

# The New PDVSA Contact

A Newsletter about Venezuela's National Oil Industry

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## With the re-election of President Chávez Venezuela further energizes Latin American energy integration

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**The Ribas Mission**  
continues to train  
winners



**Petrocaribe**  
is strengthened (II)



**PDVSA committed**  
to **environmental**  
**conservation**



**CITGO credit rating is**  
**Raised**



**Venezuela nominated**  
venue of 2007 Energy  
Summit

**SOWING THE OIL » First fruits are being harvested**

# Misión Ribas: training winners with a socialist spirit

The Ribas Mission is a Project that arose as part of the further deepening of the revolutionary process headed by the president of the Bolivarian Republic of Venezuela, Hugo Chávez, who firmly believes in this educational program “which trains men guided by the socialist ethos”.

**T**he Ribas Mission was born three years ago with the clear vision of consolidating educational democracy in Venezuela, thereby helping solve the problem of student exclusion from secondary education by means of the formation of integrally educated participants. This program developed since 17 November 2003, involves 716,939 students.

Beginning with the guidelines suggested by President Chávez,



The Ribas Mission has produced 418,000 integrally educated graduates since its creation by President Chávez in 2003.



Under the slogan of “yesterday Independence, today Socialism, we winners accept the challenge”, the third anniversary of the Ribas Mission was celebrated in Maracaibo’s bull ring, in Zulia.

the Ribas Mission has gathered strength, consolidating an academic profile based on Socialist ethics and morals. For the head of state, the Mission’s educational model is aimed at breaking the chains imposed by the old capitalist model. “It is not the case of training a laborer to become a skilled worker, so that he can continue to be exploited by capitalists”, President. Chávez said, quoting Italian political philosopher Antonio Gramsci.

The purpose of the Ribas Mission is to open avenues towards the liberation of the homeland through an educational process based on enterprise, transformation and cutting chains. “The greatest power a country can have is not based on oil, but on an ethical and educated population”, President Chávez stated.

## Winners of the new homeland

The number of Ribas Mission graduates up until December 2005 was 168,000 students. Then, in August 2006, another 250,000 graduated, for a total of 418,000 winners, men and women, in a three-year period. This total represents 58% of student population that heeded President Chávez’s original invitation.

Orlando Ortegado, president of the Mission Ribas Foundation, feels that “these figures highly satisfying because they cover barely three years, and are one of the Mission’s main achievements”. When the census undertaken to determine the number of people excluded from the secondary education system, Ortegado was faced with the fact that 1.4 million people had not completed their secondary education.



## Productive Professionals



Maryerin Alcalá, winner of the Valencia branch, of the Ribas Mission in the State of Carabobo. "We are truly well prepared".

The Ribas Mission has today more than 400,000 integrally educated secondary school graduates trained by it, and another 512,728 are undergoing the process. This illustrates the Venezuelan people's keen desire for an improved educational system to produce free men and women, guided by a revolutionary action and thought which prizes the principles of human solidarity, integration and construction of the motherland as envisaged by José Martí: America.

### Socially productive activities

The commitment to undertake socially productive activities and services within the communities, currently prevalent among students and winners, is one of the academic formation's fundamental pillars.



“ We are truly very well prepared, culturally as well as socially and economically because, besides the knowledge obtained, we have been given the opportunity through PDVSA to work in cooperatives within the missions, and we are going to receive special training for this purpose.

**Maryerin Luis Alcalá**

Winner. C.I. 15.752.928 - Valencia, Carabobo.

It is for this reason that President Chávez created the Productive Ribas Mission, which seeks to impart greater strength to the integration of students and winners with the organized communities. This new project aims to guarantee social security through the construction of a socialist economic system. The setting up of cooperatives requires that 50% of its participants be Ribas Mission students, winners or graduates, the remainder being members of the community. The Mission graduates will receive financial assistance to develop activities in agricultures, food, services, tourism, handicrafts production and metal-working.

For President Chavez, the Ribas Mission must become a powerful social and political movement that reaches beyond the noble aspiration to become a secondary education graduate. "The people were

With the Ribas Mission we can become productive professionals for our country. This is an educational system adapted to the needs of all of us, without exclusions, which is why we, as winners, must do our very best, as President Chávez does for Venezuela. ”



Thanks to president Chávez, Ribas Mission has helped more than 1.800.000 people to leave the dark

“ The student delegates and the winners should be in the forefront and in permanent mobilization with the people ”

**Rafael Ramírez**

Popular Power minister for Energy and Petroleum and President of PDVSA.



## Figures

**418.000**

integral graduates  
in three years

**512.728**

students in schoolrooms

**32.000**

enablers throughout the country

**1.893**

jailed inmates studying

## Petrocaribe strengthened (II)



Petrocaribe has, from its very beginning, become consolidated as a Latin American and Caribbean energy integration initiative.

### Major steps were taken

towards the consolidation of the Petrocaribe Energy Cooperation Agreement during the last quarter of 2006, as evidenced by the agreements signed through PDV Caribe for the installation of storage centers in strategic eastern arch Caribbean locations and the fuel supply accords established with the various island countries of the region.

