

YPF SOCIEDAD ANONIMA
Form 6-K
November 26, 2010

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November, 2010

Commission File Number: 001-12102

YPF Sociedad Anónima
(Exact name of registrant as specified in its charter)

Macacha Güemes 515
C1106BKK Buenos Aires, Argentina
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file
annual reports under cover of Form 20-F or Form 40-F:

Form X Form
20-F 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No X

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No X

Indicate by check mark whether by furnishing the information
contained in this Form, the Registrant is also thereby furnishing the information to the Commission
pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant

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in connection with Rule 12g3-2(b): N/A

YPF Sociedad Anónima

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1 Recent Developments.

Item 1

YPF Sociedad Anónima

RECENT DEVELOPMENTS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND AS OF SEPTEMBER 30, 2010

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Our legal name is YPF Sociedad Anónima and we conduct our business under the commercial name “YPF”. As used in this report filed on Form 6-K, “YPF,” “the company,” “we,” “our” and “us” refer to YPF Sociedad Anónima and its controlled and jointly controlled companies or, if the context requires, its predecessor companies. “YPF Sociedad Anónima” refers to YPF Sociedad Anónima only. “Repsol YPF” refers to Repsol YPF, S.A. and its consolidated companies, including YPF, unless otherwise specified.

We maintain our financial books and records and publish our financial statements in Argentine pesos. Throughout this report filed on Form 6-K references to “pesos” or “Ps.” are to Argentine pesos, and references to “dollars,” “U.S. dollars” or “U.S.\$” are to United States dollars. Solely for the convenience of the reader, unless otherwise specified, peso amounts as of and for the nine-month period ended September 30, 2010 have been translated into U.S. dollars at the exchange rate published by the Argentine Central Bank (Banco Central de la Republica Argentina) (the “Central Bank”) on September 30, 2010 of Ps. 3.96 to U.S.\$1.00, The exchange rate published by the Central Bank on November 24, 2010 was Ps.3.97 to U.S.\$1.00. The U.S. dollar equivalent information should not be construed to imply that the peso amounts represent, or could have been or could be converted into U.S. dollars at such rates or any other rate. See “Annual Report on Form 20-F for the year ended December 31, 2009 Exchange Rates and Controls” for additional information.

Abbreviations:

“bbl”	Barrels.
“bcf”	Billion cubic feet.
“bcm”	Billion cubic meters.
“boe”	Barrels of oil equivalent.
“boe/d”	Barrels of oil equivalent per day.
“GWh”	Gigawatt hours.
“HP”	Horse Power.
“km”	Kilometers.
“km 2”	Square kilometers.
“liquids”	Crude oil, condensate and natural gas liquids.
“LNG”	Liquefied natural gas.
“LPG”	Liquefied petroleum gas.
“m”	Thousand.
“mbl/d”	Thousand barrels per day.

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“mcf”	Thousand cubic feet.
“mcm”	Thousand cubic meters.
“mboe/d”	Thousand barrels of oil equivalent per day.
“mm”	Million.
“mmbbl”	Million barrels.
“mmboe”	Million barrels of oil equivalent.
“mmboe/d”	Million barrels of oil equivalent per day.
“mmBtu”	Million British thermal units.
“mmcf”	Million cubic feet.
“mmcf/d”	Million cubic feet per day.
“mmcm/d”	Million cubic meters per day.
“mtn”	Thousand tons.
“MW”	Megawatts.
“psi”	Pound per square inch.
“WTI”	West Texas Intermediate.

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ITEM 1. COMPANY OVERVIEW

Overview

We are Argentina's leading energy company, operating a fully integrated oil and gas chain with leading market positions across the domestic upstream and downstream segments. Our upstream operations consist of the exploration, development and production of crude oil, natural gas and LPG. Our downstream operations include the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, LPG and bio-fuels. Additionally, we are active in the gas separation and natural gas distribution sectors both directly and through our investments in several affiliated companies. In 2009, we had consolidated net sales of Ps.34,320 million (U.S.\$9,032 million) and consolidated net income of Ps.3,486 million (U.S.\$917 million). Additionally, in the nine-month period ended September 30, 2010 we had consolidated net sales of Ps.31,849 million (U.S.\$8,043) and consolidated net income of Ps.4,580 million (U.S.\$1,156 million).

Most of our predecessors were state-owned companies with operations dating back to the 1920s. In November 1992, the Argentine government enacted the Privatization Law (Law No. 24,145), which established the procedures for our privatization. In accordance with the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares that had previously been owned by the Argentine government. As a result of that offering and other transactions, the Argentine government's ownership interest in our capital stock was reduced from 100% to approximately 20% by the end of 1993.

Since 1999, we have been controlled by Repsol YPF, an integrated oil and gas company headquartered in Spain with global operations.

