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Venezuela: Development Of Heavy Crude Refining Technology Delayed Result Of Budget Cuts

by Barbara Khol

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The state-run oil company (PDVSA) has decided to postpone investing US\$500 million this year in the development of an innovative refining technology, known as HDH (hydro-treatment and hydro-conversion), due to budget cuts and low oil prices. PDVSA's accumulated debt is expected to surpass US\$5 billion by year-end 1992. World market price decline has forced a 12% reduction in the company's US\$12 billion annual budget. According to the Venezuelan Institute of Petroleum Studies (INTEVEP), the HDH system would permit conversion of heavy crude into diesel and other fuel products while meeting strict environmental standards. The plan to implement HDH would take four to five years and include the incorporation of the Cardon de Maraven refinery, a PDVSA subsidiary. Discovered and researched by INTEVEP, HDH is part of a move away from dependence on foreign technology, especially in the processing of heavy crude, which represents 75% of the country's oil reserves. INTEVEP maintains that HDH is a developmental technology with strategic potential and should not be subjected to traditional priorities. Institute sources say that several foreign corporations, including Mobil, Exxon and Chevron, are interested in working with HDH. According to INTEVEP, postponing the development of HDH could double the cost, delay the direct export of refined products, and jeopardize Venezuelan sovereignty over this important technology. (Source: Inter Press Service, 07/27/92)

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