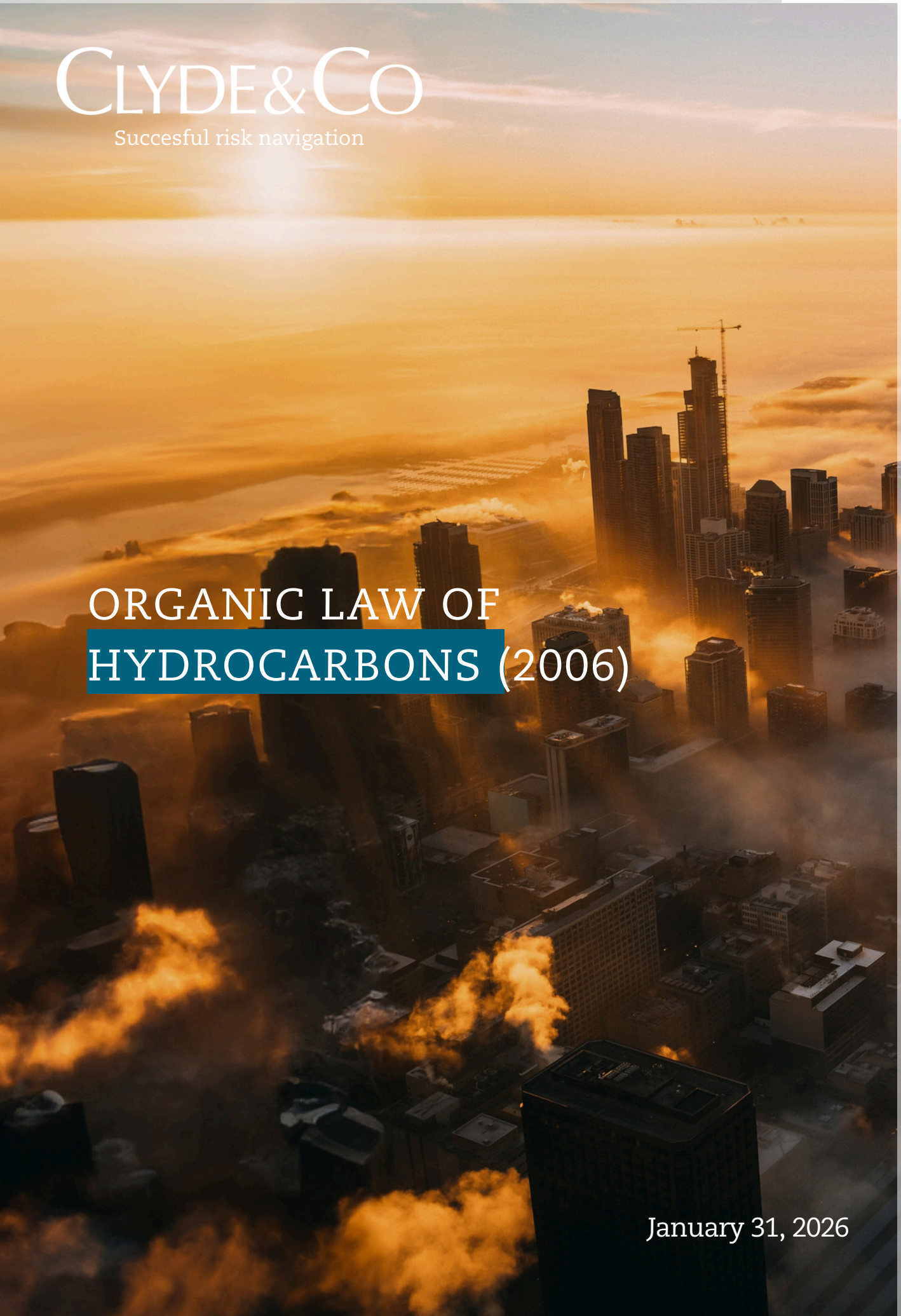
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ORGANIC LAW OF HYDROCARBONS (2006)

January 31, 2026

Official Gazette No. 38,443 of May 24, 2006
Organic Law of Hydrocarbons
THE NATIONAL ASSEMBLY OF THE BOLIVARIAN REPUBLIC OF VENEZUELA
HEREBY DECREES the following,
ORGANIC LAW OF HYDROCARBONS

Chapter I

Fundamental Provisions

Section One

Scope of the Law

Article 1
All matters relating to the exploration, exploitation, refining, industrialization, transportation, storage, marketing, and conservation of hydrocarbons, as well as matters relating to refined products and to the works required for the performance of such activities, shall be governed by this Law.

Article 2
Activities relating to gaseous hydrocarbons shall be governed by the Organic Law of Gaseous Hydrocarbons, except for the extraction of gaseous hydrocarbons associated with petroleum, which shall be governed by this Law.

