



Investment opportunities

# HYDROCARBON EXPLORATION IN URUGUAY

Trade intelligence

Onshore and offshore exploration activities make progress in Uruguay with the participation of important foreign companies.

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**Uruguay XXI**  
INVESTMENT AND EXPORT  
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## 1. Executive Summary

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Uruguay is not an oil producing country and has not yet any proven reserves, but onshore and offshore exploration activities in recent years have positioned it on the world oil map. These activities have led to significant advances in terms of knowledge of the subsoil of the territory and the Uruguayan continental shelf.

From mid-March until late June 2016 the drilling of an exploration well is taking place on the Uruguayan continental shelf, with a worldwide record water surface depth (approximately 3,400 meters). This represents a new milestone that consolidates the progress made and contributes to the reduction of the discovery risk, which is necessary to prove or rule out the presence of commercially exploitable accumulations of hydrocarbons in the area.

Within the **Energy Policy Strategic Guidelines**, agreed by all political parties for the 2008–2030 period, the need to reduce dependence on external energy sources has been raised.

In this context, the regulatory and institutional framework to advance in the prospecting and exploration of hydrocarbons has been strengthened. In 2007 a process for the preparation of bidding rounds began, with the initial objective of attracting leading oil companies who would be willing to invest in the exploration of our country's continental shelf. ANCAP assumed the responsibility, by the execution of a piece of work that provided excellent knowledge and international dissemination of existing information regarding the Uruguayan subsoil.

Exploration and exploitation contracts are currently being executed, both onshore and offshore, under production sharing agreements, a model by which contractors undertake the exploratory risk in exchange for a portion of the production in the event commercial discoveries are made.

For onshore production a continuous open system has been established, in which qualified oil companies can submit bids that are assessed on a quarterly basis.

For offshore exploration a competitive process system (Rounds) has been established in which blocks are offered for exploration and exploitation and companies compete according to their exploratory programs offered, the sharing of tendered profit oil and ANCAP's partnership percentage in the event of a commercial discovery. **At present, Uruguay Round 3 launch is being prepared.**

Leading international oil companies (**Total, ExxonMobil, Statoil, Shell, BP, BG, Tullow Oil, Inpex, Petrobras, YPF and Galp among others**) have participated in these activities together with geological and geophysical service companies who have enabled remarkable progress in achieving a better understanding of the Uruguayan soil.

Activities carried out so far have helped to improve the capacities of national technicians and have promoted liaison with international experts in the industry. The new exploratory stages must be coupled with highly skilled human resources, the implementation of a regulatory framework ensuring the proper development of the activity, advancements in technology and improvements in logistics capabilities and infrastructure in the country.

As mentioned above, the drilling of the first offshore exploratory well of this new stage began in March 2016. Run by Total, with the participation of ExxonMobil and Statoil in the contractor consortium for the block, the deep water well in Uruguayan waters sets a new world record by water column depth (3,400 meters) and approximately 2,700 additional meters will be drilled under the seabed. This is a major challenge for the companies involved and beyond the final outcome (as to the existence or not of hydrocarbons), the smooth completion of this process without inconveniences is a success in itself. The conclusions to be obtained from the reconstruction of global geological model, based on the information the exploratory well should provide, will be available in the first semester of 2017.

With a longer-term perspective, the President of the Republic, Dr. Tabaré Vázquez, began discussions between the main political actors in the country to begin to draw up the agenda to address the new challenges. We are seeking to develop a new institutional framework that includes the opportunities and the challenges that will arise in the event of finding commercially exploitable hydrocarbon reserves.

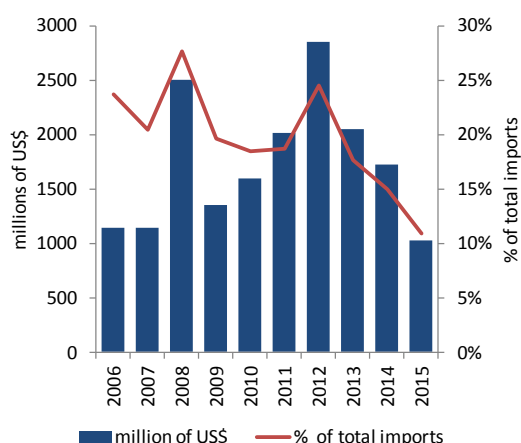
## 2. Hydrocarbons in Uruguay

Uruguay is not an oil-producing country and has not proven hydrocarbon reserves yet.<sup>1</sup>

The State company, ANCAP (National Administration of Fuels, Alcohol and Portland Cement), has the monopoly on production, export and import of oil and oil by-products. At the same time, it is responsible, itself or through third parties, for hydrocarbon exploration and exploitation activities in the country. Sections 3 and 4 herein describe the regulatory and institutional framework under which these activities are governed.

In Uruguay hydrocarbons are the main source of energy supply.<sup>2</sup> Although, in the context of a major restructuring of the energy matrix, the share of renewable sources will substantially increase in the next few years, the dependence on hydrocarbons will still remain important. In the last decade, strong economic growth has fueled an increase in energy demand, including a significant boost in the demand for hydrocarbons.

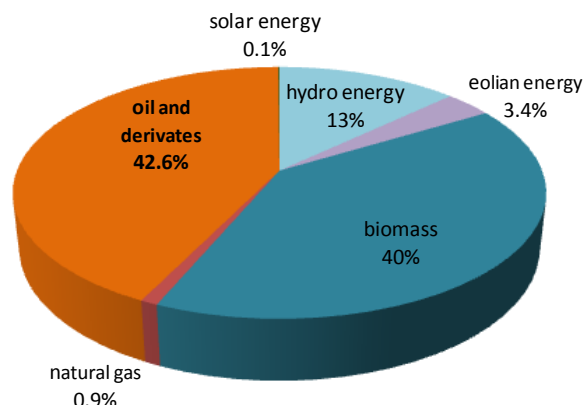
**Chart No. 2 - Uruguay Imports of hydrocarbons and derivatives.**



Source: Central Bank of Uruguay.

for export.

**Chart No. 1 - Energy sources in Uruguay, 2015.\***



Source: Preliminary 2015 Energy Balance – National Board of Energy; Ministry of Industry, Energy and Mining.

\*In 2016 the incorporation of eolian and solar energy generation capacity continued, therefore, the percentage of renewable energies will increase in coming years.

In the absence of own reserves, both oil and natural gas are imported and account for a significant share of the imports of goods (oil by-products are produced in ANCAP's La Teja refinery from imported crude oil; in cases in which demand exceeds the refinery's capacity these derivatives are imported).

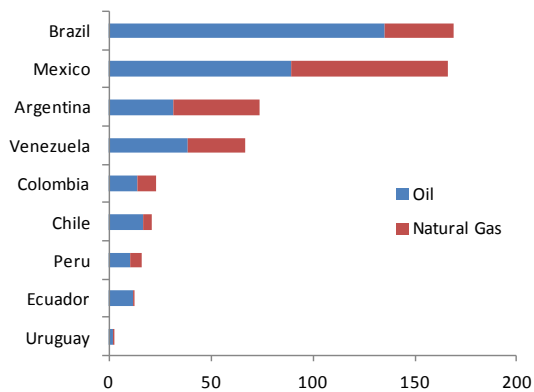
Although in the past three years the share of imported oil has decreased in the total volume of imports (partly due to lower international oil prices), it still represents a substantial proportion.

Given the size of its economy, Uruguay's share of hydrocarbon consumption is insignificant when compared with other countries in the region (Chart No. 3). Thus, if a significant discovery of exploitable reserves is made, it would be mainly

<sup>1</sup> Hydrocarbons refer to petrol, natural gas and liquefied gas.

<sup>2</sup> Source: National Energy Balance, National Board of Energy, MIEM.

**Chart No. 3 - Hydrocarbon consumption in the region  
(Millions of toe, 2015).**



Source: Statistical Review of World Energy 2013, BP.

In the framework of the **Strategic Energy Policy Guidelines**, proposed by the executive Branch in 2007 and approved by a Multi-Party Committee in 2010, the need to diversify energy sources and reduce the dependence on foreign sources emerged. In terms of energy supply, the vertical integration of ANCAP is sought, through the search for oil and gas in Uruguay and evaluating the possibility of joint oil exploration in other countries.

ANCAP has participated in many hydrocarbon prospecting and exploration undertakings, dating back to the late 1940s. Although, so far no hydrocarbon reserves have been found (onshore or offshore) significant

advancements have been made in understanding the subsoil and its potential. These studies provide a basis for the resumption of prospecting and exploration activities in 2007.

