

- Transacting for hydrocarbon interest continues to be of great attraction as operating companies define their final business dimension. Novacorp is a Canadian newcomer, currently operating TGN, one of the two transmission companies out coming from the privatization of Gas del Estado.
- With the re conversion of the drilling services companies we now see little room for drilling ventures but increasing demand for spare parts and, eventually, drilling rigs. Slim hole drilling is on the other hand considered at present as a probable way to diminish the cost of future wells.
- New opportunities were checked to exist with respect to:
  - 1 - Plunger-lift techniques.
  - 2 - Horizontal drilling.
  - 3 - VIBRO type acquisition systems.
  - 4 - Core testing equipment.
  - 5 - Field automation.
  - 6 - Corrosion detection and control.
  - 7 - Instrumentation (CO<sub>2</sub>, SH<sub>2</sub> level measurement)
  - 8 - Natural Gas treatment plants.
- Other equipment and materials may be required as indicated on our previous report provided USA prices can be beaten.
- Cost reduction became mandatory to Argentina upstream operators in view of the level of the current productivity of the wells and the decrease of the realization prices (tied up, in general, to the WTI levels).
- At the same time capital constraints and high rates of interest, (in many cases related with the amortization of the amounts paid by the new holders of the oil properties), are still precluding full activity in many areas operated by private companies.