Section Two

Ownership of Deposit

Article 3
Hydrocarbon deposits existing within the national territory, regardless of their nature, including those located beneath the bed of the territorial sea, on the continental shelf, within the exclusive economic zone, and within national borders, belong to the Republic and constitute property of the public domain; therefore, they are inalienable and imprescriptible.

Chapter II

Activities Relating to Hydrocarbons

Section One
General Provisions

Article 4
The activities referred to in this Law, as well as the works required for their performance, are hereby declared to be of public utility and social interest.

Article 5
The activities regulated by this Law shall be directed toward fostering the comprehensive, organic, and sustained development of the country, with due regard to the rational use of the resource and the preservation of the environment. To this end, the strengthening of the national productive sector and the domestic transformation of raw materials derived from hydrocarbons shall be promoted, as well as the incorporation of advanced technologies.

Revenues received by the Nation from hydrocarbons shall be used to finance health and education, to establish macroeconomic stabilization funds, and to promote productive investment, so as to achieve an appropriate linkage between petroleum and the national economy, all for the benefit of the people.

Article 6
Decisions adopted by the Republic in connection with international agreements or treaties on hydrocarbons entered into by it shall apply to those who carry out the activities referred to in this Decree-Law.

Article 7
The activities set forth in this Law shall be subject both to the provisions herein and to those contained in other laws, decrees, or resolutions issued or to be issued, insofar as they may be applicable.

Section Two

Competence

Article 8

The formulation, regulation, and monitoring of policies, as well as the planning, execution, and supervision of activities relating to hydrocarbons, including matters concerning the development, conservation, utilization, and control of such resources, market studies, and the analysis and fixing of prices of hydrocarbons and their products, shall fall within the competence of the Ministry of Energy and Petroleum.

Accordingly, the Ministry of Energy and Petroleum is the national authority competent in all matters relating to the administration of hydrocarbons and, consequently, has the authority to inspect the works and activities inherent thereto, as well as to supervise operations giving rise to the taxes, fees, or contributions established under this Law and to review the respective accounting records.

The Ministry of Energy and Mines shall carry out the planning function referred to in this Article, in accordance with the National Development Plan. For the fulfillment of these functions, the National Executive shall provide the necessary resources in accordance with the relevant legal provisions.

Public officials and private individuals shall afford the broadest facilities to national employees performing the aforementioned functions for their proper execution.

Section Three

Primary Activities

Article 9

Activities relating to the exploration for deposits of the hydrocarbons covered by this Law, their extraction in their natural state, and their initial gathering, transportation, and storage are deemed primary activities for the purposes of this Law.

In accordance with the provisions of Article 302 of the Constitution of the Bolivarian Republic of Venezuela, the aforementioned primary activities, as well as those relating to the works required for their management, are reserved to the State under the terms established in this Law.

Section Four

Refining and Marketing Activities

Article 10

Activities relating to the distillation, purification, and transformation of natural hydrocarbons covered by this Law, carried out for the purpose of adding value to such substances, as well as the marketing of the products obtained, constitute refining and marketing activities and may be carried out by the State and private parties, jointly or separately, in accordance with the provisions of Chapter VIII of this Law.

Existing facilities and works, as well as their expansions and modifications, owned by the State or by companies wholly owned by it, dedicated to the refining of natural hydrocarbons within the country and to the main transportation of products and gas, are reserved to the State under the terms established in this Law.

Article 11

Refineries to be constructed shall conform to a national plan for their installation and operation and shall be linked to specific projects approved by the National Executive through the Ministry of Energy and Petroleum. Such refineries shall be primarily aimed at the modernization of the processes to be used and the production of clean fuels.

Article 12

Companies seeking to engage in the refining of natural hydrocarbons shall obtain a license from the Ministry of Energy and Petroleum, which may grant such license upon prior definition of the corresponding project and in accordance with the provisions of this Law and its Regulations.

The assignment, transfer, or encumbrance of licenses shall require the prior approval of the Ministry of Energy and Petroleum, without which they shall have no legal effect. In the event of compulsory transfers by enforcement, the State may substitute the enforcing party upon prior payment of the enforcement amount.

Article 13
For the granting of the license referred to in the preceding Article, the following minimum requirements shall be met:

1. Identification of the companies and their representatives.
2. Description of the project, indicating the applicable technology, the destination of the products, and the financial resources allocated to the project.
3. Duration of the company or project, which shall not exceed twenty-five (25) years, extendable for a period to be agreed upon not exceeding fifteen (15) years, provided the project requirements have been met.
4. Indication of any special advantages offered in favor of the Republic.

Article 14
Those engaged in the country in the refining of natural hydrocarbons shall register in the registry to be maintained for this purpose by the Ministry of Energy and Petroleum. Assignments, transfers, encumbrances, or enforcement actions relating to licenses shall likewise be recorded in said registry.

Article 15
Licenses granted for activities related to the refining of natural hydrocarbons shall expressly include the provisions contained in Article 34, paragraph 3, subparagraphs (a) and (b) of this Law, and if not expressly stated, such provisions shall be deemed incorporated into the text of the license.

