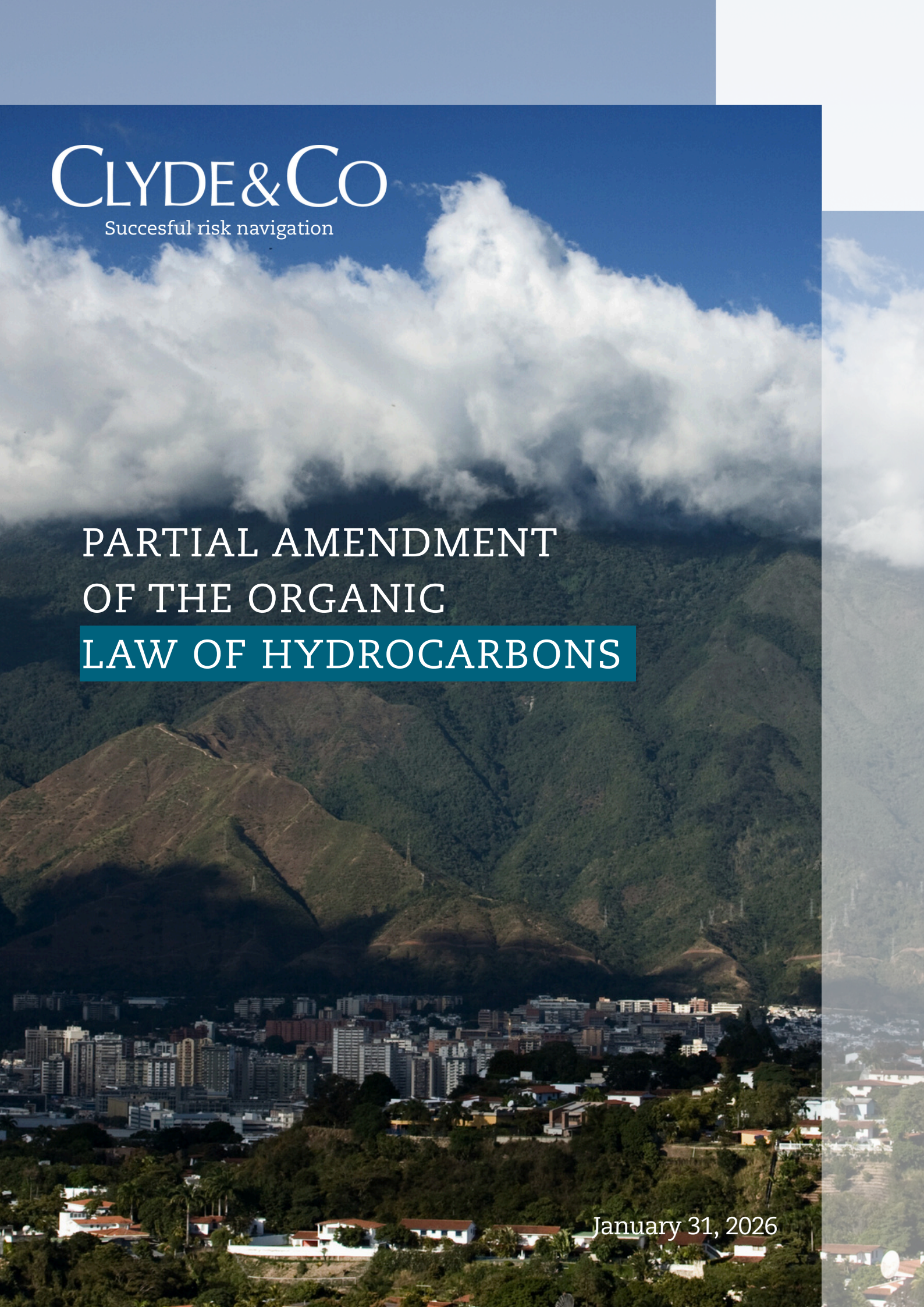
CLYDE&CO

Succesful risk navigation

PARTIAL AMENDMENT OF THE ORGANIC LAW OF HYDROCARBONS



January 31, 2026

NATIONAL ASSEMBLY
OF THE BOLIVARIAN REPUBLIC OF VENEZUELA
HEREBY DECREES

The following:
PARTIAL AMENDMENT
OF THE ORGANIC LAW OF HYDROCARBONS

ARTICLE 1. Article 1 is amended as follows:

