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NotiCen

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The Canadian firms Sherritt International and PEBERCAN announced last month that they had discovered oil deposits in the Santa Cruz 100 oil field in the Gulf of Mexico.

According to the results of explorations in offshore blocks allotted to the companies 55 km east of Havana, the Santa Cruz 100 field could measure up to 20 sq km and produce high-grade oil of far better quality than the heavy crude Cuba now produces. Two appraisal wells are to be sunk in early 2005 to permit detailed analysis. Sherritt and PEBERCAN are developing other fields in joint ventures with the Cuban state oil company Cubapetroleo (CUPET).

In recent years, oil production has increased enough to bring Cuba close to self-sufficiency in oil for firing its power plants. Production was 26 million barrels in 2003 though slightly lower in 2004.

At present, Cuba consumes 150,000 barrels per day, half domestically produced and most of the rest imported from Venezuela under favorable terms (see *NotiCen*, 2000-11-03). CUPET projects that by 2006, 60% of its oil needs will be domestically produced.

The Spanish firm REPSOL YPF and Brazil's Petroleo Brasileiro (PETROBRAS) plan exploratory drilling in 2005. Two Chinese companies are also considering investment in oil-exploration blocks.

The possibility that Cuba could become energy independent or even a net exporter of oil would radically alter its economy and international political situation. Even before the Santa Cruz 100 announcement, US energy companies were chafing at the US economic blockade, which prevents them from entering the promising Cuba petroleum industry. Now it appears that Canada, Brazil, Spain, and perhaps China could be the dominant partners with CUPET even if the blockade were lifted.

In 2003, Reuters reported that an official of the Houston-based energy giant Halliburton publicly opposed the US sanctions policy. John Gibson, president of the firm's energy-services division, said, "There are foreign companies making money in those countries, and I think American companies should have a shot at those markets as well."

Despite the possibility of oil independence, Cuban officials are still depending on tourism as the chief motor for the economy. Tourism Minister Manuel Marrero Cruz announced in December that the number of tourists visiting Cuba in 2004 reached a record 2 million. Whatever profits the new oil finds may produce in the near future, they are unlikely to equal tourism, which now generates 41% of the country's income and is projected to rise as the number of visitors reaches an estimated 5 million during the next several years.

Meanwhile, prospects for converting Latin America's petroleum industry into a tool for political and economic integration increased with Venezuelan President Hugo Chavez's plan for a regional petroleum consortium. Petroamerica would integrate Cuban, Mexican, Venezuelan, and other Latin American producers into a giant transnational that could control 11% of known world oil reserves, stabilize oil prices in the region, and reduce the outflow of petrodollars.

In 1999, Venezuela and Brazil signed a letter of intent to integrate their oil companies, and Cuba and Venezuela further shaped the concept in 2000 (see *NotiCen*, 2000-11-02).

[Sources: The Observer (London) 11/29/03; The Trinidad Express, 07/23/04; The New York Times, 07/06/04, 08/13/04; Petroleumworld.com, 09/20/04; Prensa Latina, 10/08/04; Amnesty International Index: AMR 51/171/2004, 12/02/04; Associated Press, 12/12/04, 12/15/04; Department of State daily press briefing, 12/15/04; The Chicago Sun-Times, 12/18/04; US Interests Section (Havana), Remarks by Deputy Chief of Mission Alex Lee, 12/10/04, Remarks by Chief of Mission James Cason, 12/19/04; BBC News, 12/15/04, 12/23/04; Press Release PEBERCAN Inc., Canadian Newswire, 12/24/04; Agence France-Presse, 12/25/04; Reuters, 03/04/04, 09/10/04, 12/02/04, 12/11/04, 12/26/04; Petroleum News (Calgary), 01/02/05; World Data Service, 01/04/05]