

VERBATIM NOTES OF THE FIFTH MEETING OF THE JOINT SELECT COMMITTEE ON ENERGY AFFAIRS, HELD IN THE J. HAMILTON MAURICE ROOM (MEZZANINE FLOOR) (IN PUBLIC), OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON TUESDAY, MAY 17, 2016 AT 11.00 A.M.

PRESENT

Mr Colm Imbert	Chairman
Mr. Franklin Khan	Vice-Chairman
Maj. Gen. Edmund Dillon	Member
Mrs. Paula Gopee-Scoon	Member
Mr. David Lee	Member
Mr. David Small	Member
Mr. Daniel Solomon	Member
Miss Candice Skerrette	Secretary
Miss Sheranne Samuel	Assistant Secretary
Miss Katharina Gokool	Graduate Research Assistant

ABSENT

Mrs. Ayanna Webster-Roy	Member
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OFFICIALS OF THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Mr. Selwyn Lashley	Permanent Secretary
Ms. Heidi Wong	Deputy Permanent Secretary
Mr. Richard Jeremy	Chief Technical Officer (Ag.)
Ms. Louise Poy Wing	Senior State Counsel
Mr. Ivor Superville	Senior Energy Analyst (Ag.)

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Mr. Monty Beharry	Director, Minerals (Ag.)
Mr. Frank Look Kin	Advisor
Mr. Leroy Mayers	Advisor

Mr. Chairman: I think we can start with just the formalities while we are waiting for the broadcast to start. I would like to welcome you all once again, and to tell you we will have one more session with you in two weeks' time, on June 01st, and we will let you know today what that final session will be about. So let me just introduce the members of the Committee, starting with Minister Dillon. Could you kindly introduce yourself?

[Members of the Committee introduce themselves]

Mr. Chairman: Okay, and although we have seen you all before could you kindly introduce yourselves again, starting with the Permanent Secretary.

Mr. Lashley: Thank you, Chair, and good morning to members of the Committee. It is a pleasure to be here before you again. You promised the last time that you had additional questions to ask of us and we are here at your disposal. We did supply some information that you requested and we hope that it satisfies at least some of the questions that were raised arising out of the last meeting. Let me start, I will ask the members of my team to introduce themselves, starting on the left.

[Officials of the Ministry of Energy and Energy Industries introduce themselves]

Mr. Lashley: Thank you, Chair. That is the team that I have with me this morning.

Mr. Chairman: You have some others in the back there?

Mr. Lashley: Yes, well, certainly, they are in the gallery; they can introduce themselves as well.

Mr. Chairman: Something has just struck me when Mr. Beharry, who is in

charge of the minerals division, so we will have a fourth session only on the minerals division, [*Laughter*] okay, but the next session will be on oil and gas. So the fourth one will be on minerals.

We got your responses to the questions, thank you very much for your comprehensive replies, and I am afraid to unleash Sen. Small on you, but I think I will. Sen. Small, could you open the batting? You have any questions to put to the Ministry?

Mr. Small: Thank you very much, Mr. Chairman, given that, you know, I had so much preparation for this role. I would also like to join with the Chairman in congratulating the Ministry on the fullness and completeness of the submission. As the Ministry is the line agency for several entities, at least the Ministry is setting the right tone by being fully compliant to the request of the Committee for information. I hope that at some point in time that transcends to some of the entities under your purview.

Mr. Permanent Secretary, I want to rush to your submission and there are several issues inside of there that the Committee members want to ask, but I want to deal with what I consider to be one of the challenges, the major challenges in the sector, and that has to do with the—when I look at the numbers reported, in particular, for the past five years for exploration drilling, the footage, you provided quite comprehensive information on the footage. When you look at the period for 2015 to around 2010, going back, and then if you compare to the preceding period there has been quite a drop off in exploration drilling, and given the fact that where we are we have a resource that the proven reserves are declining, I would like to understand, one, what may have accounted for the reduction in exploration footage drilling, and then what key initiatives is the Ministry engaging upon to get this done, because if we do not have the exploration drilling to find new resources then we would run into a serious problem, or probably an even more serious problem

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going forward. Could you assist with that information please, Mr. PS?

Mr. Lashley: Sure, and thanks for the question. Now, exploration drilling, and I would be zeroing in on a particular aspect of the work programmes of the companies we engage under licences and production sharing contracts, a lot of the drilling commitments that are contained within minimum work programme obligations in the respective licences and PSCs so that over a particular period, I think it is a five-year period you had looked at, depending on the timing and phasing of the obligations, in large measure the footage, or the amount of exploration drilling undertaken by the various companies would be a reflection of what terms and conditions they have in their licences. This is in the exploration phase.

Now, in addition to that, over and above the minimum obligations some companies, based on their outlook, and they would also have plans for exploration drilling. Some may, in fact, be moved to take advantage of having a rig in country and an exploration opportunity close to existing prospects being developed, et cetera. So that it is a combination of those things, but in large measure it is driven by the minimum work commitments which would be contained in the separate licences and PSCs.

Now, several of these things would be—typically an exploration phase would be six years in the case of onshore and shallow water, and nine years in the case of deep water. So that the phasing has to do with a comprehensive or an ordered exploration programme starting first with seismic, followed by drilling and evaluation of information, and further drilling, et cetera, and success of course in terms of the discovery of new resources. So that is an outline in terms of what would guide or drive the fluctuation in the numbers as you described as over that period that we would have looked at.

Mr. Chairman: Sen. Small, before you continue, just let me come in here.

Permanent Secretary, what struck us, looking at the numbers, we were looking at exploration wells offshore, and if you look at the totals for, let us say for 2006, the number is 5,622. I am not sure if that is feet or metres. Is it feet or metres, by the way? I am on page 15 of your response to us, and it is with respect to the exploration wells offshore, in 2006, 5,622—look at the bottom of the—is that feet or—

Ms. Wong: These are rig days.

Mr. Lashley: Rig days.

Mr. Chairman: Rig days, okay. So it is rig days. So, 5,622 rig days, and then if you go to 2007 it drops to 710, then you go to 2008, 837; then in 2009 it drops down to 113; then in 2010, 87, and then 142, 268, 227, 270, et cetera, what struck us is, prior to say 2007, 2008, you had fairly substantial rig days and then it dropped down to almost nothing after that, and continued at a very low level, particularly between, say 2009, 2010 and 2014. What went on there?

