

Oil and gas regulation in Argentina: overview

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A Q&A guide to oil and gas regulation in Argentina.

The Q&A gives a high level overview of the domestic oil and gas sector, rights to oil and gas, health safety and the environment, sale and trade in oil and gas, tax and enforcement of regulation. It covers transfer of rights; transportation by pipeline; environmental impact assessments; decommissioning; waste regulations and proposals for reform.

To compare answers across multiple jurisdictions, visit the energy and natural resources [Oil and gas regulation Country Q&A tool](#).

This Q&A is part of the multi-jurisdictional guide to energy and natural resources. For a full list of content visit www.practicallaw.com/energy-mjg.

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Energy Secretariat

Commission for Planning and Strategic Coordination of the National Hydrocarbons Plan

National Gas Regulator (Ente Nacional Regulador del Gas) (ENARGAS)

Province of Neuquén: Under Secretariat of Mining and Hydrocarbons

Province of Mendoza: Under Secretariat of Energy and Hydrocarbons

Province of Salta: Director of Energy and Mining Resources

Province of La Pampa: Under Secretariat of Hydrocarbons and Mining

Province of Chubut: Ministry of Hydrocarbons

Province of Santa Cruz: Energy Institute

Province of Tierra del Fuego: Secretariat of Energy and Hydrocarbons

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Domestic sector

1. Describe the domestic sector and policy for oil and gas, including liquefied natural gas (LNG).

Domestic industrial production

Argentina is the second largest producer of natural gas and the fourth largest producer of crude oil in Central and South America, based on 2013 production, according to the 2014 edition of the BP Statistical Review of World Energy, published in June 2014.

According to such statistical review, Argentina's:

Proven oil reserves were 2.4 billion barrels at the end of 2013.

Oil production in 2013 was 656,000 barrels per day.

Oil consumption in 2013 was 636,000 barrels per day.

Proven Natural gas reserves were 0.3 trillion cubic meters at the end of 2013.

Natural gas production in 2013 was 35.5 billion cubic meters.

Natural gas consumption in 2013 was 48.0 billion cubic meters.

The import/export market

Production of oil and gas has been decreasing in recent years, while consumption has increased. This has resulted in the need to import natural gas (from Bolivia) and LNG (liquefied natural gas) to meet current demand.

The export of hydrocarbons is restricted (for example, by imposing export taxes) to ensure the availability of hydrocarbons for the local market.

Domestic market structure

The largest oil and gas companies (upstream) are:

YPF S.A.: 51% publicly held.

Pan American Energy (PAE): owned by BP and the Bidas Corporation (a joint venture between the China National Offshore Oil Corporation (CNOOC) and Bidas Energy Holdings).

Chevron (US).

Petrobras (Brazil).

Sinopec (China).

Government policy objectives

The Government's prime objective is to obtain hydrocarbon self-sufficiency for Argentina (*section 1, Law No. 26,741, enacted May 2012*). Other objectives include exploring for, producing, industrialising, transporting and commercialising hydrocarbons to:

Guarantee economic development with social equity.

Create jobs.

Increase the competitiveness of diverse economic sectors.

Promote equitable and sustainable growth of the provinces and regions.

In addition, Argentine hydrocarbon policy is based on the following principles (*section 3, Law No. 26,741*):

Promotion of the use of hydrocarbons and their derivatives as a factor for the development and increase of the competitiveness of the diverse economic sectors and the provinces and regions.

Conversion of hydrocarbon resources into proven reserves and their exploitation, and the restitution of reserves.

Integration of public and private capital, national and foreign, in strategic alliances focused on the exploration and production of conventional and unconventional hydrocarbons.

Maximisation of investments and resources used to obtain hydrocarbon self-sufficiency, in the short, medium and long term.

Incorporation of new technologies and management methods that contribute to the improvement of hydrocarbon exploration and production activities and the promotion of technological development in Argentina for that purpose.

Industrialisation and commercialisation of hydrocarbons with high added value.

Protection of the interests of consumers with respect to the price, quality and availability of the derivatives of hydrocarbons.

Obtaining a positive balance of exportable hydrocarbons to improve the balance of payments and guarantee the rational and sustainable production of resources for the benefit of future generations.