In section 5 the characteristics of recently conducted exploration activities are analyzed, both onshore and offshore, and the opportunities that will arise in the short term are identified.

### 3. Regulatory Framework

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Decree-Law No. **14,181** (Hydrocarbons Law) and its regulatory decree 366/974 establish provisions for exploration and exploitation activities. The abovementioned regulations set forth that all hydrocarbon deposits and accompanying substances located within the country belong to Uruguay and can only be explored and exploited by the State. **Exploration** includes studies, research, recognition of surface, prospecting and any other activities related to the search for these substances.

It also states that ANCAP is the competent body to carry out all activities, businesses and operations of the hydrocarbon industry. In this regard, ANCAP may execute any of the oil operating stages, by itself or through third parties, whether domestic or foreign.

Furthermore, the **Mining Code** (approved by Decree-Law 15,242) and regulatory decrees (110/982 and 545/989) classify hydrocarbons within a specific type of field, **field type 1**, comprising: a) fossil fuels including oil, natural gas, coal, lignite, peat, pirobituminous rocks and oil sands; b) other deposits of mineral substances or elements suitable for industrial generation of energy.

The law provides specific regulations for this type of reservoirs. It states that associated mining activity (Prospection, Exploration and Exploitation) will be conducted by ANCAP, on its own account or through third parties, whether domestic or foreign.

Mineral substances of field Type 1, when separated or removed from the field, are incorporated into the domain of the State, except for the volumes needed to repay the production cost or reward the contractor.

Contracts may take any form, including those in which contractors bear the risk. The contractual terms and conditions should be authorized by the Executive Branch, who should also approve the contract to be signed. Contractors are selected by means of an invitation to tender or a public tender, with the possibility of omitting these procedures and contracting directly with authorization from the Executive Branch.

Contractor reward may be in kind, under the condition that the State agency will be entitled to purchase from the contractor the volumes that are to be allocated to the domestic market.

#### Continuously open system – Onshore Exploration

**Decree 454/006** establishes the submission of tenders regime for the awarding of prospecting, exploration and exploitation of hydrocarbons. At present, this regulation applies to onshore exploration, since specific regulations have been enacted for offshore exploration .

This decree sets forth a continuously open system, in which qualified oil companies can submit bids that are assessed on a quarterly basis. Production Sharing Agreements are specified, under which the contractor carries out the investment and is rewarded with a share of the eventual production.

The maximum duration term of the contracts is 30 years, with the possibility to be extended for 10 more years. Prospecting shall take place for a period of 2 years, while for exploration-exploitation agreements, sub-periods of 3, 2 and 2 years are established in the exploration stage with incremental commitments of exploratory efforts.

ANCAP may partner with the contractor for up to 50% in the exploration stage.

## Bidding round system – Offshore exploration

A system of competitive rounds has been chosen for Offshore activities.

**Decree 577/008** established the basis for the oil company selection process for the exploration and exploitation of hydrocarbons offshore in the Republic of Uruguay in Uruguay Round 2009.

Subsequently, **Decree 316/011** set the guidelines for Uruguay Round II.

Interested oil companies had to provide legal, financial and technical documentation to qualify as an operator in all areas, shallow water operator or non participating operator.

The contract term is for 30 years which may be extended up to 10 more years. In the Exploration stage, sub-periods of 3, 3 and 2 years are established varying according to its exploratory commitment. The Exploration stage has a maximum term of 25 years and the annually approved work programs must be executed.

Companies compete for offered areas in accordance with the proposed:

- » Committed exploratory program (wells, 3D seismic, 3D electromagnetism, etc.)
- » Profit Oil distribution
- » Degree of partnership with ANCAP (between 20 and 40%)

By resolution of the Ministry of Industry, Energy and Mining (MIEM) -on April 23, 2014- a new bidding round, Uruguay Round 3, was approved. In addition, a committee, composed by representatives of MIEM and ANCAP, was created to analyze the basis for the selection of the oil companies and the guidelines of contracts to be held.<sup>3</sup>

## Environmental Protection

In terms of environmental conservation and protection, the environmental authority, the National Environment Bureau (DINAMA) formulates, implements, monitors and evaluates national plans for environmental protection. In addition, it proposes and implements national policy in this area, combining these needs with environmental protection and sustainable development, through the Ministry of Environment (MVOTMA), coordinating exclusively integrated environmental management of the State and public bodies in general.

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<sup>3</sup> [MIEM resolution on 04-23-2014.](#)

In May 2013, the **Interministerial Commission for Technical Assessment** was created with the aim of gaining deeper knowledge in terms of conventional and non-conventional prospecting, exploration and exploitation technologies. This commission is responsible for studying and evaluating said technologies incorporating the monitoring of international experience, considering its social, economic and environmental effects and elaborating proposals that direct informed decisions and minimize potential risks. It is composed by representatives of MIEM, MVOTMA and ANCAP and operates under the Ministry of Industry, Energy and Mining.<sup>4</sup>

In April 2014, the commission's work plan was approved<sup>5</sup>. By 2016, the plan envisages to focus on the onshore situation of hydrocarbons in order to fully understand the onshore exploration alternatives, given that in previous years progress was made in offshore prospecting and exploration<sup>6</sup>. *In this regard, in March 2016 a seminar was held on this subject in the context of this commission.*

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<sup>4</sup> [Decree 148/13](#)

<sup>5</sup> [Resolution 221/014](#).

<sup>6</sup> [Work Plan of the Inter-ministerial Committee on Technical Assessment](#)

## 4. Institutional framework

The Executive Branch is responsible for everything related to the design, programming, regulation and control of the implementation of the energy policy. In particular, it is in charge of the definition of technical and contractual conditions for the different tenders for exploration and production of hydrocarbons.

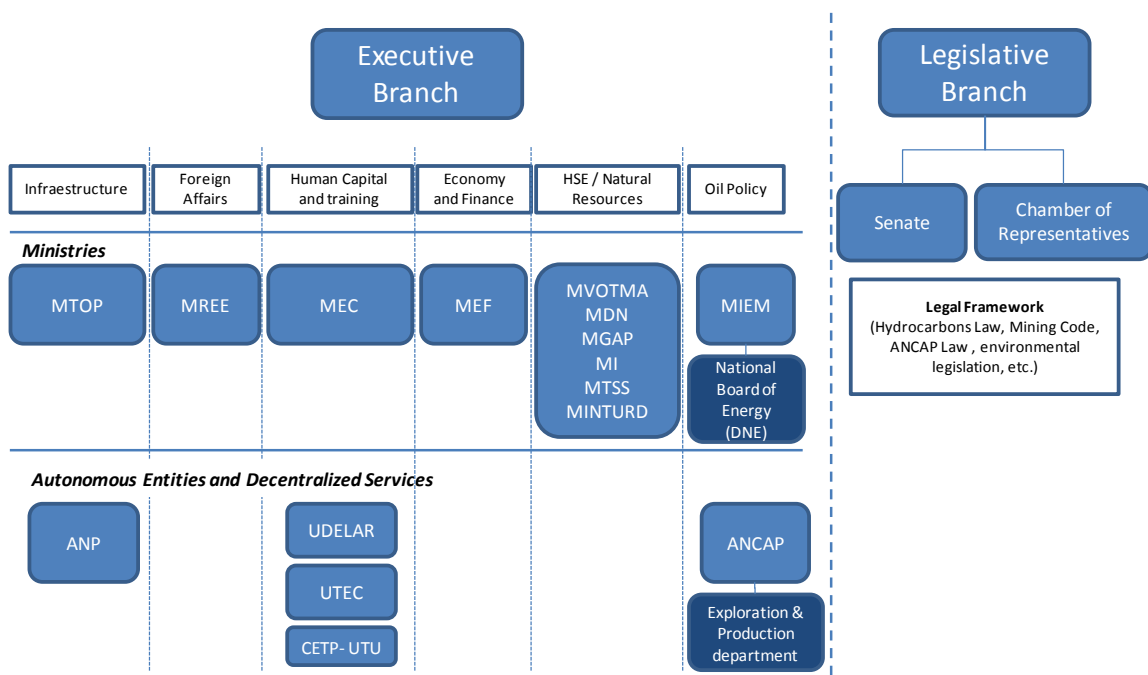


The National Board of Energy (DNE), of the Ministry of Energy and Mining (MIEM) is the agency responsible for designing, conducting, coordinating and evaluating the energy policy. In this framework DNE has been working in a project to strengthen national capacities and diagnostic of the country's needs<sup>7</sup>. Additionally, it has the role of advising the Executive Branch on the opportunities of conducting the bidding rounds, the characteristics of the exploratory blocks and the contractual conditions to be offered. [www.dne.gub.uy](http://www.dne.gub.uy)



The National Industries Bureau (DNI), within the MIEM, is responsible for the proposal of industrial development policies, in the framework of macroeconomic policies defined by the Executive Branch, adapted to the reconversion and improvement of industry competitiveness. In this regard, it is a key agency for the development of a productive chain around the oil industry. [www.dni.gub.uy](http://www.dni.gub.uy)

**Figure No. 1 - Participating public institutions – Hydrocarbon Sector.**



ANCAP is an independent agency created by Law in 1931 (Ley No. 8,765) and is the competent entity in the execution of all activities related to the hydrocarbon industry, as it's established by the legal framework. It is the State-owned company that has the monopoly on production, export and import of oil and oil by-products. [www.ancap.com.uy](http://www.ancap.com.uy)

<sup>7</sup> To address the development of the hydrocarbon sector, the DNE is working on a cooperative project with the World Bank under which information dissemination seminars were organized in November 2014 and March 2016.

