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FEATURED Q&A

What's Behind a Controversial Oil Spill Law in Guyana?



Guyana's National Assembly recently passed legislation regarding companies' liability in the event of oil spills. The Parliament Building in Georgetown is pictured. // File Photo: Leonid Andronov via Adobe Stock.

Q Guyana's government last month passed, and President Irfan Ali signed, legislation to alter liability for oil companies in the event of an oil spill. The new law requires that firms operating oil and gas assets in Guyanese territory—including the ExxonMobil-led consortium that controls the offshore Stabroek Block—must commit to more regular inspections of equipment; critics argue it creates new discretionary executive powers that could shield companies from liability in the event of an oil spill. How could the new legislation regarding oil spill liability change the long-term economics for the consortium of companies operating the Stabroek Block? To what extent will this legislation affect Guyana's ability to respond to potential oil spills? What does the new law suggest about the nature of Ali's relationship with Guyana's oil sector, considering Guyana is set to hold general elections later this year?

A Theodore Kahn, director of global risk analysis at Control Risks in Bogotá: "Guyana's recently passed oil spill legislation has raised some eyebrows in the industry. Most notably, the new rules envision unlimited liability for damages resulting from oil spills, including environmental remediation, community compensation and government response costs. While such provisions are not unheard of, most international oil jurisdictions only apply unlimited liability in the case of negligence by companies and provide for some measures for cost-sharing with the government. Key questions around enforcement also remain, especially how the government will calculate

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TOP NEWS

RENEWABLES

Major Solar Plant Opens in Minas Gerais State

Brazilian firm Newave Energia on Wednesday inaugurated a 436-megawatt solar plant in Minas Gerais state.

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OIL & GAS

Arbitration Ends in Exxon-Chevron Dispute Over Hess

With arbitration proceedings now having concluded at the International Chamber of Commerce, a final decision over ExxonMobil and CNOOC's dispute over Chevron's purchase of Hess is expected in July or August, according to a top ExxonMobil executive.

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POWER SECTOR

Puerto Rico to Cancel Contract With Luma

Puerto Rico's government plans to cancel its contract with private utility firm Luma in response to a string of power outages, Governor Jenniffer González Colón announced May 29.

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González Colón // File Photo: @Jenniffer via X.

OIL & GAS NEWS

Venezuela's Oil Exports Hold Steady in May: Reuters

Venezuela's oil exports remained unchanged in May, as increased shipments to China offset a decline in cargoes bound for Europe and the United States, Reuters reported Tuesday, citing shipping data and internal documents from state-run PDVSA. The South American country saw 30 vessels leave its ports in May, carrying an average of 779,000 barrels of crude oil and refined fuels, a decrease of less than 1 percent from April and an increase of around 1 percent compared to the same month of 2024, according to Reuters. U.S. export licenses for multinational firms to operate in Venezuela expired on May 27, but oil major Chevron had already seen its cargoes canceled ahead of the deadline. Still, the wire service found that shipments of Venezuelan oil to the United States increased between April and May by around 8 percent, thanks largely to a large swap between Maurel & Prom and trading house Vitol, which was the final export transaction to be authorized by the U.S. Treasury Department. Venezuela's oil exports to China increased by 12 percent last month to an average of 584,000 barrels per day, with China accounting for 75 percent of the total, Reuters reported. Venezuela last month began exporting heavier grades of crude—which have been traditionally reserved for U.S. Gulf Coast oil refineries—to Asia, the wire service found. [Editor's note: See related [Q&A](#) in the May 23 issue of the Energy Advisor.]

Arbitration Finishes in Exxon-Chevron Dispute Over Hess

Arbitration proceedings at the International Chamber of Commerce wrapped up this week in ExxonMobil's dispute of Chevron's purchase of Hess, which holds a 30 percent stake in

