SPEECH

BY

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TRINIDAD AND TOBAGO

ADDRESS AT

NATIONAL OIL SPILL CONTINGENCY PLAN SIGNING CEREMONY

ON

OCTOBER 16, 2013
Greetings

Welcome members of the media and all persons who worked on this National Oil Spill Contingency Plan.

Introduction

It is with great pleasure that I bring greetings and opening remarks on behalf of the Government of the Republic of Trinidad and Tobago to all invitees of this “Celebratory Luncheon of the National Oil Spill Contingency Plan (NOSCP) 2013”.

This gathering today is mainly to celebrate the work of the Cabinet-approved National Hydrocarbon and Chemical Spills Contingency Plan (NHCSCP) Committee for their work in the development of the revised National Oil Spill Contingency Plan that replaces the 1977 plan which is 36 years old. In April 2010 the world witnessed the high profile “attention-grabbing” deep water oil spill in the Gulf of Mexico. This event propelled the Government of Trinidad and Tobago to revise the 1977 National Oil Spill Contingency Plan. Some of you may not be aware of the fact that some of the employees from BP in Trinidad were part of the solution in the Gulf of Mexico.

It was believed at the time that the previous NOSCP, approved by Cabinet in 1977, was not fully designed to address oil spills under the current Trinidad and Tobago oil and gas development scenario, of course a lot has changed since 1977. This plan today was completed by the Committee and eventually approved by Cabinet in January 2013.

National Oil Spill Plan (NOSCP)

One of the major new initiatives of the revised NOSCP was the adoption of the Incident Command System (ICS) for management of national oil spills. It is a system that is utilized in the Gulf of Mexico Oil Spill and is used by the major oil and gas companies operating in Trinidad and Tobago today including Petrotrin and it is viewed as the best system to integrate response mechanisms of the Government of Trinidad and Tobago and the industry.

Another major initiative of the Plan that is currently being developed is the Tier 2 Oil Spill Response Organization (Tier 2 OSRO) for Trinidad and Tobago. In the past we used a system of Area Controllers to assist in the response to spills in offshore marine environment. The Tier 2 OSRO System which is based on the Cooperative Concept is not a new concept – we are aware that it is being used in both North America and South America for the management of Tier 2 Oil Spills.
In accordance with the new NOSCP, oil and gas operators would be required to subscribe to a Tier 2 OSRO service set up in Trinidad and Tobago and deep-water operators would be required to have systems in place to have ready access to containment systems like containment caps, ROVs and additional rigs if the need should arise. Hopefully the need will never arise. Some of the major Upstream Oil and Gas Companies are currently working together to make this Tier 2 OSRO a reality in Trinidad and Tobago and it is expected to be functional by 2014.

The revised NOSCP presents a viable alternative for management of spills given the increasing number of energy companies and government agencies in Trinidad and Tobago as compared with what existed in 1977. It is the intention of Government to put systems in place to bring to life the recommendations as presented by the Committee in order to safeguard our natural resources.

We are cognizant that the legal system to make the plan robust still needs to be addressed through the ratification of applicable International Conventions like MARPOL through the Shipping (Marine Pollution) Bill. We will be working at the Ministry of Energy with the Office of the Attorney General to bring this to fruition.

**Bilateral Oil Spill Plan**

There currently exists I am told, a Bilateral Oil Spill Contingency Plan between the Republic of Trinidad and Tobago and the Bolivarian Republic of Venezuela which was signed in 1989 given our close proximity to that country. It is expected that we will attempt to strengthen that bilateral Contingency Plan and give us what we are unveiling here today. Also, regarding unitization of cross border resources in Trinidad and Tobago and Venezuela, I would like to stress the agreement that was signed in Venezuela one month ago is a progressive and significant development for both Trinidad and Tobago and Venezuela. I would like to say that the 26.9% of that Loran Manatee Field which is in our side of the border will come to Trinidad and Tobago for utilization by the local natural gas sector. We have also signed a Memorandum of Cooperation with Grenada and will be discussing with that country to jointly develop Block 21. Block 21 is a Block to our North Coast and sits on the border between this country and Grenada hence the Grenadian Government is interested in exploring the equivalent acreage on their side of the border. Of course the NCMA is a very prospective area for natural gas.
Competitive Bid Round 2013