Within ANCAP, the Exploration and Production department (E&P) is responsible for the technical support in the area, the implementation of bidding rounds and monitoring service contracts. This department is responsible, among other functions, of: technical audits, proposing exploratory areas, administration and supervision of royalties, obtaining geological information, data and information reference center, technical advice in Geosciences and Engineering in E&P to other areas of ANCAP and public institutions and promotion activities. [www.rondauruguay.gub.uy](http://www.rondauruguay.gub.uy)



Moreover, the National Environment Bureau (DINAMA), under the Ministry of Housing, Land Planning and Environment (MVOTMA), is responsible for granting Prior Environmental Authorization for exploration activities and Environmental Authorization for Operation for an eventual exploitation stage. [www.dinama.gub.uy](http://www.dinama.gub.uy)



The National Aquatic Resources Bureau (DINARA), under the Ministry of Livestock, Agriculture and Fisheries of Uruguay (MGAP), is the state agency responsible for regulating and controlling fishing and aquaculture activities in Uruguay. Insofar as offshore activities may affect fish resources, DINARA becomes a relevant player. [www.dinara.gub.uy](http://www.dinara.gub.uy)



The National Port Authority (ANP) is an autonomous body, related to the Executive Branch through the Ministry of Transport and Public Works. It is responsible for the administration, conservation and development of the country's major ports. It is a very important player given that all logistic activities related to offshore exploration must be coordinated from ports under its administration. [www.anp.com.uy](http://www.anp.com.uy)



Activities to be conducted on the offshore platform are under the jurisdiction of the Navy and its National Coast Guard division. In addition, through its Oceanography, Hydrography and Meteorology Service it provides assistance and ensures safety to vessels performing work in Uruguayan waters. [www.armada.mil.uy](http://www.armada.mil.uy)



The Customs Authority, under the Ministry of Economy and Finance, in its control role of trade operations, plays an important part in the entry of inputs for the exploration and production of hydrocarbons. [www.aduanas.gub.uy](http://www.aduanas.gub.uy)



Furthermore, the Regional Association of Oil and Gas and Biofuels Sector Companies in Latin America and the Caribbean (ARPEL), based in Montevideo, can play an important role in the coordination between the public and private sector. [www.arpel.org](http://www.arpel.org)

In the private sector another active participant is the Hydrocarbon Exploration and Production Companies Association (ACEPH) created by several companies involved in the onshore exploration. (BP, BG Group, Tullow Oil and Total).

## 5. Exploration opportunities

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In 2005, a new stage began in hydrocarbon prospecting and exploration in Uruguay. Advancements have been made in geological survey enabling improvements in the search of oil and gas, both onshore as well as offshore. **Actions undertaken have situated Uruguay on the map of major international oil companies as a location with promising prospects for the commercial exploitation of new oil fields.**

### Onshore exploration

Onshore exploratory activities are conducted in the contractual framework defined by Decree 454/006. Currently, ANCAP has signed 3 agreements on Exploration–Exploitation for the search of hydrocarbons in the onshore area of Uruguay<sup>8</sup>.

In February 2012, ANCAP and the U.S. company Shuepbach Energy LLC signed 2 agreements on Exploration–Exploitation on 2 onshore areas of the country. One of the agreements is in an area of 9,890 km<sup>2</sup> on which work had been previously conducted since 2009 in the framework of a prospection agreement; and the other in an area of 4,000 km<sup>2</sup>. These new contracts represent a significant step forward in the onshore exploration of hydrocarbons in Uruguay.

As detailed on the map, the exploration-exploitation agreement area located in the North–Central region of the country, comprises the departments of Durazno, Tacuarembó and Salto; while the Western region includes the departments of Salto and Paysandú. The exploration program agreed between the parties included the completion of 600 km of 2D seismic (conducted in 2014) and a drilling survey. In response, Schuepbach Energy International formally informed ANCAP about its decision to continue on to the next exploration stage, with the commitment to undertake the drilling of two exploration wells in each of the two blocks. These wells are intended to confirm the existence of hydrocarbons.

Petrel Energy Limited, a company which holds 51% of Schuepbach Energy International (SEI), certified in early 2015 the prospective resource areas of Salto and Piedra Sola in the departments of Paysandú and Tacuarembó. According to the company, it is estimated that the prospective resources amount to 5,637 million barrels of oil underground (that is to say, the discovery and development risk should be added to these estimates<sup>9</sup>). With a standard recovery factor of 30%, the estimate of recoverable resources in barrels without risk would total 1,769 million. However, it is worth mentioning that this is not a discovery, but an estimate of prospective resources. Schuepbach Energy Uruguay hired Netherland, Sewell & Associates, a firm specializing in seismic data analysis and interpretation services, to conduct the certification.

In October 2013, ANCAP and Total signed a 30-year agreement for onshore hydrocarbon exploration and exploitation works in blocks B1 and B2, located in Artigas and Salto. The operator carried out the agreed exploration program during the first stage of exploration and not being able to find the required prospectivity, it formally informed ANCAP about its decision to relinquish the blocks to the state-owned company.

In 2013, a prospection agreement was also signed with the company Petrina S.A., which was completed by 2014. In addition, YPF also completed another prospection contract it has signed with ANCAP in March

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<sup>8</sup>Source: <http://www.rondauruguay.gub.uy>

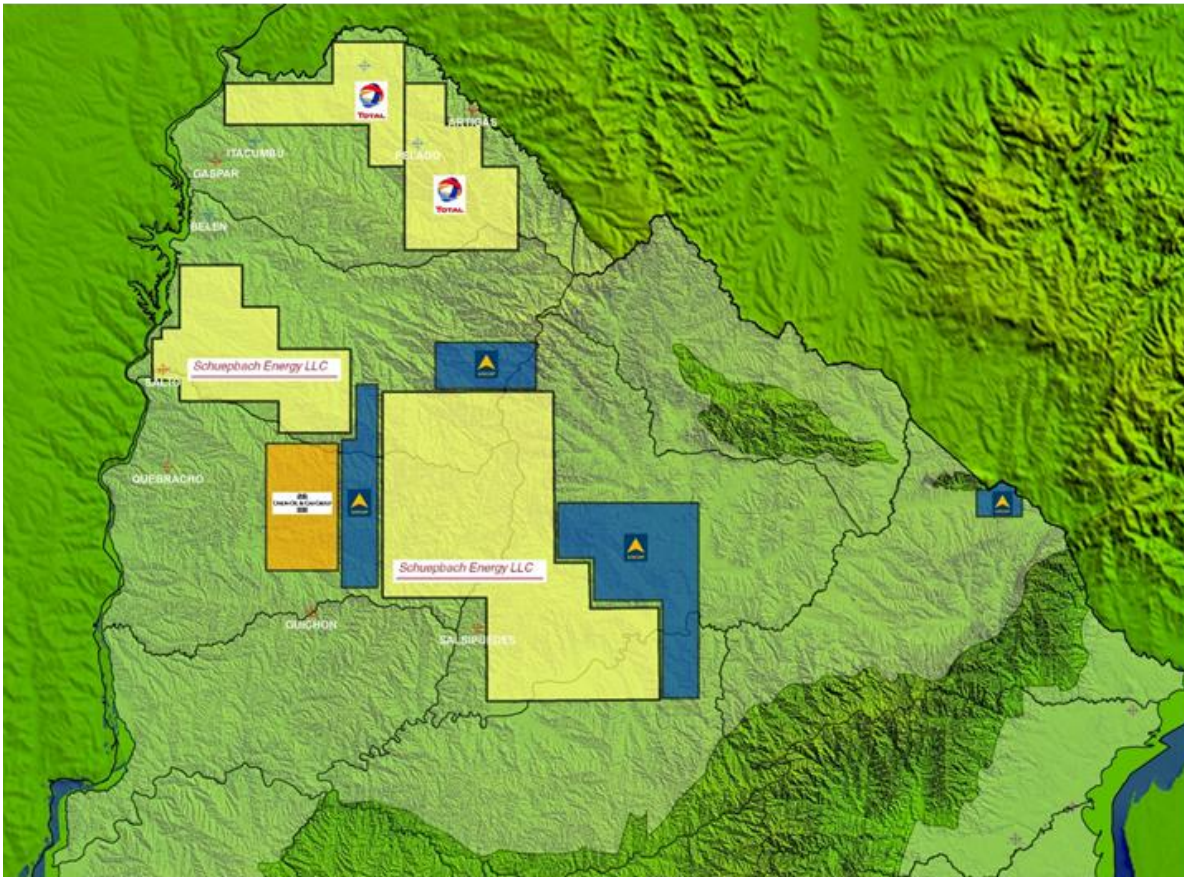
<sup>9</sup>[www.presidencia.gub.uy](http://www.presidencia.gub.uy)

