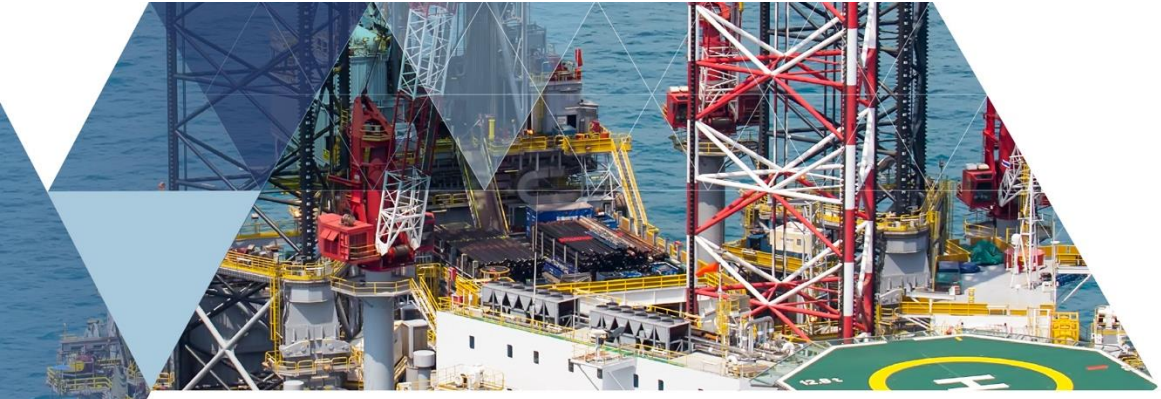
NICHOLSON Y CANO

2025

OIL & GAS GUIDE



2025 OIL & GAS GUIDE

Argentine regulatory outline, developments, perspectives and opportunities

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This guide provides updated information with respect to our 2023 and 2024 Oil & Gas Guides.

1. Hydrocarbons Outlook

The global hydrocarbons industry in 2025 faces a dynamic landscape, shaped by shifts in supply and demand, geopolitical considerations, and evolving business strategies. Crude oil demand is expected to stabilize at around 102 million barrels per day (mbpd), according to the International Energy Agency (IEA), as developing economies continue to drive consumption, offsetting declines in OECD nations. Natural gas demand is projected to rise by 2%, fueled by increased industrial use and power generation in Asia, particularly in China and India. However, uncertainties surrounding global economic growth and energy transition policies could temper these projections.

On the supply side, global crude production is expected to increase modestly, with OPEC+ maintaining its production policies while non-OPEC producers, particularly the United States and Brazil, expand output. The U.S. Energy Information Administration (EIA) forecasts U.S. crude production to reach a record 13.4 mbpd, driven by continued efficiency gains in shale basins. Meanwhile, other key shale and deepwater plays are expected to contribute to supply growth, ensuring global markets remain well-supplied despite regional disruptions.

Geopolitical factors will remain central to the global hydrocarbons outlook. Tensions in the Middle East, particularly concerning Iran and Saudi Arabia, continue to pose supply risks. The ongoing Russia-Ukraine conflict has reshaped global energy trade flows, with Europe shifting its dependence from Russian gas to LNG imports from the U.S., Qatar, and other emerging suppliers. China's energy policies and strategic alliances with key producers will also play a defining role in shaping trade flows and price stability.

The natural gas market is undergoing a transformation, with LNG demand set to grow as a cleaner alternative to coal in power generation. The IEA projects LNG trade volumes to rise by 4% annually, with Asia driving demand. Infrastructure build-out and long-term supply agreements will be crucial for new LNG suppliers entering the market. Strategic alliances with global energy players will play a key role in securing investment and ensuring competitiveness in this evolving market.

Ultimately, hydrocarbons will remain a central pillar of the global energy mix in 2025, despite increasing emphasis on renewables and energy transition policies. The ability of key producing nations to leverage their vast reserves, attract investment, and develop export-oriented infrastructure will be decisive in securing their roles as major energy suppliers.

2. Argentina: Hydrocarbons' Opportunities and Challenges

Argentina's Hydrocarbon Potential

Given the global circumstances described in Hydrocarbons Outlook above, there are opportunities and challenges in the hydrocarbons sector in Argentina. As a key emerging hydrocarbons producer, Argentina is uniquely positioned to benefit from these global trends. The vast reserves in Vaca Muerta, one of the world's largest shale formations, offer a competitive advantage in oil and gas production. To unlock its full potential, Argentina has enacted the Large Investments Incentive Regime (RIGI) to attract foreign capital, particularly in midstream and LNG infrastructure. With demand from its neighboring countries, Chile and Brazil, and Europe and Asia seeking diversified energy suppliers, Argentina's ability to expand its export capacity through new pipelines and liquefaction facilities could position it as a strategic global supplier.

Additionally, Argentina's natural gas sector represents a major opportunity for long-term growth. With LNG demand rising, Argentina has the potential to develop a robust export market, reducing its reliance on domestic consumption and increasing foreign currency inflows. The expansion of pipeline capacity to neighboring countries, as well as long-term agreements with international buyers, will be critical to enhancing the country's role as a regional and global gas supplier. The ongoing efforts to modernize regulations, improve investment conditions, and ensure energy security will be instrumental in attracting international partners and unlocking the full potential of Argentina's hydrocarbons sector.

Ultimately, hydrocarbons will remain a central pillar of the global energy mix in the upcoming years, despite increasing emphasis on renewables and energy transition policies. Argentina's ability to capitalize on its resource strengths, attract foreign investment, and modernize its export infrastructure will determine its long-term position in global markets. By leveraging its competitive shale reserves, securing strategic partnerships, and implementing energy policies that foster growth, Argentina can support its economy, strengthen its Central Bank reserves, and establish itself as a reliable energy supplier in the evolving global landscape.

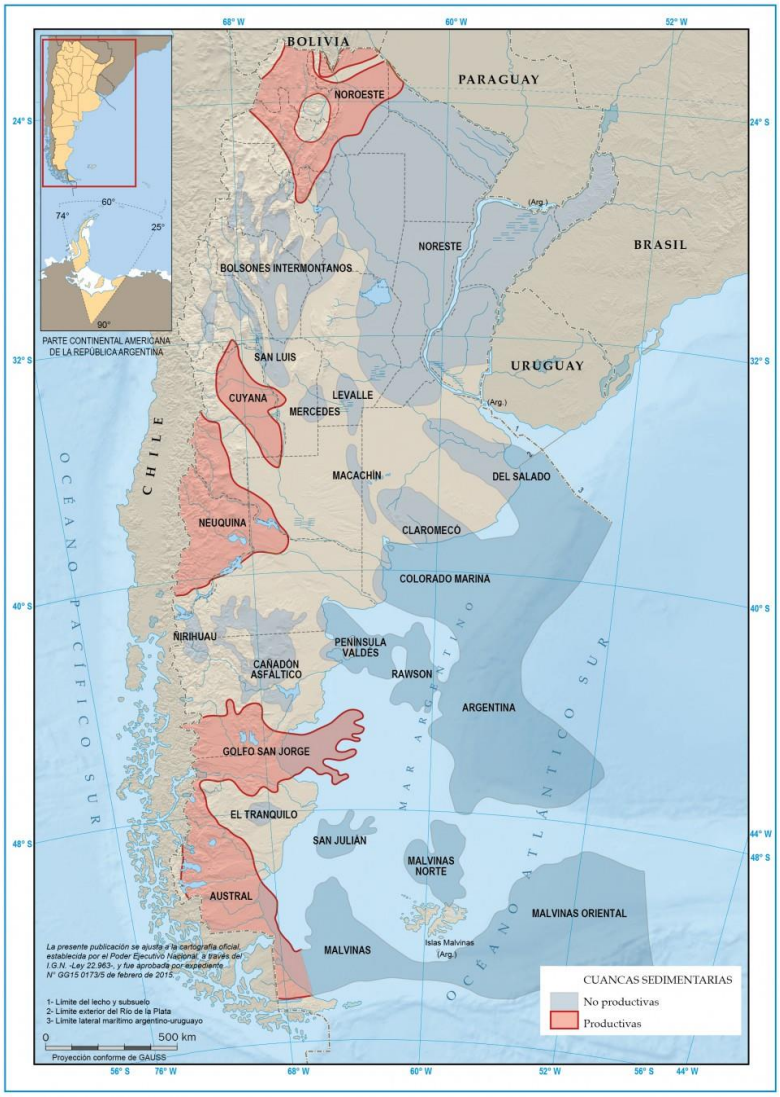
2. Argentina: Hydrocarbons' Opportunities and Challenges

More than a century of oil & gas in Argentina

Argentina has a long oil and gas tradition. The beginning of the hydrocarbons history in Argentina is usually set when the first hydrocarbon deposit was discovered on December 13, 1907, in the then town of Comodoro Rivadavia. There had been prior attempts in the nineteenth century in Jujuy and Mendoza areas. In year 1922, President Hipólito Yrigoyen founded Yacimientos Petrolíferos Fiscales (YPF), the first company in charge of the extraction, refining and transport of oil and its by-products

Argentina has five sedimentary basins producing hydrocarbons at the time of this guide, being the Neuquina basin the most productive and where the Vaca Muerta shale formation is located. Offshore exploration is being conducted in the Austral, Malvinas Oeste and Argentina North basins.

2. Argentina: Hydrocarbons' Opportunities and Challenges



Argentina has different active oil companies in the upstream sector: IOCs such as Shell, Chevron, Total; NOCs such as YPF, Petronas, Equinor; and independent companies such as Pluspetrol, Vista Energy, PanAmerican Energy, Tecpetrol, Pampa Energía, CAPSA/CAPEX, Petroquímica Comodoro Rivadavia, etc.

Argentina's oil production grew 8.7% in 2023 vis-à-vis 2022. Notably, in 2023 conventional production fell 2.9% but unconventional production grew 25.9%. Natural gas, in turn, fell 0.8% in 2023, though it registered a 16% growth in shale gas.

Oil production also grew in July 2024 (9.1% compared to July 2023)[1]. Conventional production fell 6.2% but unconventional production grew 28.2% in 2024[2]. Natural gas, in turn, grew 9.8% in July 2024 vis-à-vis July 2023[3] and registered a 20.4% growth in shale gas in 2024[4].

1. https://www.argentina.gob.ar/noticias/la-produccion-de-hidrocarburos-alcanza-nuevos-maximos
2. https://www.argentina.gob.ar/economia/energia/planeamiento-energetico/panel-de-indicadores/superset-produccion-petroleo-conv-y-no-conv
3. https://www.argentina.gob.ar/noticias/la-produccion-de-hidrocarburos-alcanza-nuevos-maximos
4. https://www.argentina.gob.ar/economia/energia/planeamiento-energetico/panel-de-indicadores/superset-prod-gas-conv-y-no-conv

2. Argentina: Hydrocarbons' Opportunities and Challenges

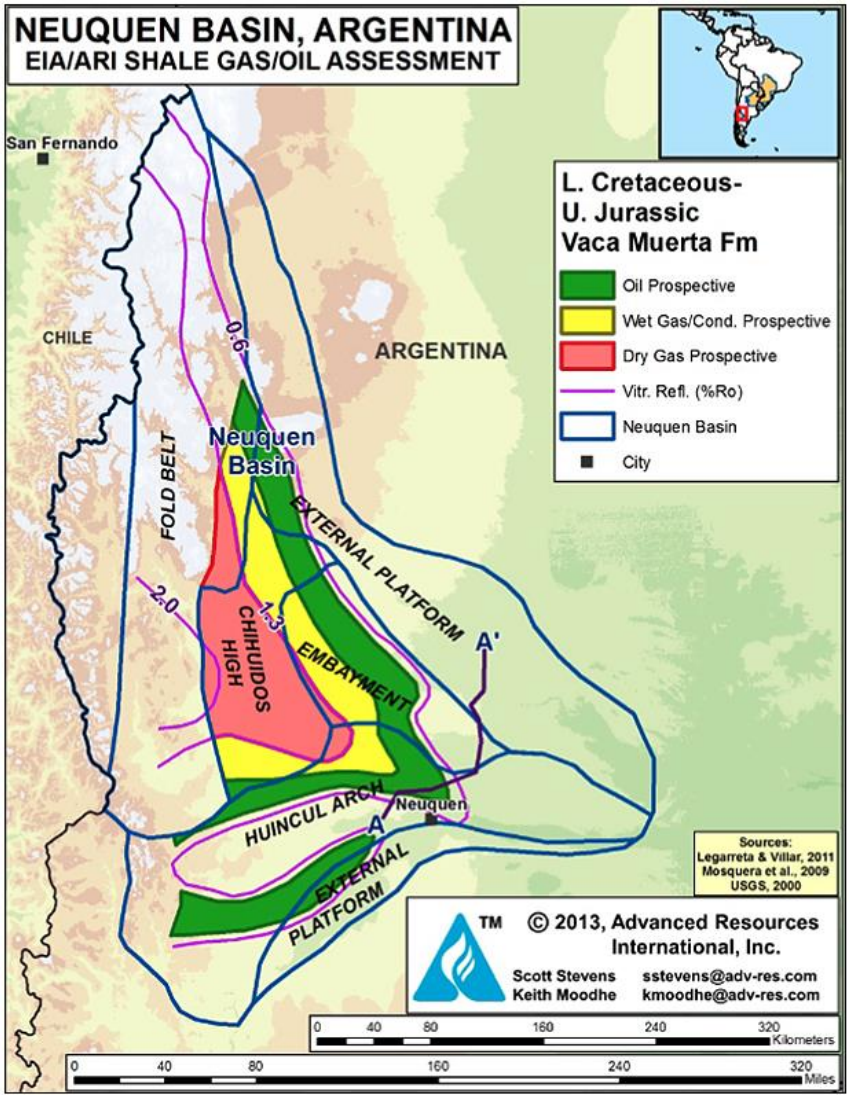
	Crude Oil		Natural Gas	
	2023	2024	2023	2024
Month	m^3	m^3	mm^3	mm^3
Jan	3,035,914	3,300,249	3,998,758	3,837,015
Feb	2,792,256	3,091,239	3,644,393	3,886,654
Mar	3,110,571	3,340,157	3,993,384	4,174,196
Apr	2,994,556	3,245,677	3,862,467	4,084,047
May	3,095,112	3,368,649	4,183,176	4,653,686
Jun	2,958,466	3,149,858	4,145,613	4,426,084
Jul	3,040,286	-	4,282,119	-
Aug	3,065,891	-	4,476,003	-
Sept	3,037,488	-	4,295,936	-
Oct	3,,221,109	-	3,904,360	-
Nov	3,178,924	-	3,788,927	-
Dec	3,337,237	-	3,538,011	-
Total	**36,867,811**	**19,495,828**	**48,113,145**	**25,061,683**

Note: The total production of crude oil does not include gasoline
Source: SEN Argentina datos.energia.gob.ar

Vaca Muerta has proven to be a high-quality shale resource. The U.S. Energy Information Agency has estimated that Argentina has the world's fourth-largest oil shale resources and second-largest shale natural gas resources. The Vaca Muerta shale resources compare positively against other major producing regions, including the US Permian. Its recent growth acceleration is based on a significant improvement in costs, major improvements in well productivity and forced cash-flow reinvestment due to foreign exchange controls.

Vaca Muerta has become the most relevant shale play outside North America. Full development has become a reality and production from Vaca Muerta with the figures available at the time of this guide, represents 58% of Argentina's oil production and 38% of natural gas (and growing).

2. Argentina: Hydrocarbons' Opportunities and Challenges

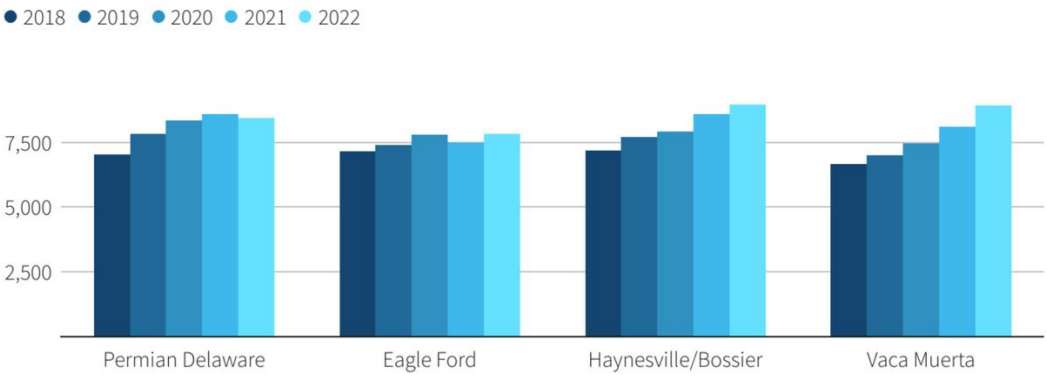


Over the past years, upstream operators and service companies have been working together to extend well lateral lengths, increase the number of fractures, accelerate drilling time, increase well productivity, reduce overall development costs and deliver profitable returns. All this is made possible by the geologic formation and rock quality of Vaca Muerta, widely considered to be on par with world-class plays such as Permian.[2]

These factors and Argentina's need for hard currency have contributed to more aggressive production goals to export oil and natural gas, including a plan to take total country output up to 1,0-1,1mm bpd by 2026 (from 675,6kbpd in June 2024) for crude oil and to 160-170mm m3/day for natural gas (from 147,5mm m3/day in June 2024).

2. https://www.iapg.org.ar/Houston22/

VACA MUERTA: LONGER WELLS



Note: Data is average lateral length in ft
Source: Rystad Energy

As mentioned, the Argentine government's need to strengthen its Central Bank´s reserves has increased political endorsement for the industry, and contributed to supportive internal pricing and backing for pipeline projects to increase exports of crude oil, reduce imports of LNG/natural gas, and allow exports of natural gas to Chile and, eventually, Brazil during the lower demand months.

At the time of publication, internal crude oil prices have evened out and are close to international prices, after the Bases Law was approved, removing the previously sanctioned price-lock on barrels, and natural gas prices orbit around US$3,50-US$4,00/mcf, although below international prices, these prices are attractive for hydrocarbons producers due to the mentioned costs and productivity improvements, together with the possibility of exporting part of its production at international prices minus export duties, if applicable.

Argentina's energy trade balance in 2024 was over US$ 4,400 million and in 2025 is projected to be over US$ 7,000 million.

With new export capacity and investment, the net exports should continue in the oil side. In December 2022 they were 102kbpd, which could rise to as high as 500kbpd by 2025-2026. In 2024 crude oil export proceeds were US$5,400 million, in 2025 US$7,4 million are projected. If all new capacity was fully used and at a long-term oil price of US$70/bbl, this would mean potential export proceeds of US$9,900 million annually. If the large Vaca Muerta Sur pipeline were completed, the potential could rise to US$15,100 million.[3]

Gas exports are now allowed to resume from Neuquén towards Chile, mostly during off-peak warmer months, mid-spring through mid-autumn. Gas exports are now more consistent, though net imports will continue to be required during peak winter demand periods. Natural gas export proceeds in 2024 were US$662 million, and in 2025 US$745 million are projected. Still, with the new pipelines planned at full capacity, the incremental value that could be realized from increased output/exports and reduced import costs could be US$3,6bn-US$4,8bn by 2025-2026 if all the additional capacity on internal and export pipelines is fully utilized.[4]

3. LatAm Oil & Gas. Vaca Muerta: Cash cow or dead cow bounce? Industry Overview. BofA Global Research. February 27, 2023
4. Id.

This production growth in Vaca Muerta has brought the level of midstream processing and transportation capacity close to capacity. In order to sustain growth, new capacity is needed and is being constructed. It is a challenge to finance midstream projects, considering Argentina´s macroeconomic situation, foreign exchange controls and lack of cross-border financing.

As better described in chapter "Infrastructure Works for Oil & Gas", there are several crude oil transportation capacity expansion projects, such as (i) OLDELVAL's transportation capacity expansion;[5] (ii) the Vaca Muerta Norte new oil pipeline; (iii) OTASA (Oleoducto Trasandino) to re-start operations; and (iv) the Vaca Muerta Sur pipeline and export facilities.

On the natural gas side, LNG imports in 2022 accounted for over 2,500 million dollars (x 2,26 vs 2021)[6] and for 1,800 million dollars in 2023 (a 29% decrease compared to 2022[7]). This was a huge impact for Argentina's Central Bank reserves. In addition to the regular benefits implied in reducing energy imports, in Argentina it has a critical impact which is reducing pressure on foreign exchange reserves.

Despite having the second largest shale gas resource, Argentina imports natural gas since it does not have spare transportation capacity from Vaca Muerta to the main consumption centers.

There are several transportation expansion projects further described in "Infrastructure Works for Oil & Gas", such as, (i) "Presidente Néstor Kirchner" gas pipeline; (ii) Bolivia-Argentina pipeline reversion; (iii) Northeast Uruguaiana gas pipeline expansion; (iv) exports to Chile through existing pipelines and (v) Argentina LNG.

The possibility of LNG projects, given Argentina's natural gas potential which surpasses the country and regional demand, was a matter of discussion about six years ago, then the interest decreased as a consequence of the low prices of natural gas and energy transition, and know is getting visibility and attention again due to the energy security and energy affordability. Currently two projects are being considered, one by Argentina LNG led by YPF and one by led PAE (Pan American Energy) with Golar and other natural gas producers which could be part of Argentina LNG first phase. The main issue for these projects is likely to hinge on the ability to get financing. Given higher risks in Argentina, arranging attractive financing for large, very long-term projects could be a considerable challenge which will require a new legal framework to better protect investors, including (i) financing and investment recovery; (ii) long term effective guarantee the export of committed volumes; and (iii) a new tax benefits and incentives. The new Large Investments Incentive Regime which was sanctioned in July 2024 provides a basis and starting point to tackle this issue. Further details in Chapter 7 of this guide.

5. https://www.oldelval.com/proyecto-duplicar/
6. https://www.indec.gob.ar/uploads/informesdeprensa/ica_01_23044100BE61.pdf
7. https://www.indec.gob.ar/uploads/informesdeprensa/ica_01_2432F21717CB.pdf

2. Argentina: Hydrocarbons' Opportunities and Challenges

Argentina has offshore hydrocarbons production in shallow waters which accounts for approx. 17% of the natural gas production and has deepwater oil and gas potential as well. As better described in the chapter "Hydrocarbons Legal Framework - Offshore", in 2018 a competitive bidding process was launched for the award of exploration permits and, potentially and depending on the results of the exploration, exploitation concession over offshore areas located on the Argentine continental shelf. As a result of the bidding process, a total of 18 areas were awarded to world class players, totaling around 230,000 km^2 in the Argentine sea, in waters ranging from 100 to 4,000 meters deep. According to industry experts Argentina has 31Bboe (billion barrels of oil equivalent) potential offshore hydrocarbons resources.[8]

Operator	Oil Production				Natural Gas Production			
	Oct-24		Nov-24		Oct-24		Nov-24	
	m3/day	%	m3/day	%	mm3/day	%	mm3/day	%
YPF S.A.	56.169	48.06	56439	47.26	30.594	22.98	29.237	22.99
PAN AMERICAN ENERGY S.L.	17.148	14.67	16.978	14.22	18.603	13.97	18.04	14.19
VISTA ENERGY ARGENTINA SAU	11.695	10.01	11.477	9.61	1.339	1.01	1.412	1.11
PLUSPETROL SA	6.369	5.45	7.001	5.86	9.494	7.17	8.943	7.03
SHELL ARGENTINA SA	5.243	4.49	5.157	4.32	515	0.39	486	0.38
CGC ENERGIA SAU	2.962	2.53	3.052	2.56	2.053	1.54	2.182	1.72
TECPETROL SA	2.653	2.27	2.415	2.02	15.007	11.27	12.659	9.95
KILWER SA	2.021	1.73	1.744	1.46	134	0.10	134	0.11
COMPAÑÍAS ASOCIADAS PETROLERAS SA	1.781	1.52	1.821	1.53	95	0.07	92	0.07
CAPEX SA	1.645	1.41	1.633	1.37	1.624	1.22	1.628	1.28
TOTAL AUSTRAL SA	1.54	1.32	1.369	1.15	32.645	24.52	31.333	24.64
CHEVRON ARGENTINA SRL	1.45	1.24	1.874	1.57	610	0.46	818	0.46
PETROQUÍMICA COMODORO RIVADAVIA SA	1.375	1.18	1.333	1.12	598	0.45	589	0.46
PETROLERA ACONCAGUA ENERGIA SA	1.292	1.11	1.275	1.07	477	0.36	510	0.40
EXXONMOBIL EXPLORATION ARGENTINA SRL	547	0.47	840	0.70	608	0.56	803	0.63

Note: Top 15 highest producing operators. Total Oil Production does not include gasoline
https://www.iapg.org.ar/suplemento/Mayo2024/ProduccionPorOperador.html

8. https://www.bnamericas.com/en/news/former-ypf-official-upbeat-on-argentine-offshore-potentia

2. Argentina: Hydrocarbons' Opportunities and Challenges

The Argentine government is in the process of implementing regulations and policies which to mitigate or eliminate the following risks and challenges affecting the hydrocarbons sector:

- Macroeconomic situation.
- Foreign exchange and capital controls.
- Government interference in oil and gas prices.
- Government and political dynamics.

Reducing or eliminating these risks will require strong political capital. One of the upsides is that it will generate a strong source of foreign exchange to supplement those of the agrisector and to achieve macroeconomic stability. This in addition to all the externalities of an industry that is capital intensive, generates highly-skilled jobs, has a low degree of informality, and promotes growth and development at a national, provincial, and municipal level through taxes, royalties and fees it pays.

Argentina's next milestone to capture the potential described in this chapter is to deal with these challenges and obstacles to promote foreign investment, including new foreign companies arriving in Argentina.

Recent transactions in connection with upstream assets in Argentina include, (i) ENAP Sipetrol´s sale of its non-Vaca Muerta assets to Oblitus International, a company controlled by Xtellus Capital Partners; (ii) Exxon Mobile and Qatar Energy, sold ExxonMobile Exploración Argentina (Bajo del Choique and other concessiones and exploration permits) to Pluspetrol, while Mobile Argentina S.A. (Sierra Chata) to YPF (iii) YPF has completed the sale of 30 conventional areas gathered in 11 clusters under the so-called Project Andes, in favor of companies including Pérez Companc, Petróleos Sudamericanos, Bentia Energy, Ingeniería Sima, and Quintana.