Article 16
The assignment, encumbrance, and enforcement of the rights granted by licenses for activities related to the refining of natural hydrocarbons shall require the prior authorization of the Ministry of Energy and Petroleum.

Article 17

Licenses granted in accordance with this Law shall be revocable by the Ministry of Energy and Petroleum upon the occurrence of grounds for revocation established in the license itself or where assignment, encumbrance, or enforcement is carried out without the authorization of said Ministry.

Section Five

Participation of National Capital and Use of National Goods and Servic

Article 18

The National Executive shall adopt measures to promote the formation of national capital in order to encourage the creation and consolidation of operating companies, service companies, and companies engaged in the manufacture and supply of goods of national origin for the activities provided for in this Law. To this end, the State, the entities, and the companies referred to in this Law shall incorporate, in their procurement and contracting processes, the participation of companies with national capital under conditions that ensure the optimal and effective use of goods, services, human resources, and capital of Venezuelan origin.

Section Six

Obligations Arising from Hydrocarbon Activities

Article 19

Persons carrying out the activities referred to in this Law shall do so in a continuous and efficient manner, in accordance with applicable regulations and the best available scientific and technical practices relating to safety and hygiene, environmental protection, and the rational use and exploitation of hydrocarbons, the conservation of their energy content, and the maximization of ultimate recovery from reservoirs.

Article 20

Persons carrying out the activities referred to in this Law are obliged to supply the National Executive with all information it may require in connection with the exercise of such activities. To this end, those who carry out primary activities jointly with industrial and commercial activities shall keep and submit separate accounts relating to each such activity. The National Executive shall maintain the confidentiality of the information supplied, when so requested by the interested party and when appropriate.

Article 21

Persons engaged in the storage, transportation, and distribution activities provided for in this Law are obliged to allow the use of their facilities by other storage operators, carriers, or distributors, when such facilities have available capacity and when the public or social interest so requires. Such use shall be carried out under the conditions agreed upon by the parties. In the absence of agreement, the Ministry of Energy and Petroleum shall determine the conditions for the provision of the service.

Chapter III

Del Ejercicio de las Actividades Primarias

Section One

Form and Conditions for Carrying Out Primary Activities

Article 22

The primary activities indicated in Article 9 of this Law shall be carried out by the State, either directly by the National Executive or through companies of its exclusive ownership. They may also be carried out through companies in which the State exercises control over decision-making by holding a participation exceeding fifty percent (50%) of the share capital, which, for the purposes of this Law, are referred to as mixed companies. Companies engaged in the performance of primary activities shall be operating companies.

Article 23
The National Executive, through the Ministry of Energy and Petroleum, shall delimit the geographic areas in which operating companies shall carry out primary activities. Such areas shall be divided into lots with a maximum surface area of one hundred square kilometers (100 km²).

Article 24
The National Executive may, by Decree, transfer to operating companies the right to exercise primary activities. It may likewise transfer ownership or other rights over movable or immovable property of the Republic's private domain, as required for the efficient exercise of such activities. The National Executive may revoke such rights when operating companies fail to comply with their obligations in a manner that prevents attainment of the purpose for which said rights were transferred.

Article 25
Operating companies may carry out the actions necessary for the exercise of the activities transferred to them and enter into the corresponding contracts, all in accordance with the provisions of this Law and other applicable laws.

Article 26
Operating companies may establish or contribute to the maintenance of institutes for experimentation, research, technological development, and universities that provide technical support to their operations, as well as create and maintain training centers for personnel linked to the activities contemplated in this Law, duly harmonized with the operation and development of other centers and institutes existing in the country for similar purposes.

Section Two

State-Owned Companies

Article 27
The National Executive may, by Decree issued by the Council of Ministers, create companies of exclusive State ownership to carry out the activities established in this Law and may adopt for them such legal forms as it deems appropriate, including that of a corporation with a single shareholder.

Article 28
Without prejudice to the reservation established in this Law, the companies referred to in the preceding Article may create other companies for the development of their activities, subject to prior approval by the respective Shareholders' Assembly. The same approval shall be required to modify the corporate purpose of the companies created, as well as to merge, associate, dissolve, liquidate them, or carry out any other amendment to their bylaws. The same authorization shall be required for companies to be created by subsidiary companies.

Article 29
State-owned petroleum companies shall be governed by this Law and its Regulations, by their own bylaws, by the provisions issued by the National Executive through the Ministry of Energy and Petroleum, and by the rules of common law applicable to them.

Article 30
The National Executive, through the Ministry of Energy and Petroleum, shall exercise inspection and supervisory functions over State-owned petroleum companies and their subsidiaries, both domestically and internationally, and shall issue the guidelines and policies to be complied with regarding the matters referred to in this Decree-Law.

