

ExxonMobil Oil Find may be 12 times Guyana's GDP

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by Andrew Rosati and Joe Carroll July 22, 2015 (Bloomberg.com)

An Exxon Mobil Corp. discovery off the coast of Guyana may hold oil and natural gas worth 12 times the South American nation's entire economic output.

The Liza-1 well, which probably holds the equivalent of more than 700 million barrels of oil, may begin pumping crude in as few as five years, Raphael Trotman, Guyana's minister of governance, said in an interview Monday 20 July 2015.



President David Granger during his visit to the ExxonMobil's rig.

The prospect would be on par with a recent Exxon find at the Hadrian formation in the Gulf of Mexico, and would be worth about \$40 billion at today's international crude price.

Guyana produces no oil and its gross domestic product of \$3.23 billion in 2014 ranked between Burundi and Swaziland, according to the World Bank. Exxon, which as a market value of \$341 billion, has declined to provide an estimate for Liza-1 since describing the discovery as "significant" in a May 20 statement.

“A find of this magnitude for a country like ours, which sits on the lower end of the scale of countries in this hemisphere, this could be transformational,” Trotman said. “From my sense, from speaking to experts outside of Exxon, it has to be something excess of 700 million barrels.”

Exxon, which began drilling the well in March, said it found a 295-foot (90-meter) column of oil- and gas-soaked rock in a subsea region known as Stabroek Block. The well is 120 miles (193 kilometers) offshore and 5,710 feet beneath the sea surface.

Exxon Revival

The discovery may foretell a revival for the Irving, Texas-based company, which has been stung by three consecutive years of declining production and slowing reserves growth. Exxon’s exploration failure rate worsened to 39 percent last year from 33 percent in 2013, according to a February filing with the U.S. Securities and Exchange Commission.

“We’re encouraged by the results of this first drilling exercise,” Exxon spokeswoman Lauren Kerr said in a telephone interview. “We are continuing to evaluate the additional potential of the block.”

Kerr declined to comment on Trotman’s 700 million-barrel estimate.

Exxon is expected to post its lowest profit since 2009 for the second quarter when it announces financial results on July 31, according to the average of 11 analysts’ estimates compiled by Bloomberg.

The Guyana discovery would be on par with the combined size of a cluster of three reservoirs Exxon found in the Gulf of Mexico between 2009 and 2011.