**T**he major advances made by the Petrocaribe Energy Cooperation Agreement during the last quarter of 2006 consolidate it as one of the most effective cooperation agreements established to achieve energy security in the Caribbean and Central America. As part of these achievements, Antigua and Barbuda will become a storage center for the distribution of diesel oil, jet fuel and gasoline to the countries and islands in the eastern Caribbean through the agreement signed by PDVSA subsidiary PDV Caribe and West India Oil Company for the storage of 82,000 barrels of hydrocarbons, in addition to the 90,000 barrels already held at the St. Johns storage center.

Antigua and Barbuda's geographic location provide a number of shipping advantages for the handling and distribution of fuel for the eastern Caribbean area, besides being a strategic zone interconnected with a major part of the 14 countries which are signatories of Venezuela's Caribbean unification project through Petrocaribe.

The PDVSA Refining vice-president and president of PDV Caribe, Alejandro Granado, explained that "this is the case of a wholesale storage agreement that will generate savings by enabling the shipping of large volumes of hydrocarbons from Venezuela, to permit their subsequent

distribution to the islands of the region by means of smaller tankers."

The agreement contemplates the refurbishment of mothballed storage tanks, thereby increasing the region's



In addition to the 90,000 barrels stored at present, a further 82,000 barrels of hydrocarbons will be available at St Johns storage center in Antigua.



storage capacity by another 150,000 barrels and the possibility of effecting additional savings in freights.

### **Venezuela and Belize sign a supply agreement**



The fuel to reduce the cost of public transport in Belize is supplied through Petrocaribe.

The Bolivarian Republic of Venezuela and the government of Belize signed a contract for the supply of 4,000 barrels per day of diesel oil, gasoline, Jet A1 fuel, lubricants and other products within the framework of the Petrocaribe Energy Cooperation Agreement, through Belize Petroleum and Energy Limited and PDV Caribe, a subsidiary of Petróleos de Venezuela, S.A. (PDVSA).

Belize minister of the Interior, Public Works and Utilities Ralph Fonseca, together with Belize Petroleum and Energy Ltd director Cresensio Sosa, and PDVSA Commerce and Supply director and vice-president of PDV Caribe, Asdrúbal Chávez, signed the agreement.

Mr. Chávez underlined the progress achieved by both countries in energy matters through the signing of the supply contract and the establishing of a mixed company. "In this manner the Petrocaribe initiative is further strengthened, and we continue to advance rapidly towards the region's independence in this sense, while consolidating the integration process with Latin America and the Caribbean", he said.

### **Venezuela together with St. Kitts and Nevis sign a supply agreement**

The supply of 21,000 barrels per month of refined products such as Jet A1 fuel, diesel oil, fuel oil and asphalt for the internal consumption of St. Kitts and Nevis began in January 2007, thanks to the agreement signed by PDV Caribe, a subsidiary of Petróleos de Venezuela (PDVSA), and the St Kitts and Nevis Ministry of Public Works, in the framework of the Petrocaribe Energy Cooperation Agreement.

The St. Kitts and Nevis Energy and Public Works minister Earl Asim Martin pointed out the importance of the social impact which the supply contract entailed, because it will enable a major savings in resources to be made, resources which will be devoted to boosting projects that will improve living conditions for the population of the island.

### **PDV Caribe supplies diesel and gas to St. Vincent and the Granadines**

The first liquid fuel shipment supplied through the Petrocaribe Energy Cooperation Agreement arrived at that Caribbean country. The 12,000 barrels of diesel oil which it contained are intended to power the new electricity generation plant, the property of state-owned St. Vincent Electricity Services Limited (Vinlec), located in Lowman's Bay.

Thornley Myers, Vinlec's general manager, pointed out that the power generation plant will become the most important in the country, by providing 40% of national electricity demand. Moreover, this will enable a cost reduction that will be transferred to the electricity bills, which have increased by close to 40% over the past few years, thereby affecting all areas of the economy. At the same time, through solidarity trading between the two nations, 4,000

cylinders of 10 kilogram capacity for Liquefied Petroleum Gas (LPG) were delivered, in addition to the 47,000 units which have already been placed on the island, representing a savings mechanism for the population in terms of domestic energy consumption.

### **New agreements**

Similarly, the Bolivarian Republic of Venezuela and St. Vincent and The Grenadines forged closer fraternal ties through the signing of a supply contract for the monthly delivery of 30,000 barrels of fuel, made up of diesel oil, gasoline, Jet A1 fuel and LPG, as well as through the consolidation of the PDV Caribe St. Vincent and The Grenadines Limited mixed company.

The ownership of the company is divided, with PDV Caribe having a 55% share, while the remaining 45% is held by state-owned Petrocaribe St. Vincent and The Grenadines Limited. ■

### **Petrocaribe**



The Petrocaribe Energy Cooperation Agreement established the financing of 40% of the oil invoice for up to 23 years at 1% interest and two years' grace.

**GUIDELINES » Venezuela proposes technology exchange agreements**

# OPEC countries advance in techno-energy sovereignty

Delegations from the member states of the Organization of Oil Exporting Countries (OPEC) attended the Second Annual Meeting of National Petroleum Research and Development Institutions.