Competitive Strengths

Largest producer, refiner and marketer of crude oil, natural gas and refined products in Argentina

Our upstream operations benefit from concessions providing access to 22% of the total proved crude oil reserves, excluding natural gas liquids, and 25% of total proved natural gas reserves, including natural gas liquids, in Argentina as of December 31, 2009, according to the Argentine Secretariat of Energy. In 2009, we had an attributable production share, which represents our share of the total production from the fields in which we have an interest, of approximately 39% of the total crude oil extracted, excluding natural gas liquids (more than the next four largest producers combined), and approximately 39% of total natural gas extracted, including natural gas liquids, in Argentina, according to the Argentine Secretariat of Energy.

Our downstream operations refine and distribute more refined products than any other company in Argentina. In 2009, we estimate that we had over 50% of the country's refining capacity and distributed more diesel, gasoline, lubricants, asphalts and compressed natural gas than any other distributor. As of September 30, 2010, we had 1,624 YPF-branded service stations (including proprietary and franchised service stations), which we believe represented approximately 31% of the country's service stations, and we had a market share of gasoline and diesel of 56.4%, according to analysis we made of the information provided by the Secretariat of Energy. We are one of the largest petrochemical producers in the Argentine market, offering a wide range of products, including aromatics and fertilizers, LAB, LAS, maleic anhydride, polybutenes, methanol and solvents.

Favorably positioned as an integrated player

We participate in all phases of the oil and gas value chain, including production, refining, marketing and distribution, with the potential to capture margin at all levels. In 2009 and 2008, our production represented approximately 78% and 83%, respectively, of the total crude oil processed by our refineries.

Substantial portfolio of operated oil and gas concessions

As of September 30, 2010, we held interests in 106 production concessions and exploration permits in Argentina, with 100% ownership interest in 57 of these. Many of our production concessions are among the most productive in Argentina, including concessions in the Neuquina and Golfo de San Jorge basins, which accounted for approximately 85% of our total production in 2009. Our concessions are not scheduled to expire until 2017 and concessions representing approximately 50% of our proved reserves as of December 31, 2009 were extended prior to the date of this report filed on Form 6-K through 2026 and 2027 (see Note 5(c) to our condensed consolidated financial statements as of September 30, 2010). We have a portfolio of mature fields with geologic characteristics that are similar in many respects to those in other regions (such as those in the United States) which have been successfully rejuvenated through the use of advanced oil recovery technologies to increase field recovery factors. In addition, there is tight gas in place within our concession areas in Argentina.

A majority of our fields have been in operation for several years and, as a result, approximately 79% of our total proved reserves of 1,013 mmbob were categorized as developed as of September 30, 2010.

Extensive refining and logistics assets

We have extensive refining assets which we believe represent more than 50% of the country's refining capacity, operating at high utilization rates. Our refining system has high complexity, giving us flexibility to shift some of our production resources toward higher value-added products. Our refining assets also benefit from large scale (our La Plata refinery is the largest in Argentina with a capacity of 189,000 bbl/d) and convenient location, and rank highly in terms of availability and maintenance.

We manage a large scale logistics network, consisting of 1,801 km of multi-product pipelines for the distribution of our refined products, connecting our two main refineries to our most important depots, of which we have 16 with a total storage capacity of approximately 1,023 thousand cubic meters. We also operate 53 airport facilities (40 of which are wholly-owned) with a total storage capacity of 24,000 cubic meters and 27 company-owned tanker trucks.

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All of our refineries are connected to pipelines that we own or in which we have a significant stake. Oil is piped to our Luján de Cuyo refinery from Puerto Hernández by a 528 km pipeline and to our La Plata refinery from Puerto Rosales by another 585 km pipeline. We also have a 37% stake in Oleoductos del Valle S.A. (the company operating the oil pipeline from the Neuquina basin to Puerto Rosales).

Strong marketing brand

The “YPF” brand is widely recognized in the Argentine consumer market. Our 1,624 YPF-branded service stations are located throughout Argentina’s urban and suburban areas, and we have more than 1 million cardmembers in our marketing loyalty programs. We also leverage our marketing and branding power to sell industrial products, such as lubricants, for which we held a 37.4% market share as of September 30, 2010, according to our latest internal estimates.

Experienced management team and access to Repsol YPF expertise

We are led by a highly regarded and experienced team of professionals. Certain members of the senior management team have long tenures with us and significant experience in the Argentine energy sector.

We benefit from Repsol YPF’s experience and know-how in the upstream and downstream businesses. Repsol YPF is an integrated international oil and gas company with significant activity along the hydrocarbon product value chain. It holds one of the largest refining and marketing asset portfolios in Europe and owns significant refining and marketing assets in other Latin American countries, including a market-leading position in Peru. Repsol YPF conducts exploration and production activities in more than 30 countries and has developed its offshore expertise through its participation in offshore areas and assets in the Gulf of Mexico, Brazil and West Africa.

