

The Stabroek Block Oil Contract and Environmental Management

Dr Vincent Adams

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Stabroek Block Oil Contract

- Indisputably Lop-sided
- 2016 & 1999 Contracts almost the same
- Disinformation - Propaganda
 - 2016&1999 Contracts different – Exploration vs Production
 - “Govt has already improved PSA”
 - I oversaw the contract and involved in hiding the signing bonus
- No capability to manage a PSA type contract

Stabroek Block Oil Contract

- Should have been a Concession type contract
 - Simple and easy to oversee
 - Very little audits
- No Ring fencing
- No taxes and beyond
- 75% Cost Oil is NOT a CAP

Hiding of Oil Reserves (est 18.7 billion barrels)

WHY??

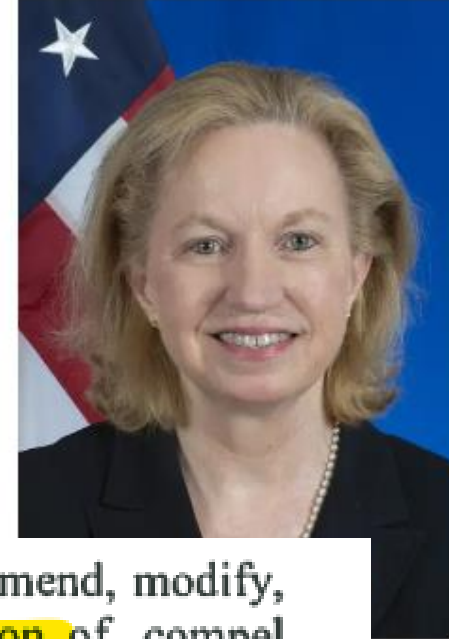
- ▶ Article 20.iii.gg of Oil Contract

(gg) All costs included in the approved abandonment programme and budget shall be Recoverable Contract Costs as operating costs on a unit of production basis commencing during the period when the abandonment programme and budget is approved. The amount to be recovered in a respective period shall be calculated by dividing the approved abandonment budget by the estimated ultimate recoverable reserves, which may be revised from time to time based upon the actual performance of the Field(s) and multiplying the result by the units produced in the period.

Stabroek Block Oil Contract must be Renegotiated

US acknowledges Guyana's right to renegotiate Exxon deal if it so chooses – Ambassador

- ▶ “Changed Condition”
- ▶ Clause 32.1 allows for renegotiation
- ▶ Both Opposition and Government have called for renegotiation



32.1 Except as may be expressly provided herein, the Government shall not amend, modify, rescind, terminate, declare invalid or unenforceable, require renegotiation of, compel replacement or substitution, or otherwise seek to avoid, alter, or limit this Agreement without the prior written consent of Contractor.

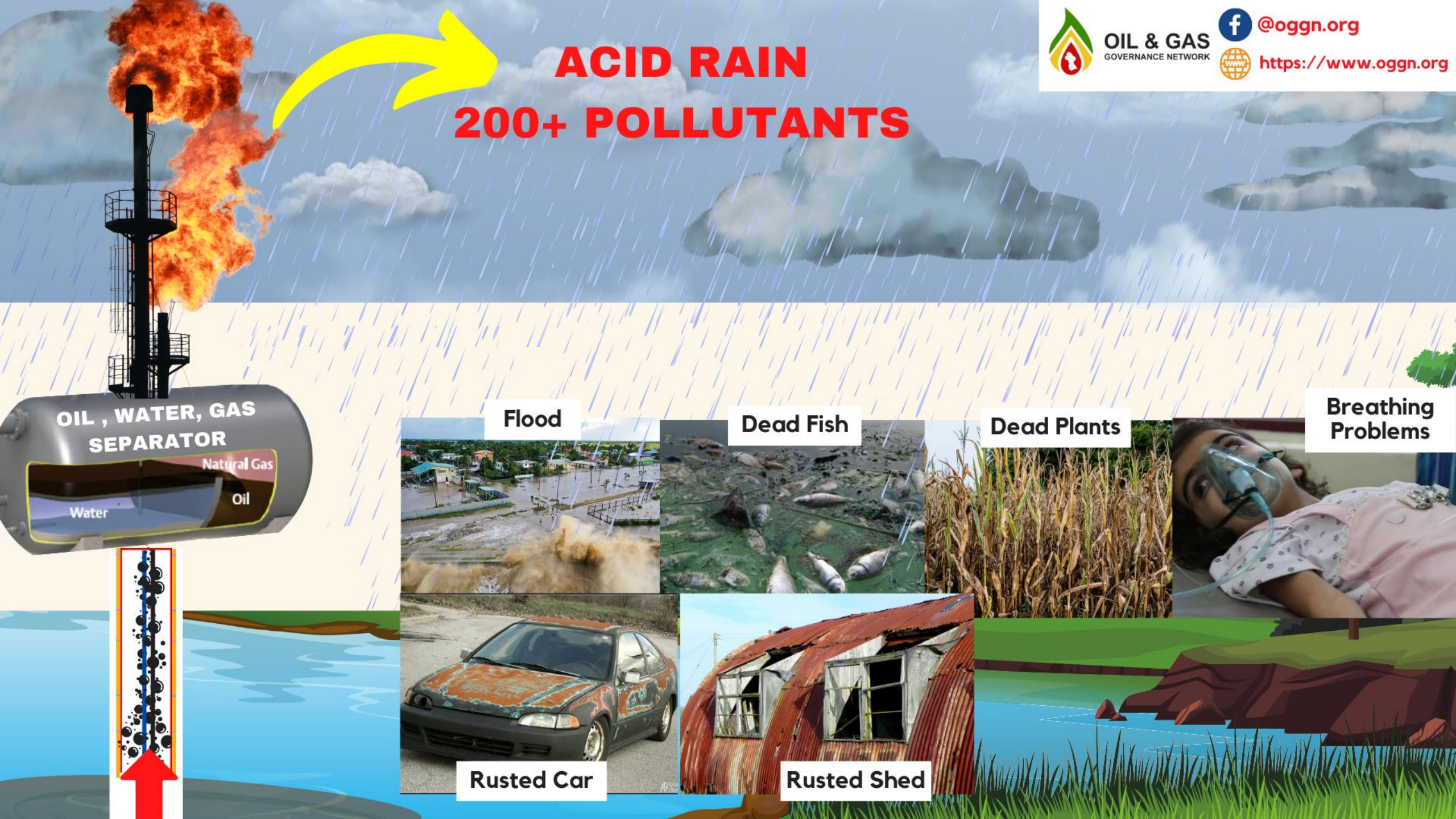
<https://www.stabroeknews.com/2019/04/10/news/guyana/us-acknowledges-guyanas-right-to-renegotiate-exxon-deal-if-it-so-chooses-ambassador/>

