

EXXONMOBIL'S NOT FIGHTING THE CHAVEZ TAKEOVER

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BOB MOON (HOST)

Venezuela's President Hugo Chavez said this week his government will take over control of four key oil projects, including one held by ExxonMobil. And he set an ambitious 60-day deadline for the handover.

Publicly, Exxon has balked. But a new report suggests the world's largest oil company is now prepared to make a deal with Chavez. From the Americas desk at the WLRN, Marketplace's Dan Grech reports.

DAN GRECH (REPORTER)

Exxon is considered one of the toughest negotiators in the oil world. So when Reuters reported the oil giant would hand over control of the project, many observers were surprised. They'd expected a big battle. Brian Ellsworth covers oil for Reuters.

BRIAN ELLSWORTH (REPORTER, REUTERS)

I certainly wouldn't say that Exxon is bending over by doing this. What we can say is we won't expect to see troops go in and take over this field.

DAN GRECH (REPORTER)

He says Exxon could still sue Venezuela in international court. Venezuela's Hugo Chavez wants to tear up old contracts with Exxon, ConocoPhillips, Chevron, France's Total and Norway's Statoil. Under the new terms, Venezuela would have 60 percent control over heavy crude projects in the Orinoco Belt valued at \$30 billion. Florida International University professor, Ed Glab, is a former Exxon executive. He says Venezuela's oil brinkmanship comes at a cost.

ED GLAB (PROFESSOR, FLORIDA INTERNATIONAL UNIVERSITY)

It does great damage to Venezuela's economic prospect to be ignoring the sanctity of contract. You should not be using intimidation and the power of the state to ride roughshod over the legal system.

DAN GRECH (REPORTER)

No indication yet as to whether the other oil companies will surrender control by the deadline. I'm Dan Grech for Marketplace.

BOB MOON (HOST)

The market's lost more ground today. We'll talk to the man in Dallas and tell you exactly how bad it was when we do the numbers.