2012. Geochemical, petrographic and petrophysical studies were conducted; 2D seismic reprocessing; reinterpretation of electric logs and geochemical prospecting.

Furthermore, in April 2016, ANCAP signed with the Uruguayan company Union Oil and Gas Group (UOGG), a prospection contract for an area of 1,750 km<sup>2</sup> in the department of Paysandú.

Finally, ANCAP is also undertaking its own prospecting activities in various pilot blocks. These are: Pepe Núñez Block, Cuchilla del Queguay Block, Clara Block, Cañada de los Burros Block.

**Figure 2. Areas with existing onshore prospecting or exploration contracts– Onshore 2016.**



Source: ANCAP

## Offshore Exploration<sup>10</sup>

Offshore, in Uruguay, is the Punta del Este Basin, the southernmost portion of the Pelotas Basin and the Eastern River Plate Basin. Uruguay's territorial waters cover a surface area of 200 miles, but in negotiations held with the United Nations (UN) plans to extend it to 350 miles have been considered. This proposal is being examined by the Commission on the Limits of the Continental Shelf of the United Nations. In April 2015, new data based on research was provided to the designated technical sub-commission. The latter approved the draft recommendations, which were submitted to the Commission by the end of 2015. In February 2016, the agreement reached between the Uruguayan delegation and the sub-commission was submitted to the Commission on the Limits of the Continental Shelf of the United Nations, and it is expected to issue its recommendation by the second half of 2016.

Uruguay's offshore database consisted of 2D seismic information owned by ANCAP from the 70s and 80s and information on the only 2 offshore wells, dating from 1976. Data acquired under multiclient agreements in 2002 with CGG was the only recent information available.

After nearly 30 years of very limited exploration activity in Uruguay, an effort was made to reach a comprehensive understanding of all the Uruguayan's offshore basins. ANCAP hired the services of Wavefield-Inseis ASA who conducted a regional 2D seismic survey of 7,000 Km (2007), which was complemented with a 2D seismic survey at semi detailed scale of 2,800 km (2008), in the Punta del Este Basin. This new seismic data, fulfilled with the objective of "removing the veil" of geological and geophysical uncertainty and lack of information of one of the sedimentary provinces of frontier exploration with the greatest potential in the southwestern Atlantic.

### Ronda Uruguay 1 (2009)

Based on this new seismic data and on the interest aroused in the industry **Uruguay Round 2009** was organized. It consisted in a call to stakeholders for the award of Hydrocarbon Exploration and Exploitation agreements in areas of the Uruguayan continental shelf.

It was launched 1 December 2008 in Montevideo. The bid opening was held on 1 July 2009 and only previously qualified companies could submit a bid. According to their technical, economic and legal background, six oil companies qualified, 3 of which finally placed bids.

Of the 11 tendered blocks, 2 were awarded to a consortium formed by Argentine company YPF, Brazilian company PETROBRAS and Portuguese company GALP. Subsequently, the Anglo-Dutch company Shell bought out PETROBRAS interest in these blocks.

The stipulated exploratory period in the agreement is 8 years, divided in 3 sub-periods with incremental exploration commitments. Work programs proposed by operators include:

- » loading, quality control and reprocessing of 2D seismic data acquired from CGGVeritas
- » AVO processing application
- » 2D simultaneous inversion process application
- » depth migration
- » geological and geophysical interpretation
- » plays, leads and prospects identification

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<sup>10</sup>Fuente: <http://www.rondauruguay.gub.uy/>

- » drawing up of a 3D model of the entire basin with the horizons in depth as well as with all the data available to define facies maps and bedrock.
- » Evaluation of prospects and leads analyzing geological risks as well as the potential resource volume.

Moreover, surpassing the exploration program undertaken by contract, the consortium carried out approximately 2000 km<sup>2</sup> of 3D seismic data acquisition in order to obtain further information on the prospects and define the location of the potential wells.

However, both blocks were relinquished which meant that they were made available to be part of Ronda Uruguay 3. The investment made by the consortium in both blocks amounted to over 40 million dollars.

The objectives for Uruguay Round 2009 have been fulfilled and it was considered a success at government and international level, as expressed by consulting firms and foreign media specializing in the exploration and production of hydrocarbons. Despite international difficulties for investment in new hydrocarbon exploration areas, 3 important players of the Atlantic Basin placed bids on 2 blocks in the Punta de Este Basin. It was considered a milestone as it implies reactivating exploration after over 35 years of inactivity.

### Ronda Uruguay 2 (2011)

After the success of Ronda Uruguay 2009 a new international call for tenders was made. The available information was complemented with 2D seismic data for 6,300 Km, exclusive property of ANCAP, surveyed in April and May 2011 by the company Reflect Geophysical.

For Uruguay Round II, launched in September 2011, 15 blocks of the continental shelf were offered. According to pre-established standards, 11 international oil companies qualified to submit bids. Finally, 19 bids were placed by 9 of these companies. In total, 8 blocks received bids with competition in 5 of these.

Finally, eight blocks were awarded, three to BP, three to BG, one to the French company Total and one to the Irish company Tullow Oil. The latter then formed a consortium with Inpex (Japan). Later, the US company ExxonMobil and the Norwegian company Statoil partnered with Total in its block, remaining Total as its operator.

In October 2012, ANCAP signed the exploration and exploitation contracts with the awarded companies (see the general characteristics of the contracts in section 3).

**Companies agreed to an exploratory program between 2013 and 2015 for an approximate amount of US\$ 1,562 million.** Among the activities involved are:

- » deepwater exploratory well.
- » 33,240 Km<sup>2</sup> of 3D seismic (one third of the entire offshore continental shelf).
- » 3,000 Km of 2D seismic.
- » 13,080 Km<sup>2</sup> of electromagnetism.
- » 130 samples of seabed.
- » Additional geological studies.
- » Seismic processing (AVO, depth migration and trace inversion).

Thus, in relative terms (US\$ compromised per block offered), Uruguay Round II cannot be internationally compared because it is unprecedented. Uruguay Round II was a success, both in terms of exploration commitment as well as the level of companies involved. This is the perception not only of the authorities involved in the process, but also the international players in the sector.