In connection with hydrocarbons infrastructure for exports:

(i) YPF has announced Argentina LNG, a large-scale liquefaction Project that will exploit the vast Natural Gas competitive resources of Vaca Muerta Field to provide the world with a new source of reliable LNG supply. During its first phase, Argentina LNG will have 2 floating liquefaction units with a production capacity of around 9 million tonnes per year. On the other hand, Golar LNG, Pan American Energy, Habour Energy, Pampa and YPF have announced being part of a project to start operations of a floating liquefaction vessel and exporting LNG in 2027.

(ii) Vaca Muerta Sur Project is a strategic initiative from the main crude oil producers in Argentina -YPF, Vista Energy, Pan American Energy, Pampa, Pluspetrol, Chrevron and Shell- for the construction, development and operation of a major pipeline of approximately 437 km, together storage and export facilities intended to boost Argentine crude oil exports. This pipeline will connect Allen with Punta Colorada in the Province of Río Negro, will have 550,000 bbl/d transportation capacity, with flexibility to expand to 700,000 bbl/d.

3. Hydrocarbon Legal Framework

Original ownership, rights and jurisdiction

Organization of the Republic of Argentina

The Republic of Argentina is organized under a federal system made up of 23 provinces and the City of Buenos Aires. The National Constitution is the supreme norm throughout the territory of the Republic, it was enacted in 1853, amended several times, the last reform in 1994. It establishes the organization of the Federal State, into executive, legislative and judicial branch, and the people's constitutional rights and guarantees.

Regulatory evolution

Since the declaration of independence in 1816, the ownership of natural resources remained in the public sphere but, starting on 1853, with constant alternations between the Federal State and the provinces. The Constitution, in its original wording, omitted to refer to the domain of natural resources, limiting itself to empowering the National Congress to dictate the substantive legal regime. The Mining Code, when it was enacted, stated in its Section 7 that "Mines are private assets of the Nation or the Provinces, depending on the territory in which they are located."

In year 1967, Law No. 17,319 was enacted, which declared that the hydrocarbon deposits located in the territory of the Republic and in its continental shelf belonged to the patrimony of the National State. This remained the case until Law No. 24,145, enacted in 1992, which transferred the domain of the deposits that were in provincial territory from the National State to the provinces, but the effective transfer was conditional to the enactment of a specific law on hydrocarbons. Therefore, the National State maintained control over the deposits found in the territory of the City of Buenos Aires, the continental shelf and other areas determined by the same law.

Two years later, when the Constitution was reformed, this phenomenon was considered, and provided in Section 124 that "the original domain of the existing natural resources in their territory belongs to the provinces."

The original domain, as opposed to the derived domain, is non-transferable and implies that the Provincial States maintain the domain over the hydrocarbon resources located in their territory, having the power to grant permits, concessions or licenses to allow the exploitation of those natural resources in exchange for a benefit (canon, royalties, minimum investments, etc.), without transferring the effective domain over those natural resources.

In 2003, the National Executive Branch enacted Decree No. 546/2003 that reaffirms this situation, and recognizes the right of the Provincial States to grant exploration permits and concessions for exploration, storage and transportation of hydrocarbons on those areas called "in process of transfer" and on those that the provincial authority defines itself.

The “In Process of Transfer Areas” are areas that belonged to the domain of the National State and due to the regulatory change they were progressively transferred to the provinces, where they were located.

In 2007, Law No. 26,197, was enacted, which reaffirms in its Section 1 that the deposits belong to the inalienable and indefeasible patrimony of the National State or of the Provincial States according to the territorial area where they are located. It also determines that the hydrocarbon deposits found in their territories belong to the Provincial States, including those located in the sea adjacent to their coasts up to a distance of twelve nautical miles and to the National State from twelve nautical miles to the outer limit of the continental shelf.

This Law also transferred all exploration permits and hydrocarbon exploitation to the Provinces, which from that moment are the counterparties to the exploration permits, exploitation concessions and transportation concessions within the provincial territory.

Additionally, it also defined that the exercise of the powers as granting authority, by the national State and the provincial States, will be developed in accordance with the provisions of Law No. 17,319 and its regulations, ratifying that the design of the Federal energy policies will be the responsibility of the National Executive Branch.

Subsequently, in 2012, Law No. 26,741 was enacted which, among other issues, declared the objective of hydrocarbon self-sufficiency, as well as the exploration, exploitation, industrialization, transportation and commercialization of hydrocarbons, in order to guarantee economic development with social equity, the creation of employment, the increase in the competitiveness of the various economic sectors and the equitable and sustainable growth of the provinces and regions.

Afterwards, through Law No. 27,007, various amendments to Law No. 17,319 were introduced, incorporating the possibility of granting non-conventional hydrocarbon concessions and/or reconverting existing ones.

More recently, the Law of Bases No. 27,742 — along with its regulatory Decree N° 1057/24— overhauled Law No. 17,319 and introduced some amendments to Law No. 24,076 (Natural Gas Law) and 26,741 (Hydrocarbons Sovereignty Law).

One of the more significant changes is the shift from the prioritization of the self-supply to a free-market scheme. This shift has many points of impact, one of the more important ones being the acknowledgment of the producers’ rights to dispose of the hydrocarbons as they see fit, including the freedom to export and the freedom to set prices, so they can maximize the revenue from the exploitation of the resources. The obligation to maintain reserves to meet the country’s needs has been eliminated.

In this way, in the Argentine legal scheme, there coexists, on the one hand (i) the provincial powers to exercise the original domain over the deposits recognized to the provinces, which authorizes them to grant hydrocarbon concessions, collect royalties and exercise, in general, of authority in the matter within its territory; and (ii) the national powers, which are not limited to acting as authority within the national jurisdiction (or in the case of interjurisdictional transport) but, in addition, retains the power to issue the applicable regulations on the matter (jurisdiction) in a uniform manner for the entire Argentine territory.

Notwithstanding this, it should be noted that some Provinces have advanced with the issuance of their own hydrocarbon regulations, which could eventually conflict with national regulations. At the present time, the issue has not been definitively resolved, which is why currently different regulatory regimes can coexist at different levels of government (national and provincial) on the same concession.

Provinces that adhere to Law No. 17,319 and/or designate provincial authority under the terms of the National Law are:

- Buenos Aires - Decree No. 1,089/2005.
- Catamarca - Law No. 5,278.
- Chaco - Law No. 6,278.
- Córdoba - Law No. 9,362.
- Jujuy – Decrees No. 6803/1968 and No. 1055/1989
- La Rioja – Decree No. 1228/2006.
- Río Negro – Law No. 2,878 and No. 5,026.
- Salta - Decree No. 2,183/2007.
- Tucumán – Decree No. 2,523/2008.

Provinces with local regulations, in addition to Law No. 17,319:

- Chubut - Law XVII No. 102 (Law No. 17,319 shall prevail in the event of conflict between the local regulation and Law No. 17,319)
- Corrientes – Law No. 6,062 (non-regulated aspects are additionally applied by Law No. 17,319)
- Mendoza- Law No. 7,526 and No.7,911 (non-regulated aspects are additionally applied by Law No. 17,319).
- Neuquén - Law No. 2,453. (non-regulated aspects are additionally applied by Law No. 17,319)
- San Juan – Law No. 7,620 (non-regulated aspects are additionally applied by Law No. 17,319)
- San Luis – Law No. VIII-0541-2006 (non-regulated aspects are additionally applied by Law No. 17,319)

Provinces with autonomous legislation on hydrocarbons:

- Entre Ríos – Law No. 10,477 (prohibits prospecting, exploration and exploitation of liquid and gaseous hydrocarbons by non-conventional methods)
- La Pampa – Law No. 2,675.
- Santa Cruz – Law No. 2,727.
- Santiago del Estero: Law No. 6,873.

Upstream

The holders of the permits and concessions, without prejudice to complying with the other provisions in force, shall establish domicile in the Republic of Argentina and must have adequate financial solvency and technical capacity to carry out the tasks inherent to the right granted.

Unconventional exploitation of hydrocarbons is understood as the extraction of liquid and/or gaseous hydrocarbons through unconventional stimulation techniques applied in deposits located in geological formations of shale or slate rocks (shale gas or shale oil), compact sandstones (tight sands, tight gas, tight oil), coal beds (coal bed methane) and/or characterized, in general, by the presence of low permeability rocks.

The term of the exploration permits and concessions are the following:

	CONVENTIONAL	UNCONVENTIONAL	OFFSHORE
Exploration Basic term 1st period	3 years	4 years	4 years
Basic term 2nd period	3 years	4 years	4 years
Extension period	Up to 5 years	Up to 5 years	Up to 6 years
Concession term	25 years	35 years	30 years
Concession extension	Up to 10 years	Up to 10 years	Up to 10 years

The extension provided is optional for the permit holder who has complied with the investment and the remaining obligations under his responsibility.

The Law of Bases has eliminated the possibility of successive 10-year extensions for new hydrocarbon exploitation concessions. Exploitation concessions and transport concessions granted prior to the enactment of this Law (July 2024) shall continue to be governed by the terms and conditions of their grant until their expiration. For new exploitation concessions, of any kind, the national or provincial Executive Power might add 10 additional years to those established by law, duly justifying its deviation from the norm.

Exploration Permits

As provided in National Law No. 17,319, as amended, (the “National Hydrocarbon Law”), the exploration permits are granted by the National or the Provincial States, depending on the location of the permit area and confers the exclusive right to carry out all the tasks required by the search for hydrocarbons within the perimeter delimited by the permit and during the term established.

Every holder of an exploration permit has the right to obtain one exclusive concession for the exploitation of the hydrocarbons discovered within the perimeter delimited by the permit.

The permit also authorizes the construction and use of transportation and communication routes and the buildings or facilities that are required.

The awarding of an exploration permit obliges its holder to carry out the necessary work to locate hydrocarbons with due diligence and in accordance with the most efficient techniques and to carry out the minimum investments that have been committed for each of the periods covered by the permit.

If the investment made in any of said periods is less than that promised, the permit holder must pay the State the resulting difference, except in cases force majeure. If there are evidenced and accepted technical difficulties in the opinion of the authority, the substitution of said payment may be authorized by the increase in the commitments established for the following period in an amount equal to the amount not invested.

The resignation of the permit holder to the right of exploration obliges him to pay to the State the amount of the investments committed and not carried out that correspond to the period in which said resignation occurs.

If in any of the periods the investments corresponding to technically acceptable works exceed the amounts committed, the permit holder may reduce the investments corresponding to the following period by an amount equal to the surplus, provided that this does not affect the performance of the works essential for the effective exploration of the area.

When the exploration permit is partially converted into an exploitation concession, the authority may accept that up to fifty percent of the remainder of the investment that corresponds to the area covered by that transformation be used for the exploitation of the same, provided that the rest of the committed amount increases the pending investment in the exploration area.

The permit holder who discovers hydrocarbons must make the corresponding filing before the authority within 30 days.

Within 30 days from the date on which the permit holder, in accordance with acceptable technical-economic criteria, determines that the discovered deposit is commercially exploitable, they must file before the authority their request to obtain the corresponding exploitation concession, observing the conditions set in the National Hydrocarbon Law. The concession must be granted within the following 60 days and the term of its term will be according to the nature of the concession.

The granting of the concession does not imply the expiration of the exploration rights on the areas that are retained for this purpose during the pending term.

The partial transformation of the area of the exploration permit into an exploitation concession carried out before the expiration of the basic term of the permit, authorizes the addition of the unexpired period of the exploration permit to the concession term, excluding the term of the extension.

At any time, the permit holder may resign all or part of the area covered by the exploration permit, without prejudice to the obligations assumed as per the law.

Exploration permits may be granted only in possible areas. The exploration unit will have an area of 100 square kilometres and will cover areas which surface does not exceed 100 units. Those granted on the continental platform will not exceed 150 units.

At the end of the first period of the basic term, the permit holder will decide if they continue exploring in the area, or if they reverts it totally to the State. The permit holder may maintain the entire area originally granted, as long as they have properly complied with the obligations arising from the permit.

At the end of the basic term, the permit holder will restore the total area, unless they exercise the right to use the extension period, in which case said restitution will be limited to 50% of the remaining area before the expiration of the 2nd period of the term.

Exploitation Concession

The exploitation concession confers the exclusive right to exploit the hydrocarbon deposits that exist in the areas included in the respective concession title during the period according to the nature of the concession.

The exploitation concessionaire, within the concession area, may request the subdivision of the existing area into new areas of unconventional hydrocarbon exploitation and the granting of a new unconventional hydrocarbon exploitation concession. Said request must be based on the development of a pilot plan that, in accordance with acceptable technical-economic criteria, has the purpose of commercial exploitation of the discovered deposit. Requests for conversion shall be made prior to December 31, 2028.

The holders of an unconventional hydrocarbon exploitation concession, who in turn are holders of an adjacent and pre-existing exploitation concession to the first one, may request the unification of both areas as a single unconventional exploitation concession, provided that it is demonstrated conclusively the geological continuity of these areas. Said request must be based on the development of the pilot plan.

As mentioned in the midstream section, all holders of an exploitation concession have the right to obtain an authorization for the transportation of their hydrocarbons.

The exploitation concession authorizes to carry out, within the limits specified in the respective title, the search and extraction of hydrocarbons according to the most rational and efficient techniques; and within and outside such limits, although without disturbing the activities of other permit holders or concessionaires, it also authorizes the construction and operation of treatment and refining plants, communications systems and general or special transportation for hydrocarbons, buildings, warehouses, camps, docks, jetties and, in general, any other works and operations necessary for the development of their activities.

Every exploitation concessionaire is obliged to carry out, within reasonable terms, the investments that are necessary for the execution of the works required by the development of the entire area covered by the concession, in accordance with the most rational and efficient techniques and in correspondence with the characteristics and magnitude of the proven reserves.

Within 90 days of having formulated the discovery filing referred above and from time to time thereafter, the concessionaire shall submit the development programs and investment commitments for the approval of the authority corresponding to each of the exploitation lots. Said programs must meet the requirements described in the previous paragraph and be capable of accelerating as far as possible the final delimitation of the concession area in accordance with the following principles: each of the lots covered by a concession must coincide as closely as possible with all or part of commercially exploitable hydrocarbon production traps.

The concessionaire must practice the measurement of each one of said lots, having to readjust its limits according to the best knowledge it acquires of the productive traps.

In no case may the limits of each lot exceed the area withheld from the exploration permit.

The maximum area of a new exploitation concession and that does not come from an exploration permit granted prior to October 2014, will be 250 square kilometers.

The total or partial reversion to the State of one or more lots of an exploitation concession will entail the transfer in its favour, without any charge, by operation of law and free of all encumbrances of the respective wells with the equipment and facilities for its operation and maintenance and of the constructions and fixed or mobile works permanently incorporated into the exploitation process in the concession area. Excluded from reversion to the State are mobile equipment not exclusively linked to the production of the deposit and all other facilities related to the exercise by the concessionaire of the industrialization and commercialization rights or other subsisting rights.

Other than the specific cases provided in the referred law, as a general rule, the exploration permits and exploitation concessions regulated in this law will be awarded through tenders. It should be noted, on the other hand, that the Law of Bases establishes a system of authorizations for the transport of hydrocarbons and underground storage of natural gas, to become governed by administrative authorizations in certain particular cases —whereas the rest of them would not require an authorization—, regulated by Section 4 and 4 bis of the Hydrocarbons Law, respectively. With respect to hydrocarbon processing, a regime of authorizations ("habilitaciones") was incorporated. These provisions will coexist with the regime in force prior to the Law of Bases, with respect to those transport concessions already in existence.

Without prejudice to the procedure set forth in the preceding paragraph, those interested in the activities governed by this law may submit proposals to the enforcement authority specifying the general aspects that their program of achievements would include, and the places and surfaces required for their development. If the National Executive Power deems that the proposal made is of interest to the Nation, it will authorize the submission of the respective project for in the manner established in the law. In such cases, the party who made the proposal will be preferred in parity of award conditions.

Most of the provincial hydrocarbons laws include similar provisions.

In addition to the above referred obligations, these are the main permit holders', concession holders' and authorization holders' obligations:

a) Carry out all those that correspond to them that correspond to them pursuant to the National Hydrocarbon Law, observing the most modern, rational and efficient techniques;

b) Adopt all the necessary measures to avoid damage to the deposits, due to the drilling, operation, conservation or abandonment of wells, immediately notifying the national or provincial enforcement authority of any developments in this regard;

c) Avoid any waste of hydrocarbons; if the loss is due to fault or negligence, the permit holder or concessionaire will respond for the damages caused to the State or to third parties;

d) Adopt the security measures recommended by the accepted practices in the matter, in order to avoid accidents of all kinds, informing the national or provincial authority of those that occur;

e) Adopt the necessary measures to avoid or reduce the damages to agricultural activities, fishing and communications, as well as to the layers of water found during drilling;

f) Comply with the applicable national, provincial and municipal legal and regulatory norms.

The permit holders, concessionaires and authorization holders will file with the primary information referring to their work and, likewise, the rest necessary for the authority to fulfil the functions assigned to it by the National Hydrocarbon Law.

Those who carry out work regulated by the referred law will have to preferentially consider the employment of Argentine citizens at all levels of the activity, including management and especially residents of the region where said work is carried out. The proportion of national citizens referred to the total personnel employed by each permit holder or concessionaire, may in no case be less than 75%, which must be achieved within the terms established by the regulations or the specifications.

Likewise, they will train the personnel under their supervision in the specific techniques of each of their activities.

Overlap with Other Minerals

The exploitation concessionaire who, in the course of the works authorized by virtue of the referred law, discovers mineral substances not included within the hydrocarbons' regulation, shall have the right to extract and appropriate them, previously complying in each case, with the obligations established in the Mining Code for the discoverer, before the corresponding mining authority for reasons of jurisdiction.

When in the area of an exploitation concession third parties unrelated to it discover first or second category mineral substances, the discoverer may undertake mining works, provided that they do not harm those carried out by the operator. Otherwise, and in the absence of agreement between the parties, the authority, after hearing the jurisdictional mining authority, will determine the exploitation to which priority should be granted, if the simultaneous work of both is not possible. The respective resolution will be based on reasons of national interest and will not prevent the payment of the corresponding compensation by the beneficiary.

When the owner of a mine, regardless of the category of substances, finds hydrocarbons, without prejudice to disposing of them only to the extent required by the mineral extraction and beneficiation process, they shall notify the authority within 15 days from the finding, in order to decide on the matter in accordance with the National Hydrocarbon Law.

Infrastructure and Surface-Owners

As mentioned above, the holder of an exploitation concession has the right to construct and operate treatment and refining plants, communications systems and general or special transportation for hydrocarbons, buildings, warehouses, camps, docks, jetties and, in general, any other works and operations necessary for the development of their activities, in addition to transportation concessions beyond their concession perimeter.

On the other hand, the National Hydrocarbons Law provides that permitholders, concessionaires and authorization holders must indemnify surface owners for damages caused to the funds affected by their activities. Interested parties may sue in court for the fixing of the respective amounts or accept —by mutual agreement and in an optional and exclusive manner— those determined by the National Executive Power on a zonal basis and without the need for any proof on the part of said owners.

Assignments

Permits and concessions (exploration, exploitation and/or transport under the previous regime) and authorizations (transport and storage) granted by virtue of the National Hydrocarbon Law may be assigned, prior authorization from the Executive Branch, in favor of those who meet and comply with the conditions and requirements required to be permit holders, concessionaires or authorization holders as appropriate.

The assignment request will be submitted to the national or provincial authority, accompanied by the public deed document.

Exploitation concessionaires may enter financing agreements and secure them with the concession by way of a collateral assignment in favour of the creditor. Said contracts will be submitted to the prior approval of the Executive Branch, which will only be agreed upon in the event that compliance with the conditions required in the previous paragraphs.

Most provinces have similar regulations, in some case the approval has to be from the Provincial Legislative Branch, rather than the Executive Branch.

Canon and Royalties

Please refer to chapter “Taxes and Royalties”.

Nullity, Expiration and Extinction of Permits and Concessions

As per the National Hydrocarbon Law, the following are absolutely null:

(i) Permits, concessions or authorizations granted or assigned to precluded, excluded or incapable individuals or entities to acquire them, in accordance with the provisions of the National Hydrocarbon Law;

(ii) Permits, concessions or authorizations acquired in a manner other than that provided for in the referred law;

(iii) Permits and concessions that overlap with others previously granted or with areas where hydrocarbon activities are forbidden, but only with respect to the overlapping area.

(iv) Any award of permits or concessions upon the expiration of the original terms, without conducting a public bid and open tender process.

Concessions or permits expire:

(i) Due to non-payment of the respective canon, three months after the expiration of the term to pay it;

(ii) Due to non-payment of royalties, three months after the expiration of the term to pay them;

(iii) For substantial and unjustified breach of the obligations stipulated in terms of productivity, conservation, investment, work or special advantages;

(iv) For repeated breach of the duty to provide the required information, to facilitate the inspections of the national or provincial authority or to observe the appropriate techniques in carrying out the work;

(v) For not having complied with the obligations of informing a hydrocarbon discovery or submitting with the authority the development programs and investment commitments for the approval of the authority;

(vi) Due to the permit holder or concessionaire having fallen into a legal state of bankruptcy, in accordance with the enforceable judicial resolution that so declares;

(vii) Due to the death of the individual or the end of the existence of the legal entity that owns the right, except for an express act of the National Executive Power keeping it at the head of the successors, if they meet the requirements to be holders;

(viii) Due to non-compliance with the obligation to transport third-party hydrocarbons under the conditions established in the regulations.

Prior to the declaration of expiration for the reasons set forth in subparagraphs (i), (ii), (iii), (iv) and (vii) the enforcement authority will order permit holders and/or concessionaires and/or authorization holders to remedy their breach within the term the authority sets.

The concessions and permits are extinguished:

(i) Due to the expiration of their terms.

(ii) By resignation of its holder, which may refer to only a part of the respective area, with a proportional reduction of the obligations under his responsibility, provided that it is compatible with the purpose of the right.

When a permit or concession is annulled, expired or extinguished, the respective areas will revert to the State with all the improvements, facilities, wells and other elements that the holder of said permit or concession has affected the exercise of their respective activity.

The specific clauses of the permits and concessions, when the National Executive Power deems it appropriate, may provide for an arbitration panel. The arbitral panel will be made up of an arbitrator appointed by each of the parties and the third by agreement of both or, failing that, by the president of the Supreme Court of Justice of the Nation.

Sanctions

Failure to comply with any of the obligations arising from the permits, concessions and authorizations that do not constitute a cause for expiration or is punished in a different way, will be punished by the authority with fines.

Main Provincial Hydrocarbon Companies

- Neuquén: Gas y Petróleo del Neuquén S.A. (GyP).
- Santa Cruz: Fomicruz S.E.
- Río Negro - Empresa de Desarrollo Hidrocarburífero Provincial S.A. (EDHIPSA).
- Chubut: Petrominera Chubut S.A. (Law 3,422).
- Mendoza: Empresa Mendocina de Energía S.A. (EMESA).
- La Pampa: Pampetrol S.A.P.E.M. (Law 2,225).
- Jujuy: Jujuy Energía y Minería S.E. (JEMSE).
- Salta: Recursos Energéticos y Mineros de Salta S.A. (REMSA).
- Formosa: Recursos Energéticos Formosa Sociedad Anónima (REFSA)

Offshore Regulatory Framework

Offshore exploration and production activities are also regulated by Law No. 17,319, as amended, and by subsequent regulatory decrees and resolutions.

On March 11, 2016, the Commission on the Limits of the Continental Shelf (the “CLCS”), a technical institution created by the United Nations Convention on the Law of the Sea, adopted by unanimous vote the recommendations on the submission made by Argentina; consequently, the international community acknowledged, under the terms of the CLCS, the limits of the Argentine continental shelf (extending twelve (12) nautical miles from the baseline up to the outer limit of the continental shelf within the jurisdiction of the Argentine State), adding more than 1,782,500 km2 of Continental Shelf under the control of Argentina.

It should be noted that offshore resources beyond the 12th nautical mile from the baseline remain in federal domain and are subject to exclusive federal jurisdiction.

2018 International Bidding Process

Argentina has had offshore hydrocarbons production in shallow waters for decades, which, at the time of this guide, accounted for approx. 17% of the national natural gas production. The main projects are off the coasts of the Provinces of Tierra del Fuego and Santa Cruz.

Within that context, in 2018 a competitive bidding process was launched for the award of exploration permits and, potentially and depending on the results of the exploration, exploitation concessions, under the terms of Law No. 17,319 over offshore areas located on the Argentine continental shelf. This initiative was regulated through Decree No. 878/2018 and the Secretariat of Energy Resolution No. 65/2018. In our opinion, this process is a good point of reference for having an overview and analyzing how these activities are to be performed, as it contains, compiles and regulates all relevant aspects of the subject matter.

When the process was launched, the Argentine Continental Shelf and the several exploratory basins making up that continental shelf were underexplored and constituted less than 1% of the surface area already awarded in concession. One of the main conclusions is that this is why no substantial investments had been made during the preceding 20 years in order to explore the Argentine Continental Shelf, despite the significant technological breakthroughs in offshore exploration during that period[1].

In view of that, it was deemed necessary and advisable to adopt measures to increase the knowledge, exploration and production of offshore areas located on the Argentine Continental Shelf through effective investments in seismic prospection and exploratory work in general by companies with the technical and financial capacity required to achieve the development of the sea basins, and who contribute technology, equipment, machinery and other investments necessary for each of the areas to be awarded.

Among the measures adopted to implement such goals we find:

(i) Certain provisions establishing the change of jurisdiction to international arbitration sitting on a State that is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958).

(ii) In line with Section 71 of Law No. 17,319, obligation to give preference to the hiring of Argentine citizens for operations, who shall be trained in state-of-the-art techniques.

(iii) In order to attain higher efficiency and effectiveness in their investments and the resulting production, the obligation for the concession and authorization holders to provide open access to the capacity remaining in their infrastructure facilities subordinated to the needs of the authorization holder at market rates and under transparency and non-discrimination conditions, to any other concession holder requiring such access.

1. For a brief history of Argentina's offshore activities: https://www.argentina.gob.ar/economia/energia/exploracion-costa-afuera/historia-offshore-en-argentina

(iv) Benefits at the concession stage, in the terms and conditions set forth in Law No. 27,007 and in Decree No. 929/2013, the holder of an Exploitation Concession may freely dispose of 60% of the hydrocarbons produced from the wells drilled under the Exploitation Concession in locations where the average depth of water exceeds 90 m, and 20% of the hydrocarbons produced in locations where the average depth of water does not exceed 90 m, and may freely dispose of 100% of the foreign currency arising from the exportation of such hydrocarbons. The exportation of hydrocarbons that may be freely disposed of in accordance with this Section shall not be subject to export duties.

