

Petroleum Update in the Caribbean

Cuba Hits Crude Oil Milestone

Cuban Central Petroleum Perforation and Extraction Company celebrated the arrival this Thursday at the one million tons of crude oil (7 million barrels) extracted in their facilities during 2008. It is the fourteenth time that they have reached this figure in a 12-month period, a 14% increase from what they achieved last year. This contribution added to the almost 400 million cubic meters of gas.

Reduction in fuel prices in Dominica

Dominica has again reduced the price of petroleum products to consumers. This is the sixth for the year 2008 with the last reduction on November 21, 2008. Consumers were paying less to fill their gas tanks, paying EC\$9.09 for a gallon of gasoline, down 96 cents; \$10.04EC for diesel and \$8.83 EC for kerosene.

The reduction is 9.5% or 96 cents per gallon in the case of gasoline as compared with the previous \$10.05, 6.7% or 67 cents per gallon for diesel and 7.7% or 74 cents per gallon for kerosene. The total reduction since June 20, 2008 stands at \$6.60 per gallon, \$5.93 per gallon and \$6.04 per gallon for gasoline, diesel and kerosene respectively. A reduction in the price of liquefied petroleum gas was also seen with consumers paying \$128.19 per 100 lb cylinder, \$39.46 per 30 lb cylinder, \$36.25 per 27.5 lb cylinder and \$26.64 per 20 lb cylinder.

This is the lowest that prices have reached since the implementation of the new LPG pricing and taxation formula on October 10, 2005. The prices announced previously on October 24, 2008 were \$165.83 (100 lb cylinder), \$50.75 (30 lb cylinder), \$46.60 (27.5 lb cylinder) and \$34.17 (20 lb cylinder). The government removed the Excise Tax which was applied to Liquefied Petroleum Gas as part of its effort to minimize costs to the consumer. The Excise tax which was implemented on March 1, 2006, had been fixed at \$0.45 per kilogram. This translated to 20 cents a pound or \$4.08 per 20 pound cylinder.

Grenadians paying more for petroleum products

Effective October 24, consumers in Grenada will have to pay a total of \$15.65/IG for gasoline compared to that of \$13.26/IG previously paid. The price of diesel has jumped from \$13.92/IG to \$16.45/IG but the price of kerosene has been reduced from \$11.48/IG to \$11.21.

Over on Carriacou, the gasoline price will be increased to \$15.81 from \$13.42, diesel from \$14.07 to \$16.61, while a 27 cents reduction on the kerosene price brings the cost down to \$11.38. In Petit Martinique as of Friday the price of gasoline will be increased to \$12.81 compared to the old price \$11.42, diesel will carry a price tag of \$13.61 compared to the old price of \$12.07. There is also a 27 cents reduction in the price of kerosene bringing the total price to \$11.38

The government release reported that the new retail prices are largely based on the average FOB costs; that is ex-refinery prices, for the period, July 8 - August 31, 2008.

Prior to the implementation of these price changes, the government held consultations with key stakeholders including the Bus Associations, Trade Unions Council, Bakers' Association, Non-Governmental Organizations and the Multipartite Consultation Committee. The objective of these consultations was to explain the rationale for the increases and to seek suggestions and support to minimize the impact of these increases on the population.

If the downward trend in crude oil prices continues, the government anticipated that there may be reduction in the price of petroleum products at the next review in December.

Reduction in Fuel prices in Guyana

Guyana announced a further reduction in fuel prices following the October last reduction. Gasoline is expected to be retailed at GY\$555 (US \$2.77) per gallon, diesel at GY\$696 (US\$3.48) per gallon, and kerosene at GY\$477 (US\$2.39) per gallon. This represents a 43 percent decline in gasoline prices, a 30 percent decline in diesel prices, and a 47 percent decline in kerosene prices.

Mittal Subsidiary to Invest in Search for Oil

OMEL Energy Trinidad and Tobago Limited, a subsidiary of ONGC Mittal Energy, plans to invest US\$500 million in searching for oil and gas including the exploration of five natural gas wells and building production facilities over the next four years. OMEL and state owned oil company Petrotrin on December 30 signed a contract with the government for the gas-prone North Coast Marine Area (NCMA) Block 2 which is located in water depths that averages 150 metres and comprises 98,669 hectares. The Block is within a prolific dry gas province in which a productive hydrocarbon system has been established and is on trend with the Northern Venezuelan dragon gas field and a couple gas discoveries made in 2008. Over the next four years, the joint venture plans to carry out the acquisition of 986 square kilometers of full fold 3D seismic surveys and the drilling of at least five exploration wells to depths ranging from 9,000 to 13,500 feet. Petrotrin would be a 35 per cent partner with OMEL in NCMA 2. The pre-bid screening studies provided to the company showed a high potential for hydrocarbon discoveries in the block.