

No positive results have been obtained from explorations in the North. Drillings at the Atacama Salt Mine in agreement with the Hunt company of Texas, U.S.A., were not successful. Prospecting in the Altiplano of Arica was halted as it involved land belonging to the Lauca National Park. Instead, explorations in the Altiplano of Iquique are being negotiated with this company.

Nevertheless, the most promising prospecting seems to be at the Pedernales Salt Mine, where there are superficial indications of hydrocarbon. ENAP is associated with Eurocan (Bermuda) Ltda. de Chile - Norcen Internacional Ltda. as operator in this location.

The Chilean company has a 35% share. In June, 1991 an agreement was signed to initiate drilling work for exploratory boring. In this first boring, which costs US\$ 2 million, the existence of an oil deposit in the salt mine will be determined; geological and seismic work has been carried out at the salt mine since 1989. The boring could reach a 1,500 meter depth.

An agreement with Maxus (Chile) Ltd. to explore the area known like Bloque Salar de Punta Negra was finished, at the end of the second exploration period..

In March, 1990 Pecten, acting as operator at San Pedro de Atacama - Imilac Salt Lake, decided not to carry out the second stage of the prospecting program. The decision was probably influenced by Hunt's failure at the nearby Atacama Salt Mine.

The Lonquimay area is also being explored with the National Geology and Mining Service to analyze the possibility of a prolongation of the deposits in Argentina. The possibility of continuing joint work on the Temuco-Huichahue Project is being analyzed with Texaco.

### IV.2.9.- Investment Projects.

The construction of a diesel producing unit and the remodelling of the catalytic cracking unit was initiated at the Concón Oil Refinery. The former implies an investment of US\$ 21.7 million in three years and will make it possible to increase to 160,000 cubic meters the production of diesel oil /year practically without sulfur. The latter implies the expansion of the cracking unit to increase its gasoline and liquefied gas production, with an investment of US\$ 10,8 million. Start-up is projected for 1993.

The possibility is being analyzed of building a pipeline from Neuquén to San Vicente to supply the Petrox S.A. refinery with crude oil from the Neuquén oil basin in Argentina.

### IV.2.10.- Petrochemical Projects.

ENAP is making an effort to diversify its activities by participating in possible petrochemical projects, including the ammonia-urea project, a medium-capacity fertilizer plant (40% of the original project) destined to produce urea for Chilean consumption and ammonia for a sodium cyanide plant to be constructed in Magallanes. Eventually, ammonia would also be used for an ammonia nitrate plant and other products. Investment is estimated at US\$ 200 million, and ENAP would have a 25% to 30% share. The cost of the sodium cyanide plant is US\$ 25 to 30 million. Gas consumption in this plant is estimated at 80,000 cubic meters per day. Compañía de Acero del Pacífico and Industrias Cardoen are among those interested in bidding for development of this plant.

The modification of ENAP's statutes makes it possible for the company to participate in the consortia formed to develop these projects, which could make their implementation easier.

### IV.3.- Methanol Project.

On October 12, 1988, the methanol plant built by Cape Horn Methanol Ltd. in Cabo Negro (Magallanes) was inaugurated. The investment was approximately US\$ 300 million. The shareholders were the Henley Group Inc. with 83%; Internacional Finance Corporation reporting to the World Bank, with 10%; the Compañía Manufacturera de Papeles y Cartones subsidiary, CMPC Metanol Limitada, with 6.5%; and Inversiones Metanol, of the Menéndez Group in Punta Arenas, with 1%.

In February, 1991 it was announced that Methanol Ltda. had sold its share to the Henley group, as CMPC wanted to concentrate on its own line of business which is paper. The sale was US\$ 6.5 million.

At the beginning of July of the same year, information was received that the Henley group was negotiating with the Fletcher Challenge conglomerate of New Zealand for the sale of its share in Cape Horn