

INTRODUCTORY LEGAL GUIDE
for foreign investment
and business development
in the Venezuelan
energy sector

Energy and Natural Resources

*Business Meeting "The Future of Oil & Gas Investment
in Latin America"*

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Introductory Legal Guide for Foreign Investment and Business Development in the Venezuelan Energy Sector

Energy and Natural Resources

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PRELIMINARY NOTE AND SCOPE

This guide is introductory and general in nature. Its purpose is to draw attention to the main legal, regulatory, fiscal, labor, financial, contractual and compliance aspects that are usually considered when evaluating investments or projects in the Venezuelan energy sector.

This document was prepared by LEGA's *Energy and Natural Resources* industry team, on the occasion of the Business Meeting "*The Future of Oil & Gas Investment in Latin America*", organized in Bogotá on August 25, 2026 by *Esguerra JHR* and *Andersen*, aimed at a specific group of potential investors and customers.

It does not constitute legal, fiscal, financial, regulatory, sanctioning or labor advice; nor does it replace a professional opinion adapted to the facts, documents, parties, jurisdictions, licenses, authorizations and risks of a specific project. The applicable regulations, administrative practice and interpretation criteria may change, so any decision must be preceded by a specific and updated review.



INTRODUCTION

1. What is the purpose of this guide?

This guide offers foreign investors, operating companies, service companies, contractors, equipment suppliers, financiers and, in general, any company interested in participating in or developing activities related to oil, natural gas, petrochemicals, infrastructure and energy services in Venezuela, an introductory roadmap to comprehensively evaluate the executability, bankability and sustainability of their projects.

The purpose is not to develop a general corporate guide or to exhaust all applicable matters. The corporate, fiscal, labor, financial, contractual, sanctioning, regulatory and institutional analysis is presented only as part of a practical evaluation aimed at determining whether an energy opportunity – whether operational, services, supply, financing, infrastructure or direct participation in oil or gas projects – can be structured, authorized, financed, executed and maintained over time.

This review must also consider the institutional ecosystem within which the project must operate. Interaction with sectoral, fiscal, customs, labor, municipal, environmental, financial, and compliance authorities can affect the authorization, registration, supervision, inspection, operation, and adjustment of the project during its economic life.

Therefore, each question seeks to draw attention to aspects that normally need to be reviewed before making investment, contracting, financing or operating commitments. The answers should be read as general guiding criteria, always subject to the specific review of the activity, the parties, the documents, the authorizations and the current regulatory framework.

2. When can an energy opportunity become an executable project?

An energy opportunity can become an executable project when it manages to move from formal authorization or commercial interest to a real, bankable and sustainable operation within the applicable legal, regulatory, institutional, financial and operational framework.

To this end, it must be verified whether there are sufficient authorizations, adequate contractual structure, viable route of commercialization and payments, compatibility with sanctions and external controls, operational capacity, effective governance, access to financing and institutional conditions that allow the project to be executed, supervised and sustained during its economic life.

The existing sectoral framework may expand the possibilities for private participation in certain energy activities, but the practical usefulness of such openness will depend on whether each project can be structured, financed, marketed and operate in a coherent legal, regulatory, institutional and economic manner.



CHAPTER I. OPPORTUNITIES, ROLES AND STRUCTURES FOR PARTICIPATION IN THE ENERGY CHAIN

3. Why is Venezuela relevant again for oil and gas projects?

Venezuela is once again a country of high energy interest because the Law for the Reform of the Organic Law on Hydrocarbons, published in the Extraordinary Official Gazette No. 6,978 dated January 29, 2026, and the Regulations of the Organic Law on Hydrocarbons, issued by Decree No. 5,381 and published in the Extraordinary Official Gazette No. 7,052 dated July 7, 2026, allow private participation in the oil sector to be reconsidered, both for operating companies and for service companies.

This change once again places at the center the possibility of structuring projects related to exploration, production, rehabilitation of fields, enhanced recovery, specialized services, infrastructure, measurement, transportation and marketing. Along with oil, natural gas should be considered as a complementary strategic line, both because of its relationship with oil production and because of its own potential in offshore projects, transportation, processing, electricity generation, petrochemicals and regional exports.

4. Can the private sector participate in oil and natural gas projects?

Yes, in principle. In the case of liquid hydrocarbons, private participation can be structured mainly through joint ventures, or through operating companies that are designated or approved to execute primary activities under specific contracts, including Hydrocarbon Productive Participation Contracts (CPPHs).

In the area of natural gas, private participation may be structured through gas licenses granted by the Ministry with competence in gaseous hydrocarbons, as well as through the corresponding authorizations and contracts in accordance with the Organic Law on Gaseous Hydrocarbons (LOHG) and its applicable regulations. In addition, service companies may contract with joint ventures,

operating companies, license holders or duly designated or approved entities, depending on the activity and scope of the project.

5. What opportunities may exist in exploration, production, infrastructure and associated services?

In general terms, they can be presented at two levels. First, through operating companies or entities authorized to participate in primary activities, rehabilitation of fields, improved recovery, operation of assets, measurement, transportation or marketing under the applicable framework. Second, through service companies that contract with these operating companies, joint ventures, license holders or approved entities to execute technical, operational, logistical, technological or support work.