We have a research and development facility in La Plata, Argentina, that works in cooperation with Repsol YPF, to carry out research and development programs of mutual interest, including programs concerning prospects for new opportunities arising out of the long term evolution of the primary technologies used within the energy sector. These include bioengineering, future combustion engines, electric transport, the use of hydrogen as an energy carrier, renewable energy and the capture and storage of CO₂. These studies allow us and Repsol YPF to develop new capabilities and plan our future activities.

Business Strategy

As the largest integrated oil and gas company in Argentina, we seek to improve margins and to maximize profitability through the most efficient utilization of resources and assets along our entire value chain. Our key strategies are the following:

Upstream

Improve our field recovery factors. In 2006, we developed a new integrated strategy, aimed at rejuvenating mature fields through the use of advanced technologies. This strategy, which we began to implement in 2007, seeks to increase recovery factors in our mature fields through infill drilling and secondary and tertiary recovery, and is subject to prevailing economic and regulatory conditions. Many of the technologies to be implemented through this strategy have been successfully employed in large mature basins, such as those in the United States, although no assurances can be given that we will achieve recovery factors resembling those achieved in the United States. This strategy, along with certain initiatives undertaken by our exploration and production business unit aimed at achieving a comprehensive operational improvement, such as improving well productivity through better water management and

an improved maintenance of facilities and optimizing the fracturing process, have generated positive results. During 2009, we incorporated new proved reserves of 85 million boe through extensions, discoveries, improved recovery and revisions of previous estimates. As of September 30, 2009, approximately 21% of our proved reserves as of such date had been audited by external auditors.

Improve the operational efficiency of our exploration and production. Our exploration and production business unit is carrying out a comprehensive operational improvement and cost reduction program with over 100 initiatives that we expect to continue having a positive impact on our business. These include initiatives described above seeking to improve well productivity through better water management, enhancing facilities maintenance, optimizing the fracturing process and reducing energy costs, among others.

Invest in onshore and offshore exploration in Argentina. Onshore, we plan to continue carrying out the recently started targeted exploration for conventional and unconventional resources. For example, we intend to access new onshore exploratory properties in under-explored areas within currently producing basins. To support this initiative, in 2007 we began to add new drilling and fracturing equipment and hired additional technical personnel. We have entered into agreements with Energía Argentina S.A. ("ENARSA"), the state-owned energy company, and other companies, for the joint exploration of Argentine offshore properties, which we believe positions us well to explore potentially lucrative offshore areas in Argentina. Offshore acreage is largely unexplored in Argentina and constitutes the largest area for green field developments in the country, and we intend to actively participate in the tender process for new offshore properties in Argentina.

Additionally, we have also successfully participated in the bidding process to start exploration offshore activities in a sea platform in Uruguay. This project will be developed in two distinct areas (one of which will be operated by us) in association with a subsidiary of Petrobras and Galp Energia SGPS, SA. Our involvement in both concessions is part of the strategic partnership for exploration in the South Atlantic between YPF and Petrobras.

Optimize value of non-core fields. We are seeking to optimize our portfolio of exploration and production assets through active management of various non-core fields, including through potential associations with smaller operators in certain fields in order to improve their operational effectiveness.

Downstream

Continue to improve production and cost efficiencies in downstream businesses. We are seeking to optimize our refining assets to increase their capacity (through de-bottlenecking and revamping of equipment), further improve their flexibility to shift capacity among certain categories of products, adapt our refineries to new low-sulfur regulations and develop our logistics network and assets to meet the continued growth in demand we expect. In addition, we continue to implement various cost reduction programs throughout our refining and logistics assets (including internal consumption reduction and centralized purchasing), marketing network (including back-office integration, loyalty program reductions and selective expansion of our company-owned and operated service station network while continuing to eliminate dealer-operated service stations with lower operating efficiency) and chemical division (including the reduction of maintenance-related production stoppages).

Maximize the production and sale of high value-added products. We intend to maximize the production and sale of those of our products that offer better returns and also to gradually introduce top-of-the-line products to the market. For example, we have recently started to sell high value-added gasoline and diesel containing bioadditives at our service stations. In addition, the introduction of these products is consistent with Argentine regulations that require a minimum biological content in these products for the year 2010.

