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Venezuelan Supreme Court Ruling Approves \$5 Million Compensation For Occidental Petroleum

by John Neagle

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In a ruling made public March 30 by the Supreme Court in Caracas, Venezuela is to pay Occidental Petroleum some \$5 million in connection with the 1975 nationalization of the petroleum industry. After 12 years of legal deliberations, the court approved a request for compensation first filed by Occidental on May 26, 1977, to recoup its investments near Lake Maracaibo. Venezuela's state-run oil company abandoned the contract after nationalization. The company placed the value of its investment at slightly more than \$5 million. A panel of experts is expected to determine the exact amount of compensation. The contract, signed July 29, 1971, permitted Occidental to drill for oil in three blocks of land south of Lake Maracaibo. The oil company assumed all risks and was to have received all profits from the oil it discovered. During the trial, Venezuelan witnesses said the company had bribed public officials to obtain the contract. (Basic data from AFP, 03/30/89)

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