Purpose

Article 1. The purpose of this Law is to regulate all matters relating to the exploration, extraction, collecting, transportation, storage, processing, upgrading, refining, industrialization, commercialization, conservation and complete exploitation of hydrocarbons, under the principles of energy sovereignty, public ownership of hydrocarbon reservoirs, progressive maximization of hydrocarbon rent, legal certainty, contractual transparency, environmental protection, and alignment with the energy transition.

ARTICLE 2. A new Article is incorporated and nominated as Article 8, as follows:

Dispute Resolution

Article 8. In contracts entered into for the performance of the activities regulated under this Law, the parties may agree that any enquiries or disputes of any nature arising in connection with the performance of such activities, which cannot be amicably resolved by the parties, may be ruled by the competent Courts of the Republic or through alternative dispute resolution mechanisms, including mediation and arbitration.

The Ministry with competence in hydrocarbons, in consultation with the Office of the Attorney General of the Republic, shall establish the general guidelines for the inclusion of dispute resolution clauses referred to in this Article. Clauses agreed in accordance with such guidelines shall not require the opinion or authorization provided for in the Decree of rank, value, and force of Organic Law of the Attorney General of the Republic or in the Commercial Arbitration Law.

ARTICLE 3. Article 22 is amended and renumbered as Article 23, as follows:

Companies Running Primary Activities

Article 23.The primary activities referred to in Article 10 of this Law shall be carried out:
1. By the National Executive directly, or through companies wholly owned by the Republic or their subsidiaries.
2. By companies in which the Republic or a public entity holds more than fifty percent (50%) of the share capital, thereby exercising controlling interest, which shall be known as Mixed Companies.
3. By private companies domiciled in the Bolivarian Republic of Venezuela, within the framework of contracts executed with companies wholly owned by the Republic or their subsidiaries.
The companies carrying out primary activities shall be referred to as operating companies.

ARTICLE 4. Article 24 is amended and renumbered as Article 25, as follows:

Right to Perform Primary Activities

Article 25. The Ministry with competence in hydrocarbons may grant the operating companies referred to in numerals 1 and 2 of Article 23 the right to perform primary activities. In the same way, it may transfer to them ownership or other rights over real and personal property part of the private domain of the Republic, as required for the efficient performance of such activities. The Ministry with competence in hydrocarbons may revoke such rights when the operating companies fail to comply with their substantial obligations in a manner that prevents fulfillment of the purpose for which such rights were granted.
Operating companies exclusively owned by the Republic or their subsidiaries may assign, in whole or in part, through contract, to the companies referred to in numeral 3 of Article 23 of this Law, the rights granted pursuant to this Article, subject to prior authorization from the Ministry with competence in hydrocarbons matters.

ARTICLE 5. Article 25 is amended and renumbered as Article 26, as follows:

Economic and Financial Balance

Article 26. The operating companies may carry out the necessary actions for the exercise of the activities assigned to them and execute the corresponding contracts, all in accordance with the provisions of this Law.

Contracts for the performance of primary activities by operating companies referred to in numerals 2 and 3 of Article 23 shall maintain the economic and financial balance originally agreed, which must be preserved throughout the entire term of the contract. When, after execution of the contract, changes occur in the legal, fiscal, regulatory, or contractual framework that substantially and adversely affect the project's economics, the Ministry with competence in hydrocarbons shall agree to the necessary adjustments to restore such balance, including adjustments to royalties, taxes, tariffs, contractual terms, economic conditions, or compensation mechanisms, in order to restore the operating company to the economic position it would have held absent such changes.