Additionally we continue with the construction of the Continuous Catalytic Reformer Plant (CCR) that will involve an estimated investment of over U.S.\$ 340 million. This plant, which we anticipate could begin operations during 2012, will use state-of-the art technology for chemical processes for reforming of naphtha based on catalysts, which will

involve improvements in productivity, safety and environmental care. The plant is expected to produce approximately 200,000 tons of aromatic

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compounds that can be used as octane enhancers for automobile gasoline. Additionally, plant is expected to produce approximately 15,000 tons of hydrogen that will improve the process of hydrogenation of fuels to increase quality and reduce its sulfur content, further reducing the environmental impact of internal combustion engines.

In addition to the investment mentioned in the preceding paragraph, we have started a new project that we estimate will involve approximately U.S.\$ 670 million to further improve the quality of gasoline and diesel produced by our refineries in La Plata and Lujan de Cuyo, located in the province of Buenos Aires and in the province of Mendoza, respectively, including investments to optimize energy use and increase the power reliability and capacity of the respective plants. This project is expected to be completed during the next three years.

Increase value creation from petrochemicals. As mentioned above, our chemicals business unit will carry out a significant upgrade of its aromatics plant by migrating to state-of-the-art technology. We believe our investments will facilitate the integration with our refining and marketing business unit through a significant increase in aromatics production, much of which will be used by our refining and marketing business unit to increase gasoline octane levels and to produce hydrogen to improve refining plant productivity.

Recent Regulatory Developments

On August 17, 2010, the Argentine Secretariat of Domestic Commerce issued Resolution No. 295/2010, imposing that the trade price of liquid fuels should be leveled back to those prices existing on July 31, 2010. This Resolution has been successfully challenged by another company.

On October 4, 2010, the Official Gazette published National Gas Regulatory Authority (Ente Nacional Regulador del Gas or "ENARGAS") Resolution No. 1410/2010, which approves the "Procedimiento para Solicitudes, Confirmaciones y Control de Gas" setting new rules for natural gas dispatch applicable to all participants in the gas industry and imposing the following new and more severe priority demand gas restrictions on producers:

- Distributors remain able to solicit all the gas necessary to cover the priority demand despite such gas volumes' exceeding those that the Argentine Secretariat of Energy would have allocated by virtue of the agreement 2007-2011 ratified by the Resolution No. 599/07. See "Item 4 —Information on the Company —Exploration and Production —Delivery Commitments" in our 2009 20-F.
- Producers are obligated to confirm all the natural gas requested by distributors in respect of the priority demand. The producers' portion of such volumes follow the allocation criterion established by the Resolution No. 599/07. We cannot predict the amount of the estimated domestic demand that a producer may be required to satisfy regardless of whether such producer signed the Agreement 2007-2011.
- Once the priority demand has been satisfied, the remaining demands are fulfilled with exports last in order of priority.
- In the event a producer is unable to meet the requested demand, transporters are responsible for redirecting gas until a distributor's gas demand is met. The gas deficiency is either (i) deducted from the producer suffering the deficiency if it is able to meet the demands of its other clients in the same basin or (ii) recuperated from the remainder of the gas producers in the event the deficient producer is not able to serve any of its clients in the same basin.

As a result, this regime imposes a jointly liable supply obligation on all producers in the event any producer experiences a gas supply deficiency.

Other Recent Developments

On November 5, 2010, Santiago Carnero resigned from our Board of Directors. On August 4, 2010, Teodoro Marco, our Director of Industrial Subsidiaries, was appointed to serve on our Disclosure Committee.

In November 2010, we paid dividends in the amount of Ps. 2,281 million.

YPF is a limited liability company (sociedad anónima), incorporated under the laws of the Republic of Argentina (“Argentina”) for an unlimited term. Our address is Macacha Güemes 515, C1106BKK Ciudad Autónoma de Buenos Aires, Argentina and our telephone number is (011-54-11) 5441-2000.

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ITEM 2. SELECTED FINANCIAL AND OPERATING DATA

The following tables present our selected financial and operating data. You should read this information in conjunction with our audited consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2009, as filed on June 29, 2010 (the “2009 20-F”), our unaudited condensed consolidated financial statements as of September 30, 2010 and for the nine-month periods ended September 30, 2010 and 2009, included as Item 6, and their respective notes, as well as the information under “Update of Management’s Discussion and Analysis of Financial Condition and Results of Operations” included as Item 3 in this report. Results for the nine-month period ended September 30, 2010 are not necessarily indicative of results to be expected for the full year 2010 or any other period.

