All gas agreements with T&T should be renegotiated

Venezuelan energy consultant:

FILE: T&T's former minister of energy, Stuart Young, right and Venezuela's former oil minister Pedro Tellechea sign an agreement for the Dragon gas deal at the Miraflores Palace, the official residence of Venezuela President Nicolas in September 2023. Venezuela President Nicolas Maduro witnessed the signing, at centre.

PHOTO BY COURTESY STUART YOUNG/ FACEBOOK

Venezuelan energy consultant Dr Einstein Millán Arcia

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If T&T does negotiate new energy contracts with Venezuela, both countries would have to get rid of the previous contracts that were signed and negotiate new ones that would benefit Venezuela and not only T&T.

In an exclusive interview with the Business Guardian, Dr Einstein Millán Arcia, a former PDVSA consultant and Venezuelan oil and gas analyst who has a PhD from Oklahoma University in the United States, gave his views on the precarious relations between the two countries.

From 2016 to 2017, he was a personal advisor to former Venezuelan Oil Minister Nelson Martínez and he does consultancy work throughout the Middle East and Africa.

Last year, Venezuela's Government cancelled all energy agreements with T&T over the US military presence in T&T and Venezuela's acting President Delcy Rodríguez has not mentioned her plans for T&T as yet.

The chain of events took an even more dramatic turn in January when the US military captured Venezuelan President Nicolás Maduro.

Last week, US Energy Secretary Chris Wright visited Venezuela and toured some of its oilfields and now multinational energy companies are once again showing interest in Venezuela.

Last Friday, the US Office of Foreign Assets Control (OFAC) issued general licenses allowing BP and Shell to negotiate contracts with Venezuela for oil and gas operations.

These licenses enable the companies to sign deals for new exploration, development and production, as well as to expand existing operations or form new joint ventures with the country's state-owned oil company, PDVSA.

Given the latest turn of events, Millán Arcia is arguing that Venezuela did not benefit from the previous agreements.

"Venezuela must certainly renegotiate any future agreement with Trinidad and Tobago from scratch, both because of the disastrous diplomatic precedent set during this Kamla Persad-Bissessar administration and because of how disadvantageous the agreement previously signed by former Venezuelan oil minister Pedro Rafael Tellechea and Stuart Young for the 2024 to 2025 period is."

While he believes that T&T should benefit, he said that the last agreement was "harmful" to Venezuela's interests.

"We have in the past denounced that the Venezuela/Shell/T&T agreement signed by Tellecheais inconvenient and harmful to the national interest and therefore should not be resumed, but rather renegotiated from scratch, taking advantage of the entire downstream value chain."

The Business Guardian reported in its February 7, 2024 edition that the December 2023 agreement for the development of the Dragon field states, ""In no case may the Venezuelan State's income from the project be less than 45 per cent of the gross income of the licencees," the document reports."

Millán Arcia explained why the recent gas agreements between T&T and Venezuela were "disadvantageous" for Venezuela.

"From Trinidad's perspective, the signing of the agreement was a win-win, but not for Venezuela, a country that has some 202 trillion cubic feet (TCF) of proven gas reserves, of which about 10 per cent are concentrated offshore."

He added that the first wells drilled in the Industrial Complex Gran Mariscal de Ayacucho with its Spanish acronym (CIGMA) in Venezuela's Sucre state showed an absolute flow rate of up to 75 million cubic feet per day (MMcfd) in the case of the first well in the Dragon field; it was called "the famous flare."

The Mariscal Sucre project comprises three gas fields, Dragon, Patao and Mejillones, and one condensate field, Rio Caribe.

Millán Arcia added that the cost of producing a barrel of oil equivalent (BOE) in that initial stage from CIGMA was around $20 to $25 and said this is a relatively low cost, given that operational costs in this exploratory phase tend to be much higher.

He pointed to a stabilised development cost of less than $6/BOE, while production costs in the Hibiscus field on the T&T side, for example, exceed $8/BOE.

