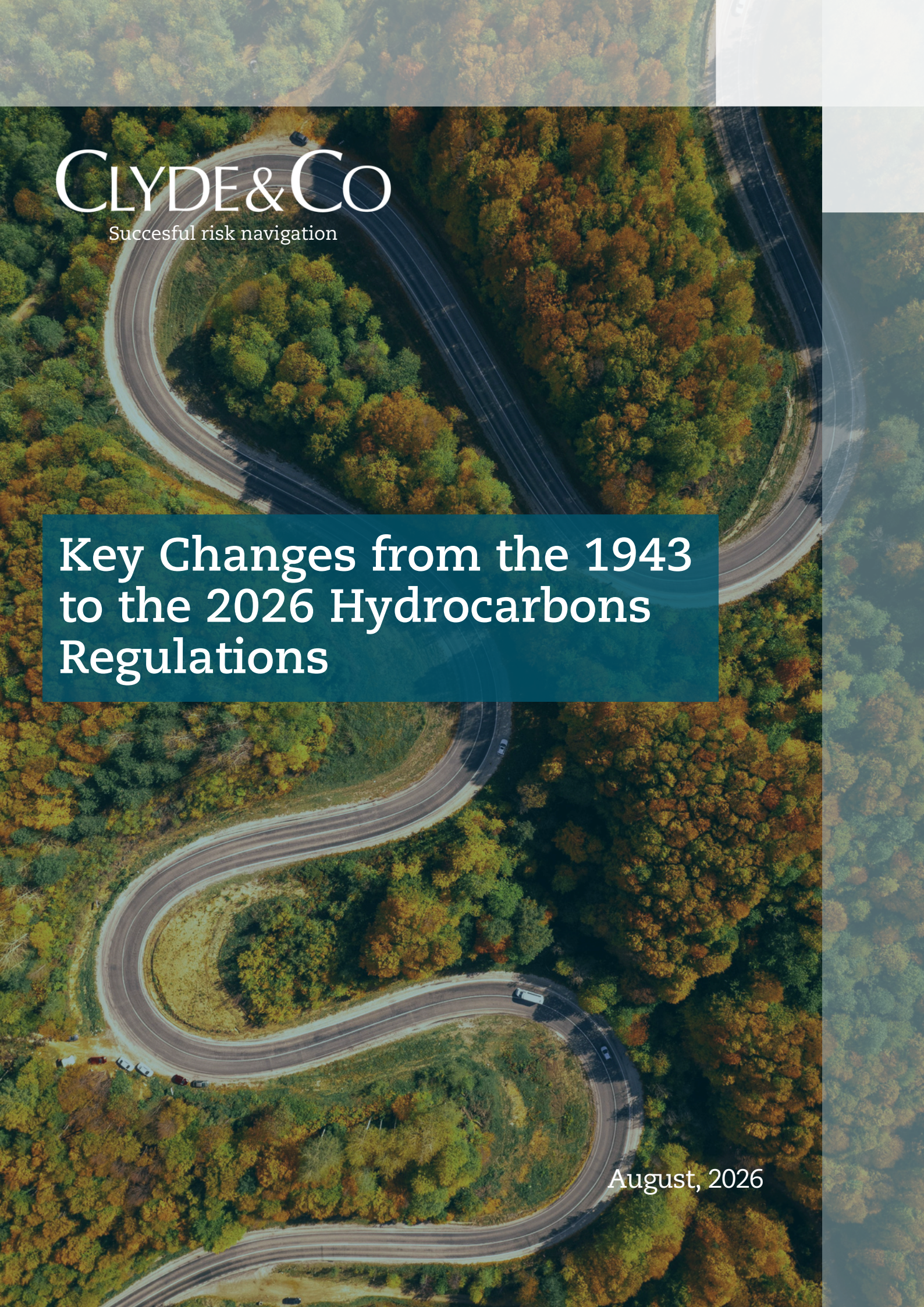
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Key Changes from the 1943 to the 2026 Hydrocarbons Regulations

August, 2026



Executive Summary

The 2026 Regulations substantially modernize the 1943 framework, moving from a concession-based regime toward a more contractual, investment-oriented and technologically integrated model. The following eight changes are particularly significant:

1. From a Concession Model to a Contractual / Operating Model: The 1943 framewok was based on concessions and concession titles. The 2026 Regulations establish a framework centered on Operating Companies, assigned areas, Business Plans, Business Models, Mixed Companies and operating/service contracts, providing greater flexibility for private-sector participation.

