

Exxon gets \$750 mn after Venezuela assets seizure

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Petroleos de Venezuela SA (PDVSA) must pay about \$750 million to Exxon Mobil Corp, a 10th of what the US company is seeking, for assets nationalised by Venezuelan President Hugo Chavez in 2007, according to two people with knowledge of the case.

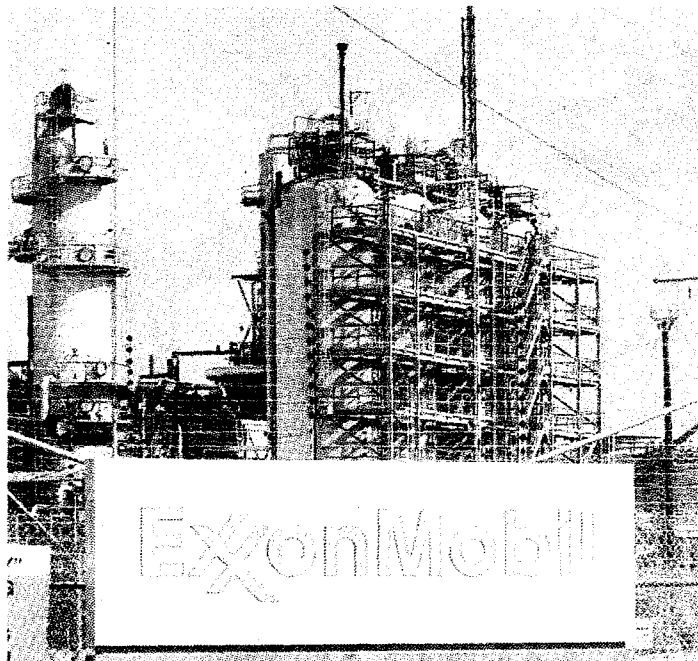
The International Chamber of Commerce in New York, an arbitration court, gave a "favourable" ruling to Venezuela's state oil company, a spokesman for PDVSA, as the Caracas-based company is known, said yesterday.

The ICC awarded a total of \$907.6 million to Exxon Mobil, company spokesman Patrick McGinn said today. The judgment was reduced to around \$750 million after a counter claim in favour of PDVSA, the people, who declined to be identified because they're not authorised to speak about the case publicly, said, adding that the decision was handed down in late December.

"Even at \$750 million, it's still relatively significant for PDVSA," Gianna Bern, president of Chicago-based risk management adviser Brookshire Advisory and Research, said yesterday in a telephone interview. "It's not an inconsequential amount of money."

The \$750 million award is equivalent to 32 per cent of PDVSA's 2010 net income, according to data (PDVSA) compiled by Bloomberg.

Exxon Mobil was the first international oil company to abandon Venezuela after Chavez's government expropriated the nation's oil



Exxon Mobil was the first international oil company to abandon Venezuela after the Chavez government expropriated the oil industry. PHOTO: REUTERS

industry. The World Bank's International Centre for Settlement of Investment Disputes, or ICSID, is also due to rule on the claim in a suit filed against the Venezuelan government.

Other arbitration cases

Chavez, who has nationalised assets in the energy, metals, cement and telecommunications industries, faces about 20 arbitration cases at the ICSID, according to the Washington-based centre's website. Venezuelan Oil Minister Rafael Ramirez said in

September that the country was willing to pay Exxon \$1 billion after Carlos Escarra, the country's prosecutor general, told reporters that the two companies were negotiating a settlement of about \$6 billion.

"The ICC decision confirms that PDVSA does have a contractual liability to Exxon Mobil," McGinn said yesterday in an emailed response to questions. "The dispute is not over Venezuela's power to expropriate assets, but rather the failure of PDVSA to comply with contractual provisions to compensate Exxon Mobil."