

Guyana considering sending gas to T&T for processing

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GUYANA is exploring the possibility of exporting natural gas to Trinidad and Tobago for processing, as one of several options currently being considered to monetise its resources, according to vice president Dr Bharrat Jagdeo.

Jagdeo made the statement during his weekly press conference held on April 17.

According to the Energy Chamber of T&T, Guyana's crude oil production has skyrocketed since production began in 2019.

'The Liza discovery was made by Exxon in 2015 and since then has made over 30 discoveries in the Stabroek block. These discoveries have led to six offshore developments and Guyana is poised to produce over one million barrels of oil per day in the coming years, as more projects come online,' the Energy Chamber stated.

But despite producing substantial volumes of associated gas, Guyana has yet to commercialise its natural gas, the Energy Chamber stated.

'At present, gas from the offshore fields is reinjected into reservoirs or used to fuel floating production, storage and offloading (FPSO) vessels,' it stated.

However, that is set to change with the government's Gas-to-Energy project, expected to come online in 2026.

'Under the initiative, 50 mscf/d of gas from the Liza field will be transported via pipeline to shore, for power generation, marking Guyana's first domestic use of its gas resources. With this gas, a 300-megawatt (MW) combined cycle power plant and a natural gas liquids (NGL) facility with a capacity to produce about 5,800 barrels per day (b/d) is under construction,' it stated.

'As more gas is unlocked through other offshore projects like Hammerhead and Longtail and volumes increase, the government expects to unlock new opportunities for industrialization, including petrochemicals and other gas-based industries,' the Energy Chamber stated.

During his weekly press conference, Jagdeo was asked if T&T had reached out to Guyana given the United States revocation of the Office of Foreign Assets Control (OFAC) licences granted to extract gas from the Dragon field, located in Venezuelan waters.

The Dragon field off Venezuela's northeastern coast, has 4.2 trillion cubic feet (tcf) of natural gas.

In 2023, the US Treasury Department's Office of Foreign Assets Control (OFAC) granted T&T a licence to extract gas from the Dragon field, located in Venezuelan waters. This field is operated by Shell.

In 2024, OFAC issued a second license to Trinidad and Tobago for the cross-border Cocuina-Manakin gas field.

This field is expected to be operated by BP.

The Cocuina segment lies in Venezuelan waters, while the Manakin portion is within Trinidad and Tobago's maritime territory.

Both licences were necessary due to ongoing US sanctions against Venezuela.

On April 8, then prime minister Stuart Young announced that both of those licences have now been revoked.

Shell, BP, and the National Gas Company of T&T now have a deadline of May 27 to wind down their operations with respect to the projects.

'Given that the US has revoked the licence for the Trinidad and Tobago/Venezuelan gas deal will Guyanese engage Trinidad to market its gas resources?' Jagdeo was asked.

Jagdeo said it is expected that the revocation of the OFAC licences could 'spell major problems for Trinidad and Tobago because the bulk of their revenue comes from gas.'

'In Guyana's case we had initial discussions with Trinidad and Tobago but it wasn't so much about exploration for gas here. That (OFAC licence) was about exploration in the Dragon field and proving of reserves,' he said.

'What was discussed and what was explored was whether our gas could go to Trinidad and Tobago. We will have a pipeline going to Trinidad and Tobago either through the development of the new project that we are working on now to monetise the gas...mainly that project because it is going to be a large project with huge volumes of gas,' Jagdeo said.

'In Trinidad, gas production has fallen to about 2.5 bcf/d leaving substantial spare capacity which can be closed if another source of gas opens up within the region. Guyana is one potential source,' the Energy Chamber stated.

'In the past Exxon's Country Manager, Alistair Routledge said the distance between Guyana and Trinidad and Tobago, as well as the route it must take through Venezuela's territorial waters, are two major obstacles hindering the construction of a natural gas pipeline to export gas from Guyana to T&T,' it stated.

Jagdeo said Guyana has gone with a different approach so far.

'We have through a public process identified a company to work with Exxon and the government of Guyana to monetise the gas. If they choose to take this gas to Trinidad to

be processed and that offers the greatest return to the project and thereby the greatest revenue to Guyana that is an option to them,' he said.

Jagdeo highlighted four options for Guyana's natural gas.

'But there are several options available that I have spoke of but have not been settled on. They want to bring the gas onshore for industrialisation or to supply Brazil...so that's one option, bringing the gas onshore generating power, supplying Brazil with electricity, selling power.

'Two, bringing the gas onshore, for industrial purposes, fertilizer, a petrochemical industry, and then the third option is LNG, so not bringing it onshore but having these offshore platforms for developing LNG and shipping that directly out,' he said 'The fourth option he said is exporting the gas to T& T for processing.

'You could add another option, which is they should study, whether taking it to Trinidad to be processed there makes sense,' Jagdeo said.

Jagdeo said the decision to choose one or more of those options would be based on commercial viability.

He however said T& T has not formally reached out as yet since the OFAC revocation. 'But if this is all privately determined then they look at the return on each of these options and then settle if we have x amount of gas can we meet all or which is the one that in the ranking gives us the highest return and that is how a commercial decision is made,' Jagdeo said.

'We are not making a political decision on this first of all it has to be a commercial decision but a commercial decision must seek to maximise returns to the investor and to Guyana. So that is the approach we are going to take in any case Trinidad since the revocation I don't think they have formally reached out to us here on this matter but that is the approach we will take in relation to any approach to Guyana to have our gas go there,' he said.

Jagdeo said Guyana's taxpayers would not be asked to fork out funding for whichever option is selected.

'Remember we are not going to be investing taxpayers' money in the project, we just want to get our revenue from the project they will have to find private financing to develop this. We are not taking the people's money and putting them in these projects we just want them developed so we can get a revenue stream to benefit our people and of course the allied development,' he said.