

# Eni in the Bolivarian Republic of Venezuela



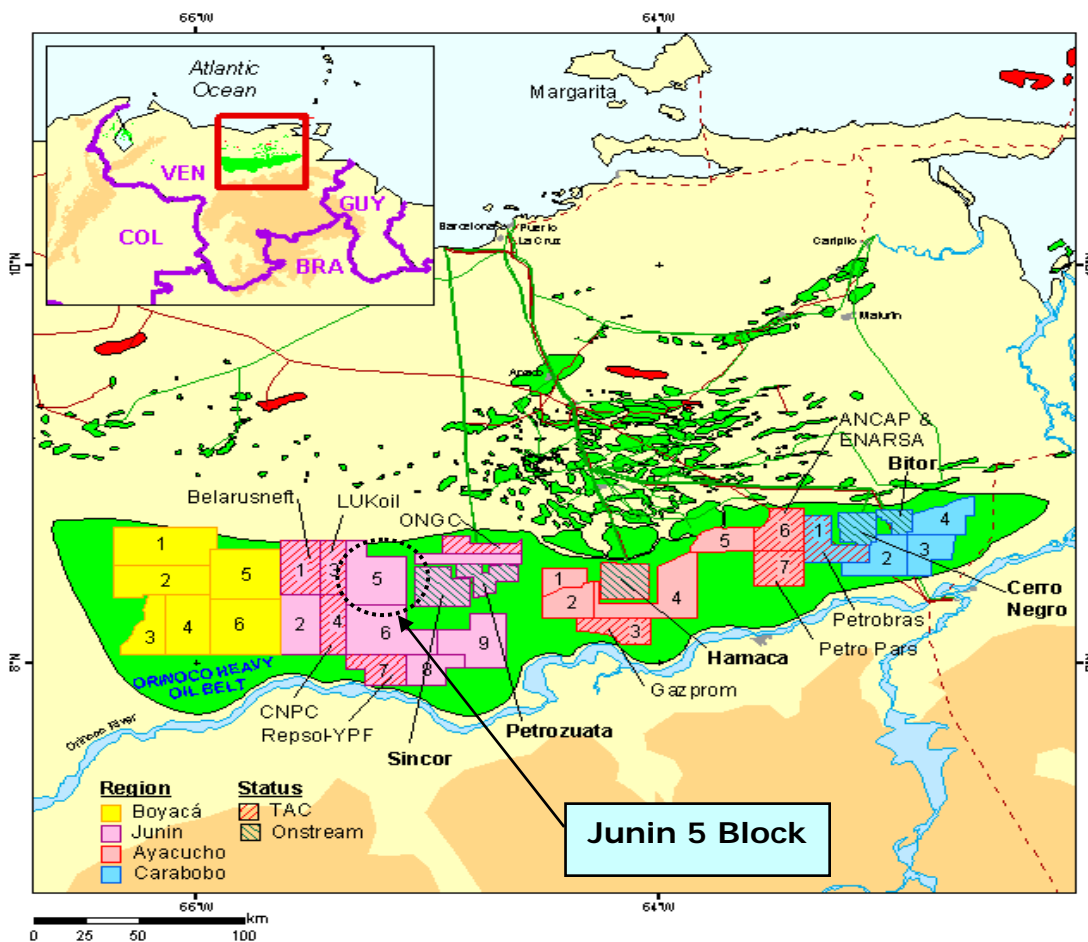
Salto Angel (Canaima National Park)

## Bolivarian Republic of Venezuela– a major oil producer

The Bolivarian Republic of Venezuela has hydrocarbon resources estimated at 78 billion barrels of oil (source: OPEC 2006), which account for 6.6% of the world's reserves, and 4,700 billion cubic meters of gas, which represent 2.4% of the world's reserves.

The Bolivarian Republic of Venezuela is an OPEC member and one of the major producers in the Americas.

In addition to the certified conventional oil reserves, there are large amounts of heavy oil in the Faja area of the Orinoco belt. According to PDVSA data (2005), this basin could contain 1,300 billion barrels of heavy oil, which would correspond, again according to PDVSA, to 236 billion barrels of new reserves. The entire basin has been divided into different production areas: four of these areas are currently producing (approximately 150,000 bbl/d each), whereas in a further 27 areas, agreements have been defined or are being negotiated with foreign oil companies. These agreements would involve collaboration with PDVSA for reserve certification, with a view to co-operating in their production.



