

University of Miami Law School
Institutional Repository

University of Miami Inter-American Law Review

10-1-1990

Argentina

Follow this and additional works at: <http://repository.law.miami.edu/umialr>

Recommended Citation

Argentina, 22 U. Miami Inter-Am. L. Rev. 143 (1990)

Available at: <http://repository.law.miami.edu/umialr/vol22/iss1/5>

This Legal Memorandum is brought to you for free and open access by Institutional Repository. It has been accepted for inclusion in University of Miami Inter-American Law Review by an authorized administrator of Institutional Repository. For more information, please contact library@law.miami.edu.

LEGAL MEMORANDA

EDITORS' NOTE

"Legal Memoranda" is a regular section of the Review devoted to reports from corresponding law firms throughout the hemisphere. The reports are compiled by the Review, but their accuracy is represented by the corresponding law firms, to which all inquiries should be directed.

We appreciate the contributions of our corresponding law firms and invite other law firms interested in participating in this section to contact us.

ARGENTINA

The following is a review of legal and economic developments in Argentina.

ARGENTINA JOINS THE FREEZING OF IRAQI AND KUWAITI ASSETS

By Decree 1560/90, the Argentine executive power approved and adhered to the economic sanctions established by the United Nations Security Council in Resolution 661 (1990). A Spanish version of Resolution 661 is attached as an Annex to this decree. Under the Argentine regulation, all branches of the government, including the executive power, national, provincial, and municipal governmental agencies and entities, are instructed to take all actions necessary to comply with the UN freeze on all trade and financial dealings with Iraq and Kuwait.

NEW ROUND OF DIRECT NEGOTIATIONS FOR EXPLORATION AND PRODUCTION SHARING CONTRACTS WITH YACIMIENTOS PETROLIFEROS FISCALES (YPF)

Pursuant to provision 22 of Hydrocarbons Law 17.319, YPF,

the government entity which controls the country's oil deposits, is holding various exploration areas duly granted by the executive branch. Recently, by means of Decree 673/89, twenty-four exploration areas were added to the above-mentioned areas for a term of nine years. These areas are located in the provinces of Salta, Formosa, Mendoza, Neuquen, Rio Negro, Chubut, and Santa Cruz.

Areas included in Decree 673/89 are of high exploratory potential, hence we draw attention to the fact that YPF is entitled to enter into production sharing contracts with private oil companies through direct negotiations. At present, two exploration areas are under negotiation. The terms of the production sharing contract would follow a set pattern:

1) The private company would bear all the risks and exploration costs and contribute the technology required for the operation.

2) The private company would be the sole operator in the area.

3) Any hydrocarbons discovered would be of free disposal and the production would be shared with YPF in proportions to be agreed among the parties.

4) In order to enter negotiation, the private company will be required to submit an exploration projection. YPF shows special interest in projects allowing YPF's personnel to participate actively in the exploration operation.

In addition, twenty oil production contracts of the twenty-four pending have been renegotiated. The Biministerial Committee submitted for Executive Branch approval the agreements concerning seven areas held by Perez Company, five by Bidas, five by Astra, two by Pluspetrol, and one by Occidental. The remaining four contracts will also be renegotiated. Of the contracts reconverted, half have been transformed into concessions and the rest will adopt the form of production sharing contracts with YPF.

EXPLORATION CONCESSIONS

Forty blocks located in high-risk areas will be put up for tender. By means of this policy, the National Government intends to broaden the amount of proven reserves. The award will go to the bidder offering the highest exploration fee. The awardee will assume work commitments to be carried out in four stages of one,

three, five, and seven years. If upon the seventh year no oil is found, the area will revert to the Energy Secretariat. If oil is found, it will be freely disposable, and YPF only receives the exploration fee paid in advance upon entrance to the area. Hydrocarbons Law 17.319 will govern these contracts. Apparently, some local companies are lobbying to include in this plan areas reserved for YPF.

EMILIO J. CÁRDENAS
Cárdenas & Otero Monsegur
Buenos Aires, Argentina