



**SENATOR THE HONOURABLE CONRAD ENILL
MINISTER OF ENERGY AND ENERGY
INDUSTRIES**

**ADDRESS AT THE PETROTRIN SIGNING
CEREMONY**

**Wednesday 28th October 2009 at
8:30 a.m. at the Hyatt Regency**

SALUTATIONS

Thank you Mr. Sookdeo Heeralal, Chair of this morning's proceedings

Richard Oliver, Acting Permanent Secretary
Ministry of Energy and Energy Industries

Dr. Malcolm Jones, chairman and other members of the Board of Directors of Petrotrin

Mr. Ken Allum, President and other members of the Executive Leadership of Petrotrin

Executives and Senior Management of the successful companies to be awarded licenses for the onshore Eastern Blocks

Members of the media

Ladies and Gentlemen

Good morning.

I am pleased to be able to join with you in this event, today as we continue with the development of the energy sector based on the policy of the Government of Trinidad and Tobago.

Vision 2020 as it relates to the energy sector and in particular the Ministry of Energy and Energy Industries requires us to continue with an agenda which supports our work program. Our five development objectives require the Ministry to pursue a

series of actions designed to achieve the following:

1. Innovative People

- Scholarships for National of Trinidad and Tobago and in petroleum and hydrocarbon studies designed to create our new scholars
- Support to UTT with its focus on specific industry related competencies required for an evolving world.

2. Competitive Business

- Competitive Bidding Rounds
- Review of fiscal terms
- Review of contractual arrangements
- New added value gas-based industries

3. Caring Society

- Community Development
- Relocation/compensation plans for residents in energy development areas

4. **Infrastructure & Environment**

- New Industrial Ports
- New Industrial Estates
- Additions to Pipeline Network
- Upgrade of Service Stations
- Renewable Energy

And;

5. **Governing Effectively**

- Ministry of Energy Transformation
and;
- Examination of potential for a
National Integrated Energy
Company

Popular wisdom has it that Trinidad and Tobago is now a gas economy (we saw gas production overtake oil in the mid 1960s). Forecasts are, that on a do nothing basis, the country's oil production will decline to less than 80,000 barrels of oil per day by the year 2020. Our current production today converted to barrel of oil equivalent put us in a one to eight relationship. Our aim is to address this imbalance and of course Petrotrin has an important role to play in this agenda.

We had recognised, I am advised for some time that referring to the southern basin as a mature petroleum province was if not inappropriate, misguided. While it is true that the first commercial production occurred in 1908, the basin has been largely under-explored and under-exploited. In 2004, recognising the need for stimulation of exploration in the southern basin onshore Trinidad, the Ministry of Energy undertook a process of lease regularisation. This measure allowed for security of tenure, thus encouraging

investment. Petrotrin was awarded new licenses for their core productive acreage and the remaining land area in the southern basin was offered in a round of Competitive Bidding.

The result of this initiative has been increased gas and condensate production in the jointly operated Central Block (BGTT/Petrotrin). Exploration has begun in all of the areas awarded and with respect to the onshore blocks, companies are extremely optimistic based on the data that

has been acquired. It is expected once successful in these exploration efforts, our oil production would be improved in the very short term.

In support of our producers, the Government in consultation with the industry has proposed a new fiscal system with the aim of making it economic to explore for and exploit smaller field sizes and tail end production by revising the SPT in such a way that the lives of fields are extended and nothing is left stranded in the

ground. Incentives for Enhanced Recovery Schemes – Carbon Dioxide and Steam Injection are also provided as part of the new dispensation. These terms are of course currently being further explained to all our partners who will be impacted by these measures so that we may have mutual success.

In looking at the future of the industry, our plans are for the long term.

Since 2002, the Ministry has progressively sought to acquire enhanced data over marine areas. We in partnership with the industry acquired a large 2D data set in the area known as the Trinidad and Tobago Deep Atlantic and ION Geophysical then known as GXTechnology acquired, on a speculative basis a regional deep imaging 2D data set. Together these data sets formed the basis of the first deep water bid round. The round did not achieve the results that we expected and since the blocks were last offered in 2006, we took

the opportunity to do a focused technical data collection and studies to high-grade the area.

We have acquired data in the North Coast Marine Area, in the area known as the Tobago Trough and some infill data on the south east coast area in the deep Atlantic area. We have also conducted a scientific study in the deep Atlantic to better understand the geology and we propose to conduct shortly a speculative seismic reprocessing of the 12,000 line kilometres of

2D seismic data acquired by the Ministry in the area and a speculative Electromagnetic survey. The results to date have been very positive as our investigations recognize the potential for large, structures and thick continuous reservoirs with the potential to produce large volumes. We are therefore very optimistic about a large oil and gas resource base in the deeper-water area.

After two years we are nearing the completion of a legal and fiscal review intended to revise the current tax structure

for oil and gas operations and streamline the promotion, evaluation and award of open acreage.

Let us now turn our attention to this morning's event. We are here today to sign a number of sub-licences for the blocks located in the Guayaguayare area of Trinidad and Tobago. It is interesting to note that companies have retained an interest in Guayaguayare as it was in 1870, oil was discovered by a huntsman in the Guayaguayare forest. A report on the

finding went to London, but nothing became of this until a Canadian merchant, Randolph Rust, with the backing of the Oil Exploration Syndicate of Canada took advantage of the findings in 1901. Oil was first struck from the ground in 1902 on the banks of the Pilot River. History tells us that the story of Guayaguayare will be told well into the future.

Petrotrin originally operated fifty - four state licences in the Southern Basin of Trinidad. These licences were difficult to administer

administratively and to explore and exploit effectively. The Government reduced the number of licences operated by Petrotrin to six over their core productive areas. These include Fyzabad, Forest Reserve, PaloSeco, Penal/Barrackpore, Catshill, Guayaguayare/Moruga West fields. Petrotrin was then given a mandate to optimize production from these areas. This activity this morning is the first phase in the realization of this strategy.

We are in this process selecting E&P players and approaches to properly evaluate discover and extract maximum value from the sector. While the more obvious efforts have been concentrated on inviting companies to explore in Greenfield areas, the less obvious has also been engaging our attention. Petrotrin through its land and Trinmar assets controls about 75% of Trinidad and Tobago's oil reserves. These reserves I am advised are within easy reach and with oil production on the decline as I said earlier, Petrotrin has the

ability to increase oil production in the short to medium term.

In the medium term, the GORTT will be offering seven shallow to average water-depth, marine blocks for competitive bidding. Our evaluation indicates that the blocks are likely to be gas prone and has the potential to substantially increase our gas reserves. The Competitive Bidding Order has been drafted and it is expected that the tender will be opened on or before the end of December.

This exploration thrust will be sustained in 2010 with the offer of blocks in the Trinidad and Tobago Deep Atlantic Area and the call for bids would be made at the start of the second fiscal quarter of 2010.

We wish to congratulate Petrotrin on its success in attracting bids to its offer and we look forward to a significant increase in activity and oil production in an area that is currently so full of promise. I thank you.

