

VenWatch™

VenWatch is an information service created in October 2015 by PKVerleger LLC to alert readers to changing events in Venezuela's oil industry. We have written that Venezuela is the "Weakest Link" among world oil suppliers. The country's foreign currency reserves have dipped below \$10 billion and will likely be exhausted by the end of the year. The loss of foreign currency reserves and increased pressure from US Justice Department of Justice investigations into PDVSA activities threaten to leave the nation's oil industry destitute. A partial or total shutdown of production is possible. This would not be the first time low oil prices have led to chaos in Venezuela.

We created VenWatch because other organizations are ignoring Venezuela's precarious situation. PKVerleger LLC will post references to articles on the country's ongoing collapse as they appear, often accompanied by comments on the stories.

(Note: Right-click on links to open in a new browser window.)

October 29, 2015

CNN Money Watch

[Venezuela Is Running Out of Cash and Selling its Gold](#)

Financial Times "fastFT"

[Venezuela Steps Up Gold Reserves Liquidation](#)

Nation's reserves have dropped to \$15.35 billion, according to its central bank.

Platts Global Alert

Venezuela's PDVSA Targets 2.4 Million b/d Crude Exports in 2016

Country hopes to reach 2.9 million barrels per day of crude production, one hundred nineteen thousand barrels per day of liquid natural gas for a total of 3.05 million barrels per day. Current domestic consumption is six hundred forty-eight thousand barrels per day. Source: Eulogio Del Pino, PDVSA CEO, in presentation to National Assembly.

PDVSA will invest \$34.5 billion in 2016 (twenty-seven percent to be allocated to exploration and production).

PDVSA assumes a price of \$40 per barrel, implying revenues of \$35 billion from exports. (This is a PKVerleger LLC calculation.)

October 28, 2015

Reuters

[Venezuela's PDVSA Has Paid \\$5 Bln in Bonds in Last 15 days – Finance Minister](#)

Brian Ellsworth

The Wall Street Journal

[Gulf Countries Oppose Venezuela's Oil-Price Summit Proposal](#)

Summer Said

Summer Said reports that key Middle Eastern oil producers Kuwait, Qatar, Saudi Arabia, and UAE prefer not to hold a summit with other producers because “It will be like going back to square one,” said an OPEC official from a Gulf country. ‘It will have a negative impact on the market and prices if no real measures are taken,’ the official said.”

The *Journal* posted this article at 8:38 a.m. EST. The price increase began at 9:45 a.m. Is there a connection?

October 27, 2015

Argus Media

PdV-Ancap Oil-for-Food Deals Founder

Argus Media reports that PDVSA did not renew an oil-for-food agreement with Uruguay that dates back to 2005. PDVSA had delivered ten thousand barrels per day to Uruguay for food. In explanation, the Venezuelan oil ministry told Argus Media that “PdV’s exportable crude and product supply is very tight and the oil export revenue must be maximized because oil’s price is too low.”

Argus Media

PdV, Honghua Sign \$340mn Oil Services Contract

According to Argus Media, PDVSA and the Chinese oil services firm Honghua signed a \$340 million contract to upgrade the Lake Maracaibo crude infrastructure. The firm has been conducting land drilling in Venezuela since 2010.

The article adds that Venezuela has borrowed \$50 billion from the China Development Bank since 2007 and repays its loans by shipping three hundred thousand barrels per day to China.

October 22, 2015

Platts Global Alert

PDVSA Seeks 1-2 Cargos of High-Sulfur Diesel

Platts reports that PDVSA seeks one or two cargos of high-sulfur diesel. The story adds that PDVSA last bought a cargo of this product in September 2014, more than a year ago.

Interestingly, delivery is to be at “One or two **SAFE** ports in the PDVSA system.”