ARTICLE 6. Article 33 is amended and renumbered as Article 34, as follows:

Incorporation of Mixed Companies

Article 34. The incorporation of Mixed Companies and the conditions governing the performance of primary activities must be authorized by the President of the Republic and notified to the National Assembly for purposes of parliamentary oversight. The National Executive, through the Ministry with competence in hydrocarbons, shall submit a report containing the relevant circumstances of such incorporation and the agreed conditions, including any special advantages provided in favor of the Bolivarian Republic of Venezuela.

Mixed Companies shall be governed by this Law and, in each specific case, by the Decree authorizing their incorporation, their articles of incorporation and bylaws, and, on a supplementary basis, by the Commercial Code and other applicable laws. Mixed Companies shall be excluded from the scope of application of the Decree of rank, value, and force of the Public Procurement Law and its Regulations, and shall implement transparent procurement mechanisms in accordance with the principles of

honesty, efficiency, equality, planning, publicity, and simplification.

ARTICLE 7. Article 34 is amended and renumbered as Article 35, as follows:

Conditions for the Incorporation of Mixed Companies

Article 35. The incorporation of Mixed Companies shall be subject to the following conditions:
1. A maximum term of twenty-five (25) years, extendable for an additional period to be agreed by the parties, not exceeding fifteen (15) years. Such extension shall be requested by the operating company after half of the original term has elapsed and prior to five (5) years before its expiration.
2. Determination of the location, orientation, extent, and configuration of the area in which the activities are to be carried out, and any other specifications established in the Regulations.
3. Right of first refusal of the majority shareholder for the acquisition of shares in the event of assignment, transfer, or disposal by the private shareholder of the mixed company.
4. Reversion or transfer to the Republic of the land and permanent works, including facilities, accessories, and equipment forming an integral part thereof, as well as all data acquired, generated, processed, and interpreted, and any other assets obtained for the performance of such activities, regardless of their nature or title of acquisition, upon termination of the granted rights for any reason. The operating companies shall be obligated to preserve such assets in good condition for delivery in ownership to the Republic, free of encumbrances and without any compensation, ensuring the possibility of continuing the activities, if any, or their orderly cessation with minimal economic and environmental impact.

ARTICLE 8. A new Article is incorporated and nominated as Article 36, as follows:

Authorizations

Article 36. The National Executive, through the Ministry with competence in hydrocarbons, may authorize the Mixed Company to allow the minority shareholder to carry out the following activities:
1. To directly commercialized all or a portion of the production of the Mixed Company, under the terms provided in this Law.
2. To open and manage bank accounts in any currency and jurisdiction, for the use and administration of funds.
3. To exercise the technical and operational management of the Mixed Company, directly or through a specialized service provider. The cost of such oil services must be reasonable. The Mixed Company shall be sufficiently efficient so that the direct cost of production per barrel is equal to or lower than that of companies wholly owned by the State or their subsidiaries, under comparable circumstances of a similar nature.

When any of the activities referred to in the preceding numerals is authorized, the shareholders of the Mixed Company shall enter into the relevant agreements or contracts, or shall incorporate the corresponding amendments into the agreements or contracts already executed.
For the granting of the authorizations referred to in this article, the suitability and capacity of the minority shareholder must first be ensured.

ARTICLE 9. Article 36 is amended and renumbered as Article 38, as follows:

Special Advantages

Article 38. In the instruments by which the right to perform the activities provided for in this Law is granted, special advantages may be agreed in favor of the Republic, such as economic consideration for access to hydrocarbon reserves, the use or transfer of new and advanced technologies, the granting of scholarships, technical training opportunities or other human capital development activities, and the creation or strengthening of study and research centers in hydrocarbon-related fields.

