

## Message Text

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PAGE 01 LA PAZ 10169 010139Z  
ACTION EB-08

INFO OCT-01 ARA-11 ADS-00 AID-05 CEA-01 CIAE-00 COM-02  
DODE-00 DOE-17 H-01 INR-10 INT-05 L-03 NSAE-00  
NSC-05 OMB-01 PM-06 ICA-11 OES-09 SP-02 SS-15  
STR-08 TRSE-00 ACDA-12 /133 W  
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R 271850Z NOV 79  
FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC 9476  
INFO AMEMBASSY BUENOS AIRES

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E.O. 12065: N/A  
TAGS: ENRG, BL  
SUBJECT: PETROLEUM: PRODUCTION DECLINES

1. FIGURES RECENTLY MADE PUBLIC BY YPFB SHOW PETROLEUM PRODUCTION  
HERE DURING JANUARY -SEPTEMBER  
1979 FELL 15 PERCENT COMPARED TO THE SAME PERIOD IN 1978. (DURING  
THE FIRST THREE QUARTERS OF THIS YEAR YPFB PRODUCED 7.61 MILLION  
BARRELS; DURING THE SAME NINE MONTHS LAST YEAR PRODUCTION WAS 8.96  
MILLION.)

2. WITH THE COUNTRY'S OIL PRODUCTION-CONSUMPTION  
CURRENTLY IN ROUGH BALANCE (SEE PARA 4), FURTHER PRODUCTION SLIPPAGE  
WOULD SOON REQUIRE BOLIVIA TO BEGIN USING ITS EVER SCARCER FOREIGN  
EXCHANGE TO IMPORT COSTLY SPOT MARKET CRUDE AND/OR PRODUCT.  
HOWEVER, THAT PAINFUL STEP MAY NOT BE NECESSARY IN THE SHORT OR  
MEDIUM RUN. INCREASINGLY STRONG INDICATIONS ARE THAT DALLAS-  
BASED TESORO PETROLEUM'S LA VERTIENTE FIELD IN SOUTHERN BOLIVIA  
COULD SOON PRODUCE ENOUGH PETROLEUM TO ALLOW YPFB TO AVOID IMPORTS.  
AFTER HAVING DRILLED FIVE HOLES ON THE STRUCTURE (ONE WHICH, IRON-  
ICALLY, YPFB DRILLED UNSUCCESSFULLY HEARS AGO) TESORO BELIEVES  
LA VERTIENTE

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PAGE 02 LA PAZ 10169 010139Z

COULD PUMP 10 TO 12 THOUSAND BARRELS PER DAY, OR ONE HALF NATIONAL  
CONSUMPTION. (HOWEVER, FAR FROM BEING EUPHORIC OVER THEIR  
SUCCESS, TESORO IS SERIOUSLY WORRIED THAT IT WILL ATTRACT  
TOO MUCH ATTENTION AND GENERATE LEFT-WING SENTIMENT FOR NATIONALI-  
ZATION.)

3. GAS MARKETING REMAINS A PROBLEM:

IT'S INCREASINGLY CLEAR THAT BOLIVIAN HOPES  
OF SELLING ADDITIONAL QUANTITIES OF HIGHER-PRICED NATURAL  
GAS TO NEIGHBORING ARGENTINA ARE GROUNDLESS. MOREOVER, IT NOW  
APPEARS THAT THE ARGENTINES ARE UNWILLING EVEN TO AGREE TO A  
REAL PRICE HIKE FOR THE VOLUMES OF GAS THEY ARE NOW RECEIVING FROM  
BOLIVIA.  
RECENT ARGENTINE GAS DISCOVERIES SUPPORT THE GOA'S HARDLINE  
POSOTION ON PURCHASES FROM BOLIVIA. THE NEW GOVERNMENT IS, HOWEVER,  
PRESSING AGEAD WITH DRILLING TO VERIFY ITS GAS  
RESERVES, PREPARATORY TO PIPELINE NEGOTIATIONS WITH BRAZIL.

4. BOLIVIA'S CURRENT SUPPLY-DEMAND STATUS: WITH PRODUCTION FALLING  
AND DEMAND STILL INCREASING BOLIVIA IS STILL BARELY ABLE TO SUPPLY  
ITSELF WITH PETROLEUM. BY REFINING ALL OF ITS CURRENT OUTPUT, YPFB  
CAN JUST SUPPLY THE COUNTRY'S DEMAND FOR DIESEL, FUEL OIL AND  
KEROSENE WHILE PRODUCING A MODEST GASOLINE SURPLUS.  
BOEKER

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NNN

## Message Attributes

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**TAGS:** ENRG, BL  
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