

Khan announces deepwater bid round to be held next year

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Franklin Khan Minister of Energy and Energy Industries and Vince Pereira President BHP Trinidad at contract signing ceremony of the gas sales agreement between NGC and Block 3(a) consortium for the Ruby Field at the Energy's Ministry head office at the Waterfront . Port of Spain. - SUREASH CHOLAI

ENERGY MINISTER Franklin Khan announced a deepwater bid round next year for available oil and gas blocks. He also responded to criticism, notably from former Energy Minister Kevin Ramnarine – whom he did not name – about the current administration's lack of bid rounds.

“You cannot just up and have a bid round. It has two criteria. One, it must be unlicensed acreage. So, as minister of energy I cannot have a bid round onshore in the southern basin because all the

acreage is under license,” he explained. In the shallow water, acreage in the Gulf of Paria is also under license, and it would have made no sense to come up with a parallel deepwater bid round while BHP was involved in serious exploration.

Khan gave the feature address at a gas sales agreement signing ceremony between the National Gas Company (NGC) and a consortium led by BHP TT and including state oil company Heritage Petroleum, for the Ruby field at the Ministry of Energy's offices, Tower C, International Waterfront Complex in Port of Spain. Ruby expected to start producing oil and natural gas next year.



From left Mark Loquan President NGC, Conrad Enill Chairman NGC and Franklin Khan Minister of Energy and Energy Industries , at contract signing ceremony of the gas sales agreement between NGC and Block 3(a) consortium for the Ruby Field at the Energy's Ministry head office at the Waterfront . Port of Spain. - SUREASH CHOLAI

Even though Ruby is a shallow water field in Block 3(a) off the north east coast, at the country's first deepwater bid round in 2013/2014, BHP aggressively went after the blocks up for bid and won all of them. Last year, the company announced a possible 3.5 trillion cubic feet find in its deepwater fields off the north coast of Tobago and east coast of Trinidad.

In 2019, the government did announce a shallow water bid round where six offshore blocks were put up for auction but only three bids were made by two companies – BP and Shell. It has not yet been determined if the bids were accepted.

Ruby will have five development wells and one platform pumping oil from the Ruby and Delaware fields.

Khan described Ruby as more of an oil find with a gas cap. In an interview with reporters after he noted that oil, although its price was not as high as before covid19, it rebounded better than gas, with a price of about US\$40 (WTI) and US\$43 (Brent) per barrel, while natural gas is US\$1.67/ mmbtu

Khan said in the first instance companies will produce the oil, then when that is depleted, the gas cap would be produced. “So the gas production would not peak until later in the life of the field,” Khan said. This works out well for the Treasury since the country makes more money on taxes and royalties from oil than gas, he added.

The Ruby agreement would see a boost in the country’s oil production by 16,000 barrels of oil a day at its peak and 85 million standard cubic feet of natural gas per day (mmscf/d). In a release from the NGC, the company noted that this amount of gas can supply a large-scale ammonia or methanol plant, which would normally use between 40 to 100 mmscf/d depending on the plant’s output.



From left Mark Loquan President NGC, Conrad Enill Chairman NGC, Franklin Khan Minister of Energy and Energy Industries , Vince Pereira President BHP Trinidad and Arlene Chow CEO Heritage Petroleum at contract signing ceremony of the gas sales agreement between NGC and Block 3(a) consortium for the Ruby Field at the Energy's Ministry head office at the Waterfront . Port of Spain. - SUREASH CHOLAI

At least eight plants in the Point Lisas Industrial Estate have shuttered over the last seven months as petrochemical commodity prices slumped over weak demand and over supply in the market, exacerbated by the covid19 pandemic. Khan acknowledged the volatile international market, saying that for the plants to re-open there would have to be an upswing in the market, which would depend heavily on the re-opening of the worldwide economy.

"Methanol, ammonia and urea are at rock bottom prices so no matter what gas price you offer there will still be a challenge to be (profitable)," Khan said. "They are internationally traded commodities. We have no say in the prices. We hope for an upswing in the market, we monitor it, but let's face it, that upswing will only come with the re-opening of the economy."