

1976

## Latin America: A Petroleum Profile

Ewell E. Murphy, Jr.

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### Recommended Citation

Ewell E. Murphy, Jr., Latin America: A Petroleum Profile, 9 *Vanderbilt Law Review* 509 (2021)  
Available at: <https://scholarship.law.vanderbilt.edu/vjtl/vol9/iss3/4>

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# LATIN AMERICA:<sup>1</sup> A PETROLEUM PROFILE\*

*Ewell E. Murphy, Jr.*\*\*

## EXPLORATION/DEVELOPMENT REGIME<sup>2</sup>

1. *Argentina*.—Mixed. Under present legislation (Hydrocarbons Law 17,319 of June 23, 1967) specified geographical areas are reserved to state enterprises and the remainder of the country is, in principle, open to private enterprise under a system of exploration permits and exploitation concessions. No permits or concessions have been granted to private enterprise for some time, however. There are pending legislative amendments which would reestablish the monopoly of Y.P.F. over all phases of the oil industry but permit private enterprise to operate under work or service contracts with Y.P.F.

2. *Belize*.—Private enterprise, based on licenses for oil prospecting and exploration and leases for oil mining. Petroleum (Production) Ordinance No. 17 of 1937, as codified in Chapter 126, Laws of British Honduras, Revised Edition 1958; Oil Mining Regulations (Statutory Instrument No. 56) of 1949, as amended by Statutory Instruments Nos. 59 of 1952, 83 of 1952, 5 of 1958, 6 of 1959, 38 of 1964, and 29 of 1965.

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\*\* Member of the Houston Bar. B.A., 1946, LL.B., 1948, University of Texas; D. Phil., 1951, Oxford University.

1. As a political entity "Latin America" exists largely in the eye of the beholder; as a geographical expression it is something of a movable feast. For purposes of this schedule "Latin America" means the continental areas south of the Rio Grande, whether self-governing or not; the independent Caribbean islands of Spanish heritage; and, because of their proximity to the Venezuelan mainland, the Netherlands Antilles and Trinidad and Tobago.

2. The compiler acknowledges with gratitude the advice of the following colleagues in formulating these statutory synopses: Dr. Jorge Tristán Bosch and Dr. Sergio Le Pera, Buenos Aires; Pedro A. Cho, Esq., Belmopan; Dr. Eduardo Quintanilla, La Paz; Dr. Leó de Affonseca, Rio de Janeiro; Dr. Enrique Puga C., Santiago; Dr. Alberto Preciado Peña, Bogotá; Lic. Rodrigo Odio G., San José; Dr. L. Emmanuel Ramos Messina, Santo Domingo; Dr. Ricardo Crespo, Quito; Dr. Rene Salomon Portillo, San Salvador; Me. Bernard Simeón, Paris; Dr. Carlos Fernandez Cordova, Guatemala City; Me. Jean-Claude N. Léger, Port-au-Prince; Lic. James E. Ritch, Jr., Mexico City; Mrs. Anne C. van der Vlis, Willemstad; Dr. Vicente Navas A., Managua; Dr. Eloy Benedetti, Panama City; Dr. Sigfrido V. Gross Brown, Asunción; James Morgan, Esq., Port-of-Spain; Dr. Carlos M. Freira, Montevideo; and Dr. Thomas L. Hughes, Caracas.

3. *Bolivia*.—Mixed. Subject to outstanding interests acquired under previous legislation, the entire national territory of Bolivia is assigned to Y.P.F.B., which may conduct exploration and exploitation operations directly or through joint ventures or service contracts with private enterprise. Decree-Law 10170 of March 28, 1972, as regulated by Supreme Resolutions 167582 and 167583 of March 12, 1973. Correlative ANCOM legislation is contained in Supreme Decree 09798 of June 30, 1971.

4. *Brazil*.—Mixed. In principle exploration and development are a state monopoly (Federal Constitution, Amendment I, Section 169; Decree-Law 3236 of May 7, 1941), but foreign participation through all-risk service contracts has been offered in specified geographical areas (*The Oil and Gas Journal*, November 3, 1975, at 17, and January 19, 1976, at 36).