Article 31
The incorporation and capital increases of State-owned companies or their subsidiaries resulting from asset revaluations or dividends, which involve the issuance of shares subscribed by the State or such companies, as well as mergers of State-owned companies or their subsidiaries and transfers of assets among them, shall not be subject to the payment of taxes relating to the registration of such transactions.

Article 32
Workers of State-owned petroleum companies, with the exception of members of the Boards of Directors, shall enjoy job stability and may only be dismissed for causes expressly established in labor legislation. Likewise, the State shall guarantee the existing collective bargaining regime and the enjoyment of social, economic, welfare, trade-union, professional development benefits, and all those established in collective bargaining agreements and labor legislation, as well as any bonuses, premiums, and other payments or emoluments granted as incentives for efficiency and traditionally enjoyed by workers by custom and practice and pursuant to personnel management regulations applied by the companies.
The State shall also guarantee the enjoyment of retirement plans and their respective pensions for workers retired prior to the enactment of this Law. Such retirement plans, as well as all other employee benefit plans instituted by the companies, including employee savings fund plans, shall remain in force without prejudice to collective bargaining. The provisions contained in the law creating the National Institute for Educational Cooperation shall continue to apply to companies created pursuant to the law that reserved the hydrocarbon industry and trade to the State.
Trusts constituted for the benefit of workers shall be governed by the modalities established in the applicable collective bargaining agreements.

Section Three

Mixed Companies

Article 33

The incorporation of mixed companies and the conditions governing the performance of primary activities shall require the prior approval of the National Assembly. To this end, the National Executive, through the Ministry of Energy and Petroleum, shall inform the National Assembly of all relevant circumstances relating to such incorporation and conditions, including any special advantages provided in favor of the Republic. The National Assembly may modify the proposed conditions or establish such conditions as it deems appropriate. Any subsequent modification of such conditions shall likewise require approval by the National Assembly, upon a favorable report from the Ministry of Energy and Petroleum and the Standing Committee on Energy and Mines. Mixed companies shall be governed by this Law and, in each particular case, by the terms and conditions established in the Agreement issued by the National Assembly in accordance with the law, based on the report issued by the Standing Committee on Energy and Mines approving the creation of the respective mixed company in special cases and when so required by the national interest. Supplementarily, the provisions of the Commercial Code and other applicable laws shall apply.

Article 34

The conditions referred to in the preceding Article shall meet the following minimum requirements:

1. A maximum term of twenty-five (25) years, extendable for a period to be agreed upon by the parties, not exceeding fifteen (15) years. Such extension must be requested after half of the period for which the right to carry out the activities was granted has elapsed and before five (5) years prior to its expiration.
2. Specification of the location, orientation, size, and shape of the area in which the activities are to be carried out, and such other specifications as may be established in the Regulations.

3.The conditions shall include, and if not expressly stated shall be deemed incorporated therein, the following clauses:

a. Lands and permanent works, including installations, accessories, and equipment forming an integral part thereof, as well as any other assets acquired for the performance of such activities, regardless of their nature or the title under which they were acquired, shall be maintained in good condition so as to be delivered into the ownership of the Republic, free of liens and without any compensation, upon termination for any cause of the rights granted, in such a manner as to ensure the possibility of continuing the activities, where applicable, or their cessation with the least economic and environmental damage.

b. Any doubts or disputes of any nature that may arise in connection with the performance of the activities and that cannot be amicably resolved by the parties, including arbitration in cases permitted by the law governing the matter, shall be decided by the competent courts of the Republic, in accordance with its laws, and shall under no circumstances or cause give rise to foreign claims.

Article 35

The Republic does not guarantee the existence of the substances, nor does it undertake to provide warranty. The performance of the activities shall be carried out at the sole risk of those performing them with respect to the existence of such substances. Such circumstances shall in all cases be stated in the instrument by which the right to carry out the activities is granted, and if not expressly stated, they shall be deemed incorporated into its text.

Article 36

In the instruments by which the right to carry out the activities is granted, special advantages for the Republic may be established, such as an increase in royalties, contributions, or other consideration provided for in this Law; the use and transfer of new and advanced technologies; and the granting of scholarships, technical training opportunities, or other human capital development activities.

Article 37

For the selection of operating companies, the competent public authority shall promote competitive bidding among multiple offers. For this purpose, the National Executive, through the Ministry of Energy and Petroleum, shall create the respective committees to establish the necessary conditions and select the companies. The Ministry of Energy and Petroleum may suspend the selection process or declare it void, without giving rise to any compensation by the Republic.

For reasons of public interest or special circumstances relating to the activities, direct selection of operating companies may be made, subject to prior approval by the Council of Ministers.

Chapter IV

Complementary Rights

Section One

Temporary Occupation, Expropriation, and Easements

Article 38

Persons authorized to carry out activities of exploration, extraction, gathering, transportation and initial storage, processing, and refining of natural hydrocarbons shall have the right to request the temporary occupation or expropriation of property, as the case may be, as well as the establishment of easements in favor of the activity.

