

Speech by the Minister of Energy
Senator Kevin Ramnarine
Energy Chamber Breakfast Meeting
Hyatt Regency, Port of Spain, Trinidad
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- The President of the Energy Chamber, Mr. Roger Packer
- The CEO of the Energy Chamber, Dr. Thackeray Driver
- Captains of Industry
- Leaders of the Trinidad and Tobago Energy Sector
- Members of the Media

The year 2012 is supposed to be according to one prediction – the end of the world.

The year 2012 is however shaping up to be a year of heightened activity in the Trinidad and Tobago energy sector. As a country, we must move quickly to maximize on the high oil prices both from a WTI and Brent perspectives. The Ministry's forecasting of oil production indicates that oil production which averaged around 94,000 bopd for January to October 2011 should edge back up towards the 100,000 bopd mark in 2012. Early in the New Year we will meet with all oil producers to understand their plans for increasing oil production.

Upstream activity & oil production

With respect to oil production, which I said is the number one priority of the Ministry of Energy, Petrotrin continues its infill well drilling programme at Trinmar and has thus far drilled 15 of the 21 wells in this programme. This activity needs to be commended especially when one considers that drilling at Trinmar had almost ground to a halt since 2007. Trinmar's production is now edging towards the 23,000 mark and is the first increase in over six years. However we all know that Trinmar can do much better. In July 2012 the licensee for Trinmar's Soldado area will expire. This license dates back to 1952 and was first renewed in 1982. The year 2012 is therefore an opportunity to think about what we can do differently with the Soldado fields which are estimated to have reserves as 2007 oil audit of 3P (>300 million barrels) and with exploration resources of almost one 750 million barrels of oil. The heavy oil resources in Soldado has not yet been quantified but is expected to be in the billions of barrels.

The 3D seismic survey that was completed in March of this year is being processed. This will give us the best view we have ever had of the deeper horizons on land. I am especially

heartened by the views of one of the longest serving oilmen in Trinidad and Tobago who told me that in his view there was whole other oil province in the deeper horizons on land. Currently there is seismic work being done off the North Coast by Niko and Centrica and BP has also commenced work on their own seismic programme shortly – the three phase greater Cassia OBC seismic.

As you would recall, a few weeks ago I visited the West Jaya sem-submersible rig together with Norm Christie. The West Jaya is here for at least two years and will drill 17 wells for BP. These wells are to be drilled as follows 3 in Immortelle, 7 at Amherstia, 5 at Mahagony and 2 at Cassia. In addition, next year BG will start work on the development of Starfish and that will kick off a period of heightened activity for BG which will also see infill drilling on the Dolphin Field.

Finally a few days ago Niko spudded its first offshore well, drilling from the Rowan Gorilla III rig on location at the Stalin prospect which is the first of three wells planned for Block 2ab. This is a brief but forward looking picture of the major projects in the upstream sector in 2012.

I will now look specifically at two of the private companies that have exciting plans for 2012. They are Bayfield and Trinity (formerly TDN).

Bayfield

We expect to see a heightened state of activity in 2012 as Bayfield prepares to commence drilling of seven exploration wells. Bayfield's new super single slant rig is currently in operation on the Trintes platforms as of September 29 2011. The company plans 24 side tracks. Bayfield expects to push its production up to 7000 barrels of oil per day by the end of 2013. The Bayfield story in Trinidad and Tobago speaks volume to the success of private capital in the oil industry. In July of this year the company listed on the London Stock Exchange. The success of private capital in the oil and gas industry is replicated by the Lease Operators who have held their oil production at consistent levels. The Lease Operators + the Farmouts + the Incremental Production Service Contracts now produce 31% of Petrotrin's land based oil production or about 6400 bopd. That is a tremendous accomplishment and speaks volumes about the indigenous talent of the private sector oilmen in Trinidad and Tobago.

Ten Degrees North

In the case of Ten Degrees North (which will soon change its name to Trinity), 2012 promises to be an extremely busy year. They plan to drill 22 wells onshore and another 6 to 8 wells in the Brighton Marine area. At the end of Q4 2012 they plan to shoot 3D seismic on the Point Ligoure

/ Guapo offshore block. In 2011, Trinity closed on raising US\$14 million in private equity from investors located in Trinidad, United Kingdom and Hong Kong. In 2012, the company plans to raise in excess of \$50 million in the London capital markets to fund the Brighton marine development. The real stars of the oil industry are the entrepreneurs behind these two companies.

Deepwater bid round

With regard to the next deepwater bid round we had originally planned to open it in November of this year. However the advice coming from the companies is that the months of December and January are usually bad months for them due to the holidays. The reprocessing of the Ministry's 2D seismic data will also be completed by the end of January 2012. Taking these practical considerations into mind we have decided to push the deepwater bid round to March 2012.