**M**argarita Island was the venue for the Second Annual Meeting of National Petroleum Research and Development Institutes hosted by PDVSA INTEVEP, Petróleos de Venezuela's technology arm, with the aim of boosting joint and balanced growth in the technology sector of member countries, strengthening cooperation ties and establishing a discussion space among the various scientific institutions belonging to national hydrocarbon companies, in the areas of exploration, production, refining, environment and social responsibility.

The meeting analyzed important issues such as the interchange of experiences in clean fuels, gas-to-liquids conversion, carbon

management, conversion of oil to energy and oil to hydrogen. Within this scenario of experiences interchange, Venezuela declared its interest in the research developed by Qatar on the gas-to-liquids transformation process and on the alternate media for the injection of carbon dioxide into wells, a gas used in secondary recovery techniques in oil wells and in the cleaning up of gas used in the liquefaction process, with the aim of making use of this technology in the Mariscal de Ayacucho project being developed by PDVSA as part of the 2006-2012 Sowing the Oil Plan.

Venezuela's Energy and Petroleum minister and president of PDVSA Rafael Ramírez took part in the event,



OPEC representatives analyzed the appropriate mechanisms required to achieve technology independence in the energy field.

highlighting the importance of the processes derived from this meeting, and pointing out that, with them, the OPEC member countries would achieve the technological sovereignty required to solve their problems and needs in the energy field.

Towards the achievement of energy independence, the Venezuelan, Algerian, Indonesian and Qatari delegations agreed to exchange specialists, with the aim of training them in the operational area, in the exploitation of hydrocarbons and related research for the development of mechanisms and technology. ■

**BUSINESS » Venezuela reduced its crude production by some 57,000 barrels per day**

## OPEC agreed on a 500,000 barrel per day production cutback

**D**uring the 143rd Extraordinary Meeting of the Organization of Petroleum Exporting Countries (OPEC), the member states agreed to cut back crude production by 500,000 barrels per day beginning on February 1st 2007

On departing from the meeting, held in the Nigerian capital of Abuja, Venezuelan Energy and Petroleum minister and president of PDVSA, Rafael Ramírez, explained that the measure taken would contribute to stabilizing the world oil market, and

was confident that it would strengthen the crude barrel price. "The reduction for Venezuela totals around 57,000



The delegations of the OPEC member countries debated on oil policies, in the search for a just price for the crude barrel.

barrels per day, which is in line with our efforts to ensure maximum valuation for the resource, a principle consistently supported by Venezuela."

The meeting agreed to the admission of Angola as a member country, effective beginning 1<sup>st</sup> January 2007. Similarly, the Libyan representative, Abdullah Al-Badri, was appointed as new secretary general of the Organization, and it was decided that the third meeting of the Organization's heads of state and government would be held next year in Saudi Arabia.

**ENERGY INTEGRATION » At the Orocuai macro-pit in eastern Venezuela**

# Venezuela and Rusia begin work on crude recovery projects



PDVSA maintains close relations with its international peers in the hydrocarbons area.

**A**t the beginning of December Venezuela and Russia, carried out a crude recovery pilot test on the Orocuai macro-pit, located in the eastern State of Monagas, which represents one of the first achievements in energy cooperation by both countries. The second phase of the project entails the certification and validation of the results by Intevep, PDVSA's technology arm.

The extension of the pilot test for the recovery of crude has the objective of cleaning up approximately 13,000 sludge pits used in drilling wells over

With this project, PDVSA confirms its environmental commitment, being put into effect together with the Russian nation, which strengthens the existing national cooperation ties in the energy area and the complementarity of both nations.

a six-year period, as specified in the 2006-2012 Sowing the Oil Plan, with the aim of paying off the environmental debt accumulated over the more than 100 years of oil exploitation in Venezuelan territory.

In this way the environmental impact generated by oil operations will be significantly reduced, while adding significant volumes to the oil available for the domestic market.

With the recovery of the pits, previously considered as environmental liabilities, new PDVSA reaffirms its work philosophy aimed at social commitment

and preserving nature as the source of life, transforming environmental liabilities into assets that will boost the region's economic development. It is estimated that the results of the pilot test will be applied throughout the country over the next six years. ■



The new PDVSA follows its commitment to the preservation of the Environment.

**BUSINESS » Strengthening the market diversification strategy**

# PDV Marina expands its tanker fleet

**P**etróleos de Venezuela continues implementing its strategy of tanker fleet expansion, as laid down in the 2006-2012 Sowing the Oil Plan, which contemplates the addition of 42 new tankers to strengthen the 21 unit PDV fleet currently in service

In this direction, Diques y Astilleros Nacionales, C.A. (DIANCA), the Eisa and Maua Jurong Brazilian shipyards and PDV Marina signed a contract to cover the building of 10 tankers: 8 Panamax type 70,000 tonners and 2 ships of 47,000 tons each, thereby following the Bolivarian government's guidelines on reinforcing Venezuela's naval industry.