Environmental Oversight by the Environmental Protection Agency (EPA)

- Grossly inadequate oversight by EPA, the key guardrail
- Completely politicized
- Exxon files treated differently, hidden in Director's office
- Govt dropped suit for US \$500 fine, 2020
- Deducting Decommissioning monies before wells start producing
- NO adequate cradle to grave management of oil waste
- No adequate spill response plan
- Incentivized to flare

ACID RAIN

200+ POLLUTANTS

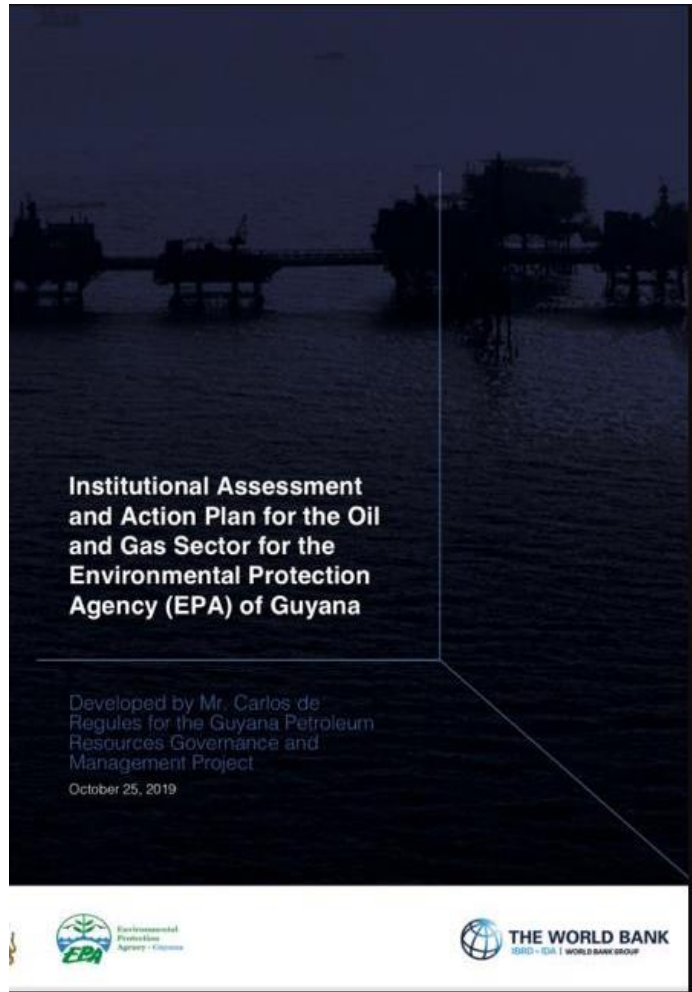


Lack of Technical Capability

- Not a single person with even 1 hour of training/experience in oil & gas
- Most senior technical staff left and looking to leave, replaced with unqualified personnel
- So has to rubber stamp all of Exxon's dictates

Lack of Technical Capability

- Drastic reversals in aggressive capacity building
 - Study leave policy
 - Sent staff to Texas
 - 9th member of International Offshore Petroleum Environment Regulators (IOPER)
 - Joined Society of Petroleum Engineers and Air and Waste Management Association
 - Hired 7 non-existing scientists and engineers
 - Set up Petroleum Engineering department at UG
 - Initiated staff training at Exxon's 'University' in Houston
 - Sent 4 staffs to chemical plants in T&T and Houston for one week.
 - World bank Oil & Gas Unit at EPA



