

EXPLORATION ACTIVITY

Overview: Exploration in Ecuador takes place in two main regions, the Amazon basin and the coastal area (both on land and offshore).

By the end of 1988, PETROECUADOR (CEPE), through its own activity, had added 305 million barrels of proven reserves to the national inventory, and was the owner of 69 percent of all national oil reserves. Its goal for the next five years is to incorporate an additional 400 million barrels into national reserves. Foreign oil companies have also been actively exploring in Ecuador since the mid-1980s. Their activities are reviewed below.

History of Coastal Exploration: The presence of oil was known to pre-Columbian inhabitants of the Santa Elena Peninsula, and later the Spanish used the tar to pitch their boats. However, not until the beginning of this century did exploration begin in earnest.

Two British companies, Ecuador Oilfields Limited and the Ecuador Drilling Company, were prominent in the initial exploration efforts in the Ancon area. The Ancon Oil Company, a subsidiary of the Ecuador Drilling Company, drilled the first discovery well, Ancon-1) in 1911, but soon after suspended its activities due to financial difficulties. Anglo Ecuadorian Oilfields Ltd. resumed drilling and development of the Ancon Field in 1919, thus establishing the first commercial oil production in Ecuador.

In 1940, the International Ecuadorian Petroleum Company, an ESSO subsidiary, undertook the first systematic exploration of the coastal region. This resulted in the drilling of 20 wildcat wells, 19 of which were outside the Santa Elena area. All were dry.

The Tennessee Oil & Gas Company entered the scene in 1951, followed in 1954 by the California Oil Company. Two wells drilled offshore from the Ancon area, South Ancon-1 and Golfo-1, were dry. Exploration activities reached a peak in 1964 when 34 wells were drilled by companies in the coastal region. Adobe Oil Co. acquired an offshore concession in 1969, and drilled two dry holes. Also in 1969, Quintana acquired an offshore concession on the Manabi coast and drilled the Caraquez-1 hole which turned out dry.

In 1968 six leases comprising some 14,000 square km in the Gulf of Guayaquil (including Puná Island) and the Guayas river estuary were awarded to the ADA Consortium. Nine wells were drilled, one onshore and 8 offshore, resulting in the discovery of the Tertiary Amistad gas field (about 200 BCF). The contract with the ADA group was revoked by the Ecuadorian government in November 1972.

Since 1985 coastal exploration has been reactivated with the awarding of two offshore blocks to Belco and one onshore block to Texaco-Pecten in the Manabi basin.