SOME BASIC ASPECTS OF THE OIL INDUSTRY IN VENEZUELA

by

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For many years Venezuela has been cited as an outstanding example of industrial progress resulting from active development of her natural resources. A combination of abundant resources, favorable legislation and adequate capital exists to a remarkable degree in the oil industry in Venezuela. The resulting development has prompted usage of superlatives when describing the industry and the country. Consideration of some general statistics demonstrates the direct relationship between the oil industry and the extensive industrial progress of recent years in Venezuela.

The year 1954 marked the fortieth anniversary of the discovery of oil in commercial quantities in Venezuela. On July 31, 1914 the Caribbean Petroleum Company, an affiliate of Barber Asphalt which was acquired by Shell in 1916, completed its Zumaque No. 1 well at the modest rate of 250 barrels per day. The successful completion of this well prompted active development of the Mene Grande field which, after over forty years of development, still produces about 3% of the current production of all Venezuela. Total accumulated production of over 400 million barrels—equal to some 40,000 barrels per acre—had been produced from the Mene Grande field as of December 31, 1953.

Discovery of the Mene Grande field along the eastern shores of Lake Maracaibo led to exploratory drilling in various localities around the lake. Several commercial fields were discovered but it wasn't until late in 1922 when Shell's R-4 well blew out making an estimated 100,000 barrels per day, that the importance of Venezuela as an oil producing country became apparent. It was this event that provided the stimulus for an extensive oil search in all of Venezuela.

Intensive drilling along the eastern shores of Lake Maracaibo has led to discovery of several oilfields which rank with the best in the world. The Bolivar Coastal Fields cover an area encompassing several oilfields which were originally thought to be entirely separate but now are accepted as being parts of one great oilfield. The fields straddle the eastern shore of the lake for some fifty miles from northwest to southeast, the width varying considerably and reaching a maximum of about fifteen miles in the central part. Recoveries from one of these oilfields, the Lagunillas field, exceed 90,000 barrels per acre and, after twenty-eight years of development, the limits of the field have not yet been fully defined.

Results obtained in other parts of Venezuela have been somewhat less impressive than those registered in the Maracaibo area. However, production has been substantial, for the accumulated average recovery amounted to 11,105 barrels per acre on all proven acreage in Venezuela as of January 1, 1952.