Current market trends

Argentina's heavy regulation and certain governmental policies have limited the industry's attractiveness to private investors. Certain measures have been adopted to make the industry more attractive (for example, the issuance of Executive Order 929/2013). (See [Question 25](#)).

2. What percentage of domestic energy needs is met by oil and gas?

According to the 2014 edition of BP's Statistical Review of World Energy, Argentina's energy consumption was 84.5 million tonnes oil equivalent in 2013. Natural gas consumption accounted for approximately 51.12%, and consumption of petroleum products represented 34.79% of the total energy portfolio.

According to the US Energy Information Administration (EIA), natural gas is used mainly in the electricity, industrial, and residential sectors. Oil is the primary fuel used in the transportation sector. A smaller percentage of Argentina's energy consumption is provided by nuclear, coal, and hydropower, which are used for electricity generation. Other renewable resources are used to produce biofuels for transportation.

Regulation

Regulatory bodies

3. Who regulates the extraction of oil and gas?

The government of Argentina functions within the framework of a federal system. Argentina is divided into 24 jurisdictions, 23 of which are provinces and one is the Autonomous City of Buenos Aires. Each jurisdiction has its own constitution and laws.

Regulation of the extraction of oil and gas has been a subject of discussion since the National Constitution was amended in 1994. The provinces became the owners of the natural resources that exist in their territory (*section 124, National Constitution, as amended*).

The constitutional amendment has led to argument as to whether the provinces now have power, in addition to the federal government, to regulate the extraction of oil and gas. Previously, this power was held exclusively by the federal government.

In practice, provincial states have generally issued legislation regulating the extraction of oil and gas within their respective provinces.

The federal executive power is responsible for the design of energy policy at a national level (*section 2, Law No. 26, 197 enacted December 2006*).

The federal government and the oil and gas-producing provincial states have their own regulatory authorities that control, manage and supervise the extraction of oil and gas in accordance with applicable regulations.

With regard to natural gas, the provinces' powers do not cover transport and distribution. The transport and distribution of natural gas is subject to federal jurisdiction and governed by Law No. 24,076 enacted May 1992 (see [Question 4](#)).

Each province has its own regulatory authority for health, safety and the environment.

See box, [The regulatory authorities](#).

The regulatory regime

4. Describe the regulatory regime that applies to oil and gas exploration and production, including the key legislation and features of the regime.

Laws No. 17,319 (enacted June 1967) and 26,197 contain the basic framework applicable to oil and gas exploration and production. Law No. 24,076 governs the transport and distribution of natural gas. Law No. 26,659 (enacted March 2011) regulates offshore exploration and production activities.

In addition, new legislation was issued by the federal government in 2012 and 2013. These include:

Law No. 26,741 which, among other things, approved the expropriation of 51% of the shares of YPF S.A., the main oil and gas company in Argentina.

Executive Order No. 1277/2012 which, among other things, created the Commission for Planning and Strategic Coordination of the National Hydrocarbons Plan and regulates the National Plan of Hydrocarbon Investments.

Executive Order No. 929/2013 which set up incentives for oil and gas exploration and production.

The exploration and production of oil and gas is generally carried out by the granting of exploration permits and production concessions. The federal government and provincial states, as owners of the hydrocarbon reserves (see [Question 5](#)), grant these permits and concessions to individuals, or public or private companies (including foreign companies registered in Argentina).

The federal regulatory authority is the Energy Secretariat (*Secretaría de Energía*), within the Ministry of Federal Planning, Public Investment and Services.

The regulatory authority for the transport and distribution of all natural gas (subject to federal jurisdiction) is the national gas regulator, *Ente Nacional Regulador de Gas* (ENARGAS) (see [Question 3](#)).

Each provincial state (that is, an oil and gas-producing province) has its own regulatory authority.

The powers of the federal government and provincial states, and their regulatory authorities, include, among others, power to (*Laws No. 17,319 and 26,197*):

Grant exploration permits, production concessions and transport concessions.

Control and supervise compliance of the terms set out in the permits and concessions that have been granted.

Enforce the compliance of legal or contractual obligations.

Grant time extensions to permits and concessions.

Apply penalties.