Royalties

The concessionaire will pay royalties for the production from the area in accordance with the royalties offered in the tender, which were committed in the award process. The amendments to the Law of Bases have eliminated the fixed value ceilings ranging from 5% to 12% under the previous regime.

In addition, any payments or contributions in kind that the National Government shall have to make in accordance with Section 82 of the United Nations Convention on the Law of the Sea[2] shall be assumed by the concession holder, who shall deliver an amount or quantity of hydrocarbons equal to the amount or quantity that the National Government shall have to pay or deliver (notified in writing at least 30 days in advance of the relevant date of payment or delivery of hydrocarbons). In practice, this payment could be construed as an "additional royalty" of up to 7%.

The general obligation contained in Section 36 of Law No. 17,319, that no damage is caused to neighboring permit holders or concessionaires and that, in the absence of agreement between the parties, the Enforcement Authority shall impose operating conditions in the areas bordering the concessions, was given a more detailed regulation in 2018.

In that sense, the bidding terms and conditions established that, in the case of areas shared by two or more concession holders, none of them may conduct their operations so as to cause damage to neighboring concession holders and, at the request of any concession holder, the Enforcement Authority will assess the situation and, if appropriate, will determine that the area in question is a shared area eligible for unification.

2. United Nations Convention on the Law of the Sea – "Section 82: Payments and contributions with respect to the exploitation of the continental shelf beyond 200 nautical miles:

1) The coastal State shall make payments or contributions in kind in respect of the exploitation of the non-living resources of the continental shelf beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

2) The payments and contributions shall be made annually with respect to all production at a site after the first five years of production at that site. For the sixth year, the rate of payment or contribution shall be 1 per cent of the value or volume of production at the site. The rate shall increase by 1 per cent for each subsequent year until the twelfth year and shall remain at 7 per cent thereafter. Production does not include resources used in connection with exploitation.

3) A developing State which is a net importer of a mineral resource produced from its continental shelf is exempt from making such payments or contributions in respect of that mineral resource.

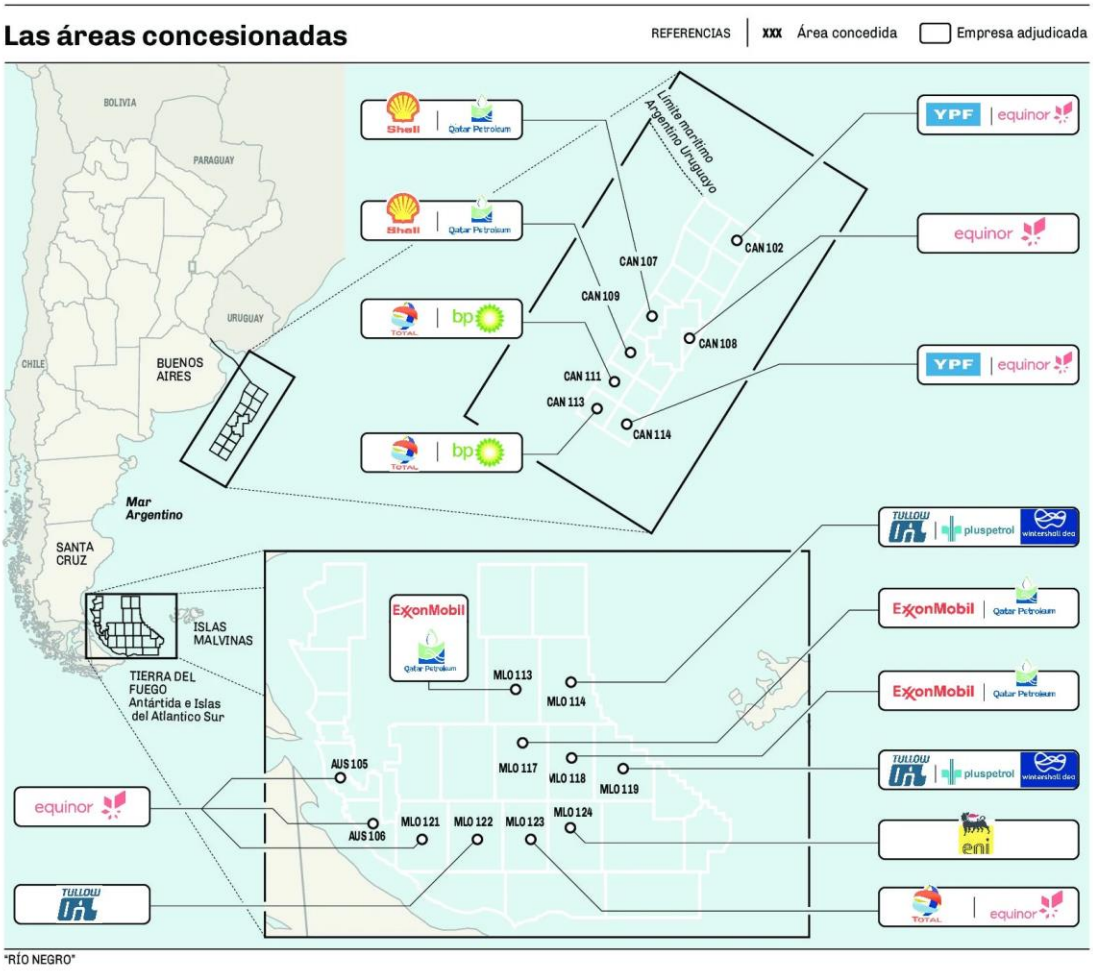
4) The payments or contributions shall be made through the Authority, which shall distribute them to States Parties to this Convention, on the basis of equitable sharing criteria, taking into account the interests and needs of developing States, particularly the least developed and the land-locked among them."

In such case, the concession holders involved shall have up to six months to reach an agreement on the manner to exploit that shared area, which shall be submitted to the Enforcement Authority for approval. If no agreement has been reached upon expiration of that term, the concession holders involved shall submit the dispute to an arbitrator appointed by mutual agreement of the parties, or failing which, by the Enforcement Authority.

Awards

As a result of the bidding process, a total of 18 areas were awarded, totaling around 230,000 km2 in the Argentine sea, in waters ranging from 100 to 4000 meters deep.

Thirteen leading IOCs and NOCs won the bid: YPF, QatarEnergy, Equinor, ExxonMobil, Total, Shell, Pluspetrol, Tecpetrol, Wintershall, BP, Mitsui, ENI and Tullow. In total, the awarded oil companies committed almost US$1 billion of investment in exploration alone.



Current Status

As of the date of publication of this guide, the first exploration well has been drilled by Equinor in the North Argentine Basin, and it did not show evident indications of oil or natural gas, so the well was considered dry. There are several other awarded areas that are undergoing their Environmental Impact Assessment process. The expectation would be that they are ready to drill in the upcoming summer season. Some other areas within the same basin have been reverted to the State.

MIDSTREAM (CRUDE OIL)

Midstream activity related to crude oil and liquid hydrocarbons in general is governed by National Hydrocarbon Law itself and the regulations, specifically by National Decrees No. 44/1991 and No. 115/2019.

The transportation authorization is the legal title that gives the right to transfer hydrocarbons and their by-products by means that require permanent installations, being able to build and operate for this purpose oil pipelines, gas pipelines, polyducts, storage and pumping or compression plants; port, road and railway works; air navigation infrastructures and other facilities and accessories necessary for the proper functioning of the system subject to general legislation and current technical standards.

Prior to the Law of Bases, the existing regime established that the transport concession was granted as an accessory to an exploitation concession, during the same term as the latter, and it was not necessary to obtain a concession for those situations in which the transport did not exceed the limits of any of the concession areas. These provisions were maintained. In addition, the existing regime regulated the granting of transport concessions without the need for an associated exploitation concession, which would be awarded through bidding mechanisms, for up to 35 years and with the possibility of requesting extensions for a period of 10 years each, provided that they concession holders had complied with their obligations, were transporting hydrocarbons at the time of requesting the extension, and presented a work plan and associated investments.

With the enactment of the Law of Bases, transport began to operate under a regime of authorizations, maintaining the right to obtain a transport authorization for those who were holders of exploitation concessions and consolidating lesser requirements for the rest of the cases, which previously were required to go through a bidding and concession process. It is important to highlight that, as per Decree No. 1057/2024, the authorization process has been further simplified and aligned with free market principles, particularly with regard to the liberalization of access to transportation services. At the same time, it needs to be noted that holders of projects and/or facilities for the conditioning, separation, fractionation, liquefaction and/or any other hydrocarbon industrialization process may request an authorization from the authority to transport hydrocarbons and/or their byproducts to their industrialization facilities and from these facilities to the centers and/or facilities for further industrialization or commercialization processes. These authorizations will not be subject to a time limit.

This way, the new and the old regime would coexist for those transport concessions in force, according to the conditions under which they were granted.

Regarding the tariff regime, Section 43 of the National Hydrocarbon Law establishes, on the one hand, a preferential regime for the transport of own hydrocarbons in the cases of transport authorizations associated with exploitation concessions and, on the other, an open access regime for the remaining available capacity, subordinated to the needs of the transport authorization holder, who, in turn, may not carry out acts involving unfair competition or abuse of his or her dominant position.

National Decree No. 44/1991 provides in this regard that the transportation of liquid hydrocarbons will be carried out as a utility service, ensuring open and free access to the transportation system for anyone who requires it, without discrimination and for the same tariff rate under equal circumstances, as long as there is available capacity. It should not be understood that this activity has been formally declared as a utility service, although certain aspects of it (specifically the open access tariff regime) are regulated and treated as if it were a utility service. Let us remember that in Argentina to declare an activity as a "utility service" a formal declaration made through a law issued by the National Congress is required.

Notwithstanding this tariff regime, even before the enactment of the Law of Bases and in order to promote midstream activity, National Decree No. 115/2019 was issued through which, among other issues, certain flexibilities and exceptions to this open access system have been established.

In this sense, Section 5 provides that the holders of liquid hydrocarbon transportation concessions granted after the entry into force of this decree and the holders of liquid hydrocarbon transportation concessions granted before that date, may ensure firm transportation capacity to any interested party through capacity reservation contracts in connection with the volume of the capacity expansions of their facilities carried out after that same date of it entering in force and effect. These contracts can be freely negotiated in terms of their allocation modality, prices and volumes.

Thus, for these new facilities, only the uncontracted capacity and the unused contracted capacity will be subject to the tariff rate approved by the authority.

Under the new framework, the flexibility for new contracts outside of the approved tariff regime has been expanded. As per Decree No. 1057/2024, it is now possible for transportation services to enter into new contractual arrangements with market-driven prices, as long as the principles of transparency and non-discrimination are maintained.

It is expected that these two decrees may undergo modifications following the enactment of the Law of Bases, expanding the possibility of entering into new contracts outside the tariff approved by the authority.

MIDSTREAM (NATURAL GAS)

In contrast to what happens with liquid hydrocarbons and byproducts, in the gas industry both the transportation (midstream) and the distribution (downstream) of natural gas constitute a national utility service as established in Section 1 of Law No. 24,076. The competent authority of the activity is the National Gas Regulatory Agency (ENARGAS). The Law of Bases created the National Regulatory Entity for Gas and Electricity, which will replace and assume the functions of the National Electricity Regulatory Entity (ENRE) and the National Gas Regulatory Entity (ENARGAS).

On the other hand, the natural gas and all those facilities and gas pipelines upstream to its entry into the point of entry to the transportation system (PIST) are not considered a utility service and are governed by the provisions of National Hydrocarbon Law requiring in such case an exploitation or transportation concession granted under the terms of that law as appropriate.

Law No. No 24,076 considers that a carrier-gas transporter (utility service) is any legal entity that is responsible for the transportation of natural gas from the point of entry into the transportation system, to the point of reception by distributors, consumers who contract directly with the producer, and storage companies.

To be a carrier-gas transporter, a qualification (license) granted by the National Executive Branch is required. The authorizations are granted for 35 years with the possibility of extending for another 20 years.

There are currently two natural gas transportation licensees in Argentina, resulting from the privatization of the state company Gas del Estado. These companies divide the transportation service based on their geographical location: Transportadora Gas del Sur (TGS) and Transportadora Gas del Norte (TGN).

The law also sets that the utility transport service can be provided ensuring open access, without discrimination. It establishes a system of mandatory investments, expansions and improvements of the gas pipeline system and a tariff system that sets the following adjustments:

- Recurring adjustment for variations in international market indicators; [Semester PPI (producers price index, Industrial Commodites)].
- Recurring Comprehensive Tariff Review (RTI), every 5 years (investment and efficiency factor). The last RTI was carried out in 2016 and approved in 2017.
- Non-recurring: (i) Adjustment based on objective and justified circumstances; (ii) Adjustment for changes in taxes.

Regarding the profitability of the tariff rates, the law provides: That the carriers transporters profitability should be similar to that of other equivalent activities or of comparable risk; that it is related to the degree of efficiency and satisfactory provision of the services.

Regarding the modalities, the tariff rates are divided into transport: Firm, Interruptible, Service Exchange and Displacement.

- Traders/Brokers: The law also establishes the “traders/brokers” role, who buy and sell natural gas and/or transports natural gas on behalf of and by order of third parties, and who have been expressly recognized as such by the National Entity Gas Agency (ENARGAS) and registered in the Register of Traders. This activity is regulated by ENARGAS Resolution No. 94/2020.

DOWNSTREAM (CRUDE OIL)

Unlike upstream and midstream activities, downstream does not have a specific regulation that covers all aspects of the activity. Generally speaking, it is an unregulated activity in the strict sense, based on private law. Notwithstanding this, there are various aspects of it that permanently or temporarily have been subject to specific regulations.

Decree No. 1212/1989 was the fundamental rule in the process of deregulation of the hydrocarbon activity in Argentina in the 1990s and mainly sets three principles:

- Freedom to install outlets, subject to compliance with safety regulations.
- Full liability of the owner and/or vending company, regarding safety regulations, having to comply with national, provincial and municipal regulations.
- Liability of the entity or individual that owns the trademark of the outlet, in terms of the specification, quality and quantity of the products.

Law of Bases, on the other hand, establishes certain duties on those authorized to process hydrocarbons, since they shall be obliged to process hydrocarbons from third parties up to a maximum of 5% of the capacity of their facilities, the third party being responsible for the costs associated to the connection to the plants. Such percentage may be increased by agreement of the parties or by the authority in the event that after 4 years of the plant's licensing, there still remains idle capacity. The aforementioned is subordinated to the safety of the process. Such provisions shall not be applicable to process units that constitute refining complexes and their related storage facilities, to natural gas storage and/or liquefaction plants or to hydrocarbon transportation authorizations granted to the owners of such liquefaction plants.

Some of the additional specific regulations for this segment of the activity are described below.

Exclusive fuel supply contracts: National Decree No. 1060/2000 establishes the maximum terms for exclusive fuel supply contracts, regardless of their legal form, signed by oil companies and/or fuel suppliers and fuel service station owners:

- 5 years for the term, renewal and/or extension for existing fuel service stations.
- 8 years for the establishment of a new service station.

Additionally, it establishes the obligation for the oil companies and/or fuel suppliers to sell the fuel storage tanks – if they are their property – to the owners of the stations at the expiration of the contract, at their residual value.

It sets a limit of 40% for the stations of the oil companies' own network.

Likewise, it is established that oil companies and/or fuel providers will not be able to directly own and/or operate more than 40% of the total network of service stations that sell brand-products that they own.

- Liquid Fuel Dispensing Stations, Own Consumption, Storers and Marketers of Bulk Fuels Registry: Resolution No. 1102/2004 of the National Secretariat of Energy establishes that all locations for the sale of fuel, retailers (fuel service station), wholesalers (all segments), dedicated to distribution and facilities for own consumption (with storage tanks), are required to register in the registry. Fuel supply companies may not supply fuel to these locations if they are not registered in the Registry, or if they have been suspended from it. In addition, the companies supplying fuel to those commercial locations will not be able to supply if the latter are not registered in the registry or has been suspended. This standard also establishes the security requirements and audits that must be carried out on the facilities associated with mentioned stations.

- Information system: Resolution No. 314/2016 of the National Ministry of Energy created an information system on which the owners of outlets must inform within 8 hours of the change of price of the following products: gasoline grade 2 and 3, diesel grades 2 and 3 and CNG (Compressed Natural Gas).

- Standards referring to internal supply

- Technical specifications for liquid fuels: In 2006 it was decided to issue a single standard (Resolution No. 1283/2006 of the National Secretariat of Energy) that would include all the technical specifications of the fuels marketed in the country. This standard is periodically amended establishing new requirements, especially in the reduction of sulfur content.

- Commercialization in the domestic and International markets: The Law of Bases amended Section 6 of Law No. 17,319 and explicitly establishes that the permit and concession holders will have control over the hydrocarbons they extract and, consequently, they will be able to transport, commercialize, industrialize and market their byproducts freely, in accordance with the regulations issued by the National Executive Power. In this sense, it is stated that the National Executive Branch may not intervene or fix domestic market prices for all activities that are subject to permits, concessions and authorizations. Furthermore, Decree No. 1057/2024 reinforces this framework by confirming that permit holders, concessionaires, refiners, and/or marketers can freely export hydrocarbons and their derivatives, as long as no objection is raised by the Secretariat of Energy, which retains the authority to reject exports only on limited and specific grounds related to domestic supply security. This represents a shift from the previous regulatory approach, which conditioned export authorizations on ensuring domestic market supply.
  Additionally, the Secretariat of Energy must process any objection within 30 business days from the notification of export. If no objection is made within that period, the export will be deemed approved, and a "Constancia de Libre Exportación" may be requested to facilitate the process before customs authorities. Once granted, export authorizations cannot be revoked or modified except in cases of force majeure or unexpected and severe domestic supply shortages. This decree establishes the requirements for proving access to technically proven hydrocarbon resources, including reserves and prospective resources, when applying for export notifications exceeding one year. Applicants must demonstrate their right to dispose of the volumes stated in the export notification by presenting documentation on reserves and production capacity, certified by independent experts. Additionally, the applicant must renew the accreditation of access to technically proven resources according to guidelines set by the Secretariat of Energy, with renewal periods of at least three years. If infrastructure projects are necessary for the exports, the Secretariat may grant extended deadlines to facilitate proper execution of investments.

Before this amendment, Resolution No. 1879/2005 of the National Secretariat of Energy had established that refining / trading companies that have exclusive contracts with vendors must ensure the supply of fuel to the domestic market on a continuous, regular, reliable, and non-discriminatory basis.

DOWNSTREAM (NATURAL GAS)

The natural gas distribution activity has a general regulatory scheme very similar to that described for the transportation of natural gas in its utility service variant.

As in the case of transportation, to be a distributor an express authorization (license) is required, which is granted for 35 years with the possibility of being extended for another 20 years. The principles of open access and non-discrimination to the distribution network also apply.

In terms of tariffs, the same principles and types of adjustments apply as in terms of transport. As in the case of transport, the last RTI corresponds to the year 2016.

Notwithstanding this, the general regulatory scheme has been affected and impacted by different regulations over the years as a result of the different economic crises in the country and situations of shortages in the domestic market. Among the regulations that have had the most impact on the sector, the following can be mentioned:

- National Law No. 25,561- Economic Emergency and Decree No. 214/2002: - Pesification of contracts; - Pesification and freezing of transportation and distribution rates (pass through); - Exclusion of exports (National Decree No. 689/2002); - Renegotiation of utility service concession contracts;

- Price Path Agreement – 2004 (Resolution No. 208/2004 of the National Secretariat of Energy): Differential gas price for “residential” consumers and “small commercial consumers” / “Industrial Consumers” and “Generators”; - Price increases with different trails-paths; - Volume Guarantee; - Suspension of Claims against gas distributors, transporters-carriers and generators-producers.

- Price Path Agreement – 2007-2011 (Resolution No. 599/2007 of the National Secretariat of Energy): Ensures the supply to the domestic market; Guarantee supply for the Priority Demand Segment; - Distinguishes between Signatory and Non-Signatory Producers to establish additional injection priorities. Improves the price conditions of the industrial and plant segments for the Signatory Producers.

- Trusts for investment in gas distribution and transportation: These were intended to finance expansions of the distribution and transportation systems. The funds to carry out said investments would be provides through special credit facilities and specific charges to be paid by consumers (in accordance with the provisions of National Law No. 26,095).

- Unbundling & Gas Market Segmentation (Resolution No. 752/2005): Established a differential gas price between “residential” consumers, “small commercial consumers”, “Industrial Consumers” and “Electric Power Generators”. Likewise, since August 2005, Industrial Consumers and Generators must purchase natural gas directly from the producers and/or traders.

- Argentine Natural Gas Production Promotion Plan: National Decree No. 892/2020 approved the Argentine Natural Gas Production Promotion Plan-Supply and Demand Scheme ("Gas Plan 2020 – 2024"). According to the Decree, the Gas Plan 2020-2024 will be implemented through the signing of direct contracts between the producing and distributing companies, on the one hand, and between the producing companies and the Compañía Administradora del Mercado Mayorista Eléctrico Sociedad Anónima (CAMMESA), on the other.

  The National State has decided to take over the payment of a portion of the price of natural gas at the Point of Entry to the Transportation System (PIST) to promote the full adherence of the players in the natural gas industry. Within this framework, it was also foreseen that the Central Bank of the Republic of Argentina would establish suitable mechanisms in order to facilitate access to the Free Exchange Market for the repatriation of direct investments and their income and/or the cancelling services or principal of financial indebtedness of the abroad when the funds have been deposited from November 16, 2020 and are genuine operations intended for the financing of projects under the Gas Plan. For further details, please see chapter "Infrastructure Works for Oil & Gas".

- New Import and Export Regulations and LNG projects provided for in the Law of Bases: Through the reform provided for in the Law of Bases, it was established that natural gas imports will be authorized without the need for prior approval. On the other hand, natural gas exports would be regulated by the National Executive Power, maximizing the income obtained from the exploitation of resources and satisfying the country's hydrocarbon needs. Decree No. 1057/2024 further refines these provisions, establishing that LNG exports require prior authorization from the government. In order to obtain this authorization, interested parties must file a "LNG Export Notice" informing availability, production capacity, technical and economic solvency, maximum quantities to be exported, among others. Exporters must also ensure that they do not compromise domestic supply security. The decree also mandates that exporters provide detailed information about their contracts, production levels, and export volumes. This aims to enhance transparency and market predictability. Once the request has been filed, the Energy Secretariat has 120 business days to grant the export authorization or to reject it, in case the requirements are not fulfilled. If the authorization is granted and for the following 30 years, exports will be firm as regards annual, monthly or daily maximum quantities, and the government shall not review or prevent said exports, provided they comply with the information established in the LGN Export Notice. On the import side, the decree maintains the flexibility for companies to import LNG freely, especially in cases where local production cannot meet demand, ensuring energy security. The overall framework encourages the development of LNG infrastructure, fostering investment in liquefaction plants and regasification facilities, thereby positioning Argentina as a key player in the global LNG market.

4. Infrastructure Works for Oil & Gas

As mentioned in the previous chapters, the potential of Vaca Muerta is, at this point, indisputable. Not only because it is the second largest unconventional shale gas reserve and the fourth largest unconventional oil reserve in the world, whose resources would be enough to supply the local market for more than one hundred years, as well as to export its incremental production to a world eager to import energy, among other factors. In this context, there is growing expectation for the investments in the field, for almost US$8 billion, announced by the hydrocarbons industry.

According to estimates, total production could reach 1,000,000 daily barrels, with 750,000 barrels being exported daily, which could translate into 22,000 million dollars of income on a yearly basis.

However, reaching these levels of oil and gas production and its consequent effect on exports depends on certain milestones to of additional expansion of the evacuation capacity of hydrocarbons produced in the Neuquén basin, including: (i) the expansion of the Sistema Integral de Oleoductos (Oldelval) the Duplicate Plan/Plan Duplicar- the company that carries all the crude oil from the Neuquén basin to Bahía Blanca; (ii) the expansions over the Perito Francisco P. Moreno gas pipeline (formerly President Kirchner pipeline) to supply the industrial areas in Santa Fe and Córdoba and the North gas pipeline, (iii) the reversion of the Northern gas pipeline, which would enable to supply gas to the Northwest, Chile, Bolivia and Brazil, (iv) a gas pipeline for LNG exports from Vaca Muerta to the coast of the Río Negro Province.

The following programs although they are still in place, as a consequence of the Law of Bases and the free-market paradigm instead of the self-sufficiency goal is that we do not expect the current administration to use much these programs onwards.

Oil and gas production reached record levels since 2003.

In November 2024, oil production surpassed 746,000 barrels per day, while gas production in August exceeded 153 million cubic meters per day, according to statements from the Secretary of Energy.

The Secretariat highlighted that "these achievements are also driven by the regulation of the Energy chapter of the Base Law, which aligns prices with international values, guarantees the freedom to export hydrocarbons, and ensures legal security for companies, promoting transparency and competition".

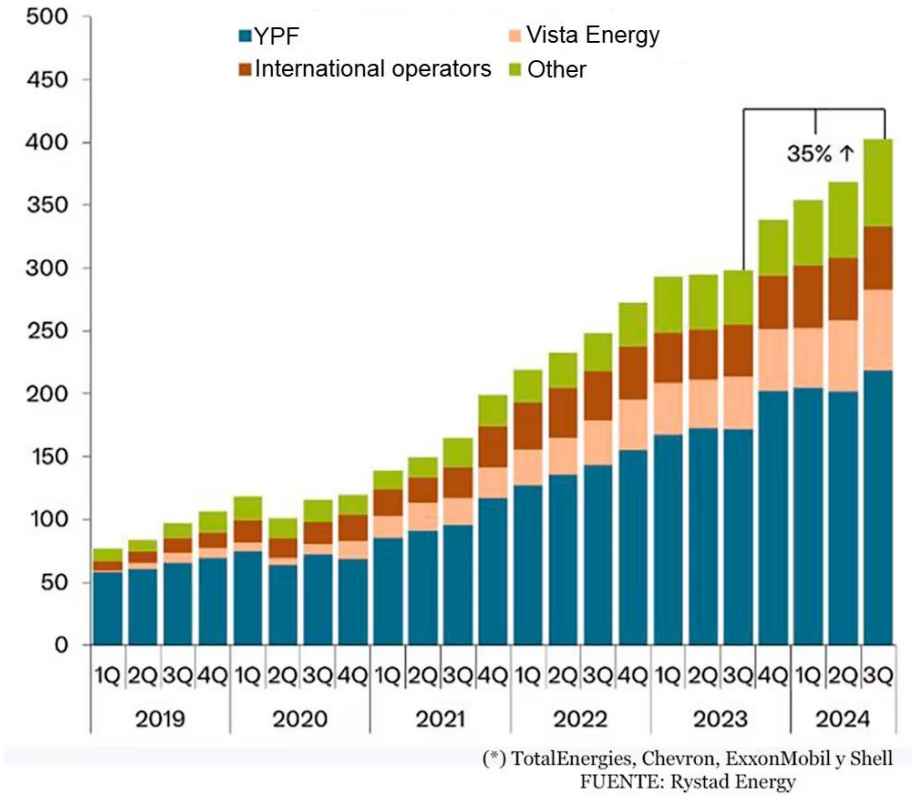
Argentina's oil production reached 743,000 barrels per day, marking the highest figure in the past 22 years. This milestone was achieved through a 12% year-on-year increase.