As a reference, such opportunities may include seismic acquisition and processing, geological and geophysical surveys, drilling, drill maintenance, well workover, enhanced recovery, reservoir characterization, fluid handling, subsurface services, production metering, specialized maintenance, equipment supply, field services, logistics, transportation, and other ancillary activities necessary for the execution of the project.

The evaluation of these opportunities should also include the necessary infrastructure and the operational environment of the project. This may include pipelines, flow stations, operating centers, storage, compression, gas treatment, electrical systems, metering, transportation, environmental permits, authorizations for the use of the area, areas under special regime, waste management, natural resources, and industrial and environmental safety obligations.

6. What other opportunities may arise in the energy chain?

In addition to exploration, production and infrastructure, opportunities may exist in refining and petrochemicals, maritime and port services, offshore logistics and ancillary services. For reference, these activities may include supply and installation of catalysts, inspection and maintenance of columns, reactors and exchangers, services for dynamic equipment, maintenance of turbogenerators, supply of inputs, automation of plants, treatment of streams and products, tugboats, barges, boats for personnel, diving, maritime transport, dredging, maintenance of docks, buoys and loading arms.

Accommodation, food, land and air transportation, mechanical workshops, medical services, construction, telecommunications, electricity generation, physical security, transportation of personnel and materials, information technology, training, certifications, legal and accounting services, personal protective equipment, customs agencies, and other support necessary for the continuous execution of the project may also be relevant.

7. How should the role of the company and the structure required to participate in the project be defined?

The role of each company must be defined based on the specific activity it intends to carry out within the energy chain. It is not the same to participate as an operating company in primary activities, to

contract as a service company, to supply equipment, to provide logistical support, to develop infrastructure, to act as a holder of a gas license or to intervene in refining, petrochemical, transport or marketing activities.

Once this role has been defined, it must be verified whether the activity is subject to special sectoral regulation, whether it requires a license, authorization, approval or registration, whether it requires a local presence or Venezuelan entity, and whether the chosen structure is compatible with the hydrocarbon involved, state participation, environmental permits, taxation and the applicable compliance regime.

Only after identifying the role of the company and the regulatory and operational requirements of the project should the legal vehicle, the contractual structure and the corresponding compliance scheme be defined.



CHAPTER II. FOREIGN INVESTMENT, ENTRY VEHICLES AND LOCAL PRESENCE

8. What is the main rule applicable to foreign investment?

The main general rule is the Constitutional Law on Productive Foreign Investment (LCIEP), published in the Official Constituent Gazette No. 41,310 dated December 29, 2017.

The law regulates the principles of foreign investment, the rights and obligations of investors, the registration of investment, investment contracts, incentives, reinvestment, transfer of technology and the remittance of profits or repatriation, under the applicable legal conditions.

9. Is prior authorization required to invest?

As a general rule, the general foreign investment regime does not require prior approval to invest.

This conclusion changes when the activity belongs to a regulated sector that requires prior authorization, concession, license or approval.

10. What is the practical use of the foreign investment registry?

In administrative practice, the competent entity receives and processes applications for registration of foreign investment. The registration allows documenting the type of investment, the investor, the final beneficiary, the amount, the timing of the contribution, the economic activity, the sector, the corporate vehicle, the origin and the materialization of the funds or assets.

Its practical utility does not consist only in complying with a registration formality. The foreign investment certificate can prove the status of investor, give legal traceability to foreign capital, facilitate reinvestment, remittance of profits, repatriation, incentives or asset protection, and serve as support for authorities, banks, financiers, insurers and counterparties.

In energy projects, such traceability may be relevant for bankability, due diligence, regulatory and sanctioning compliance, financing structure, and eventual investment protection. Therefore, the general foreign investment regime should be understood as an instrumental component of the project, not as sufficient authorization to develop regulated activities.

11. Are there incentives for investment?

The LCIEP contemplates the possibility of structuring fiscal, customs or stability incentives and investment contracts linked to public policy objectives.

Incentives can be linked to reinvestment, exports, technology transfer and job creation.

Incentives should not be presumed. They should be contained in valid instruments, documented and subject to the conditions that regulate them.

12. Which entry vehicle is suitable for an energy project?

The Venezuelan legal system allows the use of different corporate forms and entry structures, including the corporation (*compañía anónima* / *sociedad anónima*), the limited liability company, general partnerships, limited partnerships, branches of foreign companies, consortiums, silent partnerships, mixed companies, acquisitions of shares or assets and other contractual structures.

However, in energy projects, the first practical decision is usually between acting through a Venezuelan subsidiary or through a branch of the foreign company. The subsidiary is a Venezuelan company distinct from its foreign shareholder, with its own assets, organs, obligations and liabilities. In principle, it offers greater equity separation from the parent company and may be more appropriate when the project requires a stable local presence, hiring of personnel, obtaining licenses, registrations, permits, bank accounts, continuous interaction with authorities or operational execution in Venezuela. The branch, on the other hand, functions as an extension of the foreign company. It can be useful for certain direct presence schemes, but it usually involves greater exposure of the parent company to local obligations, fiscal, labor, contractual and regulatory risks.