2. Economic-Financial Equilibrium: Newest article 5 expressly protects the economic-financial balance of contracts and projects and contemplates adjustments where legal, fiscal or regulatory changes materially affect project economics, strengthening contractual stability and investment predictability.



3. Fiscal Measurement and Volumetric Accounting: The 2026 Regulations introduce more sophisticated requirements for fiscal measurement, calibration, traceability, verification and volumetric accounting, replacing the predominantly physical measurement framework of 1943 with a more digital and auditable system.

4. Associated Gas: Measurement, Utilization and State Take-Over: The new framework requires the measurement, reporting and maximization of associated-gas utilization, while granting the Ministry authority to collect and manage unused associated gas. This significantly expands State control over associated-gas resources.

5. Environmental Closure and Decommissioning: The 2026 Regulations establish environmental closure audits and formal abandonment and decommissioning plans, extending operator obligations beyond traditional well abandonment and creating a more comprehensive end-of-life liability framework.

6. Project-Specific Fiscal and Commercialization Framework: The Regulations introduce differentiated rules addressing project economics, royalties, commercialization plans, domestic supply and the National Hydrocarbons Balance, allowing the regulatory framework to respond more specifically to different project characteristics.

7. Digitalization, AI and Environmental Compliance: The new regime incorporates digital platforms, automation, artificial intelligence and real-time monitoring, together with enhanced requirements concerning GHG emissions, flaring, venting and energy efficiency.

8. Enhanced Regulatory Oversight and Enforcement: Regulatory control expands from traditional technical inspection to continuous and comprehensive oversight covering technical, operational, economic, financial and environmental matters, supported by digital monitoring and a more detailed sanctions framework.

Overall, the 2026 Regulations replace the traditional concession-and-inspection model with a more contractual, investment-oriented and technology-driven framework, while maintaining State ownership and regulatory control over hydrocarbons.

Below, you will find a comparative table of the provisions of both regulations, illustrating the changes discussed above.

Comparative Table — RLOH 1943 v. RLOH 2026

Article / Subject Matter	Regulations of the Hydrocarbons Law of 1943	Regulations of the Organic Hydrocarbons Law of 2026	Specific Comment on the Change
1. Purpose and Scope of the Regulation	Art. 1 and general structure. The 1943 Regulations are structured around concessions: exploration, exploitation, manufacturing and refining, transportation, storage, inspection and oversight. The regime is based on the existence of a concessionaire to whom a title is granted.	Art. 1: "These Regulations are intended to establish the technical, operational, fiscal and control rules necessary for the implementation of the Organic Hydrocarbons Law," including the "exploration, extraction, gathering, transportation, storage, processing, upgrading, refining, industrialization, commercialization, conservation and comprehensive utilization of hydrocarbons."	Structural change. The regulatory framework moves away from a concession-centered model and adopts comprehensive regulation of the entire hydrocarbons value chain, including activities that were not developed as autonomous regulatory categories in 1943: industrialization, upgrading, modern commercialization, R&D&I, technology and emissions management.

