

Jamaica seals deal to drill for oil next year

After a few years of uncertainty, it has been confirmed that the Canadian oil and gas exploration company, Sagres will begin the process of drilling for oil in Jamaica come next year.

Energy Minister Phillip Paulwell revealed recently that a deal had been signed between his government and the company and that drilling will be concentrated on the southern St Elizabeth Coastline. While not disclosing specifics, the energy minister said the deal is a production sharing agreement where the government will receive a certain per cent of the oil and there would be no financial burden to the government. Paulwell made these disclosures while addressing a group of geologists at an awards banquet of the University of the West Indies recently. In highlighting the importance of energy to economic growth, Paulwell said it is a matter of urgency for the country to find new energy sources. In 2010, Sagres Energy, the parent of Canadian firm Rainville Energy, which has the rights to explore three blocks offshore Jamaica for oil, stated that it had identified a "seismic bump" that could indicate three billion barrels of oil undersea. However, the actual drilling had been delayed since then as Sagres, which specialised in oil exploration but was yet to venture into commercial oil drilling, sought a drilling partner. Sagres had hoped to start drilling by yearend 2011 to meet its original deadline set by the government, but was forced to seek a four-month extension from state company the Petroleum Corporation of Jamaica (PCJ) until April 30, 2012 on the first phase of its programme, to allow potential joint-venture partners sufficient time to do their evaluation of the blocks. "We continue to be excited by the potential of the La Concepcion prospect, a prospect mapped straddling Blocks 9 and 13, with an independent evaluation establishing a gross mean prospective resource estimate of 3.0 billion barrels," said President and CEO of Sagres Gary Wine at the time. Paulwell also noted at the time that, based on the data collected to date, there were indications that there could be as much as 10 billion barrels of reserves in the Walton Basin. Sagres and PCJ are party to three production sharing agreements covering the right to explore and develop three blocks covering approximately 8,860 square kilometres.