Projects

ConocoPhillips has a strong commitment to encouraging and supporting infrastructure development both offshore and onshore Timor-Leste (demonstrated by the construction, commissioning and ongoing operation of the highly successful Bayu-Undan development).

Heliport Infrastructure & Operations

In order to facilitate crew transfers to the offshore platforms, the Bayu-Undan project requires serviceable all weather heliport facilities located within the grounds of a regional international airport (Dili or Darwin).

Both Dili and Darwin faced certain challenges as the selected base for helicopter operations (Dili being logistically more complicated due to the requirement for regular fixed-wing flights, while Darwin requires longer helicopter flights). Our desire to establish a major operational feature of the project within Timor-Leste was a decisive factor in our selection of Dili as the heliport base.

Operations commenced in early 2002 and continue to run from a "temporary" facility located at the Nicolau Lobato International Airport (the Bayu-Undan Project also constructed a weather tower at the airport, which is available for general use by the airport).

On average we transfer 450/500 crew members per month to and from the platforms and back to their home countries (typically Timor-Leste or Australia). ConocoPhillips must oversee all aspects of such an operation, including aviation logistics, aircraft maintenance and operation, payload management, fuel supply, the safety, scheduling and health of transiting crew, baggage and freight, customs and immigration, quarantine, and accommodation for transiting crew, pilots and engineers. Quarantine standards of both Australia and Timor-Leste must be applied at the heliport for any offshore crew transfers as the platforms are classified as sterile locations. We also maintain stable communications with the platforms, monitor weather patterns, remain on-call for offshore emergencies and medical evacuations, and facilitate the supply of other utilities and consumables.

Currently we engage:

- AirNorth to provide fixed-wing flights from Darwin to Dili and return;
- CHC Helicopter Corporation, who manage all aspects of our onshore/offshore rotary-wing requirements; and
- SDV Logistics for our passenger and ground handling services.

The heliport provides ongoing secure employment for approximately 20 Timor-Leste nationals including assistant engineers, an assistant base manager, ground handling staff, a crew transit coordinator, cleaners and security.

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Projects

In addition, the heliport base manager, flight crews and engineering crews are all accommodated in Dili. Fuel supply, water and other local services are provided by local sub-contractors. This expenditure, on local employment, services and supplies, creates a multiplier effect throughout the community.

The heliport operation has injected close to US$9,000,000 directly into the Timor-Leste economy through employment and expenditure on Timor-Leste based goods and services such as accommodation, maintenance services, consumables etc (excluding US$4,000,000 of aviation fuel supplied by Timor-Leste based vendors). The heliport remains an important component of our overall participation in Timor-Leste's development.

Permanent Heliport

ConocoPhillips signed a License Agreement with the Timor-Leste Government in November 2006. The License provided for the construction of a permanent heliport within the grounds of the Nicolau Lobato Airport (adjacent to our current location).

The permanent heliport facility will provide construction jobs for many Timor-Leste citizens, create a long-term and secure work environment for our permanent Timor-Leste employees, and stand at the gateway to Timor-Leste as a clear indication of a stable environment for foreign investment.

Final development plans have been prepared and the required materials, contracts and resources finalized. Construction is pending Government planning reviews.

Onshore Operational Projects

We seek opportunities that will maximize the positive impacts of our operations in the communities in which we operate.

In addition to the heliport project, ConocoPhillips has sought to implement various other petroleum related infrastructure projects - all with the aim of providing broad and sustainable benefits to Timor-Leste. These have included proposals to:

- undertake a feasibility study for a multipurpose supply base on the South coast of Timor-Leste (intended to promote tourism, leisure activities, local industry, agriculture development and the servicing of Timor-Leste's offshore oil and gas development). Discussions were conducted with various ministries to ensure that any eventual proposal would benefit both the industrial and civil sectors of the community while minimizing any environmental impact;
- create a "Skills Resource Centre" that would provide an opportunity for engineering graduates or students who had attended vocational courses to obtain practical or simulated work experience;
- support a relationship between the Universidade Nacional Timor Lorosa'e (UNTL) and the Oil and Gas School of the University of Western Australia (UWA) towards establishing improved facilities at the UNTL Engineering Faculty at Hera;
- renovate a dilapidated workshop in the UNTL Hera campus for use as a core storage facility; and
- refurbish the student/teacher accommodation blocks at the UNTL Hera campus.