ExxonMobil's venture in the offshore Stabroek Block in Guyana, ExxonMobil senior vice president Neil Chapman said at a conference on May 29, Reuters reported. A final decision on whether Chevron can proceed with the acquisition is expected in July or August, Chapman said. ExxonMobil's legal team has argued that the company has a right to block Chevron's purchase of Hess, which would subsequently bring the two competing firms into a partnership in Guyana, Bloomberg News reported. Chevron agreed to purchase Hess for \$53 billion in October 2023, with the deal centered around Hess' holdings in Guyana's Stabroek Block, Bloomberg News reported. The deepwater Stabroek Block is Guyana's only active oilfield, with production having opened in 2019. ExxonMobil is the block's primary operator, holding a 45 percent stake in the venture; China's CNOOC controls the remaining 25 percent stake in the project that is not controlled by Hess. The Stabroek Block accounted for an average of more than 600,000 barrels of oil per day last year, an increase of nearly 50 percent from 2023, thanks to the opening of a third floating, production, storage and offloading vessel (FPSO), Reuters reported. The ExxonMobil-led consortium saw its net profits from operations in Guyana increase by 64 percent last year to \$10.4 billion, the group said in a statement on Tuesday. Ongoing efforts to build four new FPSOs are set to boost the project's daily crude oil output to 1.7 million barrels by 2029, ExxonMobil announced in February.

Colombia's Gas Output to Decline 6 Percent This Year

Although oil and gas firms in Colombia are expected to boost their investments in exploration and production this year by \$350 million, it won't be enough to reverse trends of declining natural gas and stagnating oil output in the short term, Colombia's leading fossil fuel industry group said in a report published on May 29, Reuters reported. Colombia is expected to finish this year with average daily natural gas production down 6 percent relative

NEWS BRIEFS

Canada's Carney Discusses Oil, Mining With Provincial Leaders

Canadian Prime Minister Mark Carney met Monday with the leaders of Canada's 10 provinces to discuss ways to spur economic growth, Reuters reported. Provincial premiers asked Carney to expedite permitting processes for new mining and energy projects, as well as reduce trading barriers between Canada's provinces, according to the wire service. Most premiers advocated for a new major oil export pipeline project from Alberta, but some disagreed regarding whether a new pipeline should be routed west to the Pacific Ocean or east to the Hudson Bay, Bloomberg News reported.

Petroecuador Declares Emergency at Ecuador's Largest Oil Refinery

Ecuadorian state oil company Petroecuador on May 29 declared a 60-day state of emergency at the country's largest refinery following a fire that damaged some fuel tanks earlier in the week, Reuters reported. The declaration was Petroecuador's second in a month, following an earthquake at the end of April that caused damage at the Esmeraldas refinery.

Honduras to Hold Power Auction For International Firms Later This Year

Honduran energy regulators this week approved a framework to hold a power sector auction that will be available to private multinational investors later this year, news site PV Magazine reported on Monday. EENE, Honduras' state-run electric utility that controls more than 60 percent of power generation in the company, will seek partners in new power projects with a combined capacity of up to 1.5 gigawatts, PV Magazine reported.

to last year, according to the Colombian Oil and Gas Association.

RENEWABLES NEWS

436-MW Solar Plant Opens in Brazil's Minas Gerais State

Brazilian firm Newave Energia on Wednesday opened commercial operations at a 436-megawatt-capacity solar plant in Brazil's Minas Gerais state, news site Renewables Now reported. Newave Energia is a subsidiary of Brazilian steel manufacturer Gerdau and stockbroker XP. The companies invested more than \$250 million in order to construct the Arinos Solar Park, which opened on Wednesday, according to the news site. Solar energy accounted for more new power capacity additions in Brazil than any other energy source in

Solar energy is Brazil's second-leading power source, behind only hydroelectricity.

2024, according to data from Brazil's National Electric Energy Agency (ANEEL). More than 16 gigawatts of distributed-generation and utility-scale solar was added to the grid last year; ANEEL projects more than 19 gigawatts will be added this year, with the Arinos Solar Park accounting for around 3 percent of that total. Minas Gerais, the site of Newave's solar park, is Brazil's leading solar state, accounting for more than 20 percent of national solar energy power output, Renewables Now reported. Newave and Gerdau are also developing a second major solar energy plant with the same power capacity as the Arinos plant in the neighboring Goiás state; that facility is expected to open commercial operations in the first fiscal quarter of 2026, Valor Econômico reported last year.

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the level of financial guarantees required to cover potential damages. That said, the new rules are unlikely to alter the economics of oil production in the Stabroek block, which have been highly favorable for ExxonMobil and its consortium partners. In addition, the company has already been ordered to lodge a \$2 billion guarantee for oil spill damages as part of an ongoing court case. The measures will likely have a greater impact on smaller players, who may be deterred from entering the market due to higher insurance and compliance costs. Politics, as ever, plays a role here. Voters will head to the polls in just under three months after Ali moved the date for general elections to Sept. 1. The incumbent People's Progressive Party/Civic will be increasingly keen to counter the narrative that the government has been too generous to multinational energy companies and a handful of well-connected local partners. However, we should not expect fundamental changes in relations with private energy companies should Ali win re-election. After all, during the 2020 campaign, he promised to renegotiate the government's contract with the ExxonMobil-led consortium, only to reverse course once in office. A presumptive second Ali administration will continue to prioritize the rapid development of offshore reserves, including ambitious plans to monetize gas. Ensuring that ExxonMobil continues to view Guyana as the crown jewel in its portfolio is critical to realizing those goals."

