

PDVSA, CNPC to drill jointly in Venezuela

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LOS ANGELES, Aug. 31 -- Venezuela and China signed a preliminary agreement for the creation of a joint venture to drill for light and heavy crude in eastern Venezuela, said state-owned Petroleos de Venezuela SA (PDVSA).

The countries also signed an agreement to quantify and certify oil reserves in an area of the Orinoco Belt.

The deals were closed in Beijing by Ma Kai, the minister in charge of China's State Development and Reform Commission, and Venezuelan Energy Minister Rafael Ramirez, who also heads PDVSA.

The mixed company formed by PDVSA and China National Petroleum Corp. (CNPC) will drill in oil fields in the area of Zumano, site of an estimated 400 million bbl of light and heavy crude oil and 4 tcf of natural gas.

The companies also agreed to conduct a study of area Junin 4, a 640-sq-km block in the Orinoco Belt, for the purpose of quantifying and certifying oil reserves, estimated at 20 billion bbl, PDVSA said.

After the preliminary study, "We will proceed to discuss a joint project for the production and upgrading of crude, combined with a project to refine in China," said the official joint release.

On Aug. 22, Venezuela said it expects to increase oil exports to China to 300,000 b/d by 2012 from the current level of 68,800 b/d. On Aug. 25, Ramirez said his country hopes eventually to supply 15-20% of China's oil imports. Contact Eric Watkins at hippalus@spidernet.com.cy.