
Venezuela to control oil, gas consortium to be set up with Russia

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ORENBURG, September 26 (RIA Novosti) - Venezuela's state oil and natural gas company PDVSA will hold a controlling stake in an oil and gas consortium to be set up with Russia, Russia's energy minister said on Friday.

Sergei Shmatko said the consortium, to be created by next spring, will include Russian producers Gazprom, Rosneft, TNK-BP, Surgutneftegaz and LUKoil, and that investment from the Russian companies would total tens of millions of dollars.

"I think formal issues on setting it up will be concluded by next spring at the latest," Shmatko said.

He said the two countries' energy ministries had signed a memorandum pledging to draft an intergovernmental agreement on the consortium in the near future.

Alexei Miller, CEO of Russian energy giant Gazprom, said on Friday his company would be the operator of the consortium, which will have its headquarters in Caracas.

Miller also said Gazprom and Petroleos de Venezuela, S.A. (PDVSA) will jointly work in third countries, including Bolivia.

Venezuelan President Hugo Chavez is currently on a visit to Russia. He met with Prime Minister Vladimir Putin on Thursday evening near Moscow and with President Dmitry Medvedev in Orenburg on Friday.

Venezuela is a major purchaser of Russian weapons and hardware. In 2005-2006, the country ordered weaponry from Russia worth \$3.4 billion, including 24 Su-30MK2V Flanker fighters, Tor-M1 air defense missile systems, Mi-17B multi-role helicopters, Mi-35 Hind E attack helicopters and Mi-26 Halo heavy transport helicopters.

The two countries have also prioritized cooperation in the energy and mining sectors. State-run Gazprom, the country's largest independent oil producer LUKoil, Russian-British joint oil venture TNK-BP, aluminum giant RusAl and a number of other companies are active on the Venezuelan market.

Russian energy companies signed cooperation agreements with Venezuela's state oil and gas company as part of Hugo Chavez's last visit to Russia in July.

Venezuela is one of the world's largest oil producing states, with about 87 billion barrels of proven conventional oil reserves. In addition, it has huge non-conventional oil deposits (heavy oil). Most of these deposits are located in the Orinoco oil belt.