5. *Chile*.—Mixed. ENAP has a monopoly over exploration and all other oil operations. (Law 4281 of February 15, 1928; Mining Code of 1932, as amended by Law 488 of August 24, 1932) but is authorized to contract with private enterprise on behalf of the Chilean State for exploration and exploitation services on the basis of contracts whereby the contractor is paid in oil or oil derivatives (Decree-Law 1089 of July 9, 1975).

6. *Colombia*.—Mixed. Subject to outstanding interests acquired under previous legislation, the Ministry of Mines and Petroleum has authority to grant contracts of association to private enterprise for exploration and exploitation. Certain areas are reserved for exploration and exploitation by Ecopetrol, directly or through joint ventures or service contracts with private enterprise. (Decree 1056 of 1953; Law 10 of 1961; Decree 1348 of 1961.)

7. *Costa Rica*.—Private enterprise, based on concessions granted by the State, as owner of the subsoil rights in oil, pursuant to law or contract terms established by the Legislative Assembly. (Constitution of 1949; Mining Code of 1953.)

8. *Cuba*.—State monopoly in practice, although concessions are legally available to private enterprise. (Law of May 7, 1938, as amended by Law 653 of November 23, 1959; Law 866 of August 17, 1960.)

9. *Dominican Republic*.—Private enterprise, based on exploration and exploitation contracts granted by the state as owner of the mineral deposits. (1966 Constitution, article 103; Law 4532 of August 31, 1956, as amended by Law 4833 of January 17, 1958.)

10. *Ecuador*.—Mixed. The state has a monopoly on exploration and exploitation which CEPE may exercise directly or through contracts of association or service contracts with, or equity

positions in, private enterprise. (Decree 803 of August 6, 1974, recodifying the Hydrocarbons Law.)

11. *El Salvador*.—Private enterprise, based on exploration and exploitation concessions. Pending enactment of a new Petroleum Law such concessions are granted directly by the Government on the advice of the National Petroleum Commission. (1922 Mining Code; Decree 930 of January 29, 1953; Decree 106 of July 30, 1937; Decree 65 of October 4, 1940; Decree 2326 of February 20, 1957; Decree 583 of February 28, 1968; Decree of November 1, 1939.)

12. *French Guiana*.—Private enterprise, based on exploration permits, exploitation permits and exploitation concessions. (Decree 55-586 of May 20, 1955; Decree 56-1039 of October 5, 1956; Decree 62-1513 of November 27, 1962.)

13. *Guatemala*.—Private enterprise, formerly under concessions and presently under operating contracts based on the principle of production sharing. (Decree 345 of July 7, 1955; Decree 445 of October 27, 1955; Decree of March 8, 1973; Decree 96-75 of December 22, 1975; Acuerdo of February 23, 1976.)

14. *Guyana*.—Private enterprise, based on prospecting and exploration licenses and mining leases. (Petroleum (Production) Act Chapter 65:05; Petroleum (Prospecting and Winning) Regulations Chapter 65:05.)

15. *Haiti*.—Private enterprise, based on exploration and prospecting permits and hydrocarbon exploitation concessions. (Decree of October 10, 1974.)

16. *Honduras*.—Private enterprise, based on reconnaissance permits, exploration concessions and exploitation concessions. (Decree No. 4 of 1962; Decree 0021 of January 11, 1963.)

17. *Mexico*.—State monopoly. Pemex has the exclusive right to conduct all phases of the petroleum industry; it may contract for services but only on a cash basis and not on the basis of sharing the product or results of exploitation. (Law of November 29, 1958; Regulations of August 25, 1951).

18. *Netherlands Antilles*.—Private enterprise, based on exploration permits and exploration concessions. (Curacao Mining Law of 1909.) On May 29, 1973, legislation was introduced to establish a system of reconnaissance, exploration and exploitation licenses for oil operations in the territorial sea and continental shelf.

19. *Nicaragua*.—Private enterprise, based on reconnaissance permits, exploration concessions and exploitation concessions. (Constitution, art. 88; Law 316 of March 20, 1958; Decree 372 of December 2, 1958; Law of March 23, 1961; Law of November 18, 1968.)

20. *Panama*.—Mixed. Private enterprise may obtain prospecting permits and exploration and exploitation concessions. The state may also conduct exploration and exploitation operations, either directly through state entities or indirectly through contractors. State entities have priority over private enterprise in obtaining concessions. (Decree-Law 23 of August 22, 1963, as amended by Law No. 89 of October 4, 1973.)

