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The Venezuelan Oil and Gas Sector – Are There Still Opportunities in the Era of Petronationalism?

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(Editor's Note: This is Part I of a two part series on the Venezuela oil and gas sector.)

Introduction to Venezuelan Energy Sector

Venezuela, one of the founding members of the Organization of Petroleum Exporting Countries ("OPEC"), has the largest proven oil reserves in South America¹ and the seventh largest in the world,² is the seventh largest petroleum exporter in the world,³ and is the fourth largest net exporter.⁴ It is also the home of the world's largest refining complex (Paraguaná) and the second largest hydroelectric complex (Raúl Leoni, Guri).⁵ The national oil company, Petróleos de Venezuela, S.A. ("PDVSA"), is indisputably one of the most important oil companies in the world. Finally, the oil and gas sector accounts for more than three-quarters (3/4) of total Venezuelan export revenues, approximately one-half (1/2) of total government revenues,⁶ and around one-third (1/3) of total gross domestic product ("GDP").⁷

In the 1990s, under the oil policy liberalization program known as Apertura Petrolera (the "Petroleum Opening"), Venezuela opened up the hydrocarbon sector to foreign investment, promoting multi-billion dollar invest-

ment in heavy oil production, reactivation of old fields, and investment in several petrochemical joint ventures.⁸ This facilitated the creation of thirty-two (32) operating service agreements, four (4) strategic associations for the exploitation of the Orinoco Oil Belt, and four (4) risk profit sharing agreements with twenty-two (22) separate foreign oil companies, including international oil majors such as Chevron, BP, Total, and Repsol-YPF.

However, in 2007, the Chávez administration began taking over "strategic" sectors, pushing some of the world's largest oil companies out of projects in the Orinoco Belt (or reducing their stakes), and bringing industries such as telecommunications, power, and oil under state control.⁹ The nationalizations have dampened foreign investment and negatively affected the country's stock market. The government has reached settlements with many of the affected investors, while others from the oil sector have filed arbitrations claims, complaining of inadequate compensation. The nationalizations have naturally altered the view of the relative risks of investing in the Venezuela oil and gas sector. Nevertheless, President Chavez has launched an ambitious round of projects in the hemisphere which cannot be ignored. This article attempts to address recent developments in the sector and identify where opportunities may still exist for private investors.

Energy Cooperation and Integration Agreements

In 2004, Venezuela launched "PetroAmerica," an energy integration proposal that served as a component of the Bolivarian Alternative for the Americas ("ALBA") and as an alternative to the Bush administration's proposed Free Trade Agreement of the Americas. The ALBA was designed as a geopolitical facilitator aimed at establishing cooperation and integration mechanisms by using the region's energy resources as the basis for the socio-economic advancement of the continent.¹⁰ As discussed

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below, PetroAmerica consists of three sub-regional initiatives: PetroSur, PetroCaribe, and PetroAndina.

PetroSur focuses on cooperation and strategic alliances among the Brazilian (Petrobras), Argentinean (Enarsa), Uruguayan (ANCAP), and Venezuelan (PDVSA) national oil companies to develop business throughout the entire hydrocarbons chain. By reducing transaction costs, providing access to preferential financing, and taking advantage of commercial synergies, PetroSur seeks to reduce the economic and social disparities within the region.¹¹ Under PetroSur's framework, Venezuela, Brazil, and Argentina agreed to implement the Orinoco Oil Belt Development Project in Venezuela and the Abreu de Lima Refining Project in the Northeast of Brazil, and to develop oceanic hydrocarbon basins of Argentina.¹²

