



The National Gas Company of Trinidad and Tobago Limited
NGC/Shell T&T Term Sheet Signing
Mark Loquan
June 24, 2019
Hyatt Regency Trinidad

Good afternoon.

Ladies and gentlemen, partners and stakeholders, I am pleased to address you today at this signing ceremony for an agreement that will make an important contribution to the energy security of Trinidad and Tobago. Permit me to take a different route to get to the reason why we are here today. To truly understand the significance of today's event, we must understand where we have come from.

A few years ago, there were deep gas curtailments and outages in the downstream sector. Disturbances in the upstream, including shutdowns and reduced gas finds were affecting supply. Litigation and firefighting - with claims in the order of billions of dollars against NGC, along with expiring or expired contracts and many strained relationships across the chain, had become part of the daily life at NGC.

Simultaneously, there were several shareholder and government discussions around Train 1 and the LNG chain of which NGC is an integral part regarding cargoes for the future.

The aforementioned - suddenly the new normal, was an uncomfortable and unsettling place for NGC, and required a new business paradigm. The key tasks for the new Board and Management were to secure supply, increase stability, manage litigious matters, increase visibility and presence in several forums, and to transform NGC across the value chain with new structures, skills and technology, to deal with this multitude of complex issues.

NGC's number one strategic goal is and remains, to manage and secure its obligations to the downstream, power and light industrial customers with improved stability and availability from the difficult context described before.

And thus began the high priority negotiation of upstream, midstream and downstream contracts. Firstly, NGC had to secure upstream contracts as these were critical to gas supply and therefore critical to the present and future of the petrochemical, power and the light industrial sectors.

We partnered in the upstream; in the midstream with Atlantic LNG, and with multiple firms in the downstream. Upstream agreements were completed with BP and EOG in 2017, De Novo in 2018, as well as securing term sheets developed with PDVSA and Shell (Venezuela) and GPG (Grenada) across the border in 2018. These were all carried out successfully to strengthen and secure the energy and related sectors, and to secure supply for the future. Litigation continued in the background, and slowly, NGC, in discussions with those who sought damages, chipped away, coming to points of agreement and reducing claims against the company.

From the abyss, light emerged. All these moments of doubt – doubt about the company's future; its new business model; its ability to operate within the changing climate and along the value chain – have now been proven misdirected. NGC has proven itself and continues to prove itself worthy to be a key economic partner and of value for the country.

And this is because of the relationships that it has fostered. Today is the outcome of a relationship that has been cultured and worked on for years. As with all relationships, there have been differences which had to be settled. But at the end

of the day, it was a spirit of openness, trust and accountability that steered us to this outcome.

It is important to develop relationships with those who will make you stretch and push you to your full abilities.

As such, symbolically, this term sheet reaffirms our mutual commitment to continuing our productive, long-term partnership with Shell that will generate benefits for all stakeholders well into the future. NGC thanks Shell. The Shell deal is one of the last remaining negotiations for NGC to complete on the Upstream side. It comes at a critical time for our country, when there are downstream contracts being negotiated for the future. This development follows the significant milestone of the Head of Agreement between Shell and the MEEI after several months of negotiation by the Government Empowered Team led by Minister Khan and Minister Young.

This term sheet agreement with Shell, the product of negotiations dating back to discussions since the 3rd quarter of 2017, will secure gas from Shell's portfolio and

will also put NGC on firmer ground when negotiating with downstream customers which is currently in process.

At NGC, we are especially pleased by Shell Trinidad and Tobago's recent successes with the Starfish and Dolphin infill drilling programmes. The programmes have led to greater stability in the gas supply to NGC over the last two years. We are also looking forward to the sanctioning of its Colibri and Barracuda projects, which will also help to maintain the security and stability of gas supply.

Concluding this agreement amidst the external noise regarding the industry, the volatility of the current market and indeed the questioning of NGC's role in the industry, was not easy, but it was conducted in a spirit of partnership. Our discussions were forthright, analytical and done in good faith. NGC and Trinidad and Tobago thank Shell for being solution-oriented – the upshot of which is the signing of this agreement today. All worked tirelessly, through long nights and sacrificing weekends to ensure the term sheet came to fruition.

We also expect the same resolve and effort applied to the completion of the gas contract that should be finished soon.

Before I close, I must mention the people whose efforts helped to make this sometimes-challenging negotiations and the final agreement come together. Today, I acknowledge NGC's Board for providing invaluable support to the internal negotiation team. We know that our Chairman, Professor Gerry Brooks, has announced his resignation, and at this juncture, I want to publicly thank him for his tremendous support, and continuous challenge to improve over the years especially during difficult times, including these very intricate negotiations. I wish him well in his latest endeavours.

I would also like to commend my own team at NGC - Verlier Quan Vie, Edmund Subryan and their respective Commercial and Legal teams, as well as Lorraine Chin Kerry and the Shell team, for making this domestic term sheet possible.

As I mentioned before, our next step will be to convert to a full gas contract, and we look forward to completing this process.

To my colleague and friend, Derek Hudson of Shell Trinidad and Tobago, who will supposedly be retiring to the golf course at the end of the month, you have our thanks. Derek has given outstanding service to the country and to the energy industry, spearheading the increase of gas production and putting Shell in a good place of development for the future. We have enjoyed a professional relationship

based on trust and mutual respect which has translated to the teams at Shell and NGC at the operational and commercial levels.

I would also like to take this opportunity to welcome to the table, the new face of Shell Trinidad, who will continue to lead the team there with great experience - Mr. Eugene Okpere.

Eugene - you have big shoes to fill, but with your own experience and relationship-focused personality, I am confident you will do well (and also take pan to another level with Shell Invaders).

As always, NGC is focused on better serving our customers, fulfilling our mandate as merchant, marketer, transporter and aggregator (though some still refuse to accept such a role – said tongue in cheek). Today is testament that NGC is working along the gas value chain for the benefit of the people of Trinidad and Tobago.

Ladies and gentlemen, I thank you.

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