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Jobs, Rib-Eyes and Worries: How Exxon's Giant Oil Discovery Is Transforming Guyana; The tiny country has become the next energy powerhouse, bringing a jarring new reality

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GEORGETOWN, Guyana—New supermarkets here are stocked with prime Texas rib-eyes. A recently opened waterfront hotel offers executive suites for \$750 per night. The national cricket team, the Amazon Warriors, is getting a new stadium that begins construction next spring.

Money is pouring into Guyana, which is quickly being transformed from one of the poorest countries in the Western Hemisphere into the world's fastest-growing economy, according to the International Monetary Fund. The economic makeover is succinctly explained by the sponsor named on the cricket team's jersey: Exxon Mobil, the oil giant based almost 3,000 miles to the north.

Guyana is suddenly the world's next great energy powerhouse. Through a series of discoveries starting in 2015, Exxon and its two partners, Hess and Chinese oil company Cnooc, have found more than 11 billion barrels of oil off the Guyanese coast—a bounty that could last for decades. Some oil executives say they've never seen a success of that scale in their careers and won't again see one like it.

Flights to Georgetown now teem with foreign oil-field workers looking to capitalize on the find. Last week, rival Chevron bought into the bonanza, agreeing to pay \$53 billion in stock to buy Hess, primarily to acquire Hess's nearly one-third stake in the Guyana project.

"It's really unique in the world," Chevron CEO Mike Wirth said in an interview. "The largest discovery in the last decade, a high-quality resource...and it's just got unmatched growth potential."

Since 2017, government revenue in Guyana has tripled, as has the size of its economy, according to the IMF. By the end of September, the country had \$1.88 billion from oil revenue and royalties in its natural resource fund.



Shoppers at Georgetown's Stabroek Market.
PHOTO: Kejal Vyas/The Wall Street Journal

OPEC, the global oil cartel, has courted Guyana to become its latest member and join the ranks of Saudi Arabia and Iraq. So far, Guyana has said it prefers the independence to pump as much oil as it pleases.

The find is so valuable that Exxon and its partners are leaving nothing to chance in putting its stamp on it, and the country itself.

Exxon has spent close to \$1 billion in the local economy and on community outreach across Guyana, investing far more in the jungle-covered former British colony than it has in other frontier markets in Asia and Africa.

Exxon billboards loom over Georgetown's roadsides and airport, plugging job opportunities and promising cheaper domestic power through a planned power plant fueled by natural gas from the offshore fields. The company has bankrolled a money-losing port development that would allow a freer flow of goods, and showered cash on women's empowerment conferences, entrepreneurship workshops and local environmental groups.

"We feel our name and our brand is now tied to whether this turns out to be a success for the people of the country," said Exxon's country manager, Alistair Routledge.



Alistair Routledge, Exxon's manager in Guyana.
PHOTO: MERIDITH KOHUT for The Wall Street Journal

Both Exxon and Guyana, Routledge said, are working to help the nation avoid the so-called resource curse—the tendency of countries that suddenly come into massive wealth to let parts of the local economy atrophy, while succumbing to corruption that concentrates the riches among the ruling elite.

The jarring new reality has caused alarm for some locals. Some fear their country is becoming a subsidiary of Exxon. A series of court cases have sought more oversight of the company.

Neighboring Venezuela claims some of the fields Guyana is auctioning are within its borders, rekindling a territorial controversy stretching back more than a century.

At Guyana's aging, wood-floored national museum, replicas of giant anteaters, sloths and anacondas stand lifeless next to an exhibit about Exxon and the oil discovery.

Between jars of crude oil and a model drilling vessel, a video plays on loop each day with Exxon executives and government officials touting the country's looming transformational wealth.

The narrator tells visitors: "Our country is on a journey not for the faint of heart."

Unexpected bounty

Exxon and Hess initially had little inkling that what's known as Guyana's Stabroek block would be so prolific.

Less than a decade ago, John Hess, the globe-trotting CEO of the eponymous company, couldn't point to Guyana on a map.