The record is primarily due to the performance of Vaca Muerta. Unconventional oil contributed 426,000 barrels per day in October. This segment represented 58% of the country's total production and registered a year-on-year increase of 29%.

Additionally, the Neuquén Basin remains the leader, accounting for 70% of the country's total oil and gas production.

Estimates suggest an annual growth of 10% for companies such as YPF, producing approximately 360,000 barrels per day, Pan American Energy with 110,000 barrels, and Vista with 70,000 barrels.

VACA MUERTAOIL PRODUCTION BY OPERATOR
(thousands of barrels per day)



(*) TotalEnergies, Chevron, ExxonMobil y Shell
FUENTE: Rystad Energy

Plan for the Promotion of Argentine Natural Gas Production
(Gas.Ar Plan)

To stimulate the production of natural gas, the Plan for the Promotion of Argentine Natural Gas Production (Plan Gas.Ar) was created by Decree N° 892/2020. The objective of the programme is to ensure the supply of the domestic market.

Within the framework of this plan, National Public Tenders, called “Rondas”, are held, where producers make offers to cover the volumes required by the priority demand for the full natural gas service, and the most economical offers are selected.

In view of the significant increases in the injection of natural gas resulting from the execution of the first three rounds of the Gas.Ar Plan, it was necessary and convenient to extend the initial term of the Gas.Ar Plan until 2028, to make gas tenders viable for incremental volumes that can be evacuated using the new transportation capacity in the system.

Thus, by means of Decree N° 730/2022, the National Executive Branch ordered the creation of the “Plan for the Reinsurance and Enhancement of Federal Hydrocarbon Production, internal self-supply, exports, import substitution and expansion of the transport system for all hydrocarbon basins in the country 2023-2028”.

This initiative enhances the optimal results that can be achieved through the joint and united action of the public and private sectors.

In view of the importance of stimulating policies aimed at the federal development of energy resources, it is opportune and convenient to contemplate in this instance the reality of each of the country's productive basins to promote the strengthening of hydrocarbon activity.

The main objectives of this Plan are to:

- Make investments in natural gas production feasible with the aim of satisfying domestic supply.
- Accompany the expansion of the natural gas transport system.
- Substitute imports of Liquefied Natural Gas (LNG) and the consumption of liquid fuels by the national electricity system.
- Contribute to a surplus energy balance and to the development of the Government's fiscal objectives.
- Generate long-term certainty in the hydrocarbon production and distribution sectors.
- Provide predictability in the supply of priority demand and the thermal power generation segment.
- Establish a transparent, open and competitive system for the formation of natural gas prices compatible with the energy policy objectives established by the National Executive Power.
- Contribute to the development and consolidation of export markets for Argentine natural gas.
- Contribute to the objectives of a serious and responsible energy transition.

GAS PIPELINE SYSTEM PROGRAMME – Transport.Ar

A fundamental aspect to consider is the transport of natural gas, which is carried out through over 18,000 km of trunk pipelines. During the last 25 years, the four gas pipelines that cross the Andes to Chile and another four to Brazil and Uruguay were built. In addition, several stretches of gas pipelines were established across Tierra del Fuego to transport gas to southern Chile.

In this sense, it is of general interest and constitutes a legal mandate to promote the investments in natural gas infrastructure necessary to satisfy the growth of the internal industrial demand and improve the quality of life of the population, thus allowing more users to have access to the utility service.

Therefore, based on existing studies, it is of vital importance to define and entrust the execution of natural gas transportation works that will allow progress in achieving natural gas self-sufficiency, guarantee the development of unconventional reserves in the Neuquina basin on a large scale, optimize the Argentine natural gas transportation system and ensure the supply of the domestic natural gas market, allowing the substitution of imports and a reduction in the cost of supply.

Resolution No. 67/2022 of the Secretariat of Energy of the Ministry of Economy created the "Transport.Ar Producción Nacional" Gas Pipeline System Program, which aims to promote the development and growth of natural gas production and supply, replace imports of LNG and Gas Oil - Fuel Oil used to supply priority demand and thermal generation plants respectively, helping to ensure energy supply, guaranteeing domestic supply under the terms of Law No. 17,319 and amendments, No. 24,076 and No. 26,741, increasing the reliability of the energy system, optimizing the national transport system, boosting natural gas exports to other countries and promoting regional gas integration on the basis of the principles set out in the aforementioned regulations.

In this sense, the construction of the Presidente Néstor Kirchner Gas Pipeline and the execution of the natural gas transportation works listed in the resolution constitute a strategic project to promote the development, growth of production and supply of natural gas in the Republic of Argentina; to contribute to ensure the supply of energy, guaranteeing the domestic supply under the terms of the above- mentioned legislation.

It is a priority to carry out infrastructure projects such as the one discussed here to expand the natural gas transportation system and capacity, avoiding congestion that would prevent capitalizing new investments in gas development, and for this purpose all the financing tools necessary for its execution must be available.

At the same time, it is of utmost importance to define and entrust the execution of the natural gas transportation works that will allow progress in achieving natural gas self-sufficiency, guarantee the development of unconventional reserves in the Neuquina Basin on a large scale, optimize the Argentine natural gas transportation system, and ensure the supply of the domestic natural gas market, allowing the substitution of imports and a reduction in the cost of supply.

4. Infrastructure Works for Oil & Gas

At present, the transport capacity of the three gas pipelines linking the Neuquina basin with the major consumption centers is practically saturated, which means that gas producers in the basin cannot and will not be able to continue increasing their production, precisely because of the impossibility of evacuating it.

The Perito Francisco P. Moreno gas pipeline, which was constructed by Pampa Energía and the Techint Group and was officially inaugurated on July 9, 2023, is a core component of the set of works aimed at expanding the capacity of the gas and transport system and optimizing its use, since together with the Mercedes - Cardales gas pipeline, which is already in operation, it will consolidate the interconnection of the existing transport systems, providing greater reliability and security of supply for the current demands of the Greater Buenos Aires Ring and the area of the final sections of the Transportadora de Gas del Norte system between Cardales and the Greater Buenos Aires Ring, as well as facilitating the transfer of up to 15 MMstm^3/d of gas between the two licensed trunk transport systems, in order to make gas flows available from fields in the Neuquina, Golfo San Jorge and Austral basins, currently transported by the available capacities of the Neuba I, Neuba II, GSM and Final Sections systems, as well as those generated by the new infrastructure to be built that will inject gas in Salliqueló.

Within the framework of the "Transport.Ar Producción Nacional" Gas Pipeline System Programme, the following works have been completed:

a. Construction of the first stage of the "President Néstor Kirchner Gas Pipeline (renamed Perito Francisco P. Moreno). ": between the cities of Tratayén in the Province of Neuquén, Saliqueló in the Province of Buenos Aires.

This gas pipeline expands the capacity of the current transportation system and allows the transportation of gas from Vaca Muerta to the major consumption centers of our country. With this objective, in 2022, Energía Argentina S.A. signed the contracts for the construction of the civil and complementary works of its first 583-kilometre section, which connects the cities of Tratayén (Neuquén) with Salliqueló.

In its second stage, the pipeline will cover the section between Salliqueló and San Jerónimo (Province of Santa Fe) and will increase the transport capacity of the country's trunk pipelines by 25%.

b. Construction of the gas pipeline between the cities of Mercedes and Cardales in the Province of Buenos Aires.

According to the Transport.Ar Programme, the construction of the Mercedes-Cardales section is a linking channel between the systems operated by the companies Transportadora Gas del Sur and Transportadora Gas del Norte, which will form an additional supply channel for the Greater Buenos Aires Ring (GBA).

The Mercedes - Cardales gas pipeline is an interconnection pipeline that allows the transfer of gas from one Transport System to another in a bidirectional manner and, consequently, allows the delivery to the Northern System of volumes injected in the Southern or Neuquén basin and vice versa, providing the Transport System with greater supply reliability in the most consuming Delivery Area of our country.

c. Extension of the NEUBA II gas pipeline: loops and compressor plants.
The NEUBA II gas pipeline is the second trunk pipeline in the provinces of Buenos Aires and Neuquén with 1,380 km and the requirement to transport an additional 5 million cubic meters per day.

The following works will be executed:

a. Reversion of the Northern Gas Pipeline Stages I and II.
The company Transportadora de Gas del Norte S.A., in its capacity as Licensee of the Natural Gas Transportation Service - Northern Gas Pipeline, has requested authorization to build, install, execute and finance with its own funds, or by contracting financial debt, works on the Northern Gas Pipeline - operated by such Licensee - aimed at increasing the reversion capacity of its flow direction, and which are part of the work Reversion of the Northern Gas Pipeline of the Gas Pipeline System Program "Transport.Ar National Production". Techint has successfully completed the 100 kilometers of pipeline in Córdoba, which are a key component of the Gasoducto Norte reversal project. This project will enable the reversal of the gas flow originating from Bolivia.

b. Expansion of the Central West Gas Pipeline: different sections between the Neuquén and Litoral areas in the Province of Santa Fe.
The work consists of building a 130 km section between La Carlota and Tío Pujio to join the Central West Gas Pipeline that starts in the Province of Neuquén with the North Gas Pipeline that reaches Bolivia.

From this new pipeline and after installing a series of compressor plants, the flow direction of the pipeline that crosses the northwest of Argentina could be reversed and supply this region, which has been suffering from the decline in Bolivian production.

With this project, it would be possible to replace all of Bolivia's gas, export to northern Chile through the existing Norandino gas pipeline and reach Brazil through the Gasbol pipeline, which has a large idle capacity, given that Bolivian gas sales are also declining sharply to the region's largest economy.

Resolution Enargas 33/2024 authorizes ENERGÍA ARGENTINA S.A., pursuant to Section 16, subsection b) of Law No. 24,076 and its regulations, to expand the natural gas transportation system and commence the construction of a pipeline from the vicinity of the "La Carlota" Compressor Station on the Gasoducto Centro Oeste to the area near the "Tío Pujio" Compressor Station on the Gasoducto Norte. This is part of the project titled "REVERSIÓN DEL GASODUCTO NORTE" under the "Transport.Ar National Production" Program. Additionally, the resolution authorizes ENERGÍA ARGENTINA S.A. and TRANSPORTADORA DE GAS DEL NORTE S.A. to begin the construction of a parallel pipeline to the Gasoducto Norte between the "Tío Pujio" and "Ferreyra" Compressor Stations, and to undertake the necessary works and modifications at the "La Carlota," "Tío Pujio," "Ferreyra," "Dean Funes," "Lavalle," and "Lumbreras" Compressor Stations. The objective is to reverse the gas flow and injection, as part of the "REVERSIÓN DEL GAS" project.

c. Expansion of the final sections of gas pipelines in AMBA.

d. Expansion of the transport capacity of the Northeast Argentinean Gas Pipeline (GNEA) by increasing compression. The work will complete a section of 100 kilometres of the total 1,500 kilometres of trunk pipelines of the project started in 2007.

e. Connection of the Northeast Argentinean Gas Pipeline - San Jerónimo from the cities of Barrancas to Desvío Arijón in the Province of Santa Fe.

f. Construction of loops and compression in Aldea Brasilera (Entrerriano Gas Pipeline).

g. Expansion of the transport capacity of the General San Martín Gas Pipeline.

h. Execution of Stage III "Mesopotamia" of the Gas Pipeline of Northeastern Argentina (GNEA) in the Provinces of Corrientes and Misiones.

Stage III consists of the construction of 345 km of Trunk Branches and 801 km of Approximation Branches in 65 locations in Corrientes and Misiones.

ENARSA (Energía Argentina S.A.) is entrusted with the task of bidding, contracting, planning, and executing the construction of the infrastructure works included in the "Transport.Ar Producción Nacional" Gas Pipeline System Programme approved by Resolution No. 67/2022 of the Energy Secretariat of the Ministry of Economy.

In turn, it was granted a Transport Concession on the Presidente Néstor Kirchner Gas Pipeline, to transport gas from Tratayén in the Province of Neuquén, crossing the Provinces of Río Negro, La Pampa, passing through Salliqueló in the Province of Buenos Aires, to the city of San Jerónimo, in the Province of Santa Fe.

Several additional gas pipelines constructions are under analysis, such as Saliqueló-La Carlota and Vaca Muerta to LNG vessels and/or plants in the Rio Negro Province coast.

Oil Transport - Projects

Oldelval (a consortium of companies in which the main oil companies operating in the country participate) transports 100% of the non-conventional oil from Vaca Muerta and 90% of the oil from the Neuquén basin.

In 2022, it expanded its transportation capacity to 42,000 m3 of oil per day upon completion of the works included in the "Vivaldi Plan" aimed at meeting the expectations of liquid hydrocarbon transportation in the Neuquén Basin, because of the growing increase in production in Vaca Muerta.

These works allow a 25% increase in the pipeline's transport capacity, which increased to 42,000 m3 of crude oil per day in the Allen - Puerto Rosales section with friction inhibitor injection, as part of an investment plan of more than US$45 million.

The infrastructure plan was based on the refurbishment of four pumping stations - Chichinales, Zorrilla, Río Colorado and Salitral - on the Allen-Puerto Rosales section. The Vivaldi project, which began in November 2021, included investments in the assembly of pumps, turbines, generators, gas plants, among others.

Currently, this company is carrying out the "Duplicar Plus Project", which will be executed in 26 months and aims to permanently increase the transport capacity to accompany the production growth of the Neuquén Basin and the country from Allen to Puerto Rosales. The works will increase the country's oil exports by from 230,000 to 320,000 barrels/day, equivalent to 5,000 and 8,000 million US$/year.

OTASA (Oleoducto Trasandino) has re-started operations in May 2023 and should add 135kbpd of export capacity. The pipeline was built in the 1990s, but was not operating since 2006. It was refurbished to be able to operate successfully. The plan is to export oil to Chile for use at an ENAP refinery in Bío Bío. The Bío Bío refinery requires very light crude oil, which will require a blend of YPF crude and other lighter crude from Vista and Chevron.

In 2023, YPF put into operation a new oil pipeline with a 151-kilometre length, the "Vaca Muerta Norte" pipeline that allows crude oil to be taken from the core hub of the company's Vaca Muerta development, in the Añelo area, to the Puesto Hernández node and from there to be diverted to the Lujan de Cuyo refinery and loaded into the Trasandino Pipeline (Otasa). Its capacity is 157 kbpd.

VMOS Project (Vaca Muerta Oleoducto Sur)

The main oil producers of Neuquén have approved the construction of the Vaca Muerta South Pipeline project, which will become the country's main and exclusive crude oil export route. The companies have created the entity that will carry out the project, including a new port terminal at Punta Colorada, in the Province of Río Negro, from which the oil extracted from the Vaca Muerta region will be exported.

The consortium is made up of YPF, Vista, Pan American Energy (PAE), Pluspetrol and Pampa Energía, which formed the entity called VMOS S.A. The consortium will be responsible for the construction, operation, and maintenance of the pipeline as well as the port terminal.

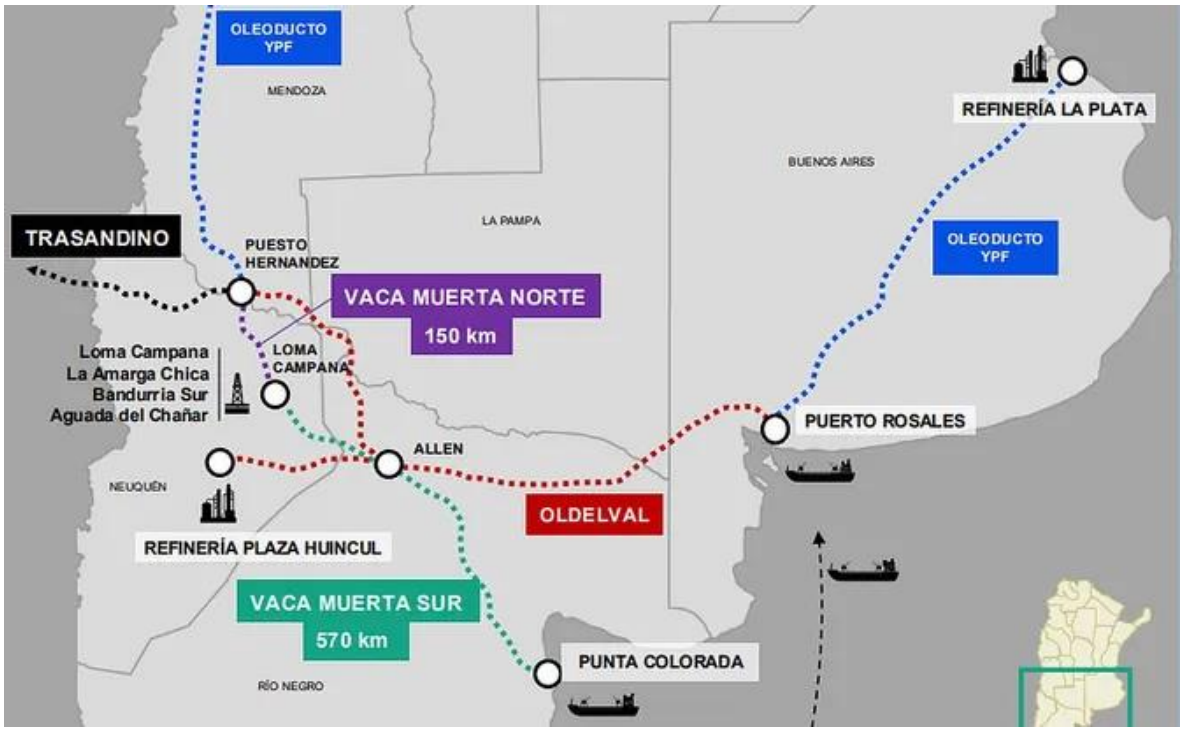
The pipeline will span 437 kilometers, connecting the Allen oil hub to the coastal terminal at Punta Colorada. Additionally, it will feature a loading and unloading terminal equipped with interconnected monobuoys and a tank plant for crude oil storage. The construction is expected to be completed by the fourth quarter of 2026. Commercial operations are planned to begin on July 31, 2027.

The design capacity will allow for the transportation of up to 550,000 barrels per day during commercial operations, with potential expansion to 700,000 barrels per day if necessary.

Furthermore, the project has granted participation options to Chevron Argentina, and Shell Argentina, which could commit an additional volume of 230,000 barrels per day. These two companies would join as shareholders in 2025 to increase transportation capacity.

The project will represent Argentina's largest hydrocarbon export infrastructure, with an estimated investment of US$ 3 billion. In this regard, VMOS has requested its inclusion in the Large Investments Incentive Regime (RIGI), as established by Law 27,442 and Regulatory Decree No. 794/2024.

Estimates suggest that the VMOS project could generate US$ 15 billion in exports, with the potential to scale production up to 770,000 barrels per day by 2028.



Pampa Energy acquired the entire Rincón Aranda block in Neuquén.

Following the presentation of third-quarter results, Pampa Energía executives announced an investment of US$ 1.5 billion to develop its unconventional oil reserves in Vaca Muerta.

The executives highlighted progress in the development of shale oil in the Rincón de Aranda block. Investment in this block is planned at US$ 700 million by 2025, reaching US$ 1.5 billion by 2027. The objective is to multiply oil production by 10, reaching 50,000 barrels per day.

Los Toldos II Este project - Tecpetrol plans to invest US$ 2 billion.

Tecpetrol plans to invest US$ 2 billion starting in 2025 in a project to scale up its oil exploitation in Vaca Muerta. The company's goal is to produce 70,000 barrels per day by 2027.

The company's current production reaches 20,000 barrels, with the goal of reaching 100,000. In early 2025, it plans to inaugurate Los Bastos, Puesto Parada in Neuquén, with a production of 6,000-7,000 barrels, expandable to 20,000.

The Los Toldos II Este project investment covers infrastructure such as plants, gas pipelines, oil pipelines, and water intakes, totaling around US$ 1.2-1.3 billion, with additional investments in wells bringing the total to US$ 2 billion.

Los Toldos II Este is an unconventional oil area where Tecpetrol expects to produce 35,000 barrels per day by October 2026, reaching 70,000 by 2027. This peak figure represents about 10% of Argentina's current total production.

Palermo Aike and its first results.

Palermo Aike covers an area of 14,240 square kilometers within the Austral Basin, ranking third on the continent for its potentially recoverable resources, with estimates of 8.9 billion barrels of oil and 177 trillion cubic feet of gas.

At the end of 2021 and early 2022, Compañía General de Combustibles carried out two vertical well fractures: Cañadón Deus and Estancia Campos, both in the Lower Palermo Aike formation, yielding encouraging results.

In the third quarter of 2023, YPF and CGC jointly drilled the first horizontal well in the basin. This well, with a total depth of 4,683 meters and a 1,000-meter horizontal branch, was fractured in 12 stages.

On August 9, 2024, a hydrocarbon discovery was declared, and the well remains under production testing to this day.

Palermo Aike can benefit not only from the learning curve acquired by Vaca Muerta but also from idle capacity in the infrastructure works of the Austral Basin. It also enjoys maritime exit routes, both via the Atlantic and the Pacific through the Strait of Magellan.

In late December 2024, 3D seismic exploration tasks began, which will be carried out in stages and extend at least until March 2025. Based on these results, technicians will determine the appropriate location for new exploratory wells. Provincial authorities and the involved companies anticipate new drilling during 2025 to continue gathering geological data and better adapt equipment to terrain conditions.

Simultaneously, efforts are expected to advance in strengthening local infrastructure and providing specialized services, focusing on improving productivity and reducing operational costs. This is crucial as Palermo Aike remains in an initial exploration stage, learning about the rock and the best techniques and equipment to unlock its potential.

SUPPLEMENTARY ACTIVITIES TO THE OIL AND GAS INDUSTRY

Argentina has a vast ecosystem of world-class suppliers of goods and services with a long history of exporting to the world's main basins. These satisfy both domestic needs and the demands of other countries. In addition, internationally renowned suppliers have subsidiaries in Argentina and provide services to the main operating companies.

There are investment opportunities in the country at all stages of the hydrocarbon chain, from the provision of goods and services for exploration to the final stages for the commercialization of by-products products.

Main services and goods provided by the local value chain:

- Corrosion control and cathodic protection
- Offshore equipment and materials
- Mechanical equipment, materials, tooling, supplies, and accessories
- Production equipment, materials, and supplies
- Instrumentation and control equipment and accessories
- Processing equipment and accessories
- Telemetry, communication and geo-positioning equipment and software
- Rotating equipment, pumps, compressors, and accessories
- Personal safety clothing and equipment
- Equipment, materials and supplies for exploration, drilling and well workover
- Chemical products
- Cooling and heating of fluids
- Engineering and consulting services
- Renovations and refurbishments
- Facility management and maintenance services
- Offshore and onshore oilfield services
- Storage tanks and accessories
- Other equipment, consumables, and accessories

Offshore Exploration Project

The offshore exploration projects have the potential to have significant repercussions, including in the infrastructure sector:

- Large exportable balances and foreign currency generation.
- Economic and technological development and great opportunities for growth.
- Generation of local activity and employment on land, as well as in the shipping and metal-mechanic industry in different parts of the country.
- Development of a high-value activity, capable of driving national industry, goods and services.
- Window of opportunity for the exploration and development of Argentine continental shelf resources within the framework of the current energy transition.

- The growth of hydrocarbon activity, particularly offshore activity, has an impact on key sectors for adding value and industrial employment, such as the steel industry, metalworking, and transport logistics.

- In addition, the activity would increase demand in the transport and communications sector, both in the project evaluation and construction phase, as well as in the operation phase. If the exploratory projects are successful, there is no doubt that infrastructure will be a very important factor, and this will generate both domestic and foreign investment.

LNG Projects

As mentioned in the previous chapter, the possibility of LNG projects, given Argentina's natural gas potential which surpasses the country and regional demand, was a matter of discussion about six years ago, then the interest decreased as a consequence of the natural gas price decrease and the energy transition, and now is getting visibility and attention again due to the energy security and energy affordability. Currently two projects are being considered, one led by YPF "Argentina LNG" and one by PAE (Pan American Energy) with Golar, which Pampa, Harbor Energy and YPF have joined.

YPF has announced Argentina LNG, a large-scale liquefaction Project that will exploit the vast Natural Gas competitive resources of Vaca Muerta to provide the world with a new source of reliable LNG supply. During its first phase, Argentina LNG will have 2 floating liquefaction units with a production capacity of around 9 million tonnes per year. The following phases of the project entail the construction of an onshore modular plant which will progressively expand to achieve a final capacity up to 30 MTPA, placing Argentina among the major LNG exporting countries in the world.

Golar LNG has entered into definitive agreements with Pan American Energy ("PAE") for a 20-year deployment of a Floating Liquefied Natural Gas vessel in Argentina. The project is expected to start LNG exports within 2027. The project aims to utilize Golar's FLNG Hilli, with a nameplate capacity of 2.45 mtpa, providing an equivalent net tariff of US$2.6/mmBtu with an additional commodity-linked pricing element. Several natural gas producers have joined the agreement.

"Hili Episeyo"

Argentina's path to becoming an LNG-exporting country will occur in stages. The installation of "Hili Episeyo" in 2027 marks the first phase. This includes gas production from dedicated blocks in Vaca Muerta, transportation through pipelines, and processing terminals (offshore/onshore) in Río Negro Province.

The "Hili Episeyo" liquefaction vessel will have an annual production capacity of 2.45 million tons of LNG, equivalent to 11.5 million cubic meters of natural gas per day.

The Hili Episeyo will be operated by Southern Energy S.A., an entity formed by PAE, Golar, Pampa Energía, Harbour Energy and YPF.

Southern Energy's partners hold the following equity stakes: PAE (40%), Pampa Energía (20%), YPF (15%), Harbour Energy (15%), and Golar LNG (10%).

The company plans to invest an estimated US$ 2.9 billion over the next 10 years. Over the project's 20-year lifespan, the total investment is estimated at US$ 7 billion across the value chain.

