

BUSINESS

Crude gains 3.4 per cent

BENCHMARK crude oil rose US\$1.90, or 3.4 per cent, to settle at US\$57.11 a barrel. Brent crude oil, the international standard, gained \$1.49 to close at \$62.40 a barrel.

Natural gas rose US\$0.05 to US\$2.56 per 1,000 cubic feet. T&T's 2020 budget is based on average prices of crude of US\$60 and of natural gas of US\$3 per 1,000 cubic feet.



Energy Minister on gas reserves T&T in a better place ...Up to 13.5 years left

AFTER last week's announcement of two natural gas discoveries in T&T's waters, the Ministry of Energy made it a trifecta of positive stories on the energy sector yesterday when it announced that the country had enough proved and probable gas reserves at the end of 2018 to last up to 13.5 years. That's assuming the continuation of natural gas usage of about 1.3 billion cubic feet a day that the country averaged last year.

The news was disclosed at a news conference hosted by Energy Minister Franklin Khan to present the results of the T&T gas reserves audit for 2016 to 2018 conducted by Ryder Scott, the petroleum consulting firm based in Houston, Texas, that conducts independent assessments of oil and gas reserves.

The Ryder Scott audit found that T&T had 10.53 trillion cubic feet (TCF) of proven natural gas reserves and 6.47 TCF of probable reserves. That's total 2P (Proved and probable) reserves of 17 TCF.

In the summary reports of the

natural gas audit, the Ministry of Energy said: "The reserves to production (R/P) ratio based on gas utilisation in 2018 of 1.3 trillion cubic feet on a Proved (1P) basis is 8.3 years. Further, most companies base their projects on a proved plus probable (2P) reserves basis and as such the 2P reserves to production ratio using a similar expected production rate is 13.5 years."

But the volume of gas produced during 2018 was 1.3 Trillion Cubic Feet (TCF), which represented an average rate of 3.5 billion cubic feet per day (bcf/d), according to the ministry's report. Last year was a year in which gas curtailments continued, although not as acute as the three years previous.

Khan told yesterday's session, which was attended by senior public servants and executives of energy companies operating here, that for T&T's downstream natural gas sector to operate without curtailment, he estimated that production would need to be at 4 bcf/d, which is

equivalent to annual gas utilisation of 1.46 TCF. At that level of gas usage, T&T's 2P gas reserves would last 11.64 years.

Khan said T&T's gas production fluctuates on a frequent basis, as a result of operational issues. This has caused uninformed people to associate decreased production of gas with decreased gas reserves.

Khan said: "I am asking the press not to draw conclusions when you see slightly lower production for a particular month to read too much into it. This country still has a challenge in terms of gas reserves. But I must say, based on the efforts of the Government and the major companies operating in the gas sector, we are getting in a better place."

"If that trend continues, I think the long-term future of the gas industry—upstream, midstream and downstream—is very well secured."

Asked how long would T&T's gas reserves last if the analysis was based on proved reserves of 10.53 TCF only, Ryder Scott's executive



RESULTS: Minister of Energy, Franklin Khan, left, receives the results of the 2018 T&T Gas Reserves Audit from Herman Acuña, executive Vice President - International of the Ryder Scott Company at a news conference, Ministry of Energy conference room, Level 26, Tower C, International Waterfront Centre, Port of Spain yesterday.

vice president, Herman Acuña said: "I think that may be the wrong way to look at things because the focus should be on sustainability. It does not make a lot of sense to have proven reserves in terms of a reserves to production ratio of 20 to 25 years because you are derisking a lot of production that you do not need right away, unless you have the market."

"I think the more important measurement of sustainability if the reserve replacement ratio and the sustainability of those vol-

umes." A reserves replacement ratio of greater than 100 per cent means that all of the natural gas that is being used in the country is being replaced with new reserves. In 2017, the reserves replacement ratio was 152 per cent, while in 2018 it was 101 per cent.

Last week, the Australian energy company, BHP announced a 3.5 trillion cubic feet discovery in the northern deepwater area of T&T, while BPTT announced a gas discovery with its Ginger exploration well off Trinidad's east coast.