

ENERGY COUNTRY REVIEW

Bolivia

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Country Review Bolivia

Bolivia Year End Gas Reserves
Tcm



Bolivia is one of two land-locked countries in South America and so has no offshore industry. It has been independent from Spain since 1825.

Oil & Gas

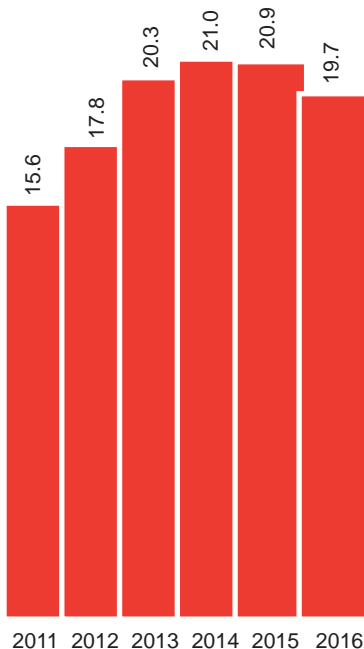
Oil production, which began in 1936, has peaked several times but now natural gas liquids, associated with growing gas output from the Chaco Plains, are maintaining overall oil production.

Gas is the dominant hydrocarbon in Bolivia. Very large gas fields lie in the narrow sub-Andean basins that run through the centre of the country, in particular the San Alberto and San Antonio fields.

Gas exports, piped to neighbouring countries and perhaps eventually through to an LNG plant located on the Pacific coast, have begun to increase rapidly.

Hydrocarbons, primarily natural gas, are an important element of Bolivia's economy and account for 8% of the country's GDP. Bolivia's hydrocarbon exports accounted for 54% of total export revenue in 2014. The recent drop in oil prices caused Bolivia's energy export revenues to fall by nearly 1% to \$6.57 billion in 2014 and is expected to negatively impact the amount of investment in hydrocarbon projects in Bolivia.

Bolivia Gas Production
Bcm



In 2014, Bolivia's petroleum and other liquids production were an estimated 67,000 barrels per day (b/d), while consumption was nearly 64,000 b/d as of 2014. The country has two oil refineries with a total crude oil distillation capacity of 52,350 b/d and meets most of its petroleum product consumption through domestic supply.

Bolivia is a net importer of petroleum and other liquids. Bolivia exported 13,000 b/d of crude oil in 2014, with nearly half sent to Argentina. At the same time, Bolivia imported over 22,000 b/d of refined petroleum products, mostly from Chile, Argentina, and the United States.

Source: BP Statistical Review

Country Key Facts

Official name:	Plurinational State of Bolivia
Capital:	La Paz
Population:	10 978 389 (2016)
Area:	1,098,581 square kilometers (424,164 square miles)
Form of government:	Republic
Language:	Spanish, Quechua, Aymara
Religions:	Roman Catholic
Currency:	Boliviano
Calling code:	+591

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Government

Bolivia has been democratic since 1982 when the military coups came to an end. A new constitution was approved in 2009. The country is headed by an elected President and Vice President and consists of 20 of government ministries. The Congress, which debates and approves legislation initiated by the executive is bicameral with a 130-member Chamber of Deputies and a 36-member Chamber of Senators.

Source: GlobalShift

Foreign and domestic investment in the Bolivian hydrocarbon industry has enabled Bolivia's dry natural gas production to more than double in the past decade from 355 billion cubic feet (Bcf) in 2004 to 735 Bcf in 2013. Tarija, which accounts for 70% of Bolivia's natural gas production, is one of the most important regions to Bolivia's hydrocarbon sector because of its location near natural gas pipelines and its sizeable reserves.

Sector organization

The state-owned oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) formally controls, oversees, or executes all activities in the country's oil and gas sector. YPFB has obtained ownership stakes of at least 51 percent in Bolivia's formerly privatized firms, such as YPFB Andina, YPFB Chaco, and YPFB Transporte (formerly Transredes), which now act as subsidiaries of the national oil company. YPFB Petroandina was created as a 60-40 joint venture between YPFB and PDVSA (the Venezuelan national oil company).