Mr. Lashley: I could probably ask the Chief Technical Officer to give the details, but it is in sync with what I am describing, 2006 would probably have been a year when there would have been a number of drilling programmes executed, because that would have been the phase in the exploration programme that several of the PSCs may have had the commitment—

Mr. Chairman: I fully understand what you told Sen. Small, that is not my point. I would hope as a country we would have a consistent sort of minimum number of rig days that we would like to achieve every year based on continuous dialogue and agreements with the companies, why did we have a fairly constant high number and then drop off for about 8 years to nothing? What went on there?

Mr. Lashley: From the statistics I have before me, Chair, if you go back to 2005, when you look at the figure for exploration wells offshore—I mean, that number is 365—the number kind of, it spiked in a sense in 2006. So that, I am suggesting,

may have been a reflection of a very intense programme of drilling. Sometimes, and particularly for offshore drilling—[*Cell phone rings*]

Mr. Chairman: A little icebreaker there, right. [*Laughter*] Go ahead.

Mr. Lashley: I was moved to salute, Mr. Chair. But, certainly, so what happens—

Mr. Chairman: No, but hold on, hold on, hold on. You are telling us to look at 2005 with 365; okay, I am looking at it, and you are saying there was a spike in 2006. Fine, I accept that, but then in 2007: 710, 837, and then all of a sudden it drops down to 113 and does not really recover in any substantial way until—well it does not, it stays down there, so what happened?

Mr. Lashley: It is precisely what I was describing. So what happens typically with offshore drilling, and there is a practice where a company, or a group of companies, would bring a rig inter-country so they would be rig sharing. So to execute a number of the drilling programmes you would have this clustering of activity in and around the presence of a rig in country that can execute the separate programmes. That is done in order to save on costs in terms of mobilization and demobilization of rigs, et cetera. So what would happen, you may, over that period, see a spike, and that, in my humble view, is a manifestation of an intensification of execution of the drilling aspect of work programmes by a number of companies in that particular year, driven in part by, you know, having a rig available that had the capacity and capability to execute.

Mr. Chairman: Yes, but if you drill deeper into the numbers you are seeing a number of companies doing no exploration whatsoever for many, many, many years, at all.

Mr. Lashley: Chair, exploration is composed of a number of elements, drilling is just one aspect, so if you zero in on drilling, and not only drilling but exploration drilling, I think sometimes the numbers may be deceptive. It may move you to

form an opinion that no activity, or no exploration activity is taking place, but there are other forms of exploration, the seismic, the interpretation, et cetera.

Mr. Chairman: All right. I think I will put back Sen. Small, but I think I am probably in good company then with the rest of the world, because when the rig days drop in the United States the price of oil goes up, as occurred just two days ago. So they also look at rig days as an important factor, but, all right, we will deal with that in the next meeting. Sen. Small.

Mr. Small: Thank you, Mr Chairman, I appreciate that. Mr. Permanent Secretary, I was going down—the intervention with the Chairman is timely, I was going along the road of, does the Ministry have a target to say—and it may not always be achievable, but on a rolling basis does the Ministry have a target to say that the target for the next five years is we would like to have 200,000 feet of X amount of wells? And then from that target now you roll back, you use that target to develop your activity, your bidding rounds, whatever you need to do, because I believe that I am not sure if I understand how this happens. What is the structure of the planning process for this? The numbers are haphazard. When you look at the footage numbers, in particular, it has skewed a lot of development drilling in some years and a lot of exploration drilling, and then I understand the explanation for that. My question here is, do we have a structured plan for exploration in the country that allows us to understand that the plan is that the Ministry is saying we would need to have X amount of wells drilled over the next zero amount, 10 years, whatever the period is, and then out of that we say, listen, in order to achieve that these are the series of activities the Ministry is going to engage in to make sure that we meet that target, or we get close to that target.

Mr. Lashley: And, again, I just want to re-emphasize that the metric being focused on of rig days or exploration, and, again, offshore exploration rig days may be a deceptive metric. The Ministry, the objective of exploration

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programmes, and we have a philosophy of supporting and encouraging continuous exploration of our acreage and resources, that is achieved through having information and data that we put out in order to increase interested stakeholders in the prospectivity of particular pieces of acreage, inviting them to submit proposals on a competitive basis through the bid round process, sitting and executing contracts and licences which have prescribed minimum work obligations which would then lead to, in our view, a likelihood of finding additional resources, okay.

So what drives us really is having a process, or a system in place which would continually invite an interested party in going after and conducting exploration work in order to discover resources and prove up reserves which would then feed into the hopper development, et cetera. So the disconnect with the metric that you have focused on is that in executing what may be a comprehensive work programme, which is a six-year work programme, the drilling aspect of it may or may not fall early or late in that six years, and what we are looking at is an overlay of several contracts and licences so that from time to time, based on the obligations in the respective licences and PSCs, companies, and based on their evaluation of data collected through seismic and other information available, the definition of a viable prospect, and the planning that goes into, prior to the execution of a well, all of that is a timeline that would then lead to eventually execution or the drilling of a well, which would manifest itself in footage.

Now we hope that that footage, in some instances, unfortunately, may be a dry hole, because the expectation of finding is a risk expectation. So, certainly, we also have to look at that in terms of what activities or what actions need to be taken in order to place ourselves in the best position to ultimately result in success. And our definition of success is not necessarily—it is a collateral activity, and there is economic activity arising out of drilling, et cetera, but, ultimately, the Ministry will be looking at what is the best chance we have of finding additional resources and

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reserves, right, which then can be monetized to bring in revenue, et cetera, et cetera.

Mr. Small: Mr. Chairman, would you permit me one last question in this round? Mr. Permanent Secretary, I accept that the metric of the footage drilled is a metric that is not—it may not necessarily yield what I am looking for. I recall, probably I was in the system a little bit, I recall some work was done, at a point in time, that where we looked at the profile of the current production system to understand where the rate of decline was, and in order to establish what type of activity was required to maintain the level of production there was an exercise done to say, listen, this is the production level now, this is where we forecast it to be, what needs to happen, from a drilling basis, so that is how I came up with my drilling—so I did not go all the way back, so I am going all the way back now, that looking at where the current gas production is and what the forecast is, look at the current oil production and where the forecast is, what types of activity, and how much of that activity is required to, given with the understanding that if you drill five wells probably one or two may be successful given the normal statistics? So this is where I was going with my question. Is that type of analysis still in place? I need to understand where we are with that.