PDA (Project Development Agreement) YPF-Shell

Within the Argentina LNG development program, YPF and Shell signed a Project Development Agreement, involving the Dutch company joining the Argentina-led initiative.

The companies committed to advancing the first phase of the project until reaching a decision to enter the FEED (Front-End Engineering and Design) phase. This initial phase involves a liquefaction capacity of 10 million tons per year (MTPA).

The agreement with Shell envisions exports starting from two liquefaction vessels similar to PAE's Hili Episeyo but with double the capacity—approximately 5 MTPA each, or just over 40 million cubic meters between the two.

Market Expansion and MOU with India

YPF is nearing an agreement to sell liquefied gas worth US$ 15 billion annually to companies in Europe and Asia, with India, China, Japan, and Germany as primary destinations. This figure represents the 30 million tons envisaged by the entire "Argentina LNG" project.

Preliminary agreements represent figures such as 7 million tons of LNG, translating to US$ 3.5 billion annually with Japan; 3 million tons with South Korea, and between 6 and 7 million tons with China.

However, the market with the greatest potential is India, where a memorandum of understanding (MOU) was recently signed to ensure long-term cooperation. The agreement was signed by YPF along with Oil and Natural Gas Corporation (OIL), Gas Authority of India Limited (GAIL), and Oil and Natural Gas Corporation Videsh Limited (OVL).

Optimistic projections suggest that India's LNG purchase could reach up to 10 million tons, representing a US$ 5 billion annual contract.

YPF Acquires more than 50% of Sierra Chata

YPF has acquired 100% of the shares of Mobil Argentina S.A. from ExxonMobil and QatarEnergy, which holds 54.45% of Sierra Chate, a strategic block in the Neuquina Basin, operated by Pampa Energy.

The transaction holds particular significance in the context of the upcoming reversal of the Northern Gas Pipeline, a vital infrastructure for gas transportation nationwide. Sierra Chata is considered one of the most prolific natural gas blocks in the unconventional Vaca Muerta field.

TGS Announces Investments of US$ 327 Million for the next five years

The Argentine company Transportadora de Gas del Sur (TGS) announced its investment plan for the period 2025-2029, totaling US$ 327 million.

During a public hearing convened by the regulatory entity ENARGAS, the company requested a tariff increase for its gas transportation service. TGS proposed a 3.6% adjustment to the transportation tariff, which would represent an average bill increase excluding taxes.

5. Taxes & Royalties

Oil & Gas industry has special tax incentives and benefits that should be carefully analyzed in the investment decision-making process.

General Tax Regime and Government-Take in the Oil & Gas Industry

As a consequence of the federal system adopted in Argentina's National Constitution, the taxing power is distributed between the national government and the provinces.

In addition, municipalities also hold taxing power faculties with limited scope. The City of Buenos Aires has a special status of its own, which, for simplification purposes, may be considered comparable to a province.

Main taxes, levies, duties, services charges and contributions in the Oil & Gas industry:

FEDERAL	PROVINCIAL	MUNICIPAL
Income Tax	Turn-Over tax *	Municipal Service Charges *
Tax on DIvidends	Stamp Tax *	
Value Added Tax		
Tax on Personal Assets Tax		
Tax on Liquid Fuels and on Carbon Dioxide		
Tax on Credits and Debits		
Import & Export Duties		
Canon & Royalties**		

* Depending on the jurisdiction.
** Established by a Federal Law, but may be paid to provinces.

5. Taxes & Royalties

National Level

Income Tax and Tax on Dividends
Under Argentina´s tax system, the permanent establishment has been defined according to OECD's model. A company is deemed resident if its center of activity is within the country.

The Congress broadened its content to also include the performance of services by non-resident providers, including services rendered by consultants, within the national territory, for a total length greater than six months within any 12-month period.

CORPORATE TAX RATE	
Upto AR$ 101.678.575,26	25%
AR $ 101.678.575,26 to AR $ 1.016.795.752,62	AR $25.419.893, 82 + 30% on the amount that exceeds AR $101.679.575,26
Above AR $ 1.016.795.752,62	AR $ 299.954.747,02 + 35% on the amount that exceeds AR $ 1.016.759.752,62
Withholding tax	Dividend distribution: 7% Branch profit transfer: 7%

* Banco de la Nación Argentina Seller's AR$:US$ exchange rate on February 14, 2025: AR$1,058:US$1

Residents and non-residents are subject to the same tax treatment. Non-resident companies are only taxed on their Argentina-sourced income. Argentine-source income received by foreign entities is subject to withholding tax in full and final settlement at source.

Most capital gains are included in taxable income and taxed at the normal corporate income tax rates.

As a rule, a local company's capital gains are not subject to a specific tax. They are included in the scope of income tax and, consequently, are subject to the general tax rates, the same as ordinary income.

However, gains derived from the sale of shares, quotas or other equity participations in Argentine companies as well as "other securities" obtained by resident and nonresident individuals and foreign legal entities are subject to a 15% rate. In this sense, in case the shareholders/quotaholders decide to sell their shares/quotas in a local company, any capital gain derived by such transaction is subject to income tax in Argentina at the rate of 15%.

This tax also applies when the seller is not a resident in the country. In that case, the seller may assess the taxable income subject to tax by means of either one of the following mechanisms: a) application of a presumed taxable base of 90% of the gross proceeds derived from the transaction, in which case the effective tax rate is 13.5% of the sale price; or b) calculation of the actual net income by deducting the cost basis and other expenses incurred to purchase the shares from the sale price and applying the 15% rate.

In the case of a branch (as opposed to a local subsidiary), the sale of the business would consist on the sale of assets (not shares or quotas) and therefore the gains derived by the branch –considered as an independent entity from the owners for the purpose of Argentine income tax- will be subject to income tax at the general rates. In such a case, the transfer of assets could also be subject –depending on the case- to Value Added Tax, debits and credits on bank account tax, and stamp tax.

Interests' deduction is limited to the higher of 30% of EBITDA or AR$1 million.

Net operating losses may be carried forward for five years, whereas loss carrybacks are not allowed. Foreign-source losses must be offset against income from similar sources. The amortization of goodwill cannot be deducted for profits tax purposes.

Depreciation rules

Income tax law allows depreciation on assets used by the taxpayer to produce taxable income to be deducted, according to those assets' useful lives.

There are no specific guidelines with regard to depreciation percentages of these assets, except in the case of buildings and other constructions on fixed assets used in activities that generate taxable income, which should be depreciated at a rate of 2% annually.

In the case of tangible assets not directly related to extraction activities, a straight-line depreciation would be computed considering the useful lives of the assets (e.g.: years).

Depreciation and losses for disuse of automobiles and the lease thereof are deductible only up to the caps provided by legislation (i.e.: AR$ 7,200 for each automobile per fiscal year).

For the Oil & Gas industry, it must be said that there are not special provisions in the domestic regulation.

Regarding the acquisition cost associated to a production area, it could be comprehensive of:

a. Tangible assets: this is, the legal participation in the property of the existing wells, facilities and other infrastructure for extraction activities, in which case they would be depreciated by Units of Production or "UOP" (i.e.: production of the financial year ("FY") (reserves at the FY-end + production of the FY) considering the proven & developed reserves of the area; and/or

b. Intangible assets: this is, the right to enter into the business, for instance, through a percentage of the legal concession that is transferred by the current concessionaire, or by obtaining an economic interest in the area, etc., in which case, the common practice is to depreciate them by UOP considering the total proven reserves of the area (developed & undeveloped).

Regarding exploration expenses, they should be accumulated until production stage of the explored area is reached. Once production stage is verified, the accumulated expenses are depreciated by UOP following the same guidelines provided in a) and b) above.

Value Added Tax ("VAT")

The general VAT rate stands at 21% and is charged on the net price of transactions. Certain utility services such as electricity, water, and sewage disposal or telecommunications companies are subject to an increased rate of 27%. On the other hand, a reduced VAT rate of 10.5% applies to interest and commissions on loans made by banks, sale, preparation, manufacturing or construction and final import of certain capital goods, certain medical assistance services, among others.

VAT is paid at each stage of the production or distribution of goods or services based on the value added during each of the stages. This means that the tax does not have a cumulative effect. The tax is levied on the difference between the so-called "tax debit" and "tax credit." The difference between the "tax debit" and the "tax credit," if positive, constitutes the amount to be paid to the National Tax Authority. In some cases, refund of tax credits generated by investment in certain assets may be eligible for reimbursement if after 60 months, counted as of the following month of the refund, the sums received have not been applied vis-à-vis to certain tax debits generated by the taxpayer, the responsible party must reimburse an amount equal to the non-applied credits.

Exports of goods and services are treated as zero-rated transactions, with the input VAT that can be used as a credit against output VAT or refunded following a special procedure.

VAT for services rendered from abroad have to be paid by the local entity receiving the service, applying the reverse charge mechanism.

Tax on Personal Assets

Under the current tax on Personal Assets, in case the shares of an Argentine company are held, among others, by non-residents, the local company is obliged to pay this tax calculated at the 0.5% rate levied on the net asset value per share on behalf of the non-resident shareholder. Afterwards, the local company is entitled to request the reimbursement of the tax paid to each non-resident holder up to its interest in the company, as this is a tax payable on the interest.

Tax on Liquid Fuels and on Carbon Dioxide

The Tax on Liquid Fuels and on Carbon Dioxide applies to liquid fuels and to solid fuels, but not to natural gas. This tax is indexed to the Consumer Price Index.

The tax rate is based on a fixed amount, depending the product, but the Executive Branch may increase the Tax on Liquid Fuels by 25%, or decrease rates by 10%, based on economic policy considerations; and the Carbon Tax by 25% based on environmental or energy considerations.

Transactions destined for export are exempt from this tax. Same applies to other transactions depending on the destination area of the products.

This tax does not apply to biodiesel or bioethanol. In the case of the mixture of said biofuels with fossil fuels, the tax will apply only for the fossil fuel component.

Tax on Credits and Debits

All credits and debits originated in bank accounts held in a local financial institution, as well as certain cash payments, are subject to this tax, at a 0.6% general rate. There are also specific increased rates of 1.2% and reduced rates of 0.075%. Taxpayers subject to the Tax on Credits and Debits can credit up to 33% of the amounts paid as a payment on account of income tax. Small and micro enterprises (SMEs) which are beneficiaries of the SMEs regime are allowed to compute 100% of their payments against income tax.

Import & Export Duties

The import duties rates currently range between 0% and 35%, except in cases where a specific minimum duty is applied or that involve merchandise with a specific treatment. These percentages were established considering the individual competitive conditions prevailing in different production sectors and the relative advantages of contributing to the introduction of equipment and technology for local industry.

Duties on exports of services are taxed at a 5% rate, without limit. Export duties can go up to 33% for exports of soybeans (reduced to 26% until June 30th, 2025), 15% for exports of other products, and 5% for industrial products and services.

Tax Treaties - Double Taxation Treaties ("DTTs")

Argentina currently has DTTs with the following countries:

Australia	France	Russia
Belgium	Germany	Spain
Bolivia	Italy	Sweden
Brazil	Japan*	Switzerland
Canada	Luxembourg*	Turkey
Chile	Mexico	United Arab Emirates
China	Netherlands	United Kingdom
Denmark	Norway	
Finland	Qatar	

*DTTs pending Congress ratification.

In general, these treaties are based on the OECD model.

Provincial Level

Turn-Over Tax

Each province and the City of Buenos Aires imposes a tax on gross revenues from the sale of goods and services. Exports of goods are exempt, and certain industries are subject to a reduced tax rate. Each jurisdiction sets its rates, rules, and assessment procedures. On average rates for primary industries are 1%, commercial activities 3% and financial activities 5%.

It should be noted that taxpayers subject to Turn Over Tax who perform activities (giving rise to either revenues and/or expenses) in more than one province have to allocate the tax base among the respective jurisdictions pursuant to the provisions included in an agreement they have executed for this purpose, called “Multilateral Agreement”.

Stamp Tax

Each province and the City of Buenos Aires may impose a stamp tax. Stamp tax is a provincial tax levied mainly contracts and agreements, deeds, mortgages, and other obligations, agreements, and discharges of a civil, financial, or commercial nature with economic content of which there is written evidence or, in certain cases, that are the subject of entries in accounting books. Each jurisdiction sets its rates, rules and assessment procedures. The tax is assessed on the economic value of the contract and the average tax rate is 1.2%. Contracts implemented through an offer letter, which is accepted by an act of the addressee, have worked as mean to avoid the stamp tax and have been supported by case law. Provinces with hydrocarbon activities tend to be stringent with their stamp tax and try to limit the offer letter exceptions.

National Hydrocarbons Law

Law No. 17,319 regulates the canon, taxes and royalties applicable to the Oil & Gas industry.

Canon

The canon is the amount that the holders of the exploration permit and exploitation concessions pay annually and in advance, to the Nation or the corresponding province, as the case may be, for each square kilometer or fraction.

As of National Law No. 27,742 the canon is to be paid according to a basic term and an extension term. The payment amounts for the basic term vary depending on whether it is the first or second term: (i) first term: the amount equivalent to 0.5 barrels of oil per square kilometer; (ii) second term: the amount equivalent to 2 barrels of oil per square kilometer. And in the case of an extension, the amount equivalent to 15 barrels of oil per square kilometer.

5. Taxes & Royalties

Taxes

The holders of exploration permits and exploitation concessions will be subject to special tax regime at a National, Provincial and Municipal level.

Specific Income Tax – The National Hydrocarbons Law establishes a specific tax based on the net profit obtained in the exercise of their activity, that replaces the payment of any other national tax, present or future related to the activity, except of import and export duties, taxes levied on goods imported into the country and exchange surcharges.

However, it should be noted that these provisions are not applied in practice, hence the considerations set forth on the general tax regime at the national level must be taken into account (please see the Income Tax and Tax on Dividends section above).

Royalties

First of all, it is important to mention that, according to Supreme Court case law, the royalties regulated by the National Hydrocarbons Law do not technically qualify as taxes.

Royalties must be paid by the concessionaire, to the National government or the corresponding province, calculated as follows:

Royalties = Royalty Rate x Computable production x Value at wellhead.

Royalty rate (%): 15% + X% according to the rate determined the concession determined in the concession grant.

The effective royalty rate is to be determined. Starting from a base value of fifteen percent (15%) the potential concessionaires shall bid on 15% + X, where X is a percentage -that may be negative- chosen exclusively by the bidder. The payment of the royalties is to be made on a monthly basis, calculated based on the produced and effectively utilized volumes of hydrocarbons.

The bid shall be made based on a model document that includes the conditions, guarantees, and minimum investments that the concessionaire must commit to. The model document will also establish mechanisms for adjusting the royalties as deemed appropriate.

For the granting of the concession the total value of the project, offered royalties, committed investments, and associated production shall be taken into consideration.

The grantor is entitled to reduce the royalty up to 5%, based on productivity, conditions and location of the wells.

E.g.: the National Hydrocarbons Law provides that tertiary production, extra heavy oil and offshore projects that due to their productivity, location and other unfavorable technical and economic characteristics, and that are approved by the authority and by the Strategic Planning and Coordination Commission of the National Hydrocarbon Investment Plan (currently replaced by the Secretariat of Energy), may be subject to a royalty reduction of up to fifty percent by authority. Tertiary Production Projects are considered those production projects in which enhanced oil recovery techniques are applied (Enhanced Oil Recovery —EOR— or Improved Oil Recovery —IOR—).

Computable production (m^3): Is the gross production minus, consumption in the field minus losses as a consequence of force majeure minus water and impurities. Regarding this last concept, the law refers to the gas “actually exploited” what means that the reinjected gas must be deducted from the computable production.

In case of vents non-authorized by the Authority, the vented volumes shall pay the corresponding Royalties.

Value at wellhead (U$S/$m^3$): It is a concept established by the National Hydrocarbons Law that must be calculated. It is the price obtained by the concessionaire in the sale point of the product, minus the expenses incurred to transport the oil from the field to the place where said price is fixed, including the costs incurred to put the hydrocarbon in “commercial condition”. In the case of natural gas, put the gas in “commercial conditions” means to adjust the gas’ dew point, because an excessive degree of humidity of the product damages the transport system and could reduce the surface in any section because of fluid accumulation.

INCENTIVES AND SPECIAL REGIMES

Investment Promotion Regime for the Exploitation of Hydrocarbons
National Decree No. 929/2013, as amended, establishes a promotion regime, under the National Hydrocarbons Law for the hydrocarbon investors, that provides the following benefits if certain conditions are met:

- The possibility to trade a portion (20%) of liquid and gaseous hydrocarbon production from an onshore project freely on the foreign market after the third year of the project and 60% in the case of offshore projects, without having to por export duties.
- Investors would have free availability of the foreign currency obtained as a result of the sale of that portion.

- Additionally, when domestic demand prevents the producer from exporting the abovementioned portion, those producers will be guaranteed a local price that is equivalent to the export benchmark (without the effect of withholdings, which would not apply in this case), and they will have privileged rights to obtain freely available foreign currency on the official exchange market up to the amounts equaling the abovementioned percentage.

Regarding the conditions, to access this regime, an investment project must be filed, which implies making an investment of no less than a certain amount, calculated at the time of presenting said project and to be invested within an established term. Please refer to the following Chapter “Foreign Investment, Foreign Exchange, ESG”.

Province of Tierra del Fuego

Tierra del Fuego is a hydrocarbons producing province. National Law No. 19,640 established a special tax and customs regime for the formerly National Territory of Tierra del Fuego, Antarctica and South Atlantic Islands due to the extremely southern geography of the territories involved and its direct consequences on isolation, life conditions and degree of development and economic activity.

This regime established, among other benefits, a general exemption from domestic taxes, the creation of a free-trade zone in the National Territory of Tierra del Fuego, Antarctica and South Atlantic Islands, except for Isla Grande’s territory, and a special customs area in Isla Grande. Presidential Decree No. 1057/1983 regulated the regime.

The regime was extended several times, but the last one was through Decree No. 727/2021, by which an extension of the rights and obligations of the regime was established, extending until December 31, 2038.

The aforementioned decree provides for the creation of an administration trust called the “Fondo para la Ampliación de la Matriz Productiva Fueguina”, with the objective to develop new sectors and sustainable economic activities, adapt to technological changes, generate greater added value and create new jobs; with the contribution made by the beneficiary companies. Also, establishes the possibility of presenting new projects and readjusting those in force with the aim of promoting activities related to the technological field.

Large Investments Incentive Regime

Please refer to Chapter 7 of this guide for a comprehensive report on the Large Investments Incentive Regime established by Law of “Bases and Starting Points for the Freedom of the Argentines” No. 27,742, which offers significant tax benefits for projects that qualify.

6. Foreign Investment, Foreign Exchange, ESG

Foreign Investment Regime - Legislation on foreign investment protection

Section 20 of the Argentine Constitution provides for equal treatment of Argentine citizens and foreigners, which includes equal treatment among local and foreign investors.

Likewise, the Argentine Constitution also rules that the Argentine Congress can legislate on “imports of foreign capital” (see Section 75, paragraph 18).

In alignment with the foregoing, Law No. 21,382, as restated by Decree No. 1853/1993, orders that those foreign investors investing capital in Argentina for the promotion of new economic activities, or to the extension or improvement of existing ones, shall have the same rights and obligations as the Argentine Constitution and the laws issued thereunder agree to Argentine investors.

Likewise, said law defines foreign capital investment as all capital contributions owned by foreign investors allocated to any business activities carried out in Argentina, and the acquisition by foreign investors of ownership interests in an existing Argentine entity.

Foreign investors are defined as any individual or legal person domiciled outside the Argentine territory holding a foreign capital investment, and foreign owned domestic corporations investing in other domestic companies. In addition, said law orders that foreign investors may at any time remit abroad any liquid and realized profits derived from their investments, as well as repatriate their investment.

Said law also defines as a local foreign capital company as any company domiciled in Argentina, in which individuals or legal entities domiciled outside Argentina directly or indirectly own more than 49% of the capital or directly or indirectly count with the quantity of votes necessary to prevail in the shareholders meeting or meetings of partners.

In addition, said law orders that the legal acts held between a local foreign capital company and the company that directly or indirectly controls or another subsidiary of the latter will be considered, to all purposes, as celebrated between independent parties when their benefits and conditions are adjusted to normal market practices between independent entities.

Bilateral Investment Treaties

Argentina has forty-eight bilateral investment treaties in force and six bilateral investment treaties pending congress ratification to become in force and effect		
No.	**Short title**	**Status**
1	Argentina - Japan BIT (2018)	Signed
2	Argentina - United Arab Emirates BIT (2018)	Signed
3	Argentina - Qatar BIT (2016)	Signed
4	Argentina - Dominican Republic BIT (2001)	Signed
5	Argentina - Algeria BIT (2000)	In force
6	Argentina - Thailand BIT (2000)	In force
7	Argentina - Greece BIT (1999)	Signed
8	Argentina - Philippines BIT (1999)	In force
9	Argentina - New Zealand BIT (1999)	Signed
10	Argentina - India BIT (1999)	Terminated
11	Argentina - Nicaragua BIT (1998)	Terminated
12	Argentina - South Africa BIT (1998)	Terminated
13	Argentina - Russian Federation BIT (1998)	In force
14	Argentina - Guatemala BIT (1998)	In force
15	Argentina - Costa Rica BIT (1997)	In force
16	Argentina - Mexico BIT (1996)	In force
17	Argentina - Czech Republic BIT (1996)	In force
18	Argentina - Morocco BIT (1996)	In force
19	Argentina - Viet Nam BIT (1996)	In force
20	Argentina - Panama BIT (1996)	In force
21	Argentina - El Salvador BIT (1996)	In force
22	Argentina - Lithuania BIT (1996)	In force
23	Argentina - Cuba BIT (1995)	In force
24	Argentina - Indonesia BIT (1995)	Terminated
25	Argentina - Australia BIT (1995)	In force
26	Argentina - Ukraine BIT (1995)	In force
27	Argentina - Israel BIT (1995)	In force
28	Argentina - Croatia BIT (1994)	In force
29	Argentina - Peru BIT (1994)	In force
30	Argentina - Portugal BIT (1994)	In force
31	Argentina - Malaysia BIT (1994)	In force
32	Argentina - Korea, Republic of BIT (1994)	In force

Bilateral Investment Treaties

Argentina has forty-eight bilateral investment treaties in force and six bilateral investment treaties pending congress ratification to become in force and effect		
No.	**Short title**	**Status**
33	Argentina - Bolivia, Plurinational State of BIT (1994)	Terminated
34	Argentina - Ecuador BIT (1994)	Terminated
35	Argentina - Jamaica BIT (1994)	In force
36	Argentina - Venezuela, Bolivarian Republic of BIT (1993)	In force
37	Argentina - Finland BIT (1993)	In force
38	Argentina - Bulgaria BIT (1993)	In force
39	Argentina - Romania BIT (1993)	In force
40	Argentina - Armenia BIT (1993)	In force
41	Argentina - Senegal BIT (1993)	In force
42	Argentina - Hungary BIT (1993)	In force
43	Argentina - Denmark BIT (1992)	In force
44	Argentina - China BIT (1992)	In force
45	Argentina - Netherlands BIT (1992)	In force
46	Argentina - Austria BIT (1992)	In force
47	Argentina - Tunisia BIT (1992)	In force
48	Argentina - Egypt BIT (1992)	In force
49	Argentina - Turkey BIT (1992)	In force
50	Argentina - Sweden BIT (1991)	In force
51	Argentina - United States of America BIT (1991)	In force
52	Argentina - Canada BIT (1991)	In force
53	Argentina - Spain BIT (1991)	In force
54	Argentina - Chile BIT (1991)	Terminated
55	Argentina - Poland BIT (1991)	In force
56	Argentina - France BIT (1991)	In force
57	Argentina - Switzerland BIT (1991)	In force
58	Argentina - Germany BIT (1991)	In force
59	Argentina - United Kingdom BIT (1990)	In force
60	Argentina - BLEU (Belgium-Luxembourg Economic Union) BIT (1990)	In force
61	Argentina - Italy BIT (1990)	In force

Foreign Exchange Regulatory Framework

The Foreign Exchange Regulatory Framework is set by laws issued by the Argentine Congress, Decrees issued by the Executive Branch of the Argentine Government and regulations issued by Central Bank of the Republic of Argentina (the "Central Bank"). There is a general foreign exchange regime and there are -and there have been in the past- specific foreign exchange regulations for certain sectors or kind of investments (i.e.: the Hydrocarbon Exploitation Investment Promotion Regime[1]). The Argentine foreign exchange regulations affect all transactions performed in the Argentine foreign exchange market; including, export collections, import payments, financial debt, capital contributions from foreign shareholders and payment of dividends, foreign investments.

The main principles of the General Foreign Exchange Regime are the following:

Export of Goods: As a general rule, all export collections are subject to the obligation of being transferred into Argentina and sold against Argentine Pesos within the maximum terms set forth under the Foreign Exchange Regulation.

Export of Services: All export collections of services must be transferred into Argentina and sold for Argentine pesos in the Foreign Exchange Market within five business days since they were collected.

Import of Goods: Payments abroad in connection with Argentine imports of goods are permitted provided that the specified conditions under Foreign Exchange Regulation are met.

Imports of Services: As a general rule, financial institutions may give access to residents to the Foreign Exchange Market in order to cancel debts for services provided by non-residents.

Financial Debt: Local borrowers may cancel the amounts owed under said foreign financial debt from Argentina provided that it shows that the funds disbursed thereunder were previously transferred into Argentina and sold against Argentine Pesos; provided, however, that payments under financial debt owed to foreign affiliates are subject to Central Bank's prior approval unless an exception applies.

Capital Contributions: Capital contributions made by foreign shareholders from abroad are not subject to the obligation of being transferred into Argentina and sold against Argentine pesos.

1. Federal Decree No. 929/2013 (https://www.argentina.gob.ar/normativa/nacional/decreto-929-2013-217314/texto), as amended by Law No. 27,007 (http://servicios.infoleg.gob.ar/infolegInternet/anexos/235000-239999/237401/norma.htm), and supplemented from time to time.

Payment of Dividends: As a general rule, payment of profits/dividends abroad to foreign shareholders are subject to Central Bank's prior approval; unless the total amount being transferred as profit/dividends does not exceed the sum that equals to 30% of the amounts that were previously entered and sold against Argentine pesos in the Foreign Exchange Market as new capital contributions; among other conditions.

Investment in Foreign Assets: Local entities require the Central Bank's prior approval for the acquisition of foreign assets (e.g.: set up of a foreign currency deposit abroad).