Other figures, such as consortia, silent partnerships, mixed companies or acquisitions of an existing company, may be relevant depending on the role that the company will assume, the requirement of state participation, the type of activity, the need for a sectoral license, the distribution of risks, taxation and the bankability of the project. The selection of the vehicle must take into account the scope of the project, the level of local presence, the desired equity exposure, the tax regime, the required licenses, the repatriation of funds and the applicable regulatory requirements.

13. What should be reviewed when incorporating a new company or acquiring an existing company?

The decision between incorporating a new company or acquiring an existing company must be evaluated according to the time available, the activity to be carried out, the need for licenses or

permits, the operating history of the entity, its assets, obligations and contingencies. In a new incorporation, the company name, the articles of incorporation, the articles of association, the capital, the Mercantile Registry, the publication, the Tax Information Registry (RIF), the corporate books, the labor and parafiscal records, the municipal authorization and the sectoral, environmental or operational permits must be verified. In an acquisition, in addition to the purchase structure, due diligence must be carried out on shareholders, beneficial owners, administrators, powers, financial statements, books, tax returns, labor records, licenses, contracts, debts, litigation, contingencies, corporate purpose and sectoral permits.

14. What is a permanent establishment?

It is a fixed or economically relevant presence through which a foreign company develops all or part of its activities in Venezuela.

It may include an office, branch, workshop, facility, head office, business center, or a dependent agent with sufficient powers to commit to the foreign company.

15. What are the consequences of the existence of a permanent establishment?

The existence of a permanent establishment may make the foreign company subject to Income Tax with respect to the income attributable to that presence in Venezuela, in addition to generating formal, registration, accounting and documentary obligations.

It can also affect the application of a Double Taxation Avoidance Agreement (DTA), because business profits could be taxed in Venezuela when they are attributable to the permanent establishment.

16. How can the risk of setting up an unplanned permanent establishment be reduced?

This risk can be reduced when the local entity contracts in its own name, assumes real functions and risks, has sufficient personnel and resources, avoids legally committing the foreign company without a deliberate structure, receives remuneration consistent with its activity and maintains documentary, accounting and operational separation.

In any case, economic and operational reality prevails over contractual clauses.



CHAPTER III. INVESTMENT PROTECTION, TREATIES AND EXTERNAL CONTROLS

17. Why should the jurisdiction from which the investment is structured be analyzed?

The jurisdiction from which the investment is structured can affect the legal, tax and patrimonial treatment of the project. In particular, it can determine whether there is an Agreement for the Promotion and Reciprocal Protection of Investments (APPRI), whether the investor can access international dispute resolution mechanisms, what protection standards are applicable and whether there is a Double Taxation Avoidance Agreement (DTA) that influences the taxation of dividends, interest, royalties or other payments.

This review must be carried out before the investment is executed and must serve a real business purpose. Artificial restructurings, carried out after a dispute has arisen or without economic substance, may not produce the expected protective effects.

18. What protections can an APPRI offer?

Depending on its text, an APPRI may recognize standards of protection such as fair and equitable treatment, protection and security, national treatment, most-favored-nation treatment, protection against expropriation, free transfer of capital, and access to international dispute settlement mechanisms. The actual application of these protections depends on the applicable treaty, the nationality of the investor, the way in which the investment was structured, and the requirements provided for in the relevant instrument.

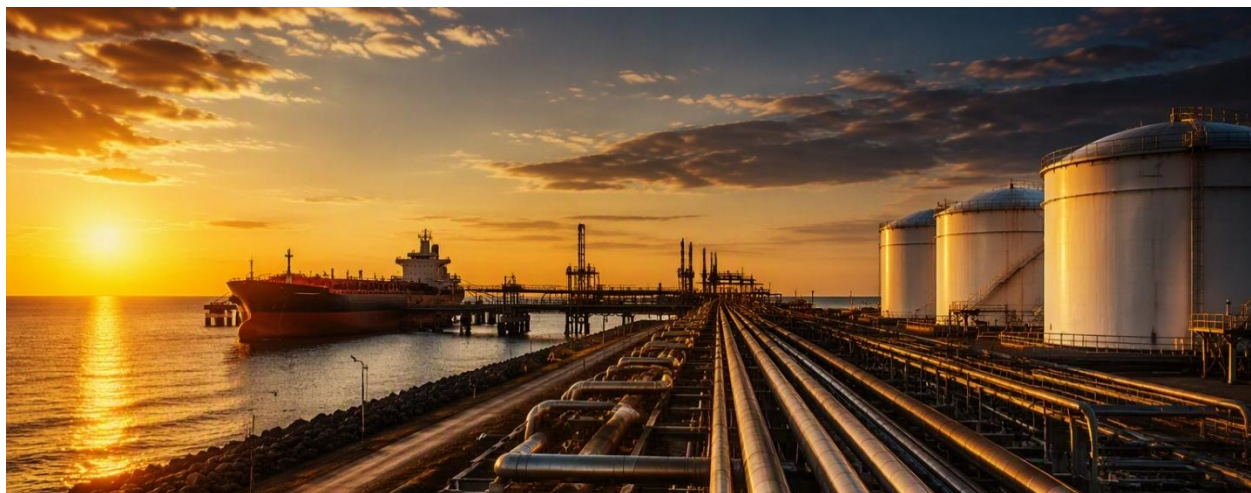
19. What international mechanisms may be relevant for the settlement of investment disputes?