2. Concession Model to Operating Companies	Arts. 2–11: regulate the application, evaluation, publication, opposition, granting and issuance of the concession title. For example, Art. 2 provides that anyone wishing to obtain a concession must submit the application to the Federal Executive. Art. 9 orders the issuance of the concession title.	Arts. 2, 12–14: formally introduce the concept of "Operating Companies" and structure the right to conduct Primary Activities through assigned areas, Business Plans, Business Models, mixed companies and contracts with private companies domiciled in Venezuela. Art. 14 establishes that the Ministry shall evaluate "the applications and the Business Plan" and the "Business Model."	Probably the most important legal change. The Regulations are no longer designed around individual concession titles and instead adopt a structure based on rights, contracts, Business Plan and an Operating Company. This adapts the Regulations to the amended 2026 Organic Hydrocarbons Law and expressly permits private participation in certain operational structures.
3. Granting Procedure / Bidding	Art. 15: when the Federal Executive deemed it appropriate to receive proposals concerning national reserves or surplus areas, the Minister of Development was required to make them public through a Resolution establishing the minimum tax bases. If a proposal was accepted, a Resolution ordering issuance of the title was issued.	Art. 14: "The Ministry ... shall evaluate the applications and the Business Plan ... as well as the Business Model." For Mixed Companies, it shall issue a favorable report containing the terms of incorporation, special advantages and investor commitments. For private companies, it shall evaluate financial and technical capacity, suitability and operational capacity.	Change in mechanism. The historical scheme of public concession and a title is replaced by an administrative evaluation procedure for projects and contractual structures. The granting process is now much more closely linked to the technical, financial and contractual feasibility of the project.

4. Economic-Financial Balance Principle — NEW	There is no equivalent general provision. The 1943 Regulations contain procedural and technical rules, but do not establish a general principle for preserving the economic-financial balance of contracts.	Art. 5: "All administrative action ... shall seek to maintain and not alter the economic-financial balance, as well as the rights and obligations established in the contracts." If there is a negative and substantial alteration, "the necessary adjustments shall be established to restore such balance."	Substantial addition. It introduces modern regulatory protection for project economics. The Regulations also subsequently develop specific mechanisms to request modifications to royalty rates when the legal, tax, regulatory or contractual framework changes.
5. Local Content — **NEW**	There is no equivalent obligation in the 1943 Regulations.	Art. 6: "Public or private legal entities ... shall incorporate into their Projects a percentage of National Content that ensures the optimal and effective use of goods, services, human resources and capital of Venezuelan origin."	Complete addition. A cross-cutting obligation applicable to both public and private legal entities is created. It is not limited to the hiring of personnel or services, but also includes Venezuelan goods, human resources and capital.
6. State Access to Facilities and Information — **NEW**	Art. 97 recognizes the Federal Executive's right to inspect and supervise through the Hydrocarbons Technical Office and designated officials.	Art. 7: operators must guarantee the Ministry "unrestricted and permanent access to administrative and operational facilities, as well as to the information derived from, related to and connected with" their activities.	Important expansion. The oversight power is no longer formulated merely as a power of inspection and expressly includes permanent access to facilities and information.

7. Safety and Environmental Liability	Arts. 106 et seq. Inspectors were required to ensure compliance with legislation on water pollution and supervise operations. The Regulations also required equipment to ensure the health and protection of employees and workers.	Art. 8: requires the taking of "all reasonable precautions" to prevent harm or danger to persons, property and natural resources. Art. 9: requires areas affected by loss of containment to be restored to their original condition and requires accumulated damage resulting from operations to be remediated.	Radical expansion of environmental liability. The 2026 Regulations transform provisions that were primarily preventive and inspection-oriented into an express obligation of environmental restoration and remediation, including accumulated damage.
8. Corporate Authorizations and Corporate Amendments — **NEW**	Arts. 95–96: regulate assignments or transfers of concessions. The assignee had to declare its capacity to acquire concessions and provide corporate information.	Art. 10: requires Ministry authorization for filing before Registries and Notaries acts relating to the "incorporation of legal structures, assignment of rights and shareholdings, encumbrances or acts involving modification of the terms and bylaws." It also establishes 5-day and 20-day periods.	Modernization of corporate control. The former control over concession assignments becomes administrative control over shareholdings, rights, encumbrances and corporate amendments.
9. Geographical Delimitation	The 1943 regime is based on concessions, parcels, exploitation lots and fields and contains extensive regulation concerning plans, boundaries, parcels and demarcations.	Art. 13: "The geographical area ... shall be determined, delimited and assigned by the Ministry ... [and] may be granted and divided into lots with a maximum area of one hundred square kilometers (100 km²)."	Change in territorial structure. The physical/concession-based cartographic system of 1943 is replaced by a system of areas assigned by the Ministry, with lots of up to 100 km².

