

E&P Fiscal System in Latin America: an Overview

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Outline of Presentation

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- Overview of the E&P Fiscal System in L. A. countries with Concession Contracts
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Introduction

- Oil and Gas fiscal systems in Latin America has evolved to a more state oriented context in last 10 years
- Several countries has changed from concession contracts for E&P to Service Contracts with the monopoly of state owned oil companies (Ecuador, Venezuela, Bolivia).
- In some countries, fiscal terms for natural gas production and monetisation are worse than for oil.
- Several countries controls natural gas price for domestic market and charges the same government take in gas production compared oil production (Argentina, Bolívia, Venezuela).

Countries with Concession Contracts

	Argentina	Brasil	Colombia	Peru
Type of contract	Concession	Concession and PSC	Concession contracts	Concession
Hydrocarbon property	Belongs to the operator after paying all taxes	Belongs to the operator after paying all taxes	Belongs to the operator after paying all taxes	Belongs to the operator after paying all taxes
Government take	Royalties 5-15% Price-cap on oil price for exports	- 10% of royalties - Special participation from 10 to 40% of net revenues of large fields	Royalties of 8% to 25% depending on production level. Natural gas pays 60% (offshore) or 80% (onshore) of oil royalties.	Royalties of 15 a 35% depending on production

Countries with Service Contracts

	Bolivia	Ecuador	Venezuela	Mexico
Type of contract	Service contracts: -Operation contracts -Service with risks	Service contracts	Association contract (Joint venture) with PDVSA.	Service Contract
Hydrocarbon property	Belongs to the State through YPFB. Only YPFB can sell oil and gas	Belongs to the State through PetroAmazonas. Only the State Owned companies can sell oil and gas	Contractor has a share which is proportional to its participation in the project	Belongs to the State through PEMEX. Only PEMEX can sell oil and gas
Government take	-Royalties and IDH 50% -YPFB participation (service contracts) -Gas price is controlled for domestic market	- 25% of royalties	- Royalties of 20% to 30% depending on type and location of production	Government decides on Pemex budget. There are Several taxes on net revenues