

**Speech by the Honourable Minister of Energy and Energy Industries at the
Signing Ceremony for
Award of NCMA 2 Block to
ONGC Mittal Energy Limited (OMEL) and Petrotrin**

**Tuesday December 30th 2008
Jade Room, HYATT Regency**

Salutations:

Thank you

- Mr. Leroy Mayers, - Chairman and Permanent Secretary Ministry of Energy and Energy Industries;
- Mr. Raj Chawla- Charge d’Affairs of High Commission of India;
- Ms. Salisha Ali-Bellamy – Ag. Commissioner of State Lands;
- Dr. Malcolm Jones - Executive Chairman and Members of the Leadership Team of the Petroleum Company of Trinidad and Tobago;
- Mr. V. Ravindranath Chief Executive Officer OCNG Mittal Energy Limited and Directors of OMEL Energy Trinidad and Tobago Limited;
- Distinguished Ladies and Gentlemen; and
- Members of the Media;

Good Afternoon.

As we celebrate this country’s 100th year of commercial crude oil and gas production, it is indeed a pleasure to mark another milestone in the development

of the local energy sector; one which signals the sustained growth of this remarkable sector, and the possibility of a further 100 years.

The signing of this production sharing contract among ONGC Mittal Energy Limited (or OMEL), Petrotrin and the Government of Trinidad and Tobago with respect to Block NCMA 2 is evident of this Government's thrust towards ensuring this country's national energy security by promoting exploration and production of the country's hydrocarbon resources.

OMEL, a new entrant to the Trinidad and Tobago petroleum sector, a joint venture between ONGC Videsh Limited, the Indian national oil company and Mittal Investments Sarl, the latter which already has a long standing relationship with this country, through its iron and steel operations, is an example of the confidence that companies such as your has placed in this country's continuing energy growth. I would like to welcome you to this country.

Through its partnership, ONGC as a fully integrated national oil company of India, with subsidiaries operating in hydrocarbon related activities in 13 countries across four continents, will undoubtedly bring its vast experiences and knowledge to Trinidad and Tobago. In so doing, there are potential synergies that can be realized between our state companies and be of tremendous benefit to the people of this country.

One such area of synergy is in the development of local content. This Government recognizes that a key development goal that is clearly articulated in this country's Vision 2020 for energy, is to increase its local capability. It requires the maximization of local goods and services as well as the wider employment of Trinidad and Tobago nationals in all aspects of companies' operations. OMEL, I am advised that you have had your challenges in growing local capability within your own country and we welcome your support and willingness to work with the

Government and people of Trinidad and Tobago in meeting our targets for increased local capability.

As we reflect on the last 100 years, we can appreciate the growth and improvements that took place in the energy sector. Improvements in technology that have facilitated access to stranded gas and deeper horizons; improvements in the legislative framework that have afforded this country effective control of its resources; improvements in the fiscal regimes that have allowed this country to maximize the benefits of the energy value change. Today, as we look toward the future, we must address the changing market forces, level of maturity of fields, geopolitical movements as well as technology dictate that we continuously review our way of doing business.

As we move forward, it can be expected that the current review of the fiscal regime will herald in a new realm of production sharing contracts for both shallow and deep water acreages; new fiscal terms and conditions that consider marginal and small field activities; greater options for the Government to maximize its returns from the value chain as well as a simplified and speedier process for evaluating bids. The recommendations of the committee are under review at this time.

Let me however, comment briefly on the economic environment that is a feature of our daily lives at this point in our history. The economic slowdown that was triggered by the subprime crisis in the United States is now widespread and it seems that no country or sector is immune. The tight credit market is reflected in lower demand and also prices for many products have been on the decline. Dated Brent was up to yesterday trading just under US\$40 per barrel on the spot market, down from a record high in July this year of US\$147 per barrel while Henry Hub is currently trading below US\$6 per MMBtu.

Notwithstanding these global challenges, we must be aware that as production costs decline and reports of falling production levels in regions such as Russia, Mexico and the North Sea, there may be greater challenges for the sector to attract the required investment that is needed to sustain the sector. Trinidad and Tobago has been able to attract investments and OMEL, your presence here today, even in this environment gives hope for a brighter tomorrow, and is evident of this reality.

As this is the last opportunity for this year to address an energy audience, I believe it is appropriate to reflect on our achievements to date. In the upstream sector two discoveries of gas were made by PetroCanada and Canadian Superior in Blocks 22 and 5 (c) respectively. Two Production Sharing Contracts were signed on September 18 between Voyager Energy Limited and the Government with respect to the Central Range, Shallow and Deep Blocks

Further Downstream:

- Government approved the Engineering, Procurement and Construction contract between Alutrint Ltd. and the China National Machinery Export Company for the construction of a 125,000 tonne aluminium smelter
- Government signed the Project Agreement in September with Lyondell Basell/Lurgi for the establishment of a Gas to Polypropylene Project which is anticipated to cost US\$2.5Bn

Minerals:

- Launched a bid round in November for 7 blocks comprising a total of 670 acres with regard to the allocation of lands for the conduct of quarry activity

- Ongoing evaluation of bids received in October for conduct of an island wide Strategic Environmental Impact Assessment to establish mining zones across the country for the purpose of quarrying is in progress, and
- An accelerated evaluation of the State's quarry resources by a limestone mapping exercise in the Northern Range and surveys of 1400 acres in Tapaná, Matura, and Wallerfield is taking place

In the New Year (2009), the following activities are to be undertaken:

- The signing of three production sharing contracts for Block 2(ab) that will be contracted to Tullow, Centrica and Petrotrin and Blocks South West Peninsula Shallow and Deep Horizons to Trinidad Exploration and Development and Petrotrin.
- Negotiations with respect to production sharing contracts for three other exploration blocks from the same bid round namely, Guayaguayare Shallow and Deep and the Trinidad and Tobago Deep Atlantic Area 5 (TDAA 5) are expected to be concluded shortly;
- A new bid round involving 5 offshore blocks: Block 4(b) and Block 5(d), located in the East Coast marine Area; and 3 blocks in the North Coast Marine Area will be offered;
- Another bid round involving the deep water will be launched in 2009; and of course the
- Introduction of a new fiscal regime.

These activities are all part of a deliberate Government strategy to ensure the sustainability of the local economy and maximization of the value added from this

country's resources to improve the livelihood of the citizens of Trinidad and Tobago.

In closing, let me congratulate OMEL for their successful acquisition of the NCMA 2 block. The Government looks forward to a successful and mutually beneficial partnership with OMEL and Petrotrin. On this very positive year end note, I take this opportunity to wish you all success in your endeavours and for this coming New Year.

Ladies and gentlemen, I thank you.