A Ivelaw Lloyd Griffith, senior associate at the Center for Strategic and International Studies and a founding fellow of the Caribbean Policy Consortium: "The late Dr. Eric Williams, long-time leader of Trinidad and Tobago, once declared: 'oil don't spoil.' But oil does spill, which is why countries in the oil production business generally adopt legislation to prevent and manage oil spills. Guyana, where the National Assembly passed the Oil Pollution Prevention, Pre-

paredness, Response, and Responsibility Bill 2025 on May 16 and the president gave his assent on May 28, has the same intent. Yet, while intent is necessary, it is not sufficient. The new law bears several harbingers of future problems, some symbolic, others substantive. For one, the measure passed a voice vote in the legislature, where the government with a one-seat majority declined to accommodate calls for more scrutiny

“I anticipate lots of litigation in relation to Guyana's oil, which doesn't spoil, but can spill.”

— Ivelaw Lloyd Griffith

and modification of some provisions. Not a hopeful sign of political conciliation, even if the incumbent government wins the elections in September. It is noteworthy that the bill's 37 clauses and three schedules were considered 'en bloc,' which means that there was no clause-by-clause examination by parliamentarians. Moreover, the legislation has the effect, if not the intent, of undoing the ruling of the landmark 2023 Collins and Whyte case, where a judge found that ExxonMobil's Guyana subsidiary had operated for 11 months in violation of its permit by failing to provide unlimited liability insurance. Incidentally, the government joined ExxonMobil in appealing the decision, prompting many citizens to wonder whether they subordinated the people's interests to the oil titans'. Thus, I anticipate lots of litigation in relation to Guyana's oil, which doesn't spoil, but can spill."

A William Walker, Guyana-based journalist: "The legislation addresses an important aspect of a sector that is only five-plus years old but already contributes over 90 percent of Guyana's total exports. The key

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[Editor's note: See related [Q&A](#) in the Feb. 7 issue of the Energy Advisor.]

POWER SECTOR NEWS

Puerto Rico to Cancel Contract With Luma After Power Outages

Puerto Rico plans to cancel its contract with Luma, the private utility firm that operates the U.S. territory's power transmission and distribution network, Governor Jenniffer González Colón said in a speech on May 29, the Associated Press reported. Puerto Rico recently suffered island-wide power outages twice in a four-month span, first on New Year's Eve, and then again on April 16, the AP reported. González Colón added on Thursday that she is seeking additional U.S. federal funding for modernizing and repairing Puerto Rico's power grid.

POLITICAL NEWS

Trump Bars Nationals of 12 Countries From U.S.

U.S. President Donald Trump on Wednesday prohibited nationals of 12 countries, including Haiti, from traveling to the United States and ordered a partial restriction on entry by nationals of seven other countries, including Venezuela and Cuba. The orders take effect on Monday. "The restrictions and limitations imposed by this proclamation are necessary to garner cooperation from foreign governments, enforce our immigration laws, and advance other important foreign policy, national security, and counterterrorism objectives," Trump said in a proclamation. The travel ban is similar to one that Trump ordered during his first term in office. Trump added that on the day he was inaugurated in January, he issued an

THE DIALOGUE CONTINUES

What Will a New Major Lithium Project Mean for Chile?

Q Australia-based mining firm Rio Tinto Group on May 19 announced a partnership agreement with Chilean state-run miner Codelco to develop a lithium project in Chile's Maricunga salt flat. The project plans to begin commercial production by 2030; Rio Tinto plans to use direct lithium extraction, a novel mining process designed to significantly reduce lithium mines' water consumption. What challenges lie ahead for Rio Tinto and Codelco's plans to build a lithium mine at the Salar de Maricunga? How would the mine's successful completion affect Chile's economy, as well as its role in global critical minerals value chains? To what extent can direct extraction technology make a difference in the project's water usage?