The structuring of an investment may consider different international or contractual dispute resolution mechanisms, depending on the applicable treaty, the nationality of the investor, the date of the investment, the available arbitral consent and the rules provided for in each instrument.

Such mechanisms may include arbitration under APPRI, arbitration under the Rules of the United Nations Commission on International Trade Law (UNCITRAL), contractual mechanisms agreed by the parties, or other forums available under the applicable instrument. The availability of each avenue should be verified on a case-by-case basis, without assuming that a specific mechanism will be automatically available.

20. Why should the validity and scope of investment instruments be verified?

Yes, it is recommended. The existence of an investment protection instrument should not be presumed or analyzed in an abstract manner. Before structuring or executing an investment, it is advisable to verify whether the applicable treaty or instrument is in force, whether it covers the investor and the investment, whether it retains effects by survival clauses, whether it has been denounced, substituted or limited, and what standards of protection or dispute settlement mechanisms it provides. This review is particularly important because international protection depends on the specific text of the instrument, the nationality of the investor, the date and form of the investment, the existence of a real business purpose and compliance with the requirements of the applicable treaty.



CHAPTER IV. OFAC, LICENSES, SANCTIONS AND EXPORT CONTROLS

21. Why is the regime administered by the Office of Foreign Assets Control (OFAC) relevant to the enforceability of the project?

OFAC, attached to the U.S. Department of the Treasury, administers economic sanctions programs that may affect certain persons, entities, operations, goods, services, financing, payments, or transactions related to Venezuela. In general terms, the analysis is not based on the idea that the entire country or all economic sectors are prohibited, but rather on identifying whether the specific operation involves sanctioned persons, blocked entities, property or control subject to restrictions, participation of U.S. persons, use of U.S. currency, correspondent banks, technology, goods or services subject to U.S. jurisdiction, or activities that require a license.

As such, OFAC can influence the practical possibility of contracting, paying, receiving funds, using correspondent banks, exporting or re-exporting equipment, contracting insurance, mobilizing production, or interacting with certain counterparties. The OFAC analysis should not be viewed as an external review of the project, but as a component of its enforceability, bankability, and operational sustainability.

22. Does the OFAC regime imply that all economic activity in Venezuela is prohibited?

Not necessarily. The OFAC regime applicable to Venezuela should not be understood, in general terms, as an absolute prohibition of all economic activity in the country or of all sectors. The analysis must be carried out on a case-by-case basis, taking into account the specific operation, the parties involved, the ownership and control of the entities, the participation of U.S. persons, the use of U.S. currency,

the intervention of correspondent banks, the goods or services involved, the applicable technology, the end users, and the existence of relevant licenses or authorizations.

23. What should be reviewed in the OFAC analysis, sanctions, licenses and export controls?

The applicable regime should be reviewed when U.S. persons, U.S. banks or correspondents, U.S. currency, goods or technology subject to U.S. jurisdiction, blocked persons, Venezuelan state entities or entities controlled by them, operations authorized by license, end users, end use, destination, classification of goods, general or specific licenses, and export controls.

For these purposes, the analysis must consider not only the direct contractual parties, but also final beneficiaries, shareholders, controlling entities, directors, operators, intermediaries, banks, end users and other natural or legal persons who may participate directly or indirectly in the operation.

A general distinction should also be made between primary and secondary sanctions. Primary sanctions refer to restrictions on U.S. persons, transactions with U.S. nexus, use of U.S. currency, correspondent banks, goods, technology, or services subject to U.S. jurisdiction. Secondary sanctions may result in consequences for non-U.S. persons who engage in certain restricted transactions, even outside the United States. This distinction must be evaluated on a case-by-case basis, depending on the parties, the transaction, the economic sector, the applicable license, and the connection to U.S. jurisdiction. Licenses do not eliminate the sanctions regime; they delineate conditional exceptions that must be verified before contracting, exporting, re-exporting, paying, or performing.

24. Is there a specific treatment for transactions related to oil and gas?

Yes, in certain cases. In the case of Venezuela, certain companies may act under general licenses, specific licenses or other applicable authorizations issued or recognized by OFAC, which allow them to enter into certain agreements or execute operations of a different nature with the Ministry with jurisdiction over hydrocarbons, Petróleos de Venezuela, S.A. (PDVSA) or other entities that may be subject to restrictions or considered blocked under the applicable regime.

The scope of these licenses must be reviewed on a case-by-case basis, because they may be subject to conditions, exclusions, time limits, reports, restrictions on payments, provision of services, supply of goods, marketing, financing, export of equipment or receipt of income. Therefore, in hydrocarbon projects, it is not enough to review whether the activity is valid under Venezuelan law; it must also be verified whether the specific operation is authorized or not prohibited under the OFAC regime.

