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Colombia: Foreign Companies Confirm Huge Oil Deposits In North Eastern Colombia

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In mid-May, the British Petroleum Company and US-based Triton Energy Corporation confirmed that new oil fields discovered last year in the north eastern region of Casanare hold between three billion and five billion barrels of exploitable crude, making those fields the largest discovered in the western hemisphere since oil was found in Alaska's Prudhoe Bay field in 1969. British Petroleum had originally reported the discoveries in October 1992 (see Chronicle 11/19/92). But test drilling only confirmed the original estimates of reserves in early May. According to British Petroleum, the largest reserves are at Cusiana, where test drilling by that company confirmed at least two billion barrels of deposits. In addition, Triton Energy drilled wells at the nearby Cupiagua fields. Those tests not only confirmed last year's estimates of at least 500,000 barrels in reserves, but suggested that the Cupiagua fields may even yield between one billion and two billion barrels. Moreover, both companies say exploration will continue in surrounding regions, since geological formations throughout those zones indicate that more reserves are likely. And, in addition to the oilfields, both companies say they have confirmed huge deposits of natural gas, enough to pump about 19.2 million cubic feet per day at Cupiagua, and another three million to 4.4 million cubic feet daily at the Cusiana fields. Triton is a junior partner in the fields, holding a 24% stake in the exploitation contracts. British Petroleum and Total S.A. of France each control a 38% share of the fields. Once production begins, 40% of all extracted crude will go to Colombia's state-run oil company Ecopetrol, and the remaining 60% of output will be distributed among the three foreign firms. Spokespersons for Triton and British Petroleum estimate that the Casanare fields will increase the daily production of crude in Colombia presently 450,000 barrels per day nearly threefold by the end of the decade. By 1995, the companies expect to pump about 150,000 barrels per day from the Casanare reserves, with the total peaking at between 750,000 to 800,000 bpd by late 1997. "These are world class wells," said W. Greg Dunlevy, Triton's vice president for investor relations. "They flow at rates that most Texas oil men would pass out at." In fact, the mid-May confirmation of reserves helped pull Triton out of near financial collapse. On May 19, Triton's shares jumped US$8.00 on the New York Stock Exchange, climbing from US$35.00 to US$43.00, although they fell slightly again to US$40.25 by May 21. "These guys were in severe financial difficulty before this Colombian discovery came along," said Tom Driscoll, who follows Triton for Salomon Brothers. "This has saved the company." All three foreign partners, plus Ecopetrol, will invest about US$6 billion in the wells over the next five years. In addition to the costs of well drilling itself, the partners will construct crude processing plants, pipelines, and storage facilities. Finance Minister Rudolf Hommes called the Casanare reserves Colombia's "salvation," optimistically predicting the wells will represent a financial bonanza throughout the next two decades. "Over the next 20 years Colombia will be able to calmly construct broad social works such as highways and bridges without the even having to ask for foreign credit," said Hommes, adding that the increase in foreign reserves will also shore up local currency. "Colombia has enjoyed exchange rate stability for the last two decades, and now, Cusiana will give the country another 20 years of tranquility." (Sources: Chinese news service Xinhua,)
03/30/93; Spanish news service EFE, 05/16/93, 05/18/93, 05/19/93; New York Times, 05/21/93; Agence France-Presse, 05/16/93, 05/23/93)

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