As oil prices fell in 2014, he was looking for a way for his company to find new bounties of oil for cheap outside of America's prolific shale plays. Hess believed U.S. output would start to plateau sometime in the next decade, and he needed to plan ahead.

When Shell, then Exxon's partner in Guyana, pulled out of the country after dozens of failed exploratory wells, Hess pounced. Shell sold its shares in 2014 for \$1 each, giving Hess a 30% stake in the project at what would turn out to be a bargain price.

Thirty-two out of 37 of the Exxon-led group's well tests have turned up oil, by far the industry's highest success rate in modern history, Bank of America analysts said in a June note. The group is expected to pump more than one million barrels a day throughout the 2030s, according to analyst Schreiner Parker of energy research firm Rystad.

Hess said in an interview that he believes Guyana's government will have revenues this year of more than \$1.5 billion through the production-sharing agreement it has with the consortium. Guyana's GDP per capita over the next three or four years is expected to rise to the level of Mexico or Brazil, he said.

"They want us to go as fast as we can but also as responsibly as we can to develop their oil resources and their financial resources," Hess said.

When Guyanese authorities struggled to tend to a deadly school fire in a remote mining town in May, Hess offered a jet to help investigators rush DNA

samples to Mount Sinai in New York to identify victims' remains, according to the Health Ministry.

Exxon, which operates the project, and its partners have so far invested \$40 billion on offshore projects and will spend tens of billions more on new ones this decade.

Some of the spending is already being felt, including through the Greater Guyana Initiative, a 10-year, \$100 million plan to fund educational programs and train Guyanese students for the new economy. At the University of Guyana, the money has helped expand the radio station, buy chairs for the dentistry school, install computer labs and add fencing and security systems to curb on-campus muggings, said Vice Chancellor Paloma Mohamed Martin.

Guyana's oil boom has kicked off a real-estate bonanza. New shopping malls, roads and high-end condos cater to oil workers and executives. Investors and businessmen from Guyana's traditional mining and lumber sectors are trying to cash in on rising property values.

"I'm already getting some of these oilmen to come by and look at my place," said gold trader Sunil Boodhram, showing off snapshots of luxury housing units he built.

Fish vendor Clifton Anderson echoed a popular refrain from average Guyanese who are skeptical of oil's benefit to the country. "At this point it feels like the government is owned by Exxon," he said, blaming the oil boom for a rising cost of living.

Governance challenges stemming from a deep ethnic divide in the country have played to the companies' benefit, former government officials and transparency groups said.

Exxon and its partners thus far have successfully navigated Guyana's contentious political landscape, which since gaining independence from the British crown in 1966 has been marked by conflict between the country's two largest ethnic groups—the descendants of enslaved Africans and those of Indian indentured laborers.

"We are guests in Guyana—it is imperative that its citizens benefit from our presence," said Michelle Gray, an Exxon spokeswoman. "We are proud of our contributions and look forward to decades of shared prosperity."

Race-based tensions, weak institutions and corruption have marred Guyanese politics—which has been dominated by two main political movements, one largely led by Indo-Guyanese and the other by Afro-Guyanese. That has

stymied economic development and pushed scores of citizens to flee the country, economists and government officials say.

Legal action

Among the cases moving through Guyana's courts is one filed against the country's Environmental Protection Agency alleging it allowed Exxon to obtain inadequate insurance that wouldn't fully cover an offshore disaster.

The case is one of seven suits that Guyanese lawyer Melinda Janki has filed on behalf of local citizens who want to make sure that Exxon and the government comply with their legal obligations.

"For the oil companies it's been like taking candy from a baby," Janki said.

A judge in the insurance case sided with the plaintiffs in May but an appellate court stayed the decision. If a final ruling validates the lower court's decision, it could stop production altogether.

An Exxon spokeswoman said the company has adequate insurance.

EPA director Kemraj Parsram declined to comment on the litigation but denied that his agency was beholden to Exxon's interests.

