



Trinidad and Tobago Energy Industry

HISTORY

Trinidad and Tobago can boast the oldest energy industry in the world; or at the very least that the effort to find oil extends back further than it does in any other country. Find that hard to believe? Maybe, but its true nonetheless.

It was in 1857 that a well was drilled in the vicinity of the world-famous Pitch Lake in southwest Trinidad to a depth of 280 feet in an effort by the Merrimac Company to find oil. Two years later, in 1859, Colonel Edwin Drake sank his famous well in Titusville, Pennsylvania, which historians now credit with launching the international oil industry.

That historic Trinidad well, it is true, did not prove commercial and it took another nine years, until 1866, for the first producing well to be drilled at Aripero, also in south Trinidad, by Walter Darwent, an engineer from the UK.

Up to 1934, Trinidad was the world's 11th largest oil producer at a time when today's giant, Saudi Arabia, was nowhere to be seen in the top 22. Trinidad was even ahead of Venezuela, which produced only 9.3 million barrels in that year, compared with Trinidad's 11.4 million barrels.

What all this means, of course, is that this southeast Caribbean twin-island nation of 1.29 million people has enjoyed a 149-year long association with the oil industry, making Trinidad and Tobago and hydrocarbons inextricably intertwined.

This lengthy connection has meant that the world's major energy companies have, at one time or another, been attracted to the country. Exxon, Shell, BP, Texaco, Chevron, Conoco, Mobil, Total, and ENI have all been active in Trinidad and Tobago at some point.

Today, the companies that remain predominant in Trinidad and Tobago's energy sector are BP and BG, from the UK, Repsol YPF from Spain, ChevronTexaco and EOG Resources from the US, BHP Billiton from Australia, Petro-Canada from Canada and Petrotrin and the National Gas Co. (NGC), both state-owned local corporations. Petrotrin is actually the largest single oil producer, lifting 51,461 b/d out of a total of 152,229 b/d in April, 2006 (latest Energy Ministry data). BHP Billiton, which has only been involved in Trinidad and Tobago since 1996, is the second biggest producer, with some 41,085 b/d. BPTT, which was head of the production class for decades, has yielded that position to Petrotrin and is now down to 26,095 b/d, the vast majority of it condensate (the very light oil, which comes with gas).

GAS RESERVES

It will take a long time for the oil producers to close the gap between 152,229 b/d and 650,000 b/d but nobody is unduly worried about that because becoming a gas-based economy – the first in the world, say some experts – has brought substantial benefits to Trinidad and Tobago. At the current rate of gas usage (around 3.7 billion cubic feet a day – bn cfd), proven natural gas reserves are estimated to be able to last for 16.3 years and, in the case of oil, 11.6 years.

This does not take into account gas and oil classified as "probable" or "possible", which increase the life span in both cases significantly. No analyst really expects Trinidad and Tobago to run out of either gas or oil anytime soon. There is a major exploration programme by four companies (two of them entirely new to the country – Kerr-McGee from the US and Canadian Superior from Canada) currently underway, which requires the drilling of at least 13 exploratory wells offshore of Trinidad. Another round of exploration is due to be launched late in 2007, when four blocks are due to be finally signed off based on the bid round of 2006. This will be a historic initiative in that, for the first time, the Energy Ministry is offering deep horizon blocks on land in an effort to identify completely new oil reserves at levels not generally drilled before. The prognosis for favourable results is said to be good. The offshore blocks being explored under bid rounds are expected to yield more gas discoveries.

GAS-BASED INDUSTRIES

Trinidad and Tobago has adroitly used its gas to create the gas-based economy earlier mentioned. Gas reserves have been applied to building a huge, US\$12 billion industrial sector, encompassing 34 plants producing such products as ammonia (10 plants), methanol (seven), urea (one), steel (five), LNG (liquefied natural gas – four), as well as powering four electricity generation stations.

The country's success in monetising natural gas has made it the world's largest exporter of both ammonia and methanol and, in only six years, the world's fifth largest exporter of LNG, almost all of which goes to the US, constituting 80% of US LNG imports. One methanol plant – M5000, owned by Methanol Holdings Trinidad Ltd (MHTL) – is currently the largest in the world at 1.89 million tonnes a year, and the fourth LNG train owned by the Atlantic company is still the world's biggest, at 5.2 million tonnes, with a gas intake of 800 mmcfd.

The diversification of the Trinidad and Tobago energy industry out of oil production and refining into a wide range of gas-using industries, with scores more to come as primary products from gas are converted into additional products downstream, means that the prospects for investment in the sector are now much greater than ever before.

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