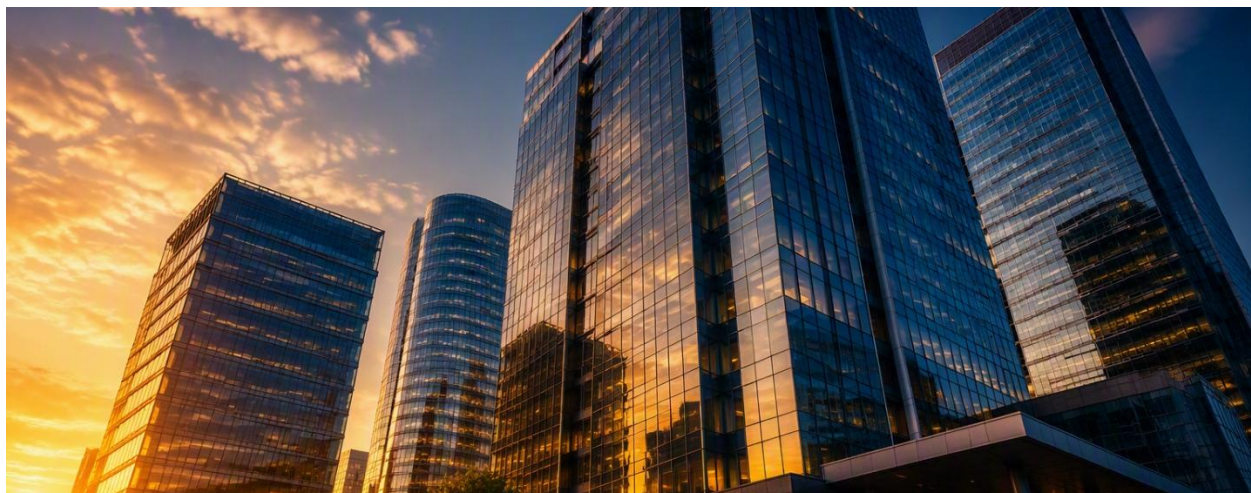
25. How should the payment route be designed in a project subject to OFAC review?

In operations related to Venezuela, the payment route may face reinforced reviews by banks, correspondents, financiers and other financial institutions, including for reasons of internal compliance, prevention of money laundering, know-your-customer, traceability of funds or overreaction to country risk or the sanctions regime. Therefore, the payment route must be designed

considering intervening banks, correspondent banks, currency, beneficiaries, contractual documentation, applicable licenses, reports, origin and destination of funds, as well as the practical possibility of receiving income, paying contractors and mobilizing project resources. This analysis must be carried out from the outset, because a legally possible structure may face practical difficulties if payments, collections or transfers are not actionable by the financial institutions involved.

26. What should be reviewed before assuming that an OFAC license covers an operation?

Before assuming that an OFAC license permits a particular operation, its subjective and objective scope should be reviewed. This includes authorized persons, covered entities, permitted activities, exclusions, terms, reporting conditions, restrictions on payments, authorized goods and services, time limits, and relationship to other applicable rules, licenses, or authorizations. The interpretation of a license must be made on a case-by-case basis and must not automatically extend to operations, parties, or activities not expressly provided for.



CHAPTER V. BANKABILITY, CONTRACTS, FINANCIAL FLOWS AND TAXATION

27. What makes an energy project bankable according to the role of the company?

The bankability of an energy project must be evaluated according to the role that the company will assume. It is not the same to analyze the bankability of a company that participates in primary activities – as an operating company, a joint venture or under a Hydrocarbons Productive Participation Contract (CPPH) – as that of a company that provides oil services, supplies equipment or executes technical, logistical or operational activities for an authorized third party.

In primary activity projects, bankability usually depends on the economic ownership of production, measurement, auditing, marketing, transportation, access to infrastructure, accounts, currency, payments, guarantees, licenses, sanctioning restrictions, economic-financial balance, and dispute resolution mechanisms. In oil services companies, the analysis focuses on the solvency and authorization of the contractor, the scope of the service contract, the form of payment, the currency, invoicing, the import or use of equipment, tax withholdings, the collection route, the OFAC impact, and the practical possibility of collecting and repatriating funds.

In both cases, a project is bankable when its legal, contractual, regulatory and financial structure allows its flows to be evaluated, financed, executed and protected in a reasonably predictable manner.

28. What should be taken care of in invoicing, payments and banking documentation according to the type of participant?

Invoicing, payments, and bank documentation should be designed according to the nature of the economic flow. In a company engaged in primary activities, the flow may be linked to production, marketing, economic distribution, project accounts, revenues from the sale of hydrocarbons, investment recovery, or contractual sharing mechanisms. In an oilfield services company, the flow

normally derives from payment for services, supply of equipment, technical assistance, maintenance, logistics, operation, or specialized support.

In both cases, the buyer, payer, end user, final beneficiary, account currency, payment currency, payment route, economic cause, contractual support, invoice, purchase order, origin of funds, tax documentation and OFAC license or applicable sanctioning authorization when applicable must be clearly identified. Invoicing from abroad or collection outside Venezuela may be possible if they reflect the economic reality, have a lawful cause, traceability and correspondence with the operation. Services executed locally, however, may require a Venezuelan entity, local taxation and differentiated documentation.

