GOBIERNO NACIONAL
Construyendo el futuro hoy

MINISTERIO DE
OBRAS PÚBLICAS
Y COMUNICACIONES

PARAGUAY

VICEMINISTERIO DE MINAS Y ENERGIA

Why Paraguay is a Great Place to Invest in Oil and Natural Gas

Ing. Julio Albertini

GEO-POLITICAL SITUATION

DEMOCRACY GOVERMENT

AXIS OF ENERGY INTEGRATION

COMMERCIAL TRADE AND EXCHANGE AT LOW COST

REGIONAL LOGISTICS CENTER

GROWTH OF HYDROVIAS AND FLUVIAL STRUCTURES

BEST DEMOGRAPHIC DIVIDEND OR BONUS OF THE REGION

MACRO-ECONOMIC CONTEXT

PROGRESSIVE ECONOMIC GROWTH

LOW INFLATIONARY LEVEL

STABLE CURRENCY

MACRO-ECONOMIC CONTEXT

CLEAN ENERGY EXPORTER

SOY EXPORTER

BEEF EXPORTER

INTERNATIONAL CONTEXT

Solid Upward Trend in Credit Ratings

Top Regional Rating Improvement

	Dec-10			Mar-16			Notches Upgraded		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch
	B	B1	NR	BB	Ba1	BB	3	3	-
	BB+	Ba1	BB+	BBB	Baa2	BBB	2	2	2
	BBB-	Baa3	BBB-	BB	Ba2	BB+	(2)	(2)	(1)
	BBB-	Baa3	BBB-	BBB+	A3	BBB+	2	3	2
	B-	Caa3	B-	B	B3	B	1	3	1

SOLID UPWARD TREND IN CREDIT RATING

3 NOTCHES UPGRADED IN RATING

ADVANTAGES

...And Attractive Competitive Advantages...

Item				
Energy Cost (US$/MWh)[2]	55	117	53	116
VAT Tax	10%	25%	21%	19%
Income Tax	10%	28%	35%	40%
Avg. Monthly Salary (US$)[3]	1,097	720	1,162	1,056
Population aged 20-34[4]	26%	25%	23%	23%

LOW ENERGY COST

LOWEST INCOME AND VAT TAXES

LOWES LABOR COST

LEGAL FRAMEWORK

TYPES ON LICENSES

-PERMITS (AUTORIZED BY A MINISTERIAL RESOLUTION PERMIT
AUTHORIZES SURFACE PROSPECTIVE ACTIVITY
1 YEAR PERIOD + 1 YEAR EXTENSION

-CONCESSIONS (AUTORIZED BY CONSESSION LAW)
AUTHORIZES PROSPECTIVE, EXPLORATION AND EXPLOITATION ACTIVITY
PROSPECTING: SAME PERIOD OF PERMITS
EXPLORATION: 4 YEARS + 2 YEARS EXTENSION
EXPLOITATION: 20 YEARS + 10 YEAR EXTENSION

-THE TWO MAIN LEGAL REGULATIONS ARE THE NATIONAL CONSTITUTION AND THE HYDROCARBONS LAW (LAW 779/95)

-DECREE 2.673/14 AUTORIZES PETROPAR TO PARTICIPATE IN EXPLORATION ACTIVITY IN BEHALF OF PARAGUAY STATE.

HYDROCARBOS ROYALTIES AND TAXES

Article 41° - With exception of taxes, the prospection and the exploration activities are exempted from any government and municipal taxes.

Article 42° - During the exploitation period the concessionaire shall pay to the state:
a) An initial tax of 0.30 U$S (thirty cents of American dollar) per hectare;
b) A yearly exploitation tax per hectare as follows:
From the 1st to the 5th year 0.20 U$S.
From the 6th to the 10th year 0.60 U$S.
From the 11th to the 15th year 1,60 U$S.
From the 16th to the 20th year 2,00 U$S.

