

While Argentina has considerable reserves, insufficient investment in production facilities means Argentina will, no doubt, need Bolivian gas for a long time.

A 526 Km., 24-inch pipeline from the Santa Cruz fields carries 215 MMCFD to Argentina via Yacuiba.

A contract signed in 1989 with Brazil for supply of electricity will represent an additional market for natural gas. More details in the project are provided later on this same report.

Y.P.F.B.

Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), the state-owned oil company is by far the largest operator in Bolivia. This company was founded in 1936 and in 1989 accounted for 85% of the country's production of natural gas.

Additional information on this main potential customer for Canadian companies is provided in the pages attached.

Foreign Operators

Presently, there are two American contractors working in Bolivia: Occidental Boliviana and Tesoro Petroleum. They produce approximately 15% of the country's liquid hydrocarbons (all condensate) and more than 30% of the natural gas.

Occidental Boliviana Inc.

This company operates presently only at "El Porvenir" gas field, after having returned their "Tita" field to YPFB due to reduced production. Their present production is 110 MMFCD of natural gas and 5,100 Bls/day of light condensate. They sell 50 MMFCD and inject the balance of their production. Their plans for the near future are:

- 1) To drill a deep "wild cat" (4600 M) at "El Porvenir" by the second half of 1990 with an initial investment of US\$ 4,000,000 and a total overall cost of US\$ 15,000,000.