

Investing in Argentina

Oil & Gas

April 2020



Agencia Argentina
de Inversiones
y Comercio Internacional



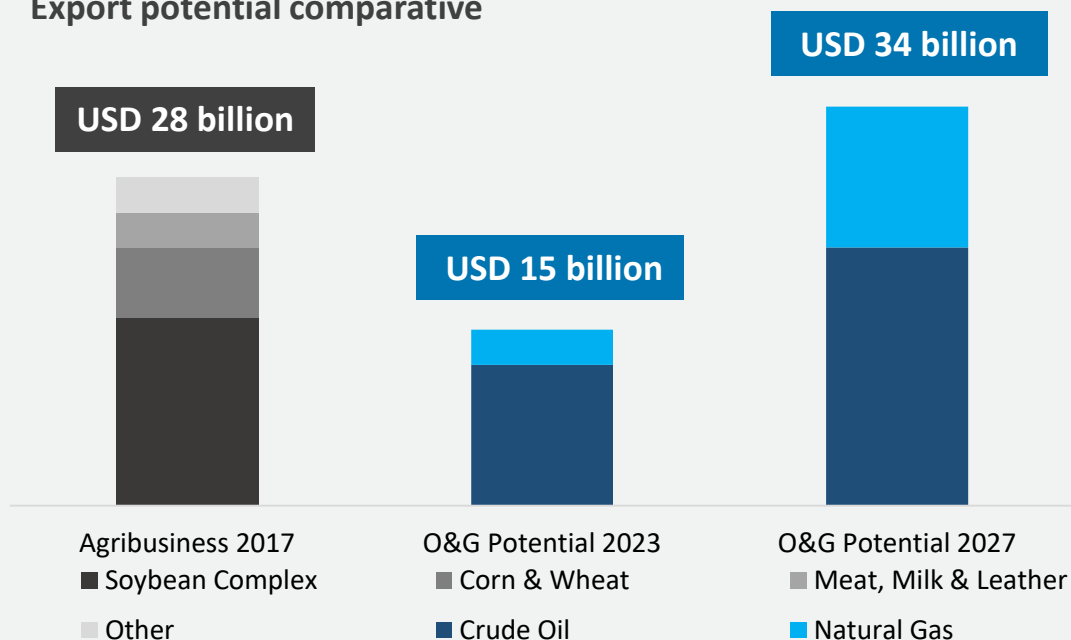
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Oil & gas export market



Gas exports are on the rise (peaks of 9.1 billion m³/d)

Export potential comparative



YPF has signed a ten-year contract to commission a LNG unit with a 0.5 mtpa capacity

CHALLENGES FOR FULL DEVELOPMENT

- High seasonal variation of gas demand
- Limited increase in household consumption
- Insufficient regional markets for exports
- Production surplus will be allocated to the global market

Despite regional integration and the increase in household consumption, export markets from outside the region are required to exploit the O&G potential