In June 2005, thirteen (13) Caribbean countries¹³ and Venezuela signed the PetroCaribe Energy Cooperation Agreement (PetroCaribe).¹⁴ PetroCaribe is an energy cooperation initiative that proposes several solutions to the problems Caribbean countries face in attempting to exploit their energy resources.¹⁵ The agreement embraces the spirit of the San Jose Agreement¹⁶ and the Caracas Energy Cooperation Agreement,¹⁷ and provides for additional advantages. PetroCaribe also includes devices to facilitate project financing. In this regard, it provides scaled financing terms that use crude oil price levels as a reference.¹⁸ Second, it also liberalizes payment terms by extending the grace period for up to two (2) years, allows an extension of the payment period for up to twenty-five (25) years, and limits interest rates to 1% if oil prices exceed US\$ 40 per barrel. Finally, the agreement extends the grace period to make short-term payments from thirty (30) days to ninety (90) days. In addition, Venezuela agreed to accept in-kind payment for part of the credits owed to it. PDVSA created a special-purpose affiliate under the business name of PDV Caribe to take over the related operations. In August 2007, an Energy Security Treaty ("EST") within the framework of PetroCaribe was adopted by Venezuela, Belize, Dominica, Haiti, Nicaragua, Suriname, Cuba, Grenada, Jamaica and Saint Vincent and the Grenadines.¹⁹ Venezuela also individually signed energy security treaties with Argentina and Uruguay which are further discussed below.²⁰

In April 2007, during the First South American Energy Summit ("FSAES") held in Venezuela, representatives from twelve (12) countries of the region (including Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Suriname, Venezuela, Uruguay, and Peru) agreed on the formation of a South American Energy Council²¹ to implement hemispheric energy-related agreements.

Within the framework of the ALBA in June 2007, Venezuela entered into three ALBA energy bilateral agreements with Nicaragua, Haiti, and Bolivia,²² and in February 2008, Venezuela, Bolivia, Cuba, Nicaragua, and Dominica entered into an Agreement for the Establishment of a Supranational Energy, Petroleum, and Gas

Company, as further discussed below.

Energy Security Treaties (EST)

The above mentioned energy security treaties (entered into within the framework of PetroCaribe, and individually with Uruguay and Argentina) provide for the development among the contracting parties of a wide and continuous integration process that contributes to energy security, by complementing the primary energy sources available in the region with the potential and development of renewable energies, promoting technology exchange, developing the energy chain in search of its industrialization, and promoting its rational use and efficiency.

According to the PetroCaribe EST, Venezuela will provide the Caribbean countries with the essential conditions and means to cover the oil and oil-products supply requirements to guarantee energy security and stability for the region, and Venezuela will guarantee the continuous and stable supply to mitigate the effects of the market.

Under the Argentina and Uruguay EST, Venezuela grants Argentina and Uruguay a participation in the "Bloque Suramericano" ("South American Block") of the Orinoco Oil Belt to secure a stable oil supply for those nations. Each treaty also provides for the creation and improvement of the Uruguayan and Argentinean refining capacity, the development of the petrochemical industry, and the implementation of initiatives to allow the supply of natural gas, and regasification plants, among others.

The following projects, to be developed by Venezuela and Uruguay, are identified in the Uruguay EST: (i) the quantification, certification and exploitation of the oil reserves in Block Ayacucho 6 of the Orinoco Oil Belt; (ii) the expansion and adaptation of La Teja Refinery in Uruguay; (iii) the supply of crude oil and oil-products to Uruguay up to the amount of 43,800 bpd; (iv) the supply of coke from PDVSA for the cement industry and the supply of clinker from ANCAP to PDVSA; (v) the incorporation of a jointly owned enterprise between PDVSA and ANCAP for the supply of coke; (vi) the participation of PDVSA in the sucroalcoholero complex of Bella Union; (vii) the incorporation of a company for the design and construction of a LNG regasification plant in Uruguay; and (viii) the improvement in performance of the Compañía de Administración y Fomento Eléctrico, S.A. ("CADAFE").