Likewise, it is important to highlight that Decree 28/2023 established new requirements applicable to export proceeds from services and goods. Exporters must bring these proceeds into Argentina and settle them as follows:

1. 80% of the proceeds must be sold for Argentine pesos (ARS) through the Foreign Exchange Market; and

2. The remaining 20% must be converted into ARS through a two-step process: a) First, use the foreign currency to purchase securities that settle in foreign currency; and b) Then, sell these securities for settlement in local currency (ARS).

This system creates a blended exchange rate for exporters, combining the official rate with a financial market rate.

Blue-chip Swap Transactions

The blue-chip swap transaction basically consists of: (i) a transaction where (a) certain securities are acquired locally against Argentine Pesos; and (b) later said securities are sold abroad (or transferred abroad and thereafter sold) being the sale price paid abroad in United States dollars of free availability, and in an account opened abroad; and (ii) a reverse transaction where (a) said securities are purchased abroad against United States dollars –or the corresponding foreign legal currency- of free availability; and (b) then said securities are transferred into Argentina and sold in the Argentine market being the sale price paid in Argentine Pesos and deposited in a local account.

Based to applicable regulation the described transactions are neither forbidden nor constitute a foreign exchange transaction.

However, the foregoing does not prevent the existence of regulations that (i) affect the terms and conditions of the referred securities transactions by imposing –for example- minimum holding periods; (ii) indirectly impacts on the such transaction by imposing restriction to perform certain transactions in the Foreign Exchange Market (either prior or after the securities transactions); (iii) restrict the possibility of performing the referred securities transactions as long as a party to the transaction has been awarded certain benefits by the Argentine Government while they are in force and effect; and/or (iv) impacts on the holding of foreign currency abroad since its falls within the category of Foreign Liquid Assets (including, the United States dollars amount obtained abroad from the sale of the securities).

Special regimens applicable to the Oil and Gas Industry

i. Foreign Exchange Access for incremental production of Oil and Natural Gas

Pursuant to Decree No. 277/2022 those entities registered with the Argentine Government's Registry of oil companies that are holders of hydrocarbon exploitation concessions granted by the Argentine government, the provinces or the City of Buenos Aires can adhere to Foreign Exchange Access for Incremental Production of Oil (in Spanish, Régimen de Acceso a Divisas para la Producción Incremental de Petróleo - "RADPIP") and Foreign Exchange Access for Incremental Production of Natural Gas (in Spanish, Régimen de Acceso a Divisas para la Producción Incremental de Gas Natural - "RADPIGN").

For such purposes, the beneficiaries must (i) adhere to RADPIP and/or RADPIGN, as it may be the case, (ii) obtain incremental production of crude oil production or natural gas, as it may be the case, in accordance with the provisions of the Decree, (iii) comply with the Regime for the Promotion of Employment, Labor and the Development of Regional and National Suppliers of the Hydrocarbons Industry, and (iv) comply, as it may be applicable, with all the obligations set forth in Decree No. 892/2020.

The beneficiaries of this regime shall have access to the foreign exchange market for the payment of (i) principal and interest on foreign commercial or financial debt, including liabilities with related companies; (ii) profits and dividends corresponding to closed and audited financial statements; and/or (iii) the repatriation of foreign direct investments, for an amount equivalent to (i) in the case of oil, the incremental production volume benefit – identified as 20% increment, in Spanish, Volumen de Producción Incremental Beneficiado (VPIB)-, or (iv) in the case of natural gas, the incremental injection volume of each beneficiary –identified as a 30% increment, in Spanish, Volumen de Inyección Incremental Beneficiado (VIIB)-.

Pursuant to said decree, the benefits described therein can be transferred to the beneficiaries' direct suppliers as set forth therein.

ii. Large Investments Incentive Regime

Please refer to Chapter 7 of this guide for a comprehensive report on the Large Investments Incentive Regime established by Law of "Bases and Starting Points for the Freedom of the Argentines" No. 27,742, which offers significant foreign exchange benefits for project that qualify.

iii. Hydrocarbon Exploitation Investment Promotion Regime or the "Regime"

National Decree No. 929/2013[2] and National Law Promotion Regime No. 27,007 created the "Hydrocarbon Exploitation Investment Promotion Regime". According to the regulation, the benefits of the Regime are available to (i) holders of hydrocarbon exploration permits or exploitation concessions and third parties associated with these holders; (ii) who are registered in the Hydrocarbon Investments National Registry, created by the Decree No. 1277/2012; and (iii) who submit an investment project for the exploitation of hydrocarbons involving an investment of at least US$250 million or US$1,000 million in the first 3 or 5 years of the project, as appropriate. Such project must be approved by the Strategic Planning Commission of the Hydrocarbon Investment National Plan created by the National Decree No. 1277/2012 (currently replaced by the Secretariat of Energy).

2. www.argentina.gob.ar/normativa/nacional/decreto-929-2013-217314/texto

The benefits established in the aforementioned regime will begin to apply from the third or fifth year after the implementation of each project and are as follows:

a. the right to freely commercialize in the foreign market 20% of the liquid and gaseous hydrocarbons produced in such project, 60% for offshore projects.

b. the right to export such hydrocarbons free of export duties (0% rate) (the "Benefit");

c. the right to the free availability of 100% of the foreign exchange earned from the export of such hydrocarbons (up to 20% of the production of each conventional or non-conventional hydrocarbon project, 60% for offshore projects); and

d. in the event that the export of hydrocarbons is restricted in order to supply local demand, the right to receive the international reference price without computing the incidence of the export duties in force, for the hydrocarbons eligible for export (20% or 60% of the production of the project as it may correspond) that cannot be effectively exported.

Application procedure to apply for the 0% rate benefit

On January 27, 2023, the Secretariat of Energy, dependent on the Ministry of Economy, published Resolution No. 26/2023 (the "Resolution")3. The Resolution establishes the requirements and conditions to apply for the benefit of a 0% (zero percent) export duty rate on liquid and gaseous hydrocarbons (the "Benefit") for the projects beneficiaries of the Hydrocarbon Exploitation Investment Promotion Regime.

The Benefit can be requested by those companies awarded with a Hydrocarbon Exploitation Investment Project, approved under the terms of the Regime.

The application must be submitted at the head office of the Secretariat of Energy, between the first and tenth day of each month, at least thirty days before the planned date of export.

In order to apply, the companies must inform: the resolution that approved the project subject of the application, details of the product to be exported, proof of export, produced volume and export volume.

Granting of the Benefit

The National Directorate of Economics and Regulation, dependent of Secretariat of Energy will analyze the applications.

a) The companies may be required to provide additional documentation and/or information.

3. https://www.boletinoficial.gob.ar/detalleAviso/primera/280367/20230127

b) It will be verified that the export volume is within the 20% of the production volume of liquid and gaseous hydrocarbons produced by the conventional or non-conventional hydrocarbon project. In the event that, at the date of the Resolution, the applicant company already has an approved project, it may include 20% of the accumulation production from the third or fifth year, as applicable, counted from the execution of the project and up to the month prior to the month in which the application is submitted. Currently there is no offshore production project with the Benefit.

In case the application is approved, the Secretariat of Energy will notify the General Directorate of Customs and the applicant company, which shall inform the export destination number and the date of formalization of the export destination.

Issuance of the certificate
Once the application has been approved and the information mentioned in the previous paragraph has been submitted, the Secretariat of Energy will issue a certificate (the "Executive Order No. 929/2013 Certificate") for the company to show before the General Directorate of Customs at the time of the export.

Environmental, Social and Corporate Governance (ESG)

The development of ESG is still in its early stages in Argentina. In such regard, there are not mandatory regulations in the matter. However, some voluntary guidelines were issued recently.

Securities Regulations

In connection with the foregoing, the Argentine Securities Commission issued Resolution No. 896 where it was established the so-called socially responsible investments and incorporated green, social and/or sustainable securities ("GSS Securities").

GSS Securities are those securities aimed at financing or refinancing projects, partly or in their entirety, with social and environmental benefits, or a combination of both. Any company, government or organization can issue a GSS Securities while complying with the legal and regulatory conditions in force.

The purpose of the Guidelines is to provide the market with a best practices and standards guide for the issuance of GSS Securities aimed to spread international standards and rules to assess eligible assets.

Each of the GSS Securities labels is defined according to the benefits obtained by the projects or activities to be funded, as describe below:

"green" securities are focused on projects or activities with environmental benefits,

"social" securities are focused on projects or activities with social benefits, and

"sustainable" securities are a combination of both.

6. Foreign Investment, Foreign Exchange, ESG

As described in the Guidelines, GSS Securities are structured similarly to any traditional marketable security. However, the difference lies in the use of placement proceeds, which must be exclusively allocated to activities or projects considered social, green or sustainable, which must be detailed in the relevant prospectus.

The Argentine Securities Commission suggests taking into account the following standards that govern the issuance of financial instruments with green, social or sustainable purposes:

- Green Bond Principles (GBP) that were created in 2014 by the International Capital Market Association (ICMA).
- International Climate Bonds Standard (CBS) that are managed by the Climate Bonds Initiative (CBI), it refers to the criteria and standards created to be used as tools for governments and investors whose objective is to mitigate the adverse effects of climate change.

According to the Argentine securities regulation, the possible structures for GSS Securities issuances are the following:

- Corporate Bond (CB): the funds obtained from the issuance are allocated to themed activities or projects (green, social or sustainable), supported by the issuer's balance sheet.
- Corporate Bond SME: these securities are issued by companies classified as SME, according to the Argentine Securities Commission regulation, and have a special reporting system, more flexible than the general one.

- Simple Corporate Bond: these issuances are identical to the ones mentioned above, but the issuance must be totally guaranteed by a Guarantee Company (Sociedad de Garantías Recíprocas).

- Project Bonds: issuances of Corporate Bonds aimed at financing projects, both from the public or private sector, and structured through companies exclusively incorporated for such purpose, with the exception of issuances under Section 83 of Law No. 26,831, as amended.

- Mutual Fund: Funds obtained from the issuance of quota shares of mutual funds created according to Law No. 24,083, as amended, are allocated to themed projects.

- Financial Trust: funds obtained from the issuance are allocated to themed projects.

Stock Exchange Regulation

In alignment with the foregoing, Bolsas y Mercados Argentinos (BYMA), one of the most relevant stock exchanges, launched its guide for the issuance of GSS Securities.

BYMA's initiative aims to provide the market with a new financing method, which enables issuers, investors and stakeholders taking part directly in environmental objectives such as greenhouse-gas-emissions mitigation, as stated by the international treaties of Kyoto Protocol and Paris Agreement and raising social and environmental awareness as established by the United Nations Global Compact.

GSS Securities Guidelines include information on the regulatory framework, definitions, principles and best practices, as well as the listing process to be followed by GSS Securities' issuers. It is worth mentioning that said listing process is similar to other securities listing processes in force, the main difference being the way the proceeds will be applied, which shall be stated in the Securities Prospectus.

Compliance programs

Finally, the Argentine Government's Anti-Corruption Office launched the Registry of Integrity and Transparency for Companies and Entities (in Spanish, Registro de Integridad y Transparencia para Empresas y Entidades–"RITE").

The RITE is a platform promoted by the Anti -Corruption Office to contribute to the development and improvement of compliance programs, the exchange of good practices and the promotion of transparent environments in businesses and markets.

7. Large Investments Incentive Regime (RIGI)

The “Law of Bases and Starting Points for the Freedom of the Argentines”, approved in July 2024 includes a section called “Large Investments Incentive Regime” (in Spanish, Régimen de Incentivo a las Grandes Inversiones or “RIGI”), a regime for holders of a single project that meets certain requirements, through which certain exchange and tax incentives are granted, as well as legal certainty and protection of acquired rights. The provisions of the RIGI are regulated by National Decree No. 749/2024 (the “Decree”)

	Oil & Gas Regime	RIGI	RIGI Long-term Strategic Export Projects
Minimum Investment Threshold	Yes	Yes	Yes
All Upstream Oil & Gas Activities	Yes	Some	Some
Midstream and Downstream Activities	No	Yes	Some
Income Tax			
Tax Rate	35%	25%	25%
Accelerated Depreciation	No	Yes	Yes
Unlimited Carryforward. Adjusted by inflation. Assignable after 5 years	No	Yes	Yes
Unlimited interest deduction first five years	Max. 30% EBITDA	Yes	Yes
Tax on dividends reduction to 3.5% after 7 years	No	Yes	Yes
Exemption for maritime leases or charters, for international transport services for exports and for services included in engineering, acquisition and construction management contracts	No	No	Yes
Other payments to beneficiaries abroad, 30% of the amounts paid will be presumed to be net profit, unless there is a provision implying more favorable treatment.	No	No	Yes
Value Added Tax			
Payable to suppliers with a VAT certificate (no financial exposure)	No	Yes	Yes
Tax on Credits and Debits (1.2%) 100% Credit against Income Tax	No	Yes	Yes
Exports Duties Exemption	Onshore 20% Offshore 60% production after Y3	After 3 years	After 2 years
Import Duties Exemption	No	Yes	Yes
Import Duties Exemption – Suppliers	No	Yes	Yes
Foreign Exchange			
Free access to Fx market	At present highly regulated	Yes	Yes
Y1 Exemption to onshore export proceeds	0%	0%	20%
Y2 Exemption to onshore export proceeds	0%	20%	40%
Y3 Exemption to onshore export proceeds	20% Onshore 60% Offshore	40%	100%
Y4 Exemption to onshore export proceeds	20% Onshore 60% Offshore	100%	100%
Tax, Fx and Regulatory Stability	No	30 years	30 + 10 years
Tax, Fx Benefits Term	Until Expiration Hydrocarbons Concession	-	-
Dispute Resolution			

7. Large Investments Incentive Regime (RIGI)

ELEGIBILITY FOR THE RIGI

The possibility to join this regime is available for a limited period of time only. It will be possible to join the RIGI during the two years following the entry into force of the "Law of Bases and Starting Points for the Freedom of the Argentines" (i.e.: until July 8, 2026). The National Executive Branch may extend this period only once, for one additional year.

Adherence to the RIGI may be requested by Single Project Vehicles (SPV) holding one or more phases of a project deemed a "Large Investment" within the mining, energy/petroleum and gas sectors, among others.

Within the oil and gas sector, in particular, the RIGI has been designed to promote activities related to:

- The construction of treatment plants, natural gas liquids separation plants, oil pipelines, gas pipelines, multi-product pipelines, and storage facilities;
- The transportation and storage of liquid and gaseous hydrocarbons;
- Petrochemicals, including the production of fertilizers and refining;
- The production, capture, treatment, processing, fractionation, liquefaction of natural gas, and transportation of natural gas for the export of liquefied natural gas, as well as the infrastructure necessary for the development of the aforementioned industry;
- The exploration and exploitation of offshore liquid and gaseous hydrocarbons.

Additionally, some SPVs may request their adherence to the RIGI with a "Long-Term Strategic Export" project, if the project involved may result in the positioning of the Argentina as a new long-term supplier in global markets in which it does not yet have a relevant participation. Long-Term Strategic Export projects will have to comply with special requirements and shall enjoy additional special benefits and guarantees.

Adherence to the RIGI may also be requested by suppliers of goods or services with imported merchandise to an SPV adhered to the RIGI.

CERTAIN CONDITIONS TO QUALIFY FOR RIGI

In order to apply for the RIGI, the SPV shall have as its sole and exclusive purpose to carry out one or more phases of a single investment project.

Consequently, the SPV shall not carry out activities or own assets not related to said project, with the exception of temporary investments of its working capital that contribute to the prudent management of the company's funds.[1]

1. https://www.boletinoficial.gob.ar/detalleAviso/primera/312707/20240823

The Decree defines “single project” as the development planned and dedicated exclusively to one or more activities included within the applicable sectors, which requires of a Large Investment and that complies with the following requirements:

- Is operated by an SPV
- The assets and activities of the SPV constitute an indivisible economic unit. It shall be understood that there is an inseparable economic unit when the following requirements are met:
- The project components are interconnected and/or linked in such a way that their exclusion from the project would prevent the development of the activities.
- The project activities are reasonably related and necessary to the development of the sector or sub-sector of the project.
- The project components are located within a maximum radius of 200 kilometers, except for: (a) the related transport infrastructure; (b) cases in which, exceptionally, due to the lack of adequate infrastructure, the relevant governmental authority decides to increase the radius referred to or; (c) in cases of a Long-Term Strategic Exports projects.
- The SPV is the owner of all the assets that constitute the project and uses them exclusively for its development.

The Decree also clarifies that the condition of single project will not be altered by the fact that the SPV develops the activities foreseen in one or more sectors, provided that the requirements mentioned above are met.

Long-Term Strategic Export projects may be managed by more than one SPV provided that compliance with the necessary requirements to be classified as a single project is demonstrated, and subject to special rules.

The incentives and benefits of the RIGI can only be used by the SPV exclusively in relation to the adhered project.

LARGE LONG-TERM INVESTMENTS. Minimum InvesTment Amounts

In order to qualify for the RIGI, the project must qualify as a large long-term investment.

Projects involving the acquisition, production, construction, and/or development of assets intended for activities meeting the following conditions will be considered as “Large Investments”:

7. Large Investments Incentive Regime (RIGI)

- Minimum amount of the investment in computable assets equal or greater than: US$200 million. The National Executive Branch may increase the minimum investment amount by sector or production stage, up to a maximum of US$900 million. The Decree has set specific minimum investment thresholds at:
  - US$600 million for offshore exploration and production;
  - US$600 million for exploration and production of gas for export;
  - US$300 million for transportation and storage; and
  - US$200 million for processing, fractioning, compression and liquefaction; refining; and petrochemical and fertilizers.
- All amounts to be considered net of VAT.
- At least 40% of the minimum amount of the investment shall be made within the first and second year, as of the date of approval of the investment plan and adherence to the regime.
- In Long-Term Strategic Export projects, the minimum investment amount shall be equal to or greater than US$2,000 million and at least 20% of that amount shall be invested within the first and second year.
- In Long-Term Strategic Export projects, the minimum amount committed for each stage shall not be less than US$1,000 million
- Investments shall be long-term, with a ratio not exceeding 30% between the present value of the expected net cash flow, excluding investments, during the first 3 years from the first capital disbursement; and the net present value of the planned capital investments during that same term.

7. Large Investments Incentive Regime (RIGI)

RIGI APPROVAL. INVESTMENT PLAN.

To request adherence to the RIGI, SPVs must submit an application form and an investment plan. The approval of the application request and the investment plan entails the following:

- Adherence to the RIGI, which confers the rights under the RIGI
- Date of adherence to the RIGI, which will be the date of submission of the adherence request.
- Investment to be made within the first 2 years, as of the notification of the adherence of the RIGI
- Deadline for compliance with the minimum investment amount in computable assets as proposed in the investment plan.
- Assumption by the SPV of the commitments and essential compliance requirements set forth in the RIGI

LONG-TERM STRATEGIC EXPORT PROJECT

To qualify as a Long-Term Strategic Export project, in addition to meeting all the requirements for adherence to the RIGI, the applicant must, at the time of submitting the application for adherence:

- International Positioning. Demonstrate that the single project has the potential to position Argentina as a new long-term supplier in a global market where the country currently has no significant presence. This will be considered demonstrated if, at the time the law comes into force:

  a. There is no record of exports of the products in question from Argentina;

  b. Even if such exports exist, the single project would enable exports to new countries that constitute new export destinations for that product; or

  c. Argentina holds a market share of less than 10% of the global market for those products.

- Stages. Detail the timeline for each stage of the single project and the minimum investment amount committed for each stage, which must not be less than US$1,000 million and must be met before the completion of each stage. If the qualifying investments in one stage exceed US$1,000 million, the excess amount will be credited towards the fulfilment of the minimum amount applicable to the next stage. If the minimum investment amount of US$1,000 million is met for each of the first two stages, it will not be necessary to prove minimum investments in subsequent stages.

- Percentage of the minimum amount to be completed in the first two years. To foresee for the first and second year, starting from the date of adherence, to meet a minimum investment in qualifying assets equal to or greater than 20% of US$2,000 million, which is the minimum investment amount applicable to Long-Term Strategic Export Projects.

- Multiple SPVs. The SPV must be provided:

  a. The corporate information of each SPV responsible for the Long-Term Strategic Export project, and

  b. A commitment of joint and several liability for all obligations that, under the RIGI, are applicable and enforceable against each SPV participating in the single project with multiple SPVs.

One Single Project with More than One SPV

Long-Term Strategic Export projects may be managed by more than one SPV provided that compliance with the necessary requirements to be classified as a single project is demonstrated. Additionally, the following rules shall apply to these projects:

- Geographical integration. If the project components are located beyond a 200 km radius, they must be geographically integrated.

- Compliance with Obligations. Compliance with the obligations required of the SPV will be calculated based on the total of what has been fulfilled by the holders with respect to the single project.

- Joint and Several Liability. SPVs responsible for a Long-Term Strategic Export project will enjoy the rights conferred by the RIGI individually. However, they will be jointly and severally liable for the fulfilment of the obligations applicable to the other SPVs participating in the project under the RIGI.

- Effect of a SPV's Breach. Non-compliance or violation by one of the SPVs responsible for the Long-Term Strategic Export project will be attributable to the other SPVs participating in the project.

Qualifying Assets

Investments related to usage rights that must be recorded as right-of-use assets may be considered as qualifying assets for the purpose of meeting the minimum investment amounts for Long-Term Strategic Export Projects.

Extension of Stability Term

The general stability term of 30 years counted as from the start date of the project, may be extended for an additional 10 years. The relevant governmental authority may only grant such an extension for those stages that have reached the US$1,000 million amount.

SUPPLIERS OF GOODS OR SERVICES WITH IMPORTED GOODS

The goods subject to be imported by the suppliers adhered to the RIGI are inputs and intermediate goods intended exclusively for industrial transformation and/or improvement resulting in another good identified as "capital good" (bien de capital, "BK") and/or IT and Telecommunication Good (Bien de Informática y Telecomunicaciones, "BIT"), referred to in Annex I of Decree No. 557/2023; to be supplied to a SPV adhered to the RIGI or intended for the implementation of a RIGI project.

In no case a good supplier adhered to the RIGI may supply the SPV with imported inputs or intermediate goods that have not undergone a transformation process that gives the good supplied a new resulting form, understood as a change of tariff heading (*salto de partida arancelaria*).

Service suppliers adhered to the RIGI may import goods which have not undergone a transformation process and in such case the incentives provided by the RIGI will apply for the goods applied to the RIGI project.

Suppliers will not be allowed to supply imported goods or services to related SPVs, unless such suppliers are the only ones capable to meet the demand for the provision of the good or service required by the SPVs.

The goods imported for the provision of services shall remain property of the supplier and may only be used for the provision of services to one or more SPVs adhered to the RIGI, even for the provision of services to SPVs other than the one declared at the time of importation, either alternately or simultaneously.

It is expressly prohibited to use the goods imported for the provision of goods or services to a third party that is not a SPV adhered to the RIGI.

The imports will be subject to a destination verification for a determined period.

Incentives granted by the RIGI

The incentives granted to the SPVs adhered to the RIGI are as follows:

Tax Incentives

- Income Tax
  - Entities within the regime are subject to a fixed tax rate of 25% on net taxable income generated by the activities of the SPV from their adherence to the RIGI, bypassing the standard progressive tax scale.
  - SPVs have the option to amortize investments over specific periods, with a specific amortization plan, providing flexibility in financial planning.
  - Tax losses incurred by entities can be carried forward indefinitely to offset against future taxable profits, without temporal limitations. If tax losses are not offset during the following five years, they can be transferred to third parties (prior approval from the Tax Authority).

7. Large Investments Incentive Regime (RIGI)

- The updates provided for in the Income Tax Law will be made on the basis of the percentage variations of the Consumer Price Index (Índice De Precios al Consumidor, "IPC").

- SPVs holders of a Long-Term Strategic Export project will be exempted from Income Tax in the following cases: a) Maritime leases or charters; b) International transport services used in the export of goods from Argentine territory and; c) Services included in engineering, procurement, and construction management contracts.

- In payments made by SPVs holders of a Long-Term Strategic Export project to foreign beneficiaries, subject to Income Tax, 30% of the amount paid shall be presumed to be net profit, unless there is a provision that establishes a more favorable treatment.

- Dividend Taxation

  - Net profit derived from dividend and profit distributions from entities adhered to the RIGI to their shareholders are taxed at a reduced rate of 7%.

  - For dividends paid to foreign beneficiaries, withholding tax obligations fall on the payer as a final and definitive payment.

  - Upon 7 years of the adherence to the RIGI, dividends and profits will be subject to a rate of three point five percent (3.5%).

- Other taxes

  - VAT tax: If SPVs are charged with VAT for the purchase, construction or importation of goods or for investments in infrastructure works and/or services necessary for their development and construction; SPVs will be allowed to pay said VAT to their suppliers or to the Tax Authority through the delivery of Tax Credit Certificates.

  - Debits and credits on bank accounts tax: SPVs may compute 100% of the amounts paid and/or received in respect of the tax on debits and credits in bank accounts, as a credit against income tax.

7. Large Investments Incentive Regime (RIGI)

Custom benefits

- Imports for consumable goods for the project shall be exempt from import duties, statistical and destination verification tax, and from any regime of collection, advance payment or withholding of national and/or local taxes. The list of goods to be exempted shall be defined at the time of adherence to the RIGI, subject to later modifications as per the SPVs request.

- Import incentives will apply to new capital goods, spare parts, and components directly related to the approved investment plan, identified as BK ("bien de capital") and BIT ("bien de informática y telecomunicaciones") according to Annex I of Decree No. 557/2023. However, the SPV may exceptionally request its application to other imports to the extent that they are essential for the fulfillment of the project. The benefit does not apply to inputs.

- Export for consumable goods obtained under the project carried out by the SPVs, shall be exempt from export duties, after 3 years as of the date of adherence to the RIGI.

- SPVs may freely import and export goods necessary for the project, without any prohibitions or restriction. Nor may official prices or any other official measure that alters the value of the imported or exported goods may be applied to the SPVs or supply priorities for the domestic markets

Foreign Exchange Benefits

- The collection of exports of products of the adhered project shall be exempted from the obligation of entry and/or negotiation and settlement in the foreign exchange market in the following percentages:

- 20% after 2 years from the start date of the project; or after 1 year in the case of Long-Term Strategic Export projects.

- 40% after 3 years from the start date of the project; or after 2 years in the case of Long-Term Strategic Export projects.

- 100% after 4 years from the start date of the project; or after 3 years in the case of Long-Term Strategic Export projects.

- The Decree established that the start date of the project will be the date of the first export of the product which constitutes the main purpose of the project, or the date when the 40% of the minimum investment amount is completed (prior deduction of the investment in computable assets that can only be made for up to a 15% and up to a 20%), whatever occurs first.