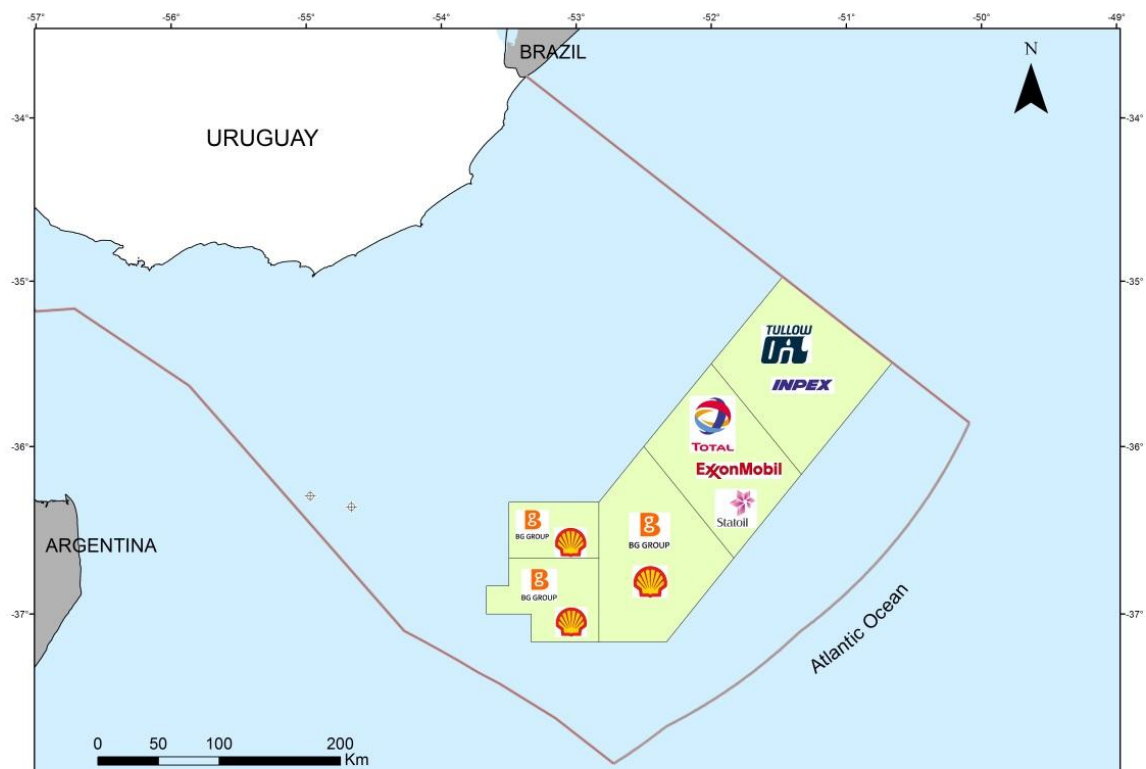
Despite the drop in international oil prices exploration, companies expressed their interest in continuing their activities, although with some modifications to the deadlines.

The Hydrocarbon Exploration and Production Companies Association (ACEPH) in Uruguay filed a request for extension of the basic sub-term of the contracts signed after Ronda Uruguay II. Said request was approved by the Ministry of Industry, Energy and Mining on October 2, 2015, and the term was extended for an additional year and a half<sup>11</sup>. For the full term of the 30-year contract to be maintained, then the subsequent operation term of the contracts shall be reduced. The exploration programs that said companies have run until 2015 represented a total investment of over 450 million dollars (not including the Raya-1 drilling to be done in 2016, with a budget of approximately 170 million dollars).

The decision to extend the term shall improve the quality of the selection of prospects, as well as reduce the geological risks, since contractors have shown interest in acquiring a greater volume of information, analyzing it and performing further exploratory work.

In December 2014, ANCAP presented the “Manual of Exploratory Operations Offshore Uruguay” with the objective of providing guidelines, recommendations and requirements imposed by ANCAP for the design and implementation of the exploration operations to be conducted offshore in the country, so that they are safe, environmentally sustainable and in line with international practices<sup>12</sup>. This document serves as reference material for ANCAP, Contractors, Operators, subcontractors and service companies operating offshore, as well as for institutions and government agencies related to the industry.

**Picture No. 3 - Areas with offshore exploration contracts in force.**



<sup>11</sup> Board Resolution No. 800/7/2015 - MIEM.

<sup>12</sup> [“Guide for Offshore Exploration Operations in Uruguay”](#), approved by Board resolution No.1731/12/14 - MIEM

In conformity with the contract provisions, the oil company BP decided not to proceed with the next stage. In October 2015 the multinational company returned to ANCAP the three blocks it had been awarded and stated that they will consider future opportunities in the country, if and when they arise. The relinquished blocks will probably be included in Ronda Uruguay 3.

### Offshore exploration well

Within the blocks awarded in Ronda II, the contract for block 14 with the company TOTAL includes the drilling of a first exploration well. After gathering information, the French oil company confirmed its step forward into this new stage and is now seeking partners with whom to share the risks of the project. In November 2015, TOTAL sold 35% of its shares in block 14 to ExxonMobil and in February 2016 another 15% to Statoil. Thereby, the French company, with a 50% interest continues to be the operator in the block acquired in Ronda Uruguay II in 2012 and will carry out the drilling of the exploration well sharing the risk with the other two companies. Both ExxonMobil and Statoil are top-tier companies, with vast experience in exploration operations with similar characteristics.

These partnerships are promoted by ANCAP through its *Farm-ins* policy, instrument which is internationally applied to diversify risks and incorporate new technologies, capital and experience. ExxonMobil and Statoil have been able to participate in this project since they meet the financial and economic, legal as well as technical requirements set forth by ANCAP therefor.



The well is already underway, it is something totally new in Uruguay's exploration history, given that the last offshore drilling activities took place over 40 years ago.

It also sets a world record in terms of depth (3,400 meters of water depth and 2,400 additional meters under the seabed), which is also a huge challenge for the companies involved.

Drilling takes 111 days of work in total and involves an investment of approximately USD 170 million. It was performed by a state of the art vessel specializing in deep water drilling, the MAERSK VENTURER, which was hired by Total.

Because of its size and length, the vessel remains constantly in the high seas and is supplied from the port of Montevideo by two ships, plus a third ship which will permanently remain alongside the Maersk Venturer. The logistics of the procedure is very complex and arrangements in terms of logistics took over a year of work. The National Port Administration



(ANP) gave ANCAP an area of 1,900 m<sup>2</sup> in the port of Montevideo for Total to store materials pertaining to drilling. In addition, Total has hired a hangar at the Carrasco airport where two helicopters for crew changes and for use in search and rescue cases are kept.

The conclusions to be obtained from the reconstruction of global geological model, based on the information the exploratory well should provide, will be available in the first semester of 2017.

### Ronda Uruguay 3

Given the success of the previous rounds (Rounds), Uruguay decided to organize a new one which **will be launched soon**. This way, the awarding system through rounds will become consolidated, information on the Uruguayan seabed will continue to be generated and advantage of the multi-client agreement mechanism will be taken.

The characteristics of the Ronda 3 such as date, size and number of blocks, contract details to be offered, etc. are currently under revision.

### Multiclient contracts

The recent development of prospecting and exploration, both onshore and offshore provides the opportunity for many partnered service companies to participate in these activities.

Whether through agreements signed with ANCAP or oil companies which have been awarded exploration blocks, various international companies develop different studies (seismic, electromagnetism, other geological studies) that they afterward offer to different players.

The multi-client modality of many of these contracts expands the available information, without incurring costs by ANCAP. This type of contract has presented ANCAP with the opportunity to attain revenues of over 30 million dollars, corresponding to the distribution of profit for data selling and also for the service companies selling data on Uruguayan basins for more than 150 million dollars.

## 6. Main companies in the sector

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In this new stage of hydrocarbon exploration, major international oil companies engage in different activities in the sector. The most relevant are listed hereunder.

### Oil companies



Uruguay's State company responsible for executing all activities in the hydrocarbon industry and sector regulating body. [www.ancap.com.uy](http://www.ancap.com.uy)



Shell, the Anglo-Dutch multinational company acquired in 2013 PETROBRAS share in the exploration of 2 blocks of the Uruguayan continental shelf (one of which was returned in 2014). Moreover, since it globally took over BG it participates in 3 other blocks [www.shell.com](http://www.shell.com)



This French power company is currently executing onshore and offshore exploration agreements, operating in one block of the Uruguayan continental shelf, awarded in the context of Uruguay Round II. [www.total.com](http://www.total.com)



BG GROUP

This British multinational company has been awarded other 3 exploration blocks of Uruguay Round II. [www.bg-group.com](http://www.bg-group.com)



The British company engaged in oil and natural gas exploration activities has been awarded block 1 in Uruguay Round II. [www.tulloil.com](http://www.tulloil.com)



The Japanese oil company acquired 30% of interest in the exploration block awarded to Tullow Oil. [www.inpex.co.jp](http://www.inpex.co.jp)



The exploration company based in Texas, United States, is currently executing 2 onshore exploration contracts in northern Uruguay. [www.schuepbachenergy.com](http://www.schuepbachenergy.com)



The US multinational ExxonMobil acquired 35% of Total's share in block 14 awarded in Ronda Uruguay II. Same as Statoil, it will share with Total the risks of the drilling of the first exploration well. [corporate.exxonmobil.com](http://corporate.exxonmobil.com)



The Australian oil company specializing in exploration, development and production has projects in Uruguay, this being its key asset through the participation of Scheupbach Energy International, of which owns 51%. [www.petrelenergy.com](http://www.petrelenergy.com)



Statoil, the Norwegian multinational purchased in February 2016 a 15% share in block 14 of the Ronda Uruguay II, and will share the risks of drilling the first exploratory well with Total and Exxon. Also acquired from Tullow a 35% of the adjacent area (block 15). [www.statoil.com](http://www.statoil.com)



The Uruguayan company Union Oil & Gas Group (UOGG) participates in onshore exploration activities after signing a contract with ANCAP in March 2016.