Among the critical voices is Vincent Adams, a Guyana native and director of Guyana's EPA from 2018 to 2020. Adams, a 30-year U.S. Department of Energy veteran, said that he had refused to sign off on new exploration permits for the Exxon-led consortium until it committed to fully guarantee disaster insurance. He had also tried to create a 36-person team of experts who would increase scrutiny of Exxon's activities.

The panel of experts was never hired, despite a \$1 million grant from the World Bank, said Adams, who had been appointed by the previous government. He said his plans for expanding regulation were derailed when government activities were halted during a monthslong election dispute in 2020. He was fired shortly after.

Adams said he was sidelined because he was trying to hold Exxon accountable, which the government denies.

Guyana's Vice President Bharrat Jagdeo brushes off many criticisms as politically driven. He blames much of the public skepticism on the previous government's contract negotiations with Exxon, which were conducted in secret and kept from the public more than a year after the deal was signed in 2016.



'At this point it feels like the government is owned by Exxon,' said Clifton Anderson, a fish vendor at Stabroek Market. PHOTO: Kejal Vyas/The Wall Street Journal

Jagdeo's party came to office in 2020 after strongly criticizing the oil deal, calling it unfairly favorable to Exxon. Since coming into power, the ruling party has scrapped talk of renegotiating the agreement.

"We didn't want to be embroiled in a controversy at this point in time," Jagdeo said. "It will kill the aggressive momentum and growth that we want."

Exxon's Routledge said renegotiating the deal "would be a huge problem for us" and would deter others interested in investing in the country.

In lieu of a new deal with Exxon, Jagdeo said his government has focused on developing its sovereign-wealth fund to manage oil proceeds while boosting local jobs and improving Guyana's share of export revenue in future projects. In September, the government began taking bids for 14 offshore blocks.

Under the new terms, future developers will have to pay a 10% royalty compared with 2% before. Corporate taxes will go up to 10% from zero, and the amount of annual revenue that energy companies will be allowed to take to recoup their costs drops to 65% from Exxon's 75%.

Adams, the former EPA director, called the oil auction a gimmick to distract from the government's reluctance to renegotiate its contract with Exxon, which already holds the most oil-rich areas.

Jagdeo rejected the assertion, and said his government has received interest from a growing number of prospective investors.

In recent days, officials in Caracas blasted Guyana's most recent oil auction as a violation of Venezuela's national sovereignty. "Guyana is trying to take the seas by force along with Exxon, who has bought out their politicians," Venezuela President Nicolás Maduro said in a speech. "Guyana has converted into an American military base."

Caracas has previously sent naval gunships to scare away oil survey vessels contracted by Guyana in the disputed waters.

The U.S. State Department said it supports Guyana, which has filed a case at the United Nations' International Court of Justice that seeks to affirm its existing border and lay rest to Venezuela's claim to two-thirds of Guyanese territory.

The court said in April that it had jurisdiction to rule on the border controversy, though the case is likely to drag on for years.

For now, the oil boom shows no signs of slowing. Analysts who have studied the projects think the amount of recoverable oil could grow substantially from the current estimate of 11 billion barrels as the oil giants explore the region's greater depths and bring new technologies to bear.

Guyana is racing against a nascent energy transition. On Tuesday last week, the International Energy Agency predicted that oil and gas demand will peak before 2030, then slowly decline—although many in the oil industry dispute the estimate.



A billboard in Guyana touts the nation's partnership with Exxon.
PHOTO: Kejal Vyas/The Wall Street Journal

On a phone call a day earlier, Guyana's president, Irfaan Ali, had urged Wirth, Chevron's CEO, to pump the country's oil as fast as possible and increase local job opportunities in hopes of lifting much of the country's population out of poverty, according to people familiar with the matter.

Jagdeo said that developed countries have already benefited from their fossil-fuel reserves and it's time for smaller oil nations like Guyana to break the production monopoly and generate income for economic development.

He also rebuked pleas from the U.N. and others that countries phase out fossil-fuel production.

"We need money from the oil and gas sector to climate-proof our country and adapt to climate change," Jagdeo said. "The developed world can change this, they can decarbonize faster, the same people who lecture us. I'm at peace with my philosophy and conscience."

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