



Joint Select Committee on State Enterprises

SUMMARY OF PUBLIC HEARING

held on Monday April 25, 2016

*An Inquiry into the management and operations of
the Petroleum Company of Trinidad and Tobago (PETROTRIN)*

1. Meeting

1.1 A public hearing was held on Monday April 25, 2016 from 10:00 a.m. to 12:30 p.m. at the J. Hamilton Maurice Room at the Parliament of the Republic of Trinidad and Tobago.

2. Attendance

2.1 The following Members of the Committee were present:

- Mr. David Small (Chairman)
- Dr. Lester Henry (Vice-Chairman)
- Brig. Gen. (Ret.) Ancil Antoine, MP
- Mr. Adrian Leonce, MP
- Mr. Fazal Karim, MP
- Ms. Allyson Baksh
- Mr. Wade Mark

2.2 Witnesses who appeared

The following officials of PETROTRIN appeared before the Committee:

- Mr. Fitzroy Harewood – President
- Mr. Jonathan Barden – Vice President, Refining
- Mr. Stephen Awah – Vice President, Exploration and Production (Ag.)
- Mr. Neil Derrick – Vice President, Human Resources and Corporate Services (Ag.)
- Mr. Ronald Huff – Chief Financial Officer
- Ms. Radica Maraj-Adharsingh – Senior Manager, Law and Management

3. Key Issues Discussed

- i) **The failure of some entities to provide requested information to Parliamentary Oversight Committees.**

- 3.1 The Chairman made a statement regarding the submission of documents requested by the Committee for entities appearing before the Committee. He stated that the authority of the Committee was being challenged by PETROTRIN given that the entity was dictating what information should be provided to the Committee under the guise of protecting their interest. Standing Orders 101(b), 111(a) and 112(11) of the House of Representatives and 91, 101 and 102 of the Senate empowers Joint Select Committees to investigate, inquire into and report on all matters relating to the mandate, management, activities, administration and operations of the assigned Ministries, departments or bodies; to send for persons, papers and records and to, if required, by order, issue a summons to any person to attend before that Committee to be examined and give evidence and to produce papers and records in that person's possession, custody or control to that Committee.
- 3.2 He also stated that it is not the purview of entities to determine what information the committee should have access to or not have access to. He advised that the practice of using taxpayer's monies to get legal opinions that have the effect of limiting the Committee's authority to access information will not be tolerated by the Committee.
- 3.3 PETROTRIN indicated that it has been providing adequate information to the Committee, nevertheless some questions were considered under common law privilege could not be disclosed.
- 3.4 PETROTRIN also indicated that it is committed to submitting responses to the Committee.

ii) The supremacy of the Constitution

- 3.5 PETROTRIN referred to court cases as a means to withholding information from the Committee despite the fact that the Attorney General has provided all case material to the Law Association of Trinidad and Tobago. The Committees of Parliament are established under Section 66A of the Constitution which is the supreme law of the land and supersedes legal practices.

iii) Role of Ministry of Energy and Energy Industries in the Malcom Jones Matter

- 3.6 The day to day operations or decision-making are the responsibility of the Company which is governed by the Companies Act. Therefore in taking the decision regarding the Malcom Jones matter, the Company acted on its own, there was no need for consultation with the Ministry of Energy and Energy Industries or the Minister.

iv) PETROTRIN 's International obligation to confidentiality

- 3.7 PETROTRIN is party to international arbitration and is obligated to maintain confidentiality. Therefore, they are restricted from disclosing matters particularly concerning witnesses. If witnesses confidentially or obligations are breached there will be consequences to the Company and by extension Trinidad and Tobago.

v) Counsel on Malcom Jones Matter

- 3.8 Mr. Varun Debideen was engaged by both PETROTRIN and the Office of the Attorney General. PETROTRIN had no interaction with the Office of the Attorney General until July 2015. The Company was unable to file witness statement as the counsel on record, Mr. Debideen was refusing the request, claiming privilege. The office of AG was contacted to intervene and at an all-counsel meeting Mr. Debideen agreed to withdraw his affidavit.

