



# LENI GAS AND OIL (LGO)

## DELIVERING GROWTH





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*Chief Executive, Neil Ritson discusses how, by tapping into Trinidad's underexploited resource wealth, Leni Gas & Oil (LGO) is fast on its way to becoming one of the premier junior oil companies*

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**B**oasting one of the highest growth rates and per capita incomes in all of Latin America, Trinidad and Tobago is among the wealthiest and most developed nations in the Caribbean. It is also the leading Caribbean producer of oil and gas, and its economy is heavily dependent upon these resources, with them accounting for approximately 40 percent of its GDP and 80 percent of its exports.

Boosted by recent oil finds, including the 48 million barrels discovered off south-west Trinidad in 2012, the industry continues to thrive, drawing in investment on a regular basis. One company that has been established in Trinidad for several years now is Leni Gas & Oil (LGO). Incorporated in 2006, the company's strategy is based around the simple concept of delivering growth through the acquisition of proven reserves, enhancement of producing assets, and the identifying and acquiring of underexploited projects.

"In many respects the most important progress that the company has made has come in the last couple of years," states Chief Executive, Neil Ritson. "In that time we have really focused our efforts on the reactivating of old oil fields where we have identified opportunities for additional reserves and production that have previously been overlooked for various reasons."

Turning back the clock slightly, LGO's original asset of note was the Ayoluengo oilfield, one that was originally discovered in the 1960s by Chevron and operated by LGO since October 2007. Having spent the much of the next five years developing Ayoluengo the decision was made to expand



Altech-2 rig





First sale from Tank 2

40%

Of Trinidad's annual GDP stems from oil and gas

into other areas of interest in order to grow more rapidly. Initially this led the company to the Gulf of Mexico and it was around this period in its history that LGO became exposed to Trinidad.

“Almost immediately,” Ritson continues, “we came to the realisation that Trinidad was a very good match indeed with our corporate strategy and that this location, which has been an active producing region for more than 100 years, possessed a cost structure that offered us a better set of opportunities to grow than that which exists in Europe. With this in mind we decided to focus our future investments on the region and that has become core to our strategy going forward.”

At the heart of LGO's operations in Trinidad is the Goudron Field. It does however also hold assets in the form of the Icacos Oilfield, the Moruga North leases and the Cedros Peninsular leases. Located between the East Moruga and Beach Marcelle fields in south-eastern Trinidad, Goudron was originally discovered by Trinidad Leaseholding Limited in 1927 and was largely developed in its current form by Texaco between 1956 and 1986. It was then in late 2009 that a field reactivation contract for Goudron was signed and this contract was acquired by LGO in October 2012.



Sales Tanks 1 and 2 at Goudron

“What we are doing at Goudron today is using our expertise in field well reactivation to take wells that have been neglected and bring them back into use,” Ritson explains. “In doing so we take a TLC approach rather than a high-tech one. These wells are not in a condition that makes them conducive to many new technologies. Our approach has already started to create a positive return with production from the field rising

from an incredibly low base to around 350 barrels a day, which represents growth of more than 750 percent in only nine months of operations.”

LGO's move into the Trinidadian market came at a time when government and industry figures had become increasingly vocal about the decline in local production. By coming into the region with an expressed aim of bringing underexploited projects back into production

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Altech-2 rig at the Goudron field

the company quickly gained the support of local bodies and the government.

As Ritson goes on to highlight, this immediate support wasn't the only benefit that the company gained from setting up operations here. "Trinidad has a long history of oil and gas activity and that has resulted in an experienced local workforce. This has allowed us to staff our organisation exclusively with Trinidadians. Indeed there is not a single ex-pat within our local workforce and this gives us a unique strength in the marketplace."

When it comes to the medium term plans for its Goudron asset, LGO is currently working with approximately 90 old wells across the field, which together are expected to contribute around 400 barrels per day at peak production. The future beyond this involves the drilling of new infill wells across the existing area.

"By using state-of-the-art drilling technologies we plan to drill 30 new wells and we expect to achieve a significant uplift in production," Ritson says. "Currently we are awaiting the environmental consent to commence this work and while it will then take a month or two to mobilise equipment and start the programme, executing this work really starts to change the forward momentum of the business. The recent



GEPL and LGO technical staff

awarding of reduced overriding royalty terms from Petrotrin at Goudron will also assist us to more rapidly deploy capital."

When combining both its Spanish and Trinidadian operations, LGO's group production is currently running at between 400 and 450 barrels per day, which is significant by junior oil company standards. With new drilling the company anticipates this figure quickly rising to between 1,000 and 2,000 barrels per day.

As far as the long-term future for the company goes, Ritson's thoughts have also begun to turn towards the planning of secondary recovery at Goudron. "While Goudron has to date only produced somewhere between four and five million



**750%**

Of Trinidad's annual GDP stems from oil and gas

barrels, it actually has a very significant in-place volume and our task will be to start giving the field more energy via water injection and start to sweep some more of that oil into the producing wells. That is one particular programme that can also start once we commence with new drilling.”

In the meantime LGO is naturally aware that there are other opportunities in Trinidad that it could one day capitalise on. “We are a company that is prudent in our growth strategy,” Ritson concludes. “We don’t see ourselves taking on more than we can reliably deliver, but saying that we have negotiated some other options in Trinidad, other opportunities that we believe have the potential to give us a good return on production growth and we will continue to work those so that they provide us on-going and sustainable growth. For us this is a country that has the potential to help us grow into a company capable of producing up to 5,000 barrels per day. Our job is to go out there and utilise our strengths to make this a reality.” **BE**

For more information about Leni Gas & Oil (LGO) visit: [www.lenigasandoil.com](http://www.lenigasandoil.com)

Goudron tank battery







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