Competitive advantage

One of the best
resources in the
world

2^o

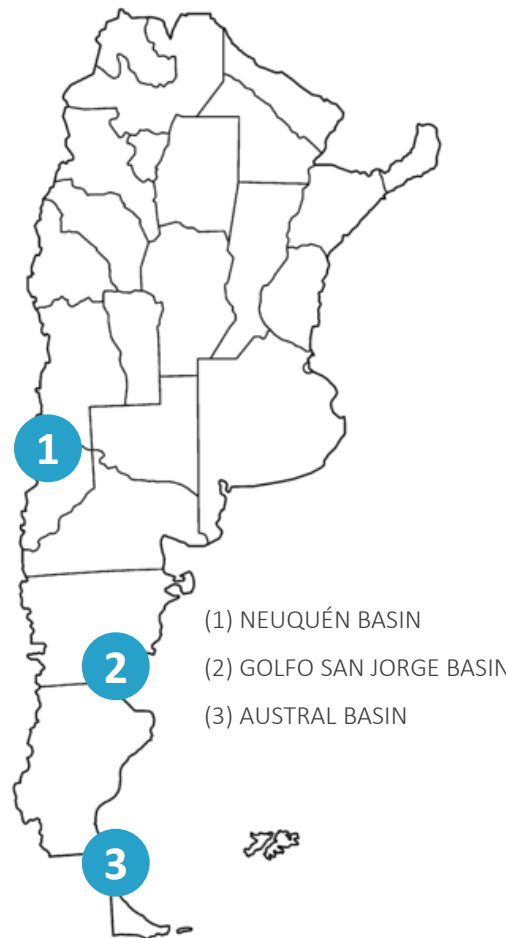
Unconventional
Gas Resources

4^o

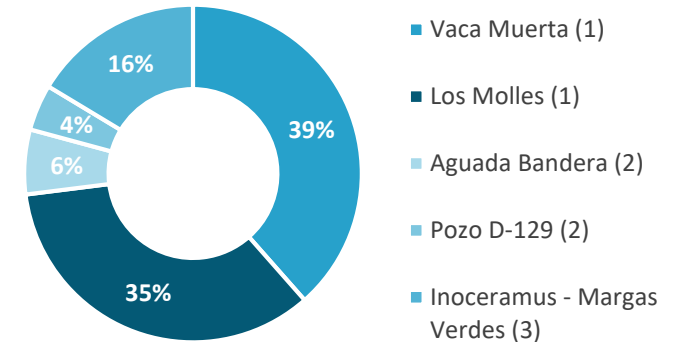
Unconventional
Oil Resources

Source: EIA 2013

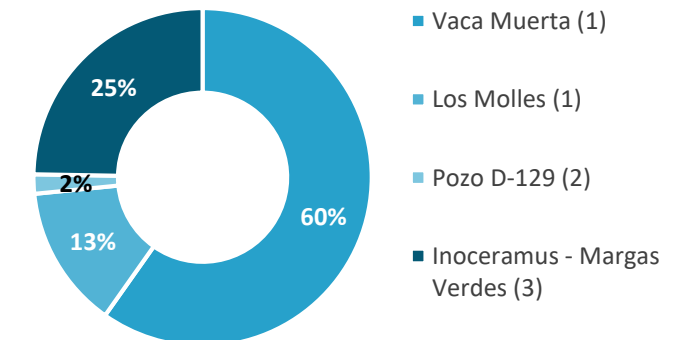
World-class shale resources with 802 tcf of gas and 27 billion bbls of oil, of which the neuquén basin holds more than 70% (boe)



SHALE GAS RESOURCES IN ARGENTINA



SHALE OIL RESOURCES IN ARGENTINA



1st Stage - *Facts*

- Planning projects and first developments
- Beginning of the unconventional development learning curve

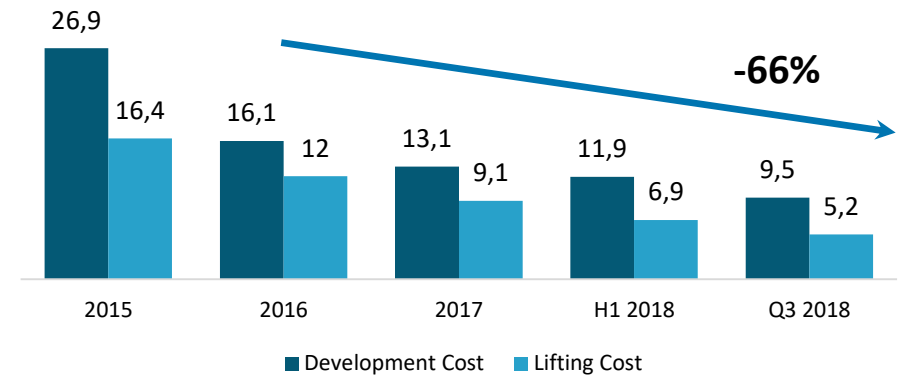
2nd Stage - *2018+*

- Attraction of world-class investments for massive development
- Cost reduction and increase in productivity
- Regional integration and exports
- Higher gas price in the wintertime to boost production and replace LNG imports