Article 39

With respect to expropriation, the provisions contained in the special law governing the matter shall apply.

Section Two

Procedures

Article 40

When easements are to be constituted over privately owned land, the authorized persons shall enter into the necessary contracts with the owners. Should no agreement be reached, the interested persons may apply to a Court of First Instance in Civil Matters with jurisdiction over the locality, for authorization to commence the works. The applicant shall precisely identify the areas and assets to be affected and the works to be carried out, and shall comply in the application with all applicable requirements. The application for the establishment of an easement shall indicate:

1. The name of the owner, as well as those of any persons holding rights over the property subject to the easement, if known.
2. The assets to be affected by the easement, the areas required, and the works to be carried out, as well as data concerning ownership and any encumbrances on the property.
3. The term and other conditions of the easement.

Any other information the applicant considers necessary to assist the court.

Upon receipt of the application, the court shall, on the same day, order service of process upon the affected party to appear on the third business day following service, for the designation of experts to determine potential damages. If service cannot be effected, the court shall order publication of a notice in a nationally and regionally circulated newspaper, summoning the affected party to appear on the third business day following filing of such publication, at which time the experts shall be appointed to render an opinion on the potential damages and the amount of compensation due.

At the scheduled appearance, the applicant shall appoint one expert and the affected party shall appoint a second expert. If the affected party fails to appear or refuses to appoint an expert, the court shall appoint one on its behalf. The court shall appoint the third expert.

The designated experts shall be present at the appointment hearing for purposes of acceptance and swearing-in; otherwise, the court shall appoint substitutes. The experts shall submit their report within five (5) business days following their appointment. Once the report has been submitted, the applicant shall deposit with the court the estimated amount of compensation within five (5) business days, and within the following five (5) business days the court shall authorize commencement of the works. If the affected party accepts the compensation, the court shall issue a decision constituting the easement under the terms requested. In the event of disagreement, the proceeding shall continue under the rules of ordinary proceedings, and for such purposes, the application shall be deemed equivalent to a complaint, and from the expression of disagreement the period for answering the complaint shall commence. Within this period, the applicant may introduce such amendments or improvements to the application as it deems appropriate.

Article 41

For the establishment of easements over vacant lands, authorized persons shall enter into the necessary agreements with the National Executive and pay the agreed consideration, unless the National Executive resolves to exempt them from such payment. Where privately owned improvements exist on lands subject to the easement, the compensation due to the owners thereof shall be paid by the beneficiary of the easement and shall be determined in accordance with the procedure provided for in the preceding Article.

Chapter V

Unitization of Reservoirs

Section One

National Reservoirs and Reservoirs Bordering Other Countries

Article 42

When a hydrocarbon reservoir extends beneath areas over which more than one operator carries out exploitation activities, the parties shall enter into a unitization agreement for its exploitation, which shall be subject to the approval of the Ministry of Energy and Mines. In the absence of agreement, said Ministry shall establish the rules governing the exploitation.

When a reservoir extends from areas allocated for exploitation into areas that have not been so allocated, the National Executive, through the Ministry of Energy and Petroleum, shall adopt the necessary measures to safeguard the rights of the Republic.

Article 43

When a hydrocarbon reservoir extends beneath the areas referred to in Article 3 of this Law and beneath areas forming part of the domain of neighboring countries, its exploitation may not be carried out without the prior execution of a unitization agreement with such neighboring countries. In the absence of a timely agreement, the National Executive shall adopt the measures necessary to safeguard the interests of the Republic, including the revocation of the right of exploitation.

Chapter VI

Royalty and Tax Regime

Section One

Royalty

Article 44

From the volumes of hydrocarbons extracted from any reservoir, the State is entitled to a participation of thirty percent (30%) as royalty.

Where it is demonstrated to the satisfaction of the National Executive that a mature reservoir or an extra-heavy crude oil reservoir of the Orinoco Belt is not economically exploitable with the thirty percent (30%) royalty established in this Law, the National Executive may reduce such royalty to a minimum of twenty percent (20%) in order to achieve the economic viability of the exploitation. The National Executive is likewise empowered to restore it, in whole or in part, up to the original thirty percent (30%), when it is demonstrated that the economic viability of the reservoir can be maintained with such restoration.

Article 45

The royalty may be required by the National Executive, in kind or in cash, in whole or in part. Unless required otherwise, it shall be understood that the National Executive has elected to receive it entirely in cash.

Article 46

When the National Executive decides to receive the royalty in kind, it may, for purposes of transportation and storage, use the services of the exploiting company, which shall be obliged to provide such services up to the place designated by the National Executive, who shall pay the price agreed upon for such services.