We now have under Production Sharing Contracts; six Deep Water Blocks where two are BP and four are BHP Billiton. We also launched another Deep-Water Competitive Bid Round on August 17th 2013 for six Deep Water Blocks for prospective bidders to bid on. We expect that the second Deep Water Bid Round will be as successful as 2012. The closing date for that Deep Water Bid Round is January 31st 2014.

We also have a Bid Round for Onshore acreage that is closing on October 31st 2013.

I make this point about these two bid rounds to give an indication of the activity that we expect to see in the upstream sector in years to come. This activity would have to be contextualized in the framework of safety and respect for the environment. So far in Trinidad and Tobago with the exception of the 1970s (oil spill which occurred around the time the first Oil Spill Contingency Plan was being developed) was the largest oil spill on record however this has been eclipsed by the Exxon Spill in 1989 and the recent Macondo incident in the Gulf of Mexico. Hence we are not immune to oil spills in this environment. In fact, approximately two and a half years ago there was an oil spill in the Trinmar area where I believe one of the wells fell in the sea and was leaking both oil and natural gas but was eventually contained by Petrotrin.

The Way Forward

The next step regarding the revised NOSCP is the implementation of the plan. The Committee appointed by Cabinet has the remit of developing the NOSCP and a Chemical Spills and Gas Releases Contingency Plan and for providing recommendations for their implementation.

NP is responsible for a large supply chain that operates safely and efficiently. NP does a lot of work in Trinidad and Tobago that is sometimes unappreciated and unnoticed. As we know NP had a few accidents in recent times with the transportation of fuel around the country. The Ministry is working on standards for the transportation of fuel around Trinidad and Tobago that will apply to NP, Unipet and contractors. We therefore operate in the environment of safety and respect for the environment.

It was pointed out to me that approximately two hundred and thirty (230) to three hundred (300) cargoes of LNG and oil tankers transit our Gulf of Paria very quietly and only few persons know that this is happening. The reason why the general population is unaware of this is because there has been no accident in the Gulf of Paria. This therefore speaks volumes in our ability to manage maritime traffic and the role of the agencies such as the Coast Guard. We have been fortunate in Trinidad and Tobago as
we have not had major accidents in the energy sector, we have had fatalities however in the last couple years at Petrotrin but we have not had accidents on the scale of the incident in the Gulf of Mexico, the Texas Refinery and the incident in Venezuela a few months ago. I would say that we have been able to operate the energy sector relatively safely.

Regarding the relevance of this plan, I think this is very relevant at this time given that BP and BHP will commence their exploration programme for those six Blocks in 2014. There is also currently seven rigs drilling now in Trinidad and Tobago in our maritime space and the 8th rig, the Sea Drill West Freedom will be coming in by the end of the year to work for Repsol. Hence the level of activity offshore has enhanced as the people in the service sector will attest to. We went from a situation in 2010 where there was one rig drilling, the Constellation rig for BP in the middle of 2010 and by the end of this year (three years later) we will have eight rigs drilling in Trinidad and Tobago.

The forecast for drilling activity for next year is tremendous as some of the exploration wells that should have been drilled this year are scheduled to be drilled in 2014 therefore 2014 is emerging to become a very busy year for drilling and a positive year for natural gas supply. I have received BP's forecast for the next two years for their production and 2014 is evolving to be a good year for BP as compared to 2013, 2012 and 2011.