### Service companies



The geophysical service company associated to the oil industry with headquarters in France has conducted various 2D seismic studies acquired by ANCAP in 2002, 2007 and 2008 which served as a basis for Uruguay Round 2009. It is currently executing various multi-client agreements through affiliated companies. [www.cgg.com](http://www.cgg.com)



The Norwegian company Spectrum ASA, producer and seller of seismic data for the oil industry, also conducted surveys that were used as input for Uruguay Round. At present it is conducting 2D seismic survey in the multi-client mode. [www.spectrumasa.com](http://www.spectrumasa.com)



The Norwegian company Petroleum Geo-Services ASA is undertaking 3D seismic survey in a multi-client mode. [www.pgs.com](http://www.pgs.com)



The geophysical services company, with headquarters in United States is conducting 2D seismic survey in the Uruguayan continental shelf in a multi-client mode. [www.iongeo.com](http://www.iongeo.com)



CGG affiliate, it prepared a report on oil geology in Uruguay available in multi-client mode. [www.robertson-cgg.com](http://www.robertson-cgg.com)



The U.S. company Fluid Inclusion Technologies conducted a study on Stratigraphic Analysis of Fluid Inclusions in samples of the Uruguay's offshore wells performed by Chevron in 1976, in a multi-client agreement signed with ANCAP. (It was acquired in November 2015 by Schlumberger the multinational oil service provider). [www.fittulsa.com](http://www.fittulsa.com)



The Norwegian company ElectroMagneticGeoServices ASA will conduct a controlled source electromagnetic survey (CSEM) through a multi-client agreement. [www.emgs.com](http://www.emgs.com)



TGS, of Norwegian origin, will complete 2 multi-client mode agreements: one 2D offshore seismic survey and another for well log processing (onshore and offshore).

[www.tgs.com](http://www.tgs.com)



The U.S. company is negotiating with ANCAP the undertaking of 2D onshore seismic survey in the multi-client agreement modality. [www.geokinetics.com](http://www.geokinetics.com)



The marine exploration geophysics company based in Dubai conducted 3D seismic survey in the blocks awarded to the BG group. [www.polarcus.com](http://www.polarcus.com)



The company owned by the multinational provider of services related to oil and gas, Schlumberger Ltd., is conducting 3D seismic survey for Total and YPF. [www.slb.com](http://www.slb.com)



Leading maritime business group in port and logistics services in Uruguay rendering offshore specific services. [www.schandy.com](http://www.schandy.com)



Offers services related to Marine agency, vessels and engages in oil business. [www.proaoffshore.com](http://www.proaoffshore.com)



The company renders geological, geophysical, petrophysical and engineering services, with the capacity to provide them on oil and gas areas worldwide both onshore and offshore. [www.netherlandsewell.com](http://www.netherlandsewell.com)



Uruguayan shipping agency. Also operate as sea and river ship-owners, operators in port logistics, fuel distribution and investors in port infrastructure in specialized terminals. The company Total awarded them the logistics contract for the exploration well.



It is a global supplier of fluid drilling systems with added value, in addition to composite matting systems used in oil fields and other markets. It signed a contract with Total for the treatment of fluids associated with the exploration well. [www.newpark.com](http://www.newpark.com)



Montecon is the main operator of port public areas, both for containers and general cargo. From its facilities in the port of Montevideo the support vessels will leave to perform well drilling activities in block 14. [www.montecon.com.uy](http://www.montecon.com.uy)

## 7. Challenges for the sector

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The development of prospection and exploration activities creates growing challenges for Uruguay. To date 2D and 3D seismic survey, electromagnetism, seabed sample and seismic processing activities have been conducted. These activities required the training of local stakeholders which was made possible by the emergence of numerous international service companies associated to hydrocarbon exploration.

At the same time, other scientific activities are being developed to ensure that exploration is conducted while respecting the environment and without causing detrimental effects on marine fauna and flora. This allowed numerous national scientists to be trained and the generation of new data, especially in disciplines related to marine biology. An example thereof is the presence of Marine Fauna Observers in seismic surveys, who monitor and advise on mitigation measures upon the approach of these species.

As progress is made in the different stages of the agreements, the exploratory commitments become more demanding and the challenges are greater.

The exploratory well undertaken by Total, with the participation of ExxonMobil and Statoil, is a clear example of these growing challenges. This exploratory effort involves an estimated investment of US\$ 170 million, including great challenges in technology, infrastructure and logistics.

The inputs required to perform the well are not available in the national industry and have been imported. However, the drilling of a single well does not provide the sufficient scale for the development of the national industry associated with this activity. As progress is made in the exploration the opportunity that arises for the industry to develop in the provision of inputs for this activity should be seized.

**Challenges** in terms of **logistics** shall also be significant. The drilling of the well is expected to require the hiring of between 30 and 40 specialized oil service companies, among which there will be one or two of logistics services, on this occasion mostly foreign. As new wells are developed, national companies should seize the opportunities for logistics services.

Logistics services will create the need to have adequate port infrastructure. In the planning of the well to be performed, ANCAP considered all the available options and decided the port of Montevideo would suit as logistics base for the project. As has been previously mentioned, ANCAP has coordinated with ANP for the upgrading of the port of Montevideo so as to be able to carry out the planned activities.

Furthermore, the eventual discovery of commercially exploitable deposits would open the opportunity for the development of an **industrial chain** in the field of hydrocarbons<sup>13</sup>. It would also represent a major challenge in terms of management of new economic resources to be generated.

The responsible management of tax revenue and the macroeconomic effects they generate require the creation of institutions that do not currently exist. In order to create institutions that will prove to be solid and stable in the long run, the government will consult all relevant stakeholders. On February 2 and March 8, 2016, meetings were organized between the five presidents who held office in Uruguay in the past 30

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<sup>13</sup> In this regard, the establishment of a Sector Council for Hydrocarbons in the Production Office is projected, composed of academia, business people, workers and government, allowing for the design of a strategic plan for the development of this sector. Within the existing Sector Councils, the metallurgical and naval sectors bear great potential for insertion in a future oil industry. Visit [www.gp.gub.uy](http://www.gp.gub.uy)

years to discuss the issue and agree on an agenda to follow. Meetings will continue to be held with leaders of all political parties and various stakeholders of the private, public and academic sectors.

In this regard, July 12 political parties together with the Minister of Industry, Energy and Mining, met with the President of the Republic, where consensus was on the creation of an intergenerational fund in case marketable resources are found. They also agreed on the need of creating a state policy by consensus of all parties and a new institutional framework to implement this.

Furthermore, although the outreach and promotion activities together with the success of the Uruguay Rounds already place Uruguay on the map of the leading international stakeholders in the sector, efforts should be made to keep it within the portfolio of exploratory options with probability of success.

In the framework of Ronda Uruguay 3, Road Shows and Data Rooms have been held in the major oil and gas world capitals. The round has already been promoted in various international events and fairs. ANCAP experts attended NAPE Expo in Houston, APPEX in London, and AAPG annual in Houston and Barcelona.

In short, activities carried out so far as part of onshore and offshore exploration have contributed to position the country within this field. They will also propel national capacities into new stages of development, harnessing the relationship with international industry experts. As progress is made in these new exploratory stages, the training of human resources should continue.

Advancements in technological matters, improvement of logistics and infrastructure capabilities together with the development of a new institutional and regulatory framework are the challenges to be encountered by the country in the coming years.

## Annex I – Regulation to promote investment in Uruguay

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### General Investment Promotion Scheme (Law 16,906)

Foreign investors enjoy the same benefits as national investors and do not require prior authorization to operate in the country.

**Law 16, 906** of 7 January 1998 declares the promotion and protection of domestic and foreign investment of national interest. **Decree 002/012** updated the regulations of said law. By virtue of said decree and for any investment projects submitted and promoted by the Executive Branch, between 20% and 100% of the invested amount may be computed as part of the Corporate Income Tax (IRAE), depending on the type of project. The normal Corporate Income Tax rate is of 25%. Personal property included in fixed assets and civil works are also exempt from Wealth Tax. VAT included in the purchase of materials and services for civil works can be recovered.