The financial data as of December 31, 2009, 2008 and 2007 and for the years then ended are derived from our audited consolidated financial statements included in our 2009 20-F (the “Audited Consolidated Financial Statements”). The financial data as of September 30, 2010 and for the nine-month periods ended September 30, 2010 and 2009 are derived from our condensed consolidated financial statements as of September 30, 2010 and for the nine-month periods ended September 30, 2010 and 2009, included as Item 6 in this report (the “Unaudited Interim Financial Statements”). The Unaudited Interim Financial Statements reflect all adjustments which, in the opinion of our management, are necessary to present the financial statements for such periods on a consistent basis with the Audited Consolidated Financial Statements. Our Unaudited Interim Financial Statements have been prepared in accordance with generally accepted accounting principles in Argentina, which we refer to as Argentine GAAP and which differ in certain significant respects from generally accepted accounting principles in the United States, which we refer to as U.S. GAAP. Note 13 to our Audited Consolidated Financial Statements provide a description of the significant differences between Argentine GAAP and U.S. GAAP, as they relate to us.

In this report, except as otherwise specified, references to “\$,” “U.S.\$” and “dollars” are to U.S. dollars, and references to “Ps.” and “pesos” are to Argentine pesos. Solely for the convenience of the reader, peso amounts as of and for the nine-month period ended September 30, 2010 have been translated into U.S. dollars at the exchange rate quoted by the Argentine Central Bank (Banco Central de la República Argentina, or the “Central Bank”) on September 30, 2010 of Ps.3.96 to U.S. \$1.00, unless otherwise specified. The U.S. dollar equivalent information should not be construed to imply that the peso amounts represent, or could have been or could be converted into U.S. dollars at such rates or any other rate. See “Item 3. Key Information—Exchange Rates” in our 2009 20-F.

Certain figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals may not sum due to rounding.

	As of and for the Nine-Month Period Ended September 30,		
	2010	2010	2009
	(in millions of U.S.\$, except for per share and per ADS data)	(in millions of pesos, except for per share and per ADS data)	
Consolidated Income Statement Data:			
Argentine GAAP(1)			
Net sales(2)(3)	8,043	31,849	24,648
Gross profit	2,773	10,983	7,952
Administrative expenses	(256)	(1,015)	(776)

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Selling expenses	(551)	(2,182)	(1,790)
Exploration expenses	(45)	(178)	(422)
Operating income	1,921	7,608	4,964
Income (loss) on long-term investments	17	67	(5)
	(6		
Other expense, net)	(23)	(17)
Interest expenses	(168)	(664)	(714)
Other financial income (expense) and holding (losses) gains, net	83	330	(591)
Income before income tax	1,847	7,318	3,637
Income tax	(691)	(2,738)	(1,567)
Net income	1,156	4,580	2,070
Earnings per share and per ADS(4)	2.94	11.64	5.26
Dividends per share and per ADS(4) (in pesos)	n.a.	5.50	6.30

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Dividends per share and per ADS(4)(5) (in U.S. dollars)	n.a.	1.42	1.69
Other Consolidated Financial Data:			
Argentine GAAP(1)			
Fixed assets depreciation	1,039	4,114	3,648
Cash used in fixed asset acquisitions	1,413	5,597	3,640
Current liquidity (Current assets divided by current liabilities)	n.a.	0.93	0.938
Solvency (Net worth divided by total liabilities)	n.a.	0.885	1.039
Capital Immobilization (Non-current assets divided by total assets)	n.a.	0.683	0.744
Non-GAAP			
EBITDA(6)	3,033	12,009	7,930
EBITDA margin(7)	n.a.	38%	32%

As of September 30, 2010
(in millions of U.S.\$) (in millions of pesos)

Consolidated Balance Sheet Data:		
Argentine GAAP(1)		
Cash	99	392
Working capital	(272)	(1,079)
Total assets	11,451	45,346
Total debt(8)	1,869	7,400
Shareholders' equity(9)	5,377	21,293

- (1) The financial statements reflect the effect of changes in the purchasing power of money by the application of the method for inflation adjustment into constant Argentine pesos set forth in Technical Resolution No. 6 of the Argentine Federation of Professional Councils in Economic Sciences ("F.A.C.P.C.E.") and taking into consideration General Resolution No. 441 of the National Securities Commission ("CNV"), which established the discontinuation of the inflation adjustment of financial statements into constant Argentine pesos as from March 1, 2003. See Note 1 to the Unaudited Interim Financial Statements.
- (2) Includes Ps.1,117 million for the nine-month period ended September 30, 2010 and Ps.1,029 million for the nine-month period ended September 30, 2009 corresponding to the proportional consolidation of the net sales of investees jointly controlled by us and third parties.
- (3) Net sales are net to us after payment of a fuel transfer tax, turnover tax and customs duties on hydrocarbon exports. Royalties with respect to our production are accounted for as a cost of production and are not deducted in determining net sales. See Note 2(f) to the Unaudited Interim Financial Statements.
- (4) Information has been calculated based on outstanding capital stock of 393,312,793 shares. Each ADS represents one Class D Share. There were no differences between basic and diluted earnings per share and ADS for any of the periods disclosed.
- (5) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment. For periods in which more than one dividend payment was made, the amounts expressed in U.S. dollars are based on exchange rates at the date of each payment.

