

The South American Country, Guyana, upcoming offshore 2023 oil auction
By Faisal Ally; April 6, 2023 (Edition 1); 9am

The small South American country Guyana commenced its offshore oil production back in December 2019. 'Guyana estimates it has up to 25 billion barrels of oil and gas in place o its coast. A consortium that includes Exxon Mobil, Hess and CNOOC operates the country's most important area, the 6.6-million-acre (26,800 sq km) Stabroek block, with more than 30 discoveries to date' (3).

Guyana is looking for quicker growth by moving forward in its oil expansion by having an upcoming auction on 14 of its offshore oil blocks where other companies will be bidding for these exploration oil blocks. At least 10 companies have shown interests in these oil and gas exploration projects. Some of the companies are 'Shell, Petrobras and Chevron' (3).

Back in February of 2023, President Irfaan Ali and Vice President Bharrat Jagdeo of Guyana were in India, where parties from 'the United Arab Emirates, Qatar and the United States' (Ref1) had attended. Guyana has also 'been in talks with the United Arab Emirates and the United Kingdom' (Ref 1) on its oil boom. Guyana 'is also considering allocating extra blocks to countries including Brazil, Qatar and India through bilateral agreements' (Ref1).

Originally, the offshore oil auction were to be held on April 14, 2023, but have been delayed due to the Guyanese government being in the process of finalizing its 'contract terms and legislation that ensure it secures a larger share of proceeds,' Jagdeo said during an interview in Houston. In the past, many have spoken out against the low oil royalties that were given to Guyana, but there's good news where Guyana 'plans to increase royalty rates to 10% from 2%, the corporate tax to 10% from zero, and reduce oil companies' so-called cost-recovery limits' (4).

Guyana's oil production commenced back in December 2019 and so far 'Guyana received \$350 million in 2020 and 2021, and \$1 billion in 2022. The government receives a portion of the revenues for its spending budget while the rest is allocated to a sovereign wealth fund' (4). The Government had 'announced that the Natural Resource Fund (NRF) has received a total of US\$377,140,826.94 in oil revenue so far for the year' (5).

There have been many discussions on pollution and what would happen if there happens to be an oil spill in the ocean. Who takes care of the bill? So far 'the country is allowing ExxonMobil to operate offshore without full liability coverage in the event of an oil spill, which means that the risk is borne by Guyana' (5).

The Government of Guyana needs to take a stand to ensure that disasters are prevented in the ocean. An oil spill will cause major damage to the environment by polluting to the air, the ocean, oil washing up in the nearby islands and countries, destroying the ocean life, the Guyana fishing industry, many jobs, and which will be very costly for the Government and the people of Guyana.

(Note, the information presented in this write up was researched and links and excerpt were posted on www.allymedia.ca on April 4, 2023 in the blog: Guyana-South American oil boom.)

References:

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