The following projects, to be developed by Venezuela and Argentina, are identified in the Argentina EST: (i) to jointly continue the quantification and certification of the oil reserves in Block Ayacucho 6 of the Orinoco Oil Belt; (ii) the participation of PDVSA in exploration activities in offshore blocks of the San Jorge gulf in Argentina; (iii) the annual fuel supply to the jointly-owned enterprise Enarsa-PDVSA; (iv) the supply of heating oil for thermoelectric generation in Argentina; (v) the flagging of two hundred seventy-five (275) service stations belonging to Sociedad Petrolera Cono Sur under the PDV Sur trademark; (vi) the construction of two (2) panamax ships; (vii) the coopera-

tion under the natural gas for vehicles project; (viii) the acquisition of electricity equipment by the incorporation of a jointly owned enterprise for the manufacture of this type of equipment; and (viii) the supply of 60 megawatts ("Mw") by means of electrogen groups to increment Argentina's power generation capacity.

Finally, the Argentina EST provides for the incorporation of Petrosuramerica, a supranational company to operate in the following areas: oil, gas, refining, petrochemicals, transportation infrastructure development, storage, distribution, electricity, alternative energy, and maritime transport.

The Supranational Energy, Petroleum and Gas Company

According to the agreement, the "supranational company"²³ shall implement projects within the entire energy, petroleum, and gas value chain ranging from the identification, quantification and certification of reserves to the final delivery to consumers, including all the intermediate stages.

Under the agreement, the signatory countries committed to evaluate opportunities associated to exploitation, production, and supply of energy, including the assessment of implicit risks. To this effect, the agreement foresees the undertaking of the following specific projects in an initial stage: (i) elaboration of the ALBA region energy matrix and balance; (ii) development of the alternative and renewable energy map of the ALBA countries; (iii) study of the integral refining capacity; (iv) study of internal cooperation among ALBA countries; (v) design of the gas strategic visualization of ALBA countries; (vi) creation of the ALBA Energy Training Centre; (vii) development of route maps for electric structures and data banks for future projects; and (viii) other projects to be mutually agreed.

Venezuelan Oil Market

Introduction

In November 2001, President Chávez enacted under his enabling law authority a new Hydrocarbons Organic Law, which came into effect in January 2002 (later amended in May 2006), superseding the Hydrocarbons Law of 1943 and the Nationalization Law of 1975.²⁴ Among the most important changes were the introduction of substantial modifications to rent capturing programs whereby royalties were increased from a maximum of 16 2/3% to 30% for liquid hydrocarbons. This law also reserves all upstream hydrocarbon activities to the government of Venezuela and its instrumentalities,²⁵ which include companies exclusively owned by the Republic of Venezuela and jointly owned enterprises, which are controlled by the government and where private investors may own up to 49% of the capital stock.²⁶ However, private investors may own up to 100% of the capital stock in ventures concerning downstream activities.

According to the Venezuelan Ministry of Energy and Petroleum ("MENPET"), Venezuela has proven oil

reserves of 99.377 trillion barrels²⁷ (Venezuela is attempting to certify an additional 235 billion barrels of heavy and extra-heavy crude oil from the Orinoco Belt basin). However, Venezuela's current production figures are widely disputed.²⁸ Secondary sources, including the International Energy Agency and the OPEC Monthly Oil Market Report, estimate the country's real oil production is approximately 2.8 million barrels per day ("bpd") and 2.4 million bpd, respectively,²⁹ while other arms of the Venezuelan government have estimated production at 3.1 million bpd.³⁰

Plan Siembra Petrolera

In 2005, PDVSA announced Venezuela's energy policy guidelines for the period from such time to the year 2030 that were formalized in the so called "Plan Siembra Petrolera,"³¹ which includes six (6) development projects and consists of two phases: one to be executed from 2005-2012, and the other to be developed from 2012 to 2030.³² According to government figures, this program will require an investment of US\$ 56 billion. PDVSA plans to provide 70% of the funds and will look to the private sector or other actors to contribute the rest.³³