Mr. Lashley: To answer your question, yes, it is something that is evaluated, but you will appreciate it is a mix of several things. There are several operators with different exploration appetites for risk in terms of their concept behind the particular plays, in terms of their access and their involvement, or their working interest in their particular acreage that may or may not be more or less prospective. So, certainly, when we look at what is required to achieve a certain result, yes, we look at that and we believe that in having the companies under production-sharing contracts most of the new entrants in the offshore area, offshore gas area where under production-sharing contracts, but there is the other element of existing

suppliers like the BPs, et cetera, who have licences. They have acreage and there is no exploration programme in the licence to which they are committed by licence to execute.

So that is a conversation that has to take place in terms of, you know, what do they have in their inventory, what is the sort of prospectivity, and their programme in terms of investment, capital investment, in order to support drilling, exploration drilling, and, of course, development as we go along. So it is a mix of those things. When we look at the target that we need, when I do the annual resource estimate, the independent evaluators, based on our rate of depletion, they would normally suggest that, look, we need to have a replacement of reserves target of 1 Tcf a year, et cetera, and in order to achieve that we would say, okay, you would need to have a certain number of successful, not just wells but wells targeting prospects of a particular potential.

So it is a mix of a number of factors, and the drilling—the number of wells would fall out from that, but to focus only on the wells, you know, is not what we do. We look at what is the likelihood and the sort of prize at the end, what sort of numbers we could reasonably expect from a drilling programme executed by the different operators that make up the mix in Trinidad and Tobago.

Mr. Chairman: Let me come in here. Let us assume all things are equal and the likelihood of finding oil is equal, and we know that because of our geology there is a rapid decline in production, soon after you start to bring a field in the production there is a rapid decline, and this was drawn home to me by the BHP field off the East Coast where I recall it started off at about 75,000 barrels a day, and now I think they are below 10,000, or somewhere around there, and I remember the former Prime Minister explaining our geology is like that, that you have high production at the beginning and then very rapidly decline to low levels. Since we all know this, and I am sure Energy knows much more about this than I do, why

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would you not have a targeted drilling programme on an annual basis since the only way you could increase production is by drilling? You cannot do it any other way. I mean, the fact is, yes, there will be dry holes; yes, in some areas you may not get any significant quantities of oil. We all know this. But the only way to increase production is either to improve the uplift from existing fields by secondary recovery methods, or whatever, or you find new oil. So I would think you would need to be focused on finding new oil, so why would you not use drilling as a factor improving increasing drilling as a target in order to ensure that our production goes up. I just want to know why.

11.30 a.m.

Mr. Lashley: Perhaps I conveyed the wrong impression that we do not look at drilling as one of the elements that—

Mr. Chairman: Mr. Lashley how else can we find oil except by drilling? We could find it any other way?

Mr. Lashley: I am just trying to describe to you, Chair—so for instance, in evaluating proposals submitted by companies in response to our invitations for bidding, when we weight the sort of points allocation to different types of activity, it is evident that we place a high emphasis on the drilling of wells and footage, et cetera. So, you know, that is one manifestation of the line of sight that we have.

Mr. Chairman: But you did say that you need to have a conversation now with the companies to tighten up that aspect of the contract, not so?

Mr. Lashley: No, what I said is with respect to companies that have gone past that part of their licence, so they have acreage, so I drew reference to one company who has significant acreage, but in terms of exploration obligations, their licence is at a stage where there are no firm exploration obligations.

Mr. Chairman: So what do you do in a case like that?

Mr. Lashley: In a case like that, what we do is we have an ongoing discussion

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and conversation—

Mr. Chairman: That is what I am saying.

Mr. Lashley: But I am singling that particular scenario and I am distinguishing it from the scenario where we invite new players.

Mr. Khan: Yes, actually that is the key point, because if you go back to your drilling, you opened on the assumption that the only exploration programme that exists is the minimum work obligation for new licences and/or new PSC. You said that initially. Having said that, we are in a situation now where a significant portion of our prospective acreage as a country lies in the domain of two to three companies that are not bound by a minimum work obligation anymore. If you check the statistics of offshore drilling for exploration wells, all these wells were drilled by Repsol which was when they were trying to expand Poui, Teak and Samaan, and by Petro-Canada and Canadian Superior which was a north coast block that they were working on. So your core companies—I do not want to call them by name, but you know who they are—they have gone past—and you rightfully said—their minimum work obligations, but they still sit on the prime acreage of the country.

As a country and as a Ministry, you have to engage them now to come up with a robust exploration programme because they are on the productive acreage, and we have to do something about that because that is the issue here. The issue here is not giving a new PSC with somebody getting a new company to drill two exploration wells, because the chances of finding there is significantly smaller than in the productive acreage under the control of the three companies of which I speak.

Mr. Lashley: Thank you for that, it is an accurate description. Because of the terms of the licence, the mechanism for engaging the companies to pursue prospects is an iterative one. Their perspective is always one of they are

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competing for capital internationally. Certainly, we are of the view that we have viable prospectivity and we will wish these things to be developed. What we have done over the years is a number of changes or features in the licensing, and I want to add, sublicensing arrangements which would encourage or facilitate activity taking place under the ambit of the head licence, but certainly targeting prospects that may or may not be of priority to the particular companies or the entities that hold these licences.

Mr. Chairman: Mr. Lashley, let me intervene here, because they have told me that as well, that they are competing for capital. So, one of the largest companies would have operations all over the world, and they have to compete in the company now as to where capital is invested. That is all very well; that is their business model. It is fine for the head of an oil company to say, “Look, we have operations in Africa. We have operations in the United States, in England and in Trinidad, and we have to go and bid or compete to get an agreement from our head office to do exploration in Trinidad or production.” They could say that, they are entitled to say that. But what are we are doing as a country do deal with that, because that is their perspective, that is not ours?

Mr. Lashley: I am in agreement. I recall on the last occasion we were here there was concern, and rightly so, about the offering of incentives. That of course is not something that the Ministry of Energy and Energy Industries would do on its own. It would be done in collaboration with the Ministry of Finance and the BIR, et cetera. Certainly, that is one of the requests that you would get from a number of companies, suggesting that that is a mechanism to facilitate pursuit of what they describe as marginal prospects.