PDVSA shipping subsidiary PDV Marina selected Eisa and Maua Jurong after evaluating the technical and operating capabilities of various Brazilian shipyards, the legal terms



By 2012 PDVSA will have a fleet of more than 60 tankers.

required for this type of contract, as well as the specifications of the vessels to be built according to the Venezuelan national oil industry's standards.

## Iranian company to build 4 tankers for PDVSA

PDV Marina also signed a contract with representatives of Iran Marine Industrial Company (SADRA) for the purchase of 4 tankers of 105,000 tons capable of transporting 650,000 barrels of crude each, to be built according to PDVSA standards. ■



**INTEGRATION » President Chávez's reelection**

# Venezuela invigorates Latin American energy integration



In the presidential elections of last December 3rd, the Venezuelan people voted for the continuity of the integrationist and social projects undertaken by the Bolivarian government headed by President Hugo Chávez, both in Venezuela and the rest of Latin America.

**A**fter having been elected and sworn in for his second period at the head of the Bolivarian government, President Chávez undertook, during December 2006, a tour which covered Argentina, Bolivia, Brazil and Uruguay, to consolidate the integration of these countries, with the aim of

The presidential tour not only strengthened the economic area, but also provided a favorable context for integration with South American countries in other fields.

articulating the Latin American energy sector and turning the region into a world power in the oil and gas field.

## **Integration marches ahead**

The Venezuelan head of state began his international tour with an official visit to neighboring Brazil's capital of Brasília, to meet with President Luis Inácio Lula da Silva on December 7<sup>th</sup>, when Petrôleos de Venezuela, C.A. (PDVSA) and PETROBRAS signed energy cooperation agreements covering joint projects in the Orinoco Oil Belt.

In the framework of the Venezuelan head of state's visit to Brasília, the Popular Power minister for Energy and Petroleum, Rafael Ramírez, presented the progress made on energy matters by both nations. In this sense he emphasized the presentation of joint projects, especially on "the success achieved in the certification of the

reserves contained in the Orinoco Oil Belt's Carabobo 1 block, where we managed to add to the 2 billion barrels of oil in this area, 7 billion additional barrels, which provides us with excellent prospects to develop and sustain any joint plan".

On the other hand, the national oil companies of Venezuela and Brazil extended the validity, until March



President Chávez upon his arrival in Bolivia greeted various representatives of Bolivian arts and culture.



31<sup>st</sup>, 2007, of the Letter of Intent for the identification of business opportunities for hydrocarbons in Block 5 of the Deltana Shelf Project.

### Progress made in energy sovereignty

The Venezuelan head of state attended the 2<sup>nd</sup> Summit of South American Nations held on December 8<sup>th</sup> in Cochabamba, Bolivia, where the guiding principles for integration were determined: solidarity and cooperation, sovereignty, respect for territorial integrity and self-determination of peoples, peace, democracy and pluralism, human rights and harmony with renewable and non-renewable natural resources. The third Summit will be held in Cartagena de Indias, Colombia, in the course of the present year.

### Petroandina Gas was born in Bolivia

Among the most important issues discussed in the context of the Summit was the creation of the Petroandina Gas mixed company, made up by PDVSA and Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), in which Bolivia will be the majority shareholder, thereby fulfilling the commitment made by presidents Hugo Chávez and Evo Morales in May 2006.



The Latin American people were present at the Cochabamba Summit to show their support for regional integration.

Petroandina Gas is to build two gas-liquids separation plants in Bolivia. With an \$100 million investment, the South Plant, which will be built in the province of Gran Chaco, close to the town of Yacuiba, will have a processing capacity of 300 million cubic feet per day, producing 3,600 barrels per day of liquefied petroleum gas (LPG) and 854 barrels per day of natural gasoline.

The North Plant, to be built in Central Bolivia, in a site adjacent to the Río Grande, will initially process 200 million cubic feet of gas per day, to produce 3,570 barrels per day of LPG and 587 barrels per day of natural gasoline, and require a \$70 million investment. The start-up of both plants has been planned for the first quarter of 2008.

### Great Southern Gas Pipeline: South American Integration Hub

As part of his December tour, President Chávez arrived in Argentina with the aim of analyzing the important subject of energy integration with his opposite number, President Nestor Kirchner, and especially firming up the creation the Great Southern Gas Pipeline, which he called the South American alliance's "backbone". Among the joint projects to be developed with Argentina aimed at strengthening bilateral relations were the evaluation of the La Raza refinery purchase, the building of tankers (the first of which is to be named Eva Perón) and the financing of the Sancor Cooperative, which will repay Venezuela's loan with powdered milk and technology transfer. ■

## Cochabamba Declaration

### First South American Energy Summit to be held in Venezuela

Venezuela is to be the venue of the first South American Energy Summit to continue building unity in the region, using energy as the cornerstone. This was agreed to by the presidents and heads of state in the Cochabamba Declaration signed at the end of the 2<sup>nd</sup> Summit of South American Nations, which took place in Bolivia in December 2006.

During the meeting, President Chávez proposed the inclusion of Petrosur as an initiative to materialize South America's energy union, together with the creation of a strategic fund to finance development programs.

Later, after the 31<sup>st</sup> Summit of Mercosur heads of state, President Chávez announced that the first South American Energy Summit,

agreed to in December 2006, will be held in the month of April in Venezuela.