ARTICLE 10. A new section is incorporated into Chapter III, "On the Exercise of Activities," as follows:

Section Four
Contracts for the Development of Primary Activities

ARTICLE 11. A new Article is incorporated and nominated as Article 40, as follows:

Comprehensive Management

Article 40. Companies wholly owned by the Republic or their subsidiaries may enter into contracts with private companies domiciled in Venezuela for the execution of primary activities. Under such contracts, the operating company shall assume the comprehensive management of the activities, at its sole cost, expense, and risk, upon demonstration of its financial and technical capacity through a business plan approved by the Ministry with competence in hydrocarbons.
The Republic shall retain ownership of the hydrocarbon reservoirs over which the operating companies carry out primary activities. The contracting arrangements provided for in this Article shall be excluded from the scope of application of the Decree of rank, value, and force of Public Procurement Law and its Regulations.

For the hiring of private companies domiciled in Venezuela, their suitability and capacity to carry out the primary activities must be previously evaluated.

ARTICLE 12. A new Article is incorporated and designated as Article 41, as follows:

Percentage-Based Participation

Article 41. Compensation to operating companies under contracts for the development of primary activities shall consist of one or both of the following modalities:
1. A percentage participation in the volumes of assessed hydrocarbons, which shall be directly commercialized by the operating company, once governmental obligations have been fulfilled, under the terms provided in this Law.
2. Any other form of participation in profits as determined by the Ministry with competence in hydrocarbons.

ARTICLE 13. A new Article is incorporated and nominated as Article 42, as follows:

Right of use of assets and assignment of the operational area

Article 42. Companies wholly owned by the Republic or their subsidiaries, when entering into contracts with private companies domiciled in Venezuela, may, during the term of the contract for the development of primary activities:
1. Grant the operating company the right to use assets and materials owned by or legally available to them and intended for the performance of primary activities.
2. Assign to the operating company the right to use the operational area and the delimited area, subject to prior authorization from the Ministry with competence in hydrocarbon matters.

As consideration for the use of such assets and areas, the operating company shall pay to the companies solely owned by the Republic or their subsidiaries, a percentage of the volume of assessed hydrocarbons, as established in the relevant contract.
The rights granted over such assets and areas shall automatically terminate upon expiration of the contract.

ARTICLE 14. A new Article is incorporated and nominated as Article 43, as follows:

Right of Reversion

Article 43. Upon expiration of the contract for the development of primary activities, the operating company shall return the leased assets and transfer ownership, free and clear of any encumbrances, to the company wholly owned by the Republic or its subsidiaries, of all assets incorporated, constructed, or acquired during the term of the contract, including all data obtained, generated, processed, and interpreted, without giving rise to any obligation of payment or compensation.

ARTICLE 15. A new Article is incorporated and nominated as Article 44, as follows:

Tax Treatment

Article 44. The company wholly owned by the Republic or any of its subsidiaries shall act as withholding or collecting agent for royalties and of the integrated hydrocarbons tax provided for in this Law, applicable to contracts for the development of primary activities.

ARTICLE 16. Article 44 is amended and renumbered as Article 51, as follows:

Royalty

Article 51. From the volumes of hydrocarbons extracted and not re-injected from any reservoir, the State will be entitled to a royalty of up to thirty percent (30%).

The National Executive, through the Ministry with competence in hydrocarbons, with the prior opinion of the Ministry with competence in finance, will determine the applicable royalty percentage or percentages for each project during its execution phases, taking into account:

1. The nature of the project;
2. Capital investment requirements;
3. Project economics; and
4. The need to ensure international competitiveness.

The National Executive, through the Ministry with competence in hydrocarbon matters, is empowered to modify the royalty percentage within the limit established in this Article when it is demonstrated to be necessary to ensure the project's economic balance, under the terms provided in this Law.

ARTICLE 17. Article 48 is amended and renumbered as Article 55, as follows:

Integrated Hydrocarbons Tax

Article 55. Public or private legal entities carrying out the activities referred to in this Law will be subject to payment of the integrated hydrocarbons tax.

The taxable base of the integrated hydrocarbons tax shall consist of the total gross income accrued monthly by the taxpayers of this tax. Accrued gross income shall not allow for any deductions, except in cases of returns, unconditional discounts agreed at the time of the transaction, and refunds arising from billing errors or undue payments duly supported.
In projects involving extraction activities, accrued gross income shall be understood as the total value of hydrocarbons extracted and not re- injected.