Another approach, which is what I was attempting to describe, is where you could put a system in place, or an arrangement, which would facilitate the introduction or the involvement, as in the case of TSP and some of these other

things, of other companies who have a different appetite for undertaking a particular activity that the head licensee would not—Petrotrin as well is one of the companies that would have acreage available, but perhaps not be in a position to pursue certain prospects immediately. So the sublicensing, the farm-outs, that type of arrangement is one that can facilitate increased activity, drilling, which as you quite rightly said, is the only way to prove up resources as we go forward.

Mr. Chairman: On that note then—

Mr. Small: Mr. Chairman—

Mr. Chairman: No, this will bring us back to what I think you are about to say. On page 6 of your response you said you would commence stakeholder consultation in April. Well, we are in May, so?

Mr. Lashley: Yes, I want to—just to update and say that we are late with that, reason being there were some different views in terms of how we proceed with the stakeholder discussions. We have landed on an approach now in terms of pursuing the consultations in smaller bites, maybe leaning on and learning from seeing how some of the other public consultations have been taking place in the public space—I will not call names—or other Ministries. But certainly, dividing the stakeholder consultations into discrete areas where we engage a group of stakeholders, and then we can escalate that up into a national policy.

Mr. Chairman: So at our next meeting in two weeks you will tell us when the stakeholder consultations will begin?

Mr. Lashley: Yes, definitely.

Mr. Small: Mr. Chairman, thank you very much. I want to flag for me I have a note of concern. I am concerned when the Ministry of Energy and Energy Industries apparently is advancing an argument that is not a Trinidad-centric argument. I say that deliberately. I do not intend to be controversial, but I think that where we are, we have over 200,000 hectares of some of the most prospective

acreage in the country, where we are in a situation, Mr. Chairman and members of the team from the Ministry of Energy and Energy Industries, where our natural gas industry is stagnant, our oil production is in steep decline. I think that some urgent action is required.

I understand that the contractual mechanism requires some engagement, but that engagement has to take, respectfully, a firmer tone, because we are in a situation where we are not able to grow our gas sector, and our oil sector is in rapid decline, and we have assets that are very prospective. There needs to be a discussion around—the short version is: these are assets that are prospective, could you give us your plan for activating these assets? And if your plan does not meet our requirements then let us discuss a way in which we could get some other party in there to get our requirements met.

We have to take it from the position of Trinidad and Tobago-centric. It does not mean that we are oblivious to the concerns or the issues of the operating entity, but at some point in time we have to take the interest of our stakeholders. That is my concern. It is not something that I am beating up the Ministry for, it is a concern that I hold as a professional in this industry, that where we are we need to be in the same way as which these entities are very, very focused on delivering results for their stakeholders. They are laser focused on it, and when they come in the room they do not want to move until they get their stakeholders met. All I am saying is we should adopt a similar strategy.

We have our stakeholder commitments. We have a situation where our gas industry is stagnant, our oil sector is also in sharp decline, and we need some of these assets to be performing for us, not on your schedule but rather on our schedule. So, Mr. Permanent Secretary, that is my entreaty to you and your team. I know it is not an easy ask, but I think you have a strong supporter in the Chairman of this Committee and all the members of this Committee, that this is

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something we have to try to have a little firmer conversation.

Mr. Lashley: Certainly, and I share your sentiments. Certainly the tenor, I may have sounded perhaps a tad diplomatic in terms of describing the engagement of the companies, but certainly when we approach the companies it is very clear in terms of what the country requires, what are our needs, what we would like them to do. But certainly at the end of the day I just want to remind you, we have a tradition of respect for licences, contracts, et cetera, so the process we choose to adopt in engaging the companies is one of dialogue, being very clear, as you quite rightly pointed out, what we require, but certainly having that dialogue in order to achieve the objectives as you described.

Mr. Small: One closing comment. Mr. Permanent Secretary, I agree. I am supportive and I understand the dynamics. But I have also been in a room with companies under contract, with firm hard commitments to the Government of Trinidad and Tobago, have come to the room and said, “Listen, we are not able to abide by these current terms, and we would like to have a discussion with you to change these terms”. I recall very well, one very large company decided that they were not going to drill a certain amount of wells, and opted to do some programme with Petrotrin and the Ministry accepted that.

All I am saying is when these companies have their issues and they want terms changed or adjusted, they come knocking and they come knocking very, very hard and are very clear about what they want. All I am saying is, in your most diplomatic style, that we engage them with similar fervour. Thank you.

Mr. Chairman: Okay, Mr. Small, I think you have beaten that horse, that horse is dead and buried. The Minister of Trade and Industry.

Mrs. Gopee-Scoon: This is not the question that I wanted to ask, but arising out of the last discussion by Mr. Small I am really concerned as to whether or not the Ministry is well resourced to handle what is required of them now, and then I will

move into my next question.

Mr. Lashley: The question of resourcing in the Ministry has come up quite frequently. In fact, I am not too sure if it was before this Committee, but we were describing a process that we are engaged in and we have been engaged in for quite a while in terms of the restructuring of the Ministry, and by restructuring it is really in a sense an increase in the capacity and capability of the Ministry, and fine-tuning and sharpening the skills that are required in order to pursue some of these strategic items.

That process has, in my view, been taking too long, regrettably. It is unfortunately part of the process within the public service. We have adopted some interim measures to the extent we have the authority to do certain things, but certainly, ultimately—and I hope I can rely on the support of the Committee to endorse the position. In fact, strong support for bolstering the resources and increasing the capacity and capability of the Ministry is something that is required and will be required as we go forward.

Mrs. Gopee-Scoon: I think that largely lies with the Ministry, because there are several ways in which you can engage and obtain your resources. I would say yes you need the support of the Committee and Government, but I think a lot relies on you and the Ministry and the pace that you have been going at.

Mr. Lashley: Yes, Minister, I take your point. To the extent we have the authority to do so, we have been adopting measures in order to ensure that we continue to move forward. The point I was making was that unless and until you have a longer term, more sustainable organization to support that activity, we will be in a position of uncertainty. But I take your point and we are focused on ensuring we have the resources. We have, in fact, retained some of the resources that we know can contribute and assist with some of the items that we have to pursue. But those are short-term measures. Ultimately you want to have an

organization that organically has that capacity to be able to treat with these matters on an ongoing basis.

Mrs. Gopee-Scoon: The question which I originally wanted to ask had to do with a chart which you provided of fields that were not under production. In it you gave an indication of marginal fields under development, at page 36 that is, sorry. There was a schedule of proven pools of natural gas that are not under production, exclusive of cross-border fields. The Ministry's strategy to monetize would be the last column, and there are indications there, "marginal field need gas contract", et cetera.

