

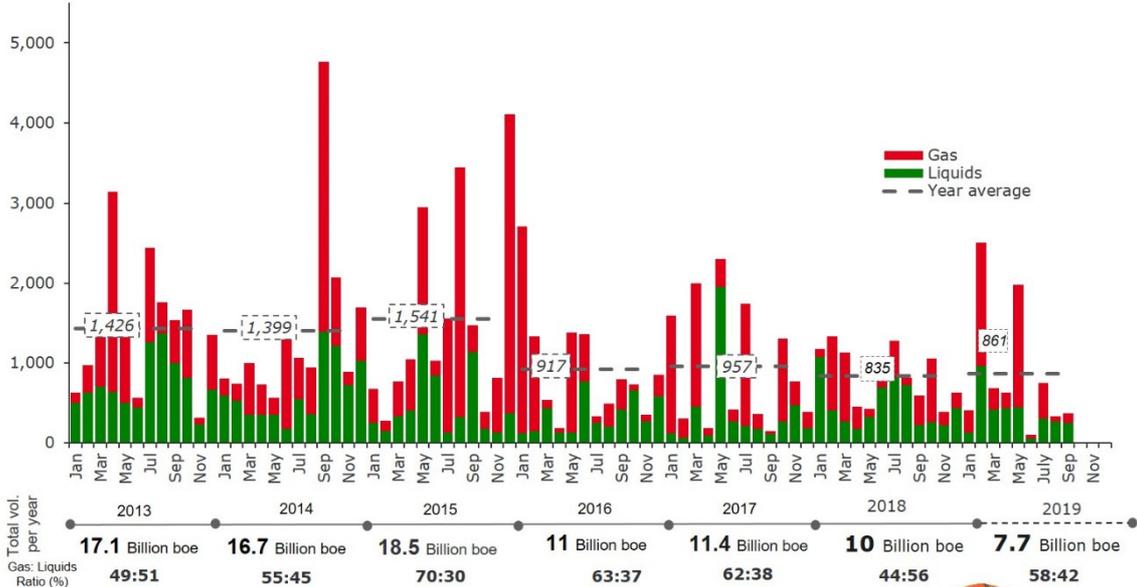
# ALL EYES ON THE CARIBBEAN AS REPLACEMENT RATIO DIPS TO THE LOWEST IN DECADES

October 9, 2019

Oil and gas companies have discovered 7.7 billion barrels of oil equivalent (boe) year-to-date, according to Rystad Energy’s latest global discoveries report.

“The industry is well on track to repeat the feat achieved in 2018, when around 10 billion boe of recoverable resources were discovered,” says Palzor Shenga, senior analyst on Rystad Energy’s upstream team.

## Global conventional discoveries in 2019 Per 3Q19. Million barrels of oil equivalents (boe)



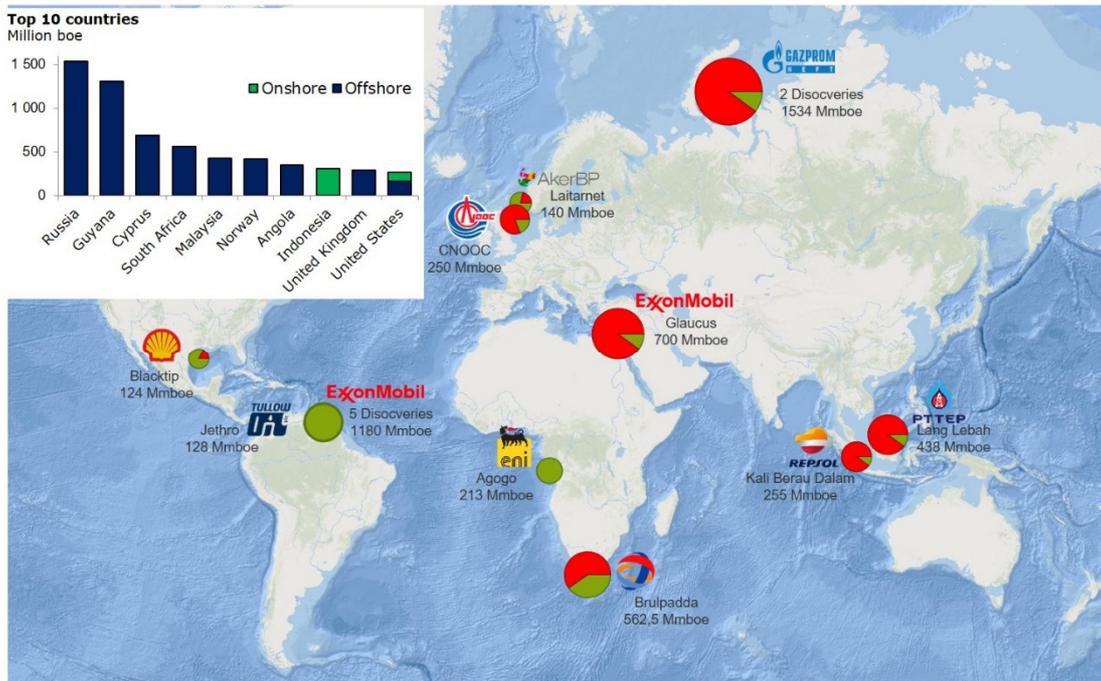
Source: Rystad Energy ECube, October 2019



