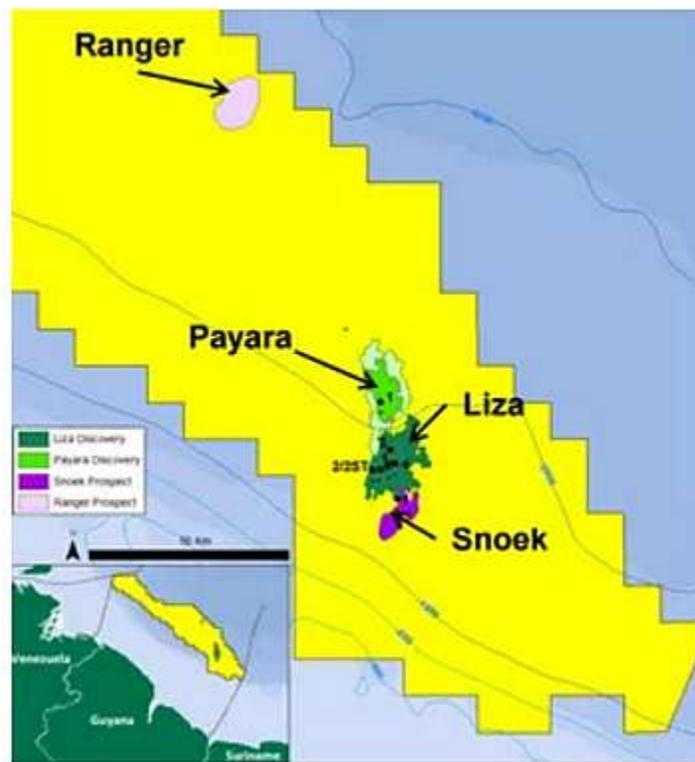


ExxonMobil announces second giant oilfield offshore Guyana ...500 million barrels of oil found

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IRVING, Texas—(BUSINESS WIRE)—Exxon Mobil Corporation (NYSE:XOM) today announced it has discovered additional oil in the Payara reservoir offshore Guyana, increasing the total Payara discovery to approximately 500 million oil-equivalent barrels.



These positive well results increase the estimated gross recoverable resource for the Stabroek Block to between 2.25 billion oil-equivalent barrels and 2.75 billion oil-equivalent barrels.

The well was successfully drilled by ExxonMobil affiliate Esso Exploration and Production Guyana Limited and encountered 59 feet (18 meters) of high-quality, oil-bearing sandstone in the Payara field.

It was safely drilled to 19,068 feet (5,812 meters) in approximately 7,000 feet (2,135 meters) of water. The well is only 12 miles (20 kilometers) northwest of the recently funded Liza phase 1 project on the Stabroek Block, which is approximately 130 miles offshore Guyana.

“Payara-2 confirms the second giant field discovered in Guyana,” said Steve Greenlee, president of ExxonMobil Exploration Company. “Payara, Liza and the adjacent satellite discoveries at Snoek and Liza Deep will provide the foundation for world class oil developments and deliver substantial benefits to Guyana. We are committed to continue to evaluate the full potential of the Stabroek Block.”

The Stabroek Block is 6.6 million acres (26,800 square kilometers). Esso Exploration and Production Guyana Limited is operator and holds 45 percent interest in the Stabroek Block. Hess Guyana Exploration Ltd. holds 30 percent interest and CNOOC Nexen Petroleum Guyana Limited holds 25 percent interest.

ExxonMobil, the largest publicly traded international oil and gas company, uses technology and innovation to help meet the world’s growing energy needs. ExxonMobil holds an industry-leading inventory of resources, is the largest refiner and marketer of petroleum products, and its chemical company is one of the largest in the world.

Three Worlds One Vision ~ Guyana – Brazil – USA Guyana ties the knot with ExxonMobil

Posted by Rosaliene Bacchus in Guyana

<https://rosalienebacchus.blog/2017/07/23/guyana-ties-the-knot-with-exxonmobil/>



Exxonmobil country manager Rod Henson receives production license from
Minister of Natural Resources Raphael Trotman
Georgetown – Guyana – June 15, 2017
Photo credit: Guyana Ministry of Natural Resources

On June 15, 2017, Guyana tied the knot with ExxonMobil with the signing of a production license for the extraction of oil and natural gas, located offshore the Caribbean/South American nation with a population of 800,000 people. With this license, together with the Environmental Permit granted on June 1st, ExxonMobil will proceed with the Liza Phase 1 development. Located 120 miles offshore in an area known as the Stabroek Block, the Liza field development includes a subsea production system and a floating production, storage and offloading (FPSO) vessel designed to produce up to 120,000 barrels of oil per day. Exxon and its partners plan to begin production by 2020.