Gas shortage at Point Lisas

There continues to be a shortage of natural gas to the Point Lisas Industrial estate. This problem is not due to a lack of reserves. It is a result of poor coordination. The Ministry of Energy starting January 2012 will be chairing a quarterly production optimization meeting that will ensure that this never happens again. In terms of a solution, there is light at the end of the tunnel. We expect that the EOG Toucan Platform would commence production in mid January to mid February and that this would provide relief to the problem at Point Lisas. The NGC has also commenced works on the NGC pipeline network to ensure that we have more flexibility in the deliverability of natural gas. This involves connecting BG at Beachfield into the NGC domestic grid. We must understand that the system of supply and demand for natural gas is tightly optimized and any disruption will now be immediately felt at Point Lisas. I will also add that new developments of natural gas have proven to "dry gas" and therefore we have a commensurate decline in the production of liquids in Trinidad and Tobago. This places even greater emphasis on getting oil production back up above 100,000 bopd.

Commonwealth Business Forum

Last month I attended the Commonwealth Business Forum in Perth Australia. Perth is the energy and mining capital of Australia. The Commonwealth Business Forum was for all intents and purposes an energy conference that really focused on the hydrocarbon and mineral potential of Africa. Trinidad and Tobago was much sought after by many of the African countries who saw us as a country to emulate. There were bilateral meetings with delegations

from Ghana, Mozambique, Nigeria, Uganda and Tanzania. At present a team from the National Energy Corporation and PPGPL are in East Africa. Trinidad and Tobago continues to pursue cooperation with African countries in the development of their oil and gas industries. To this end, the Ministry of Energy and Energy affairs will be hosting a meeting of the Commonwealth Energy Ministers in 2012 in Port of Spain.

Gas Exporting Countries Forum

In the month of November I attended the Ministerial Meeting of the Gas Exporting Countries Forum in Doha Qatar as well as the First Gas Summit for Heads of Governments. In the case of the latter, I represented the Honourable Prime Minister Trinidad and Tobago is a long standing member of the GECF having joined in 2003 and having hosted a Ministerial Meeting in 2005.

At the GECF I noted that natural gas was part of the solution to the world's need for more energy and part of the solution for the world's need for sustainable development. Natural gas is abundant, it is affordable, it is acceptable and because of LNG, it is accessible.

Natural gas is the fuel for the future. Natural gas is the 21st century what oil was to the 20th century and what coal was to the 19th century. The convergence of demands of economics and the environment, places even more importance on the role of Gas Exporting Countries Forum in the future of the world economy in the coming decades. I also made a case for member countries of the GECF to take note of the vulnerability of Small Island Developing States that are dependent on the importation of oil to the vagaries of the oil markets and the role small scale LNG can play in alleviating the economic hardship of such countries.

Small Scale LNG

While in London, I met with Gasfin who had earlier in the month met with the Prime Minister. Gasfin's proposal to Trinidad and Tobago is very simple – build a small scale LNG plant that will require 70 mmscfd to supply LNG to the Caribbean. It is noteworthy too that another company with reserves in this country is planning a similar project for Tobago. If both projects come to fruition Trinidad and Tobago would be well placed to be the main supplier of LNG to the Caribbean and Latin America. On Monday we met with the Minister of Energy from Panama who indicated to me that his country was headed towards constructing a re-gasification terminal. He indicated that other Central American countries would head in the same direction. There is therefore the opportunity for Trinidad and Tobago to once again be a pioneer in LNG and to play the role as guarantor of regional energy security.

Galeota the Aberdeen of the Caribbean

I am of the view that the forecast for the energy sector in 2012 is optimistic. Investor confidence has returned to Trinidad and Tobago. There is no shortage of interest in new plants for Point Lisas and the Union Estate. The NEC has commenced construction of the Galeota port which had been delayed for three years. I thank BP for their cooperation on this matter. There are also plans for the relocation of the BP hydrocarbon processing facility from Galeota to Beachfield and we expect that there would be a Phase 2 to the Galeota port. A highway to Mayaro from San Fernando is also being planned. What all this means is that we have an opportunity to have at Galeota a logistics and services support centre for the East Coast akin to what Aberdeen is to the North Sea.

Conclusion

In closing, I close on a safety moment. Yesterday we had a fatality at Petrotrin. The loss of life is regrettable and condolences go out to the family of Mr. Chandradath Ramsaroop. All accidents are avoidable. I urge all companies in the room here today to recommit to their safety principles and the principles of the OSH Act. It is not good enough to ensure that your workers are aligned to your safety policy but also the workers of your contractors. On that note I wish you all a safe and enjoyable Christmas and I look forward to seeing all of you at what I understand will be the largest energy conference ever held by the Energy Chamber.

Thank you.