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Law that amends the Law N° 27133, Law of Promoting the Development of the Natural Gas Industry, establishing operative conditions for a greater use of the Natural Gas produced at national level

LAW N° 28552

THE PRESIDENT OF THE REPUBLIC

WHEREAS:

The Congress of the Republic has given the following Law:

THE CONGRESS OF THE REPUBLIC;

Has given the following Law:

LAW THAT AMENDS THE LAW N° 27133, LAW OF PROMOTING THE DEVELOPMENT OF THE NATURAL GAS INDUSTRY, ESTABLISHING OPERATIVE CONDITIONS FOR A GREATER USE OF THE NATURAL GAS PRODUCED AT NATIONAL LEVEL

Article 1.- Object of the Law

The present Law is intended to establish terms and operating conditions that allow a better use and greater economic use of the Natural Gas produced in Peru.

Article 2.- Amendment of Article 2 of the Law N° 27133

Replace the text of subsection 2.5 of Article 2 of Law N° 27133, Law of Promoting the Development of the Natural Gas Industry, by the following text:

“2.5 Contract(s).- Contract(s) signed under the Law N° 26221, Organic Hydrocarbon Law.”

Article 3.- Amendment of Article 4 of the Law N° 27133

Amend the Article 4 of the Law N° 27133, Law of Promoting the Development of the Natural Gas Industry, which amended to read as follows:

“Article 4.- Additional procedures for the exploitation of Natural Gas proved reserves

The procedures content in the Organic Hydrocarbon Law for the granting of rights to exploit Natural Gas proved reserves, should take into account the following:

- a) Ensure supply of Natural Gas to the domestic market.
- b) Set a maximum price for Natural Gas in the wellhead and clarify the procedures for the application of prices and/or conditions in the sales of Natural Gas.
- c) In the Contract Areas in which is produced Associated Natural Gas, the royalty or retribution is calculated on the basis of the Fiscalized Natural Gas and its selling price in the domestic market or export, as the case. In order to this end, be considered Fiscalized Natural Gas to Natural Gas sold during the respective valuation period defined in each Contract, the volume must be expressed in thousand cubic feet (TF3) and heat content in British Thermal Units (BTU).

The Natural gas that is not sold during a valuation period may be assigned to the following purposes, inside or outside the Contract Area, without implication in the determination of retribution or royalty:

1. Used in Contractors' operations, pursuant to the provisions of Article 40 of the Law N° 26221, Organic Hydrocarbon Law;
2. Reinjecting into the reservoir;
3. Stored in natural reservoirs;
4. Burned pursuant to the provisions of Article 44 of the Law N° 26221, Organic Hydrocarbon Law.

d) The reinjection, storage and/or burned of Natural Gas may take place, even after being processed and/or been extracted its liquids inside or outside the Contract Area.

SUPPLEMENTARY PROVISION

FIRST.- Within the thirty (30) days, from the issuance of the present Law, the Minister of Energy and Mines will issue the corresponding rule to amend the Regulations of Law N° 27133, approved by Supreme Decree N° 040-99-EM, in order to adapt to the provisions in this Law, including the regulatory norm that prohibits the venting of Gas Natural or mitigation actions where this was proven inevitable, as well as respective applicable penalties.

FINAL PROVISION

FIRST.- Derogated or let without effect, as appropriate, any legal provision that is opposed to the provisions of this Law.

Communicate to the President of the Republic for its enactment.

In Lima, on the twenty days of May two thousand and five.

ÁNTERO FLORES-ARAOZ E.
President of the Congress of the Republic

NATALE AMPRIMO PLÁ
First Vice-president of the Congress of the Republic

TO THE CONSTITUTIONAL PRESIDENT OF THE REPUBLIC

THEREFORE:

Be published and complied.

Issued at Government House, in Lima, on the seventeen days of June of two thousand and five.

ALEJANDRO TOLEDO
Constitutional President of the Republic

CARLOS FERRERO
President of the Council of Ministers