

Hydrocarbon Investment Offer in Venezuela

Venezuela offers a unique investment opportunity in the hydrocarbon sector, being the country with the largest proven crude oil reserves in the world. This presentation details the main investment opportunities in exploration, production, gas and refining, as well as the legal framework and incentives for foreign investors in the country.

 **by Angel Abad**



Legal Framework for Investments

1

Organic Law of Liquid Hydrocarbons (2006)

Legal framework for the liquid hydrocarbons business throughout its value chain.

2

Organic Law of Gaseous Hydrocarbons (1999)

Legal framework required to support the gas business throughout the gas value chain.

3

Antiblocking Law (2021)

It allows for the generation of mechanisms to protect the assets of the public sector and of partners and investors in the country.





Venezuelan Energy Context

Oil Reserves

303 billion barrels, the largest proven oil reserve in the world.

Gas Reserves

197 BPC, eighth largest proven gas reserve in the world.

Coal Reserves

731 million tons, fourth largest proven coal reserve in the world.

Renewable Energies

Wind, solar and hydropower potential, with favorable natural conditions.

A large offshore oil rig stands in the ocean under a sunset sky. The rig is a complex of metal structures with several cranes and platforms. The sun is low on the horizon, casting a warm orange glow over the scene. The water is dark blue with some whitecaps.

Production Investment Opportunities

1 46 Opportunities

Various investment opportunities in the hydrocarbon sector.

2 110 Oil fields

Wide variety of fields available for exploration and production.

3 61,000 MMBls of Crude Oil Reserves

Huge proven reserves ready to be exploited.

4 40,000 MMUSD in Investments

Significant investment potential in the sector.

Orinoco Oil Belt "Hugo Chávez Frías".

The Orinoco Oil Belt is an autonomous axis interconnected with the José Antonio Anzoátegui Industrial Complex and its extra-heavy crude upgraders. It covers an area of 54,666 km² and is divided into four main blocks: Boyacá, Junín, Ayacucho and Carabobo.

Infrastructure

Extensive network of oil and gas pipelines that facilitate the transportation of hydrocarbons.

Production

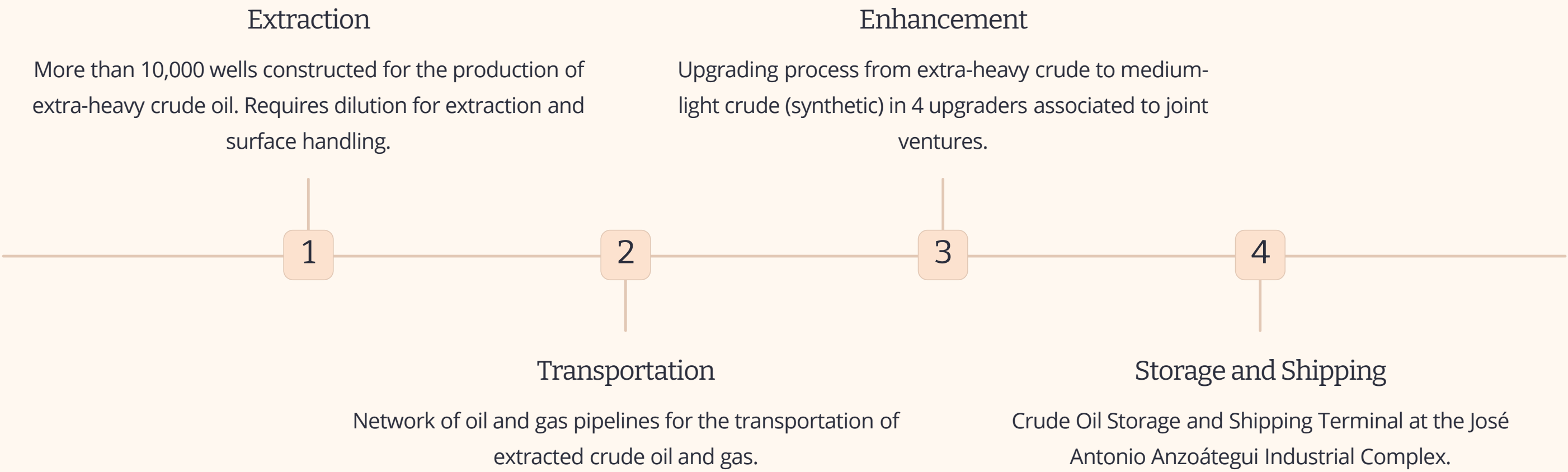
Production potential: Carabobo (526.7 MBD), Ayacucho (295.2 MBD), Junín (337.3 MBD), Boyacá (1.8 MBD).

Reservations

It contains most of Venezuela's proven oil reserves, with extra-heavy crude oil averaging 8 degrees API.



Extraction and Enhancement System





Business Proposal: Phase 1

Formation of Commercial Alliance

Legal conformation between National Operator and Investor.

Equity Participation

Proposal: 40% National Operator and 60% Investor.

Business Model

Productive Participation Contract (PPP) with PDVSA.

Income Distribution

60% PDVSA, 40% Commercial Alliance (subject to negotiation).

Business Proposal: Phase 2

1 Rehabilitation Project

Rehabilitation and exploitation of 5,000 mature wells in the Orinoco Oil Belt.