All scrapped saying that I wanted to turn EPA into a University

PRODUCED WATER MUST NOT BE DUMPED INTO THE OCEAN

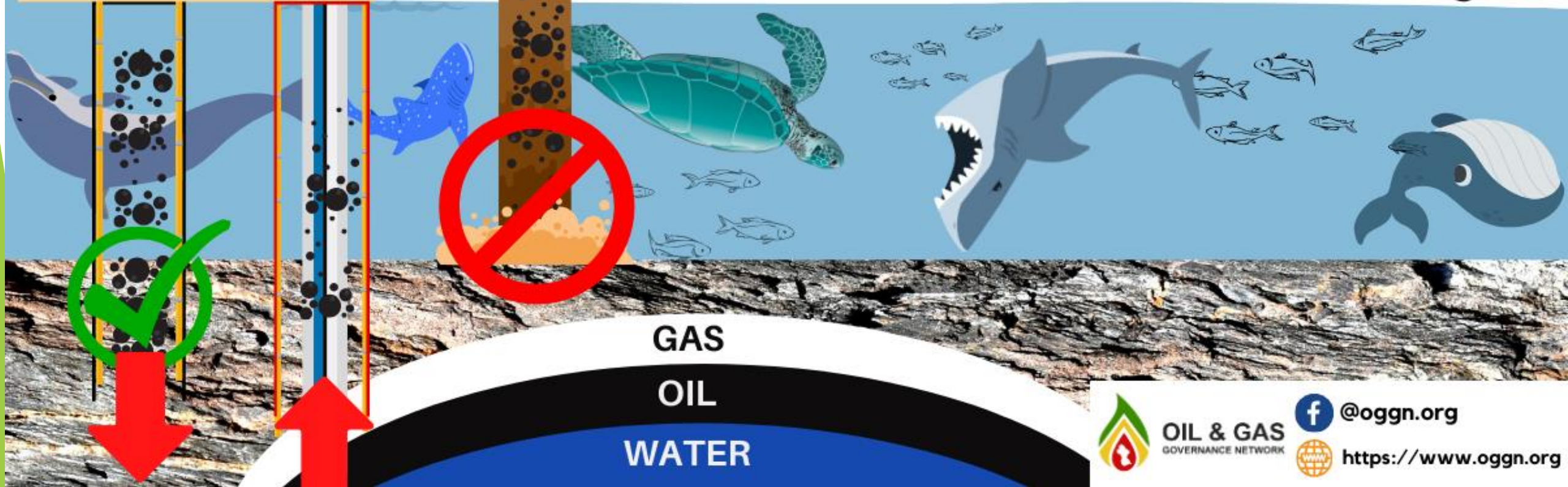
International standards require reinjection into reservoir

Billions of barrels water produced over time and dumped in sea

Hundreds of thousand barrels of oil dumped in sea

Highly toxic chemicals in dumped water - lead, mercury, radioactivity

Dumped water is 30 C above sea temperature



OIL & GAS
GOVERNANCE NETWORK



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Changes to the Environmental Permits

- Changed to allowing operating above EIA safe limits
- Changed Blowout Preventer maintenance from every 14 days to 21 days
- Changed permit to triple capping stack mobilization time to 9 days
- Changed permits to get rid of unlimited Parent Company Guarantee
- Changed to certifying an inadequate land fill for disposal of OIL WASTE
- No basis for any of those dangerous changes as should have been coming out of the studies

Changes to the Environmental Permits

- No full liability/parent company guarantee for damage
 - **US\$2 billion is miniscule amount to cover oil spill**
 - **Macondo (Gulf of Mexico) was US\$145 billion**
 - Exxon Mobil Guyana has no assets to cover major spill (Article 20.1.(b))
 - (i) deliver to the Minister, free of charge, in good order and condition, (fair wear and tear excepted) all installations, works, pipelines, pumps, casings, tubings, engines and other equipment, machinery or assets of a fixed or permanent nature constructed, used or employed by the Contractor or the Operator in the Contract Area;
 - (ii) deliver to the Minister, free of charge, any fixed assets relating to Petroleum Operations outside the Contract Area and movable assets owned by the Contractor or Operator and used or employed in connection with Petroleum Operations and located in Guyana for which costs have been fully recovered in accordance with Annex C herein; where costs have not been fully recovered the provisions of Article 20.1 (b)(iii) shall apply;



Oil spill legislation

- Overturns Judge KISSOON's ruling
- “Legitimate and reasonable costs” estimate and not unlimited

<https://www.oggn.org/wp-content/uploads/2023/05/Justice-Sandil-Kissoon-Ruling-EPA-20230503.pdf>

Lessons learned

- Nigeria law suits concerning spills
- Peru – forced govt to seize passports and file \$4.5 B lawsuit for 12,000 barrels spill
- Tobago – chaos with only 50K barrels and can't find owner