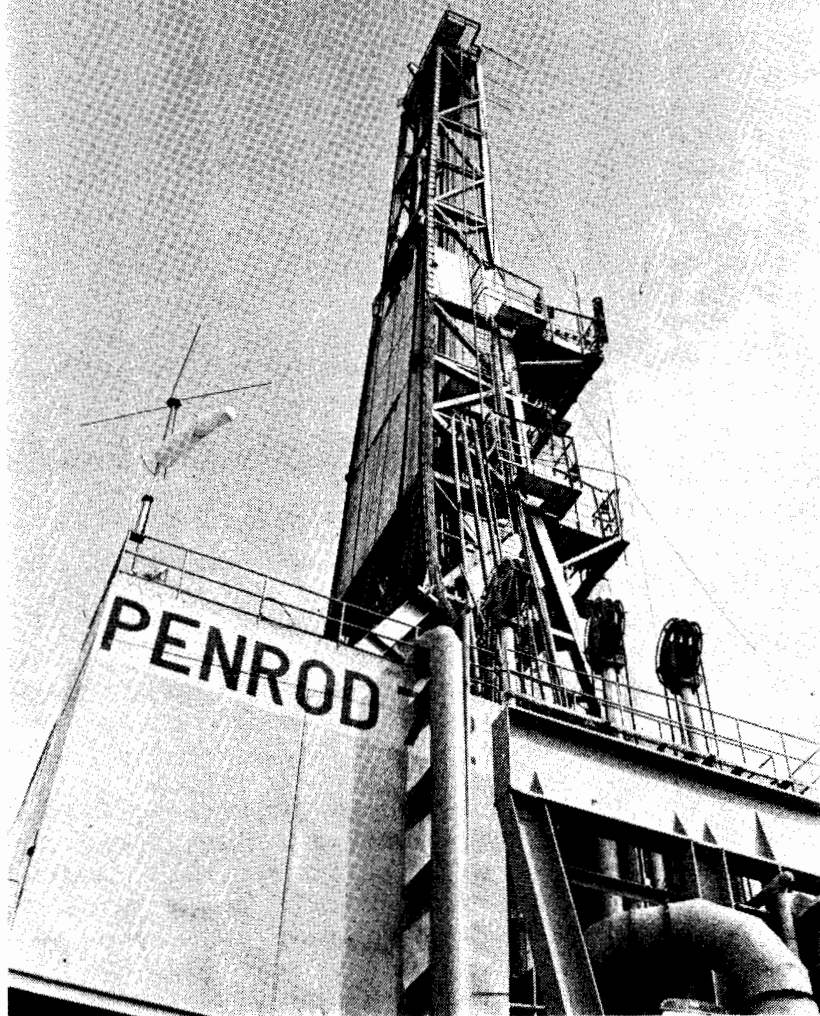


Petrobras: fuel for industry



NSIPS/Dennis Small

As the state sector oil monopoly with 1981 sales of \$22 billion, Petrobras has long been a principal bastion of the pro-development faction in Brazil that seeks to modernize that nation as quickly as possible. Former President Gen. Ernesto Geisel (1974-1979), for instance—whose administration was most consistently based on this “Big Brazil” philosophy—was President of Petrobras earlier in his career, and to

this day retains a strong power base there. Petrobras’s current president, Shigeaki Ueki, is close to Geisel and, as his interview with *EIR* demonstrates, shares a strongly pro-development outlook. For these reasons, Petrobras has been a special target of the City of London and related financial interests, that would dismantle this centerpiece of Brazil’s powerful state sector in order to impose policies of zero growth.

Petrobras’s Enchova offshore oil platform, Texas company.

Petrobras, however, remains strong and growing. In 1981, it increased domestic oil production by 17.3 percent over 1980, achieving a level of over 260,000 barrels per day by the end of 1981. Although this constitutes only about one-quarter of the country’s total consumption, Petrobras engaged in significant exploration and drilling activity in 1981 which hold excellent prospects for further growth in production. Ueki projects domestic production of 500,000 bpd by 1985, which is of great significance to Brazil in its efforts to balance its trade account.

Although a relative newcomer to the field (it was founded in 1953), Petrobras is scoring important successes in exploring for oil. In 1981, of 148 new wells evaluated, 12.7 percent of those drilled on land were found to produce oil, and 8.6 percent of those drilled offshore were successful. Petrobras has also established risk contracts with foreign oil companies since 1976—22 new risk contracts were signed in 1981—but of these so far only one has struck oil in quantities believed to be commercial.

Petrobras’s biggest growth area is the offshore fields in the Campos Basin, located about 70 miles off the coast of Brazil just north of Rio de Janeiro. Production in this basin alone now tops 100,000 bpd.

This journalist was given a helicopter tour by Petrobras of this offshore area, including the Enchova platform and the port town of Macaé. Macaé was a fishing village of 30,000 until 1976, when Petrobras struck oil offshore. Over the succeeding six years Macaé’s population has grown by 50 percent, and the Petrobras personnel, both Brazilian and foreigners, have brought a total revolution to the area. Contrary to the views often presented in U.S. media, this journalist found the local residents that he talked to excited and grateful for the development Petrobras had brought to their region.

The Enchova platform has about 80 workers and engineers on it, three-fourths Brazilians, one-fourth foreigners (principally Americans), and it was leased to Brazil by Penrod, an American corporation based in Brownsville, Texas.