Article 43° - During the exploitation period the concessionaire shall pay the State the following royalty on the gross production of crude petroleum:
a) From a hundred (100) daily barrels up to 5.000, 10% (ten percent);
b) From 5.001 (five thousand one) daily barrels up to 50.000, 12% (twelve percent);
c) From 50.001 (fifty thousand one) barrels per day from now on 14%
On gaseous, compressed and liquefied hydrocarbons, it shall be paid twelve percent (12%) on the total gross production; and on the production of any other solid and semisolid hydrocarbons

PERMITS AND CONCESSIONS MAP

8 CONCESSIONS LAW
7 PROSPECTING PERMITS

CONCESIONES POR LEY

1	**PRIMO CANO MARTINEZ - LEY Nº 1028/1983** DEC. EXPLOT. 22116/1998 ; RESOL. Nº 207/1998 - BLOQUE GAB. MENDOZA
2	**AMERISUR S.A. - LEY Nº 2658/2005** RESOL. EXPLOR. Nº 633/2007 - BLOQUE SAN PEDRO
6	**PRESIDENT ENERGY PARAGUAY S.A. - DEC. Nº 4475/ 26-NOV-2015** LEY Nº 3479/2008 PARA EXPLORACION Y EXPLOTACION - BLOQUE PIRITY
7	**RIVIERA S.A. - LEY Nº 5258/2012** BLOQUE GARRAPATAL
8	**HIDROCARBUROS CHACO S.A. - LEY Nº 5259/2014** **PRESIDENT ENERGY PARAGUAY S.A. - DEC Nº 3113/2015** RESOL. REDUC. 2117/15 - BLOQUE HERNANDARIAS
12	**PETROPAR - DEC. Nº 5773/2016** RESOL. Nº 1678/2011 - BLOQUE PALO SANTO
23	**MB ENERGIA S.A. - LEY. Nº 5515/2015** BLOQUE APA
24	**ZEUS ÖL S.A. - LEY. Nº 5761/2016** BLOQUE BOQUERON

CONCESIONES EN TRAMITE

14	**CPP-CÑIA. PETROLERA PYA. S.A. - RESOL. 2293/2011** BLOQUE ESTRELLA PARANA

PERMISOS POR RESOLUCION

3	**PETROPAR III - DEC. Nº 5961/2016** BLOQUE CURUPAYTY

PERMISOS POR RESOLUCION

25	**TEUCO MINING SA. - RESOL. Nº 1381/ 19-08-2016** BLOQUE 1
26	**OIL & MINING COMPANY S.A. - RESOL. Nº 2331/2016** FRACCION 1
27	**OIL & MINING COMPANY S.A. - RESOL. Nº 2331/2016** FRACCION 2
28	**OIL & MINING COMPANY S.A. - RESOL. Nº 2331/2016** FRACCION 3
29	**PRESIDENT ENERGY PARAGUAY SA. - RESOL. Nº 1183/ 13-06-2016** BLOQUE DON QUIJOTE
30	**PRESIDENT ENERGY PARAGUAY S.A. - RESOL. Nº 1967/ 30-10-2015** BLOQUE PILCOMAYO

EN TRAMITE

13	**AET PARAGUAY S.A. - RESOL. Nº 1049/2009** PRORROGA RESOL. Nº 1833/2011 - BLOQUE ALTO PARANA
15	**AMERISUR RESOURCES PLC - RESOL. Nº 174/2012** PRORROGA RESOL. Nº 599/2013 - BLOQUE CORONILLO
16	**AMERISUR RESOURCES PLC - RESOL. Nº 322/2012** PRORROGA RESOL. Nº 1711/2013 - BLOQUE LAS PALMAS
17	**AMERISUR RESOURCES PLC - RESOL. Nº 766/2012** PRORROGA RESOL. Nº 1711/2013 - BLOQUE ESPARTILLAR
19	**POGECO S.A. - RESOL. Nº 649/2013, 1572/2012** PRORROGA RESOL. Nº 298/2015 - BLOQUE SANTA RITA
20	**CSP_CÑIA. DE SERVIC. PETROLEROS S.A. - RESOL. Nº 1390/2013** BLOQUE MISIONES
21	**PETROPY S.A. - RESOLUCION Nº 1578/2013** BLOQUE CORDILLERA

