

ACTION 1285
SUITE A BONNER

UNCLASSIFIED

FM CRCAS YETD8473 29DEC93

TO EXTOTT/LGT

INFO ISTCOTT/GSTM EDCOTT/MEXCA CIDA HULL/SEL EMROTT

---VENEZUELA MINING-LEGAL FRAMEWORK (DECREE 3821)

SINCE 1991, THERE HAS BEEN CONSIDERABLE CONFUSION OVE MINERAL RIGHTS IN THE VENEZUELA GUAYANA REGION, (IN PARTICULAR BOLIVAR STATE). THE REASON FOR CONFUSION WAS DUE TO THE FACT THAT THERE ARE TWO WAYS TO QUOTE HOLD MINING RIGHTS UNQUOTE: A) CONCESSIONS GRANTED BY THE MINISTRY OF ENERGY AND MINES-(MEM)-THESE ARE THE MINERAL PROPERTIES ISSUED PRIOR TO PRESIDENTIAL DECREE 1409 OF DEC 1991. AND B) LEASES GRANTED BY THE CORPORACION VENEZOLANA DE GUAYANA (CVG), UNDER UMBRELLA CONCESSION FROM THE MEM, AS REGULATED IN DECREE 1409.

2. AS OF 22DEC, THE MINISTERS COUNCIL (WITH THE APPROVAL OF THE PRESIDENT OF THE REPUBLIC) DICTATED DECREE 3821 BY WHICH CVG IS THE ONLY ENTITY AUTHORIZED TO LEASE OUT MINIG RIGHTS IN BOLIVAR STATE, TO INTERESTED PARTIES UNDER ITS TERMS AND CONDITIONS WHICH IN TURN MUST COMPLY WITH THE TERMS OF THE MINING LAW. OF EXTREME IMPORTANCE IS FACT THAT DECREE FULLY CLARIFIES LEGALITY OF LEASES GRANTED BY CVG UNDER DECREE 1409.