenance team inspected the location of oily water analyzer and Export valve (EDS) on BU-DPP Platform .....	63
Figure 19: Gilsel Borges, on his Graduation day from the Southern Illinois University .....	77
Figure 20: Training Program for Second Batch.....	78
Figure 21: ANPM Team Inspected Water Clean Project in Labaraj, Suai.....	79

<i>Figure 22: ANPM team inspected Water Clean Project in Matai, Covalima</i> .....	80
<i>Figure 23: Verification to the location proposed Kevina Lda, for Automotive Retail FFS-Hudi Laran, Dili</i> .....	84
<i>Figure 24: Verification to the location proposed by Ministry of Defense for a Home Base Automotive FFS-Metinaro, Dili</i> .....	84
<i>Figure 25: Preliminary Inspection Activities at Existing FFS</i> .....	86
<i>Figure 26: Subsequent Inspection at Existing AFFS</i> .....	88
<i>Figure 27: Calibration Activity at FFS</i> .....	89
<i>Figure 28: Inspection Lai-ara Nikmat Mujur Storage Facility - Kaitehu, Liquica</i> .....	95
<i>Figure 29: Registered location in all municipalities</i> .....	103
<i>Figure 30: Evaluation Committee for Environmental Impact Assesment Meeting and Project Site Visit</i> .....	105
<i>Figure 31: EIA Public Consultation in Liquica Municipality and in Kaitehu Village</i> .....	105
<i>Figure 32: Award of Environmental License to Local Companies</i> .....	107
<i>Figure 33: Processed drone image for stockpile volumetric calculation</i> .....	108
<i>Figure 34: Processed drone image for general monitoring</i> .....	108
<i>Figure 35: Suspension of Unauthorized Quarry activity</i> .....	110
<i>Figure 36: Manganese Exploration in Nipane and Passabe Block</i> .....	111
<i>Figure 37: Fieldwork at Uabubu, Ossu</i> .....	111
<i>Figure 38: Land Publication activities in Kaisidu, Baucau Municipality</i> .....	112
<i>Figure 39: ANPM attended Job Fair 2019</i> .....	116
<i>Figure 40: Shows the ANPM Attended the four seminar during 2019</i> .....	117
<i>Figure 41: ANPM staff performed morning flag rising ceremony at Ministry of Finance Building</i> .....	117
<i>Figure 42: ANPM Sport Team</i> .....	118

## LIST OF GRAPHS

<i>Graph 1: Total Liquid Produced</i> .....	34
<i>Graph 2: Total Wet Gas, Injected Lean Gas and Gas Exported</i> .....	34
<i>Graph 3: Bayu Undan 2019 HSE Incidents on a Monthly Basis</i> .....	36
<i>Graph 4: HSE Performance During Kanase-1 Drilling</i> .....	37
<i>Graph 5: 2019 Flaring Actual vs Flaring Allowance in Bayu Undan</i> .....	38

<i>Graph 6: Annual Flaring Trend (2005-2019) in Bayu Undan.....</i>	<i>38</i>
<i>Graph 7: Condensate Sold in 2018 &amp; 2019 .....</i>	<i>40</i>
<i>Graph 8: LPG Sold 2018 &amp; 2019.....</i>	<i>40</i>
<i>Graph 9: Gas Export during the last 5 years .....</i>	<i>41</i>
<i>Graph 10: Timor-Leste Offshore, Onshore and Special Regime Area PSC Exploration Expenditure.....</i>	<i>43</i>
<i>Graph 11: PSCs Development Expenditure.....</i>	<i>44</i>
<i>Graph 12: 2019 Bayu Undan Timor-Leste Content Expenditure.....</i>	<i>45</i>
<i>Graph 13: 2019 Bayu Undan Timor-Leste Content Expenditure on Goods and Services .....</i>	<i>45</i>
<i>Graph 14: Progress with forecast Timor-Leste Employment for Bayu Undan in 2019 in BUCLCP.....</i>	<i>49</i>
<i>Graph 15: Annual total Water Production in Bayu Undan Field.....</i>	<i>66</i>
<i>Graph 16: 2019 ANPM HSE Inspections.....</i>	<i>67</i>
<i>Graph 17: Revenue Received and Distributed 2018 and 2019.....</i>	<i>77</i>
<i>Graph 18: 2019 Fuel Import data .....</i>	<i>99</i>
<i>Graph 19: Stastic of Location registered from 2016 to 2019.....</i>	<i>102</i>
<i>Graph 20: Mining License History.....</i>	<i>103</i>
<b>Graph 21: Stastic of License issued from Medium scale to large scale.....</b>	<b>104</b>
<i>Graph 22: Drone Coverages percentage during 2019 Surveyed.....</i>	<i>108</i>
<i>Graph 23: Quantity of Material extract based on Total Licensed.....</i>	<i>112</i>
<i>Graph 24: Summary of Revenue Collection by Category 2006-2019.....</i>	<i>113</i>

