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DEEPENING OF DEREGULATION AND PRIVATIZATION PROCESS OF THE INDUSTRY

General

Although the private sector has participated in the Argentine oil and gas industry since the 1950s, the industry was until 1991 almost entirely state-owned.

MARKET SURVEY ON UPSTREAM SERVICES, EQUIPMENT AND MATERIALS FOR THE ARGENTINE OIL AND GAS INDUSTRY

hydrocarbons with the state sector playing a secondary role. In 1935, Law No. 13,110 granted the state-owned oil and gas companies (the state-owned companies) exclusive rights over the development of hydrocarbon reserves in Argentina, as a result of which the hydrocarbon reserves in Argentina were restricted to state-owned companies.

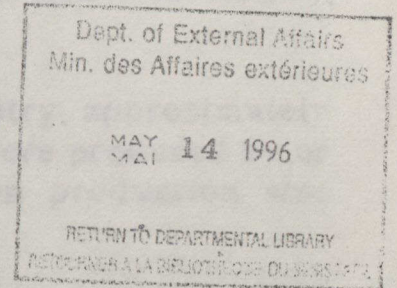
Prior to the deregulation of the oil and gas industry, 97% of all hydrocarbons produced in Argentina were under contract with the state and all hydrocarbons required by law to be used in the state.

From 1946 until the end of 1989, the transportation of natural gas were under the exclusive control of the state predecessors.

As from July 1991 the Argentine oil and gas industry was largely deregulated in steps pursuant to several laws and plans designed to restrict the state's role in the industry. The laws were based on the provisions of the 1991 Hydrocarbons Law No. 17,319 (the "Hydrocarbons Law") which dealt with matters relating to the exploration, production, processing, distribution and sale of hydrocarbons.

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