

Barrels of hope

Strong optimism of an energy turnaround as Govt, ExxonMobil ink US\$42.5M oil and gas deal



Prime Minister Kamla Persad-Bissessar and Exxon Mobil Upstream Company Vice-President of Global Exploration John Ardill sign the Award of a Production Sharing Contract for Block TTUDI at the Diplomatic Centre, St Ann's, yesterday. Looking on are Minister of Energy and Energy Industries Dr Roodal Moonilal, left, and Minister in the Ministry of Energy and Energy Industries Ernesto Kesar. PHOTO BY ROGER JACOB

ANTHONY WILSON CONSULTANT BUSINESS EDITOR ANTHONY.WILSON@GUARDIAN.CO.TT

Prime Minister Kamla Persad-Bissessar says US energy giant, ExxonMobil, could spend between US\$16.4 billion and US\$21.7 billion on development costs in the ultra deepwater blocks in T&T's territorial waters, 190 miles off Trinidad's east coast, if the company's initial seismic and other technical studies are successful.

Speaking at a meeting of her ruling United National Congress on Monday night, Persad-Bissessar gave a preview of yesterday's signing ceremony of the production sharing contract between ExxonMobil and the Government.

The signing ceremony took place at the Diplomatic Centre, St Ann's, with most of the Cabinet in attendance and a large contingent from the American energy company.

Persad-Bissessar said the energy company is projected to incur expenditure of US\$42.5 million in the first phase of the project.

In the production sharing contract, ExxonMobil commits to shoot 3D seismic across the acreage, which is over 7,000 square kilometres, and drill two exploration wells.

"The benefits arising from this project would be enormous, as deepwater exploration has the potential to deliver large volumes at high margins, more than upsetting the handicap of tying up a great deal of technical capital and challenges," the Prime Minister said.

"From a resource owners' perspective, the potential revenue contribution would be substantial and likewise, the in-country spend would benefit the local economy.

"What this means for you is very simple: in the coming months and years, more decent jobs from exploration to services, from Point Lisas to the southland; more reliable fuel and power supporting lower costs for transport, for businesses and households; stronger foreign exchange to stabilise prices and support all the essentials that we need to import."

Speaking at the signing ceremony, ExxonMobil Upstream Company vice president of global exploration, John Ardill, said the company has learnt a great deal about Caribbean offshore geology from its exploration experience in Guyana, where it started seismic surveys in 2013, discovered oil in 2015 and expects to be producing up to an average of 900,000 barrels of oil per day this year.

But ExxonMobil's top geologist said, "I have a little disclaimer in being a geologist in charge of exploration at ExxonMobil. No guarantee of success, but I would tell you many of the largest discoveries and development in the world are occurring in deepwater environments, similar to what you have here and I think you have got an excellent partner."

Ardill described T&T as a very compelling location for oil and gas investments, adding its "deep-rooted history in oil and gas brings a wealth of expertise and capabilities across the entire value chain that should allow us to move even faster than Guyana, the mature, dynamic industry, robust infrastructure, deepwater ports. These are all things that we had to build over the last few years, last 10 years in Guyana."

He said the first thing he asks his team when they go into a new exploration province is what do the "rocks" (meaning the geology) look like.

"And so, we're very excited to test the rocks. While this is still frontier, exploration has great potential in this ultra-deepwater area. It's very challenging, as it is far from shore, but we have the perfect experience to bring to this challenge, and even more important than that is the relationship and the partnership. So we have a very supportive Government and investment environment."

He also praised the Government's negotiating team for the "record pace" in concluding the negotiations for the production sharing contracts.

Also speaking at the signing ceremony, Minister of Energy and Energy Industries Dr Roodal Moonilal cited the views of “the eminent geologist and petroleum industry expert, Dr Krishna Persad, that there are significant resources of oil and gas remaining to be found in the various geologic basins of T&T.

“Estimates of yet undiscovered oil are in the range of five billion barrels. The ultra-deepwater marine area offers the greatest prospect for such discovery,” Moonilal said.