### Energy integration commission

The presidents also agreed to the creation of a Senior Officials Commission to delve further into regional integration. One of the action fronts to be covered is the energy area. ■

**BUSINESS » Fitch Ratings**

# CITGO credit rating raised at the end of 2006

The evaluation was carried out by Fitch Ratings, a US credit evaluation agency, and confirms PDVSA's financial strength and that of its subsidiary companies. It equally confirmed CITGO Petroleum Corporation's leadership position in the US refining field.



**F**itch Ratings raised its classification for CITGO Petroleum Corporation of 'BB-' to 'BB', due to the strength of United States refinery margins, the current high market valuations for refinery assets and the competitive position of the PDVSA subsidiary, whose refinery network has high-conversion facilities to process heavy crudes .

The strength of CITGO's financial position is further reflected in the value of the dividends returned to

its owner, the Bolivarian Republic of Venezuela. At the closing of financial 2006, CITGO had paid PDVSA one billion dollars, which was \$250 million more than the \$750 million it had paid in 2005. This income is being used to boost Venezuela's integral development projects aimed at ensuring that all its inhabitants have equal access to education, health and work skills training.

Similarly, with the sale of its 41.25% share in the Houston refinery owned

by the CITGO-Lyondell joint venture, the Bolivarian Republic of Venezuela received \$1,314 million, which are being invested in infrastructure works and well-being for all Venezuelans.

CITGO is one of the largest independent crude refiners in the United States. The fuels it produces under the CITGO brand are marketed by over 12,000 point of sale, owned and operated by independents. ■

## Heating Oil Program continues



The CITGO Heating Oil Program directly benefits 163 native American tribes in Alaska, Maine, Minnesota and New York.

During November CITGO Petroleum Corporation, together with Citizens Energy Corporation, a non-government US organization, resumed the Heating Oil Program made available under special financing conditions, for the 2006-2007 winter season. Its aim this time is to distribute more than 100 million gallons of heating oil among more than 400,000 needy homes in 18 States of the Union, thereby surpassing the totals achieved last year. Over 25 million gallons will be distributed in New

York alone, and more than 100,000 families will benefit from a 40% discount in their heating bill.

The CITGO Heating Oil Program currently operates in Alaska, Connecticut, Delaware, the District of Columbia, Indiana, Maine, Maryland, Massachusetts, Michigan, New Jersey, New York, Philadelphia, Pittsburgh, Rhode Island, Vermont, Virginia and Wisconsin. CITGO also supplies discount fuel directly to 163 native American tribes.

**BUSINESS » New integration model**

# PDVSA to refine 100,000 bpd of Ecuadorian crude starting this year

The president of the Bolivarian Republic of Venezuela, Hugo Chávez, stressed that Venezuela's refineries were available to process Ecuador's hydrocarbons.



The Venezuelan head of state presents a replica of the Liberator's sword to Ecuadorian president Rafael Correa, as a gesture of solidarity and union among peoples.

**S**ome 100,000 barrels of Napo type Ecuadorian crude will be processed in Venezuela's refining circuit, beginning on February 1st 2007, according to the announcement made by President Hugo Chávez during the first official visit of Ecuadorian President Rafael Correa, recently elected as his nation's head of state.

"What we are going to do is to lend Ecuador the available installed capacity we have in our refineries, close to 100,000 barrels per day. We will bring the crude here, refine it, and they will carry away the products, paying solely for the transformation cost and not a cent in profit because, what would our help then be ?", President Chávez asked.

President Rafael Correa in turn gave thanks that "this long and sad night, dense and dark, through which we

## President Chávez

"We look forward to Ecuador's early entry into the Orinoco Oil Belt", President Chávez said, who reminded his audience that PDVSA's doors were open to all Latin American state-owned oil companies.

have lived over the past 20 years imposed on us by neo-liberalism; when they tried to turn us not into nations, but simply into markets; when they tried to turn us not into citizens, but simply into consumers, is being definitely overcome by the peoples of Latin America."

## Petroandina will provide the platform

Through instructions issued by the respective heads of state, PDVSA and PETROECUADOR will begin studies to revamp and expand the Las Esmeraldas refinery in Ecuador and, at the same time, evaluate the possible construction of a new refining center in the country. All of these energy cooperation agreements come under the Venezuelan proposal known as Petroandina, a platform for the region's energy integration.

## Full oil sovereignty in Ecuador

The joint declaration signed by the presidents of Ecuador and Venezuela instruct PDVSA to provide counseling and assistance in setting up sovereign commercial policies in

the hydrocarbons area that will enable Ecuador to arrive at agreements which safeguard the country's interests, together with the review of existing commitments, in order to find optimum formulas for them, in defense of the Ecuadorian nation's best interests.

