



**Government of the Republic of Trinidad and Tobago
MINISTRY OF ENERGY AND ENERGY INDUSTRIES**

FEATURE ADDRESS

BY

MINISTER OF ENERGY AND ENERGY INDUSTRIES

AT

**THE PRESENTATION OF THE
GAS AUDIT RESULTS FOR THE YEAR END 2020**

AND

OFFICIAL LAUNCH OF THE 2021 DEEPWATER BID ROUND

AT

THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES

ON

TUESDAY 14TH DECEMBER 2021

Salutations:

1. Acting Permanent Secretary, Ministry of Energy and Energy Industries,
Penelope Bradshaw-Niles
2. Acting Permanent Secretary, Ministry of Energy and Energy Industries,
Sandra Fraser
3. Petroleum Engineer and Vice President, Ryder Scott Company,
Mr. Herman Acuna
4. Management and Staff of the Ministry of Energy and Energy Industries
5. Members of the Media
6. Ladies and Gentlemen

Good morning

Today is a historic occasion. It is the first time that Annual Natural Gas Audit Results are presented alongside the launch of a bid-round. It is my pleasure to welcome you to this momentous event at which the Results of Natural Gas Audit for the year ended December 31, 2020 will be presented and then be followed by the launch of the 2021 Deep-water Bid Round. Following the launch of the deep-water bid round I am available to take a few questions from the media on both presentations.

Ladies and Gentlemen, welcome to the Results of the Annual Audit of the Non-Associated Natural Gas Reserves and Resources of Trinidad and Tobago for Year End 2020. We are ending 2021 as we began it, by announcing the results of another successfully completed gas audit. This is in keeping with Government's policy to communicate transparently and openly with the public and to foster a deeper understanding of the country's hydrocarbon resources that remain the driving force of the economy.

The audit was performed by the Ryder Scott Company, which began conducting Natural Gas Audits for and on behalf of the Government of Trinidad and Tobago beginning with the Year End 2000 Audit. Thereafter, Ryder Scott completed Audits annually till the current 2020 Audit, with the exception of 2005. The current Cabinet approved the contract with Ryder Scott Company which ends this year, with the submission of this, the fifth and final audit. At this time the Ministry is supporting a highly competitive tender process to select the consultant for a future audit contract covering the next five (5) year period from year-end 2021 to 2025.

The main objective of the Audit is the provision of an **independent** certified statement of the country's natural gas Reserves and Resources in an internationally recognized reporting format.

I further emphasize here that Ryder Scott is an independent petroleum consultant and therefore has no vested interest in this country or its reserves, unlike an International Oil and Gas Company that must compete for project investments based on these reserves. In order for the results of the audit to hold any credibility, resource volumes must be assessed in accordance with industry standards. Ryder Scott uses internationally recognized and accepted standards that have been set by the World Petroleum Council, the Society of Petroleum Engineers, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Thus, we can be assured that the detailed country report produced by Ryder Scott provides sound and well-founded data, which can be used as a basis for the development and shaping of national energy strategies.

The current international reserve standard, last revised in 2018, introduced the new terms Technically Recoverable Resources, as well as P1 + C1 Resources. I will use these terms from here on. Since we last presented to the nation on the Gas Audit eleven months ago, the results of the current audit have shown a small downward revision in the Technically Recoverable Resources.

If we examine **Chart One (1)**, which references Total Unrisked Technically Recoverable Resources (formerly Proved + Probable + Possible) from 2000 to 2020, we observe the consistent upward trend in Total Unrisked Technically Recoverable Resources over the 2016 to 2019 period ending with a small decline in 2020. At the same time, gas production fell significantly between 2019 and 2020, due to amongst other things, project delays caused by the COVID 19 pandemic.

The P1 + C1 Technically Recoverable Resources, which were formerly referred to as Proved Reserves, similarly experienced a small decline this year. Between 2019 and 2020, there was only a 57% Replacement of this Resource, compared to 112% replacement between 2018 and 2019. This meant, as shown in **Chart Two (2)**, that 1.06 TCF of P1 + C1 Resources produced were replaced by additions amounting to 0.60 TCF in that year, pushing down the P1 + C1 Resources from 10.7 TCF to 10.2 TCF.

However, the P2 +C2 Resources, which were formerly referred to as Probable Reserves, showed a 5.4% increase between the 2019 and 2020 audits.

Exploration Resources rose from 2019 to 2020 by almost 10%, largely due to leads and prospects identified by the Ministry and reviewed for the first time by Ryder Scott in preparation for the recently opened 2021 Deepwater Competitive Bid Round. The effect of these additions is seen in **Chart Three (3)**. This rise follows a decline between 2017 and 2019 due to the movement of volumes in the deep-water.