10. Business Plan as a Central Regulatory Instrument — **NEW**	Art. 107: the exploitation concessionaire was required to submit annually an "exploitation program" indicating wells, production, storage facilities, tanks, pumping stations, hospitals, schools, camps, roads and other works.	Art. 26: the Business Plan constitutes the "investment commitment" before the Republic and must contain volumetric commitments and substantial activities. The Ministry has up to 90 days to approve, reject or propose modifications.	Qualitative change. The former annual exploitation program is replaced by a comprehensive technical-financial instrument, which becomes a material obligation and a benchmark for measuring the operator's compliance.
11. Discoveries and Non-Associated Gas	The 1943 Regulations regulate exploration/exploitation , drilling and production activities, but contain no equivalent mechanism granting a specific preferential right to a license for Non-Associated Natural Gas.	Art. 19: if the discovery proves to be "Non-Associated Natural Gas," the Operating Company shall have "the preferential right to apply for the granting of a Non-Associated Gas License."	Specific addition. A regulatory bridge is created between Primary Activities involving liquid hydrocarbons and the regime applicable to non-associated gas.
12. Geomatics and Digital Information Management — **NEW**	The 1943 Regulations require extensive physical plans, sketches, copies and topographic references. For example, Art. 2 requires two copies of the sketch signed by an Engineer or Surveyor.	Art. 22: requires "sufficient, accurate and verifiable" geospatial information; cartography in "interoperable digital formats"; geographic information systems, traceability, metadata and electronic submission and	Complete technological transformation. Territorial documentation moves from the physical-cartographic model of 1943 to a digital, interoperable, traceable and auditable model.



		validation procedures.	
13. Associated Gas: Measurement, Utilization and Loss	Art. 121: "The concessionaire shall control gas production and utilize it or return it to the reservoir as soon as possible." Excess gas that could not be utilized or reinjected "shall be burned in appropriate flares." Direct venting was permitted only exceptionally in very low-pressure wells.	Arts. 34–38: require measurement of associated gas produced, used, disposed of and transferred; measurement of gas not reinjected after the separator; comprehensive utilization; prevention of losses; monthly reporting of unused gas; and authorize the Ministry to "collect and manage" unused gas at no cost from the separator.	One of the most important technical changes. The former utilize/reinject/burn rule evolves into a regime of operational/fiscal measurement, comprehensive utilization, mandatory reporting and State authority to capture unused gas.
14. Crude Upgrading — **NEW**	The 1943 Regulations address refining/manufacturing as concessions and regulate their projects, facilities and safety. Art. 19 requires a description of the refining system, capacity and derivatives.	Arts. 39–41: expressly recognize the upgrading of heavy and extra-heavy crude oil as an activity associated with Primary Activities and allow public or private legal entities to develop upgrading projects and integrate into the value chain.	New regulatory category. Upgrading ceases to be subsumed within the traditional concept of refining and receives its own legal treatment, linked to the exploitation of heavy and extra-heavy crude.

15. Fiscal Regime and Project Economics — **NEW**	The 1943 Regulations contain numerous provisions concerning the assessment of exploration, exploitation and surface taxes, including administrative procedures for their calculation and payment.	Arts. 42–46: establish rules for Integrated Hydrocarbons Royalty + Tax and establish aggregate rates according to project type: Greenfield 20%, extra-heavy 25%, Brownfield without production 30%, and Brownfield with production 35%; they also contemplate reductions for offshore projects and projects integrated with plants.	Substantial fiscal change. The framework moves from predominantly procedural tax regulation to an economic regime differentiated by project type, linked to project economics.
16. Refining and Reversion of Assets	Art. 126: upon expiration of a concession, the Minister appointed an official to receive from the concessionaire “the concession with all the works” following an inventory.	Art. 52: even when not expressly included in the license, it is deemed to include the condition that land, permanent works, facilities, appurtenances, equipment and other assets acquired for the license be maintained for subsequent transfer “in ownership to the Republic, free of encumbrances and without compensation.”	Reversion becomes express and automatic as a license condition. The new text also clearly broadens the universe of assets subject to reversion and links the obligation to continuity of activities and mitigation of economic and environmental damage.



