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Venezuelan Oil Company Announces Preliminary Agreement To Acquire Citgo Petroleum Corp.

by John Neagle
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On Nov. 6, Petroleos de Venezuela (PDVSA), Venezuela's state-run oil company, announced it had reached a preliminary agreement to purchase the remaining 50% of the Citgo Petroleum Corp. from the Southland Corporation for $675 million. Three years ago, PDVSA purchased the other 50% from Southland for $400 million. If the transaction is completed, it would be the first case of an OPEC-member owning all of a large US oil refinery and distributor. Southland, owner of the 7-Eleven chain of convenience stores, said it would continue selling the Citgo brand of gasoline at 7-Eleven pumps. In 1988, Citgo was the ninth-largest gasoline marketer in the US at 5.2 billion gallons, according to National Petroleum News. The Tulsa, Okla.-based company earned $75.7 million for the first half of the year, equal to the same period in 1988, its most profitable year. Citgo's major asset is an oil refinery in Lake Charles, La., which has a daily capacity of 320,000 barrels. At the end of June, the company said its assets were worth $1.4 billion. (Basic data from New York Times, 11/07/89)

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