It is well known and in the public domain that there is a shortage of gas which is affecting the supply to many downstream operators and also to Atlantic as well. But I am seeing in the column here "need gas contract" for several fields. Whose responsibility is that and why is it that these gas contracts remain outstanding?

Mr. Lashley: To begin the answer to you, Minister, the issue of marginal fields, I know it has been discussed in the national space quite vocally recently. Because of the maturity and the complexity of our resource base here in Trinidad and Tobago, we are at a point now where the larger fields have been brought onto production. What you are looking at is a pool of resources that are of smaller sizes, probably less attractive reservoir characteristics that would require the application of technology, that would require operators with lower overheads, et cetera, in order to pursue.

That discussion is one that we have actually been pursuing with stakeholders. In fact, there was a discussion quite recently at UTT where the two universities are actually—the University of the West Indies and UTT had invited discussion on what is required, both from a technology standpoint as well as other measures, in order to facilitate pursuit of these marginal resources, these marginal

fields.

Again, engaging the stakeholders is one part of it, but certainly having the full benefit of the ideas and the approaches and techniques that could best result or redound to the success of pursuing these marginal resources, because these are resources that are found. They are part of the reserve base, so certainly what you need is to have some sort of system in place to facilitate going after them and bringing them onto production in the shortest possible time.

Mrs. Gopee-Scoon: I understand what you have said, and I have seen the classification “marginal field under development”, but there are those “need gas contract”. What is the next step for those that are classified “need gas contract”?

Mr. Lashley: That is a manifestation of where we are right now in the cycle of contracts coming to an end and the discussions in terms of renewing or extending gas contracts. That is something that the NGC is currently engaged in with several of the existing suppliers. So that description “need gas contract” is saying that unless and until there is a gas contract in place, which has been negotiated and the terms and prices and volumes have been determined, the pursuit of these marginal discoveries, or these fields, would hinge in large measure on the terms to be agreed for the volumes and the prices for gas to be supplied from these fields.

Mr. Solomon: Through the Chair, I am looking at pages 5 and 6 in relation to the rankings of Trinidad and Tobago. I see on page 6 that you say Trinidad was ranked 39 out of 126 for 2015, and it has gone up every year. From 2012 it was 69 out of 147; 2013 it was 53 out of 157; and 2014, 44 out of 156. There is a chart that shows the ranking of Trinidad. I am just wondering what is your target for 2016 and how these rankings—how some of these countries are above us? I see Nigeria is above us, and yet still United States is below us. I wonder if you could help us to explain that and what are your targets for increasing the ranking of Trinidad and Tobago.

Mr. Lashley: I will ask DPS Wong to say a few words on it and Mr. Superville as well, who is our senior energy analyst. The point you are making, I understand in terms of the objective of where we sit in the rankings and moving in the right direction is one that we would want to pursue.

Ms. Wong: Good morning again. We always try to see if we can become very competitive in the oil sector and it requires, in fact, looking at and reviewing the fiscal regimes of several countries. When the comparisons or the surveys are done, it is normally against whatever fiscal regime exists at the countries at that particular point in time. Other countries themselves are also doing a review and they themselves are making changes. We are not privy oftentimes to what other changes countries make. So when we ourselves do changes in the fiscal regime, the comparison will be done with the other countries.

The chart that you see on page 5, in fact the countries that are above Trinidad and Tobago are in a worse position, because what this is saying, as the Government share per MPV is way above the estimated six eighty per cent that Trinidad achieved—so which would indicate in fact that these countries are severely handicapped or in a worse-off position than we are, not as attractive as we are.

Mr. Chairman: Actually I wanted you to clarify that. I am glad you have clarified it somewhat. But the more fiscally attractive a country is, the less money we get, not so? It is a serious question.

Ms. Wong: It is a serious question that you have raised, but I think one of the issues that we have always been—if we are to remain in the market, we must be competitive. We can always take the stance that we are trying to achieve the maximum revenue, but I am not sure where it would place us competitively and if investments in fact will be attracted to the country.

Mr. Chairman: I understand, but it is not something to be proud of that you are

fiscally attractive, because the more fiscally attractive you are, the less revenue you get as a country, not so?

Ms. Wong: No, I would not like to make that statement, because one of the things that in seeking to get the country to grow, the sector to grow, you need investments coming in. If the country is not fiscally attractive enough, you will not have the required investments coming in. So there is always that balancing act that needs to be achieved.

Mr. Chairman: I understand, but then we reach present day where they are writing off 100 per cent of the capital investment in the first year and you get zero income, and they are carrying forward their losses and you get zero income next year and the year after that. So do you have a scientific approach to this? Is it a hit and miss approach or is it that there is a particular point in the range of countries that you want to be? Are you scientific about your approach to this?

Mr. Superville: Good morning, Mr. Chairman. As we are talking about the incentives, just give me a few minutes to explain the context, especially to the viewers, if you permit me.

Mr. Chairman: As long as you do not go off topic.

Mr. Superville: No, no, I just want to put it in some kind of context.

Mr. Chairman: I will stop you if you are going off topic.

Mr. Superville: No problem.

So basically what we are facing here as a country are a number of issues. This is the context in which these incentives we will look at. We have a situation where oil production plunged from 140,000 barrels per day in 2006 to 87,000 barrels per day in 2015.

Mr. Chairman: And now 75,000.

Mr. Superville: Right. We have a situation also where we have according to the audit done by Ryder Scott that our proven gas reserves have declined from

12.2 trillion cubic feet or Tcf of gas to 11.5 Tcf. These reserves, according to Ryder Scott, for the last 12 years have fallen by one Tcf per year. I just want to make a point here. It is critical that we should have systems in place to attract investment. We need to deal with the situation as it is.

In addition, I just want to continue the context, we have a situation whereby the infrastructure that we have is over 25 years.

Mr. Chairman: You are going off topic now. I will let Minister Khan and Minister Gopee-Scoon come in. The topic is, when you make your decisions as to the level of incentives that you would want to give oil and gas companies, are you scientific in the way you do this or is it a knee-jerk reaction that companies are not investing and therefore you need to give them more and more until they start to invest, or do you have a model? Are you scientific in your approach? I will allow two Ministers to come in.