Another point I would like to make on safety is that, in the month of September of this year BP took down the Cassia Hub, arguably the largest offshore installation in Trinidad and Tobago, on that same day BG took down its Dolphin Platform resulting in 30% of this country's natural gas supply being offline while 70% was still being produced. Simultaneously, Atlantic LNG took down Train 3 thereby ramping down supply and over time nine plants on the Point Lisas Estate went down. September was therefore “maintenance month”. The Ministry of Energy and Energy Affairs communicated this through Press Releases, Speeches and the public was aware of it but the point I want to make is that all this is now behind us and BP brought back the Cassia Hub back online 25 days ahead of schedule. It was supposed to have been down for 51 days, however it was down for 26 days hence the extra 25 days of natural gas supply goes to the GDP of Trinidad and Tobago. BG was able to bring the Dolphin Platform back up in 18 days from 3rd September to 21st September, within schedule and with the exception of two plants, seven of those nine plants are back on stream, the other two plants will come on by the weekend and Atlantic LNG Train 3 has been back up now for a couple of weeks. This therefore shows that a massive amount of work has been taking place in the energy sector in the month of September and there was very little disruptions from it because there was no major safety incident or accidents as it was very well planned and coordinated by different agencies including the MEEA, BP, BG, NGC, Point Lisas Energy Association. This maintenance therefore puts the country’s natural gas sector in
a place where it is better able to deliver natural gas in the medium term and the overall safety of the energy sector has improved. Hence for the last 3 years there has been a lot of maintenance taking place in the natural gas sector which has impacted on the economy but it positively impacts on safety (maintenance and asset integrity is very important).

Those coming into the sector need to have respect and reverence for the culture of safety.

We have been through a period of maintenance from the focus of 2014 there are a couple small maintenance interventions but there is nothing on the scale of what occurred in September 2013 and September 2012. Hence the year 2014 looks positive for natural gas production. At the same time I would say that oil production for 2012 averaged at 81,700 BOPD (Jan-Dec). For this year so far, oil production has averaged 81,400 BOPD. My point is that from 2006 to 2012 there was a continuous decline in oil production and we have now arrested that decline in the year 2013. The mandate falls heavily on Petrotrin and the Lease Operators Farm Out Communities to begin to increase oil production. Petrotrin of course is central to the economy of Trinidad and Tobago as they contributed approximately TT$5 billion in taxes and royalties in 2012 as SPT, PPT and Royalty to the Treasury. The company also employs approximately 5,000 people hence it is a significant player and owns assets that stretch from the Atlantic Ocean in the East all the way to the Gulf of Paria in the West. When we look at the Petrotrin’s position based on what is happening in the world it is clear that the company has to become more competitive and productive and I’m sure the President and Board will agree with me. I spoke to the President and Vice President that there should not be any cut in expenditure on safety and the environment because these are elements that cannot be compromised. Hence in the coming months we will have more discussions on how the company can become more competitive and productive.

I would like to thank everyone who was a part of this exercise and the agencies involved. The MEEA is very close to completing its restructuring. The South Office was the Operations arm of the Ministry which is now the HSSE Division. With respect to safety however the Ministry has to be better resourced to better regulate the energy sector which will be targeted in the restructuring.

There is a need for stronger regulation as it relates to the retail sector with the gas station business. Cabinet has approved new and modern licenses for service stations that have tremendous emphasis on safety. I know there are gas stations that are excellent however there are some of those that can improve. NP has been working with a number of their dealers to improve the situation in those stations. Cabinet has also approved new licenses for the wholesalers, Unipet and NP. There is need to have stronger regulations over the retail and distribution side of the energy sector. We would
also be looking at the Ministry’s regulatory role as it relates to Point Lisas and the petrochemicals sector. Additionally, as the industry evolves there will also be a second major industrial hub, the Union Industrial Estate which will also have to be regulated. The Ministry is well equipped for its regulatory role in the upstream sector and I’m very proud of the performance of the South Office. They do a tremendous amount of work as they have to manage a large geographic area including offshore.

Ladies and Gentlemen I would like to thank everyone who contributed to this plan, all the members in the oil and gas industry, family and fraternity for coming out today. I would like to thank Mr. Hassanali and Petrotrin for their support in the development of this new NOSCP. I would like to add that companies aboard Production Sharing Contracts in Trinidad and Tobago or Licenses must sign up to this NOSCP. The hope is that we would always run a safe and sound industry.

Thank you very much.