Article 47

When the National Executive decides to receive the royalty in cash, the exploiting company shall pay the price of the corresponding volumes of hydrocarbons, measured at the production field and at market value, or at an agreed value, or, failing both, at a fiscal value fixed by the liquidating authority. For this purpose, the Ministry of Energy and Petroleum shall issue the corresponding assessment, which shall be paid to the National Treasury within five (5) business days following receipt thereof.

Section Two

Taxes

Article 48

Without prejudice to tax provisions established under other national laws, persons carrying out the activities referred to in this Law shall pay the following taxes:

Surface Tax. For the portion of the granted surface extension area not under exploitation, an amount equivalent to one hundred tax units (100 T.U.) per square kilometer (km^2), or fraction thereof, for each year elapsed. This tax shall increase annually by two percent (2%) during the first five (5) years and by five percent (5%) in subsequent years.

2. Self-Consumption Tax. Ten percent (10%) of the value of each cubic meter (m^3) of products derived from hydrocarbons produced and consumed as fuel in the taxpayer's own operations, calculated on the basis of the price at which such product is sold to the final consumer. Where such a product is not sold on the domestic market, the Ministry of Energy and Petroleum shall fix its price.
3. General Consumption Tax. For each liter of hydrocarbon-derived product sold on the domestic market, an amount between thirty percent and fifty percent (30% and 50%) of the price paid by the final consumer, the applicable rate within those limits to be fixed annually in the Budget Law. This tax, to be paid by the final consumer, shall be withheld at the supply source and remitted annually to the National Treasury.
4. Extraction Tax. One-third (1/3) of the value of all liquid hydrocarbons extracted from any reservoir, calculated on the same basis established in Article 47 of this Law for the calculation of the royalty in cash. This tax shall be paid monthly together with the royalty provided for in Article 44 of this Law by the operating company extracting such hydrocarbons. In calculating the Extraction Tax, the taxpayer shall be entitled to deduct the amounts paid as royalty, including any additional royalty paid as a special advantage. The taxpayer shall also be entitled to deduct from the Extraction Tax any special advantage payable on an annual basis, but only in periods subsequent to the payment of such annual special advantage.

Where the National Executive deems it justified based on market conditions or a specific investment project to be incentivized, including, among others, secondary recovery projects, it may reduce the Extraction Tax, for such period as it may determine, to a minimum of twenty percent (20%). It may likewise restore the Extraction Tax to its original level when it considers that the causes for the reduction have ceased.

- Export Registration Tax. One per thousand (0.1%) of the value of all hydrocarbons exported from any port within the national territory, calculated on the price at which such hydrocarbons are sold to the purchaser. For this purpose, the seller shall inform the Ministry of Energy and Petroleum, prior to sailing, of the volume, API gravity, sulfur content, and destination of the cargo. The seller shall submit a copy of the corresponding invoice to the Ministry of Energy and Petroleum within forty-five (45) consecutive days from the date the vessel sailed, together with proof of payment of the Export Registration Tax.

The National Executive may exempt, in whole or in part and for such period as it may determine, the General Consumption Tax, in order to promote certain activities of public or general interest. It may likewise restore the tax to its original level when the causes for the exemption cease.

Chapter VII

Industrial Activities

Section One

Form and Conditions of the Activities

Article 49

The industrialization of refined hydrocarbons comprises the activities of separation, distillation, purification, conversion, blending, and transformation thereof, carried out for the purpose of adding value to such substances through the production of petroleum specialties or other hydrocarbon derivatives.

Article 50

Industrial activities involving refined hydrocarbons may be carried out directly by the State, by companies of its exclusive ownership, by mixed companies with participation of State and private capital in any proportion, and by private companies.

Article 51

The National Executive shall adopt the measures necessary for the domestic industrialization of refined hydrocarbons, which, among others, shall comply with the following guidelines:

1. To stimulate the greatest and most in-depth transformation of refined hydrocarbons.
2. To promote investments in projects that generate substances supporting the development of the national industrial sector.
3. To ensure that refineries and hydrocarbon processing plants under State control guarantee, as a priority over the alternative of exportation, the timely supply for further processing of basic substances in adequate quantity and quality, and under pricing schemes and commercial conditions that allow the development of companies competitive in international markets.
4. To develop industrial parks around refineries and in areas where the supply of hydrocarbons or their derivatives is facilitated.

5. To encourage the creation and participation of financial entities in the industrialization of hydrocarbons within the country.
6. To ensure that companies carrying out hydrocarbon industrialization activities within the country, in turn, promote downstream industrialization of the inputs they produce
7. Any other measures provided for in the Regulations.

Article 52
The National Executive shall give priority to projects for the industrialization of refined hydrocarbons that promote the formation of national capital and link such capital to greater value added to processed inputs, and whose products are competitive in foreign markets.

Article 53
Private companies engaged within the country in the industrialization of refined hydrocarbons shall obtain a permit to be granted by the Ministry of Energy and Petroleum, upon compliance with the following requirements:

1. Identification of the companies and their representatives.
2. Indication of the source of supply of the raw material.
3. Definition of the project, indicating the destination of the products.

