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Indices Data delayed at least 15 min	S&P/TSX 13,961.95 -75.59 (-0.54%)	Dow Jones 17,787.30 -78.04 (-0.44%)	NASDAQ 4,860.74 -33.81 (-0.69%)	TSX Venture 716.46 0.87 (0.12%)

MIDAS LETTER[®]Presented By **FINANCIAL POST**

Exxon Mobil success in Guyana Basin puts spotlight on Canadian junior

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Exxon Mobil Corporation ([NYSE:XOM](#))'s discovery of the Liza well in the Stabroek block is the subject of much anticipation by the offshore energy sector, as the super major drills a step-out well that is expected to confirm the presence of a large hydrocarbon reservoir deep beneath the Atlantic Ocean in the Suriname-Guyana Basin. But Exxon Mobil isn't the only company operating in the area; virtually every major oil and gas company in the world is jockeying for participation.

Estimates of the Liza-1 well, which was drilled to 5,400 metres in depth, suggest there could be as much as 700 million barrels of oil recoverable, implying a value of US\$28 billion. The well encountered 90 metres of what Exxon describes as "high quality oil-bearing sandstone reservoirs."

That's brought one Canadian company to the attention of the majors; JHI Associates, a private company based in Toronto, has a 35 per cent working interest in the adjacent 6,000 square kilometre Canje block in the heart of the basin.

The U.S. Geological Survey's World Petroleum Assessment published in 2000 suggests the basin may potentially host as much as 15.2 billion barrels of oil.

According to ExxonMobil CEO Rex Tillerson, "Our exploration program continues to add valuable new resource development opportunities to the resource base. Offshore Guyana, we made a significant oil discovery with the Liza-1 exploration well. Further activities are underway to evaluate the full resource potential of the acreage, including the largest 3D seismic acquisition in the Corporation's history.

In Exxon Mobil's March 2016 Analyst Day presentation, the company revealed that it plans to drill multiple exploration wells throughout 2016/17. The United States Geologic Survey ranks the Guyana-Suriname Basin as the 2nd most prospective, under-explored offshore oil basin with an estimated 13.6 billion barrels of oil and 32 trillion cubic feet of natural gas yet to be discovered.

Meanwhile, in Guyana, a delegation from the U.S. embassy that included Deloitte Advisory met with Prime Minister Moses Nagamootoo to discuss regulatory structure for the country's nascent oil and gas industry.

Under the U.S. government Energy Governance and Capacity Initiative (ECGI), funding and technical advice are provided to select countries that are poised to become the world's next generation of oil and gas suppliers.

Guyana, originally a Dutch colony until it obtained independence in 1966, is the only South American country whose official language is English. The prospective hydrocarbon nature of the Suriname-Guyanese basin is founded on the Mirror Theory of the sub-Atlantic geology, which postulates that the basin's Upper Cretaceous sediment package is a 'mirror image' of that of offshore West Africa, where several billion-barrel plus discoveries have been made in recent years, including the 3 billion barrel Jubilee field offshore Ghana.

JHI Associates is still private, though CEO John Cullen says the company may seek a public listing at some point in the future, if it isn't bought outright before then.