GAS ENERGY LATIN AMERICA (GELA)

Specialized Energy Consulting

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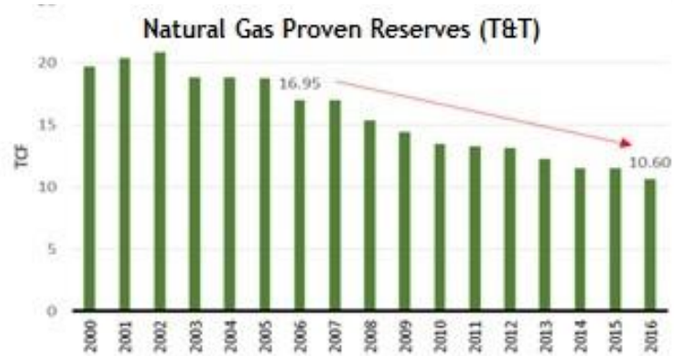
VENEZUELA AND TRINIDAD & TOBAGO (T&T): WILL GAS EVACUATION BECOME REALITY IN 2018?

After being one of the LNG largest exporters to the world, T&T is in a tough situation, which leaves without gas production to the gas and petrochemical infrastructure, compromising its economic health.

Venezuela has reserves and gas potential without developing, very close to these infrastructures, but it also has many uncertainties to achieve investments, due to the social, economic and political issues that we know.



Source: BP Stadistical 2017

Venezuela and T&T agree on 2017

In March 2017, the first understanding agreements were signed for the Gas supply from Venezuela to T&T.

These agreements take place in a context where T&T suffers a 14% annual production decline, directly affecting the LNG and petrochemical products and impacting its economy.

Venezuela never showed interest in doing business with T&T until it began to have serious money flow problems. Venezuela has 34 TCF free gas reserves in the offshore zone bordering T&T, in the area of Mariscal Sucre and Deltana Platform.

More than a decade ago, PDVSA and the Ministry granted blocks to private companies that would allocate the gas to a LNG project. This project didn't materialize; consequently, the gas export to T&T makes more sense and economic logic for Venezuela

However, Venezuela needs a lot of gas in the domestic market to alleviate its high deficit, but the prices in this market are very low, and don't encourage private activity to develop into a kind of cross subsidy. The million dollar question is, if the export using the infrastructure in T&T could support to make feasible the project.

In 2018, Venezuela and T&T would have to reach an agreement to concretize investments, thus being able to develop and monetize gas reserves; use existing infrastructure to enhance the economy of both countries. GELA estimates, not taking advantage of these synergies and not concretizing something this 2018, would be something unthinkable and irrational in our region.

Gas Energy Latin America has current reports, with relevant information on the status of negotiations and substantive issues on this treaty; if you require more information please contact us.

PERU: METHANE PETROCHEMISTRY, MYTH OR REALITY?

Peru has about 16.09 TCF proven reserves, an average daily production of 1,200 MMscfd and a reserve ratio of 36.7 years (Avg. 2017). The use as raw material is still in the fore and debate. The conditions and incentives that are needed to concretize a methane petrochemical project are being analyzed very timidly. It is clear that, under the current private sector context (which is the model prevailing in Peru); it will not do it on its own.

The methane-based petrochemical plant(s) installation still has a series of questions and obstacles to materialize:

- First, there was a kind of law, where the premise is the construction of Petrochemicals in the Peru's south, which is not necessarily the most economic, and for the moment there is no infrastructure.

- The "Gasoducto Sur Peruano" (Peruvian Southern Gas Pipeline) is closed, and GELA estimates that in 2018 its reset will be defined.

- The Peruvian society doesn't allow anchoring the LNG demand at the end of this gas pipeline, which increases the transportation costs and, therefore, reduces possibilities for methane petrochemical projects.

- Some business sectors do not believe that subsidies or state contributions should be used to encourage either the ethane gas pipeline or petrochemicals.
  - Remember that, in order for the raw material to be viable, natural gas must have prices in plant and coast quite similar or smaller than the USA markers.
  - The new Minister of Energy and Mines has put the issue back on the sector agenda; she will have to deal with giving incentives and subsidies, not only to the Gas Pipeline but also to the petrochemical industry.

GELA estimates by 2018, with force and political will, both issues could be unlocked to begin monetizing reserves, which are abundant and can contribute to the Peruvian economy.

Gas Energy Latin America has current reports, with relevant information on the status of proposals and impact analysis of the hydrocarbon industry in Peru; if you require more information please contact us.

WHAT DO WE OFFER?

The **GAS ENERGY LATIN AMERICA** services include, short/mid/long-term **RETAINER STUDIES, SPECIFIC CONSULTING STUDIES,** "In House" **TRAININGS,** specialized **SEMINARS, MULTICLIENTS** studies, specialized **REPORTS, MONTHLY NEWSLETTER**, among others.

WHY GELA?

We count with **professional consultants, specialized** and with **high experience on Energetic Sector** to attend **Argentina, Bolivia, Chile, Colombia, Ecuador, México, USA, Uruguay, Venezuela** and other countries in Latin America and Caribbean region

Our core business is to provide solutions on an innovative and efficient way **customized for every client,** through our **high know how, experience knowledge** and **independent vision.**