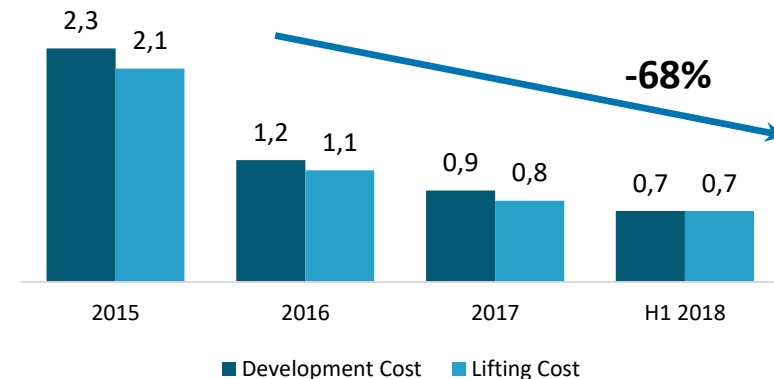
3rd Stage - *Global*

- Convergence with international costs
- Access to global export markets because of price reduction
- Development of LNG facilities, petrochemical industry, and others

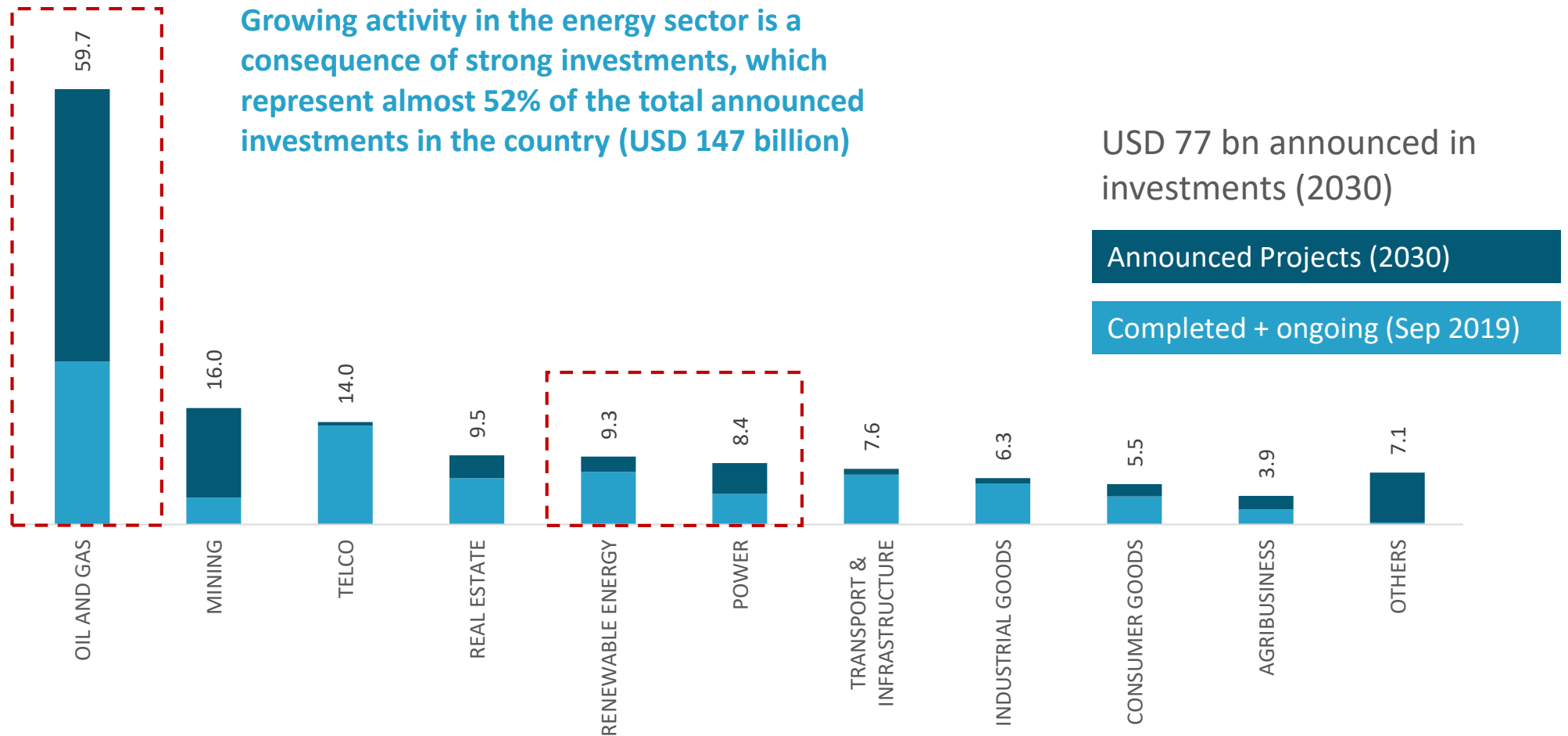
Shale oil costs - Loma Campana (USD/BOE)