Map of Orinoco's Faja area

# Bolivarian Republic of Venezuela in numbers

## Geographical profile

Area	912,050 sq. km.
Cities	Caracas (capital; 3 million inhabitants, 2004 estimate) Maracaibo, Valencia, Barquisimeto, Maracay, Merida, Ciudad Bolivar.
Climatic zones	Andes range and Maracaibo plain to the north-west, Central Plains; Guyana Plateau to the south-east.
Climate	From tropical to temperate, depending on elevation
Population (July 2007)	27 million
Population growth	1% per year
Religions	Catholic 96%, Protestant 2%, Other 2%
Official language	Spanish
Education	9 years, compulsory; literacy 93.4% (males 93.8%, females 93.1%)
Health	Infant mortality rate 22.52 per thousand, Life expectancy 73.2 years

## Political Profile

Government:	Federal Republic
Independence:	July 5, 1811
Constitution:	December 30, 1999.
Executive branch:	President elected every 7 years; Council of Ministers (Cabinet)
Legislative branch:	Bicameral Congress with a 5-year mandate
Judicial branch:	32-member Supreme Court (elected by the Congress with a 12-year mandate)
Subdivisions:	23 states, Caracas Federal District, 1 federal dependence (72 islands).
Political parties:	Partido Socialista de Venezuela, Movimiento V Republica (MVR), Accion Democratica (AD), Comité Organizador Político por Elecciones Independientes (COPEI), Patria Para Todos (PPT), Movimiento al Socialismo (MAS), La Causa Radical, Primero Justicia, Convergencia nacional
Vote:	Universal, minimum age 18