29. How can a Venezuelan entity linked to an energy project be financed and what precautions should be considered?

A Venezuelan entity linked to an energy project can be financed through a capital increase, contributions for future capitalizations, intra-group loans, third-party financing, advances for services or other mechanisms compatible with the economic reality of the project. The financing structure must be consistent with the role of the entity within the project, whether as an operator, service company, supplier, local vehicle, license holder or support entity. Each mechanism must be clearly documented, specifying its economic cause, purpose, corporate, accounting, tax and exchange treatment, repayment or capitalization conditions, recoverability and correspondence with the actual execution of the project. Interest, withholdings, transfer pricing, thin capitalization, beneficial ownership, traceability of funds and payment route must also be reviewed.

30. What main taxes should the project consider according to the type of activity?

The tax burden must be evaluated according to the nature of the activity and the role of the participant. As a general criterion, it is not the same to analyze a project linked to primary activities, operating companies, joint ventures or structures associated with the production of hydrocarbons, as it is to analyze an oil services company, equipment supplier, contractor or provider of technical, logistical or operational support. In projects related to primary activities, sectoral taxes, royalties, income taxation applicable to the hydrocarbons sector, taxes associated with production or marketing and other charges provided for in the special regulations may become relevant, depending on the case. In the case of specialized oil service companies, they apply, in the same way as operating companies, the exemption from taxes such as state and municipal taxes, the High Net Worth Tax and some parafiscal contributions such as the Science, Technology and Innovation Law, the Organic Law on Sports, Physical Activity and Physical Education, the Organic Law on Drugs and the Pensions and Social Security Law, focusing on national taxes such as Income Tax, Value Added Tax, withholdings, Tax on Large Financial Transactions, other parafiscal contributions and tax effects of payments in foreign currency. In both cases, the territoriality of the income, the source of the service, the import or export of services, the payment route, the tax documentation, the possible application of agreements to avoid double taxation and the interaction between the contractual structure, bankability and regulatory

compliance must be reviewed. The concrete application of these criteria must be verified on a case-by-case basis.

31. What should be reviewed in the Income Tax, territoriality and VAT according to the form of execution?

Income Tax, territoriality, and Value Added Tax (VAT) must be reviewed according to the way in which the activity is executed. In projects linked to primary activities, it may be relevant to determine whether the income comes from production, marketing, economic participation, associated services, or local presence attributable to the project. In oil service companies, suppliers, or contractors, it must be analyzed whether any cause of income occurs in Venezuela, including physical execution, local personnel, facilities, assets, local operations, or use of technical assistance or technology. In terms of VAT, the sale of goods, provision of services, import of goods, import of services, export of services, withholdings, and cash flow effects must be considered, depending on the case. The specific determination must be made on a case-by-case basis, depending on the activity, the contract, the local presence, and the form of invoicing.

32. What should be reviewed in the Tax on Large Financial Transactions, the Tax on Economic Activities, the agreements to avoid double taxation and transfer pricing?

Other tax effects must also be reviewed and may vary depending on the type of participant and the form of payment. The Tax on Large Financial Transactions may be levied on certain debits, payments or extinguishments of obligations in foreign currency when special taxpayers are involved. Agreements to avoid double taxation may distribute or limit taxing powers and require tax residence, beneficial ownership, absence of permanent establishment, economic substance and documentation. Transactions with foreign affiliates must be reviewed under transfer pricing rules, considering functions, assets, risks, market, contractual terms and comparables. The concrete application of these elements must be verified on a case-by-case basis.



CHAPTER VI. HYDROCARBONS REFORM, GOVERNANCE AND BUSINESS MODELS

33. Why is the reform of the Organic Law on Hydrocarbons relevant for new business models?

The Law amending the Organic Law on Hydrocarbons, published in the Extraordinary Official Gazette No. 6,978 dated January 29, 2026, and the Regulations of the Organic Law on Hydrocarbons, issued by Decree No. 5,381 and published in the Extraordinary Official Gazette No. 7,052 dated July 7, 2026, are relevant because their main axis is to allow and order new forms of private participation in primary activities related to liquid hydrocarbons.

In practical terms, the reform and its regulatory development make it possible to consider structures in which operating companies, joint ventures or authorized private companies can carry out primary activities under specific contractual modalities, including Hydrocarbon Productive Participation Contracts (CPPHs), technical or operational delegation schemes, marketing rules, economic-financial balance mechanisms and dispute settlement clauses, always within the limits and conditions provided for in sectoral legislation. Oil service companies, for their part, can be inserted into this ecosystem on a contractual basis, providing technical, operational, logistical or support services to operating companies, joint ventures, license holders or authorized entities, without necessarily implying that they carry out primary activities on their own account.

34. How should governance be organized in projects linked to primary activities?

Project governance is particularly relevant in new primary activity models, because it defines how decisions are made, how responsibilities are assigned, how risks are controlled, and how state entities, joint ventures, private operators, contractors, financiers, and other project participants interact.

When a state entity participates as a shareholder, operator or counterparty in projects related to primary activities, the clarity of the decision-making mechanisms can be as important as taxation, marketing or financial structure. In these cases, it is advisable to define decision matrices, reserved matters, committees, responsibilities, subcontracting rules, conflicts of interest, access to information, audit rights and blocking or solution mechanisms.