21. *Paraguay*.—Private enterprise, based on reconnaissance permits and exploration and exploitation concessions. (Law 675 of September 9, 1960, as amended by Decree 19604 of June 30, 1966, and Law 1078 dated August 30, 1965.)

22. *Peru*.—Mixed. Petroperú has a monopoly over exploration and other oil operations but is authorized to contract with private enterprise for exploration, exploitation and processing services on the basis of operating contracts based on the principle of production sharing. (Law 11780 of March 12, 1952; Complementary Regulations of Supreme Decree 1 of October 6, 1952, as amended by Decree-Law 17440 of February 18, 1969; Decree-Law 18883 of June 15, 1971; Decree-Law 18951 of September 7, 1971; Decree-Law 18939 of August 24, 1971; Decree-Law 19345 of April 4, 1972. See also, *Oil and Gas Journal Newsletter*, November 17, 1975.)

23. *Surinam*.—Private enterprise, based on exploration permits and production concessions granted by the state. (Ordinance of May 30, 1932, as restated with amendments in Resolution of January 10, 1953.)

24. *Trinidad and Tobago*.—Mixed. Exploration and production licenses and production sharing contracts are granted to private enterprise under the Petroleum Act 46 of 1969 (December 30, 1969), amended by Act 38 of 1974 (assented January 10, 1975) and the Petroleum Regulations 1970 (January 16, 1970). The government participates directly in the oil operations of certain private companies.

25. *Uruguay*.—Mixed. ANCAP has a monopoly over exploration and other oil operations but is authorized to contract with private enterprise on a production sharing basis. (Law 14181 of March 29, 1974; Decree 366/974 of May 9, 1974.)

26. *Venezuela*.—State monopoly. (Law 1,769 of August 29, 1975.)

#### PRINCIPAL STATE ENTERPRISES

1. *Argentina*.—Yacimientos Petroliferos Fiscales (Y.P.F.), presently constituted under Decree 1367/63 of December 12, 1963, as amended by Decree 115/66 of July 13, 1966, conducts state oil

exploration and production operations.

Gas del Estado, E.N.D.E. (presently constituted under Decree 2420/57 of March 8, 1957, as amended by Decree 10120/57 of August 28, 1957, Decree 1800/58 of June 27, 1958, Decree 6056/68 of September 27, 1968, and Decree 6353/69 of October 8, 1969) is authorized to conduct gas production operations but in practice limits its operations to the purchase, treatment, transportation, and resale of gas produced by Y.P.F.

2. *Belize*.—None.

3. *Bolivia*.—Yacimientos Petroliferos Fiscales Bolivianos (Y.P.F.B.), presently constituted under Decree-Law of December 21, 1936; governing by-laws approved by Supreme Resolution 77781 of July 24, 1958.

4. *Brazil*.—The state oil monopoly is held by the federal government through the National Petroleum Council (formed under Decree-Law 538 of July 1938; presently constituted under Decree 70750 of June 23, 1972; regulated under Ordinance 294 of March 13, 1974) as the governing and controlling body and Petroleo Brasileiro S.A. (Petrobrás) (presently constituted by Law 2004 of October 3, 1953, as amended by Law 3257 of September 2, 1957, and Decree-Law 1288 of November 1, 1973) and its subsidiaries (Petrobrás Distribuidora I.A., Petrobrás Química S.A. (Petroquisa), and Petrobrás Internacional (Braspetro), formed under Section 4 of Law 2004) as operating companies. See also Decree-Law 395 of April 29, 1938, Decree 40845 of January 28, 1957, and Law 3782 of July 22, 1960.

5. *Chile*.—Empresa Nacional del Petroleo (ENAP), presently constituted under Law 9618 of June 19, 1950.

6. *Colombia*.—Empresa Colombiana de Petroleos (Ecopetrol), presently constituted under Decree 62 of 1970.

7. *Costa Rica*.—None.

8. *Cuba*.—Cuban Institute of Mineral Resources (I.C.R.M.), presently constituted under Law 635 of November 23, 1959, and Law 866 of August 7, 1960; and see Law 867 of September 1960.