- (6) EBITDA is calculated by excluding interest gains on assets, interest losses on liabilities, income tax and depreciation of fixed assets from our net income. For a reconciliation of EBITDA to net income, see “—EBITDA reconciliation.”
- (7) EBITDA margin is calculated by dividing EBITDA by our net sales.
- (8) Total debt under Argentine GAAP includes nominal amounts of long-term debt of Ps.1,348 million as of September 30, 2010 and short-term debt of Ps. 6,052 million.
- (9) Our subscribed capital as of September 30, 2010 was represented by 393,312,793 shares of common stock and divided into four classes of shares, with a par value of Ps.10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

EBITDA reconciliation

EBITDA is calculated by excluding interest gains on assets, interest losses on liabilities, income tax and depreciation of fixed assets from our net income. Our management believes that EBITDA is meaningful for investors because it is one of the principal measures used by our management to compare our results and efficiency with those of other similar companies in the oil and gas industry, excluding the effect on comparability of variations in depreciation and amortization resulting from differences in the maturity of their oil and gas assets. EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in the oil and gas industry. EBITDA is not a measure of financial performance under Argentine GAAP or U.S. GAAP and may not be comparable to similarly titled measures used by other companies. EBITDA should not be considered an alternative to operating income as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity.

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The following table presents, for each of the periods indicated, our EBITDA reconciled to our net income under Argentine GAAP.

	For the Nine-Month Period Ended September 30,	
	2010	2009
	(in millions of pesos)	
Net income	4,580	2,070
Interest gains on assets	(87)	(69)
Interest losses on liabilities	664	714
Depreciation of fixed assets	4,114	3,648
Income tax	2,738	1,567
EBITDA	12,009	7,930

Production and other operating data

The following tables present certain of our production and other operating data as of or for the nine-month period indicated.

	As of and for the Nine-Month Period Ended September 30,	
	2010	2009
Average daily production for the period		
Oil (mdbl)(1)	298	305
Gas (mmcf)	1,373	1,536
Total (mboe)	550	579
Refining capacity		
Capacity (mdbl/d)(2)	320	320

(1) Including natural gas liquids (NGL).

(2) Excluding Refinor, which has a refining capacity of 26 mdbl/d and in which we have a 50% interest.

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ITEM 3.UPDATE OF SELECTED INFORMATION ON THE COMPANY

Exploration and Production

Principal properties

Argentine properties

Argentina is the largest gas and fourth largest oil producing nation in Latin America according to the 2009 edition of BP Statistical Review of World Energy, published in June 2010 (the “BP Statistical Report”). Oil has historically accounted for the majority of the country’s hydrocarbon production and consumption, although the relative share of natural gas has increased rapidly in recent years. A total of 23 sedimentary basins have been identified in the country. Six of these are combined onshore/offshore and three are entirely offshore. Argentina’s total onshore acreage is composed of approximately 421 million acres, and total offshore acreage consists of 176 million acres on the South Atlantic shelf within the 200-meter depth line. A substantial portion of the country’s estimated 571 million acres in sedimentary basins has yet to be evaluated by exploratory drilling. Commercial production is concentrated in five basins: Neuquina, Cuyana and Golfo San Jorge in central Argentina, Austral in southern Argentina (which includes onshore and offshore fields), and the Noroeste basin in northern Argentina. The Neuquina and Golfo San Jorge basins are the most significant basins for our activities in Argentina.

As of September 30, 2010, YPF held 106 production concessions and exploration permits in Argentina. YPF directly operates 73 of them, including 61 production concessions and 12 exploration permits.

As of September 30, 2010, YPF held 15 exploration permits in Argentina, 10 of which are onshore exploration permits and 5 of which are offshore exploration permits. YPF has 100% ownership of 3 onshore permits, and its participating interests in the rest vary between 50% and 70%. YPF’s interests in the offshore permits vary between 30% and 35%.

As of September 30, 2010, YPF had 91 production concessions in Argentina. YPF has a 100% ownership interest in 54 production concessions, and its participating interests in the remaining 37 production concessions vary between 12.2% and 98%. Our production declines in recent periods are attributable mainly to the continuing maturity of our fields, although work stoppages and pipeline issues have on occasion also contributed to production declines and capital project delays. During the first nine months of 2010, a series of labor and community conflicts resulted in lost production of approximately 615 kboe in areas we operate.

Joint ventures and contractual arrangements in Argentina.

