

Brazil official cites giant oil-field discovery

The head of Brazil's National Petroleum Agency said Monday that a deep-water exploration area in the Atlantic Ocean could contain as much as 33 billion barrels of oil.

If true, that would make the field one of the largest oil reserves in the world - and the largest find in decades.

Haroldo Lima, the director of the agency, cautioned that his information on the field off the coast of Rio de Janeiro was unofficial and still needed to be confirmed.

The state-run Petrobras oil company declined to comment.

The discovery by Petrobras was in partnership with Repsol-YPF and BG Group.

If it contains 33 billion barrels of oil equivalent, the discovery could be five times the recent giant Tupi discovery in Brazil, and it would further boost Brazil's prospects as an important world oil province and the source of new crude in the Americas.

Petrobras shares jumped 6.23 percent to 83.50 reais on the news, reversing early losses.

"It could be the world's biggest discovery in the past 30 years, and the world's third-biggest currently active field," Lima told reporters.

He would not say whether the reserve estimate was recoverable or in-place.

Petrobras last year put Tupi's recoverable reserves at between five billion and eight billion barrels of oil equivalent, most of it light oil.

"It's subsalt, and we knew there were big expectations for the subsalt cluster in addition to Tupi," said Sophie Aldebert, associate director with Cambridge Energy Research in Brazil. "But if this is confirmed, it's really huge."

Subsalt oil refers to reserves lying below salt layers. The offshore Gulf of Mexico contains numerous subsalt-producing fields.

"With that size, you'd have plenty of gains of scale that could easily offset the subsalt geological challenges," she added. The challenges include shifting salt clusters that require reinforced piping and producing in deep waters from huge depths under the ocean floor.

If the reserves are confirmed, Brazil could jump into the top 10 countries by reserves, surpassing countries like Nigeria.

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