A Oscar Vargas Villazon, lithium economics expert and co-founder of TKN SRL Asesores in La Paz: "Rio Tinto's arrival in the Maricunga salt flat in Chile faces regulatory, environmental and social challenges. In terms of regulatory challenges, The Maricunga Exploration and Exploitation Complex overlaps with mining concessions, which can generate legal disputes. To resolve potential conflicts, a partnership is needed to achieve a sustainable project. In terms of social challenges, Rio Tinto needs to reach an agreement with local communities, which implies transparent dialogue, involvement and the implementation of projects that benefit the population. Regarding environ-

mental challenges, lithium extraction can affect the salt flat's wetlands. Monitoring is required, including brine management and pollution prevention. Rio Tinto must consider the protection of biodiversity and ecosystem conservation. Maricunga can usher in a new era of productive linkages and technological innovation. After all, this isn't just a race for

“It will only be known during the industrial production phase whether DLE fulfills its promise of reducing water impact...”

— Oscar Vargas Villazon

resources—it's a race for knowledge. Lithium must be transformed into innovations, chemical plants and trained personnel. This added value will positively affect the entire country's economy. The Maricunga salt flat, being a complex and unitary hydro-geological system, requires monitoring as direct lithium extraction (DLE) pilot projects progress. It will only be known during the industrial production phase whether DLE fulfills its promise of reducing water impact.”

EDITOR'S NOTE: More commentary on this topic appears in the [Q&A](#) of Wednesday's issue of the daily Latin America Advisor.

executive order stating “that it is the policy of the United States to protect its citizens from aliens who intend to commit terrorist attacks, threaten our national security, espouse hateful

ideology, or otherwise exploit the immigration laws for malevolent purposes.” In addition to banning entry to nationals of Haiti, the full ban also applies to nationals of Afghanistan,

NEWS BRIEFS

Indian PM Modi Not Invited To G7 Meeting in Canada

Canada's government did not invite Indian Prime Minister Narendra Modi to attend the Group of Seven (G7) economic summit in Alberta later this month, sources close to the matter told Bloomberg News on Wednesday. Modi has attended every G7 summit since 2019, and the decision reflects thorny diplomatic ties between Canada and India; Canada's government in recent years has called on Modi's administration to do more to limit extremist Sikh separatist groups' activity in Canada, Bloomberg News reported.

Brazil's Lula Urges French President to Support E.U.-Mercosur Trade Deal

Brazilian President Luiz Inácio Lula da Silva during a state visit to Paris on Thursday called on French President Emmanuel Macron to support the pending free trade agreement between Mercosur and the European Union, Reuters reported. "I will not leave the Mercosur presidency without having concluded the trade deal," Lula said during a joint press conference with Macron, referring to Brazil's chairing of Mercosur's pro-tempore presidency from July through the end of this year.

Guatemala's Arévalo Reaffirms Support for Taiwan During Visit

Guatemalan President Bernardo Arévalo on Thursday reaffirmed his country's formal recognition of Taiwan during a visit to the island, Reuters reported. Guatemala is one of only 12 countries in the world, alongside Paraguay and Belize, that maintains formal ties with Taiwan instead of the People's Republic of China. "The ideals and values of the two peoples are closely intertwined," Arévalo said in a meeting at the presidential palace in Taipei.

Burma, Chad, Republic of the Congo, Equatorial Guinea, Eritrea, Iran, Libya, Somalia, Sudan and Yemen. The partial restrictions, in addition to applying to nationals of Venezuela and Cuba, also apply to Burundi, Laos, Sierra Leone, Togo and Turkmenistan.

Migrants Can Challenge Orders for Deportation: Judge

More than 100 migrants imprisoned in El Salvador must be given the ability to challenge orders that led to their deportation from the United States, a U.S. federal judge ruled Wednesday, the Associated Press reported. People who were sent to a Salvadoran prison in March under an 18th-century law have not been allowed to contest their deportation orders and allegations that they are members of the Venezuelan Tren de Aragua gang, said the judge, James Boasberg, the wire service reported. The Trump administration must work toward giving the deportees a method for challenging their deportation orders, the judge said. "Significant evidence" has come to light indicating that many of the migrants who are currently imprisoned in El Salvador are not gang members "and thus languish in a foreign prison on flimsy, even frivolous, accusations," the judge wrote, the AP reported. Boasberg gave the Trump administration a week to determine a way in which "at least 137" people can challenge their deportation orders.