While YPFB leads the oil and gas sector, private companies often act as operators and lend important expertise, services, and capital. For those firms that were not nationalized, the government imposed significantly higher royalties and eliminated the "risk-sharing" contracts that conferred ownership rights over resources to private companies. Instead, private companies surrender production to YPFB in exchange for a fee.

The Ministerio de Hidrocarburos y Energía (MHE, Ministry of Hydrocarbons and Energy) is the planning and policymaking body that has overseen the industry's restructuring, augmented state control over the energy sector, and attempted to revitalize hydrocarbon exploration, production, and processing. The Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) has regulatory oversight over the supply and disposition of oil and gas.

Source Energy Information Administration

Incentives for Foreign Oil Companies

Almost six years after the nationalisation of gas and oil reserves in Bolivia, foreign companies maintain an active presence in the sector, and in May 2012, the government offered them greater incentives to increase oil production.

During the same week that President Cristina Fernández de Kirchner of Argentina announced the expropriation of 51 percent of shares in the oil company YPF, previously held by the Spanish corporation Repsol, the Bolivian government issued a decree that raised incentives for crude oil production from 10 dollars to 40 dollars a barrel.

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Supreme Decree 1202 establishes that the Bolivian national treasury will issue tax credit notes in the amount of 30 dollars.

For each barrel (159 liters) of crude they produce, foreign oil companies will continue to receive 10 dollars in cash in addition to a credit note that can be used for tax payments.

Bolivian Chamber of Hydrocarbons and Energy

The Bolivian Chamber of Hydrocarbons and Energy has established itself as the representative institution of the oil sector in Bolivia.

The CBHE brings together companies, which have been organized into four groups depending on the occupation.

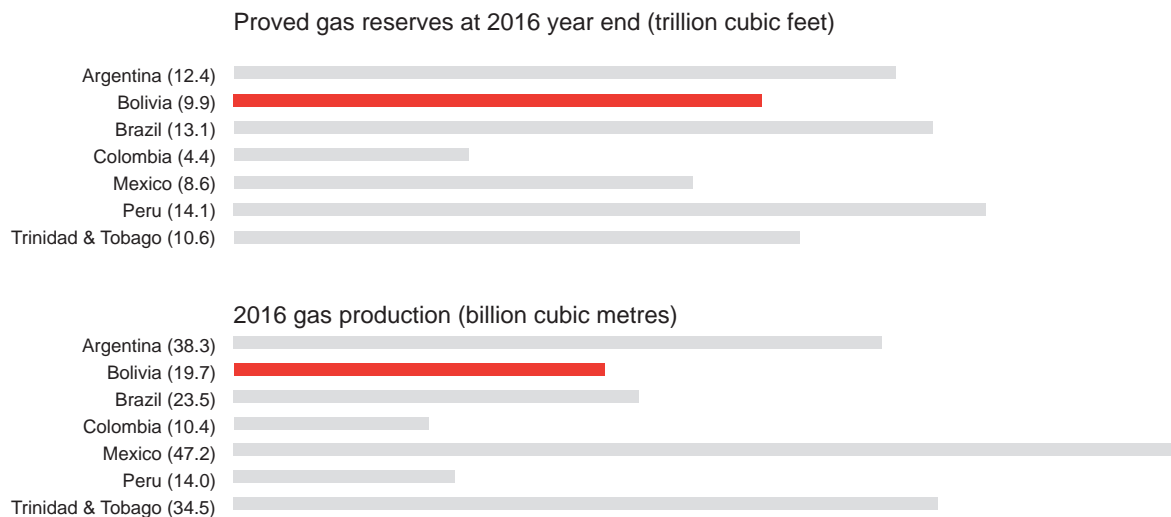
- Group Exploration and Exploitation of Hydrocarbons
- Industry Group, Transport and Distribution of Hydrocarbons and Energy
- Specialized Services and Supplies Group
- Auxiliary Services Group

Bolivian Chamber of Hydrocarbons and Energy

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Source: BP Statistical Review