Our hope and ambition for petroleum related education in Timor-Leste is a self sustaining sector that can develop a home-grown talent base to mentor future generations.

Consistent with good stakeholder engagement policy, the Timor-Leste Government was consulted for each of these projects to ensure goal alignment. We look forward to continuing discussions towards identifying projects that align with mutual visions and expectations.

Dili Office

ConocoPhillips original office in Dili was established in late 2006 at the site of our temporary heliport. Recognizing the need for a greater presence in the downtown area of Dili we commenced investigations of suitable sites – ConocoPhillips current office location was identified in mid 2007.

After some extensive refurbishment and landscaping, the office was opened in late 2007.

Located in Bidau, close to the heart of Dili, the office provides a safe and functional environment for ConocoPhillips staff to undertake their day-to-day duties. Also included on site is a training room that will facilitate smaller scale training programs which ConocoPhillips offers from time to time.

In terms of staffing, we employ 10 local staff. The core ConocoPhillips team consists of External Relations, Business Services and a soon to be appointed Administrative Assistant. In addition, and providing essential support, are our cleaner, gardener, drivers and security. Our main objective is to create a safe and productive work environment, free of discrimination and with opportunities for capacity building and development. We are extremely proud of the way in which all of our staff embrace these ideals along with the ConocoPhillips core SPIRIT values.

The business focus of our office is to:

1) generate sustainable capacity building opportunities linked to our offshore and onshore operations (as fully described in the "Training and Employment" section of this brochure);

2) develop onshore operational projects (such as the temporary and permanent heliport described earlier in this section);

3) undertake Corporate Social Responsibility initiatives, aligned with ConocoPhillips policies (as fully described in the "Community" section of this brochure); and

4) participate, as appropriate, in the general development of the Timor-Leste oil and gas sector.

Capacity Building

ConocoPhillips takes a structured, planned and practical approach to training Timor-Leste nationals for onshore and offshore positions. For instance our offshore facilities have physical limitations in terms of bed space and mentoring capabilities, which dictates the limits of our offshore training opportunities.

Nevertheless we continually look for ways to counterbalance this. For example, all major contractors will be required to establish an office in Timor-Leste and commit to providing Timor-Leste nationals with training and employment opportunities. Further examples are available in the "Training and Employment" section of this brochure.

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Petroleum Sector - Transparency

In mid-2003 and in conjunction with the first Extractive Industry Transparency Initiative (EITI) Conference in London, ConocoPhillips expressed its intention to support EITI. At the same time, the then Prime Minister of Timor-Leste also expressed Timor-Leste's intention to sign-up to EITI. Timor-Leste was one of the first countries to do so.

EITI aims to create transparency and accountability around the payments that companies are making to the governments and the revenues that governments are receiving from the companies.

In May 2007 the Timor-Leste EITI Working Group was formed and is comprised of representatives from government, industry (including ConocoPhillips) and civil society. The Working Group has continued to meet every month since then.

Our first goal as the Working Group was to prepare and publish Terms of Reference and a Work Plan for the implementation of EITI in Timor-Leste. Upon completion of this, Timor-Leste would be recognised as an EITI candidate country – this was achieved in February 2008.

The Working Group is now focused on implementing EITI in Timor-Leste according to the Work Plan.

In order to remain as an official EITI Candidate Country and also to gain recognition as an EITI Compliant Country the Working Group must arrange for official Validation (confirming that the principals of EITI have indeed been implemented). The deadline for Validation is 9 March 2010.

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