For the first stage, PDVSA has prepared a five-prong strategy for the 2005-2012 period aimed at increasing crude oil production to 5.84 million bpd. The strategy contemplates quantification and certification of reserves (Magna Reserve Project), development of the Orinoco Belt (Orinoco Project), exploitation of the country's gas potential (Delta Caribbean Project), expanding refining capacity (refining project), and oil infrastructure development and integration in the eastern part of the country (infrastructure project).³⁴

Magna Reserve Project (Proyecto Magna Reserva)

With the quantification and certification of oil reserves in the Orinoco Oil Belt³⁵ located in the middle eastern part of the country, the Venezuelan government expects to certify approximately 235 billion barrels of crude oil reserves (composed mainly of heavy and extra-heavy crude oil), which, if true, would rank Venezuela as the first country in the world in terms of proved reserves.

The Orinoco Oil Belt is currently divided into four (4) exploration and production areas: Boyacá, Junín, Ayacucho, and Carabobo, which in turn have been divided into twenty-seven (27) blocks (which have been classified based on their technical and strategic qualifications). The program includes seismic studies conducted by PDVSA and several foreign partners, and it is the first step towards more aggressive development of the Orinoco Belt reserves.³⁶

In May 2005, PDVSA announced that it was going to assess certain blocks and the remaining ones were expected to be assigned to service companies.³⁷ Venezuela has entered into various agreements almost exclusively with foreign national oil companies for the program.³⁸

In April 2008, the MENPET updated and formalized

Venezuelan reserves in the amount of 99.377 trillion barrels by December 2007.

Orinoco Oil Belt Development (Proyecto Orinoco)

Given this project's strategic location, PDVSA has highlighted this project's importance by emphasizing the need to reduce overcrowding in more developed areas and provide local employment to an economically depressed area.

In 2006, Petrobras and PDVSA established a joint venture to develop block Carabobo 1, which Petrobras is exploring as part of the Magna Reserva program.³⁹ In March 2008, it was announced that Petrobras' participation will not exceed 10%. An offsite upgrader would further process the crude oil into lighter synthetic or syn-crude. The project has an estimated 28.6 billion barrels of oil in place, with an expected recovery rate of 20%.⁴⁰

Although Petrobras has already been promised a participation in the Carabobo field (in connection with the Pernambuco refinery project), Petroecuador has announced that it will obtain the rights to exploit a part of the Orinoco Oil Belt in cooperation with PDVSA,⁴¹ and PDVSA and Lukoil have been discussing the formation of a joint venture to develop block Junin 3 (currently being quantified and certified by the latter). According to Minister of Energy and Petroleum Rafael Ramírez, the companies currently participating in the quantification and certification program are not necessarily going to be the ones participating in production ventures. Venezuela is expecting to offer the Orinoco Oil Belt blocks to private energy companies according to a plan to be announced soon.⁴²

Refinery Projects

Venezuela has plans to build three (3) new refineries – Cabruta (which has capacity for 400,000 extra-heavy crude oil bpd), Batalla de Santa Ines (50,000 bpd), and Caripito (50,000 bpd planned for asphalt production). In addition, Venezuela plans to expand the facilities of Puerto La Cruz (Anzoátegui State) and El Palito (Carabobo State), which are currently operating. The conversion capacity of these two (2) plants will be increased by adding 200,000 bpd and 140,000 bpd, respectively, to the production of oil-products.⁴³ According to PDVSA, a total of US\$ 10.37 billion will be allocated for this purpose.

In June 2006, the Iranian state news agency IRNA reported that Iran and Venezuela will work together to build an oil refinery in the Orinoco Belt region designed to refine heavy oil and produce gasoline and other oil derivatives. Also, in September 2007, Lukoil announced that PDVSA and it plan to build a refinery in Venezuela to process heavy oil from the Junin 3 block in the Orinoco Belt region.