17. Industrialization — **NEW**	The 1943 Regulations regulate "manufacturing and refining," but do not develop a modern autonomous regime for the industrialization of derivatives. Art. 19 focuses on refining projects.	Arts. 59–63: create a specific Title governing Industrialization Activities, establish permits and registrations, regulate derivative supply contracts and provide for annual product conformity assessments.	Complete addition of a new regulatory segment. Industrialization is recognized as an autonomous activity within the value chain.
18. Hydrogen and Biofuels — **NEW**	There is no equivalent regulation concerning hydrogen or biofuels.	Art. 58: permits the incorporation of hydrogen production units into upgrading, refining or industrialization facilities. Art. 64: orders the establishment of guidelines for the development and use of biofuels as a complement to hydrocarbons, while respecting food production and food sovereignty.	Addition related to the energy transition. Although hydrocarbons remain the core of the framework, the Regulations incorporate regulatory mechanisms for hydrogen and biofuels for the first time.

19. Commercialization and Domestic Market Priority — **NEW**	The 1943 Regulations contemplate refineries, distribution/sales stations and production and sales reports, but do not establish a modern architecture of permits for commercialization, distribution, retail sales and national supply plans.	Arts. 65–76: specifically regulate commercialization, storage, transportation, distribution and retail sales; require permits; establish continuity, efficiency, non-discrimination, traceability and volume controls. Art. 67 requires contingency clauses to ensure fuel supplies to strategic sectors in exceptional cases.	New downstream regulation. A much more comprehensive architecture is created for domestic commercialization, with State control over supply and contingency clauses.
20. Prices and National Hydrocarbons Balance	The 1943 Regulations contain mechanisms for determining values for fiscal purposes and records of production, exports, storage and consumption, but do not establish an annual National Hydrocarbons Balance as a market-planning instrument.	Arts. 74 and 77: the Ministry establishes domestic sales prices and prepares an annual National Hydrocarbons Balance, which determines exportable surpluses and domestic market deficits.	Addition of centralized market planning. The National Balance becomes an instrument for determining what may be exported and when the importation of diluents and products may be authorized.

21. Foreign Trade and Commercialization Plan — **NEW**	The 1943 Regulations contain rules on exports and fiscal valuation, but within the concessionary and tax framework of the time.	Arts. 80–85: require authorization for foreign trade; create an annual Commercialization Plan, establish monthly review and permit the Ministry to intervene exceptionally for reasons of national interest, subject to verifiable compensation.	Greater planning and State control. Exports are no longer treated primarily as a consequence of production/concessions and become subject to annual commercial planning and ministerial control.
22. Technology, Digitalization and AI — **NEW**	The 1943 Regulations refer to technical methods and equipment, but contain no equivalent concepts concerning digital platforms, artificial intelligence, data science or real-time monitoring.	Arts. 87–90: incorporate technology transfer, R&D&I, automation, digitalization, data science, integrated information platforms and artificial intelligence. Art. 89 requires platforms capable of analyzing production in real time and detecting deviations. Art. 90 requires advanced technological systems, including AI, for GHG emissions, flaring and venting.	Radical technological change. This is one of the most novel additions: the Regulations make digitalization, AI and data monitoring regulatory components of petroleum operations.



23. GHG Emissions and Environmental Monitoring — **NEW**	Art. 121: specifically addresses gas control, utilization/reinjection and flaring/venting. There is no GHG measurement and reporting system.	Art. 90: requires systems for the "measurement, monitoring and control of Greenhouse Gas (GHG) Emissions, flaring and exceptional venting of associated gas and energy efficiency." It also requires continuous quantification, traceability and reduction indicators.	Change in environmental paradigm. The framework moves from physically controlling gas to establishing a MRV — measurement, reporting and verification — system for emissions, supported by advanced technology.
24. Oversight and Inspection	Arts. 97–106: inspection falls under the Hydrocarbons Technical Office and Technical and Field Inspectors. Inspectors inspect wells, pumps, pipelines, tanks, refineries and gas-utilization plants.	Arts. 93–95: create Regional Administrative Units. Inspection authority is "permanent and comprehensive" and covers technical, operational, economic, financial and environmental matters. Remote monitoring, unmanned aircraft, sensors and real-time verification technologies are permitted.	Institutional modernization. The system of technical/field inspectors is replaced by a regional structure with multidisciplinary and technology-enabled oversight.