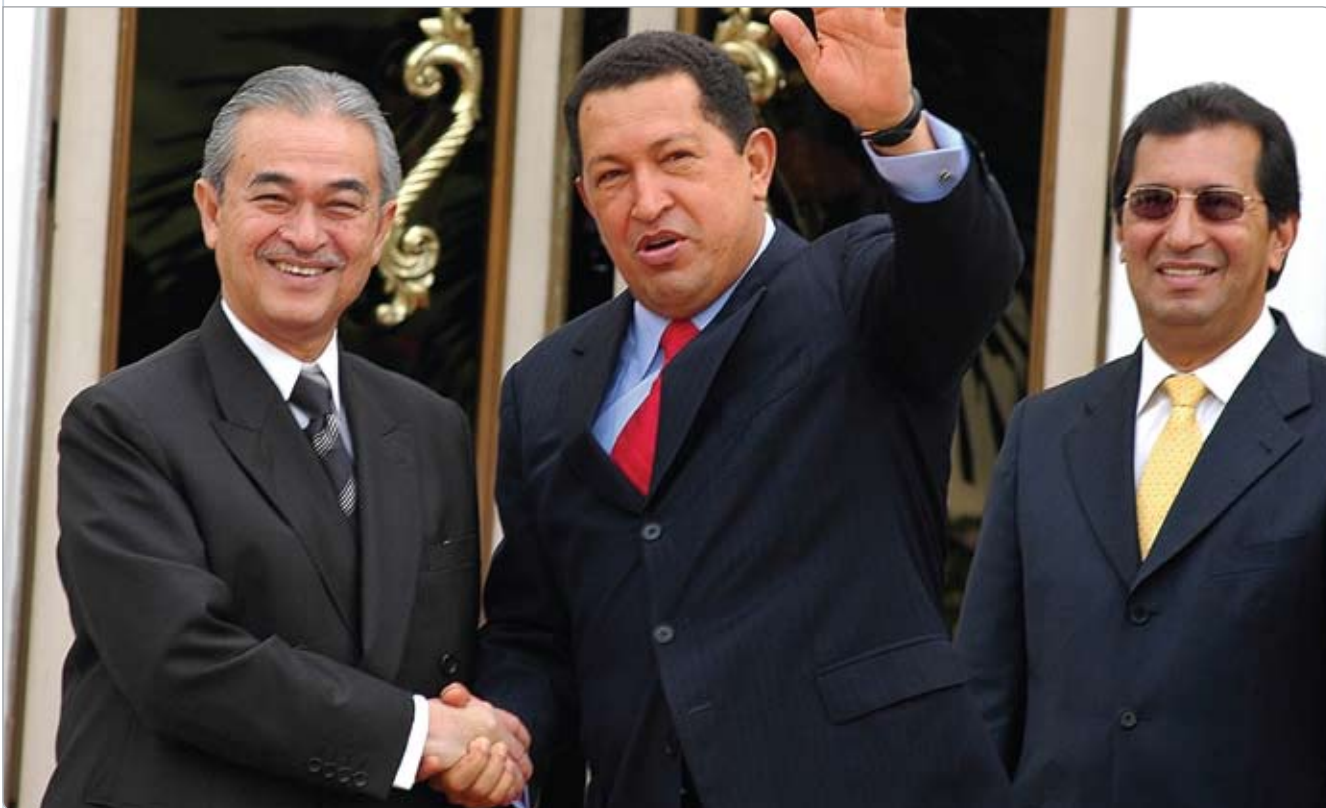
On the other hand, Venezuela will exchange with Ecuador all of the experience acquired in the oil business, personnel training and technology development in exploration, production, transport, storage, processing and marketing of oil and gas.





UNION OF PEOPLES » Venezuela and Malaysia sign joint declaration

# South-South energy cooperation expanded



President Hugo Chávez receives Malaysian Prime Minister Dakut Seri Abdullah Ahmad Badawi

**A**s part of the agreements reached by the president of the Bolivarian Republic of Venezuela, Hugo Chavez and by the prime minister of Malaysia, Dakut Seri Abdullah Ahmad Badawi, Petr6leos de Venezuela (PDVSA) and Petroliam Nasional Berhad (PETRONAS) signed a joint declaration for the development of four energy projects by both countries.

The Venezuelan president underlined the strategic importance of the declaration. "This alliance is very appropriate when we are commemorating the 20th anniversary of the start of relations between the two countries. We should remember that Malaysia is southeastern Asia's third economy and that we share an international vision, the Group of 15, and the Non-Aligned Movement, seeking to strengthen South-South integration"

With the joint declaration the cooperation mechanisms become

activated, creating a strategic alliance based on the principles of solidarity and complementarity promoted by the Venezuelan government.

Prime Minister Badawi remarked on the results obtained from his visit to Venezuela. "I am absolutely certain that the various documents will be developed by the representatives from both sides, private enterprise and the people (...) for the good of Venezuela and Malaysia

## Malaysia will operate in the Belt and in the Gulf of Venezuela

The document on energy matters signed by the Popular Power Minister for Energy and Petroleum and President of PDVSA, Rafael Ram6rez, and the President of PETRONAS, Mohd Hassan Marican, includes a feasibility study on the four broad projects throughout the hydrocarbons value chain.

Both companies will hold a meeting in Kuala Lumpur during the first quarter of 2007 for the purpose of studying the agreements that contemplate Malaysia's participation in the quantification and certification of the reserves present in Boyac6 Block 5 of the Orinoco Oil Belt, the world's largest hydrocarbon reserve, as well as the construction of a high conversion refinery in Malaysia.