According to PDVSA's 2007 report to the Venezuelan National Assembly, it foresees developing the following refinery projects: Pernambuco, Brazil (200,000 bpd); Complejo de Refinación del Pacífico, Ecuador (300,000 bpd);

Dominica (10,000 bpd); Belize (10,000 bpd); Kingston, Jamaica (50,000 bpd), Cienfuegos and Hermanos Díaz, Cuba (107,000 and 150,000 bpd) and Supremo Sueño de Bolívar, Nicaragua (150,000).⁴⁴

Infrastructure Projects

Venezuela will be putting additional loading racks and pipelines into operation to guarantee fuel supplies throughout the country. It is expected that forty (40) new tankers will be built to handle at least 45% of Venezuela's crude oil exports.⁴⁵ As part of the infrastructure effort, Venezuela entered into an agreement for the construction of the Antonio Ricaurte Trans-Caribbean Pipeline, which is further discussed below. Moreover, during the First South American Energy Summit held in Venezuela in April 2007, Venezuela and Colombia announced the construction of a poliduct between Maracaibo, Venezuela, and the Colombian Pacific, which would permit Venezuela to increase its Asiatic market share. The poliduct would be an addition to the Trans-Caribbean pipeline. Venezuela has also announced that it plans to invest US\$ 365 million in the project, which is expected to extend up to Panama and the rest of Central America.⁴⁶ Finally, in order to supply products to the Caribbean, PDVSA also foresees the expansion of the terminal and tank farm at Guamache, Nueva Esparta State (Venezuela).

1 Canada's oil sands represent the biggest oil reserves in the western hemisphere. See BP Statistical Review of World Energy June 2007, available at <http://www.bp.com/sectiongenericarticle.do?categoryId=9017890&contentId=7033493>.

2 See BP Statistical Review of World Energy June 2007. International Energy Outlook 2007, International Energy Agency (IEA), p. 37; available at <http://www.eia.doe.gov/oiaf/ieo/>. With the incorporation of 12.449 trillion barrels into the proven oil reserves, Venezuela would rank sixth in the world oil reserves.

3 See Key World Energy Statistics 2007, IEA, p. 11.

4 *Idem*, p. 23.

5 See <http://www.comunidadandina.org/ingles/energy.htm>.

6 In 2007, PDVSA's total contributions were US\$ 43.673 billion (11% more than in 2006). From this amount, US\$ 8.334 billion correspond to income tax; US\$ 17.161 billion correspond to royalties; US\$ 2.573 billion correspond to dividends paid to the Venezuelan state as solo shareholder; and US\$ 13.897 billion were contributed to social development programs. In 2007, the worldwide income derived by PDVSA and its affiliates amounted to US\$ 96.242 billion. See http://www.abn.info.ve/go_news5.php?articulo=126224&lee=3.

7 See Energy Information Administration ("EIA"), Country Analysis Briefs, Venezuela, available at <http://www.eia.doe.gov/cabs/Venezuela/Background.html>.

8 See EIA Country Analysis Briefs, Venezuela.

9 The country's leading telecommunications company, CANTV, was nationalized in 2007. See <http://news.bbc.co.uk/2/hi/business/6345211.stm>.

10 See <http://www.pdvsa.com>.

11 See http://www.pdvsa.com/index.php?tpl=interface.sp/design/readmenuprinc.tpl.html&newsid_temas=46

12 See http://www.pdvsa.com/index.php?tpl=interface.en/design/salaprensa/readnew.tpl.html&newsid_obj_id=1878&newsid_temas=1

13 The nations initially signing the agreement were Antigua and Barbuda, the Bahamas, Belize, Cuba, Dominica, the Dominican

Republic, Grenada, Guyana, Jamaica, Suriname, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. Barbados and Trinidad and Tobago chose not to sign. Haiti, Nicaragua and Honduras later joined in May 2006, January 2007 and December 2007, respectively. See <http://www.pdvsa.com>.