2 Types of Crude Oil

Extra-heavy, heavy, medium and light crude oil.

3 Estimated Investment

Approximately US\$3 billion for the first phase.

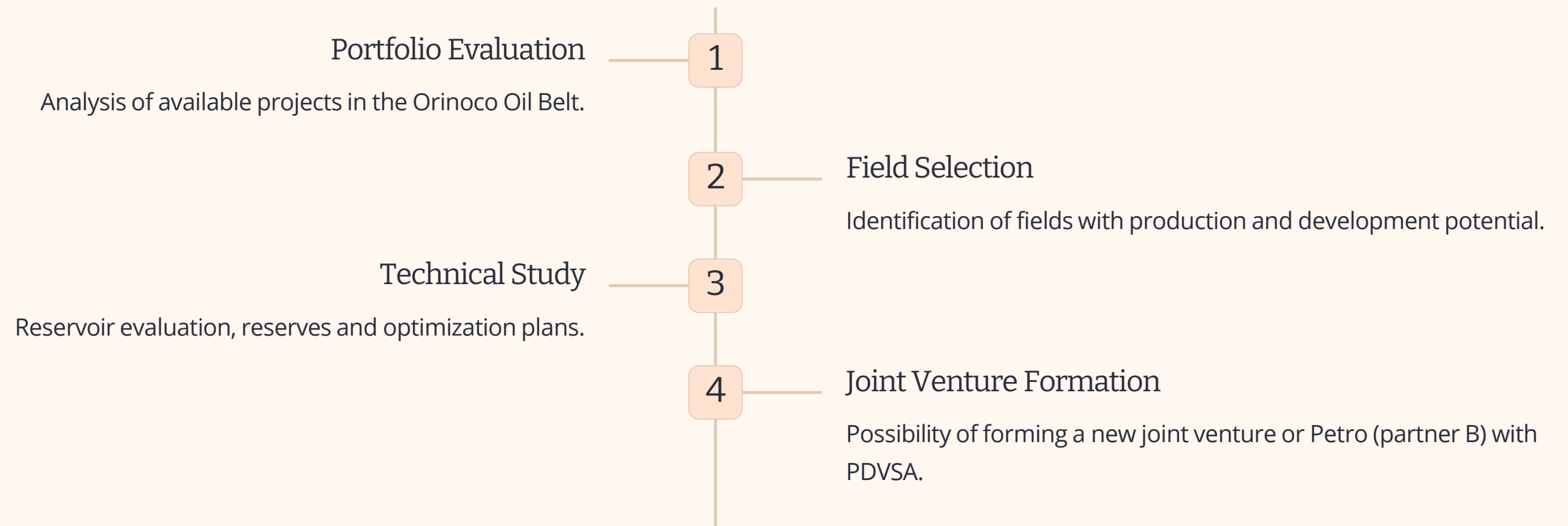
4 Compensation

Possibility of compensation with equivalent crudes for commercialization.





Business Proposal: Phase 3



Marketing of Crude Oil and Derivatives

Business Modalities

Several companies develop oil fields under different business modalities.

Return on Investment

Repayment with crude oil or derivatives instead of cash, offering advantages for investors and off-takers.

Benefits

Obtaining a greater volume of crude oil or derivatives at competitive prices, useful as raw material for refineries.

General and Operational Premises

Basket Venezuela 2024	60.00 USD/BL
FPOHC Costs - Boyacá	15 USD/BI
Costs Light Girdle Medium	18 USD/BI
Heavy - Extra Heavy Belt Costs	12 USD/BI
Costs Improvement	8 USD/BI



Route to Advance Investments with PDVSA



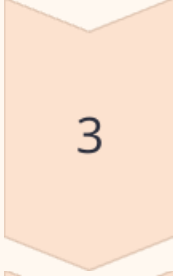
Letter of Intent

Presentation of a letter of interest for a project in PDVSA's portfolio before the International Center for Productive Investments.



Prequalification

Evaluation of the local operator/investor in legal, technical and financial terms.



Initial Agreements

Establishment of confidentiality agreement and Memorandum of Understanding.



Feasibility Study

Technical-financial-economic analysis of the potential project.



Approval and Signature

Presentation, approval and final signature between the parties.



Investment Incentives in Venezuela

1 Foreign Investment Law
Constitutional Law on Productive Foreign Investment (2017) which promotes favorable conditions for foreign investors.

2 Main Objectives
Promote integral development, generate technology transfer, diversify the productive matrix and guarantee respect for national sovereignty.

3 Benefits
Access to foreign financing, foreign exchange and access to new markets.



Specific Economic Incentives



Liens

Tax exemptions and bonuses for foreign investors.



Credit Conditions

Special credit conditions and preferential rates in public services.



Preferential Access

Preferential access to inputs and raw materials administered by the state.



Remittance of Profits

Right to remit abroad up to 100% of annual profits.



Conclusion and Contact

Venezuela offers an attractive outlook for investment in the hydrocarbons sector, supported by its vast reserves and favorable legal framework. Opportunities range from the rehabilitation of mature wells to the formation of joint ventures, with significant economic incentives for foreign investors.

For more information and to explore these investment opportunities, do not hesitate to contact us by mail: info@aseinversion.com / Web: <https://aseinversion.com/>