The Year End 2020 Audit report highlights the following movements within the P1 + C1 Technically Recoverable Resources (former Proved) category:

1. The 2017 Trinidad Region Onshore Compression Project, also known as TROC, resulted in upward reserve adjustments for fields located in the Mahogany and Amherstia hubs with the migration of P3 + C3 and P2 + C2 volumes into the P1 + C1 category.
2. The Cassia offshore compression project is expected to be operational in the first half of 2022, and will result in a further migration of resources to the P1 + C1 category. Volumes resulting from the successful 2019 Ginger well were added this year.

3. Updated mapping in BHP's Bele field, discovered in 2019, added significant volumes. The Deepwater discoveries now account for the majority of BHP's P1 + C1 Resources by Ryder Scott's estimation.
4. For Shell, there was a negative revision in the Bounty field due to the results of the B-3 well.
5. For EOG there was a positive revision in the Parula field based on the performance of the Parula-10ST well.

The Year End 2020 Gas Audit was successfully completed in the midst of the border closure brought on by COVID 19 pandemic and was once again a virtual Audit. The schedule of activity for 2022 include an independent assessment of the Royston discovery by Touchstone in the Ortoire Block and remapping and revaluation of reserves of BHP's Delaware and Bongo fields, Shell's Cassra and Orchid fields and BPTT's Matapal field.

As is the case for 2020 and previous audits you can be assured that this Government will continue its drive for transparency in the energy sector, and to keep the public reliably informed. After all these resources are owned by the citizens of Trinidad and Tobago.

The outlook for natural gas is that there is a need for Trinidad and Tobago to continue to encourage exploration as well as appraisal and development drilling so that resources can be moved from the categories of higher risk to the lowest risk P1 + C1 technically recoverable resources category.

It is with this realization that we have scheduled a series of bid-rounds over the next twelve months starting with our deep-water bid round which was launched in Houston on the 5th December 2021 and is being launched today in Trinidad and

Tobago. However, before I provide details on the deep-water bidround I take this opportunity to express on behalf of the Government sincere thanks to Mr. Deji Adeyeye and the Ryder Scott Team for the sterling audit work they have completed over the five year contract period. I would also like to acknowledge the work done by the staff at Ministry of Energy and Energy Industries, for their contributions to these audits. And to highlight the work done by the young people in these audits.

I now turn to the deep-water bid-round. I am pleased to announce the launch of the 2021 Trinidad and Tobago Deep Water Competitive Bid Round. The Opening of the Bid Round was marked by the publishing in the Gazette of the Petroleum Regulations (Deep Water Competitive Bidding) Order, 2021, on December 3rd, 2021. The Bid Round will be open for six (6) months, with the deadline for submission being June 2nd, 2022 at 12 noon. Successful bidders will be announced three (3) months following the close.

The blocks are to be offered via production sharing contracts and comprise seventeen (17) blocks, namely, Blocks 23 (b), 24, 25 (a), 25 (b), 26, 27, TTDA 1, TTDA 2, TTDA 4, TTDA 8, TTDA 9, TTDA 11, TTDA 15, TTDA 25, TTDA 26, TTDA 28 and TTDA 29, located in the deep-water marine area off the Northern and Eastern coasts of Trinidad and Tobago. The Total unrisks resource estimate of these blocks is approximately 18.1 TCF.

The blocks were selected based on the technical evaluation of their prospectivity by an internal evaluation team, nominations by stakeholders and the proximity to the successful BHP deep-water exploration campaign.

There is also a wealth of 2D and 3D seismic data acquired through multi-client arrangements and by upstream operators in our early deep-water initiative. This

dataset, together with available well data will aid in de-risking the blocks and thus identify the best suitable candidates for exploration.

Some of the key provisions of the Deep-Water Model Production Sharing Contract are fiscal stability via ring-fenced Production Sharing Contract, Cost Recovery up to 80% and the Minister is required to pay taxes and royalty on behalf of the contractor out of the Government Share of Profit Petroleum. The Minister's Share of Profit Petroleum and the minimum work obligations are biddable items.

This Deep Water Bid Round has already generated waves of interest at a number of promotional events and conferences and right here in Trinidad. In July 2020 we started the process with a virtual data room and to date, the room has been accessed by 12 major oil and gas companies. In addition to this, the Ministry has established a physical data room which displays the remainder of our deep water dataset.