14 See Ley Aprobatoria del Acuerdo de Cooperación Energética Petrocaribe, published in the Official Gazette N° 38,360, dated January 18, 2006; Acuerdo de Cooperación Energética Petrocaribe entre el Gobierno de la República Bolivariana de Venezuela y el Gobierno de la República de Haití, published in the Official Gazette N° 38,470, dated June 30, 2006; Acuerdo de Cooperación Energética Petrocaribe, entre el Gobierno de la República Bolivariana de Venezuela y el Gobierno de la República de Nicaragua, published in the Official Gazette N° 38,623, dated September 2, 2007.

15 PetroCaribe was conceived as an organization capable of ensuring the coordination and harmonization of energy policies, including oil, oil-derivatives, gas and electricity, technological cooperation, training, development of energy infrastructure and the employment of alternative sources of energy. See <http://www.pdvsa.com>.

16 The Energy Cooperation Program for Countries of Central America and the Caribbean (San José Agreement), was established by Venezuela and Mexico on August 3, 1980, in San José, Costa Rica. On August 3, 2008, Venezuela and Mexico renewed for one year the Energy Cooperation Program and agreed to supply up to 160,000 bpd (80,000 each) to Barbados, Belize, Costa Rica, El Salvador, Guatemala, Haití, Honduras, Jamaica, Nicaragua, Panama and the Dominican Republic. See Decalración Conjunta de los Presidentes de la República Bolivariana de Venezuela y de los Estados Unidos Mexicanos, en ocasion del XXVII aniversario del Programa de Cooperación Energética para Países de Centroamerica y el Caribe published in the Official Gazette N° 38,882, dated March 3, 2008.

17 Pursuant to the framework of the Caracas Energy Cooperation Agreement, Venezuela also entered into various Agreements on Energy Cooperation with Guatemala, Haiti, Honduras, Jamaica, Panama, and the Dominican Republic in October 2000. See <http://www.pdvsa.com>.

18 The price percentage to be financed varies based on the crude oil price, i.e. if the crude oil price is higher than US\$ 50 per barrel, 40% of the price is financed, if the crude oil price is higher than US\$ 100 per barrel, 50% of the price is financed.

19 See Ley Aprobatoria del Tratado de Seguridad Energética PetroCaribte (TSE) published in the Official Gazette N° 38,861, dated January 30, 2008.

20 See Ley Aprobatoria del Tratado de Seguridad Energética entre la República Bolivariana de Venezuela y la República Oriental del Uruguay (TSE) and Ley Aprobatoria del Tratado de Seguridad Energética entre la República Bolivariana de Venezuela y la República Argentina (TSE) published in the Official Gazette N° 38,861, dated January 30, 2008.

21 The first Energy Summit was formalized under the name Unión Americana del Sur (UNASUR) with headquarters in Quito, Ecuador. See http://www.abn.info.ve/go_news5.php?articulo=89390&lee=17. See also Acuerdo de Salutación a la 1ra. Cumbre Energética Suramericana, published in the Official Gazette N° 38,666, dated April 18, 2007.

22 See Ley Aprobatoria del Acuerdo Energético del Alba entre el Gobierno de la República Bolivariana de Venezuela y el Gobierno de Nicaragua; Ley Aprobatoria del Acuerdo Energético del Alba entre el Gobierno de la República Bolivariana de Venezuela y el Gobierno de la República de Haití; and Ley Aprobatoria del Acuerdo Energético del Alba entre el Gobierno de la República Bolivariana de Venezuela y el Gobierno de la República de Bolivia, all published in the Official Gazette N° 38,910, dated April 15, 2008.

23 In Spanish, "grannacional."

24 See Decreto con Fuerza de Ley Orgánica de Hidrocarburos pub-

lished in the Official Gazette N° 37,323, dated November 13, 2001; later reformed by Ley de Reforma Parcial del Decreto N° 1,510 con Fuerza de Ley Orgánica de Hicrocarburos published in the Official Gazette N° 38,443, dated May 24, 2006, reprinted for material mistake in the Official Gazette N° 38,493, dated August 4, 2006.