25. Measurement and Volumetric Oversight	Art. 28: fiscal measurement tanks were selected by mutual agreement between the jurisdictional Technical Inspector and the concessionaire; their calibration had to be witnessed by the competent official.	Arts. 98–100: the Ministry establishes requirements for design, connectivity, accuracy, redundancy, metrological traceability, verification and calibration of fiscal measurement systems; Production Fiscalization Reports and monthly balances are also issued.	Technological and fiscal change. Measurement moves away from a system primarily based on tanks and physical verification toward a digital, traceable, metrological and auditable system.
26. Environmental Closure and Abandonment Audit	Arts. 123–127: regulate well abandonment and concession expiration. Art. 123 requires plugging of the well and prior notification containing technical information.	Arts. 105–106: five years before expiration, an environmental closure audit must be conducted; additionally, Art. 106 requires an Abandonment and Decommissioning Plan at least two years before operations cease.	Significant expansion. Abandonment is no longer limited to well plugging; it encompasses comprehensive planning for infrastructure decommissioning and environmental closure.

27. Dispute Resolution	Art. 131: when a concessionaire wished to resolve a dispute through the mechanism provided by the Law, it had to submit a representation or memorial to the Minister of Development, who would decide the matter.	Art. 107: disputes that cannot be resolved amicably may be submitted to “the competent Courts of the Republic” or to “mediation, conciliation, negotiation and arbitration,” following guidelines of the Ministry and the Attorney General's Office.	Important change in contractual matters. The new Regulations expressly recognize negotiation, mediation, conciliation and arbitration, in addition to courts, substantially expanding the available mechanisms.
28. Sanctions Regime	Arts. 128–129: when Inspectors detected violations, they had to prepare a report and submit it to the Technical Office for imposition of the fine. Once imposed, the fine had to be paid within five days, unless security was provided for an appeal.	Arts. 108–115: establish fines and suspension; classify violations as minor, serious and very serious; serious violations may result in fines from 3,000 to 30,000 T/C and very serious violations from 30,000 to 50,000 T/C, in addition to revocation/rescission in certain cases.	Completely developed sanctions system. The framework moves from an administrative procedure for imposing fines to a regime classified by severity, indexed amounts, suspension, revocation, rescission and disqualification.

29. Shortages and Fuel Diversion — **NEW**	The 1943 Regulations contain no modern equivalent classification of shortages or diversion of fuel from the domestic market.	Arts. 114–115: failure to comply with the National Supply Plan or unjustified failure to supply may result in fines of up to 50,000 T/C and revocation; diversion of products intended for the domestic market constitutes a very serious violation and may result in rescission, a fine equal to twice the value diverted and permanent disqualification.	Addition with significant commercial impact. The State introduces specific sanctions to ensure domestic supply and prevent fuel diversion.
30. Contractual Liability and Insurance — **NEW**	The 1943 Regulations contain rules concerning concessionaire liability for certain operations, damages and losses, but no equivalent general obligation to include environmental and operational insurance in service contracts.	Art. 122: Operating Companies must ensure that contracts with service companies include provisions concerning liability for damages and losses, including environmental damage, as well as "civil liability insurance policies for environmental and operational risks."	Relevant contractual addition. Environmental and operational risk expressly becomes subject to contractual allocation and mandatory insurance coverage.
31. Express Repeal of the 1943 Regulations	Art. 142: "These Regulations shall enter into force from the date on which they are published ... and replace the Regulations of the Law on Hydrocarbons and Other Combustible Minerals issued on January 24, 1940."	First Repealing Provision: "The Regulations of the Organic Hydrocarbons Law, published ... No. 46 Extraordinary dated August 31, 1943" are repealed. It also repeals Decree No. 1,316 of 1969 and Article 13 of Resolution No. 119 of 2019.	Express repeal and complete replacement. The new Regulations do not constitute a partial amendment to the 1943 text: they completely replace it and additionally eliminate other relevant sub-statutory regulations.

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