

Cuban Oil Exploration 'Good News' For Bahamas



As of Friday, December 21, 2012

★ Sign in to favorite this

Discuss
Comment, Blog about

Share this
Email, Facebook, Twitter



By NEIL HARTNELL

Tribune Business Editor

nhartnell@tribunemedia.net

While the Bahamas prevaricates over a possible 2013 referendum, Cuba is stealing a march on it when it comes to oil exploration. A Russian company announced on Wednesday that it has begun exploratory drilling just five miles from the Bahamas' maritime borders.

Bahamas Petroleum Company (BPC), the London-listed firm that has been patiently seeking government approval to conduct its own exploration activities in the five licence areas it holds in Bahamian waters, yesterday interpreted Zarubezhneft's activities across the border as a further vote of confidence in this nation's oil prospects.

Simon Potter, the Bahamas Petroleum Company's (BPC) chief executive, told Tribune Business: "I think it underscores once again the confidence that many experts have for finding oil in this region.

"Obviously, that's good news for the Bahamas. Companies, including our own, would not be spending millions of dollars on exploration activities if they did not believe in the potential for this investment to yield commercial quantities of oil.

"It also serves as a reminder that exploration activities are already happening right now, right here on our doorstep."

According to reports by Bloomberg and Reuters, Zarubezhneft's rig is drilling in Block L, the easternmost of four blocks the company leased from the Cuban government in 2009.

The exploratory well's location is estimated to be located five miles from the Bahamas-Cuba border, and just 20 miles from BPC's proposed well location south-west of Andros. The Zarubezhneft site is also thought to be 20 miles from the last well drilled in Bahamian waters in 1987.

Kenred Dorsett, minister of the environment, indicated to Tribune Business that his Ministry - and, by extension, the Christie administration - had been provided with few to no details about Zarubezhneft's activities by the Cuban government.

The Ministry of Foreign Affairs, though, was in contact with Havana and meetings were planned with the Government's Cuban counterparts once accurate details were available.

"The Ministry of Foreign Affairs is in contact with the Cuban government, and we intend to have meetings very shortly," Mr Dorsett said.

"First and foremost, we need to find out the details of what has occurred. We've not had discussions with the Cubans on this matter.

"I intend to ensure we get a more accurate understanding of what is happening, and then we will certainly discuss matters of mutual interest. We've gotten some intelligence, news reports, but we want to speak directly to the Cuban government before we make any formal comment on the matter."



Tribune242
Tribune242

Media reports said Zarubezhneft's drilling was expected to reach depths of more than 20,000 feet, a depth similar to that being targeted by BPC for its first exploratory well.

The Russian company's activities will thus likely give the best indication yet of BPC's prospects of striking extractable, commercial quantities of oil in the Bahamas.

But whether BPC, which is planning to launch a Bahamian Depository Receipt (BDR) share offering to Bahamian investors in the New Year, gets the 'green light' to proceed will likely depend heavily on the outcome of the Government's proposed oil drilling referendum.

No details have yet been released on this still vague proposal, other than that it is likely to be held in 2013.

While the Government's fiscal woes will likely make it more amenable to approving BPC's plans, despite the presence of a strong environmental lobby, the longer this process takes, the more Cuba gets an advantage.

Oil industry sources yesterday said Zarubezhneft's activities, if successful, could put Cuba two years ahead of the Bahamas when it came to oil production. Results from its test well will likely become available by the 2013 second quarter.

In a recent presentation to the Bahamas Conference of Seventh Day Adventists, BPC said the typical revenue distribution from oil exploration and production was 25 per cent each to the Government and the company, with the remaining 50 per cent covering all the latter's costs. This means that, in theory, BPC and the Government would enjoy an equitable 50/50 revenue share.

The Russian company's drilling rig has been leased for 200 days, with the whole project set to cost \$126 million.

BPC staff have visited Cuba to ensure co-ordination between it, the licence holders and Havana if the need arises, Tribune Business understands.

Zarubezhneft is also an associate Member of Clean Caribbean & Americas (CCA), something BPC had previously joined. CCA is an oil spill preparedness and response organisation.

More like this story

- [Bahamas Petroleum 'has met its licence obligations'](#)
- [Oil explorer targets early 2013 for BDR](#)
- [1,400 sign anti-oil petition](#)
- [BPC takes to the road for oil drilling discussion](#)
- [Oil explorer says: Bahamas has 'better prospects' than Cuba](#)

Comments

Use the comment form below to begin a discussion about this content.

Sign in to comment

Username

Or login with:

I have an account.

I'm new.

OpenID

Password [Forgot?](#)

Tribune242 PM: Failure to close will leave web shop owners, operators and patrons exposed to arrest and criminal prosecution. [bit.ly/WNLcRS](#)

10 hours ago · [reply](#) · [retweet](#) · [favorite](#)

Tribune242 WEB SHOPS MUST CLOSE NOW - CHRISTIE ISSUES STATEMENT [bit.ly/WNLcRS](#)

10 hours ago · [reply](#) · [retweet](#) · [favorite](#)

Tribune242 Bahamas misses qualifying spot [bit.ly/T6qILw](#)

14 hours ago · [reply](#) · [retweet](#) · [favorite](#)

Tribune242 Domestic violence and murder wreaks havoc for three sisters [bit.ly/WzovzV](#)

14 hours ago · [reply](#) · [retweet](#) · [favorite](#)



Join the conversation

▼ Popular stories

[Minister of education vows to back up claims](#) 4 comments

[PM announces all web shops must close with immediate effect](#) 13 comments

[JUST IN: Christie charting the way forward after referendum](#) 21 comments

[Ingraham has the last laugh over referendum](#) 9 comments

[GAMBLING REFERENDUM LATEST: NO's LEADING IN EVERY CONSTITUENCY](#) 24 comments

['Vote reaffirms my faith'](#) 9 comments

▶ Popular blog entries