EXPLOITATION
Natural GAS in Gabino Mendoza

NEW HYDROCARBONS INTERACTIVE INFORMATION MAP

WELLS DRILLED

N°	Compañías Petroleras	Pozo	Profundidad	N°	Compañías Petroleras	Pozo	Profundidad
1	Union Oil	Sta. Rosa	2.310	27	"	Olga	1.171
2	"	Pirizal	3.149	28	"	Don Quixote	2.894
3	"	La Paz	2.212	29	Repsa & C.P.C.	Palo Santo	3.765
4	"	Picuiba	2.291	30	Esso	Berta	4.789
5	"	Orihuela	2.048	31	Chaco Expl.	Parapiti 1	2.833
6	Pure Oil	Madrejón	1.727	32	"	Parapiti 2	2.370
7	"	Lagerenza	2.894	33	Texaco	Cerro León	1.970
8	"	López	1.732	34	"	Toro	3.418
9	"	Mendoza	3.243	35	"	Gato	1.646
10	Placid Oil Co.	Mendoza 1	802	36	C.P.C	Anita	4.128
11	"	Mendoza 2	1.259	37	"	Gloria	4.016
12	"	Mendoza 3	700	38	Pecten	Asunción 1	3.223
13	Pennzoil	Alicia	1.305	39	"	Asunción 2	2.926
14	"	Brigida	1.513	40	Oxy	Carmen	4.511
15	"	Christina	643	41	"	Tte. Acosta	4.450
16	"	Dorotea	853	42	"	Nazaret	4.025
17	"	Emilia	1.022	43	Texaco	Mallorquin	2.990
18	"	Federica	802	44	Cano M.	Independencia 1	600
19	"	Gabriela	1	45	Texa & Guar.	Inés 1	775
20	"	Hortensia	765	46	"	Inés 2	927
21	"	Isabel	945	47	Phillips	Pantera	2.133
22	"	Julia	1.280	48	Cano M.	Independencia 2	580
23	"	Katherina	1.140	49	CDS Oil.	Independencia 3	1.635
24	"	Luciana	819	50	President Energy S.A.	Jacarandá	4.491
25	"	Marta	828	51	President Energy S.A.	Lapacho	4.543
26	"	Nola	760	52	Amerisur	Jaguarete 1	2.630

52 WELLS DRILLED

60% SHOWED SIGNS OF MOSTLY GAS AND ALSO OIL

ONLY 3 WELLS DRILLED IN THE LAST 10 YEARS

Sedimentary Basins in Paraguay

WESTERN REGION (CHACO)

- **Curupayty** shared with Bolivia
- **Carandayty** shared with Bolivia
- **Pirity** shared with Argentina (the most explored)
- **Pilar** shared with Argentina (one of the least explored)

EASTERN REGION

- **Paraná**

Petropar Blocks

- **Palo Santo.**

  Decree N° 5773/16
- **PETROPAR III.**

  Decree N° 5961/16
- **PETROPAR II.**
- **PETROPAR IV.**
- **PETROPAR V.**

  In process

For those contracts, the Production Sharing Agreement (PSA) modality will be adopted.

1. Palo Santo

BOLIVIA
BRASIL
ARGENTINA

PETROPAR V
Pirity
Palo Santo
Coronillo
ARGENTINA
BOQUERÓN
PRESIDENTE HAYES
ANS-1
ANS-3
ANS-4
87-175.5
87-167
87-165W
87-163.5
87-154N
87-144N
87-157
87-162.5
87-160
87-170
87-168N
87-166.5
87-171
87-176.5
87-178
87-149.5
87-184
87-188.5
87-190.5
87-194
87-192 y 87-192
87-190
87-182
87-180
87-196
87-152
87-150
87-147.5
87-143.05
87-142 y 87-142
87-146
87-156
87-168
87-154
86-169
86-151
86-145
86-137
86-130
86-132
86-134
86-136
86-138
86-142 y 87-142
86-146
86-154
86-156
86-168
86-178
86-192 y 87-192
87-159
87-159.05
87-108.5
87-110.5
87-112.5
87-114N
86-106
86-110
86-114
86-116
86-118
86-120
252 m
303 m

2. PETROPAR II

3. PETROPAR III

4. PETROPAR IV

5. PETROPAR V

BOLIVIA
BRASIL
ARGENTINA

Don Quijote
Hernandarias
PETROPAR V
Palo Santo
ARGENTINA
BOQUERÓN
PRESIDENTE HAYES
87-167
87-165W
87-163.5
87-157
87-159.05
87-143.05
86-169
86-151
86-145
86-137
86-156
86-168
86-166.5
86-168N
87-166.5
87-170
87-174
87-176.5
87-178
87-180
87-182
87-184
87-190
87-190.5
87-188.5
87-194
87-196
87-174
87-175.5
87-154N
87-144N
87-142
87-147
87-150
87-152
87-160
87-162.5
86-142
86-146
86-164
86-130
86-132
86-134
86-136
86-138
86-118
86-114N
86-114
86-116
86-120
86-106
86-110
87-108.5
87-110.5
87-112.5
ANS-1
ANS-3
ANS-4
252m

REGIONAL CONTEXT

*FUENTE: Presentación G. Aramayo (Improwel)

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