



Deep water gas can work in T&T

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Energy Minister Franklin Khan believes that deepwater gas can be commercial because of the share volumes and infrastructure in T&T.

In an interview with the Business Guardian at the Ministry of Energy following the closure of the 2018 shallow water bid round, Khan said T&T was in a better position to take advantage of deep water gas because of installed pipeline infrastructure and its LNG and petrochemical sectors.

"It has to do with the economics and size, Trinidad, contrary to what you may think, has a very advanced infrastructure. Bringing gas to market is a fairly simple exercise. In most parts of the world where they finding gas they do not have a single pipeline close by. It will take years and significant capital injection to bring it to the market and when you bring it to the

market, the market for what? The country must have petrochemical plants to feed it or build LNG plants, or floating LNG plants."

Reminded that the downstream sector is already challenged by the price that the upstream companies are charging for conventional gas, the Energy Minister said volumes will be the key.

"The cost is not just a function of the drilling of wells in the deep water but the infrastructure costs, especially pipeline and processing facilities. These are big companies and I would think if BHP continues to invest, BHP is only drilling deep water wells in two places in the world as we speak, the Gulf of Mexico and T&T," the minister added.

He noted that BHP has found gas in all three wells they drilled in Block 14, starting with Bongos 2 and said he is optimistic.

"I stand here fairly optimistic, they have indicated that they have found gas they haven't been able to quantify the amount in any

great detail as yet, but all things being equal I think that's an extremely positive sign. They have told me that they have positive results," Khan reported.

BHP Billiton has been tight lipped about their drilling but, Niall McCormack, BHP's vice president for exploration is reported as saying the prospects of selling gas into T&T were good.

"It's an attractive opportunity so we're looking to de-risk it a bit more, so we've got a bit more drilling to do...overall, it's an area where gas is attractive because it's advantaged by the infrastructure of Atlantic LNG."

The company struck gas at the Bongos-2 well in the north last year. BHP is the operator of the block with a 70 percent stake while BP Plc holds the remainder.

BHP has also found natural gas in two of three wells it drilled in its southern contract area last year. The company operates the southern area with a 65 per cent stake and Royal Dutch Shell Plc has a 35

per cent.

Khan told the Business Guardian that the deep water discoveries in the North of the country and in the South East should lead to significant interest when the country goes out for bids in a new deep water bid round.

"There have been gas discoveries in Grenada, Barbados in actively searching so all those North cost deep water blocks we expect them to attract interest."

Of the deep water wells drilled by BHP discoveries have been made in five of them. All, however, have been gas discoveries, with Le Clerc encountering more than five tcf of gas. In addition, Victoria has encountered gas in the same block as Le Clerc. Three of the other discoveries have been in Block 14.

A company source told the Business Guardian of the Bongos -2 discovery late last year, "We are all very pleased with this well. We were able to penetrate all the gas zones we were aiming for and we believe that apart from significant

gas the structure could have oil in the deeper horizons," said one company source.

No oil was encountered in the Bongos-2 well even though it was drilled deeper than was originally planned, but information gathered from the well has led BHP officials to believe there could also be oil in the block.

Bongos-2 was spud after Bongos-1 experienced mechanical difficulty shortly after it was drilled.

The reality is that even with the best will, this discovery will take another five to seven years to come to market and it would put the government in a better position to assure investors in the petrochemical sector that T&T has gas for a long time to come, thereby increasing investor confidence.

It may also allow the government to begin to look at the possibility of other downstream investments in the petrochemical sector and increase the country's revenue streams.