

Financial Times, November 7, 2011 8:29 pm

[Repsol announces big shale oil find in Argentina](#)

By Victor Mallet in Madrid and Sylvia Pfeifer in London

[Repsol](#), the Spanish oil multinational, says its [YPF](#) subsidiary in Argentina has made a very large discovery of shale oil and gas that boosts the group's overall recoverable reserves by nearly 1bn barrels of oil equivalent (boe), or about 50 per cent.

The find of 927m boe, announced on Monday night, is Repsol's largest ever and could end up being bigger still because the figure announced comes as a result of exploring only 428 sq km of the 12,000 sq km area where YPF is working.

Repsol said the hydrocarbons were about three-quarters oil and one-quarter gas and had been found in the Loma La Lata area of the [Vaca Muerta](#) ("dead cow") onshore shale formation, where oil is already being produced.

Argentina has some of the largest shale reserves in the world. The US Energy Information Administration earlier this year ranked Argentina as number three in the world in terms of technically recoverable shale gas resources with 774,000bn cubic feet of gas. The potential has attracted investment from majors including [ExxonMobil](#) and [Total](#), as well as independents such as [Apache](#).

The industry is keen to replicate the success seen in the US where unconventional gas production has radically altered the energy landscape. Shale gas is trapped in rocks thousands of feet underground and is released by fracturing rocks using high-pressured water, sand and chemicals.

Repsol has profited from several big finds in Latin America in recent years, including in Brazil and Venezuela, but is concerned about the political risks facing foreign oil companies and has tried to avoid excessive dependence on particular markets by selling stakes to other investors.

In Argentina, Repsol has reduced its holding in YPF and now holds 57.4 per cent of the shares, with the Eskenazi family holding another 25 per cent and the rest floated on the local stock market.

China's [Sinopec](#) took a 40 per cent stake in Repsol's Brazil business for \$7.1bn last year, and both sides said they planned to extend their partnership in new areas.

Two years ago, Hugo Chávez, Venezuela's combative leftist president, announced a "very large" offshore natural gas find in an offshore block being explored by Repsol and [Eni](#) of Italy.

The Argentina announcement is likely to be a boost for Antonio Brufau, the Repsol executive chairman, and for the company's share price, following months of corporate wrangling in Madrid.

Luis del Rivero, a construction magnate whose [Sacyr Vallehermoso](#) group bought 20 per cent of Repsol, struck a deal with Pemex, the Mexican state oil company, to try to oust Mr Brufau. But other Repsol shareholders have begun moves to push Pemex off the Repsol board and [Mr del Rivero has lost his job](#) at the head of Sacyr.