During the period of time that the bid round will be open, there will be international promotions and roadshows showcasing Trinidad and Tobago's Deep Water acreage. The roadshow was kicked off in Houston on December 5th to 8th, 2021 at the 23rd World Petroleum Congress which I attended along with a Technical Team from the Ministry. Trinidad and Tobago had a booth providing in-depth details of the deep-water bid round. Our presentation was well received and there was interest from oil and gas companies. I have also taken the opportunity to engage with energy stakeholders with interests in Trinidad and Tobago - BP, Shell, EOG and BHP. All were receptive to our discussions and reaffirmed their commitment to continued activity in upstream operations in Trinidad and Tobago.

The process of oil and gas exploration through Competitive Bidding Rounds has proven to be successful and the positive outcomes have had a major impact on the country's economy. The Deep-Water Competitive Bid Round 2021 represents the

Government's continuing commitment to the timely development of the nation's hydrocarbon resources.

Ladies and gentlemen, this bid round is a very significant one for our country. It is the first Deep Water Bid Round being held since 2014. Preparations for this Bid Round began in March 2020 when the Ministry invited nominations for blocks . The request for nominations were well received with 27 nominations for the 17 blocks. This is indication of the high interest in the blocks and augurs well for a successful bid-round.

The technical staff of the Ministry led the Permanent Secretary have worked assiduously to put together this bidround and I wish to sincerely thank the Team for their efforts in making today and the bid-round a reality.

In closing, I would like to thank all stakeholders for your attendance and interest and I look ahead to your participation and a successful bidround.

I thank you.

Minister.

CHART 1

Trinidad and Tobago's Total Unrisked Technically Recoverable Resources of Natural Gas from 2000 to 2020