Article 54
Those engaged within the country in the industrialization of refined hydrocarbons shall register in the registry to be maintained for such purpose by the Ministry of Energy and Mines.

Section Two

Other Substances Obtained

Article 55

Where, in the processes of refining natural hydrocarbons or in the industrialization of refined products, substances with commercial, industrial, or strategic value other than those provided for in the licenses or permits arise, the companies shall notify the National Executive, who shall decide on the conditions governing their destination and use.

Chapter VIII

Marketing Activities

Section One

Persons Authorized to Carry Them Out

Article 56

The marketing activities referred to in this Law comprise both domestic trade and foreign trade, of natural hydrocarbons as well as of their derivative products.

Article 57

Marketing activities of natural hydrocarbons, as well as of such derivative products as may be designated by the National Executive by Decree, may only be carried out by the companies referred to in Article 27 of this Law. For this purpose, mixed companies carrying out primary activities may only sell the natural hydrocarbons they produce to the companies referred to in Article 27 of this Law.

Article 58

Marketing activities of derivative products excluded in accordance with the provisions of the preceding Article may be carried out directly by the State, by companies of its exclusive ownership, by mixed companies with participation of State and private capital in any proportion, and by private companies.

Section Two

Domestic Trade

Article 59
The products derived from hydrocarbons that, by Resolution, are designated by the National Executive through the Ministry of Energy and Petroleum shall be subject to the domestic trade regulations established in this Law.

Article 60
The activities of supply, storage, transportation, distribution, and retail sale of hydrocarbon derivative products designated by the National Executive pursuant to the preceding Article, intended for collective domestic consumption, constitute a public service.

The National Executive, through the Ministry of Energy and Petroleum, shall set the prices of hydrocarbon derivative products and shall adopt measures to guarantee supply, service efficiency, and to prevent service interruption. In setting prices, the National Executive shall observe the provisions of this Law and the stipulations established in its Regulations. Such prices may be set through price bands or any other system deemed appropriate to achieve the purposes of this Law, taking into account investments and their profitability.

Article 61
Natural or legal persons wishing to engage in the activities of supply, storage, transportation, distribution, and retail sale of hydrocarbon derivative products shall previously obtain a permit from the Ministry of Energy and Petroleum. Such permits shall be subject to the provisions established in this Law, its Regulations, and the corresponding Resolutions.
Natural or legal persons carrying out the aforementioned activities may perform more than one activity, provided that there is legal and accounting separation between them.
The assignment or transfer of such permits shall require prior authorization from the Ministry of Energy and Petroleum.

Artículo 63
El Ministerio de Energía y Petróleo podrá revocar los permisos cuando el incumplimiento de las. disposiciones establecidas en esta Ley, su Reglamento o en Resoluciones, comprometan la eficiencia o continuidad del servicio o pongan en peligro la seguridad de personas y bienes.

Article 63
The Ministry of Energy and Petroleum may revoke permits when non-compliance with the provisions established in this Law, its Regulations, or in Resolutions compromises the efficiency or continuity of the service or endangers the safety of persons or property.

Article 64
Subordinate registry offices and notaries shall refrain from processing documents related to acts that require authorization from the Ministry of Energy and Petroleum if such authorization is not attached. Documents executed in violation of the provisions herein shall have no legal effect for the purposes of this Law.

Article 65
Natural or legal persons currently engaged in the domestic marketing of hydrocarbon derivative products subject to this Law shall, under equal conditions, have a preferential right over third parties to continue exercising such activities. In the event that the national oil industry or any other person decides to offer for sale the real property used for the exercise of such activities, the persons currently exercising them shall, under equal conditions, have a preferential right to acquire such property.
In any transfer of rights over fuel retail outlets, the value of the goodwill belonging to the person exercising the activity shall be recognized and paid.

Chapter IX

Infractions and Sanctions

Section One

Fines and Their Amounts

Article 66

Infractions of this Law, its Regulations, and other provisions issued for its due enforcement, relating to safety and protection of facilities, persons, and property; construction of works and facilities; provision of services; quality standards; transportation and distribution of hydrocarbons and products; and prices and tariffs, shall be sanctioned with a fine ranging from fifty (50) to fifty thousand (50,000) tax units, or suspension of activities for up to six (6) months, or both sanctions. Such sanctions shall be imposed by the National Executive through the Ministry of Energy and Petroleum, in accordance with the seriousness of the offense and the past conduct of the offender in the exercise of its activities.

The foregoing sanctions shall apply without prejudice to any civil, criminal, tax, or administrative actions arising from the infraction, to any police measures that must be adopted to prevent the infraction or to restore the infringed legal situation, and to sanctions established under other laws.