BUSINESS NEWS

Google, Chile Sign Deal for 9,000-Mile Undersea Cable

Google on Wednesday signed an agreement with Chile's government to construct and install a 9,000-mile undersea data cable to connect Chile to Australia and Asia, Reuters reported. The cable "should be operational in 2027," Chilean Minister of Transportation and

Telecommunications Juan Carlos Muñoz told reporters in Santiago on Wednesday, the wire service reported. It's unclear how much Google's parent company, Alphabet, plans to invest in the project. Chilean state-run infrastructure development firm Desarrollo País plans to contribute \$25 million, but the project's total costs have been estimated at between \$300 million and \$550 million, according to Reuters. Desarrollo País next year plans to begin deploying the first segments of the cable, which will link the Valparaíso region in central Chile and Sydney, Australia, and which would then grant Chile more direct access to connections to Asia. The cable would be the first high-capacity data cable to traverse the south Pacific.

ECONOMIC NEWS

Canada Won't Impose Immediate New Tariffs on U.S.: Carney

Canada will not immediately impose new retaliatory tariffs on imports from the United States despite U.S. President Donald Trump's raising this week of duties on imported steel and aluminum, Canadian Prime Minister Mark Carney said Wednesday, The Wall Street Journal reported. Canada is the top supplier of both metals to the United States. Carney said Trump's move to double U.S. tariffs on the metals imports from 25 percent to 50 percent, which took effect Wednesday, was unjustified and illegal. However, Carney said Canada would hold off on immediate retaliation because the two governments are in "intensive discussions right now" on a new economic and security deal, The Wall Street Journal reported. "These discussions are progressing," Carney said Wednesday, the newspaper reported. Carney added that his country already has retaliatory tariffs of 25 percent in force on approximately \$43.7 billion of imports from the United States. Trump has said the higher tariffs will bolster the U.S. steel industry, CNN reported. However, sectors that use steel and aluminum, including producers of canned goods, have warned of higher prices for consumers.

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to its effectiveness will be the National Oil Spill Committee and its capacity to monitor onshore and offshore prevention systems. It does not seem the bill will affect relations between the government and the consortium. It just codifies much of what the operator, ExxonMobil, and its subcontractors have already been doing when it comes to safety. Therefore, it will also have little to no effect on the consortium's economics. One issue might concern the smaller bidders for the blocks auctioned off in 2023 and whether insurance requirements might be a deterrent. There has been a lot of back and forth about spills and the many hypotheticals. It's useful to consider that any oil company will do everything in its power to avoid such a major ecological, financial and reputational disaster, regardless of legislation. Meanwhile both the bill's language equates to the expectation that there will be full coverage of the costs of any spill, and ExxonMobil has assured it has the full insurance coverage that meets the international industry standards. Ideally, a bill such as this should have gone to special committee for further discussion, but the parliament will soon be dissolved ahead of the Sept. 1 election. As such, the president can now point to this legislation as his being firm on safety in the sector."

A **Arantza Alonso, Americas senior analyst at Verisk Maplecroft:** "The new legislation raised eyebrows among Guyana's opposition and local environmental experts, and some even called on President Irfaan Ali not to sign it into law. The pushback comes mainly from a clause that opponents believe protects oil companies rather than the country's natural and financial resources. Shadow Minister of Natural Resources Shurwayne Holder argued that with the new law, ExxonMobil Corporation could insulate itself from liability through its subsidiary, Exxon-

Mobil Guyana Limited (EMGL), which has no means to cover a spill. Consequently, EMGL could reportedly declare bankruptcy, freeing the parent company from liability. Backers of the law counter that the opposition has misunderstood the clause and that in such cases, subsidiaries must provide documentation that demonstrates they can cover liabilities through the parent company. Notably, the apparent lack of clarity through the mention of a 'document,' rather than unlimited parent company guarantee, has failed to convince opponents and defuse tensions. Moreover, the members of the boards mandated by the

“We expect robust scrutiny over the implementation of the bill and tension between political forces to rise.”

— Arantza Alonso

law—including the Civil Defence Commission and a National Oil Spill Committee—will be mostly appointed by the Minister of Natural Resources. It is therefore possible that these boards' decisions—and oversight—could be subject to political influence. With the elections drawing near, it seems that the government has tried to address the electorate's concerns related to full liability coverage, while also protecting the largest private investors in the country's oil and gas sector, the key driver of economic development. We expect robust scrutiny over the implementation of the bill and tension between political forces to rise."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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