V. OIL COMPANIES OPERATING IN ECUADOR:

Maxus: Last year PETROECUADOR approved the planned development of heavy oil reserves in the Southeast Oriente by a group led by Maxus Energy Corp., Dallas, following 2 years of negotiation.

The project, originally proposed by Conoco Ecuador Ltd., entailed a $500 million project that would be Ecuador's first heavy oil development. Conoco subsequently pulled out of the project in 1991 citing better investment opportunities elsewhere. Since 1989, when its plan was submitted, Conoco expected to start carrying out the plan in 1990. By 1991 Conoco had started to develop other projects in Indonesia and Norway, reaching a stage where they became competitive for funds with Ecuador. Also American ecological organizations gave priority, over other oil development programs elsewhere in the world, to stopping Conoco from developing block 16, since part of the block falls into the Yasuni National Park. Conoco proposed drilling horizontal wells that limit environmental damage and to cross rivers in barges to avoid building a bridge at the Tiputini River that would invite settlements, but ecologists were not convinced. Maxus, who had a 10% share of the joint venture with rights to block 16, bought 20% of the Conoco share of 35%, so Maxus has now 35% and is the operator.

PETROECUADOR approved a development program covered under a 20 year exploration and production service contract with the Maxus group. In all, the combined Block 16 development is expected to now cost about $625 million. That breaks out as $135 million in 1992, $175 million in 1993, $120 million in 1994, and $29 million, per year during 1995-2002.

The Maxus group Block 16 program entails a slightly expanded version of the $550 million development plan originally put forth by Conoco, which entailed development of Amo, Daimi, Ginta, Iro and Bogui fields. The five fields contain reserves estimated at 200 million bbl and feature crude with gravities of 15.3-20.7 API. The new program calls for including development of a unitized Bogui-Capiron area owned 70-30 by PETROECUADOR and Maxus. Under a separate contract, Maxus will operate Petroecuador's Tivacuno field, east of Bogui Capiron on a per barrel of production arrangement. Tivacuno reserves are pegged at 8-16 million bbd with gravity of 19-22.

Project spending breaks out to about $580 million for the Maxus group fields and about $45 million for Tivacuno. Major outlays will go for constructing a 150 km road from the Shushufindi producing area south to Amo, Diami, Ginta, and Iro; laying a 14-16 in. pipeline to Shushufindi and Lago Agrio; drilling 112 wells in Maxu's fields and 8 in Tivacuno; installing gathering lines and production facilities; and providing environmental protection measures.