Article 67

When the fines provided for in the preceding Article are applied to a State-owned company, such company shall conduct the corresponding investigations in order to adopt corrective measures and determine any liabilities that may be attributable to members of the respective Board of Directors or any other persons in its service, and to apply the measures that may be warranted. The results of such investigations shall be concluded within a period of forty-five (45) days and shall be communicated to the Ministry of Energy and Petroleum within five (5) business days following their conclusion. The Minister of Energy and Petroleum may reopen or expand such investigations when deemed appropriate.

Article 68

Administrative and contentious-administrative remedies may be filed against the resolutions of the Minister of Energy and Petroleum, under the terms and conditions permitted by law.

Derogatory Provision

Sole Provision

The Hydrocarbons Law of March 13, 1943, partially amended by the Partial Reform Laws of the Hydrocarbons Law of August 10, 1955 and August 29, 1967; the Law on Assets Subject to Reversion in Hydrocarbon Concessions of August 6, 1971; the Law Reserving to the State the Exploitation of the Domestic Market of Hydrocarbon Derivative Products of June 22, 1973; the Organic Law Reserving to the State the Industry and Trade of Hydrocarbons of August 29, 1975; the Organic Law Opening the Domestic Market for Gasoline and Other Hydrocarbon-Derived Fuels for Use in Motor Vehicles of September 11, 1998; and any other legal provisions that conflict with this Law, are hereby repealed.

Transitional ProvisionsTransitional Provisions

First

Until new provisions expressly repealing them are enacted, sub-legal provisions issued prior to the entry into force of this Law concerning the matters regulated herein shall continue to apply insofar as they do not conflict with this Law.

Second

Allocations of oil revenues calculated on the basis of the royalty amounts contemplated in the Hydrocarbons Law of March 13, 1943, shall continue to be estimated on the basis of such amounts until the laws providing for said allocations or distributions are amended.

Third

The rate of the general consumption tax provided for in numeral 3 of Article 48 of this Law is set at thirty percent (30%) for the period corresponding to fiscal year 2002.

Final Provision

Sole Provision

This Law shall enter into force five (5) consecutive days after its publication, except with respect to the Export Registration Tax, which shall enter into force sixty (60) consecutive days after such publication.
Enacted, signed, and sealed at the Federal Legislative Palace, seat of the National Assembly, in Caracas, on the sixteenth day of the month of May, two thousand six. Year 196 of Independence and 147 of the Federation.

NICOLÁS MADURO MOROS
President of the National Assembly
DESIRÉE SANTOS AMARAL
First Vice President
ROBERTO HERNÁNDEZ WOHNSIEDLER
Second Vice President
IVÁN ZERPA GUERRERO
Secretary
Issued in Caracas, on the twenty-fourth day of the month of May, two thousand six. Years 196 of Independence and 147 of the Federation.
To be executed,
(Seal)
HUGO CHÁVEZ FRÍAS
Countersigned:
The Executive Vice President, JOSÉ VICENTE RANGEL
The Minister of the Interior and Justice, JESSE CHACÓN ESCAMILLO
The Minister of Foreign Affairs, ALÍ RODRÍGUEZ ARAQUE
The Minister of Finance, NELSON JOSÉ MERENTES DÍAZ
The Minister of Defense, RAMÓN ORLANDO MANIGLIA FERREIRA
The Minister of Light Industry and Trade, MARÍA CRISTINA IGLESIAS
The Minister of Basic Industries and Mining, VÍCTOR ÁLVAREZ
The Minister of Tourism, WÍLMAR CASTRO SOTELDO
The Minister of Agriculture and Lands, ELÍAS JAUA MILANO
The Minister of Higher Education, SAMUEL MONCADA ACOSTA
The Minister of Education and Sports, ARISTÓBULO ISTÚRIZ ALMEIDA
The Minister of Health, FRANCISCO ARMADA
The Minister of Labor, RICARDO DORADO CANO-MANUEL
The Minister of Infrastructure, RAMÓN ALONZO CARRIZÁLEZ RENGIFO

The Minister of Energy and Petroleum, RAFAEL DARÍO RAMÍREZ CARREÑO
The Minister of Environment and Natural Resources, JACQUELINE COROMOTO FARÍA PINEDA
The Minister of Planning and Development, JORGE GIORDANI
The Minister of Science and Technology, MARLENE YADIRA CÓRDOVA
The Minister of Communication and Information, WILLIAN RAFAEL LARA
The Minister for the Popular Economy, OLY MILLÁN CAMPOS
The Minister for Food, ERIKA DEL VALLE FARÍAS PEÑA
The Minister of Culture, FRANCISCO DE ASÍS SESTO NOVAS
The Minister for Housing and Habitat, LUIS CARLOS FIGUEROA ALCALÁ
The Minister of Popular Participation and Social Development, JORGE LUIS GARCÍA CARNEIRO
The Minister of the Office of the Presidency, DELCY RODRÍGUEZ GÓMEZ
The Minister of State for Integration and Foreign Trade, GUSTAVO ADOLFO MÁRQUEZ MARÍN


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