ARTICLE 18. A new Article is incorporated and nominated as Article 56, as follows:

Tax Rate

Article 56. The tax rate of the integrated hydrocarbons tax shall be up to fifteen percent (15%) of the corresponding taxable base. The National Executive, through the Ministry with competence in hydrocarbons, with the prior opinion of the Ministry with competence in Finance, will determine the tax rate applicable to each project during its execution phases, within the limits established in this Article, taking into account:
1. The nature of the project;
2. Capital investment requirements;
3. Economic efficiency of the project; and
4. The need to ensure international competitiveness.

The National Executive, through the Ministry with competence in hydrocarbons, is empowered to modify the tax rate within the limit established in this Article, when it is demonstrated to be necessary to ensure the project's economic balance, under the terms provided in this Law.

ARTICLE 19. A new Article is incorporated and nominated as Article 57, as follows:

Determination and Payment of the Integrated Hydrocarbon Tax

Article 57. The integrated hydrocarbons tax shall be assessed and prepaid on a monthly basis and fully settled annually. The tax shall be declared and paid at the time and through the mechanisms, forms, and conditions established by the Ministry with competence in hydrocarbons.
The integrated hydrocarbons tax may be required by the National Executive in kind or in cash, in full or in part.

ARTICLE 20. A new Article is incorporated and nominated as Article 58, as follows:

Income Tax

Article 58. The National Executive, through the Ministry with competence in finance, with the prior opinion of the Ministry with competence in hydrocarbons, may reduce the applicable income tax rate, taking into account the criteria set forth in Article 51, when it is demonstrated that such reduction is necessary to ensure the project's economic balance.

ARTICLE 21. A new Article is incorporated and nominated as Article 59, as follows:

Tax and Parafiscal Exemptions

Article 59. Public or private legal entities carrying out the activities referred to in this Law shall be exempt from payment of the following taxes and special contributions:

1. Great Patrimony Tax.
2. Special contribution provided for in the Organic Law of Science, Technology and Innovation.
3. Special contribution provided for in the Organic Law of Sports, Physical Activity and Physical Education.
4. Special contribution provided for in the Organic Law on Drugs.
5. Contribution provided for in the Law for the Protection of Social Security Pensions Against the Imperialist Blockade.

The activities referred to in this Law shall not be subject to the social responsibility commitment established in the Decree of rank, value and force of Public Procurement Law, nor to State or Municipal taxes.

ARTICLE 22. Article 57 is amended and renumbered as Article 68, as follows:

Commercialization Activities

Article 68. The commercialization of natural hydrocarbons, as well as that of the derived products designated by Executive Decree, shall be carried out by the companies referred to in Article 28 of this Law.

The National Executive, through the Ministry with competence in hydrocarbons, may authorize the companies referred to in numerals 2 and 3 of Article 23 of this Law to directly commercialize all or a portion of the volumes of natural hydrocarbons produced in the assigned area.

Such authorized direct commercialization shall not, in any case, imply the transfer of ownership of the reservoirs nor authorize the creation of security interests over reservoirs or sovereign rights.

ARTICLE 23. A new Article is incorporated and designated as Article 69, as follows:

Requirements for Commercialization

Article 69. The companies referred to in numerals 2 and 3 of Article 23 of this Law, authorized to directly commercialize natural hydrocarbons, must:

1. Comply with the marketing plan approved by the Ministry with competence in hydrocarbons.
2. Ensure that sale prices are equal to or higher than those obtained in the market by companies fully owned by the Republic or their subsidiaries.
3. Comply with fiscal and environmental obligations derived from such direct marketing.
4. Comply with domestic supply requirements established by the Ministry with competence in hydrocarbons.

ARTICLE 24. A first repealing provision is incorporated, as follows:

FIRST. The Law Regulating Private Participation in the Primary Activities provided for in Decree No. 1,510 with rank, value and force of Organic Law of Hydrocarbons, published in Official Gazette No. 38,419 dated April 18, 2006, is hereby repealed.