## LIST OF TABLES

<i>Table 1: List of Current Petroleum Production Sharing Contracts Both in the Timor-Leste Territory and the Special Regime .....</i>	<i>24</i>
<i>Table 2: Summary of Exploration PSCs activities within the each contract area .....</i>	<i>27</i>
<i>Table 3: Description and Value of Timor-Leste Goods and Services for Bayu Undan.....</i>	<i>47</i>
<b>Table 4: The Contracts Awarded in 2019 during the Drilling Campaign .....</b>	<b>54</b>
<i>Table 5: The List of Companies Contracted by ENI Timor-Leste .....</i>	<i>55</i>
<i>Table 6: D&amp;P Inspection During 2019.....</i>	<i>63</i>
<i>Table 7: D&amp;P Observation during 2019 .....</i>	<i>64</i>

<i>Table 8: Timor-Leste Waters Regulatory Submission and Approval Status.....</i>	<i>71</i>
<i>Table 9: Timor-Leste Onshore Regulatory Submission and Approval Status.....</i>	<i>72</i>
<i>Table 10: Platform Supply Vessel and Infield Support Vessels Approvals for Bayu Undan .....</i>	<i>73</i>
<i>Table 11: Offtake Tanker Entry Authorization - LPG for Bayu Undan.....</i>	<i>73</i>
<i>Table 12: Offtake Entry Authorization - Condensate for Bayu Undan.....</i>	<i>74</i>
<i>Table 13: Platform Supply Vessels and Infield Supply Vessels Entry Authorization for Kanase-1 Drilling Campaign .....</i>	<i>75</i>
<i>Table 14: Helicopter Entry Authorization for Bayu Undan Operations.....</i>	<i>76</i>
<i>Table 15: Helicopter Entry Authorization for Kanase-1 Drilling Campaign .....</i>	<i>76</i>
<i>Table 16: New Applicants and their process.....</i>	<i>83</i>
<i>Table 17: Licensed Fuel Filling Stations in 2019 .....</i>	<i>85</i>
<i>Table 18: List of inspection and monitoring for Existing FFS in 2019.....</i>	<i>88</i>
<i>Table 19: Details of Companies and their Correspondence Fee.....</i>	<i>90</i>
<i>Table 20: Detail of Licensed Fuel Traders.....</i>	<i>91</i>
<i>Table 21: True Up Mechanism of Fuel Collected in 2018.....</i>	<i>93</i>
<i>Table 22: Import Plan Realization.....</i>	<i>94</i>
<i>Table 23: Detail Information on the Project Proponent and Environmental Documents .....</i>	<i>99</i>
<i>Table 24: Total Fee Recived in 2019.....</i>	<i>99</i>
<i>Table 25: List of Mining License issued in 2019 .....</i>	<i>104</i>
<i>Table 26: Environmental License Application Registry and License.....</i>	<i>107</i>
<i>Table 27: Details of the Inspection and Monitoring.....</i>	<i>109</i>
<i>Table 28: List of Suspended Unauthorized activities .....</i>	<i>110</i>
<i>Table 29: 2019 Graduation Internship Program .....</i>	<i>115</i>
<i>Table 30: 2019 Final year Project.....</i>	<i>116</i>



## LIST OF ABBREVIATIONS

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ANP: Autoridade Nacional do Petróleo, 6, 7, 8, 9, 10, 12, 13, 14, 15, 20; Autoridade Nacional doPetróleo, 22, 25, 31, 45	LNG: Liquified Natural Gas, 24
APORTIL: Port Authority of Timor-Leste, 42, 43	LPG: Liquified Petroleum Gas, 24
BoD: Board of Directors, 8	MMscf: Million Standard Cubic Feet, 24
BU: Bayu Undan, 28	MODU: Mobile Offshore Drilling Unit, 26, 36
CUQ: Compression, Utilities and Quarters, 24	NZ: New Zealand, 45
DIT: Dili Institute of Technology, 45, 46	OPEC: Organization of Petroleum Exporting Countries, 28
DNTPSC: Direcção Nacional de Terras, Propriedades e Serviços Cadastrais, 42	PNTL: Polícia Nacional de Timor-Leste, 42
DPP: Drilling Procesing and Production Platform, 24	PSC: Production Sharing Contract, 22, 23, 31
ERP: Emergency Response Plan, 46	SCM: Cunrise Commission Meeting, 11
FPSO: Floating Production, Storage and Offloading, 25	SEMA: Secretario do Estado E Meio Ambiente, 42
FSO: Floating Storage and Offloading, 24	SERVE: Serviço de Registo e Verificação Empresarial, 42
IOB: Institute of Bussiness, 45, 46	TLOA: Timor Leste Exclusive Area, 6, 9, 22, 25, 28, 31
JCM: Joint Commission Meeting, 11	UGM: Universitas Gadjah Madah, 45
JPDA: Joint Petroleum Development Area, 6, 7, 9, 22, 24, 25, 26, 28, 31	UNPAZ: Universidade da Paz, 45
kbpd: Thousand barrels per day, 24	UNPROK: Universitas Proklamasi, 45
km: kilo meter, 24, 25	US: United States, 28
	USD: United States Dollar, 13
	WP1: Well Head Platform 1, 24