25 Article 5 of the former Organic Law that Reserves the Industry and Commercialization of Hydrocarbons to the State, allowed by way of exception, the participation of third parties, that is, entities other than the Republic and State owned companies, in the performance of activities that were reserved to the State. Pursuant to this provision, PDVSA's operating affiliates at the time (i.e. Corpoven, Maraven and Lagoven) subscribed the so-called operating agreements, risk profit sharing agreement and association agreements, that were granted in three bidding rounds of the liberalization program carried out between 1992 and 1997.

26 According to the Hydrocarbons Organic Law, the incorporation and the terms and conditions for the operation of jointly owned enterprises must be authorized by the Venezuelan National Assembly.

27 See Resolución N° 100 del Ministerio de Energía y Petróleo mediante la cual se actualizan y oficializan como reservas probadas de petróleo al 31 de diciembre de 2007 la cantidad de 99.377.382 millones de barriles, published in the Official Gazette N° 38,913, dated April 18, 2008. The BP Statistical Review of World Energy June 2007 reported by the end of 2006 Venezuela's oil reserves of 80.00 billion barrels. By November 2007 OPEC reported Venezuela's proven oil reserves at 87.04 billion barrels; See <http://www.opec.org/library/OPEC%20Bulletin/2007/pdf/OB112007.pdf>, p. 87 Venezuela at a glance.

28 Some industry observers point to the PDVSA strike and subsequent lay-off of almost half the employees (mainly management and technicians) in 2003, as an important milestone which subsequently negatively impacted production.

29 See EIA Country Analysis Briefs, Venezuela. See also OPEC Monthly Oil Market Report, February 2008, p. 32, available at <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2008/pdf/MR022008.pdf>. See also BP Statistical Review of World Energy June 2007.

30 3.3 million bpd was the average production in 2005 according to PDVSA's webpage. See <http://www.pdvsa.com/>. The Venezuelan Ministry of Finance has estimated Venezuela's oil production at more than 3 million bpd for the 2008 national budget. See also BBC News Venezuela Energy Overview available at <http://news.bbc.co.uk/2/hi/americas/4692534.stm>.

31 Translated into English as the "Oil Sowing Plan."

32 See <http://www.pdvsa.com>.

33 See <http://www.conapri.org/English/MainCategory.asp?categoryid=15114>.

34 See <http://www.conapri.org/English/MainCategory.asp?categoryid=15114>.

35 The US Geological Survey calls the Orinoco Belt the "largest single hydrocarbon accumulation in the world, with as much as 1.8 trillion barrels in place." See U.S. Geological Survey World Petroleum Assessment 2000 – Description and Results."

36 See EIA Country Analysis Briefs, Venezuela. Proven reserves would likely amount to no more than 20 percent (52 billion) of the estimated total.

37 See www.pdvsa.com.

38 See the 2008 Supplement to Latin American energy chapter of the Matthew Bender Energy Law and Transactions for a list of the participating companies.

39 See EIA Country Analysis Briefs, Venezuela.

40 Idem.

41 See http://www.abn.info.ve/go_news5.php?articulo=89390&lee=17 Petrocaudor is participating in the certification program in block Ayacucho 5.

42 See http://www.eluniversal.com/2008/03/31/eco_art_alistan-contrato-par_780582.shtml.

43 See <http://www.conapri.org/English/MainCategory.asp?categoryid=15115>.

44 See http://www.eluniversal.com/2008/03/28/eco_art_pdvsa-preve-adquirir_774730.shtml.

45 See <http://www.conapri.org/English/MainCategory.asp?categoryid=15115>.

46 See http://www.abn.info.ve/go_news5.php?articulo=89390&lee=17.

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