3.9 In 2011, PETROTRIN's Board resolved that the Attorney General's Office would engage a counsel, Mr. Varun Debideen. As a result, PETROTRIN's internal legal department was not entirely privy to the witnesses in the Malcom Jones matter and when this was requested of Counsel Debideen, he claimed privilege by the AG's Office. Counsel Debideen via the Ministry of the Attorney General later submitted some information.

vi) Board Meeting re Malcom Jones Matter

3.10 The Alternate Chairman, as provided for in accordance with the Company's By-Laws, who chaired the meeting at which the decision was taken on the Malcom Jones matter was Mr. Lenard Prescott. It was explained that upon looking at the witness statements and the information as published in the ICC and ICIA public documents of the Southern Districts US Courts, a case of negligence could not be found and as such the decision not to pursue the matter further was taken by the Board.

vii) Idle Acreage

3.11 PETROTRIN has in excess of one million acreage of unused space both on land and offshore. The Company has been reviewing its partnerships from a reservoir management standpoint, but admitted that this has not been as effective as it should be. There is need for a proper study/evaluation of the available space to be done in order to strategise on the way forward. Also, it was indicated that the appropriate technologies are required to value the acreage as there is much benefit to be derived from the space.

viii) Heavy Oil

3.12 Light oil reservoirs can be produced from an economic standpoint however there is need to find a partner to provide the technology and capital.

ix) Losses and challenges to PETROTRIN

3.13 The Company admitted that it has not only been challenged by the WGTL project, but by several other projects including the South-west Soldado Project, the FCCU, Gas Optimisation Programme (GOP) therefore, the loss cannot be placed solely on the failed WGTL project there were other factors and projects involved.

x) South-west Soldado Project

3.14 This project was targeted to make improvements to equity production. However, the recent issues regarding its execution are being investigated via the courts. The project and its issues has been placing a significant drain upon the Company.

xi) Submission of Annual Administrative Reports

3.15 The Ministry of Energy and Energy Industries confirmed that they are in possession of the PETROTRIN's Annual Administrative Reports for the years 2008 to 2014. These reports will be forwarded to Cabinet then for subsequent Laying.

xii) Deficiencies recorded by the MEEI

3.16 The Company is facing operational issues which is hindering its ability to provide information to the MEEI. A Facilities Audit was initiated by the MEEI in which PETROTRIN participated. The

MEEI has since deliberated on the findings. In the interim PETROTRIN will continue its own asset integrity procedure.

xiii) Release of the FCCU Catalytic Unit

3.17 PETROTRIN confirmed that a fresh catalytic was emitted from the FCCU in Marabella, South Trinidad and therefore, the level of vermilion found was relatively low. It was also stated that vermilion was a chronic poison and not an acute poison.

xiv) Post receivership of WGTL Assets

3.18 In 2009 to 2011 funds were used to complete construction of the facility after which the Company sought to sell the facility. The receiver, Pricewaterhouse Coopers set bids and received tenders. Conditional approval was given to NIQUAN Energy. Presently, the PETROTRIN is seeking to sign-off the documentation and complete the procedure for closing the deal within the ensuing 18 to 24 months.

xv) Petrotrin's issues

3.19 The Company's Asset Integrity is in a poor state, with the exception of some developments, the Company continues to run on an old plant/assets. Over 5 million is required to address this issue to a sustainable point.

3.20 Another challenge of the Company lies with sustaining the business, establishing good management amidst low oil prices and low refinery margins. Notwithstanding, it was indicated that the refinery is presently producing 165,000 barrels per day (bpd) and 154 000 bpd is being sold. Approximately 43,000 to 45,000 bpd consist of equity production, while the rest is imported. There are 22 refinery plants located in the Pointe-a-Pierre area including the one Gas to Liquid Plant.

3.21 The Company also noted that it is challenged in terms of people and competencies in key areas.

xvi) Recent downgrade of government bonds

3.22 Petrotrin's loans consists of long-term bonds and short term working capital trade finance. Therefore, if the local industry downgrades, it impacts on the Company.

xvii) Human Resource Issues

3.23 Approximately 39% of PETROTRIN's leaders are due for retirement in the next five (5) years. As such, the Company has been engaged in reviewing the organisation's competencies both in the upstream and downstream, including the technologies, evaluating process maps and trying to fill the gaps with the understanding that it takes some time to train officers.

xviii) Ultra Diesel Facility

3.24 There is a growing requirement for Ultra Diesel. The plant is 98% complete in terms of its physical structure. Completion of this facility is carded for the end of 2017, early 2018.

xix) Corporate Headquarters

3.25 Given the state of the organisation, attention is being placed on what is necessary and economical for the Company, which does not include the Corporate Headquarters. Officials are comfortable putting the project in hold as the site does not require much by way of preservation.

xx) Corporate Governance

3.25 The way the business is run is of extreme importance to PETROTRIN, it provides a platform for its sustainability.

5. View the Hearing:

The hearing can be viewed on our YouTube page via the following link:

<https://www.youtube.com/watch?v=uSfHXT31L4A>

6. Contact Information:

You may contact the Committee's Secretary at jscse@tparliament.org or 624-7275 Ext. 2828/2309.

Committees Unit

Monday April 25, 2016