

New Industry Structure for the Oil & Gas Companies.

Since January 1, 1991, YPF's business has undergone fundamental changes as a result of the deregulation of the Argentine oil and gas industry. Pursuant to Argentine governmental mandates, proved reserves of approximately 1.4 billion BOE were sold (representing an amount equal to 34% of YPF's total proved reserves at January 1, 1991) to private parties which now compete with YPF. At the same time, restrictions on the exploration, development and sale of oil, gas and petroleum products were lifted.

Argentina currently has an active and growing private oil and gas sector, which includes a number of non Argentine companies or subsidiaries of non-Argentine companies. During 1992, Compañía Naviera Pérez Companc S.A.C.F.I.M.F.A. ("Pérez Companc"), Amoco, Bidas SAPIC, Astra C.A.P.S.A. ("Astra"), Total Austral S.A. ("Total"), a subsidiary of Total Société Anonyme, and Occidental Petroleum Corporation ("Occidental"), the six largest Argentine private sector crude oil producers, accounted for approximately 35% of total crude oil production compared with YPF's approximate 49% during the same period. With respect to marketable natural gas production, during 1992, Bidas SAPIC, Astra, Pluspetrol S.A. ("Pluspetrol"), Pérez Companc, Total and Deminex Argentina S.A., a subsidiary of Deminex Deutsche Erdoelversorgungsgesellschaft m.b.H. ("Deminex"), the six largest Argentine private sector natural gas producers, accounted for approximately 30% of total marketable natural gas production, represents approximately 80% of the total gas produced, and is currently delivered to the market through the current Transporters and the Distributors.

Production.

The private sector in Argentina has steadily increased its share of total oil and gas production over the past seven years and presently accounts for approximately one-half of crude oil production and approximately 36% of natural gas production. As a result of the Argentine government's deregulatory policies, approximately 88% of private sector oil production and 41% of private sector gas production, which percentage includes natural gas produced pursuant to the production service agreements with YPF, is carried