Mr. Khan: Let me just come in here because I think I have a pertinent point to make. The Chairman is asking to be scientific and he is right. The governing principle of taxation of a wasting asset is that the State must maximize economic rent, because we are not producing oil just to say we are producing oil, because “when de oil finish, it finish. When de gas finish, it finish.” In other words, if the State cannot extract economic rent from that asset that God has put here, it makes no sense producing it. That is point one. So there is a limit to where you could bring the incentivization, because when the graphs cross it makes no sense.

Secondly, when you give 100 per cent write-off on an exploration well, PPT is 50 per cent, unemployment levy is 5 per cent. What you are in fact doing, if the company is not tax liable, is the State is funding 55 per cent of that well once you can write it off on your petroleum profit and your unemployment levy. So understand it, you are actually funding that well half way. It almost comes like a joint venture between the State and the company. I think the key error you all are

making—if I just say that word guardedly—is what you classify as an exploration well.

If you have a new production sharing contract where there is no production, you can afford to write off an exploration because there is no revenue stream to write off until it comes into production. But what seems to be happening is that in known acreage, new field extensions and field extensions, if they are categorized as exploration you are shooting yourself in the foot, because in some of those old E&P licences it is difficult to classify a field extension prospect as a new field wildcat. I feel you have to make a further subdivision of your exploration wells to say “new field wildcat, granted”, 100 per cent write-off of exploration costs. But you should have a sliding scale where those that fall in between cannot qualify for 100 per cent write-off.

Mrs. Gopee-Scoon: Again, concerning this same treatment of trading losses, the way we have done it, arising out of Income Tax Act, is without limitations. Whereas I recognize from the statements that you have given there are a number of countries that allow the losses to be carried forward, but there is a limited period, for instance three to five years or in the case of Chile, Germany and Saudi Arabia, they limit the losses to the percentage that can be done in the first year and the percentages in the second year and so on. Why is it that we have driven ourselves to this extent where you can just do what you want for as long as possible?—which is what it seems to me. Other countries are not doing that.

12.00 noon

Mr. Lashley: Let me ask Mr. Superville to address Minister Gopee-Scoon’s question in the first instance, and I will like to come back to Mr. Khan’s after, actually of which I—

Mr. Chairman: And do not forget I have asked you whether you used a scientific approach, and I am not getting an answer. All I am getting is an overview of the

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industry, which we all know already. We do not need that. Okay?

Mr. Lashley: I will come back to your question as well, Chair.

Mr. Chairman: Okay.

Mr. Superville: Minister, you are talking about the third question on rationale for the incentives, is that it?

Mrs. Gopee-Scoon: Yes.

Mr. Superville: This decision, as you would see, was taken by Finance Act, 1988. That is some time ago. The decision covers not only the petroleum sector, but also company tax and income tax. We look for the rationale, but basically this is a decision taken by the Board of Inland Revenue. As to why they made that decision to write off 100 per cent going forward? We do not know why, but it is a decision taken by the Board of Inland Revenue.

Mr. Chairman: Mr. Superville, since you do not know, and we are asking you, is it time now to revisit this? What do you think, should we revisit this?

Mr. Superville: Well, given the situation there we could contemplate or we could look at, instead of carrying 100 per cent write-off we could look at probably some of the other options that they have here, which is more or less—the first one would be like, whatever it used to be before.

Mr. Chairman: Yes, but we need you to advise us, you know. We are examining you, so we want you to recommend to us. You said this thing was put in place since 1988, that was a long time ago.

Mr. Superville: Yes, yes.

Mr. Chairman: Should we revisit this thing?

Ms. Wong: Chair, I would just like to say something. The 100 per cent, the losses carried forward is under the Income Tax Act, Ministry of Finance, and it is one of those incentives that we—the Ministry of Energy has met. We have met that incentive there. I think like all other fiscal incentives and measures that are taken

from time to time, they can be reviewed and they can be revisited. So, there are periods of times when changes are needed. At one point in time the losses carried forward, I think, was limited to 50 per cent, and it was changed, I think, in 1988 by the Ministry of Finance. So, we are guided by whatever policy decisions and changes will be emanating with respect—

Mr. Chairman: I can assure you that no one around this table was in Government in 1988 and, therefore, that is not the policy of anybody around this table. So, we are asking you, since we are now—how long is that now, almost 30 years? Thirty years later and many, many Governments later, does the Ministry of Energy and Energy Industries feel that the Government should revisit this policy of carrying forward trading losses indefinitely? That is a simple question.

Mr. Lashley: Chair, and again, I think at our last engagement a similar question was asked in a broader sense in terms of whether we believe it is time to revisit and, yes, we fully agree. The mechanism that has been adopted in the past—

Mr. Chairman: So, since you agree, at our next meeting you will give us firm recommendations. [*Laughter*]

Mr. Lashley: But, Chair, I just want to add that the mechanism has been one of collaborating with the agencies with responsibility.

Mr. Chairman: You have two weeks.

Dr. Lee: Thank you, Chair. On your document on pages 2 and 3, you might be able to add some clarity in relation with what was just discussed. The effect of the capital allowance, I think you gave an example on pages 2 and 3 about a company that had no exploration expenditure in 2015, yet the impact of the increased capital allowance has resulted in a reduction of taxes of over \$103 million. I do not know if you would like to elaborate on this example.

Mr. Superville: This example was to give an illustration of the impact of the capital allowance with respect to the deferral of Government revenue. This

increase of capital allowance is not a loss to Government in respect to revenue. It is a deferral of Government revenue. What it affects is basically the timing of Government revenue. It affects Government cash flow. So this year if you write off—like, for instance, the 100 per cent exploration, if you write off a hundred this year, it means that next year the company will have that expenditure write-off in the following year. So, therefore, they would have higher tax in the following year. So, the notion that this write-off is a loss to Government is not correct.

Mr. Khan: Time value of—*[Inaudible]*

Mr. Chairman: So, I am getting taxes this year then?

Mr. Superville: Like I said, it is a timing difference. It affects your cash flow this year, but next year you could probably get double.

Mr. Chairman: No, but if you can write off the whole amount in the first year, obviously that is more valuable, obviously it is a loss. If we get more revenue this year than next year or the year after that, obviously there is a loss to the Government. But, let us not argue that point. The point is that this 100 per cent capital allowance is there, it will obtain until 2017, unless it is changed, and we want to go forward now that we do not do that sort of thing again. Because, I do not think it was appropriate. It was appropriate at the time, but it was not tied to the price of product at all. So that it was just in space that we need to get people to come in, let us give them this incentive. It worked, but it worked in one way. They are coming in but we are getting no revenue, so it really hurts the country in terms of the bottom line. So, we need to look at it again.