For oilfield service companies, governance is usually mainly reflected in the service contract, operating procedures, audit rights, health, safety and environment (HSE) rules, subcontracting authorizations and coordination mechanisms with the operating company or contracting entity.

35. Why is it important to define who markets production in primary activity projects?

The commercialization of production is especially relevant in projects of primary activities, because it determines how production is converted into income and, therefore, has a direct impact on the bankability, the recovery of investment and the generation of project flows. It is not the same if the commercialization remains centralized in a state entity, that it is exercised by a joint venture, by an operating company or by a private party under an operating contract, a CPPH or other authorized structure.

Therefore, the contract and the applicable authorizations must specify who trades, who invoices, who receives the revenues, where they are paid, how the funds are transferred, what regulatory or sanctioning restrictions apply, and what consequences are generated by the buyer's non-compliance, the interruption of infrastructure, or the impossibility of mobilizing resources. This definition must also be coordinated with the payment route, the applicable licenses, and the external restrictions that may affect the receipt or mobilization of revenues. For oilfield service companies, the relevance of marketing is usually indirect: they do not necessarily market production, but their ability to collect may depend on the commercial, financial, and sanctioning viability of the project they serve.

36. What function can the mechanisms of economic-financial balance and stability play in operating contracts?

The mechanisms of economic-financial equilibrium and stability clauses are especially relevant in operating contracts, Hydrocarbon Productive Participation Contracts (CPPH) or other instruments through which the State, a state company, a joint venture or an authorized entity allows a private party to participate in primary activities.

In these instruments, it is advisable to provide for how the economic equation of the project is preserved in the face of fiscal, regulatory or operational changes. The stability clause should be understood as a complementary instrument, not as an absolute guarantee against any regulatory change. In oil services contracts, these principles may be reflected differently, as appropriate, through price adjustment clauses, cost review, regulatory changes, force majeure, suspension, termination or renegotiation.

37. What role can dispute resolution mechanisms play in contracts related to the exercise of primary activities?

Dispute resolution mechanisms can play a relevant role in contracts related to the exercise of primary activities, including Hydrocarbon Productive Participation Contracts (CPPHs) or other instruments of a similar nature permitted by law, through which the State, a state-owned company, a joint venture or an authorized entity allows the participation of a private party in those activities. Their purpose is not only to resolve disputes, but also to provide a framework for managing technical, economic, regulatory or contractual disagreements that may affect the continuity of the project.

Their practical usefulness will depend on whether the applicable contract or instrument clearly defines the matters subject to dispute, the valid consent, the seat, the applicable rules, the language, the applicable law, the precautionary measures, the recognition and execution of the decision, and the coordination with administrative or regulatory powers that cannot be displaced by private agreement. In oil services contracts, dispute mechanisms usually operate mainly against the contractual counterparty, without substituting the public authorizations or powers that correspond to the main project.

38. What is the Integrated Hydrocarbons Tax and when should it be reviewed?

The Integrated Hydrocarbons Tax is a sectoral tax figure provided for within the framework of the reform of the LOH, whose application must be reviewed especially with respect to operating companies, joint ventures, authorized private parties or subjects that participate in activities related to hydrocarbons in accordance with the LOH and its regulations, such as companies providing Specialized Oil Services and the applicable sectoral resolutions.

Its specific application should not be presumed. It must be verified on a case-by-case basis according to the actual nature of the activity, the type of contract, the subject executing the operation, the material scope of the activity and the applicable sectoral regime. In certain cases, it can be calculated on the basis of gross income accrued, with a rate that can be located within a range between zero percent and fifteen percent. In the case of oil service companies, it must be analyzed whether or not their activity falls within the scope of the tax, depending on the nature of the service, the contract, the relationship with the main activity and the applicable regulations.



CHAPTER VII. OPERATIONAL EXECUTION OF THE PROJECT

39. What must be checked to enter, use and remove equipment from the country?

The entry of equipment, machinery or capital goods may be structured, as the case may be, by means of definitive importation or temporary regimes. Temporary admission may allow the entry of goods with suspension of import taxes, subject to prior authorization, identification of the good, specific purpose, authorized term, guarantee, intervention of customs agent, sectoral permits, payment of fees and re-export commitment.

How the customs value is determined must also be reviewed, especially when it comes to leased, used or temporarily imported equipment. The insured value, appraisal, market value, book value, current value, rents, useful life, freight and insurance, among other relevant elements, can be considered. At the end of the regime, the goods must be re-exported, transferred with authorization or nationalized through a change of regime and payment of taxes, as appropriate. Non-compliance can generate fines and, in certain cases, forfeiture.

40. What should be reviewed in terms of labor, safety and health when executing the project?

It should be reviewed whether the provision of services constitutes an employment relationship under Venezuelan legislation, especially when there is personal provision, dependence, subordination or integration into the organization of the beneficiary of the service. The types of applicable contracts, the possible job security, the form of payment of remuneration, labor benefits, parafiscal charges and the effects that may arise from payments in foreign currency or from abroad must also be considered.

