



## Venezuelan National Assembly Discusses New Organic Hydrocarbons Law

By Holland & Knight

The Energy and Petroleum Commission on Sept. 9, 2020, presented the New Organic Law of Hydrocarbons to the Venezuelan National Assembly. The law is intended to initiate the reactivation of the country's oil and gas industry, an essential pillar for the recovery of the Venezuelan economy for the next 20 years, as well as to lay the foundations for a necessary energy transition.

The draft bill, subject to discussion, seeks to modernize the legal framework to adapt the hydrocarbons sector to the new technical and scientific requirements of the industry's activities (exploration, exploitation, transport, refining and marketing), as well as to promote the national development and growth of the sector.

According to the norm, all existing deposits in Venezuelan territory belong to the Republic of Venezuela, and priority will be given to national private initiatives in order to contribute to the development of the local productive system. To this end, incentives and stimuli will be created to promote the generation and consolidation of operating, services, manufacturing and supply companies of Venezuelan origin.

Additionally, the norm establishes the creation of the Venezuela Hydrocarbons Agency, an autonomous institute assigned to the Ministry of Hydrocarbons in charge of the administration, regulation, control and supervision of the industry's activities.

Finally, the law establishes that foreign companies may carry out refining, processing, liquefaction, compression, regasification, industrialization, transport, storage, distribution and marketing activities, in relation to foreign investment, without clarity about the possibility of performing exploration and exploitation activities.

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