Dr. Lee: My other question, we talked earlier on about offshore drilling, I did not hear anything about onshore exploration bidding and what is the status with that?

Mr. Jeremy: Morning to all. In 2014, we have given out three land blocks with a total of 12 exploration wells committed. The companies are now in the first phase, I would say, in terms of their exploration process, in terms of carrying out

geological and geophysical work. The exploration wells are expected to start drilling, if not later this year, in 2017, on land.

Maj. Gen. Dillon: My question relates to page 45 in terms of the backlog of the 385 audits. The question has to do with what measures are you putting in place to treat with those audits bearing in mind that you also mentioned there is a recent increase in service providers, and this audit provides the assurance that the contractors are, in fact, in compliance.

Mr. Lashley: On the last occasion, if I am not mistaken, it may have been raised in terms of, again, the capacity of the Ministry to pursue and take care of its obligations in a timely fashion. One of the challenges we currently face is the structure, and the size, and capacity of the audit unit that has responsibility, so that there is a backlog of quarterly audits that need to be done. We have been addressing it, as I indicated, by some interim short-term measures, but ultimately the solution is an expanded capacity in a restructured PSC Audit Unit.

Mr. Chairman: Let us go straight into that, Mr. Lashley. You have 11 people doing audits. You have a backlog of 385. How many people do you need realistically to make sure there is not this huge backlog?

Mr. Lashley: I would let Ms. Wong speak to it in terms of our proposal.

Ms. Wong: Currently we have a proposal, phase one of the restructuring plan that is before our current Minister of Energy and Energy Industries. She is reviewing the proposal structure, and the audit. PSC audit is one of the groups that has been given consideration under this first proposal. They have proposed at least two additional personnel to try and treat—a proposal for 13 persons right now.

Mr. Chairman: Two?

Ms. Wong: Yes, sir.

Mr. Chairman: I thought you were going to say 22.

Ms. Wong: No, this is to handle the ongoing work. With respect to the backlog,

we have been in discussion with PMCD, and they have indicated that the backlog should be addressed as a project, and that additional persons can be employed as service providers at this point in time, to come in.

Mr. Chairman: But, do you have definite plans for this?

Ms. Wong: Yes, we do.

Mr. Lashley: Yes, certainly, Chair. What I want to also indicate is because of the resource constraints we have prioritized the particular audits. Although they are required under the contract, there are some contracts that, yes, there is a need for the audits to be done with respect to costs, but some of these contracts are not yet in the productive phase, so there is not a—

Mr. Chairman: Mr. Lashley, let me ask a more gentle question. You say resource constraints, and I get the impression from everything that we have read, we are hearing that you are short-staffed.

Mr. Lashley: Absolutely.

Mr. Chairman: I find that the two Ministries that should not be short-staffed is my Ministry and Energy. And, let us not go into why you are short-staffed. What we want to know is how much, what is the extent of your shortage, or your resource constraints, and in which disciplines, and do you have is definite plan? Because I can assure you, I think I can speak for all members of this Committee, we will support any increase in staffing at the Ministry of Energy and Energy Industries that is required, so we need to know. One of the things I want to tell you, by the way, I will keep pushing until all secrets are revealed. We are not going to allow any secrets in this Committee, eh. So, we want to know what are your staff constraints. Let this Committee know, so we can see what you need, what you want, and we will, at the level of the Parliament, send the information to the relevant place to make sure you get your resources.

Mr. Lashley: I welcome that support.

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Mr. Chairman: So, for the next meeting, tell us what your resource constraints are, your staff shortages, what you need to deal with all of the issues the Committee is bringing up.

Mr. Lashley: Thank you very much, Chair.

Mr. Chairman: I just wanted to—before anybody else comes in—say that at the next meeting, because I want to close off at 12.30, we are going to have an in-depth discussion on the revenue the Government gets from Atlantic LNG. This Committee needs to know. We need an explanation of Train 1, Train 2, Train 3, Train 4. How it works. How come you get revenue from one train and you do not get from another. And you need to demystify the LNG business in Trinidad and Tobago because we have heard sometimes cargoes are sold and the Government loses money on the cargoes. So we have been told. Not by the Government, but when some of the companies sell cargoes, when you netback the expense of producing and selling the cargo is more than the value you get for the cargo itself, and we need to deal with this at whatever level we can. I mean, I know there are confidentiality issues, but we need to get as much information into the system as possible. So, that is the major topic of discussion at the next meeting: gas production, and LNG production, and the revenue the country gets from LNG.

Mrs. Gopee-Scoon: Just to add to that also, the market shifts for LNG and, also, the implications for revenue.

Mr. Chairman: Mr. Solomon, you wanted to come in?

[Mr. Solomon indicates in the negative]

Mr. Small: I do, Chair.

Mr. Chairman: Okay, well, let me just before Mr. Small comes in, I will let you have the final bite. Could we go straight to page 40 of your document, please? That is the one that deals with the areas in which we are exporting our LNG, and I am seeing that the majority of LNG produced in Trinidad and Tobago now goes to

South America, followed by the Caribbean, then Europe, then the Middle East. Sorry, followed by North America, then the Caribbean, then Europe, then the Middle East and Asia. But, when we look at the changes in the destination from 2005 to 2015, what I do not understand, and I would like to you to explain to me, why are we increasing the sale of LNG in North America where the prices are low, and why are we reducing the sale of LNG in Asia, where the prices are high. And that is one of the things we want to get into more detail on the next occasion. Can you tell us what is going on? Look at the table, look at 2015, you have a deep red bar for North America, and it has gone up. It was systemically going down from 90 per cent—[*Interruption*] Yes, I know, you do not have to explain—in 2005, down to just about 12 per cent in 2014, and it is back up to 20 per cent now in 2015; and when I look at Asia, Asia is down to 3 per cent, 2 per cent, or something. Can you explain what is going on there?

Mr. Lashley: I would ask Mr. Jeremy to walk you through, well, those two items that you have identified.

