

III. THE STATE OIL COMPANY "PETROECUADOR":

In 1989, Congress, approved a law which reorganized CEPE, and renamed as PETROECUADOR, which now operates as a permanent holding company with three permanent subsidiaries: Petroproduccion, Petroindustrial, Petrocomercial which focus on: -exploration and production; -industrialization and refining; and -marketing and transportation; and one temporary subsidiary, Petroamazonas in 1989 PETROECUADOR took over operation of the main oil export pipeline, owned by Texaco since 1986, and the management of the Anglo refinery in Santa Elena. In 1992 full control of the oil field of the Cepe-Texaco consortium reverted to PETROECUADOR, as well the Repetrol refinery.

-Petroproduccion: Exploration and production are the responsibilities of this subsidiary and currently is in charge of all the area previously reverted by Texaco and other companies. This means that the bulk of the work is developing fields previously discovered or looking for new fields within already producing areas. However new policy set by the current PETROECUADOR administration mandates that Petroproduccion no longer will engage in exploration in new areas due to the heavy investment burden for the Government. Last December, Petroproduccion reached an output of 82,514 bpd, much of which comes from Libertador field, third largest in the nation after Shushufindi and Sacha. It is expected that in 1993, Petroproduccion will absorb Petroamazonas.

-Petrocomercial: Is responsible for marketing petroleum and its derivatives in international and domestic markets. Total crude and products storage capacity in the country is 1.7 million bbl. Three single point mooring terminals at Balao can handle 100,000 dwl tankers. Crude and products exports are under the auspices of Flota Petrolera Ecuatoriana (FLOPEC). LPG shipments by Liquigas, Duragas, Congas and Autogas.

-Petroindustrial: Is responsible for the operation of 1300 Km. national pipeline system and refining of almost 90% of the total national refining. The refining capacity in Ecuador is concentrated in:

Esmeraldas	90,000 bpd
Santa Elena, Universal	10,000 bpd
Santa Elena, Barson	28,000 bpd
Santa Elena, Cautivo	10,000 bpd
Santa Elena, Repetrol	9,000 bpd
Shushufindi	10,000 bpd
Lago Agrio	1,000 bpd, included LPG & pentane from gas plant

During 1993, Petroindustrial plans are to expand the refinery at Esmeraldas to process planned increases of production and to process heavy gravity oils.