We participate in 15 exploration and 25 production joint ventures and contractual arrangements (18 of them not operated by YPF) in Argentina. Our interests in these joint ventures and contractual arrangements range from 12.2% to 98%, and our obligations to share exploration and development costs vary under these agreements. In addition, under the terms of some of these joint ventures, we have agreed to indemnify our joint venture partners in the event that our rights with respect to such areas are restricted or affected in such a way that the purpose of the joint venture cannot be achieved. For a list of the main exploration and production joint ventures in which we participate, see Note 6 to the Audited Consolidated Financial Statements. We are also a party to a number of other contractual arrangements that arose through the renegotiation of service contracts and risk contracts.

International properties

As of September 30, 2010, we had mineral rights in 63 blocks in the United States, comprised of 58 exploratory blocks, with a net surface area of 857 square kilometers and five development blocks, with a net surface area of 17 square kilometers. Our U.S. subsidiaries' net proved reserves in the United States as of December 31, 2009 were 1.4 mmboe. Our U.S. subsidiaries' net petroleum production in the United States for 2009 was 1.0 mmboe.

The Neptune Field is located approximately 120 miles from the Louisiana coast within the deepwater region of the Central Gulf of Mexico. The unitized field area comprises Atwater Valley Blocks 573, 574, 575, 617 and 618. Our indirect subsidiary, Maxus U.S. Exploration Company, has a 15% working interest in the field. The other joint venture participants are BHP Billiton (35%), Marathon Oil Corp. (30%) and Woodside Petroleum Ltd (20%). BHP Billiton is the operator of the Neptune Field and the associated production facilities. The Neptune reserves are being produced using a standalone, tension leg platform (TLP) located in Green Canyon Block 613 within 4,230 feet of water. Production began on July 8, 2008. The platform supports seven sub-sea development wells which are tied back to the TLP via a subsea gathering system.

In 2009, YPF Holdings Inc. ("YPF Holdings") participated in the drilling of the Northwood exploration prospect in the Gulf of Mexico with a net interest of 3.5%. YPF Holdings' total net investment was U.S.\$11 million. No reserves were found.

In addition, YPF Holdings has entered into various operating agreements and capital commitments associated with the exploration and development of its oil and gas properties. Such contractual, financial and/or performance commitments are not material, except for commitments related to the Neptune Project located in the vicinity of the Atwater Valley Area, Blocks 573, 574, 575, 617 and 618.

Additionally, as of September 30, 2010, we held through YPF Guyana Ltd, a wholly-owned subsidiary of YPF International, S.A., a participating interest of 30% in a petroleum prospecting license (the "Petroleum Prospecting License") and a petroleum agreement (the "Petroleum Agreement") in Guyana, with a surface exploratory area attributable to our working interest of 2,520 square kilometers, which represents approximately 622.7 thousand undeveloped acres. The Guyana government renewed the Petroleum Prospecting License on November 25, 2009 for three years. In accordance with the Petroleum Agreement, the start of a new renewal period resulted in a relinquishment of 930 square kilometers (according to our 30% interest) of the Georgetown exploration block (offshore Guyana), as well as the drilling of an exploratory well that must commence before May 25, 2011.

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The main exploration activities performed during 2009 were the acquisition and primary processing of 3D seismic data for 1,850 square kilometers. Additionally, the seismic data was re-processed using pre-stack depth migration. Regional and detailed geological studies and field and well data were analyzed to assess the potential of the Georgetown block. These studies led to the definition of the Jaguar 1 prospect, considered the main exploration target of the block.

As of September 30, 2010, the Georgetown block consortium agreed on the location of the exploration Jaguar-1 well, with a total depth of 21,450 ft. The Georgetown block consortium agreed to contract a Jackup drilling rig (Atwood Beacon, from Atwood Oceanics), and upgrade it for a high pressure/high temperature well. The engineering well design was completed, and the long lead items (well head, special tubular material, etc.) had already been ordered. The total estimated cost of the exploratory well is approximately U.S.\$ 110 million (of which YPF Guyana Ltd. holds an approximate U.S.\$ 33.2 million working interest). The well is planned to be spud in March 2011 and it is expected to take approximately 180 days to complete the entire operation, including hydrocarbon appraisal, plug and abandonment.

Our operations in the United States, through YPF Holdings, are subject to certain environmental claims. See “Item 4. Information on the Company—Environmental Matters—YPF Holdings—Operations in the United States” in our 2009 20-F.

Exploratory and development activities

Drilling and other activities in Argentina

Our project portfolio, updated in May 2010, included more than 1,400 projects to develop proved, probable and possible reserves, in addition to exploration and development resources, all focused mainly on crude oil and the measuring of unconventional gas in the Neuquina basin. The financial viability of these investments and reserves recovery efforts, however, will generally depend on the prevailing economic and regulatory conditions in Argentina, as well as the market prices of hydrocarbon products. Our technical staff is fully engaged in activities to mitigate the decline in reserves and production through near-field exploration, field delineation, infill drilling, and increased water injection aimed at improving recovery factors in producing assets. These efforts are guided by subsurface modeling conducted by in-house multidisciplinary teams.