9. *Dominican Republic*.—None.

10. *Ecuador*.—Corporacion Estatal Petrolera Ecuatoriana (CEPE), presently constituted under Decree 926-A of September 18, 1974, recodifying the organic law of CEPE.

11. *El Salvador*.—None.

12. *French Guiana*.—None.

13. *Guatemala*.—None.

14. *Guyana*.—None.

15. *Haiti*.—None.

16. *Honduras*.—None.
17. *Mexico*.—Petroleos Mexicanos (Pemex), presently constituted under Law of February 6, 1971, and Regulations of August 10, 1972.
18. *Netherlands Antilles*.—The Netherlands Antilles has no state oil enterprise but the Island Territory of Aruba has formed a government-owned corporation, Arubaanse Industrie en Mijnbouw Maatschappij (Aurminco), for the purpose of obtaining licenses on the Aruba Continental Shelf when they become available under the proposed legislation.
19. *Nicaragua*.—None.
20. *Panama*.—None.
21. *Paraguay*.—None.
22. *Peru*.—Petroleos del Peru (Petroperu), presently constituted under Decree-Law 17753 of July 24, 1969, and regulated by Decree-Law 20036 of May 29, 1973.
23. *Surinam*.—None.
24. *Trinidad and Tobago*.—None.
25. *Uruguay*.—Administracion Nacional de Combustibles, Alcohol y Portland (ANCAP), presently constituted under Law 8764 of October 14, 1931.
26. *Venezuela*.—Petroleos de Venezuela S.A. (Petroven) and its subsidiaries including Corporacion Venezolana del Petroleo (CVP).

COUNTRY	CRUDE OIL PRODUCTION (estimated average barrels per day, first six months of 1975) <sup>3</sup>	EXPORTS OF CRUDE OIL AND PRODUCTS (average barrels per day, 1974) <sup>4</sup>	NATURAL GAS PRO- DUCTION (millions of cubic meters, 1974) <sup>9</sup>
1. Argentina	401,388	0	7,879
2. Belize	0	0	0
3. Bolivia	38,414	30,000	4,307
4. Brazil	173,865	0	1,339
5. Chile	25,014	0	6,008
6. Colombia	166,398	30,000	2,994
7. Costa Rica	0	0	0
8. Cuba	3,000 <sup>4</sup>	0	Not Available
9. Dominican Republic	0	0	0
10. Ecuador	137,704	165,000	150
11. El Salvador	0	0	0
12. French Guiana	0	0	0
13. Guatemala	0	0	0
	(Commercial produc- tion is expected to commence in 1976.) <sup>5</sup>		
14. Guyana	0	0	0
15. Haiti	0	0	0
16. Honduras	0	0	0
17. Mexico	680,766	35,000 <sup>7</sup>	19,425
18. Netherlands Antilles	0	0	0
19. Nicaragua	0	0	0
20. Panama	0	0	0
21. Paraguay	0	0	0
22. Peru	76,590 (est.)	0	2,074
23. Surinam	0	0	0
24. Trinidad and Tobago	210,526	143,000	1,840
25. Uruguay	0	0	0
26. Venezuela	2,529,659	2,752,000	41,219 <sup>9</sup>

3. THE OIL AND GAS JOURNAL, Dec. 29, 1975, at 83-128 (except as indicated *infra* notes 4 and 5).

4. INTERNATIONAL PETROLEUM ENCYCLOPEDIA 186 (1975).

5. INTERNATIONAL PETROLEUM ENCYCLOPEDIA 182 (1975).

6. REPÚBLICA DE VENEZUELA, MINISTERIO DE MINAS E HIDROCARBUROS, PETRÓLEO Y OTRAS DATOS ESTADÍSTICOS 167 (1974) (except as indicated *infra* note 7).

7. As from September 1974. See INTERNATIONAL PETROLEUM ENCYCLOPEDIA 189 (1975).

8. INTERNATIONAL PETROLEUM ENCYCLOPEDIA 297 (1975).

9. Compare REPÚBLICA DE VENEZUELA, MINISTERIO DE MINAS E HIDROCARBUROS, PETRÓLEO Y OTROS DATOS ESTADÍSTICOS 161 (1974) (which gives the figure of 46,426,000,000 cubic meters).



