

Will Guyana Sell Oil Blocks to the UAE?

Guyana is currently in negotiations with a number of nations (including the UAE) regarding the allocation of offshore oil blocks in its territory. President Irfaan Ali made the disclosure on the fringes of an energy conference in nearby Trinidad and Tobago late last month.

The news might come as a surprise to many oil companies around the world, especially those not owned by state entities. That's because Guyana recently discovered 14 new reserves totalling some 11 billion barrels of oil and indicated that rights for the new blocks would be decided by a bidding round scheduled to take place later this year.

Keeping their options open

According to Ali, Guyana could bypass the bidding process and directly allocate some or all of the blocks to individual governments. As well as the UAE, it's known that senior politicians from the UK, India and Qatar have been in touch over the possibility of acquiring the blocks for exploration and extraction purposes.

However, it's not yet clear whether the talks mentioned by Ali concern the 14 offshore blocks that are earmarked for bidding, or whether there are other reserves that he is talking about. He has, rather mysteriously, stressed the need to "keep as many cards on the table" as possible.

"It's important for Guyana to clearly communicate what these government-to-government negotiations really mean, and when they will take place," [remarked Andre Fagundes](#), vice president of research at Welligence Energy Analytics. "Otherwise, they can seriously hurt the bid round transparency and alienate potential participating companies, especially the non-national oil companies."

Regional alliances

Whether through the official bidding process or through direct negotiations, the UAE and state-owned oil company ADNOC will be quietly confident of having a strong chance of securing one or more of the blocks at some point this year. However, neighbouring Trinidad and Tobago are also hopeful of profiting from the recent discoveries.

That's because the island nation currently has an excess of processing and exportation capacity. As such, it could unite with Guyana and other oil-rich nations in the area, including Venezuela and Suriname, to create a regional alliance. This would bolster the sustainability of the energy industry in the Caribbean and futureproof it against further shocks such as those engendered by Russia's invasion of Ukraine.

The comments were made by the country's Energy Minister Stuart Young at the Energy Conference 2023 in the nation's capital – the very event at which President Ali made his disclosures. The pair seem to share the same desire for solidarity among Caribbean nations, especially at a time when some other governments are championing renewable energy without considering how it might affect smaller oil-rich nations.