Shale gas costs - El Orejano (USD/MMBTU)



Investments in the energy sector



What are the investment opportunities?



EXPLORATION & PRODUCTION

- *Investments in shale oil & gas development wells*
- *Opportunities to participate in offshore exploration*

USD 120 BILLION by 2030



GATHERING & INFRASTRUCTURE

Opportunities in new shale oil & gas gathering systems, processing plants, and oil & gas trunk pipelines

USD 30 BILLION by 2030



LNG EXPORT TERMINALS

Investments to build LNG liquefaction and export facilities

USD 5 BILLION by 2030

Upstream Opportunities



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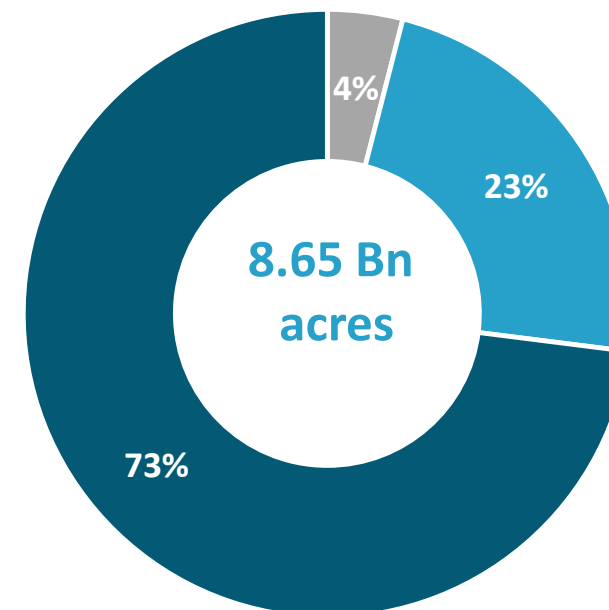


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Upstream investment opportunities

USD 120 billion investment opportunity to join vaca muerta's development

- 1 Partner with acreage holder companies in Vaca Muerta.
- 2 Licensing rounds lead by the Province of Neuquén (GyP).
- 3 Implementing the Technical Evaluation Agreement on free areas with the Province of Mendoza.



- Unconventional in Development Phase
- Granted Unconventional Concession
- Not Granted Yet

New players and independent producers are particularly welcome to achieve full scale development