Finally, Executive Order No. 1277/2012 created the Commission for Planning and Strategic Coordination of the National Hydrocarbons Plan, a federal authority, with responsibility and power to:

Prepare the National Plan of Hydrocarbon Investments.

Audit the annual investment plans that the different players of the industry (producers, refiners, sellers) must file.

Request readjustments to the above investment plans if they do not meet the requirements set out in the National Plan of Hydrocarbon Investments.

Request that the federal and provincial regulatory authorities impose warnings, fines, and the cancellation of permits or concessions, among other sanctions set out in Law 17,319.

Rights to oil and gas

Ownership

5. How are rights to oil and gas held, and who holds those rights?

The provinces are the owners of the natural resources (including hydrocarbons) that exist in their territory (*section 124, National Constitution*) (see [Question 3](#)).

The liquid and gas hydrocarbon reserves located in Argentina belong, depending on their location, to the federal state or the provincial states (*section 1, Law No. 17,319, as amended by Law No. 26,197*):

Hydrocarbon reserves located in the provincial territories, including those located at sea next to its shores up to a distance of 12 nautical miles, belong to the provincial state of that territory.

Hydrocarbon reserves located at sea over a distance of 12 nautical miles belong to the federal state.

Mineral rights, including oil and gas, are severable from the general ownership of the property. Therefore, the land owner does not own, by virtue of owning the land, the oil and gas located beneath his property.

The federal state and provincial states generally grant exploration permits or production concessions to public entities, or private individuals or entities. Permit or concession holders are the owners of the hydrocarbons that they extract, and can transport, industrialise and commercialise them pursuant to applicable regulations (*section 6, Law No. 17,319*).

Nature of oil and gas rights

6. What are the key features of the leases, licences or concessions which are issued under the regulatory regime? Can these rights be leased by the right-holder?

The federal government and provincial states generally grant exploration permits or production concessions to public entities, or private individuals or entities (see [Question 5](#)).

An exploration permit allows the holder (among other things) to:

Search and explore for hydrocarbons in a certain specified area, for a certain period of time.

Obtain a production concession.

Construct infrastructure required to explore for hydrocarbons (roads, buildings and other installations).

Own the hydrocarbons extracted.

An exploration permit is usually granted through a public bid. In some cases, the permits are granted to the provincial oil and gas company that, in turn, carries out a public bid to contract private partners. Permits (or rights of association) are usually granted to the bidder that offers to carry out the greatest amount of investment in the applicable area.

A production concession allows the holder (among other things) to:

Explore and produce the hydrocarbon reserves located in the area.

Obtain a transport concession.

Carry out the acts required to produce hydrocarbons (including the construction of oil treatment and refinement plants, roads, buildings and other installations).

Own the hydrocarbons extracted.

Lease/ licence/ concession term

The time limits for an exploration permit are divided into a "basic" and "time extension" term as follows (*section 23, Law No. 19,319*):

Basic term. The basic term is divided into three periods. The duration of the:

first period cannot exceed four years;

second period cannot exceed three years;

third period cannot exceed two years.

Time extension term. This cannot exceed five years.

The time limits for off-shore permits can be extended for one year in each of the periods.

A production concession can be granted for 25 years (*section 35, Law No. 19,319*). The applicable authority can grant an extension of ten years.

In both cases, a time extension must be requested by the permit or concession holder. Its granting by the applicable authority is discretionary. The request for the extension of a production concession must be made at least six months before the original term expires.

Fees

See [Question 9](#) on the payment of surface cannon, royalties and other fees by permit and concession holders.

Liability

The holders of exploration permits and concession holders are liable for any breach to the terms of their permit or concession (for example, not carrying out committed investment plans). They are also liable for any environmental damage they may cause.

Finally, holders must indemnify the surface owners for the damage and/or restrictions that the exploration or production activities may cause.

Restrictions

To hold an exploration permit or production concession, the applicable individual or entity must give evidence to the federal and provincial (if applicable) state that they have adequate technical and economic capacity, and obtain registration with the appropriate registry set up by the regulatory authority/ies.

Foreign entities that wish to carry out regular activities in Argentina must be registered with the local public registry of commerce and federal and local tax authorities.