- Said funds in the said percentages shall be freely available.

- The SPVs shall not be obliged to enter and/or liquidate in the foreign exchange market the foreign currency and/or any countervalue corresponding to other items or concepts (such as capital contributions, loans or services) related to the project, which shall be freely available. Nor they will be obliged to enter the collections of exports of goods and/or services rendered and/or accrued by an SPV. However, the amounts held abroad by the SPVs as a result of the application of the RIGI incentives may be subject to the rules established by the Central Bank regarding the priority use of such liquid foreign assets by the SPVs, prior to the access to the foreign exchange market.

- Foreign currency from local or external financing taken by the SPVs adhered to the RIGI, which were disbursed after the entry into force of this law, shall not be subject to restrictions as to their free availability abroad or in the country. Such funds shall be freely available to the SPV.

- No limitations on the holding of liquid and non-liquid end-assets imposed by foreign exchange regulations shall be applicable to a SPV.

- Exchange regulations that establish restrictions or prior authorizations for access to the foreign exchange market for the payment of (i) principal on loans and other financial indebtedness abroad, and/or the repatriation of direct investments by non- residents; or (ii) dividends or interest to non-residents; shall not be applicable to the SPV.

All foreign exchange incentives were acknowledged by the Central Bank and incorporated into its regulatory framework through Communication “A” No. 8099, issued on August 29th, 2024.

- Other rights guaranteed to SPVs

- Full availability of the products resulting from the project, with no obligation to sell them on the local market.

- Full availability of its assets and investments, which shall not be subject to confiscatory or expropriatory acts in fact or in law by any Argentine authority.

- The right to the continued operation of the project without interruption, unless there is a court order and the SPV has the opportunity to exercise its right of defense beforehand, recognizing that the viability and continued operation of the project throughout its useful life is essential.

- The right to pay profits, dividends and interest through access to the foreign exchange market without restrictions of any kind and without the need for prior approval by the Central Bank, to the extent that the investment has entered through the Single and Free Foreign Exchange Market;

- Unrestricted access to justice and other legal remedies available for the defense and protection of their rights related to the project.

Stability

SPV adhering to the RIGI shall enjoy regulatory stability with regard to their projects concerning tax, customs, and exchange matters. The benefits granted by the RIGI may not be affected by the repeal of the law nor by the creation of tax, customs or foreign exchange regulations that are respectively more burdensome or restrictive than those provided for in the RIGI.

This stability lasts for 30 years from the SPVs adherence date. In the case of Long-Term Strategic Export projects, the stability term may be extended for an additional 10 years.

In the event of reductions or elimination of exchange restrictions which imply a more beneficial exchange rate treatment than that provided for the RIGI, the SPV may benefit from them by applying them immediately.

Accumulation of benefits – Other regimes

The benefits provided for in the RIGI may not be accumulated with incentives of the same nature existing in other pre-existing promotional regimes. However, adherence to the RIGI does not imply waiver or incompatibility with other promotional regimes with which incentives of a different nature may be combined, provided that they do not overlap, accumulate or reiterate with the incentives provided for in the RIGI.

Jurisdiction and Arbitration

All disputes arising out of or relating to this regime between the National State and an SPV shall, in the first instance, be resolved by amicable consultation and negotiation. If the dispute cannot be settled amicably within 60 calendar days of the SPV notifying the National State of the existence of the dispute, the SPV shall submit the dispute to arbitration in accordance with, at the SPV's option:

- The Arbitration Rules of the Permanent Court of Arbitration of 2012;
- The Arbitration Rules of the International Chamber of Commerce (excluding the Expedited Procedure Rules);
- The Convention on the Settlement of Investment Disputes between States and Nationals of Other States of March 18, 1965 (ICSID Convention), or if applicable, the Arbitration Rules (Supplementary Facility) of the International Centre for Settlement of Investment Disputes (ICSID).

The arbitration panel will decide on the seat of arbitration, which will be established outside Argentina. The arbitration panel shall consist of 3 arbitrators to be selected in accordance with the applicable rules of procedure. None of the arbitrators may be nationals of Argentina or of the home state of the SPV. Except in certain cases, the language shall be Spanish.

The National Executive Power is authorized to establish specific dispute resolution mechanisms for each project in the administrative act approving the adherence request and the investment plan.

The rights and incentives acquired under the terms and conditions of this regime are considered protected investments as defined in applicable bilateral investment treaties on the promotion and reciprocal protection of investments.

Any infringement on these rights may result in the international liability of the National State in accordance with the provisions of these treaties, without prejudice to the remedies provided for in the RIGI.

Invitation to adhere to Provinces and Municipalities. OTHER INCENTIVE REGIMES.

The provinces, the Autonomous City of Buenos Aires, and the municipalities were invited to adhere to the RIGI under all its terms and conditions. Those jurisdictions that adhere to the RIGI may not impose new local taxes on the SPV, except for fees for services effectively rendered.

As of the date of publication, the following provinces have adhered to the RIGI: Jujuy, Salta, Chaco, Tucumán (excluding certain mining activities), Catamarca, Corrientes, San Juan, Mendoza, San Luis, Córdoba, Entre Ríos, Neuquén, Río Negro, Chubut (excluding certain mining activities) and Santa Cruz. On the other hand, other provinces are moving forward in the process of adherence, such as the City of Buenos Aires and Misiones.

Some provinces announced their intention to establish their own incentive regime, such as Buenos Aires Province, which created the “Strategic Investment Promotion Regime”, which grants some tax incentives to the adhered projects.

Recently, the National Executive Branch submitted to the National Congress a bill for an Investment and Employment Promotion Law. This bill intends to promote the growth of small and medium companies (in Spanish, “Pequeñas y Medianas Empresas” or “PYMEs”), boosting industrial exports, formalizing employment, promoting the agricultural sector and bringing about profound changes in labor relations. It is aimed for smaller projects, with an investment between US$ 600 thousand and US$ 30 million.

PROJECTS THAT REQUESTED ADHERENCE TO THE RIGI.

As of the date of publication, the Ministry of Economy has reportedly received 9 submissions of projects requesting adherence to the RIGI, for a total investment of over US$ 11,000 million, within the mining, energy, steel and oil and gas sector.

On January 8, 2025 the Ministry of Economy approved the first adherence to the RIGI which was granted to a project within the energy sector consisting of a renewable energy solar park in the province of Mendoza, carried out by Luz de Campo S.A., an SPV of YPF. The project foresees an investment of US$211 million, which is intended to be totally made within the first two years of the project. At the time of publication, the rest of the applications are under analysis and waiting for approval.

As regards the Oil & Gas sector, the main projects that requested adherence to the RIGI are:

(i) Vaca Muerta Sur Oil Pipeline: owned by VMOS S.A., with an estimated investment of US$ 3,000 million.

(ii) Floating LNG liquefaction terminal: owned by Pan American Energy, Golar LNG, YPF, Pampa Energía and Harbour Energy, with an estimated investment of US$ 6,900 million.

8. Environmental & Communities

Introduction

In environmental matters, both general environmental regulations and specific environmental regulations are applicable to hydrocarbon activities.

In fact, the application of rules regulating the environmental aspects of the hydrocarbon activity requires a harmonious interpretation and application of several constitutional provisions, which refer to the attribution of powers to dictate hydrocarbon regulations (Section 75, paragraph 12), to the distribution of competences to regulate environmental matters (Section 41), and to the distribution of powers to regulate environmental matters (Section 41), the distribution of competences to regulate environmental matters (Section 41), and the recognition of the original dominion of natural resources by the Provinces (Section 124), among other provisions of the National Constitution, which in itself implies a certain complexity and has not always led to uniform legal interpretations.

General Environmental Rules

The National Constitution provides in its Section 41, as amended in year 1994 constitutional reform, that (i) all Argentine inhabitants have the right to an undamaged environment and the duty to protect such environment. The primary obligation of any person held liable for environmental damage is to remediate the environment in line with the applicable law, and (ii) it corresponds to the National Government to enact the regulations that contain the minimum standards of environmental protection, and to the provinces, those standards necessary to supplement them, without the former altering the provincial local jurisdictions and authority.

Therefore, there are federal environmental regulations applicable throughout Argentina, including oil & gas activity, setting the applicable standards to the federal territories and the minimum standards within each province. These include, among others:

- Law No. 25,612 (Industrial Waste Law, 2002)[1];
- Law No. 25,675 (General Environmental Law, 2002)[2];
- Law No. 25,831 (Access to Environmental Public Information, 2003[3];
- Law No. 26,639 (Glaciers Law, 2010)[4];
- Law No. 26,331 (Native Forests Law, 2007)[5].
- Law No. 27,520 (Adaptation and Mitigation to Global Climate Change)

Therefore, there are certain matters where the provincial regulations may impact oil and gas projects by regulating matters of its own jurisdiction and authority (i.e.: water rights) and/or set higher standards than the federal provisions (i.e.: environmental matters).

1. http://servicios.infoleg.gob.ar/infolegInternet/anexos/75000-79999/76349/norma.htm
2. http://servicios.infoleg.gob.ar/infolegInternet/anexos/75000-79999/79980/norma.htm
3. http://servicios.infoleg.gob.ar/infolegInternet/anexos/90000-94999/91548/norma.htm
4. http://servicios.infoleg.gob.ar/infolegInternet/anexos/170000-174999/174117/norma.htm
5. http://servicios.infoleg.gob.ar/infolegInternet/anexos/135000-139999/136125/norma.htm

General Environmental Law – Environmental Insurance - Consultation Procedure

National Law No. 25,675[6] provides the minimum standards for an adequate and sustainable management of the environment and the sustainable development. It is applicable nationwide. It sets the goals of the federal environmental policy and creates a system to coordinate the environmental policies of the National Government, the provinces and the City of Buenos Aires.

This legal framework sets the minimum standards that an activity capable of significantly degrading the environment or its components, or which may adversely affect the quality of life, will be subject to.

It is mandatory for any company carrying hydrocarbons activities, to have environmental insurance according to the General Environmental Law.[7] This mandatory coverage was implemented mainly through several resolutions enacted by the federal environmental authority (currently, the State Secretariat of Environment and Sustainable Development).

In line with Section 43 of the National Constitution, the General Environmental Law establishes that when environmental damages have a collective impact, any affected person, the ombudsman, non-governmental environmental organizations and federal, provincial and municipal agencies are entitled to request that a court remedies any damages. Further, the General Environmental Law allows individuals to ask for court intervention to stop any activities causing collective environmental damage.

According to the General Environmental Law there is a consultation procedure prior to the approval of the Environmental Impact Assessment Report conducted by the local Authority.

The result of the consultation is not mandatory for the provincial hydrocarbon authority, but the final resolution must be substantiated by the authorities.

As people have the right to be informed about oil and gas activities and their environmental impact, once the local oil and gas authority receives an Environmental Impact Report it must be published for consultation purposes of the community.

General Liability Regimes for Environmental Damages

In addition to this, there are general liability regimes for environmental damage and a criminal regime.

a) The legal regime applicable to environmental damage of “collective incidence” arises fundamentally from the National Constitution, which in Sec. 41 establishes that “... environmental damage generates as a priority the obligation to remediate...” and from the General Environmental Law.

6. AR Law No. 25.675. General Environmental Law, 2002. http://servicios.infoleg.gob.ar/infolegInternet/anexos/75000-79999/79980/norma.htm
7. Id. Section 22.

b) The regime applicable to the damage to individual goods ("individual damages") caused through the environment is governed by the rules of the Civil and Commercial Code; and

c) A specific legal regime applicable to hazardous waste, including criminal liability, provided for in the Hazardous Waste Law[8].

Both hazardous waste generated during operations and waste generated as a consequence of abandonment of facilities shall be managed and disposed of in accordance with the regulations effective in connection with hazardous waste.

The liability of the generator of the hazardous waste is established from the time the waste is generated until it is extinguished (cradle to grave).

Hazardous waste generated within territories under federal jurisdiction or hazardous waste transported outside provincial jurisdiction shall be subject to federal jurisdiction (Hazardous Waste Law[9] and regulatory provisions thereof).

Hazardous waste generated, treated and disposed of within the province shall be subject to provincial jurisdiction. As regards this type of waste, each province has enacted its own regulations.

Environmental regulations pertaining to hydrocarbon activities

Upstream National Regulations

In 1992, the first regulations specifically regulating the environmental aspects of the hydrocarbon activity were issued. These provisions arose as regulatory norms of Law No. 17,319. Thus, the National Secretariat of Energy regulated in detail practically all the environmental aspects related to the upstream hydrocarbon activity. Thus, it regulated in detail the environmental protection measures to be observed in the exploration and development of oilfields, providing for the obligation to carry out prior environmental studies (Resolution No. 105/1992), the guidelines for the preparation of environmental studies (Resolution No. 252/1993, later modified by Resolution No. 25/2004), the conditioning of pools used to receive drilling muds (Resolution No. 341/1993), the venting of gas in hydrocarbon fields (Resolution No. 236/1993 later modified by Resolution No. 143/1998), the reporting of polluting incidents and contingency plans (Resolution No. 342/1993, amended by Resolution No. 24/2004), and the abandonment of wells (Resolution No. 5/1996), among other aspects.

However, since the enactment of Law No. 26,197, it has been defined that the provinces are the enforcement authorities in their respective jurisdictions and that they must apply the environmental regulations of Law No. 17,319.

8. AR Law No. 24,051. Hazardous Waste Law. 1992. http://servicios.infoleg.gob.ar/infolegInternet/anexos/0-4999/450/texact.htm
9. Id

Additionally, the provinces have issued regulations exclusively aimed at regulating the environmental aspects of the hydrocarbon activity.

Thus, several provinces have issued regulations in relation to environmental aspects of the hydrocarbon activity not contemplated in the national regulations; namely, regulations that require the use of “oleophilic blankets” in drilling tasks, others that impose the obligation to drill using “dry location”, and others that regulate the “oil residues” of the oil fields under a special regime called “Oil residues”, to mention some cases.

On the other hand, the Provinces of Neuquén and Mendoza have issued regulations establishing special environmental care measures to be observed in the exploration and exploitation of unconventional hydrocarbon fields.

Recently, the Law of Bases in its Section 163 empowers the National Executive Branch to develop, with the agreement of the provinces, harmonized environmental legislation for the purposes of compliance with Section 23 of Law No. 27,007, which will have as its objective priority to apply the best international environmental management practices to the tasks of exploration, exploitation and/or transportation of hydrocarbons in order to achieve the development of the activity with adequate care of the environment.

So far, this harmonized legislation has not been approved. However, the recently issued Decree 1057/24 has introduced several key provisions to guide a future harmonized regulatory framework, which will be approved in accordance with the provinces. These include the following:

i. Procedures for granting environmental permits.
ii. Well and facility abandonment procedures.
iii. Waste, emissions and effluent management.
iv. Well integrity and safety controls.
v. Greenhouse gas emissions related to activities (Decarbonization).
vi. Environmental social responsibility.
vii. Environmental liabilities.
viii. Guarantees, insurance, or other financial instruments for environmental contingencies.
ix. Access to public information.
x. Inspections and sanctions.

Offshore

Environmental regulations for offshore activities come from different sources, both national and international, as well as internal policies that may be applicable in each corporation.

Consequently, in addition to complying with all Argentine legal rules and regulations and all International Treaties and Conventions on the subject, that have been signed and ratified by Argentina, the permit and concession holders shall comply with the specific guidelines established by the Enforcement Authority, in force at all times.

The rules and guidance to be issued by the Enforcement Authority shall be in line with the rules or guidelines of good environmental practices of international application, such as the rules or guidelines issued by the American Petroleum Institute (API), the International Organization for Standardization (ISO), and the International Maritime Organization (IMO).

As a general rule, offshore activities shall be conducted in a manner consistent with the preservation and protection of the environment and any other resource. To that effect, the permit and concession holders shall apply the best techniques available to prevent and mitigate any negative environmental impact. In addition, they shall make a rational use of natural resources.

The permit and concession holders shall have in place an Environmental Management System designed in line with recognized international models for such activities, including the assessment and management of the risk.

Liability

The permit and concession holders are liable for all environmental matters arising from the oil operations under their responsibility and shall assume all remediation action costs required to discharge them.

They also have to conduct all activities in connection with the abandonment of the wells drilled by them and shall exclusively bear all costs, expenses and liabilities thereof. In addition to the applicable regulations, they shall adopt all such ordinary practices applied by the international community for this type of abandonment work, such as those provided by the API, ISO and IMO.

Exploration at the Argentine Sea – Environmental Claims

On February 11, 2022, the Federal Court of Mar del Plata No. 2 granted a precautionary measure and suspended the approval of the project "Argentine Offshore Seismic Acquisition Campaign: North Argentine Basin (CAN 108, CAN 100 and CAN 114 areas)" provided by Resolution No. 436/2021 of the Ministry of Environmental and Sustainable Development. Likewise, the judicial decision established that Equinor Argentina shall not initiate the exploration tasks related to the project, until a final ruling is obtained in this case. A total of four legal actions initiated by different plaintiffs but with the same object were accumulated. The defendants appealed the court resolution and recused the Judge.

In June 2022, the precautionary measure was annulled and a new Environmental Impact Statement was ordered. Among other things, the Court considered that the original EIS had omitted to give intervention to the National Parks Administration (as supervisor of the Southern Right Whale, which has been designated as a National Monument); and that the local municipality was not properly summoned as part of the public hearing process, so the standard on information access and public participation imposed by the Escazú Agreement (international treaty involving Latin American and Caribbean countries) was not fulfilled; and it lacked consideration of the cumulative impacts of the exploration to be carried out in the Argentine Sea.

At the beginning of December 2022, the Federal Court of Appeals of Mar del Plata lifted the precautionary measure that it had imposed in June and considered that the requirements of the June resolution had been met. However, the Court imposed some additional conditions for the exploration activities to resume, namely that: (i) a Permanent Observers from the Pampa Azul organization (a governmental initiative, with the participation of different Ministries and public academic and scientific institutions) shall be included; (ii) seismic activities shall be performed no less than 50 km from the Agujero Azul (protected marine area); and (iii) activities shall be suspended immediately if any event may cause significant damage to the environment.

The Court made a point of clarifying that this decision was made in connection with the exploration phase and shall not be considered a pre-approval of the exploitation phase.

Immediately afterwards, the Environmental Ministry issued Resolution No. 19/2022 approving the drilling of the Argerich-1 well in area CAN_100, in favor of Equinor.

MIDSTREAM NATIONAL REGULATIONS

REGULATIONS	ENFORCEMENT AUTHORITY	DESCRIPTION
Law No. 26,197	National Secretariat of Energy; and the provincial authorities in their respective jurisdictions.	The National Executive Power will be the Granting Authority, of all those hydrocarbon transportation facilities that cover two or more provinces or that have export as their direct destination. All those transportation concessions whose traces begin and end within the same provincial jurisdiction and that do not have export as their direct destination must be transferred to the provinces.
Disposition No. 123/2006	National Secretariat of Energy	Establishes the environmental protection regulations applicable to the transportation of hydrocarbons through oil pipelines, marine terminal pipelines and complementary facilities. Applies to each of the stages (preliminary project, construction, operation, maintenance, removal and abandonment of oil pipelines, polyducts, maritime and fluvial terminals), for which a concession for the transportation of liquid hydrocarbons has been granted or is in the process of being granted.

DOWNSTREAM NATIONAL REGULATIONS

REGULATIONS	ENFORCEMENT AUTHORITY	DESCRIPTION
Law No 17,319	National Secretariat of Energy; and the provincial authorities in their respective jurisdictions.	This law the activities related to the exploitation, industrialization, transportation and commercialization of hydrocarbons that will be in charge of state companies, private or mixed companies, in accordance with the provisions of this law and the regulations issued by the National Executive Power.
Law No. 13,660	National Secretariat of Energy	Establishes safety regulations for large fuel accumulations. The facilities for the production, transformation and storage of solid mineral, liquid or gaseous fuels must comply, throughout the Nation, with the norms and requirements established by the Executive Branch to satisfy the safety and health of the populations, that of the mentioned facilities, the normal supply of public and private services and the needs of national defense.
Decree No. 10877/1960	National Secretariat of Energy	Regulates Law No. 13,660 Defenses in oil refineries. From Sec. 201 and following, it establishes the active and passive defenses against fires that must be complied with.
Decree No. 2407/1983	National Secretariat of Energy	Safety regulations to be observed for the sale of fuel at service stations and other outlets throughout the country, notwithstanding to the prerogative of other agencies or national authorities and the powers inherent to local jurisdictions.
Decree No. 1212/1989	National Secretariat of Energy	It sets as its objective the deregulation of the Hydrocarbons Sector, for which rules are established that favor market mechanisms for setting prices, assigning amounts of transfer values and/or discounts in the different stages of the activity. Safety conditions: Establishes that it will be the full responsibility of the owner and/or vending company to comply with national, provincial and municipal regulations. The Provinces and Municipalities will excercise the police power over the outlets and will grant authorization rights when appropriate.
Resolution No. 404/1994	National Secretariat of Energy	Regulates safety and tightness audits of underground tanks.

Communities And Indigenous Communities Consultation Processes

As mentioned above, the general environmental law establishes a consultation procedure with the local community prior to the approval of the environmental impact assessment report conducted by the local authority. The result of the consultation is not mandatory for the provincial authority, but the final resolution must be substantiated by the authorities.

On the other hand, on january 17, 2023, the executive branch of the province of neuquén published provincial decree no. 0108/2023 and law no. 3401 “procedure for prior, free and informed consultation applicable to indigenous communities”.[10] neuquén is the first province to set a consultation procedure applicable to indigenous communities.

The purpose of this procedure is to establish the appropriate mechanisms for guarantee the procedure of prior, free and informed consultation to the indigenous communities of the province of neuquén under the terms of convention 169 of the international labor organization, the constitution of the province of neuquén and the national constitution.

The consultation will be prior to the adoption of the measures that are intended to be implemented; free, as long as the procedure must be carried out without pressure or coercion or interference by any of the parties, committing to sustain the dialogue in peaceful terms without violence or harassment or interference of any kind in the decisions of any of the parties; and informed, ensuring access and understanding of all available information and that could be produce regarding the measure subject to consultation.

This procedure applies to the bodies that make up the centralized and decentralized provincial public administration that, in the exercise of their powers, issue administrative decisions of a general or particular nature that may directly affect the recognized indigenous communities of said province.

The procedure will be subject to the following principles: (i) good faith in willingness of the parties to act loyally and sincerely, promoting a sphere of dialogue based on trust, respect and mutual collaboration, (ii) culturally appropriate in the recognition and respect for the traditional modes of organization, discussion and decision-making of the indigenous communities, and (iii) transparency in the access of indigenous communities to all information related to the matter of inquiry, in a complete, adequate and timely manner.

Within the cases mentioned in the protocol where the procedure must be applied before, are those which intend to undertake or authorize any prospecting or exploitation program for existing natural resources on the lands of the indigenous communities.

10. https://boficial.neuquen.gov.ar/Boletines/bol2301174119.pdf

The consultations carried out in application of this protocol must be carried out with the purpose of reaching an agreement or obtaining consent regarding the proposed decisions. If no agreement is reached, the minutes must establish the positions of each one of the parties, considering the procedure closed and sending the file to the administrative body; who may adopt the administrative decision that it deems appropriate and convenient, reasonably justifying its actions and considering, to the greatest extent possible, the objections, modifications or the needs of the participating Indigenous Communities. The administrative body must assess, at the time of adopting the decision, the various opinions expressed within the framework of the consultation procedure, under penalty of nullity.

EITI Standard

The Argentina is one of the 50 countries that have committed to strengthening transparency and accountability of their extractive sector management by implementing the EITI Standard.[11]

11. https://eiti.org/collections/eiti-standard
12. https://eiti.org/countries Retrieved February 9, 2023.

9. Labor & Social Security

This report describes the general conditions of the applicable legal regulations on labor matters in Argentina, as well as the rights and obligations applicable to those who act as employers, specially in the Oil & Gas industry.

Introduction

Argentine labor legislation provides for a comprehensive coverage of all aspects related to employment contracts, social security and organization and operation of trade unions.

In Argentina employment relationships are governed mainly by the following:

- Law No. 20,744 – Labor Contract Law.
- Law No. 24,013 - National Employment Law.
- Law No. 24,557- Occupational Accidents Law.
- Law No. 11,544- Workday Law.

In addition to those laws, such relationships are subject to Collective Bargaining Agreements ("CBA") agreed between the Labor Associations (Law No. 23.551 – Unions Law) which group gathers and represents employers according to their specific activity and the trade unions which represent employees according to their particular activity of work, such as Oil & Gas, construction, or metalworking activity.

Due to their specific activities, some of them are also subject to special statutes, which supplement or replace the Employment Contract Law (E.g. Construction Personnel Law No. 22,250, or Sales Travelers Law No. 14,546).

Labor Contract Law ("LCL")

The LCL regulates in detail all the aspects related to the rights and duties of the parties to an employment contract, such as working hours, remuneration protection, weekly rest period, vacations, disciplinary system and termination of the employment contract.

The LCL establishes that, irrespective of the form or name given to a relationship, whenever an individual undertakes to discharge duties, perform works or render services for another individual or legal entity (usually a corporation), under the latter's orders, during a stated or indefinite period of time, in return for payment of remuneration, such undertaking represents an employment relationship.

The LCL is deemed to be "public policy". Every employment contract will inevitably be ruled by the LCL and the employer may not establish working conditions less beneficial to the employee than those imposed by the LCL. On the contrary, employer and employee may agree upon more favorable terms, and, in that case, those terms will rule the relationship. Law No. 20,744 not only applies to Argentine territory, but also to its projection into the Argentine sea.

Employment Contracts

General Principle
The general principle is that the employment contract remains in force for an indefinite period of time, e.g., until it is terminated due to one of the causes established by law.

Furthermore, according to the LCL, the labor relationship in those cases does not require formal instrumentation since the rendering of services by the employee and the payment of the remuneration by the employer suppose the existence of such relationship.

Fixed Term Contract

According to the LCL, an employment contract may be executed for a predetermined period of time only in the following circumstances:

a) when its duration has been expressly set in writing;
b) when a reasonable appreciation of the work or activity to be performed by the employee so justifies;
c) when the reason for hiring is to replace a licensed employee, but the new one will not assume the same tasks.

Fixed term contracts expire on the date stipulated therein. If the employer terminates the employee without cause prior to the expiration date, shall pay the regular compensation for dismissal without cause in addition to the damages sustained by the employee. These damages consist usually in the salaries the employee would have collected until the expiration date fixed in the contract.