Midstream Opportunities

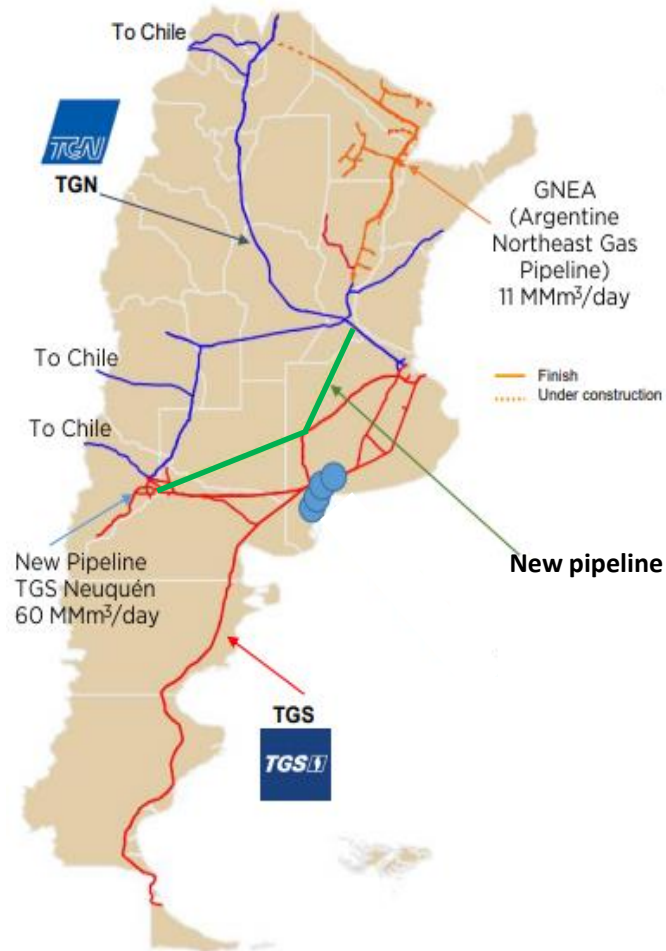


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Midstream investment opportunities



Investment opportunities in infrastructure to debottleneck the distribution of O&G production

GATHERING

Investment opportunities in processing plants and gathering systems associated with the development of new O&G wells

TRUNK LINES

Investments are required to build new gas trunklines to expand the current gas transport capacity and enable LNG exports

Short term requirement → proposals to expand or build new gas transp. System from Neuquén to Northern Buenos Aires

Lng opportunities



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POSITIONING ARGENTINA IN GLOBAL ENERGY MARKETS

Access to global LNG markets is key to position Argentina as one of the world-class energy players

LNG Facilities

Investment opportunities in LNG liquefaction and export facilities

PILOT PROJECT by YPF

0,5 MTPA Tango FLNG Vessel

MEDIUM-TERM PROJECT 2026-2027

2 MTPA LNG Export Facility
→ USD 1.5 billion

SHORT-TERM PROJECT 2024-2025

5 MTPA LNG Export Facility
→ USD 3 billion

Lng investment opportunities

First exports of LNG and beginning of light oil exports in 2019

- Positive seasonal dynamic with Asia
- Associated gas from Vaca Muerta with breakeven below 3 USD/MMBTU
- Vaca Muerta light oil is already on the market

Additionally, there are investment opportunities for high gas consumption industries like Petrochemical (USD 5 billion) and Fertilizer (USD 1 billion)

Offshore Opportunities



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Offshore exploration



- Austral Basin offshore produces 23 MMm³/d; it represents 20% of total gas production.
- Large underexplored area. 7 basins with a total of 500 M km² (200 M km² round 1).
- Limited exploration activity in the last 20 years (6 M km² of 3D outside concessions and no well >500 m).
- Medium to high risk (size of structures in Malvinas and Austral Basins/source rock in Argentina Basin).
- Limited infrastructure.

Offshore exploration



Competitive Legal Framework and Tenders:

- Lowest possible royalty tax (5%).
- Neither early payment nor bonuses nor entry fees are requested.
- Minimum work commitment for winning a block; it requires a small investment.
- Generous first exploration period of 4 years with no obligation to drill a well.
- Possibility of delaying investment if justified with reasonable technical grounds.
- 13 years exploration permit before having to decide on commercial condition.
- Right of exporting up to 60% of the production of hydrocarbons.

How we can help

We promote the internationalization of Argentine companies and facilitate private investments in Argentina

OUR SERVICES:



IDENTIFICATION OF
OPPORTUNITIES AND
LOCATION



NETWORKING



DUE DILIGENCE
SUPPORT



FACILITATION



IMPROVEMENT OF
BUSINESS CLIMATE



FOLLOW-UP TO
THE OPERATION

Phone: +54 11 5199 2263
welcome@investandtrade.org.ar



investandtrade.org.ar



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