

Energy storage economics suriname

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(Petroleum Economist, 2 c.2020) -- Crumbling oil prices and volatile energy demand have tipped Latin America into a sharp recession, exacerbated by one of the world's worst Covid-19 mortality rates. But in Suriname and Guyana, at least, there are reasons to be cheerful.

Although both countries face stark economic challenges, they have emerged from electoral turmoil with new governments eager to develop their hydrocarbon resources. And their shared offshore basin has added a further six major oil discoveries in 2020, confirming the region's position as a global upstream hotspot.

Political developments have brought much-needed stability. English-speaking Guyana emerged from over a year of uncertainty, sparked by a vote of no-confidence in then-president David Granger, with the peaceful inauguration of Irfaan Ali in August. The Surinamese people rejected another five years in office for stalwart president Desi Bouterse--elected for the past decade but also de facto leader 1980-87--in March, and Chan Santokhi was sworn in less than four months later.

Both incoming governments are enthusiastic about the potential of their oil and gas sectors. Guyana recently approved a second major offshore upstream project, while Suriname launched a new shallow-water bidding round, open until April 2021.

"The Guyana-Suriname basin is one of the [world's] most attractive basins with a breakeven below \$40/bl for the Guyanese fields and around \$45/bl for the fields within Surinamese waters," says Palzor Shenga, senior upstream analyst at consultancy Rystad Energy. "However, we believe the breakeven price for the latter to go down as more and more resource gets discovered and we get closer to development scenarios."

Guyana's prolific Stabroek block appeared to provide the country with the exploration edge before 2020, with Suriname yet to make a major offshore discovery. But a trio of major finds announced this year by US independent Apache, in block 58 offshore Suriname, has helped derisk the basin.

And more exploration is underway in Suriname. Malaysian NOC Petronas spudded a well at its Sloanea prospect in block 52 and is waiting for the results. Apache is also in the process of drilling a well at the Keskesi prospect in block 58.

Heading into next year, Apache will drill its fifth target in the block at the Bonboni prospect, close to the border with block 53. Two wildcat wells were previously drilled in block 53; Kolibrie was declared uncommercial in 2015, while the results of Popokai were never revealed.

Fellow US producer Kosmos Energy had also planned to drill exploration wells. But Shell acquired a swathe of Kosmos assets earlier this year, including the firm's operating stake in blocks 42 and 45. Kosmos had previously drilled an exploration well at the Pontonoe prospect in block 42 and another at the Anapai prospect in block 45, but both proved uncommercial.

Anglo-Irish independent Tullow Oil also plans to drill at Goliathberg-Voltzberg North in block 47 in Q1 next year. The operator had previously scheduled its exploration programme for Q4 2020, but the economic crisis ultimately pushed it into next year.

Next door, rival Guyana also has plenty of additional oil output scheduled for the next five years and will likely see further exploration. ExxonMobil achieved first oil at its landmark Liza offshore project last December and is targeting a second floating production, storage and offloading (FPSO) vessel, aimed at ramping up production by mid-2022. Combined, FPSO capacity should rise to over 340,000bbl/d.

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