

IV. OPPORTUNITIES AND DEVELOPMENTS:

In 1991 and 1992 PETROECUADOR continued its program to complete a major expansion of its petroleum infrastructure. Some of the projects included:

- Expansion of the Tetre maritime terminal, near Balao, to allow export of fuel oil and more economic offloading of imported products.

- Construction of two product pipelines in the coastal region, starting from La Libertad to transport gasoline from the two refineries operating there. The first line, 170 km long, is serving Manabi province. The second line, 128 Km long, is serving the Guayaquil area.

- Expansion of the Shushufindi Quito LPG line to allow transport of additional output from the Shushufindi gas plant.

- The Esmeraldas-Santo Domingo pipeline is being replaced because the existing one is badly corroded. That makes a total of 573 Km of product pipelines in the coastal region the past 2 years.

- Petroindustrial completed expansion to 25MMcfd throughput capacity of the Shushufindi gas processing plant enabling it to boost LPG yield to 500 tons/day from 230 tons/day. Basic engineering for the plant expansion was prepared by "Bufete Industrial of Mexico" and construction was carried out by Colombia's Distral.

Although 1993 \$ 700 million budget set capital spending in about \$ 260 million, of which \$160 million is for exploration, development and production, it is still is uncertain if that will occur, because of the trend to reduce the exploration role of PETROECUADOR. Nevertheless a budget of more than \$140 million exist for the acquisition of drilling equipment, well completion tools, pumps, pumping units, software, and environmental services.

Likewise to handle added production, especially that of Maxus', the Lago-Agrico Balao Pipeline will be expanded to 360,000 bpd from the current 325,000 bpd. Plans also include further expansion of the line to 400,000 bbbl, once proposed development projects by other foreign operators come on stream. Work will include installation of an additional pumping units and new storage tanks at Balao.

Furthermore the second phase of gas lift in the Libertador Project north of Shushufindi, will complete a program to optimize gas use in the area and to boost crude production by about 4,000 bpd has not been scheduled yet. The First phase which recently got under way involves about 25 wells and is boosting crude production by about 3,500 bpd.