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Venezuela: Politicians Demand Inquiry Into Oil Drilling Contracts With Foreign Companies

by Barbara Khol
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Daily newspaper El Nacional has published demands by several politicians for an inquiry into oil drilling contracts with foreign companies concluded on July 31. (See Chronicle 08/06/92.) The contracts between PDVSA and the Japanese firm Taikoku Oil and the US-based Benton Oil and Gas, were awarded following a bidding process which began in 1990. PDVSA will pay fixed prices for each barrel of oil produced by the foreign companies, regardless of prevailing market prices. The companies are expected to invest US$280 million to drill 300 new wells, and recover 70 others abandoned over 20 years ago. Carlos Canache, leader of the ruling Democratic Action (AD) party, said it was "rude" of President Carlos Andres Perez to have failed to keep politicians abreast of the deals. The president said only politicians who did not read the newspapers could claim to be ignorant of the bidding. Former president Rafael Caldera has demanded a "careful" analysis of all oil contracts which could affect national sovereignty. He added that he supported foreign participation in the oil industry. Energy Minister Alirio Parra told reporters on Aug. 3 that the congress had been informed of the contracts, and the government's decision to allow private companies to participate in the recovery of abandoned oil wells. He added that the law nationalizing the oil industry does not require congressional approval for PDVSA subcontracts with other firms. Approval by the congress, however, is required for PDVSA joint ventures. (Source: Inter Press Service, 08/04/92)

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