7. How are such leases, licences or concessions awarded?

Exploration permits are usually granted through a public bid. In some cases, the permits are granted to the provincial oil and gas company that, in turn, carries out a public bid to contract private partners (see [Question 6](#)).

Permits (or rights of association) are usually granted to the bidder that offers to carry out the greatest amount of investment in the applicable area.

Production concessions are granted to the holder of the exploration permit, at the holder's request.

Transfer of rights

8. How are oil and gas rights transferred? Are there any restrictions on the disposal of interests?

Permissions and concessions can be assigned with prior authorisation from the applicable authority (*section 72, Law No. 19,319*).

Tax

9. What payments, such as taxes or royalties, are payable by oil and gas interest holders to the government?

The federal tax system is based on the following main taxes:

Income tax. All income is subject to corporate income tax at the rate of 35%, unless specifically exempted.

Expenses incurred in obtaining and preserving taxable income can be deducted. Annual depreciation can also be deducted. Intangible assets without a definite life (such as goodwill or brands) cannot be amortised for income tax purposes.

Net operating losses can be carried forward for up to five years. Carrying back losses is not permitted. Certain losses (that is, foreign-source losses or losses incurred on the sale of shares) can be set off only against profits of the same kind.

Dividends paid to an Argentine company by another company are not subject to income tax. Dividends received from a foreign company are subject to tax, with a credit granted for the underlying corporate tax paid on the profits out of which the dividends are paid. Dividends paid to non-residents or local individuals are subject to a 10% withholding tax.

There is an additional withholding tax that applies if the dividends paid surpass the payer company's accumulated taxable income (equalisation tax). If applicable, the withholding tax rate is 35%.

Presumptive minimum income tax. An annual tax on minimum presumed income is applied at a rate of 1% on the assets of Argentine tax residents. Income paid in the same fiscal period can be used as a tax credit against this tax.

Any presumptive minimum income tax paid is creditable against the payable income tax in the following ten years.

Export and import taxes. See [Question 11](#).

Value added tax (VAT) . VAT is levied on:

The sale of personal property located or placed in Argentina;

construction and other contracts and services performed or rendered in Argentina;

definitive imports of personal property and services rendered abroad but given economic use in Argentina.

The general rate for VAT is 21%. A differential increased rate of 27% may be applied to the supply of power and natural gas to non-residential clients in certain cases.

Tax on debits and credits in bank accounts. Tax is levied on debits and credits in bank accounts and on other transactions that, due to their special nature and characteristics, are similar or could be used in substitution for a bank account, such as payments on behalf of or in the name of third parties.

The general rate of the tax is 0.6% over each credit and debit. An increased rate of 1.2% may apply in cases where there has been a substitution for the use of a bank account.

Personal assets tax. A personal assets tax is applied to any equity interests in companies incorporated in Argentina when the owners are local individuals or foreign residents.

The tax applicable on share and other equity participation in local companies is paid by the local company itself. The applicable rate is 0.5% on the net worth value of the company.

In addition, the transfer of certain types of fuels may be subject to excise taxes.

The provinces and the City of Buenos Aires also raise taxes levied on the:

Ownership of real estate property (real estate tax).

Performance of commercial activities (turnover tax). Turnover tax is levied on the performance of commercial activities within those jurisdictions. A generic rate is 3% applicable on gross revenues (these rates depend on the jurisdiction where activities are carried).

Execution of agreements (stamp tax). Stamp tax is levied on the formal execution of public and private instruments. Generic rates vary between 1% and 1.5% on the economic value of the agreement. Rates and exceptions vary from jurisdiction to jurisdiction.

The holders of exploration permits and production concessions must pay a surface cannon and royalties as follows (*Law No. 17,319*):

Holders of exploration permits or production concessions must annually pay a surface cannon based on the size of the area.

Exploration permit holders must pay a royalty equal to 15% of the wellhead price of the hydrocarbon produced.

Production concession holders must pay a royalty equal to 12% of the wellhead price of the hydrocarbon produced. This royalty may be reduced to 5% taking into account the productivity, conditions and locations of the wells.

Hydrocarbons used for the exploration and production of hydrocarbons are not subject to royalties.

The cannon and royalties are paid to the federal or provincial state, as may be applicable.

Finally, it is common for provincial states to require the payment of additional fees in consideration for the granting of a time extension to the production concession.

