

Cuba Tells Islanders First Exploratory Oil Well Dry

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HAVANA (AP) — Cuba is finally letting its citizens know that an exploratory offshore oil well turned out to be a bust, more than two weeks after Spanish oil company Repsol informed the world.

An official notice from Cubapetroleo published in Communist Party newspaper Granma on Wednesday said the deep-water well was unsuccessful, but that doesn't mean there's no oil in the 43-square-mile (112-square-kilometer) exploration area in question.

It is "one of the main productive basins on the world level, with high potential for the discovery of new hydrocarbon reserves in accordance with geological studies," the statement read.

The cash-strapped country is banking on a big oil strike that would provide a sorely needed economic lifeline, so it was disappointing news when Repsol announced May 18 that its well, sunk at cost topping \$100 million, had failed and would be plugged.

It is common for exploratory wells to come up dry, and oil companies factor the risk into their operational calculus.

But Repsol soon announced that it would opt out of its contract to drill a second well, and said it would almost certainly abandon Cuban offshore exploration altogether. There was no word of the company's pullout in Wednesday's official notice.

Cuba does not have any independent newspapers or broadcasters and most islanders have little or no access to the Internet, so likely few people were previously aware that the well had struck out.

The Scarabeo-9 drilling platform, built and assembled in China and Singapore with less than 10 percent U.S.-made parts to avoid triggering penalties under Washington's economic embargo against Cuba, has since been floated west to a point off the western province of Pinar del Rio.

There, it has been used by PC Gulf of Malaysia since May 24 for another exploratory well, with Russia's Gazpromneft as a partner, according to the official statement. PDVSA, the state-owned oil company of key Cuban ally Venezuela, afterward will get its chance in a separate bloc off the Cape of San Antonio, the island's most westernmost point.

Geological studies suggest anywhere from 5 billion to 9 billion barrels worth of oil may be lurking off Cuba deep below the Gulf of Mexico, and island authorities are

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hoping there may be even more.

Cuba reported last year that it produced 4 million tons of crude and natural gas in 2010, around 46 percent of national consumption. Subsidized oil from Venezuela makes up the difference.

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