

THE BARBADOS ECONOMIC REPORT
ENERGY CHAPTER 2008

OIL AND GAS EXPLORATION

ONSHORE

During 2008 no new wells were drilled by the Barbados National Oil Company Limited. The total amount of product available for 2008 consists of 1.9 million barrels (bbls) of crude oil and 4,374,593 million cubic feet (mcf) of gas. These figures represent the reserves as December 31st, 2008. The products extracted during the year came from existing wells as well as the wells drilled in 2005 and commissioned in 2006.

PRODUCTION

During the period under review the production of crude oil decreased by approximately nine (9) percent. Production stood at 317,010 barrels (bbls) for the same period during 2007 while output decline to 289,692 barrels in 2008. This decrease was due to the fact that no new wells were drilled to help complement the existing ones.

In 2008 natural gas production by BNOCL decreased by ten (10) percent to 727,568 mcf in as compared with 805,432 mcf in 2007. There was no Liquefied Petroleum Gas (LPG) production during 2007 since the LPG plant was taken out of commission in September 2003. In 2004 the decision was made not to extract condensate from the gas in order to boost gas sales.

OIL AND GAS SALES AND CONSUMPTION

Oil sales for the period under review decreased by five (5) percent, from 163,948 bbls in 2007 to 151,265 bbls in 2008, while gas sales decreased by 0.5 percent to 240,588 mcf in 2008 as compared to 2007. Total sales by volume in the National Petroleum Corporation (NPC) inventory decreased by 3.3 percent, from 5,838,092 cubic metres in 2007 to 5,645,199 cubic metres in 2008.

Despite selling lower volumes because of decrease sales to BL&P, NPC however was able to connect new industrials who bought the gas at a higher price than BL&P. This was, in turn, responsible for the increase in the value of sales by 4 percent to \$6,956,990 in 2008 compared with the said period in 2007. A Slight decrease was seen in residential while the commercial sector showed a slight increase in the period under review.

However there was a decrease in the category of Special Industrial Gas. The expansion programme of the NPC continued by increasing its network of mains by 2.37 miles and has gained three hundred and seven (307) new customers during the period under consideration.

ELECTRICITY

Electricity sales for the period under review in 2008 decreased by 1 percent to 456.8 million kWh compared to 462.8 million kWh in 2007 for the mentioned period. This can be attributed to a slight decrease in sales to all categories of customers. The largest category of users continues to be the Domestic Sector, accounting for 32 per cent of total sales or 145.3 million kWh. The Barbados Light & Power Company Limited (BL&P) expanded its services by investing \$15.7 million to upgrade its capital infrastructure to accommodate forecasted demand in the period January to June of 2008.

REFINED PETROLEUM PRODUCTS

There was an overall decrease in the demand for refined petroleum products during the period under review in 2008 when compared to 2007. The consumption of gasoline for the period under review for 2008 decreased by 0.3 percent to 408,421 bbls from 409,595 bbls for the same period in 2007 while diesel consumption increased by 44 percent to 430,559 bbls during January to June when compared to 299,601 bbls in the corresponding period in 2007. Fuel oil, in contrast with the previous year decreased 25 per cent to 630,120 bbls. Kerosene sales declined 25 per cent to 1,377 bbls during the period under consideration from 1,847 bbls for the same period in 2007.

In response to price increase on the international market during the given period in review, the domestic fuel prices were adjusted in April and then a concession was given to the productive sector in June 2008. At June 30th, 2008 the retail price of gasoline was \$2.67 per litre, \$2.57 per litre for diesel and \$1.51 per litre for kerosene.

RENEWABLE ENERGY

There were no major projects undertaken in renewable energy for the period under review.

NATURAL RESOURCES

In keeping with its mandate of “promoting and developing all local natural resources, situated both onshore and within its marine jurisdiction, in an economically and environmentally sound manner”,

The Natural Resources Department continued its work on the Barbados 2008 Offshore Licensing Round and has began reviewing the legislation related to Quarrying and Mining in Barbados. Because the department is also required to advise on geological and earth science related issues within the private and public sectors, members of the department also received training in relevant areas, and access to newly acquired Ground Penetrating Radar equipment.

Due to the change in Government at the beginning of the year, the dates relating to the licensing round were amended as follows:

- Call for bidding was slated for June 9th
- Deadline for submission is September 30th
- Commencement of interviews is slated for October 20th
- Submission of recommendations to cabinet is slated for November 6th
- Announcement of winners is slated for November 20th

The attendant laws: Offshore Petroleum Act, Offshore Petroleum (Taxation) Act and Offshore Petroleum Regulations have been approved by Cabinet, and are currently awaiting publication in the Official Gazette.

The department has also acquired a Ground Penetrating Radar (GPR) system which will be used to detect underground structures and spaces, or a lack thereof, in order to ensure accurate subsurface mapping. It will be used to make determinations about the integrity of areas where people reside, or plan to build new structures.