10. Does the government derive any other economic benefits from oil and gas exploration and production?

From an income tax perspective, in the case of joint ventures, its members are taxed independently.

However, most joint ventures are value added tax taxpayers, that is, they must file tax returns with the corresponding output VAT arising from the sales they make. Operations held between the joint venture and its members, from a VAT standpoint, must be deemed as if they were made between different entities. Therefore, the services, goods and assets provided by its members to a joint venture could trigger input VAT (depending on the service or asset provided).

In principle, the assignment of production from the joint venture to its members generates VAT output tax. The Tax Authority has issued contradictory opinions regarding the value that must be determined for these operations.

Law No. 26,154 created a tax regime to promote hydrocarbon exploration. The incentives include the anticipated devolution of VAT, accelerated amortisation of new assets for income tax purposes and exemption of personal asset tax and import duties for assets used in exploration activities.

Additionally, Law No. 17,319 grants local tax stability during the term of the concession or permit granted. General tax increases and increase of fees are not included in this regime.

11. What taxes and duties apply on import and export of oil and gas?

The category "oil and gas" includes many products, with different tariff codes. Regarding import duties, most tariff codes are exempted, except for a few products, where the rate ranges from between 5% to 14%.

Regarding export duties, the rate ranges from between 5% to 45% of the FOB value, and goes up to 100% in the case of natural gas.

Transportation by pipeline

12. What regulatory requirements apply to the construction and operation of pipelines?

Pipelines that run through two or more provinces, or to/from a foreign country, are subject to federal jurisdiction. Pipelines located exclusively in a province are subject to the jurisdiction of that province.

The transportation of natural gas is regulated by Law No. 24,076. It is a public service. Concessions for the transport and distribution of natural gas are granted by the federal state. Concession holders have the obligation to build, maintain and operate pipelines in accordance with the terms of the concession.

Production concession holders have the right to obtain a transport concession to transport their hydrocarbon production. This concession allows the construction and operation of pipelines, and is subject to the terms set out in Law No. 17,319.

13. Is there a system of third party access to pipelines and other infrastructure?

Pipelines and other transport infrastructure are subject to open access. Third parties have access to this transport infrastructure, pursuant to applicable regulations.

Pipelines subject to the Law No. 17,319 must permit the transportation of hydrocarbons belonging to third parties provided available capacity exists.

Health, safety and the environment

Health and safety

14. Describe the health and safety regime that applies to oil and gas exploration and extraction, and transportation by pipeline.

Exploration and extraction

Law No. 19,587 and Executive Order No. 351/99 set out general health and hygiene guidelines and standards applicable to all activities, including the oil and gas industry. Under the regulations, employers must comply with specific requirements in connection with on-site personnel protection, such as drinking water quality standards, noise limits, air quality levels, and fire protection measures.

Further, both the federal government and provinces have enacted a wide array of regulations addressing different safety risks involved in the exploration and exploitation of hydrocarbon activities, such as:

- Contingency plans.

- Well abandonment

- Control measures for fuel storage tanks.

Transportation

Regarding liquid hydrocarbon transportation, the Energy Secretariat has enacted Resolution No. 1,460/06, which sets out technical requirements and safety standards applicable to oil pipelines which:

- Have obtained a transport concession.

- Go beyond the limits of a production concession to reach treatment plants.

Further, Law No. 13,660 and Executive Order No. 10,877/60 establish rules and safety requirements applicable to fuel elaboration and storage facilities.

Environmental impact assessments (EIAs)

15. Is an EIA required before extracting or processing oil and gas?

Pursuant to both federal and provincial regulations, any company that intends to conduct activities that could negatively affect the environment must first elaborate and file an EIA and obtain its approval.

At federal level, Law No. 25,675 (General Environment Law) sets out, among other matters:

- Guidelines applicable to EIA procedure.

- General requirements for the EIA's elaboration. The General Environmental Law is minimum standards legislation that must be applied throughout Argentina.

Further, the Energy Secretariat has enacted Resolutions No. 105/92 and No. 25/2004, which provide specific EIA requirements, mainly in connection with the exploration and exploitation of hydrocarbon activities.