Likewise, occupational health and safety obligations must be met. The Organic Law on Prevention, Conditions and the Work Environment (LOPCYMAT) requires guaranteeing safe conditions, organizing health and safety services, registering the corresponding structure, constituting the Occupational

Health and Safety Committee when appropriate, preventing accidents and diseases, and documenting and reporting events. Possible liability for accidents occurring during the transfer between home and the workplace must also be assessed, subject to the elements and exceptions provided for by the regulations.

41. What should be reviewed when hiring foreign or internationally assigned personnel?

In principle, foreign workers can be hired, but Venezuelan labor law establishes limits on their participation in the payroll. When the employer employs ten or more workers, at least ninety percent of the personnel must be Venezuelan and the foreign personnel should not exceed ten percent, except in the cases of exception or authorizations that correspond according to the applicable regulations. It is also advisable to review the limits applicable to the remuneration of foreign personnel, the need for work authorization and work visa, the duration of the assignment, the effective local presence and documentation of the employer, functions, remuneration, benefits, social security, termination and return. The business visa should only be used when it is consistent with the activity, duration and contractual structure.

42. How should contractors, subcontractors and consultants be structured?

Subcontracting is not prohibited in itself, but it must respond to a real work or service executed by an organized company, with resources, workers, management, capital, tools, assumption of risks, responsibility for results and operational autonomy. What is prohibited is to use structures to simulate labor relations, evade obligations, supply personnel under the direct control of another employer or reduce labor rights.

It should also be avoided that an employer of record appears only formally as an employer while the beneficiary company selects, directs, supervises, evaluates or integrates the worker into its organization. In the same way, a consultant can be considered a worker when reality shows schedule, subordination, instructions, use of corporate tools, institutional mail, organizational integration or economic dependence.



CONCLUSION

43. How should a project finally be evaluated?

1. **Regulation.** It must be verified whether the activity corresponds to primary activities, oil services, natural gas, infrastructure or other energy activity; whether it requires a license, authorization or local entity; and whether the structure is compatible with sectoral legislation.
2. **Institutional framework.** The authorities involved in authorizations, registrations, supervision, inspection, customs, labor, environment, banking, compliance and contractual execution must be identified, as well as the relevant administrative times, criteria and practices.
3. **Corporate structure.** It must be evaluated whether the vehicle chosen – subsidiary, branch, joint venture, consortium, joint venture, acquisition of an existing company or other applicable structure – is compatible with the role of the company, adequately limits equity exposure, allows obtaining licenses, contracting, operating, opening accounts, registering the investment, complying with tax and labor obligations, and reducing risks of unplanned permanent establishment.
4. **Asset protection.** The existence of APPRI, the protection of the investor's nationality, access to arbitration, and the existence of a real business purpose in any restructuring must be examined.
5. **International Compliance and OFAC.** It must be verified whether the parties, beneficial owners, banks, end users, and other participants have been reviewed; whether the transaction is permitted or covered by an applicable OFAC license or sanctioning authorization; whether the payment route can be processed by banks and correspondents; and whether the equipment, technology, services, or exports comply with applicable external controls.
6. **Financing.** It must be determined whether capital can be entered, collected, value transferred, and the impact of withholdings and tax costs can be supported.

7. **Contracts.** It should be reviewed whether the operating contract, CPPH, service contract or other applicable instrument clearly defines measurement, marketing, payments, liabilities, risks, economic-financial balance, dispute resolution and enforceable remedies.
8. **Operation.** It should be confirmed whether the equipment can be imported and used, whether infrastructure is in place, whether staff can be hired, and whether licenses, suppliers, and insurance are available.
9. **Sustainability.** It must be evaluated whether the project remains viable in the face of fiscal, regulatory or sanctioning changes, and whether it has mechanisms for continuity, adaptation and exit.

Final thoughts

The opening of the Venezuelan energy sector offers real opportunities, but the formal existence of a legal authorization does not in itself guarantee the viability of the project.

Effective investment will depend on whether the structure chosen, according to the role of the company, is legally valid, regulatorily authorized, fiscally coherent, financially bankable, compatible with sanctions, licenses and applicable external controls, operationally executable and sustainable over time.

Consequently, structuring should not begin with the isolated drafting of the main contract. It should begin with the activity, the sectoral regulation, the vehicle, the protection of the investment, the route of money, taxation, marketing and the actual operation.

The decisive question is not only what the law allows, but what can be executed, financed and sustained in practice within the Venezuelan legal framework and the international financial system.

In complex energy markets, the competitiveness of a jurisdiction does not depend exclusively on the breadth of the rights recognized by law. It also depends on the ability to structure projects that can be executed without significant regulatory frictions, access financing, commercialize their production, adequately manage risks and adapt to regulatory, fiscal or sanctioning changes throughout their useful life. The true measure of the success of an investment is not only its initial legal viability, but its ability to remain operational, bankable and sustainable over time.



OUR ENERGY & NATURAL RESOURCES TEAM

At LEGA we bring together a multidisciplinary team that accompanies investors, operators and service companies at every stage of their energy projects in Venezuela, integrating the corporate, regulatory, tax, labor and compliance areas.



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