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GENERAL NEWS

Petroamazonas Gets Green Light On Ecuador's ITT Oil Block

Government Says State-Run Oil Company Can Begin Developing Oil Fields

By **MERCEDES ALVARO**

May 22, 2014 3:46 p.m. ET

QUITO, Ecuador—Ecuador's government on Thursday gave the green light to state-run oil company Petroamazonas to begin developing the Ishpingo-Tambococha-Tiputni concession, or ITT oil block.

Environment Minister Lorena Tapia signed the environmental license for the Tiputini and Tambococha oil fields, which are part of the ITT, also known as block 43.

The entire ITT block, located in the country's Amazon region and partially overlapping the Yasuni National Park, has estimated reserves of about 900 million barrels. The Tiputini and Tambococha oil fields hold about half of the block's oil reserves, with Ishpingo holding the rest.

According to official plans, development will start with Tiputini, which is outside of the Yasuni park.

Ms. Tapia said in a statement that the license was granted after Petroamazonas fulfilled all set requirements and carried out prior consultation with indigenous communities in the area.

Ms. Tapia added that the first barrel of oil will be pumped out in March 2016.

The investment for the Tiputini extraction is estimated at about \$1.5 billion between 2014 and 2018.

Tambococha, meanwhile, would start producing oil in the second half of 2016, while production would start at Ishpingo by 2018.

The government's plan to develop the ITT block have generated a controversy in the country as the Yasuni National Park is considered by scientists as one of the most biodiverse areas in the world. The park is also the home of two indigenous tribes living in voluntary isolation,

the Tagaeri and Taromenane.

In the statement, Ms. Tapia said the environment ministry will be able to “care for and preserve the most important and best monitored protected area of the country.”

Recently the country’s electoral council rejected a request for a referendum on whether or not to drill in the ITT block which was filed by a coalition of indigenous people, environmentalists and nongovernmental organizations opposed to oil production in the area.

The coalition has planned a series of protests, has appealed the decision and intends to go to international courts seeking to halt development.

In 2007, President Rafael Correa released the so-called Yasuni-ITT initiative, which looked to collect contributions of \$3.6 billion over 12 years from the international community as compensation for Ecuador for not drilling in the ITT, but the country only received \$13.3 million and the government abandoned the plan last year.

Currently, Ecuador produces about 550,000 barrels of crude per day. The ITT is scheduled to reach a peak production of 225,000 barrels by 2019.

Recently, the Minister of Non Renewable Natural Resources, Pedro Merizalde, said that the construction of production facilities for ITT could begin in July.

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