Also at federal level, Disposition No. 123/06 issued by the Fuels Under-Secretariat establishes EIA standards applicable to oil transportation infrastructure.

It is worth highlighting that all provinces have issued specific EIA rules for hydrocarbon activities.

16. What are the different stages of the EIA?

Both federal and provincial governments have issued rules governing EIA obligations for hydrocarbon activities.

In accordance with these regulations, project proponents must elaborate and file an EIA to conduct hydrocarbon exploration or exploitation activities. The EIA must, among other matters:

- Describe the conditions of the area where the project proponent intends to develop activities.

- Identify potential effects that could arise from such activities.

- Propose alternatives and mitigation measures.

A further stage involves the EIA's review and analysis conducted by the environmental enforcement authority. In reviewing the EIA, the enforcement authority may require the third parties' involvement and help of third parties, for example, universities and/or technical consultants. After this review, authorities may or may not require more information about the project to the proponent. Some provincial rules provide, in certain cases, for public involvement in the procedures by means of public hearings. Environmental enforcement authorities usually issue their approval of the EIA by means of administrative judgments known as Environmental Impact Declarations (EID).

It is difficult to assess how long it usually takes a proponent to complete the EIA procedures and obtain the EID. Timing depends on factors such as:

- Complexity of provincial EIA requirements (which can vary from province to province).

- Authorities' efficiency in the reviewing process.

- Projects' environmental relevance and sensitivity.

However, a reasonable average timeline would be six to eight months from the EIA's filing.

Environmental permits

17. Is there a permit regime for environmental damage or emissions produced during the extraction or processing of oil and gas?

Apart from the EIA rules mentioned above (see [Question 16](#)), companies must also:

Comply with other federal and provincial environmental rules and standards applicable to oil and gas exploration and exploitation activities.

Obtain different permits and/or licences involving various matters, such as generation of waste and/or water or air quality protection.

Examples of permits and/or licences that may be required by companies developing hydrocarbon activities include:

Registration at the federal and/or provincial registries of hazardous or special waste generators.

A permit for the discharge of liquid effluents.

Authorisations for the discharge of gaseous emissions.

Water extraction permits.

Provinces have their own permit regulatory regime. The requirements therefore vary from province to province.

Waste

18. What are the regulations on the disposal of waste products resulting from oil or gas extraction or processing?

The generation and disposal of hazardous waste is regulated at both federal and provincial levels.

At national level, Law No. 24,051 and Executive Order No. 831/93 regulate the generation and management of hazardous waste. These regulations include a list of waste, that as a consequence of their special characteristics are classified as "hazardous".

Provinces have also enacted specific hazardous or special waste regulations. Some provinces, such as Santa Cruz, have created a category of "oil waste".

In general, federal and provincial laws require the registration of hazardous waste generators in federal and provincial public registries of hazardous waste generators. These laws create a "cradle to grave" system. Generators must control and monitor waste from its production to final disposition.

Generators of hazardous waste must comply with, among others, the following obligations:

Register with the corresponding public registry of hazardous waste generators.

Manage waste in accordance with applicable regulations.

Maintain a tracking system applicable to all hazardous waste.

Pay an annual fee, based on the quantity of waste generated.

Flares and vents

19. Are flare and vent regulations in place?

At federal level, the Energy Secretariat has enacted Resolutions No. 263/93 and No. 143/98 that set out gas venting limits and requirements.

Some provinces have issued specific flare and vent rules, other provinces apply the Energy Secretariat's standards set out in the above resolutions.

Decommissioning

20. What are the decommissioning obligations and liabilities that arise?

The transfer of a block or concession back to the state implies the transfer (for no consideration) of rights to the wells located there, including the machines and equipment normally required for their operation and maintenance, and of other infrastructure permanently located there (such as buildings) (*section 37, Law No. 17,319*). Equipment not exclusively involved in the production of the reserves (among others) is excluded.

Resolution 5/1996, issued by the Energy Secretariat, establishes the rules applicable to the abandonment of inactive wells. The resolution establishes two types of abandonment (temporary and permanent) and recommends techniques applicable to each of them. Other abandonment techniques can be used if they are:

Convenient (based on the characteristics of the wells and/or zone).

Meet applicable health and safety requirements.

Not rejected by the regulator.