ExxonMobil's press release on June 16th states: "Phase 1 is expected to cost just over \$4.4 billion, which includes a lease capitalization cost of approximately \$1.2 billion for the FPSO facility, and will develop approximately 450 million barrels of oil.

It is a marriage of unequal partners. ExxonMobil's profit margin in 2016 is more than twice that of Guyana's GDP of US\$3.5 billion for the same year. With the assistance of local and foreign experts in the industry, the Guyana government has reviewed the Production Sharing Agreement (PSA), signed in 1999 when exploration began under the former leftist Guyana government.

Full disclosure of the ExxonMobil PSA is not available to the public. Guyana's Minister of Natural Resources Raphael Trotman indicated that full disclosure is not within the national interest at this time. Prime Minister Moses Nagamootoo was more explicit, citing the century-old unresolved border dispute between Guyana and Venezuela as a security risk. [The Stabroek Block is located in the disputed territory.] Reaffirming the Prime Minister's stance, Minister of State Joseph Harmon added that a "legal consideration" in the Petroleum (Exploration & Production) Act (1998) also prevents full disclosure.

Based on information released by the Minister of Natural Resources, Guyana will receive a royalty of two percent on gross earnings. When production begins in 2020, 75 percent of total revenues will go to ExxonMobil for its investment in exploration and preparation for production—estimated at US\$5 billion. The remaining 25 percent will be shared 50-50 between ExxonMobil and Guyana.

To avoid the "resource curse" that occurs with the mismanagement of oil revenues, Minister of Finance Winston Jordan has announced the preparation of a Sovereign Wealth Fund (SWF). The draft includes input from the Commonwealth Secretariat, the World Bank, and other international agencies. With an effective SWF in place, the country expects to obtain long-term investment and financial benefits from its oil, gas, and mineral resources.

Mismanagement of its petrodollars is not the only challenge Guyana faces. The racially-divisive, developing country has a history of corruption. To tackle this issue, the **Guyana Oil & Gas Association** partnered with the Caribbean Institute of Forensic Accounting and the African Business Roundtable (South Africa) to host a two-day symposium on

July 5-6th in the capital, Georgetown, on “Public Corruption and the Curse of Oil: Lessons from Developing Countries.”

Vicky McPherson, one of the panelists, noted: “You can have all of the laws and regulations in place, but if you don’t have the leadership and the personal conviction, quite frankly, to not steal from the public coffers, none of this matters.”

In yet another effort to achieve transparency in the industry, the Ministry of Natural Resources obtained assistance from The Carter Center to support Guyana’s bid to join the Extractive Industries Transparency Initiative (EITI): an international standard for the good governance of revenues derived from oil, gas, mining, and other natural resources.

More danger lurks with this marriage of unequal partners. Who will monitor and regulate the mammoth?

On April 5, 2017, Guyana’s Attorney General and Minister of Legal Affairs Basil Williams met with the American team for Energy Governance and Capacity Initiative (EGCI), a program of the Bureau of Energy Resources of the US Department of State. According to the press release from Guyana’s Department of Public Information (DPI), the American team confirmed their commitment “to building infrastructural and institutional databases as well as to provide technical assistance to countries that are in the early stages of developing an oil and gas industry.” Considering that their boss, the US Secretary of State Rex Tillerson, is the former CEO of ExxonMobil, Guyana should be concerned about likely future conflicts of interest.

The oil and natural gas market also faces new risks with the global transition to renewable energy. In 2016, as the price of wind and solar power continued to fall, renewable energy capacity has grown worldwide. According to a new report in the Energy Watch Group Newsletter June 2017, ExxonMobil and the other four major oil companies “risk spending more than a third of their budgets by 2025 on oil and gas projects that will not be feasible if international climate targets are to be met.”

This risk has not gone unnoticed among ExxonMobil’s shareholders. At the end of May, 62 percent of them voted in favor of more open and detailed analyses of risks posed by climate change policies. Meanwhile in Guyana at an oil and gas seminar, the Minister of Natural Resources assured local participants that the discovery of oil and natural gas will not slow the country’s move towards the use of 100 percent renewable energy by 2025.

How much risk would Guyana have to assume should their Liza Phase 1 development project become unprofitable and abandoned? Our global capitalist economic system thrives on indebtedness. ExxonMobil is in this marriage to win. We can be sure that their prenuptial agreement was drawn up in their favor.