Venezuela's Popular Power minister for Energy and Petroleum greets Prime Minister Dakut Seri Abdullah Ahmad Badawi.

## Orinoco Oil Belt's Boyacá Block 5

### Orinoco Oil Belt



- Plant for the extraction of raw palm oil
- Palm oil refinery
- Biodiesel plant

#### Orinoco Oil Belt

Through the 2006-2012 Sowing the Oil Plan's Magna Reserva Project, Petróleos de Venezuela has begun the processes associated with the quantification and certification of the hydrocarbon reserves found in the Orinoco Oil Belt. The quantification study in question is being carried out by PDVSA, together with international company teams, while the certification will be undertaken by independent firms recognized worldwide.

With an extension of 1,250 square kilometers, it contains reserves estimated at 35 billion barrels of oil. The gravity of the crude is approximately from 5° to 8° API; which is to say, extra-heavy crude

The declaration signed also foresees a study on the quantification and certification of Urumaco Block 3 of the Rafael Urdaneta Project in the Gulf of Venezuela, and the creation of mixed company to explore opportunities in the oil and gas sector on an international scale.

#### Palm oil and biodiesel

PDVSA signed a letter of intent with Golden Hope, a Malaysian company with wide experience in plantation management and related research and development, to draw-up an agricultural and industrial project for palm oil production in Venezuela that can be inserted into the biofuels development projects currently being undertaken by the Venezuelan national oil company

#### The document contemplates:

- Construction of the palm oil plantation

The Orinoco Oil Belt covers an area of some 55,000 square kilometers. The area has been divided into four great fields: Boyacá, Junín, Ayacucho and Carabobo, which in turn are segmented into 27 blocks, ranked according to technical and strategic characteristics.

## Venezuela and Iran to develop offshore activities

**T**he Venezirian Oil Company is the new mixed enterprise founded by Corporación Venezolana del Petróleo, a PDVSA subsidiary, and the Iranian company Sadra América Latina C.A. for the development of projects related to offshore exploration and production activities.

CVP president Eulogio Del Pino stated that the Iranian partner had wide experience in marine oil installations,

#### Benefit for the communities

Mixed companies devote 1% of their before-tax profit to endogenous and sustainable social development projects that are part of the 2006-2012 Sowing the Oil Plan.

so that the alliance will provide Venezuela with proven technological know-how, while using Venezuelan labor, which should accelerate the installation and start-up of the new gas developments, the majority of which are to be found offshore.

Venezirian aims to provide engineering, construction, reconstruction and repair services, as well as other activities related to offshore semi-submersible and jack-up drilling rigs and production structures. It will also ensure the transfer of technological knowledge to PDVSA.

The new Venezuelan-Iranian company, with headquarters in Caracas, will undertake the services mentioned in three phases:

**Phase 1:** Construction of semi-submersible and jack-up units in the Islamic Republic of Iran.

**Phase 2:** Construction of blocks in Iran and subsequent assembly of the semi-submersible and jack-up rigs in the Bolivarian Republic of Venezuela

**Phase 3:** Construction and assembly of offshore equipment in Venezuelan territory.



## Petronotas

### PDVSA and CNPC advance in energy agreements signed



In the context of the World Conference On Heavy Crudes, held recently in Beijing, Petróleos de Venezuela (PDVSA) and China National Petroleum Corporation (CNPC) held a follow-up meeting on the Memorandum of Understanding signed for the setting up of mixed company to operate in the oil services area for exploration and production wells, as well as the development of equipment for operations on land and offshore.

PDVSA Exploration and Production vice-president Luis Vierma stated that "the creation of China-Venezuela mixed companies will have the aim of reducing technological dependence, increasing national content in goods and services of the oil industry, within the Bolivarian Government of Venezuela's geopolitical orientation."

### Energy Revolution Mission continues forward



Approximately 52 million energy-saving light bulbs will be installed at no charge in six states in Venezuela

as part of the Energy Revolution Mission's pilot plan, an initiative that is expected to translate into savings of 2,000 megawatts, equivalent to US\$ 2 billion. The Energy Revolution Mission has as its objective the development of a strong awareness campaign and follow-up on the effectiveness of energy saving in the country, by substituting the conventional

incandescent bulbs for their modern energy-saving alternative.