Learn more about [ECube](#).

Russia has seen the most discovered resources thus far in 2019, with the Dinkov and Nyarmeykoye discovery announced earlier this year holding around 1.5 billion boe of recoverable resources. Guyana and Cyprus nab the other places on the podium.

## Top global discoveries 2019 (Jan-Sept) – conventional resources



Source: Rystad Energy ECube, October 2019



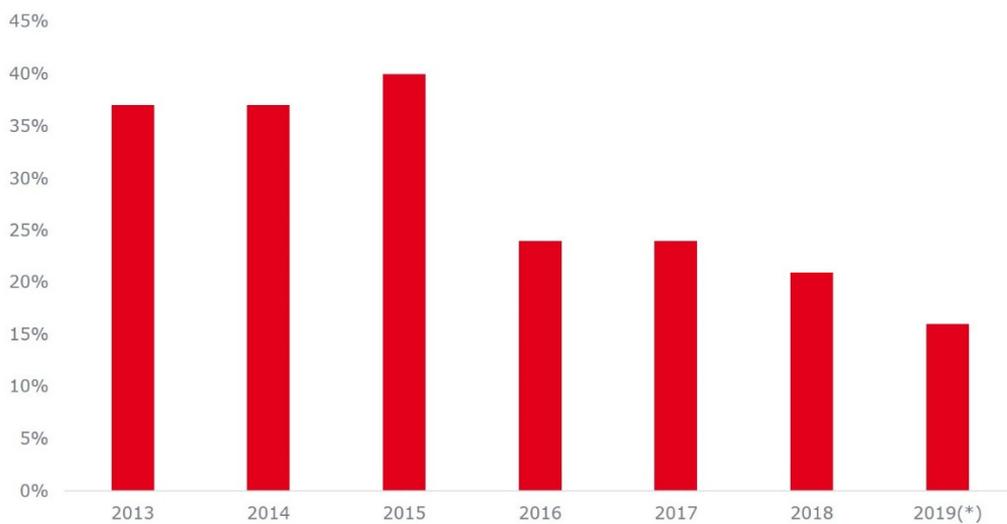
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The so-called resource replacement ratio for conventional resources now stands around 16%, which is the lowest seen in recent history.

“This means that only one barrel out of every six consumed is being replaced by new sources. This is the lowest replacement ratio we have witnessed in the last two decades,” Shenga added.

## Resource replacement ratio, conventional discoveries

Percent (%)



(\*) As of 3Q19

Source: Rystad Energy ECube, October 2019



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However, the industry has high hopes after the prolific success of ExxonMobil's Stabroek block off the coast of Guyana and more recent discoveries by other operators in the region, which have led to a surge in offshore exploration in the Caribbean. More acreage is being made available for bidding, with some countries conducting their first-ever licensing rounds in 2019 and 2020. Offshore drilling activity has been on a steady rise in recent years, with 23 new exploration wells expected in 2019. By comparison, only seven offshore wells were drilled in 2013.

"We estimate the annual number of wells drilled could increase slightly to 25 wells in 2020, as more operators join the Caribbean exploration circuit," says Santosh Kumar, an exploration analyst on the upstream team.

Rystad Energy expects the Guyana-Suriname basin will continue to occupy headlines with a few planned wells in both Guyana and Suriname. The basin is pinned as one of the most prospective, underexplored basins in the world and will definitely get a facelift from its current assigned volumes if hydrocarbons are established towards the east.

"Explorers have set their sights on establishing a working petroleum system and unlocking the underlying commercial prospectivity of the basin. The latest update suggests that the basin could have a potential of around 13 billion boe," Shenga said.

A wildcat exploration campaign led by Apache is currently underway in Guyana's eastern neighbor, Suriname. Prior to this only 14 wells have been drilled in the Guyana-Suriname basin beyond water depths greater than 20 meters.

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