

Australia, PTTEP to Probe Timor Sea Oil Spill, Blaze

Nov. 4 (Bloomberg) -- Australia will set up an inquiry this week into a leaking oil well that may have spewed 30,000 barrels of oil into the Timor Sea, prompting calls for a freeze on new exploration permits from environmentalists.

Energy Minister Martin Ferguson said the investigation will aim to find out what caused the leak, halted yesterday at the Montara field more than two months after it began. The Whale and Dolphin Conservation Society said Australia should suspend all new drilling applications immediately.

PTT Exploration & Production Pcl said it will start its own probe "at the earliest possible date" after stopping the flow of oil and gas and extinguishing a fire that engulfed the West Atlas rig on Nov. 1. Well control experts yesterday pumped about 3,400 barrels of heavy mud down a relief well to stop the leak, which started Aug. 21.

"There's a range of causes, but we are not going to go into that" before the inquiry, PTTEP Australasia Chief Financial Officer Jose Martins told ABC Radio today. The Bangkok-based company responded to the incident "by the book" and hasn't breached any safety or legal regulations, he said.

The next step is for engineers to board the West Atlas rig, once it is safe to do so, and to permanently plug the well, Martins said.

Kimberley Wilderness

PTTEP gained for the first time in seven days in Bangkok trading, rising 2.7 percent to 133.5 baht as of the market's lunchtime break, halting a six-day, 17 percent slide.

"PTTEP's statement has eased pressure on its share price and the overall stock market," analysts including Therdsak Thaveeteeratham at Asia Plus Securities Pcl, Thailand's second-biggest stock brokerage, wrote in a note today. "PTTEP's stock has dropped below its fundamental value after a 20 percent slide in the past three weeks."

The Thai company has estimated that as much as 400 barrels of oil a day has leaked into the Timor Sea off the coast of Australia's Kimberley wilderness region. That would make the oil spill the third-biggest in the nation's history, based on a list compiled by the Australian Maritime Safety Authority. The authority hasn't estimated the extent of the PTTEP spill.

The clean up will take "a couple of months," Martins said today. A longer-term environmental plan to respond to the spill may last as long as seven years.

"Independent Inquiry"

The Australian Greens party expects a "full, independent, judicial inquiry" into the incident "to be conducted at arm's length from both the government and the company," spokeswoman on marine issues Senator Rachel Siewert said. "The disaster has caused untold damage to the

marine environment," she said in a statement.

Ferguson said the inquiry, its scope and who will run it will be announced before the end of the week. The minister wasn't immediately available to elaborate, his spokesman Michael Bradley said by phone today.

The Whale and Dolphin Conservation Society called for a "rapid audit of all operations in Australian waters to ensure they have effective contingency plans in place" and a review of the way in which oil and gas exploration is approved.

"We welcome the inquiry," Mike Bossley, Australasian managing director for the conservation society, said by phone today. "But it's important that whatever inquiry is undertaken, it is comprehensive and has a long-term component to ensure that the chronic effects of the spill in the ecosystem will be detected."

WWF-Australia called the spill an "unfolding environmental disaster" on Oct. 27, and reported seeing dolphins, birds and turtles in the oil slick area.

"The accident shouldn't have happened in the first place, so that is a stuff up," PTTEP Australasia's Martins told ABC Radio. "In terms of the response, I think that has been world class."

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