

Sipetrol

In addition to increasing imports of both crude and refined petroleum products, Chile's Enap has also expanded its foreign exploration and production affiliate, Sipetrol. Sipetrol operates producing wells in Argentina, Ecuador and Venezuela, which in 1994 produced up to 10,000 b/d. Production from existing wells is expected to increase to 20,000 b/d by the end of 1996. ENAP also estimates that in the near future, Sipetrol could produce up to 15% or 20% of the crude oil consumed.

While internally ENAP is now concentrating on its refining activities, externally through Sipetrol, ENAP has been moving outside of the country to take advantage of oil exploration opportunities emerging in South America. Generally speaking, this production is not destined for Chilean markets. Rather, the proceeds from oil exploration outside of the country are being used to partially offset the country's large and growing oil import bill, which totalled some US\$ 1115 million in 1993.

4.2 EXPLORATION AND EXPLOITATION

In the petroleum sector, the Chilean state is the owner of all hydrocarbon deposits. However, exploration and commercial operation of said deposits may be made in association with national or foreign private investors. Indeed, the government authorizes private operation of oil deposits under the system of Special Contracts for Petroleum Operations (See Annex) in the entire country, except for in the Magallanes area, which is reserved exclusively for ENAP, the National Petroleum Company of Chile.

More than sixteen sedimentary basins have been studied along the Chilean territory, both inland and offshore. The offshore sedimentary basins run along a narrow submarine strip between the coastal line and the Chile-Peru submarine depression. Sedimentary deposits, are up to 4,000 meters (13,000 ft) deep, and include submarine layers from the High Cretaceous and Tertiary Ages.

Inland sedimentary basins are found in: the Straits of Magallan (or Magallanes), the southernmost end of the Central Valley, and northern Chile. Of these sites, the most significant is the Magallanes basin located east of the Andes mountains. It has a central layer of over 8,000 meters (26,000 ft) deep, including marine strata from the Higher Jurassic, Cretaceous, and Lower Tertiary Ages, and continental strata from the Higher Tertiary Age.

Nearly 300,000 sq.km (116,000 sq.mi) of sedimentary basins are known. However, the Magallanes basin, representing 29% of the total area, has been the only oil producing basin. In fact, other than the Magallanes sites, only 94 exploratory oil wells have been drilled in more than 210,000 sq.km. Eighteen of those drillings have been done offshore.

The only active company operating in the Magallanes basin is state-owned ENAP, which concentrated its activities, up until the late sixties, on Tierra del Fuego island and