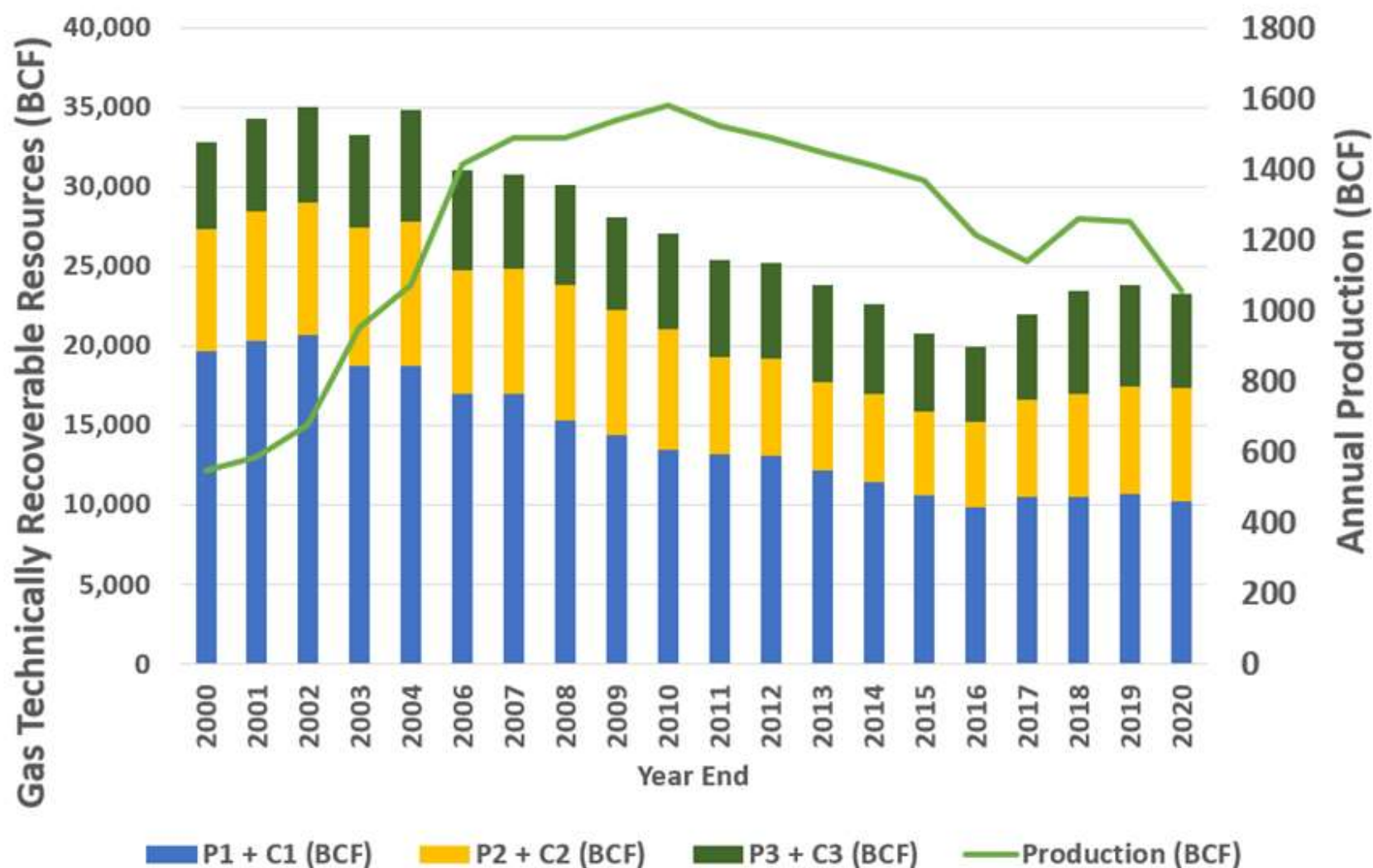


CHART 2

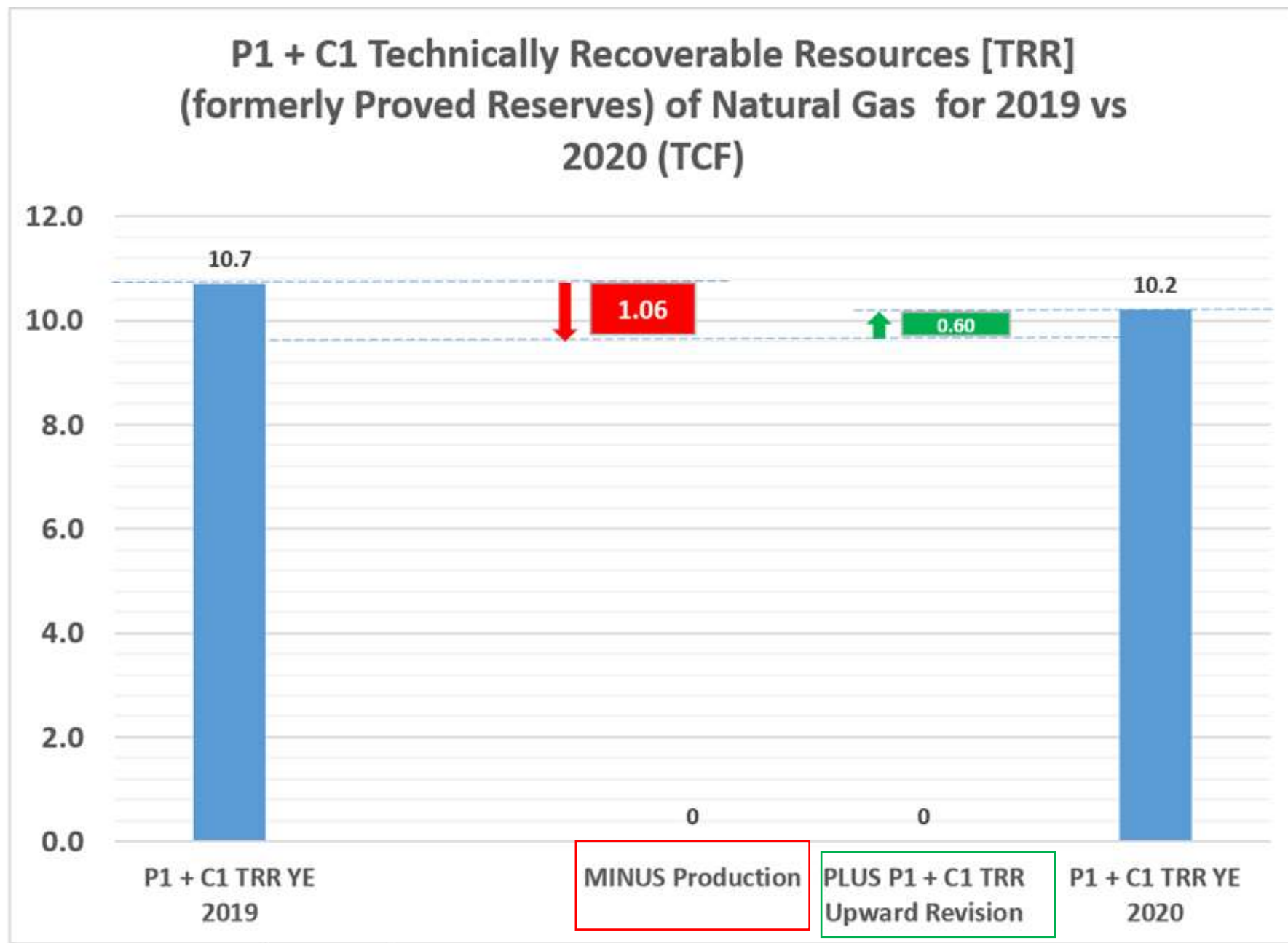


CHART 3

