

PETRÓLEOS DE VENEZUELA, S.A. (PDVSA)

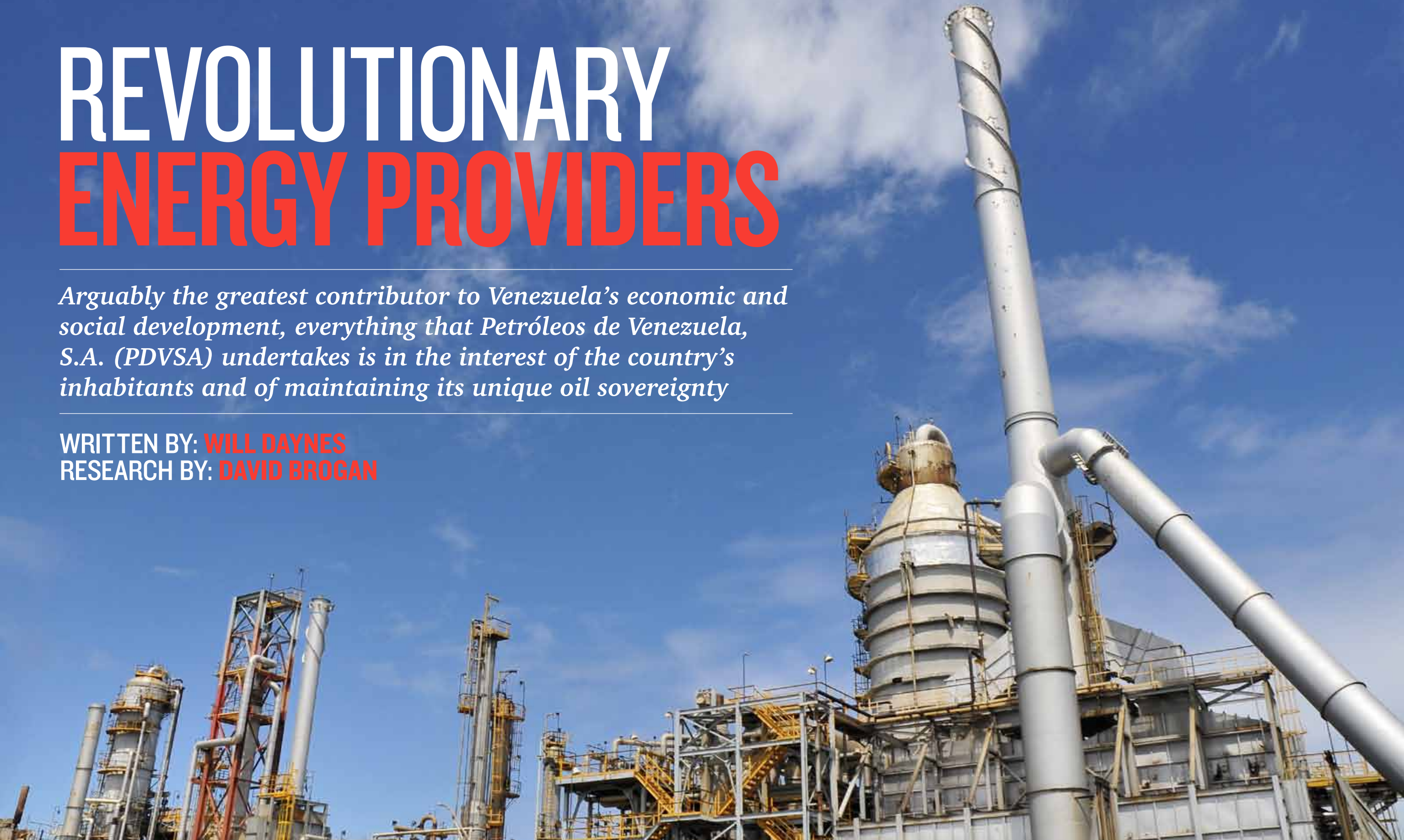
REVOLUTIONARY
ENERGY PROVIDERS

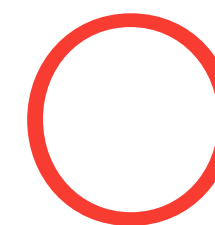


REVOLUTIONARY ENERGY PROVIDERS

Arguably the greatest contributor to Venezuela's economic and social development, everything that Petróleos de Venezuela, S.A. (PDVSA) undertakes is in the interest of the country's inhabitants and of maintaining its unique oil sovereignty

WRITTEN BY: **WILL DAYNES**
RESEARCH BY: **DAVID BROGAN**





Officially recognised as the fifth largest oil exporting country in the world, the Bolivarian Republic of Venezuela also boasts the largest reserves

of heavy crude oil, estimated at more than 99 billion barrels as of 2010. When putting such an astronomical figure into context it is easy to see why the petroleum industry is universally seen as being the backbone of the country's economy, accounting for half of total government revenues and approximately one-third of its annual GDP.

Petróleos de Venezuela, S.A. (PDVSA) is the state oil company of Venezuela, created by governmental decree on 30 August, 1975, during the first presidential term of Carlos Andres Perez and following the nationalization of the country's oil industry. PDVSA's operations officially commenced on 1 January, 1976, and to this day its operations are supervised and controlled by the People's Ministry of Petroleum and Mining.