ARTICLE 25. A second repealing provision is incorporated, as follows:

SECOND. The Organic Law which reserves to the State Assets and Services Related to Primary Hydrocarbon Activities, published in Official Gazette No. 39,173 dated May 7, 2009, is hereby repealed.

ARTICLE 26.

A third repealing provision is incorporated, as follows:
THIRD. The Law which creates the Special Contribution on Extraordinary and Exorbitant Prices in the International Hydrocarbon Market, published in Official Gazette No. 40,114 dated February 20, 2013, is hereby repealed.

ARTICLE 27.

A fourth repealing provision is incorporated, as follows:
FOURTH. Decree No. 5,200 with rank, value and force of Law on the Migration to Mixed Companies of the Association Agreements of the Orinoco Oil Belt, as well as Risk Exploration and Shared Profit Agreements, published in Official Gazette No. 38,632 dated February 26, 2007, is hereby repealed.

ARTICLE 28. A fifth repealing provision is incorporated, as follows:

FIFTH. The Resolution of the National Assembly approving the Terms and Conditions for the Creation and Operation of Mixed Companies and the Model Contract, published in Official Gazette No. 38,410 dated March 31, 2006, is hereby repealed.

ARTICLE 29.

A sixth repealing provision is incorporated, as follows:
SIXTH. The Resolution of the National Assembly approving the amendment of the First Resolution, numeral 6, literal (a), of the Terms and Conditions for the Creation and Operation of Mixed Companies contained in the Model Contract for Mixed Companies between Corporación Venezolana del Petróleo, S.A., and Private Entities, published in Official Gazette No. 39,273 dated September 28, 2009, is hereby repealed.

ARTICLE 30. A second transitional provision is incorporated, drafted as follows:

SECOND. Within one hundred eighty (180) days following the entry into force of this Law, the Ministry with competence in hydrocarbons shall conduct an evaluation of the Mixed Companies incorporated prior to the entry into force of this Law and may agree on any adjustments necessary to align them with the provisions of this Law and to adopt appropriate measures for the comprehensive utilization of hydrocarbons. During such period, the tax regime in force prior to the publication of this Law shall remain applicable.

In no case shall the adjustment process imply or result in a deterioration of the conditions agreed with the companies that have directly or indirectly carried out or currently carry out the integrated management of the Mixed Companies.

ARTICLE 31. A third transitional provision is incorporated, drafted as follows:

THIRD. Productive Participation Contracts and other contractual models executed pursuant to the Constitutional Anti-Blockade Law for National Development and the Guarantee of Human Rights will remain fully valid and legally effective.

Within one hundred eighty (180) days following the entry into force of this Law, the parties to such Contracts and other contractual models to which the herein refers to shall make the necessary adjustments to align them with the terms of this Law. During such period, the tax regime in force prior to the publication of this Law shall remain applicable.

In no case shall the adjustment process imply or result in a deterioration of the conditions previously agreed contractually.

ARTICLE 32. A fourth transitional provision is incorporated, drafted as follows:

FOURTH. The Ministry with competence in hydrocarbons must, within thirty (30) days following the entry into force of this Law, issue the necessary regulations for the determination, declaration, and payment of the integrated hydrocarbons tax.

ARTICLE 33. This Law shall be printed incorporating the approved amendments into a consolidated text; gender-inclusive language shall be applied where appropriate; headings shall be added to articles lacking them; references to the Ministry of Energy and Petroleum shall be replaced with the Ministry with competence in hydrocarbons; references to tax units shall be replaced with the official exchange rate of the highest-value currency published by the Central Bank of Venezuela; and article and chapter numbering shall be corrected, together with sanction and promulgation data, in accordance with Article 11 of the Law on Official Publications.

ARTICLE 34. This Partial Amendment of the Organic Law of Hydrocarbons shall enter into force upon its publication in the Official Gazette of the Bolivarian Republic of Venezuela, except for Articles 51, 55, 56, 57, 58, and 59, which shall enter into force sixty (60) consecutive days following such publication.


Visit
www.clydeco.com