

PERU

PERUPETRO: LEADING LATIN AMERICA'S ENERGY FRONTIER

Investment is pouring into a sector in which new exploration continues to show unexpected discoveries

Like its neighbors in Latin America, Peru is emerging as an energy producing nation. After years of lackluster exploration results, the trend is reversing as the government continues to sign oil exploration contracts, and strategic investors discover new fields and bring them online.

On the back of robust real GDP growth of 9% in 2007, Minister of Energy Juan Valdivia is encouraging new energy investment projects. By 2011, investments of \$1.5 billion will be channeled into drilling, oil development and pipeline construction. Natural gas is helping to diversify Peru's energy mix and boost its energy export potential. Drawing from gas reserves of 8.7 trillion cubic feet, Peru will begin exporting liquefied natural gas (LNG) to hungry markets in North America in the coming decade. The Energy Ministry also targets rapid development in the petrochemicals industry.

Although Peru possesses 1.1 billion barrels of oil reserves, the country imports one-third of its crude demand. "Peru's hydrocarbons were underexplored throughout the entire 1990s and part of this current decade, and the level of exploration in Peru was among the lowest in the region," states Daniel Saba de Andrea, Chairman of PeruPetro. Established in 1993, his agency promotes hydrocarbon investment and exploration to reverse this trend.

"As investments begin to roll in, we are now making up for lost time. As financing arrives, some projects will naturally begin to yield results," says Dr. Saba de Andrea. "Oil and gas deposits are appearing along with certain hydrocarbons that no one thought existed in Peru." With influxes of foreign capital, Peru is poised to become a net energy exporter by 2011, according to the PeruPetro chief.

Searching for external investors, PeruPetro has attracted the attention of international



**Juan Valdivia
Romero**
Minister of Energy
and Mines



**Daniel Saba
de Andrea**
President of
PeruPetro

energy firms. Last year PeruPetro signed 24 exploration contracts, a record number of deals that are expected to generate upwards of \$900 million in new investments over the course of eight years. At present, the agency aims to award concessions for a further 22 blocks up for auction.

Industry giants such as Brazil's Petrobras and Spain's Repsol are currently drilling for untapped Peruvian resources. Dallas-based Hunt Oil Company leads the Peru LNG international consortium, which plans a \$3.8 billion LNG plant to deliver a fresh surge of commercial hydrocarbon liquids for export. After Congress ratified the landmark U.S.-Peru Free Trade Agreement last autumn, PeruPetro looks forward to more investment from U.S.-based energy companies in addition to investment from other parts of the world, says Ronald Egusquiza, PeruPetro's general manager.

In April, Fitch raised Peru's rating to investment grade, a move highlighting the progress of President Alan García's investment-friendly policies. Minister Valdivia shares this pro-business outlook, stating, "There is a better perception of the investor with respect to Peru, both in its geological potential as well as the prospects it offers to the world. In fact, we are moving forward." ■

For further information contact: **SUMMIT COMMUNICATIONS**
1040 First Avenue, Suite 395, New York, NY 10022-2902, Tel: 1 (212) 286-0034,
Fax: 1 (212) 286-8376, E-mail: info@summitreports.com

Project Management: Cristina Salgado, Juan Salaberry and Geraldine Taylor

An online version is available at www.summitreports.com



22 blocks available for 2008 BIDDING ROUND

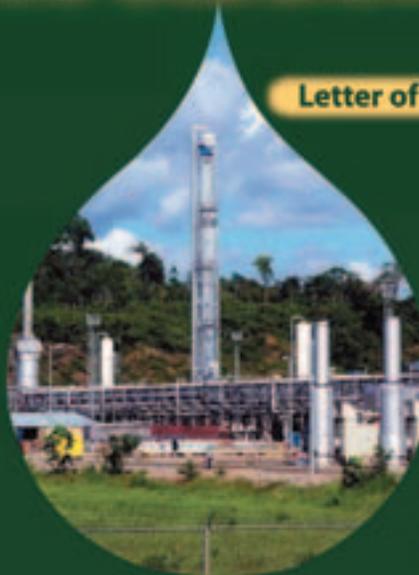
Letter of intention deadline: August 11th., 2008

We offer opportunities for:

- Contract Stability
- Competitive Royalties
- Heavy and Light Oil Discoveries
- Huge Natural Gas Potential

New blocks for exploration in Peru:

<p><u>Ucayali Basin:</u></p> <ul style="list-style-type: none"> - Block 160 - Block 161 - Block 162 - Block 163 	<p><u>Marañon Basin:</u></p> <ul style="list-style-type: none"> -Block 159
---	---



Contact us:
Phone: (511) 617-1800
promotion@perupetro.com.pe

www.perupetro.com.pe