"Between the Gran Mariscal and Deltana Platform projects, a staggering US$12 billion has been spent since their inception in 2007 (approximately US $17 billion in current dollars), including corruption, overpriced land purchases and the failed, abandoned infrastructure in Güiria.

The capital disbursed by PDVSA in CIGMA and Deltana alone far exceeds the US$3.9 billion value of Atlantic LNG in 2007. This is the legacy of corruption that devoured the CIGMA project and crushed Venezuela's hopes of becoming an independent gas producer and exporter."

He bluntly stated that the Dragon gas agreement in its last incarnation was merely "political propaganda," which did not make business sense.

"For Venezuela, the signing of the Dragon gas agreement is more political propaganda than benefits, given that the projected revenues, even at maximum production of the project, will not even remotely cover the amortisation of the capital invested so far in the said development of CIGMA, while for Trinidad, I repeat, it is a win-win."

He added that Venezuela's offshore assets are particularly vital, not only from the point of view of the hydrocarbons they contain, but also because of their implications for the energy security of Venezuela, the continent, and the rest of the world.

“During 2016 to 2017, I had the opportunity to personally advise the then oil minister and president of PDVSA, the late Nel-son Martínez, amid negotiations with the then minister of energy of Trinidad and Tobago, Stuart Young. There, we warned about the advisability of not limiting ourselves as a country and energy corporation to selling our hydrocarbons to Trinidad and Tobago, but rather ensuring access to downstream businesses throughout the value chain, since T&T’s growing dependence on our hydrocarbons would make it unfeasible for Trinidad and Tobago to sustain itself in the medium and long term, exposing it to losing everything; not only their international customers, but also domestic production in the petrochemical area, as well as other derivatives such as methanol and ammonia,” the energy consultant said.

US influence

Millán Arcia also spoke about the new relations between the US and Venezuela and how it may impact a new Dragon gas deal.

Last week, the US Energy Secre-tary during his visit to Venezuela spoke about plans to modernise Venezuela’s energy infrastructure and increase oil production by 30 to 40 per cent in 2026.

Last year, T&T’s Prime Minister expressed for her full support for the US Government’s military presence in the Caribbean and Millán Arcia opined on how the US could potentially influence new energy deals between T&T and Venezuela.

Millán Arcia recounted the chain of events that led to Venezuela breaking off energy talks with T&T late last year and said even if new energy talks begin, T&T will not benefit in the short term.

“Venezuela suspended and cancelled all energy agreements with T&T between October and December 2025, precisely because of Port-of-Spain’s explicit support for US military actions, including the reception of warships, the installation of the US radar in Tobago, the transit of military aircraft through the island and cooperation in the seizure of Venezuelan tankers, he said.

Millán Arcia added that while there is a real possibility that negotiations for new energy arrangements between Venezuela and T&T could resume this year, in his opinion T&T will not benefit during 2026.

He also argues that the large multinational corporations are requesting OFAC licences and acting as if Venezuela did not break off relations with T&T in 2025.

"Shell and BP have certainly acted as if the cancellation ordered by Maduro in December 2025 did not exist, having formally requested licences from OFAC between January and February for the Dragon, Loran-Manatee, and Manakin-Cocuina projects.

"According to Shell, the current Dragon licence granted in October 2025 remains in force and it maintains that the Final Investment Decision (FID) and first production will be for Q4 2027.

We personally support a renegotiation from scratch of all agreements with T&T."

He concluded by saying T&T has its own economic challenges and needs Venezuela's vast energy resources more than Venezuela needs T&T.

"T&T has no other viable, sustainable, and immediate alternative but Venezuela. The Persad-Bissessar administration has caused an unprecedented diplomatic cooling between Venezuela and Trinidad, so the Dragon project and shared fields must be reviewed to anticipate possible future political setbacks that could disadvantage Venezuela."