Moreover, the import of personal property included in fixed assets which have been declared not competitive with national industry is exempt from import taxes or duties, as declared by said law.

### Promotion in specific investment in hydrocarbon exploration

**Decree 354/009** operates under the framework of Law No. 16,906, which promotes the exemption of income tax generated by the development and performance of a series of activities related to the generation of energy.

In particular, prospection and exploration activities for minerals classified as Type 1 by the Mining Code, Law No. 15,242 (see section 3) are exempt from Corporate Income Tax (IRAE), as follows:

- a) 75% of taxable income arising from financial years beginning between 1 July 2009 and 31 December 2013.
- b) 40% from financial years beginning between 1 January 2014 and 31 December 2018.

For offshore exploration, **Decree 68/013** establishes a specific regime for exploratory activities in the framework of Uruguay Round II. Activities are declared promoted and incurred costs and expenses shall be considered eligible investment for tax benefits contemplated by Law 16,906.

Furthermore, a series of additional benefits are set forth.

For awarded prospection or exploration contracts with ANCAP:

- » Tax credit for VAT included in the acquisition of goods and services intended to be part of the cost of the covered activities.
- » Exemption from Income Tax for Non Residents (IRNR) on interests on loans granted by foreign entities.
- » Exemption from customs duties on machinery, equipment, materials, tools, vehicles and inputs required for the development of the activities covered.

For subcontractors:

- » Exemption from IRAE and IRNR on income derived from covered activities.
- » Exemption from VAT on the sale of goods and the provision of services related to covered activities.

- » Tax credit for VAT included in the acquisition of goods and services intended to be part of the cost of the covered activities.
- » Exemption from Wealth Tax (IP) on goods and rights affected to the activities covered.
- » Exemption from customs duties on machinery, equipment, materials, tools, vehicles and inputs required for the development of the activities covered.

Nowadays there is no tax framework for the eventual hydrocarbon production activities. Since this activity has substantially different characteristics, both as regards long-term investment as amounts involved and revenue generated, the Government is working on outlining a scheme that considers all interests involved.

## Other special regimes

### Law on Free Zones

Free Zones in Uruguay are regulated by Law No. 15,921 of 17 December 1987. They can be operated on a private or state basis. Free Zones under private operation are administered, monitored and controlled through the General Trade Office - Free Zone Area, Ministry of Economy and Finances<sup>14</sup>. This office is the main point of contact for all the regulations, permits and controls regarding Free Zones in the country. As for state operated free zones, this is the area in charge of their management.

Free Zones can operate trade, industrial or service activities. Companies in Free Zones can provide services to other countries and, in some cases<sup>15</sup>, to Uruguay. Industrial activity may not only involve added value but also change in the nature of goods.

Companies which are allowed to develop their activities in free zones can be natural or legal persons under any type of corporate form, including bearer shares companies, which assure investors anonymity (free zone users). As for legal persons, there are no restrictions on their form but they need to have an exclusive purpose. There is no distinction between domestic or foreign investments and the latter are not required to meet any special process or requirement. Foreign companies are allowed to setup branches. Up to 25% of their staff can be foreign<sup>16</sup>.

Sales from the national customs territory to the Free Zone are deemed exports from the country and sales from the Free Zone to the national customs territory are deemed imports and, therefore, they are subject to the applicable customs and national duties. This is due to the Free Zone being considered a customs exclave.

Sales from a Free Zone to MERCOSUR (including Uruguay) are subject to the block's Common External Tariff (AEC) applicable to goods coming from other countries, except for some particular exceptions set forth in bilateral agreements executed within the framework of MERCOSUR with Argentina and Brazil. The application of AEC to this type of goods is governed by MERCOSUR Decision 08/94, whereby these goods "lose their source" from a tariff perspective. The Uruguayan government will renegotiate this restriction

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<sup>14</sup> [www.zfrancas.gub.uy](http://www.zfrancas.gub.uy)

<sup>15</sup> Call centers, e-learning activities, issuance of electronic signature certificates.

<sup>16</sup> Note: This percentage can be reasonably increased, with the prior authorization from the government. It is worth mentioning that there is a Bill which provides for a more flexible integration under analysis.

within MERCOSUR as from the introduction of free zones within the sphere of Customs control provided for by the new Customs Code.<sup>17</sup>

Goods can be indefinitely kept in the free zones and their destination can be changed at any time.

Benefits granted to companies set up in Free Zones include the following areas:

- ✓ Corporate Income Tax (IRAE), Wealth Tax (IP) and any other current or future domestic tax exemption. The State is the guarantor of this exemption.
- ✓ Dividends distributed among shareholders domiciled abroad are also tax-exempt in Uruguay.
- ✓ Foreign staff may be exempt from making social security contributions in Uruguay.
- ✓ Sales and purchases of goods and services to and from abroad are VAT exempt. Sales and provision of services within ZF are also VAT exempt.
- ✓ Non-resident entities are also IRAE exempt regarding activities developed with foreign goods declared in transit or kept within Free Zone, when they are not bound for the national customs territory. They are also IRAE exempt when sales bound for the national territory do not exceed 5% of the total disposals of goods in transit or kept within Free Zone.
- ✓ Goods traded by Free Zones with the rest of the world are exempt from customs duties.

#### Bill: Free Zones Regime update

Free Zones regulatory framework has been successful in attracting investments, creating jobs and diversifying exports since it was created 28 years ago. Anyway, the need to adapt it to national and international context was observed.

The Bill that updates Law No. 15,921 and which is currently under discussion in Parliament, is generally aimed at making two adjustments. On the one hand, it updates and distinguishes the outlined purposes and, on the other hand, it expands the regime in order to foster activities that promote countrywide development within a context of deep transformation at global and local levels.

To provide stability and continuity to the regime, which has been maintained for 7 government periods of 3 different political parties, it was decided to modify the existing law instead of derogate it and pass a new one. In turn, new objectives are incorporated, such as increasing the capacity of national workforce, increase national value added, promotion of high-tech and innovation activities, decentralization of economic activities and regional development. Conditions for current users will be kept in accordance with terms of the contracts (with the Free Zones regime), not applying the modifications of this project that could limit their benefits or rights.

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<sup>17</sup>According to the new customs code, Customs have controlling power within the free zones. The Law on the New Customs Code is expected to be enacted this year.

### Free Ports

The Free Port system was established by Law No. 16,246 on Ports of April 1992, as regulated by Regulatory Decree No. 412/992, both for the Port of Montevideo and other ports with capacity to receive overseas vessels (Nueva Palmira, Colonia, Fray Bentos and Paysandu).

Among other things, the law provides for the free movement of goods within the port customs facilities without requiring authorizations or formal processes, and for the free change of destination thereof during their stay at said facilities, free from taxes and duties applicable to imports.

Within port facilities the free movement of goods is exempt from domestic taxes and services rendered are VAT exempt. Moreover, it provides for the possibility to perform several operations with goods, such as “warehousing, repacking, rebranding, classification, batching and unbatching, consolidation and deconsolidation, handling and segmentation.” Foreign legal persons are Wealth Tax exempt for goods kept in warehouses and Corporate Income Tax exempt for income related to said goods. The new Uruguayan Customs Code, which has not been enacted yet, amends the currently “indefinite” term for the warehousing of goods to 5 years, which can be extended.

In turn, contrary to the Free Zones, the regulations applicable to Free Ports give the possibility to keep the certificate of origin - MERCOSUR, and use the duty preferences it grants. Moreover, it allows the issuance of derived certificates of origin.

### Public-Private Partnership Contracts

Public-Private Partnership (PPP) refers to all contracts in which a public administration office commissions a private company, for a given period, to carry out the design, construction, operation and financing of infrastructure. Law No. 18,786 of July 2011 sets the regulatory framework applicable to this scheme.<sup>18</sup>

Said contracts can be entered for the development of infrastructure in the following activity sectors:

- Road, rail, port and airport works
- Energy infrastructure works
- Waste disposal and treatment works
- Social infrastructure works, including prisons, medical centers, educational establishments, social housing, sports complexes and improvement works, urban supply and development.

Multiple projects under this scheme are at different stages of completion: prison, roads, railways and the construction of educational centers.

Therefore, Uruguay is gaining experience in these types of public-private contracting initiatives, which are relatively new in the country. Uruguayan legislation follows key international “best practice” guidelines, compliance with certain procedures, deadlines and clear definitions of the rights and obligations of each party are required.