Seen as one of, if not the main driver of the economic and social development of the country, PDVSA is in charge of the exploration, production, refining, storage, manufacturing, transportation and marketing of hydrocarbons. All of the aforementioned responsibilities are conducted in an efficient, profitable, safe and transparent manner, and are done so for the benefit of the Venezuelan people.

In the past PDVSA has been ranked as high as number 66 among Fortune Magazine's list of the 500 largest companies in the world and as of late 2011 it was estimated that the company could stake claim to having the

largest oil reserves in the world, with a certified total of 296.5 billion barrels, a figure which represents 18 percent of the world's total reserves.

Following the end of the Venezuelan general strike in 2003, a new era for PDVSA began with a renewed emphasis being placed on the fact that the company existed in the hands of the Venezuelan people, thus deepening the country's oil sovereignty. "The New PDVSA", as it is often referred to as, today finds itself perfectly aligned with the Venezuelan State's guidelines with each one of its workers committed towards the rebuilding of the company, which represents the building of a better future for the entire nation.

This theme of building towards a better future also sees PDVSA participating in and promoting activities aimed at fostering the comprehensive, organic and sustainable development of the country in areas such

99
BILLION BARRELS

Venezuela's estimated reserves of heavy crude oil as of 2010



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as agriculture, industrial, infrastructure, manufacturing and marketing of goods, services, and the financing of healthcare, education, housing and food programs. The goal is to establish a proper connection between hydrocarbon revenues and the Venezuelan economy, with an active contribution to the actual process of building Socialism.

In recent years PDVSA has also seen its international activities expand at an unprecedented pace. From its five offices, located in Argentina, Brazil, Cuba, United Kingdom and the Netherlands, the company maintains extensive commercial relations with its existing partners across the globe as well as with those nations that possess a great deal of interest in investing in the oil sector.

PDVSA's international activities actually go even further beyond its five offices. In Europe for example it participates through its affiliate PDV Europa, which is headquartered in The Hague, Netherlands, and holds a 50 percent stake in the companies, Rulor Oil of Germany and AB Nynäs Petroleum, while it also has a presence in London where PDV UK acts as a market intelligence office.

Meanwhile in the Caribbean, PDVSA operates the refinery and storage affiliate Isla Refinery in Curaçao, through a long



term lease contract. Additional affiliates in the region include Bonaire Petroleum Corporation (BOPEC) and Bahamas Oil Refining Company (BORCO), which operate storage terminals in their respective regions. Other international assets include CITGO, an affiliate in the United States and refineries all over the world.

The last decade or so has also seen the company open up subsidiaries and affiliate entities in many important developing markets, including Columbia, Ecuador, Uruguay, Bolivia, Argentina and China. PDVSA China was created in August 2005 specifically to evaluate both upstream and downstream business opportunities in the Asian region. Together with its other affiliates it continues to help diversify the Venezuelan oil market.

In the last several years the company has commenced work on a number of significant national projects, including the construction of several new refineries in the country. These include the Batalla de Santa Inés Refinery in

Barinas state, which will possess a processing capacity of 100,000 barrels per day following an investment of \$2.9 billion. In its first phase it will start producing gasoline and diesel, in addition to fuel oil to meet electricity generation needs. The plant is expected to be ready by 2014.

Meanwhile, the Cabruta Refinery in Guarico state will have a processing capacity of 221 thousand barrels per day from the Faja Petrolífera del Orinoco (Orinoco Oil Belt). It will be built in three stages with construction expected to start in 2017. As opposed to Batalla de Santa Inés which will produce fuel, Cabruta will initiate its operations as a heavy crude upgrader, but

“PDVSA PARTICIPATE IN AND PROMOTE ACTIVITIES AIMED AT FOSTERING THE COMPREHENSIVE, ORGANIC AND SUSTAINABLE DEVELOPMENT OF THE COUNTRY”



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later in 2027, it will be a fuel refinery.

Another area of work for the company centres on the design of two industrial services condominiums. These will ensure the supply of services such as natural gas, electricity, hydrogen, nitrogen, plant air, instrument air, vapour, boiler water, cooling water, drinking water and fire fighting water to meet the demands of the

Extra Heavy Crude Upgrading Complexes in the Junín and Carabobo areas. PDVSA estimates that the first services condominium will start operations in the year 2015 for the Junín area and in the year 2016 for the Carabobo area. PDVSA’s participation will be 60 percent, which entails an investment of \$5.8 billion.

Moving forward, much of the company’s

plans tie in with The Siembra Petrolera Plan (Oil Harvest Plan) 2005-2030, an initiative introduced in Venezuela in August 2005. This Plan sets forth the oil policy guidelines until 2030. These include supporting national socioeconomic development with the purpose of building a new economic development model which is fairer, balanced and sustainable in order to fight poverty and social exclusion, and boosting the energy integration process of Latin America and the Caribbean. The plan also calls for the oil industry to become a geopolitical instrument to encourage the creation of a multipolar system which benefits developing countries, and counteracts the current unipolar system.

PDVSA’s workers are as committed today as they have ever been to the defence of national sovereignty and energy sovereignty in Venezuela. They are aware that adding the greatest value possible to hydrocarbons is among their duties, guided by the principles of unity of command, teamwork and efficient use of resources, while transparency and accountability also constitute key values for the company that it promises to hold on to for many decades to come. **BE**

For more information about
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