Mr. Jeremy: From 2012, 2013, going down, the fall-off there is due to the committed gas. There is a committed gas contractually to sell to the Boston market. So, you would see the fall off down to almost the contracted volumes. Two years before would have been cargoes being sent to facilitate cooling at terminals in the US. Because, when you divert cargoes away from the US, there are facilities that require LNG to cool the tanks at those facilities. So, you would see probably a few cargoes going to the US. But 2013 and 2014 numbers are more or less down to almost contracted volumes. In 2015, the increased cargoes have gone to Mexico, because Mexico has been included in that column there.

Mr. Chairman: Mexico was not included before?

Mr. Jeremy: Yes, Mexico numbers are included.

Mr. Chairman: I am looking at absolute numbers and I am seeing 90 per cent in

2005 went to North America including Mexico.

Mr. Jeremy: Right, yes.

Mr. Chairman: And then that dropped down to about 12 per cent in 2014, and it is back up to 20 per cent, and that is what I want to know. Why? Why did it go back up? Is that a lucrative market?

Mr. Jeremy: I will have to just confirm, in some of those years no cargoes were sent to Mexico. I think because of pricing and also new terminal that came on, that have facilitated the movement of cargoes back to Mexico now.

Mr. Chairman: But is it beneficial to send our gas to Mexico? Beneficial to Trinidad and Tobago? That is the question I am asking.

Mr. Jeremy: I know of two cargoes where the prices were higher than the Henry Hub price.

Mr. Chairman: Yes, they might be higher than Henry Hub, but are they higher than the price we are getting in Europe, South America and Asia?

Mr. Jeremy: Okay, the prices on the Asia market in 2015 have fallen, and what you are seeing is the movement by companies to move their cargoes to South America. Because of the shipping cost you would get more value if you go to South American where you have a lower shipping cost to the South American Market than to go to Asia.

Mr. Chairman: You are talking about the company's perspective, I am talking from Trinidad and Tobago's perspective.

Mr. Jeremy: Well, from these companies the LNG is marketed by companies that are external. Meaning the marketing entities.

Mr. Chairman: I know, but what are we doing about it? What I am looking at is that we get revenue from LNG, what is our control mechanism in all of this? We just stand by and watch them and they send it wherever they want, and get whatever price they want? This is the topic we want to get into.

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Mr. Jeremy: Yes, because that is basically— Probably at the next sitting we could get into it a “lil” more. That is basically it.

Mr. Chairman: We need to get into that so we can understand what is going on. Okay?

Mr. Small: Thank you, Mr. Chairman. I have a quick question for Mr. Permanent Secretary and probably Mr. Look Kin. It has to do with the natural gas allocation policy in the country. I want to draw your attention at page 38 of your document, and this speaks to the export, quantities of LNG for the period 2005 to 2015, I recall Mr. Look Kin in a previous session in this room, indicated that the petrochemical industry has suffered curtailments as high as 20 per cent. When I look at the data presented here, over the five-year period 2006 to 2010, and if I compare that to the period 2011 to 2015, there has only been a 4 per cent reduction in Atlantic LNG’s export quantities, which suggests to me that the gas curtailment to Atlantic LNG is much less than what happens with the petrochemicals. So that, I want to find out from you, whether one, what is the plan regarding allocation of gas in the country?

And, then two, am I wrong, am I interpreting this data incorrectly where it suggests to me that Atlantic over the most recent five years as opposed to the previous five years, has only recorded a 4 per cent decline in export quantities, which suggests that it has more or less been getting all of its gas. And we have a situation where petrochemical downstream, apparently is still suffering much larger declines. So, my question is around the gas allocation policy. Do we have one? And then, why are we allowing this situation to continue where if there is pain, I believe pain should be applied evenly, given that the Ministry is the authority or, as suggested by the member, we look to see the areas where we get the best revenue? I am not sure what the policy is currently, or what the thinking is, but these numbers suggest to me that there is a disparity between the gas

allocation to LNG as opposed to others.

Mr. Look Kin: First of all, I think, there is no official policy on gas allocation. In about 2005, I think, there were attempts to bring a policy into effect, but there was no policy that was done in that regard, so what happens is a kind of informal arrangement. The difficulty is that when NGC signed this contract with one of the major gas producers, that contract was in 2000/2001, and what happened is that when subsequent contracts were signed between the major gas producer and those entities, more favourable conditions applied. And, therefore, in a sense NGC suffered on a broad basis in terms of allocation or where gas was then considered as dedicated fields. But it happened in NGC's case.

At that point in time when the contract was signed, certain fields were dedicated to the performance of the contract together with an open ended that we can get gas from other fields. But as time went along and we started committing more gas to, whether it is to LNG, because you have to understand that in the case of NGC, overall they were buying about 1.8 bcf of gas, but in some of the contracts you would probably see a smaller amount, let us say 600, 700 million cubic feet of gas. Each train of LNG is in the order of 450 to 500 million cubic feet of gas. So every time a new train was added, they had a much greater drain on what was the resource based or the reserve base of the country. And, therefore, it got more and more difficult to kind of meet the requirements especially in terms of dedication of fields that supplied gas to the NGC. And, therefore, what happened was, we had a situation whereby, in a sense, it was the question of the allocation of gas between the trains and to the downstream industries. But, I think we need to provide the numbers, that we will go back into the details as to what was the allocation as we went through the time.

Mrs. Gopee-Scoon: Just a quick follow-on. What we would want to know is, what is the current allocation? Because I feel we are in a different place, 2016, to

where we were in 2015. So, when you come on the next occasion I would like to know what is the current allocation to LNG, to Atlantic, and to also the methanol producing, urea producing, ammonia producing companies?

Mr. Look Kin: All right.

Mr. Chairman: Mr. Look Kin, I would like to close off shortly. You made a statement that there is no policy, so when you come next time you will tell us whether you think there should be a policy.

Mr. Lashley: I can tell you today, Chair, I believe there should be, and certainly that is one of the things that the discussions—

Mr. Chairman: I know, in another place. I notice Mr. Mayers is over there very quiet. [*Laughs*] Maybe we will hear from him next time. But when we are talking about Atlantic, I think the lawyer needs to talk to us too about the legal—within reason. I mean, I know, as I said, there are confidentiality issues and other factors to consider, but we need to talk about our legal position as well, in terms of how much revenue we can get out of the LNG industry. Are there any other questions from members, or shall we close off now?

So, the Secretary will write you to confirm everything that we have asked. That will be the next meeting. And then the fourth meeting will be all about quarrying. Okay?

Mr. Lashley: Thank you, Chairman.

12.25 p.m.: *Meeting adjourned.*