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On Possible Construction Of Natural Gas Pipeline From Bolivian Border To Sao Paulo, Brazil

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On May 31, Bolivian government officials confirmed that Energy and Petroleum Minister Angel Zannier visited Brazil during the week to discuss possible delivery of natural gas to the city of Sao Paulo. City officials in Sao Paulo are reportedly planning to expand infrastructure in order to increase natural gas consumption. Bolivian and Brazilian officials have already signed a contract under which Bolivia is to furnish natural gas to an electricity generation plant located in the border town of Puerto Suarez. Gas deliveries would begin in 1993. Bolivia wants the pipeline to continue from Puerto Suarez to Sao Paulo. In November 1990, spokespersons for the Bolivian state-run oil company (Yacimientos Petrolíferos Fiscales Bolivianos-YPFB) said that Braspetro, a division of Brazil's government-owned oil corporation, PETROBRAS, was interested in exploiting a new natural gas and petroleum deposit, known as San Alberto X9. The new deposit, discovered on Oct. 15, 1990, is located 958 km. south of La Paz. Natural gas reserves are estimated at 1 trillion cubic feet, equivalent to 20% of all Bolivian reserves. San Alberto X9 petroleum reserves are estimated at 28 million barrels, equivalent to 22% of total reserves. Exploitation of San Alberto X9 would require about $150 million in investment. Natural gas is Bolivia's major export product. In 1990, gas exports were valued at $225 million, 27.2% of all export revenue. Most gas not consumed in Bolivia is exported to Argentina under a 20-year contract which expires in April 1992. Although the Bolivian and Argentine governments agreed on Dec. 13, 1990, to extend the contract by 10 years, officials in La Paz are seeking alternative markets. Bolivian government spokespersons admit that Brazil would be preferable to Argentina, both in terms of greater market potential, and because monthly payments from Buenos Aires are almost always delayed. In addition, despite the agreement in December, La Paz is concerned the extension will not become reality, due to privatization of several power distribution companies in Argentina, and deregulation of the domestic market. (Basic data from EFE, 06/01/91)

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