Abandonment of wells is carried out by the permission or concession holder.

Lack of compliance with the resolution can result in administrative sanctions. In addition, the permit or concession holder may be liable for the environmental damage (or other types of damage) it causes.

Sale and trade

21. How is trade in oil and gas usually completed?

The terms and conditions applicable to the sale of hydrocarbons by the producers to the refineries is freely negotiated between the parties. Notwithstanding that local prices are affected given that consumer prices are informally controlled, and that export duties exist.

The sale of natural gas to local customers and small business is carried out by distributors. The price of the gas is subject to different regulations and agreements entered into between the federal government and the natural gas producers.

22. Are oil and gas prices regulated?

It used to be the case that producers had the freedom to sell their hydrocarbons at market prices (*Executive Orders 1055/1989, 1212/1989 and 1589/1989*). These terms were revoked by Executive Order 1277/2012.

The Commission for Planning and Strategic Coordination of the National Hydrocarbons Plan, created by Executive Order 1277/2012, is entitled to establish the criteria that govern the commercialisation of hydrocarbons, to ensure reasonable prices. It can also establish referential sale prices of hydrocarbons and fuels. (See [Question 21](#)).

Enforcement of regulation

23. What are the regulator's enforcement powers?

Orders

Regulators are usually authorised to issue resolutions and orders with respect to matters subject to their jurisdiction. These include general orders (applicable to an undetermined amount of persons) and specific orders (applicable to a specific person).

Fines and penalties

The regulator can impose a number of penalties including (*Law No. 17,319*):

Warnings.

Fines.

Termination of the exploration permit or production concession.

Suspension or elimination of the applicable person from the registry.

24. Is there a right of appeal against the regulator's decisions?

In accordance with the Argentine constitutional system, the regulator's decisions, both in matters of law and fact, can be subject to judicial review. Under the federal system that arises from the Constitution, each province has the power to regulate its particular judicial review system in this area.

Reform

25. Are there plans for changes to the legal and regulatory framework?

On 12 July 2014, the newspaper, *La Nación* reported that the day before certain members of the federal government (including the head of the Ministry of Economy and Public Finances, the head of the Ministry of Federal Planning, Public Investment and Services and the head of the Energy Secretariat) had a meeting with representatives of oil and gas companies to inform them of the main terms of the new hydrocarbons bill that would be sent to the Senate in the coming weeks.

According to the newspaper report, the new bill intends to establish rules that could make investment more attractive, including longer concession periods, limits to royalties, a uniform tax regime, import benefits and certain freedoms in

the use of currencies.

Given that this bill could limit the powers of the provinces, it is not clear if the bill will ultimately be passed.

The regulatory authorities

The following are federal regulators.

Energy Secretariat

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Main responsibilities.

Controls compliance with legislation applicable to hydrocarbons reserves belonging to the federal state.

Controls compliance with the terms and conditions of the permits and concessions.

Issues general resolutions applicable in all jurisdictions.

Commission for Planning and Strategic Coordination of the National Hydrocarbons Plan

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Main responsibilities.

Preparation of the National Plan of Hydrocarbon Investments.

Receives and analyses the annual investment plans filed by the various players in the oil and gas industry.

Maintains the National Registry of Hydrocarbon Investments.

National Gas Regulator (*Ente Nacional Regulador del Gas*) (ENARGAS)

Address. Suipacha 636, City of Buenos Aires

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Main responsibilities. Regulates compliance with Law No. 24,076, which regulates the transport and distribution of natural gas.

The following are provincial regulators. Their main responsibilities are to:

Regulate the transport and distribution of natural gas.

Control compliance with the terms and conditions of these permits and concessions.

Province of Neuquén: Under Secretariat of Mining and Hydrocarbons

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W <http://hidrocarburos.tierradelfuego.gov.ar>

Online resources

Infoleg

W www.infoleg.mecon.gov.ar

Description. Official website where original language text of the federal legislation referred to in the article can be obtained. Maintained by the Ministry of Economy and Public Finances. Status of information: up-to-date.

Infojus

W www.infojus.gob.ar

Description. Official website where original language text of federal and provincial legislation can be obtained. Maintained by the Ministry of Justice and Human Rights. Status of information: up-to-date.

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