For further information on PPP contracts in Uruguay:

<http://www.uruguayxxi.gub.uy/informacion/knowledge-base/participacion-publico-privada-ppp/>

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<sup>18</sup> Public-Private Partnership Report - Uruguay XXI

## Annex II –Environmental Regulations

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The existing national environmental regulations are the following:

### General regulation

- » National Constitution: (1967 and subsequent amendments: 1989, 1994, 1996 and 2004), Article 47.
- » Law No. 17,283/00 - General Law for Environmental Protection.
- » Law No. 16,466/94 - Law on Environmental Impact Assessment.
- » Law No. 17234/00 - National System of Protected Areas (SNAP).
- » Law No. 16408/93 - Convention on Biological Diversity.
- » Law No. 17849/004 - Law on Packaging.
- » Law No. 19012/012 - Contingency Plan.
- » Decree No. 349/005 - Environmental Impact and Environmental Authorization Regulations.
- » Decree No. 178/009, amending Decree No. 349/005.
- » Decree No. 416/013, amending Decree No. 349/005.
- » Decree Law No. 14,859/78 and subsequent amendments (Law No. 15,903/87) – Water Code.
- » Decree No. 253/79 and amendments (Decree No. 446/80, 232/88 and 698/89) – Water Code Regulatory Decree.
- » Decree No. 182/013 – Regulates the management of industrial solid waste and similar.
- » Decree No. 52/005 – Regulates the Law for the National System of Protected Areas.
- » Decree No. 373/003 – Battery Management Guidelines.
- » Law No. 260/007 - Regulates the Law on Packaging.
- » Gesta Aire Proposals – Air quality standards proposal. Proposed standards for gas emissions from stationary sources. Defines emissions monitoring requirements.

### Specific regulation

- » Law No. 16,246/92 - Law on Ports.
- » Law No. 14,780/78 – Uruguay IMO member.
- » Law No. 14,879/79 – International Convention for the Safety of Life at Sea.
- » Law No. 15,955/88 – Amendments to MARPOL 73/78 (1985).
- » Law No. 16,226/91 – About fines on account of marine, river and port offenses, including oil spills.
- » Law No. 16,272/92 –Cooperation Agreement between the Republic of Uruguay and the Republic of Argentina to prevent and reduce water pollution incidents caused by hydrocarbons and hazardous substances (1987).
- » Law No. 16,287/92 - Convention on the Law of the Sea.
- » Law No. 16,521/94 – International Cooperation Agreement on Oil Pollution Preparedness and Response (OPRC/90).
- » Law No. 16,688/94 – Prevention and Surveillance Regime on possible pollution of territorial waters caused by vessels, aircrafts and naval equipment.
- » Decree No. 16,820/97:
  - International Convention on Civil Liability for Oil Pollution Damage (CLC, 1969, and 1992 Protocol), IMO.
  - International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (FUND 1971 and Protocol 1992), IMO.
- » Law No. 17,033/98 – Rules relating to territorial sea, exclusive economic zone and continental shelf of the Republic of Uruguay.

- » Law No. 17,121/99 – The Navy is responsible through the National Coast Guard for the coordination and control of the assistance and rescue activity of vessels, naval crafts or property in distress or wrecks in national territorial waters or ports of the Republic of Uruguay.
- » Law No. 17,220/99 – The introduction in any form or under any regime in areas under national jurisdiction of any type of hazardous waste is prohibited.
- » Law No. 13,833/69 – Riches of the sea.
- » Law No. 19,128/013 – Declares Uruguayan territorial waters as a sanctuary for whales and dolphins.
- » Law No. 17,590/02 – Protocol on hazardous and noxious substances pollution, preparedness and response to pollution incidents.
- » Decree Law No. 14,145/74 – Treaty of the Río de la Plata and its Maritime Front.
- » Decree Law No. 14,521/76 – Treaty of the Statute of the Río Uruguay with the Republic of Argentina.
- » Decree Law No. 14,885/79 – International Convention for the Prevention of Pollution from Ships (London, 1973) and its Protocol (London, 1978), MARPOL 73/78.
- » Decree No. 436/980 – Regulations for the Prevention of Pollution of the Sea by Oil and other substances for Vessel Operations, in accordance with the provisions of the International Convention for the Prevention of Pollution of the Sea by Oil, IMO, No. 13.833 of 29/12/69 and the Treaty of the Río de la Plata and its Maritime Front Act.
- » Decree No. 100/991 – Regulation of Use of Aquatic, Coastal and Port Areas.
- » Decree No. 260/997 – Declaration of the lakeside and multi purpose area comprising the José Ignacio, Garzon and Rocha Lagoons and the public area of the dunes projected between the promenade and the sea from José Ignacio lagoon to Rocha lagoon as National Park.
- » Decree No. 103/995 – Creation of the National Emergency System.
- » Decree No. 371/995 – Rules of Organization and Functioning of the National Emergency System.
- » "Coordination Agreement" between the National Coast Guard of Argentina and Uruguay to implement the said Convention and reconcile Contingency Plans.
- » Maritime Regulation No. 80/2000 – Regulations for the prevention of marine pollution by dumping of waste from ships.
- » Maritime Regulation No. 86/2002 – Prevention of Pollution of the Marine Environment.

Source: <http://www.rondauruguay.gub.uy/>

## Uruguay in synthesis (2015)<sup>19</sup>

<b>Official name</b>	Oriental Republic of Uruguay
<b>Geographical location</b>	South America, bordered by Argentina and Brazil
<b>Capital City</b>	Montevideo
<b>Area</b>	176,215 sq mts. 95% of its territory is productive land apt for farming exploitation
<b>Population (2014)</b>	3.45 million
<b>Population growth (2014)</b>	0,4% (annual)
<b>GDP per capita (2014)</b>	US\$ 16,640
<b>Currency</b>	Uruguayan Peso (\$)
<b>Literacy index</b>	0,98
<b>Life expectancy at birth</b>	77 years
<b>Form of Government</b>	Democratic republic with presidential system
<b>Political Division</b>	19 provinces or departments
<b>Time Zone</b>	GMT - 03:00
<b>Official Language</b>	Spanish

## Main economic indicators 2010-2015

Indicadores	2010	2011	2012	2013	2014	2015
<b>GDP (Var % per year)</b>	7,8%	5,2%	3,5%	4,6%	3,2%	1,0%
<b>GDP (US\$ Million)</b>	40.285	47.962	51.265	57.531	57.236	53.443
<b>Population (Millions of people)</b>	3,40	3,41	3,43	3,44	3,45	3,47
<b>GDP per Capita (US\$)</b>	11.860	14.054	14.962	16.723	16.572	15.414
<b>Unemployment rate – Annual Average (% EAP)</b>	7,2%	6,3%	6,5%	6,5%	6,6%	7,5%
<b>Exchange rate (Pesos per US\$, Annual Average)</b>	20,1	19,3	20,3	20,5	23,2	27,3
<b>Exchange rate (Annual Average Variation)</b>	-11,1%	-3,7%	5,2%	0,8%	13,5%	17,6%
<b>Consumer Prices (Var % annually accumulated)</b>	6,9%	8,6%	7,5%	8,5%	8,3%	9,4%
<b>Exports of goods and services (US\$ millions)</b>	10.719	12.916	13.517	13.738	13.690	12.069
<b>Imports of goods and services (US\$ millions)</b>	10.089	12.755	14.689	14.849	14.454	12.051
<b>Commercial Surplus/Deficit (US\$ millions)</b>	630	161	-1.172	-1.111	-764	54
<b>Commercial Surplus/Deficit (% of GDP)</b>	1,6%	0,3%	-2,3%	-1,9%	-1,3%	0,1%
<b>Overall Fiscal Balance (% of GDP)</b>	-1,1%	-0,9%	-2,7%	-2,3%	-3,5%	-3,6%
<b>Gross capital formation (% of GDP)</b>	19,4%	20,9%	22,9%	22,5%	21,2%	19,8%
<b>Public Gross Debt (% of GDP)</b>	59%	56%	61%	58%	59%	59%
<b>Foreign Direct Investment (US\$ millions)</b>	2.289	2.504	2.536	3.032	2.188	1.647
<b>Foreign Direct Investment (% of GDP)</b>	5,7%	5,2%	4,9%	5,3%	3,8%	3,1%

<sup>19</sup> Source: GDP data were taken from the IMF, foreign trade data from IED, foreign exchange rates, international reserves, and foreign debt come from the BCU, the population growth rate, literacy, unemployment and inflation come from the Statistics National Bureau.



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