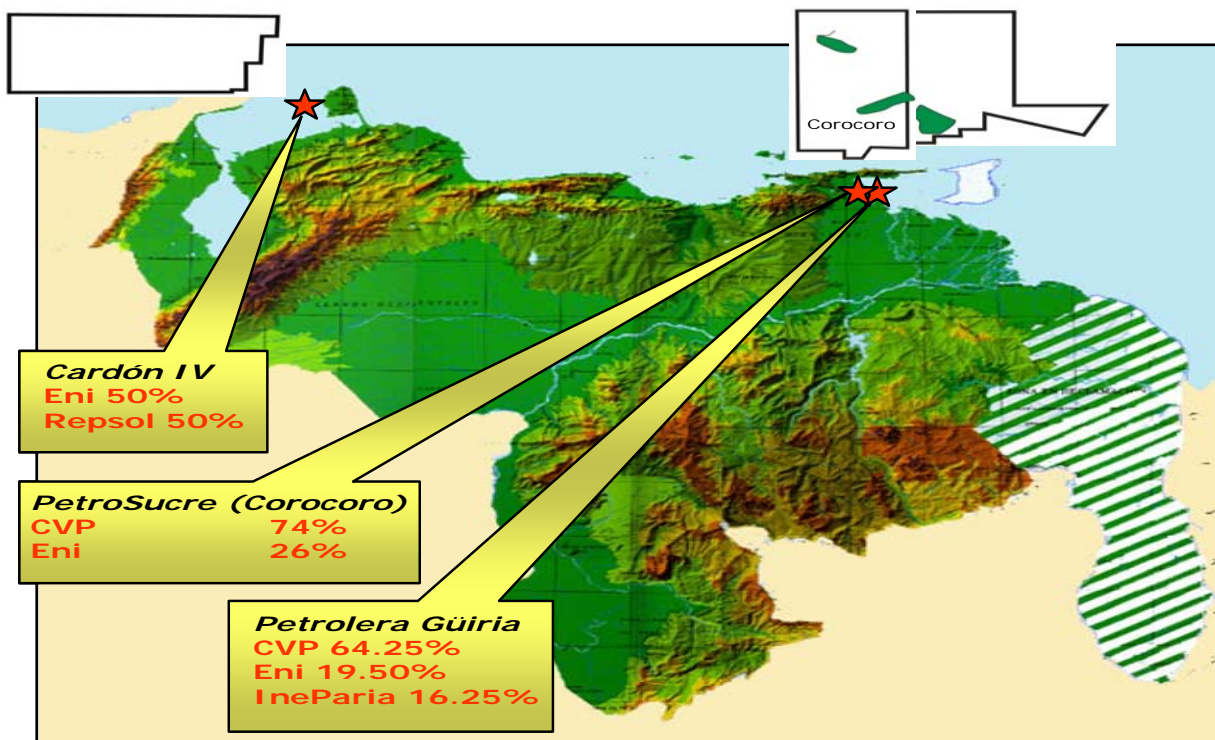
## Economic profile

GDP (2007):	\$166 billion
Growth rate (2007):	8.4%
Real per capita income (2006):	\$6,250
Public expenditure	32% of GDP
Main resources:	Oil, natural gas, coal, iron ore, gold, diamonds, bauxite, hydroelectric power
Oil&gas industry	15 % of GDP
Manufacturing industry	17% of GDP
Agriculture	3% of GDP
Exports (2006):	\$65.9 billion: oil; \$ 57.8 billion: aluminium, steel, chemicals, iron ore, cigarettes, plastics, fish, cement and paper
Major markets (2005)	US 46.3%, N. Antilles 13.5%, China 3.2%
Imports (2006)	\$31.3 billion -US 30.6%, Colombia 10.2%, Brazil 10.1%, Mexico 6.8%, China 6.7%.
Exchange rate (January 2007):	2.150 bolivares = US \$1.

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## Exploration and Production

Eni's upstream activity in the Bolivarian Republic of Venezuela started in 1998 with the acquisition of a 40% participating interest in the Gulf of Paria West and Central blocks. Two years later, with the acquisition of the Lasmo assets, Eni became the sole operator of the Dacion field under a Service Contract, terminated by PDVSA in April 2006. In February 2008 Eni reached a settlement with the Bolivarian Republic of Venezuela over the dispute for the Dacion field. Under the terms of the agreement, Eni will receive compensation in cash, in line with the net book value of the asset.



In the Bolivarian Republic of Venezuela, Eni owns a 26% stake in the Petrosucre mixed enterprise (PDVSA/CVP 74%, Eni 26%) which operates the Corocoro field, where oil production has just started, and a 19.5% stake in the Petrolera Guiria mixed enterprise (PDVSA/CVP 64.25%, Eni 19.5%, Ineparia 16.25%) which manages the Punta Sur discovery. Corocoro and Punta Sur fields are both located offshore in the Gulf of Paria. Eni

also owns a 50% stake in the Cardon IV gas exploration licence, located offshore in the Gulf of Venezuela.

## **Refining & Marketing**

Eni holds a 49% interest in SuperOctanos C.A., a company established in 1987, which built and operates a plant for the production of MTBE (a high-octane fuel component) with a capacity of 500,000 tons/year.

## **Engineering and Construction**

Saipem/Snamprogetti designed some of the plants of the Morón Petrochemical Complex, the MTBE and Methanol plants of the Jose Petrochemical Complex and, furthermore, participated in the construction, again in Jose, of two ammonia plants (with a total capacity of 3,600 tons/day) and two urea plants (with a total capacity of 4,400 tons/day). These plants are owned by FERTINITRO, a company in which Snamprogetti holds a 20% stake.

In addition, Eni has a 34.5% participation in SuperMetanol C.A., a company set up in 1991, which built and operates a methanol plant with a capacity of 720,000 tons/year. This plant was also built in the area of the Jose Petrochemical Complex, close to Puerto La Cruz, in the eastern region of Bolivarian Republic of Venezuela.

Saipem also works in the drilling sector, with 10 rigs managed by the subsidiary Petrex de Venezuela.

## **Sustainability**

Active in the Bolivarian Republic of Venezuela since 1967, Eni has developed over the years an intense programme of social projects for the benefit of the local communities.

The numerous initiatives implemented by Eni have mainly been focused on the Dacion area as well as other regions, where the operations were initially carried out through the Humanitarian Aid Fund set up to face the flood emergency in December 1999. All the activities carried out as part of this programme were conceived, developed and controlled by a highly reliable ONG and the local communities were involved at every stage. Such activities included a series of projects in health care, primary education, professional training, support to local production and small entrepreneurial initiatives and protection of the environment.