



Santiago, May 23, 2016

Mr. Carlos Pavez Tolosa
Superintendent
Superintendency of Securities and Insurance
Avenida Libertador Bernardo O'Higgins 1449, 8th Floor
Santiago

Re: MATERIAL INFORMATION
Empresa Nacional del Petróleo
State-owned Company
Securities Register No. 783

Dear Sir:

Pursuant to the stated in Articles 9 and 10 paragraph 2 of the Securities Market Law N° 18,045, and in General Rules N° 30 and N° 346 of this Superintendency, and being duly authorized, I hereby inform the following as Material Information.

As part of the Magallanes Incremental Project ("PIAM") jointly developed by our company and YPF S.A. in the Federal Republic of Argentina ("Magallanes UTE"), on May 19, 2016, Enap Sipepetrol Argentina S. A, a company incorporated under the laws of that country and a subsidiary of Empresa Nacional del Petróleo, acquired from ArPetrol Ltd., a company existing under the laws of Canada and whose shares are traded on the TSX Venture Exchange, 100% of the shares of ArPetrol International Financial Company, which controls indirectly 100% of the shares of ArPetrol Argentina SA ("AASA") in the amount of USD \$ 9,000,000 plus an adjustment for net working capital of USD \$ 2,084,232, for a total of USD \$ 11,084,232 (the "Transaction").

AASA is the holder of the Faro Vírgenes Concession granted by the Province of Santa Cruz and the Faro Vírgenes Gas Treatment Plant located in the concession area.

The purchase of ArPetrol Ltd. will provide synergies for the Magallanes Area Incremental Project, thus providing the facilities for conditioning the gas produced in the area (current production 2.4 million cubic meters) and because of its strategic location for the additional Treatment plant of 1.6 million cubic meters to be achieved with the project. This will allow to achieve operational cost savings. In addition, this purchase will allow to incorporate proven reserves for 830 million cubic meters of gas.

The adjustment for the net working capital of the Transaction is subject to a 90-days post-close adjustment. At the end of the Transaction, USD \$ 2,250,000 of the purchase price was deposited in an escrow account that will be released to ArPetrol Ltd. on August 19, 2016, provided there are no negative adjustments to the calculation of the net working capital mentioned above, or indemnization claims against ArPetrol Ltd. prior to such date.

Sincerely,

Marcelo Tokman Ramos
Chief Executive Officer
Empresa Nacional del Petróleo