



National Assembly Drafts New Organic Hydrocarbons Law for Venezuela

By Holland & Knight

With the objective of "massifying the production of hydrocarbons in Venezuela and recovering oil production levels," Luis Stefanelli, member of the Permanent Commission of Energy and Petroleum of the opposition-led National Assembly, presented a preliminary draft of what would be the new organic law of hydrocarbons for Venezuela.

According to the opposition deputy, the law would respect the contracts that are currently in force and would create the Venezuelan Hydrocarbons Agency, which would support government policies in the sector. Similarly, Stefanelli said the new law "will massify the production of oil needed in the country and open the doors to private sector investment."

The current organic hydrocarbons law of Venezuela, promulgated by then-President Hugo Chávez in 2002, requires oil companies to be mixed and with at least 50 percent ownership by PDVSA. By means of the new law, this condition would be eliminated. "This law encourages all types of associations, because we open the space so that associations can be totally private, public or mixed with a majority of the state or the private sector," said Stefanelli.

In addition to the new law, the Permanent Commission of Energy and Petroleum plans to present a reform to the organic law of gaseous hydrocarbons in order to develop the gas industry in Venezuela, mainly in relation to residential gas, a sector where there is currently significant deficiencies.

The draft bill was scheduled to be presented the week of June 16-21 for comments and, after that, be submitted to the Subcommittee on Energy and Petroleum. It would then be presented to the full National Assembly for discussion and eventual approval.

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