Employers are obliged to give prior notice of the termination of the contract, and in case of non-compliance it will be considered a contract for an indefinate period of time.

Temporary Work Contract

a) Features

Irrespective of its name, it will be deemed that a temporary work contract exists when the worker's activity is carried on for an employer to fulfill specific purposes, required by the latter regarding previously agreed extraordinary services or to meet extraordinary and temporary needs of the company when a definite term to terminate the contract cannot be foreseen.

Moreover, it will be understood that this type of relationship exists when it commences and concludes with the performance of the work or the service for which the worker was engaged. An employer who wishes the contract to be temporary is obliged to evidence such fact.

b) Replacement of workers on leave or whose job position is reserved

In the event the temporary work contract is intended to temporarily replace permanent company's employees who are on leave of absence, be they statutory or contractual, or whose job position has been reserved for an indefinite period, the contract must state the name of the worker who is replaced.

c) Extraordinary market requirements

When the purpose of the contract is to meet extraordinary market needs, the following requirements must be fulfilled:

- The contract must precisely and clearly explain the cause that justifies it.
- The duration of the cause giving rise to these contracts may not exceed six months per year up to a maximum of one year during a three-year period.

d) Prior notice and compensation upon expiry of the contract

The employer is not obliged to give prior notice of the termination of the contract.

Part-time Contracts

LCL regulates part-time contracts, in which both parties agree upon a certain number of hours per day, week or month, fewer than two thirds (2/3) of the regular work hours pertaining to the same activity.

Temporary Work Agencies

These are understood as those entities which, having been organized as corporate entities, have, as their exclusive purpose, the assignment to third parties (hereinafter, users) of industrial, administrative, technical or professional personnel to render on a temporary and extraordinary basis services previously specified or to meet extraordinary temporary needs of a company without stipulating a definite term for the expiry of the work contract.

9. Labor & Social Security

Temporary work agencies have to be registered with the Ministry of Labor and Social Security and may assign workers to users when the needs of the latter arise from any of the following circumstances:

a. In the event of the absence of a permanent employee, during such absence;

b. In the event of leaves or suspensions from work, be they statutory or contractual, during the time they may continue, except when the suspension is caused by strike, force majeure, lack of or reduction in work.

c. In the event of an increase in the business activity which requires, on an occasional and extraordinary basis, a greater number of workers.

d. When a piece of work to prevent accidents cannot be delayed by reason of urgent safety measures, or to repair the equipment, installations or buildings of the establishment which endanger workers or third parties, always provided that the work cannot be done by the user's regular personnel.

e. In general, when due to extraordinary or temporary reasons it becomes necessary to perform works outside the user's regular and usual business.

The corporate user will be jointly and severally liable with the agency for all labor and social security obligations due.

Homeworking

As a new contract type, the Telework Contract was incorporated by Law No. 27,555. This type will apply when the employee performs tasks through information technology means of communication, outside the employer's place of work.

The same provisions that the LCL establishes for contracts for an indefinite period of time apply to this type also. However, it is important to keep in mind that in this modality, some differences must be considered, including that all higher costs that the employee will have must be paid by the employer.

Remuneration

Remuneration consists in the payment received by the worker in return for discharging his duties. The minimum base salary to be paid is established by the Collective Bargaining Agreement applicable to activities developed by the employer.

The Minimum Living Salary represents the minimum consideration to be collected in cash by employees, if no Collective Bargaining Agreement applies to such employee. The National Employment, Productivity and Adjustable Minimum Living Salary Council will fix such salary. Any stipulation for a salary lower than the Minimum Living Salary or the Salary fixed by the applicable Collective Bargaining Agreement is null and void.

At the time of publication (February 2025), the gross amount of the Adjustable Minimum Living Salary is fixed at AR$ 292,446 per month.

Remuneration must be paid in cash, but up to 20% of the monthly salary could be in kind, through housing, food or the opportunity to obtain fringe benefits.

On June 30 and December 31 of each year, the employee must be paid an additional 50% of the highest monthly salary received during the previous semester (legal annual bonus). When employees have not worked the full six months, the legal annual bonus is paid pro rata.

According to the Argentine legal framework, the employee's remuneration shall be deposited in a bank account opened by the company in the employee's name.

Please note that this only acts as a mandatory minimum, but then each activity can agree specific salaries for each of the different type of duties.

Work Schedule and Rest Period

a) Basically, the work schedule may not exceed 8 (eight) daily hours or 48 (forty-eight) weekly hours.

This maximum of 48 weekly hours may be distributed unevenly by the employer. In such case, if the daily work hours of one or more workdays throughout the week are fewer than 8 hours, and always provided that the weekly work hours do not exceed the maximum of 48 hours, the workday can be extended by one hour (which means that the workday may be nine hours). However, the minimum rest period of one day and a half per week shall be given.

Employees holding supervisory or hierarchical positions are not subject to the 48- and 9-hour limitations. In those cases, the day work may not exceed twelve hours and the minimum rest period of one day and a half per week shall apply.

When employees are 18 years of age or older may work night shifts. A night shift will be deemed to be between 9 p.m. and 6 a.m. of the following day. The night shift may not exceed seven hours.

Notwithstanding the above-mentioned, several Collective Bargaining Agreements that apply to certain activities state different work schedules, most of them below the amounts of hours described above or adjusted to the activity.

In those Collective Bargaining Agreements it is possible that both parties establish a shift scheme which will be applied to the activity, considering those particular circumstances. Also, both parties are able to set types of contracts, as seasonal contracts, when, for example, extreme weather so requires.

b) Overtime is understood to be the time over the maximum work schedule of the activity. On business days, overtime entails a 50% surcharge calculated according to the regular and habitual remuneration and on Saturdays after 1 p.m., Sundays and holidays the surcharge is 100%.

In the oil & gas or mining sectors, a shift scheme could be set with longer periods of days of work, but, at the same time, higher resting periods, usually applying one-per-one day schemes (working/resting).

In the Argentine Patagonia, particularly in the provinces of Neuquén, Chubut, Río Negro, Santa Cruz, and Tierra del Fuego, this possibility is commonly used to organize work shifts in cycles of up to 14 working days followed by 14 days of rest. However, through Resolution No. 351 dated August 27, 2024, issued by the Ministry of Labor of Santa Cruz, this scheme was limited in those province to a maximum of 7 working days followed by 7 days of rest.

c) According to the legal system, regarding the national holidays, employees being paid on a daily basis are entitled to collect their remuneration for the holiday even when they do not work on such date or when it falls on a Sunday.

Should the employee work on the holiday, they would be paid twice their day's wage.

Termination of the Employment Contract

Under the LCL, in general, the employer and/or the employee may terminate their contract:

- by mutual agreement or mutual consent, 241 LCL.
- upon the employee's resignation, 240 LCL.
- employer's dismissal with or without just cause and indirect dismissal, 245 LCL.
- abandonment, 244 LCL.
- employee's death or total disability, 248 LCL.
- employee's retirement, 252 LCL.
- employer's bankruptcy or by expiration of a fixed term of employment mutually agreed upon, 250 LCL.
- death of the employer, 249 LCL.

Labor legislation authorizes the employer to dismiss the employee for cause or without cause.

First, the laws in force allow a probation period for contracts executed for an indefinite period.

In case of dismissal without cause, upon the expiry of the probation period, it is mandatory for the employer to serve notice of the dismissal and pay a severance based on seniority.

Just for construction workers, as they have a special regulation, a monthly payment of 12% of the gross salary must be done to the unemployment fund, but in exchange, they will receive the accumulated amount at the moment of termination, without any other severance.

Probation Period

Employment contracts for an indefinite period of time are regarded as contracts subject to a probation period during the first 6 months of employment. But this period could be extended up to 12 months through a CBA.

Any of the parties may terminate the contract during the probation period, without the need for stating the cause therefor. Said termination shall not give rise to any compensation whatsoever, except for what is mentioned below.

Dismissal Without Cause

a) Prior notice:

- Employer must serve the employee a 1 month's prior notice of dismissal when the latter has less than 5 years' seniority and a 2 months' prior notice when seniority exceeds that term.
- During the probation period, the employer must serve the employee a 15 days' prior notice of dismissal.

During the term of notice, the employee is given 2 hours off per day which may be accumulated in one or more days off.

Service of notice on employees on paid leaves of absence (e.g., due to illness, vacation, etc.) is invalid unless it specifies that the term will commence once the term of the leave of absence has concluded.

In all cases, the term of notice will start running as from the first day of the month subsequent to that in which notice is served.

b) Indemnification in lieu of prior notice:

- The employer must pay the employee the days remaining until the end of the month in which he/she is dismissed plus the salary payable to him/her in lieu of prior notice, according to his/her seniority (one or two months). Both payments should be increased by one twelfth in lieu of annual legal bonus.
- During the probation period, the employer must pay the employee the salary payable to the employee in lieu of prior notice.

In the event of dismissal without notice of an employee who is absent due to illness, he/she must also be paid his/her salary until the date a physician declares he/she is fit to work or until the paid leave of absence due to illness has lapsed, whichever occurs first.

c) Seniority indemnity (severance):

Any employee who has worked for more than three months as from the date of his/her employment, is entitled to receive indemnity calculated as follows:

i. 1 month's salary per year of service or fraction thereof in excess of three months;

ii. iwhen the monthly salary to be considered exceeds three times the average salary established for all categories of employees by the Collective Bargaining Agreement applicable to the employee in question, he/she must receive three times that average salary per year of employment or fraction thereof in excess of three months.

iii. without detriment to what is stated in i., severance-pay may in no case be less than one monthly salary.

When the employee is not included in the Collective Bargaining Agreement -as in the case of executive personnel- the average amount set in the Collective Bargaining Agreement pertaining to the company will also apply.

Related to this, the Supreme Court of Justice in re. "Vizzoti c/AMSA" declared the application of the cap established by Section 245 of LCL referred to above as unconstitutional. The Supreme Court considered, in this particular case, that the seniority indemnity must be calculated taking into account –as base salary- 66% of the best monthly remuneration collected by the employee during the last year of the labor relationship and then multiplied by the seniority.

Although this Supreme Court precedent does not modify the law, it shall be almost certain that courts shall follow the principles established in it.

d) Dismissal for cause:

The LCL provides for the dismissal of an employee for cause. Originally, it does not include a specific listing of the worker's actions considered to be causes that justify dismissal. It is established that dismissal for cause is applicable when the employee fails to comply with his/her obligations, thus generating such a serious offense against the employer that prevents the continuation of the employment relationship.

Through a recent reform, blocking access to the establishment, preventing other workers from providing tasks, as well as causing damage to the company in said context were incorporated as express causes for dismissal. On the other hand, repeated minor offenses which, individually considered, are not sufficient to justify dismissal may, taken as a whole, be legitimate grounds therefore provided that dismissal is decided as a result of a new offense.

The dismissed employee will be entitled to collect only his/her salary, the proportional part of his/her annual legal bonus and vacations, accrued to that date.

In turn, an employee who considers himself/herself injured by the behavior of his/her employer may consider himself/herself dismissed (known as constructive discharge) and claim the compensation provided for in cases of dismissal without cause.

Situations that may Contemplate Additional Severance

Maternity

The labor law assumes that if a female employee is dismissed during the seven and a half months before or after childbirth, the cause for her dismissal is pregnancy or maternity unless the employer can prove that she was dismissed for a justifiable cause. In this case the employer must pay a special severance which consists in the annual remuneration of the employee (plus the annual legal bonus) plus the severance as if it were a dismissal without cause.

Marriage

The labor law assumes that if a female employee is dismissed during the 3 months before or the 6 months following her marriage, the cause for dismissal is marriage, unless evidence to the contrary is submitted. To avail of this protection, the employee has to give notice to the employer of her marriage date, which notice may not be given prior or subsequently to the stipulated terms.

In such circumstances, the employer will have to pay a severance-pay to the employee equal to thirteen times the employee's monthly salary. This indemnity is accumulated to that payable for dismissal without cause. According to case law, the above-referred presumption does not apply to male employees but they have the right to collect this special severance-pay if they prove that they were dismissed because they got or were getting married.

Union Representatives

Employees holding union office, including union delegates, cannot be dismissed without cause. In order to dismiss them for cause, it is necessary to carry out prior judicial proceedings to divest them of their standing as such and of the employment stability granted to them by the Trade Union Law.

Should they be dismissed without cause or for cause but without such divestment, they are entitled to bring legal action to be reinstated or to receive a special severance-pay equivalent to their salary during a full year plus, when applicable, their salary for the remaining period until the expiry of the union office term. An amount equivalent to one twelfth must be added to these amounts as annual legal bonus.

Leaves

Sick Leave

The employee's illness or accident (not related to work) preventing him/her from discharging his/her duties does not impair his/her right to collect his/her remuneration for a 3 or 6 month period, according to whether his/her seniority is under or over 5 years. When the employee has dependents in charge, those periods are doubled.

Upon the expiry of the paid leave of absence due to illness, the employer must keep the employee's post available for him/her during one year without pay. If, after the elapsing of such year, the employee does not return to his/her job, the employment contract may be terminated without any obligation by the employer to pay severance; the employee must be served due notice of such termination.

If the employer dismisses the sick employee for any reason other than for cause, the employer will have to pay the worker all the salaries for the full paid leave period (3 or 6 months or twice such periods, if applicable) plus all the severance for dismissal without cause.

Vacations

The Employment Contract Law ensures that the worker will have the right to receive his/her remuneration while he/she is enjoying his/her annual vacation, which varies according to seniority, as follows:

Seniority Vacation

- under 5 years 14 consecutive days
- between 5 and up to 10 years 21 consecutive days
- between 10 and up to 20 years 28 consecutive days
- more than 20 years 35 consecutive days

Other Paid Leaves

In addition to annual vacation, employees are entitled to some specific paid leaves of absence, such as birth of a child, marriage, death of spouse, child or parent, high school or college exams, blood donors.

Often, collective bargaining agreements provide for additional leaves of absence.

Labor Unions - Oil & Gas Activity and its Trade Unions in Argentina

The system currently in force provides for the existence of one legally recognized trade union for every line of business.

The legally recognized trade union represents all the workers who fall within the scope of its representation and is exclusively entitled to negotiate and execute the applicable collective bargaining agreement.

Likewise, employers are bound to act as withholding agents for the union dues to be paid by the members and such other contributions as are established in the collective bargaining agreement, which may apply to members or non-members.

Legally recognized trade unions execute collective bargaining agreements which apply to all the employees who fall within the scope of representation of such trade union.

Therefore, the rights and duties of the employers and workers are governed by the legislation enacted by the National Congress and the corresponding Collective Bargaining Agreement.

Oil and gas activity has a strong union representation in Argentina, and, unlike other activities, it is extremely stratified.

In the first place, the union representation is divided into one that represents the personnel of YPF S.A., the largest oil company and that was originally state-owned. All its personnel are represented by the Federation of United and Hydrocarbon United Trade Unions (FSUPEH). As such, all the activity, upstream, midstream and downstream that is carried out by YPF S.A., and despite being a company union, holds the greatest representation of personnel in the activity.

In parallel to this union representation, the rest of the oil sector that from its origins were private companies, has structured the union representation system in two large groups. On the one hand, upstream, midstream and part of downstream (the refining activity). Separately and secondly, the downstream marketing side of the business (gas stations). This second activity is grouped by the Federation of Workers of Services Stations, Garages, Parking and Car Washing, whose negotiation activity is mainly exercised by the union that has jurisdiction in Buenos Aires (SOESGYPE).

As for the first group, the union representation is divided by jurisdiction, as well as whether they are hierarchical personnel or not. In this way, for the same jurisdiction (such as in the provinces of Neuquén, Río Negro and La Pampa), the base and operator personnel are represented by a union, and the hierarchical and professional personnel are represented by another.

This segmentation, both by type of tasks and by jurisdiction, becomes necessary to be evaluated specifically in each project, since in each case a collective agreement of a different Union may apply. Notwithstanding that the majority of these agreements have points in common, certain conditions, as all that were described before, benefits, an also salary scales, vary according to the applicable collective bargaining agreement and the union that represents the staff.

Being an activity of continuous operational needs, both the work schedule and the resting period regime are exempted by collective bargaining agreement of the generally applied regulations. For this reason, and under the team-work schemes, there are shifts that allow continuous activity for 14 days in exchange for a break for rest of identical period (e.g.: 14x14), with payment of the corresponding remuneration. In some activities, this scheme can be extended, under the same compensation and especially in the case of expatriate personnel.

Offshore hydrocarbons activities on the maritime platform have no specific Collective Bargaining Agreement. However, different collective bargaining agreements have defined that in the event of offshore activities, said personnel will be considered as part and extension of the operation already provided for in the collective bargaining agreement at land, and assimilable to the categories in such agreements.

Occupational Accidents

Law No. 24,557 creates a special system to prevent occupational accidents and a special procedure to be followed in case an accident actually occurs and until the employee may resume work.

This law requires that personnel be insured by Labor Risk Insurers (known as ARTs), which must provide the necessary medical care and prosthesis, if required, and to pay salaries and indemnities in case of occupational accidents.

Social Security System

Dues and contributions

The Argentine Social Security System is financed with employees' dues and employers' contributions calculated upon employee´s salaries.

If the monthly salary exceeds the established limit, which is increased from time to time, the excess will be exempted from dues to the Social Security System (which are withheld from the employees' salaries). The employer's contributions have no cap, consequently the whole compensation is subject to the calculation of said concept.

The percentage of dues and contributions varies depending on the geographic area where the employee performs his/her duties.

9. Labor & Social Security

At the date of publication, the dues and contributions rates payable in respect of employees working as a general rule are the following:

ITEM	DUES (employee)	CONTRIBUTIONS (mployer)
a. Pension	11% payable by employees that contribute to the Public System and also payable by those employees that have elected to contribute to the Private System (Social Retirement funds).	Maximum of 17% or 21% depending on the business of the employer and ots location.
b. National Institute	3%	------
c. Public Health Care Insurance	3%	6%

Please note that a Collective Bargaining Agreement may impose some extraordinary dues and/or contributions to the employee/employer.

Also, since 2018 and specifically in connection to oil and gas activity, National Decree No. 633/2018 has reestablished an additional contribution of 2% that employers must pay, for those workers that may be exposed to unhealthy duties.[1]

Pensions and Retirement

Law No. 24,241 and later regulations govern the pension and retirement pay system applicable to all people who render services under a permanent employment relationship - or on a fixed-term basis- and also to all independent workers in Argentina.

The system consists only in a shared system, which is public.

The system is financed basically in two ways: a) through the dues payable by employees; and b) through the employer's contributions.

The law in question establishes the following benefits: regular pension, old age pension, disability pension and pension for the dependents of a deceased worker.

In order to be eligible for the benefits, at the outset, men and women must be 70 years old, and they must give evidence that they have worked for 30 years and paid the relevant dues. They may also voluntarily accept the retirement, men at 65 and women at 60 years of age.

Notwithstanding the foregoing, as per Decree No. 2136/1974, the oil and gas personnel who receive the additional compensation for unhealthy tasks, may retire at 50 years of age and with 25 years of services.

1. Originally stablished by National Decree No. 2136/74.

Public Health Care Organization

The provisions of public health care organization under Law No. 23,660 are mandatory for all employees, including hierarchical staff.

In accordance with the current system, affiliation is mandatory but there is an option to select the public health care organization to which the employee shall affiliate from among a certain number of public health care organization, pursuant to a series of requirements and conditions.

Managerial or executive staff may opt to become affiliated to the public health care organization for executive personnel always provided their monthly income is equivalent to or more than five minimum salaries.

Although each public health care organization possesses its own specific features, according to the conditions to which they are subject, they must all guarantee the minimum medical and health assistance defined by legal regulations, as follows:

a. Medical assistance at consulting rooms and at home;
b. Hospitalization;
c. Diagnosis and medical treatment;
d. Dentistry.

Family Allowances

Family allowances or subsidies are amounts (not vested with the nature of a salary) that are paid to employees generally by the employer, with funds corresponding to the Social Security System. They are related to certain contingencies (birth, adoption, marriage, etc.) and to family dependents (children).

In all cases these payments are not in charge of the employer.

Mandatory Collective Life Insurance

The employer is obliged to provide collective life insurance to cover the risks of death and full, absolute, permanent and irreversible disability of all employed workers. The amount to be received by the beneficiaries of such insurance in the event of the worker's death is always set by law.

Failure to take out the insurance shall make the respective employer directly responsible for paying the benefit.

Employees Posted from Abroad (EXPATS)

The LCL governs all matters referred to the validity, rights and obligations of parties irrespective of whether the employment contract has been executed in Argentina or abroad, provided it is enforced in Argentina. Consequently, employees posted from abroad are subject to Argentine labor law.
For a foreign employee to work in this country he/she must first apply for a temporary residence visa.

It is possible to obtain an exemption form the payment of dues and contributions, set by the Argentine Social Security and Pension Laws, referred to the remuneration paid to personnel engaged abroad to work in this country.

This exemption is intended to avoid that an employee from abroad and his/her employer should have to pay dues and contributions when in fact the employee is covered in his country of origin against old age, full, absolute and permanent disability and death.

a) The exemption lasts, at the most, two years. When this term has expired all dues and contributions must be paid in respect of expatriates;

b) Parties must be professionals, researchers, scientists or technicians;

c) Their contractual term may not exceed two years;

d) They must have entered Argentina as “temporary residents”;

e) They must be covered against the risks of old age, disability or death by the law of their country of origin or of the country where they permanently reside;

f) They must obtain the respective tax ID number from the Tax Bureau (AFIP).

10. Business & Human Rights

In a globalized world, the need to respect Human Rights is becoming increasingly important. What a few years ago was only an international mandate for states, today extends to companies. In this sense, the international community is advancing in the generation of standards that require states to verify that companies in their countries, both acting domestically and internationally, comply with minimum Human Rights standards, preventing them from being violated and generating repair mechanisms in case of damages.

The extractive industries, such as oil and gas and mining, due to the characteristics of their activity, are the first to receive attention, since in their operations they generally face challenges posed by their permanent interaction with native communities and their performance in delicate environments. The very nature of their operations thus transforms them into targets of criticism and attacks that, regardless of their intentions, can impact negatively on companies. These issues, once limited to environmental or administrative law ones, are today transformed into issues that have an impact on the Human Rights of those who are -or may be- affected by business activities.

In addition to national legal requirements, the adoption of soft law regulations also impact the industry today, generating new standards and requirements, that despite their non-binding nature affect companies' business. Among them, we must highlight the United Nations Guiding Principles on Business and Human Rights ("UNGPs") published in 2011, the Inter-American Standards on Business and Human Rights of the Inter-American Commission on Human Rights of 2019 and the conclusions of the same body on extractive industries, the OECD Guidelines on Multinational Enterprises and, more specifically, their Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector. All of them require companies to plan their activities with particular care and attention.

International Human Rights law is concerned with establishing standards that allow the proper exploitation of resources and business activity without affecting human rights, and requiring states to adopt them. More and more nations have adhered to these standards, transforming these soft law rules into actual legal requirements, seeking to extend the obligations to all companies under their control or influence, even when acting outside the national territory. The Argentina is no exception.

Complaints from international organizations and NGOs that, based on these rules, allege violation of standards and principles by companies are becoming more frequent, affecting not only the companies' and access to financing but also their reputation.

Thus, the adoption by companies of due diligence standards regarding Human Rights, the adoption of policies and reparation processes in accordance with international standards constitute measures that are not only generally legally required, but also contribute to substantially reduce economic and reputational risks in companies and their business operations.

10. Business & Human Rights

It is necessary to highlight the international nature of these standards, so that regional or global companies' risk being subject to complaints and processes not only in the places where the activities take place, but also in any other jurisdiction where the companies have a center of management, thus affecting global operations legally, economically and reputationally.

In economic aspects, these standards have had a substantial impact on financial markets. More and more often, international banks, multilateral development banks, export credit agencies and other international credit organizations require companies to comply with these standards and monitoring processes as a condition to provide financing for extractive industry projects.

On the other hand, it is worth noting that ESG (environmental, social and corporate governance) and Business and Human Rights issues are closely interlinked. ESG criteria often include Human Rights matters, such as labor rights, supply chain management, and community engagement. Companies that are committed to respecting Human Rights are more likely to meet ESG criteria related to social and environmental issues, as companies that have strong governance frameworks and therefore be more transparent and accountable in its Human Rights policies and practices.

10. Business & Human Rights

The Argentina has signed and is a party to practically all the international treaties and conventions on Human Rights, many of which have been given constitutional hierarchy, and is a party to ILO Convention 169 on Indigenous and Tribal Peoples in Independent Countries, which convention requires the prior consultation before beginning extractive activities in territories that may affect such communities.

Further to the adoption in 2017 of the first National Plan on Human Rights, in late 2023, Argentina adopted the 2023-2026 National Action Plan on Business and Human Rights, which outlines a series of measures to promote corporate responsibility and respect for human rights in order to achieve greater coherence and coordination between the different regulatory frameworks and public policies with an impact on the issue of Business and Human Rights, as well as to assist in the detection of obstacles and gaps, which allow the establishment of priorities and commitments for action. The plan is based on the UNGPs and includes a range of initiatives, such as the development of guidelines for companies operating in high-risk sectors, the promotion of access to remedy for victims of corporate abuses, and the establishment of a national commission on Business and Human Rights.

In particular, Argentina has established its National Contact Point (NCP) in accordance with the OECD Guidelines, who has the authority to open investigation procedures for complaints of violation of such rules.

Being proactive in Business and Human Rights issues is important for companies because it can help to protect their reputation, ensure legal compliance, manage risks, gain access to markets, engage with stakeholders, and mainly have a positive impact on the communities in which they operate. As described in this chapter, there are international, regional and local Human Rights standards and principles applicable in Argentina.

Team

Nicolás Perkins
Partner
Energy & Natural Resources

Mariana Guzian
Partner
Energy & Natural Resources

Miguel Blaquier
Partner
Energy & Natural Resources

Marcelo Lamesa
Partner
Energy & Natural Resources

Martín Rodríguez
Partner
Public Law

Pablo Venarotti
Partner
Labor & Employment

Eduardo Koch
Partner
Infrastructure

Cecilia Martin
Partner
Tax & Foreign Trade

Marcelo Villegas
Partner
Banking & Finance

Emiliano Silva
Partner
Banking & Finance /
Compliance & Anti Corruption

Horacio Paya
Partner
Environmental

Alfredo Vítolo
Partner
Business & Human Rights

NICHOLSON Y CANO

(+54 11) 4872 1600
San Martín 140 (C1004AAD)
Buenos Aires, Argentina.

Info@nyc.com.ar
www.nicholsonycano.com.ar