### PDVSA guarantees transparency in supply-contract tenders



Petróleos de Venezuela announced that it had created two high-level permanent committees with

the aim of reviewing the processes associated with the tendering of export supply contracts in order to guarantee maximum transparency in this type of operations, adhering strictly to internal rules and to the laws of the Bolivarian Republic of Venezuela. ■

## PDVSA in figures 2005\*

### Proven Reserves

Crude Oil 87,6 Bn MB

Gas 150,4 TCF

### Venezuela's Production Capacity

Crude Oil 3,7 m BPD

Gas 6.900 BCFD

LNG 250 m BPD

### Refining Capacity

Domestic 1,3 m BPD

International 2,0 m BPD

Total 3,3 m BPD

### Total Revenues

85,3 BSUS

\* Preliminary Figures

### Glossary

TCF: Trillions of cubic feet  
MBD: Millions of barrels a day  
CF: Cubic feet  
MGFD: Millions of cubic feet a day  
BSUS: Billions of US Dollars

## Quote of the month

“During 2006 we advanced notably in the expansion of our policy of international solidarity, through the structuring and consolidation of Petrocaribe with the presidential decision on the construction of the Great Southern Gas Pipeline, through cooperation agreements and solidarity exchanges with Africa, Asia and, even, the United States, by means of heating oil donations to various underprivileged communities”

Hugo Chávez Frías

President of the Bolivarian Republic of Venezuela



**OPERATING INDICATORS**  
First Half 2006 Averages

CRUDE OIL

**3,3 MM**  
barrels a day

GAS

**6,9 MMM**  
cubic feet a day

REFINING

**1,2 MM**  
barrels a day  
(Vzla/Island loop)

EXPORTS

**2,7 MM**  
barrels a day

OIL BASKET PRICE

**50,50 \$**  
per barrel



# PDVSA positions PDV lubricants in Central America

Petróleos de Venezuela  
forges closer ties with Alba  
Petróleos of El Salvador for  
the supply of Venezuelan  
fuels in that Central  
American nation

**T**he mixed company made up by the PDV Caribe subsidiary and Energía para El Salvador (Enepasa), an association of municipalities, will market PDV branded products in that country through a lubricants supply contract signed by PDVSA and Alba Petróleos de El Salvador.

The 27-product range for automotive, marine and industrial applications that will be exported to the country are the first form of a commercial barter, to which the distribution of fuels will be



The 27-product range to be introduced into the Salvadorian market will also represent savings in marine, automotive and industrial applications.



El Salvador joined the group of countries that benefit from the Petroamerica Energy Cooperation Agreement.

added. For the storage of these fuels, the construction of a tank farm has been foreseen for the port of Acajutla, department of Sonsonete, in western El Salvador

Payment for the lubricants mentioned will benefit from the credit facilities contemplated in the Petrocaribe Energy Cooperation Agreement, with payment of 60% of the invoice in 60 days, and financing of the remaining 40% over 23 years at 1% interest, with two years' grace.

## Energy savings for El Salvador

Carlos García, who is also the acting president of Enapasa, stated that “the agreement provides a powerful support to boost the Salvadorian

Venezuelan lubricants are marketed in various Latin American and Caribbean countries, such as Trinidad and Tobago, Guyana, Guatemala, Cuba, Belize, Surinam, Nicaragua, Costa Rica, Dominican Republic, Colombia, Ecuador, Brazil, Bolivia, while their introduction into new markets in the region is being planned.



economy, considering that it represents savings in intermediation costs, besides the possibility of paying in products that are useful for the Venezuelan market.” The step will translate into greater market diversification for PDVSA. ■

GNV » Initial phase extends to 2010

# PDVSA committed to environmental preservation



The drivers of automotive vehicles will now have gas as a new option, when the time comes to fuel up at the service station.

**P**etróleos de Venezuela (PDVSA) is relaunching its Natural Gas for Vehicles (GNV) program complying with international safety standards and environmental protection to guarantee a cleaner fuel system that will have a positive impact on the Venezuelan people's quality of life.

For the purpose of contributing to safeguard the habitat and observing the international environmental protection standards currently in force, PDVSA is reactivating its Natural Gas for Vehicles program

Natural Gas for Vehicles offers a cleaner combustion process; it releases neither ash nor solid particulates into the atmosphere, it produces minimal emissions of nitrogen oxides (NOx), carbon dioxide (CO<sub>2</sub>), carbon monoxide (CO) and reactive hydrocarbons; it generates virtually no sulphur dioxide (SO<sub>2</sub>).

The establishing of the Natural Gas program will begin with a first stage which will cover the refurbishing and reactivating of the 148 existing natural

gas service stations in the country, the installation of 500,000 GNV conversion units in heavy and light public transport, as well as the conversion of official automotive fleets. ■



Natural gas improves automotive performance and extends the useful life of engines

INTEGRATION » XXIV Havana International Fair

## PDVSA exposed its achievements in Cuba

**P**etróleos de Venezuela again presented examples of its achievements in energy integration in Cuba, at the XXIV Havana International

Fair, which took place from 30 October to 3 November 2006 at the capital's Expositions Pavilion (Pabexpo), with the aim of divulging the advances made in Latin American integration and in the "sowing of the oil".

PDVSA was one of the 65 Venezuelan companies - both private

and public- that represented various industrial areas in the country's pavilion. The PDVSA exhibition module also presented a sample of the PDV brand of lubricant being marketed on the island.

The PDVSA exhibition module reflected the targets reached within the framework of the 2006-2012 Sowing the Oil Plan, especially with regard to the deepening of the social missions, a manifestation of the Corporation's commitment to the new Venezuela. ■



The Havana International Fair represents a very important space in which to promote the integration of peoples, based on the Bolivarian Alternative for America (ALBA).

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**Bolivarian Government** | Popular Power Ministry  
of Venezuela | for Energy and Petroleum