During the past three years our main exploratory activities in Argentina have had the following principal focuses:

Offshore:

Shallow water. In October 2008, YPF initiated a shallow water drilling campaign using the Ocean Scepter Jack Up. The first exploratory well, Aurora x-1, was drilled between October and December 2008 in the GSJM-1 block (operated by us and in which we have a 67.0% working interest and Petrobras Energía S.A. (“PESA”) has a 33.0% working interest). Between February and July 2009, three more wells were drilled in the GSJM-1 block: Elizabeth x-1, Alicia x-1 and Silvia x-1. Although all these wells recovered hydrocarbons, they were abandoned as subcommercial discoveries. During 2009, YPF also drilled wells Helix x-1, x-2 and x-3 in block E2 (operated by ENAP Sipetrol with a 33.0% working interest) and in which YPF and ENARSA each have a 33.0% working interest). All three wells were abandoned as dry holes. After the results of this drilling campaign, it was decided to relinquish GSJM-1 Block and part of E2 Block, and YPF is re-evaluating the remaining area, looking for new exploratory wells opportunities.

- Deep water. YPF currently operates four blocks:

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- CAA-40 and CAA-46, where YPF holds a 33.5% working interest, Pan American Energy a 33.5 % and Petrobras Argentina 33.0 %, located in Malvinas Basin (Argentina), and which is currently at a well planning stage (water depth 500 meters).
- E-1 (where YPF holds a 35% working interest, ENARSA 35%, Petrobras Argentina 25%, and Petrouuguay 5%) in Colorado Basin (Argentina), where the well planning is in an initial stage (water depth 1,500 meters).
- Área 3 in Punta del Este Basin (Uruguay), where YPF holds a 40% working interest, Petrobras Uruguay 40%, and Galp 20% and for which exploration has not begun.

YPF has also a 30% working interest in the block E-3 located in Colorado basin (where Petrobras Argentina, the operator, holds a 35% working interest, and ENARSA 35%) and a 40% working interest in the block Área 4 located in Punta Del Este basin (where Petrobras Uruguay, the operator, holds a 40% working interest, and GALP 20%).

Onshore: YPF continued its near-field exploration activity in its concession blocks, explored for deep gas in the Noroeste and Neuquina basins and during 2010 embarked on six new exploratory fronts:

Shale gas. The Shale Gas Project activity was started at the end of 2009 with the PSG x-2 well in the Loma La Lata Block. This exploratory well is producing oil from the Quintuco formation but it did not reach Vaca Muerta shale gas due to drilling problems. One well, LLLK.x-1 (Loma La Lata Karst.x-1 in LLL block), has been drilled, completed and resulted dry in Lower Quintuco formation, the main objective, so it was deepened to the shale gas objective. Another well in Vaca Muerta, LLL-479 (Loma La Lata-479 in the same block), has been drilled and, similar to LLLK.x-1, resulted dry in Quintuco formation, so it was deepened to the shale gas unit. A horizontal well is scheduled to be drilled at the Loma La Lata block.

Shale oil. The first shale oil well ever drilled in Argentina (SOil.x-1 in the Loma Campana Block) was started in October 2010 and is expected to be completed in 2011. This well is the first of a three-well project in this block which includes two vertical wells and a horizontal well. The objective of this project is to prove the productivity of the source rock Vaca Muerta as a liquid hydrocarbon non-conventional reservoir, using state-of-the-art technology such as microseismic and massive hydraulic stimulation.

Quintuco formation. YPF continued with the new exploratory techniques developed for this traditional reservoir (Quintuco formation carbonates). During 2010, four discovery wells were drilled (PSG.x-2, La Caverna x-5, Los Gusanos x-1 and Los Gusanos x-2). PSG x-2 was a shale gas project, located in Loma La Lata block. La Caverna x-5 (in which we have a 54.54% working interest) is located in the Bandurria block and is operated by us. Los Gusanos x-1 and Los Gusanos x-2 (in which we have a 100% working interest) are located in the Loma La Lata block. Currently, the well Los Gusanos.x-2 is being tested. During 2010, YPF drilled one dry well (La Caverna x-3) located in the Bandurria block. During 2011, YPF plans to continue with this program with five additional wells.

Liásico Inferior. We have launched a new exploratory campaign in mature blocks. As a result of this campaign, we are shooting 55 km of 2D seismic in Valle del Rio Grande Block, where we have a 100% working interest.

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Ramos xp-1012. During 2009, the UTE Ramos (operated by Pluspetrol Energy) completed the drilling stage reaching final total depth of 5826m. During 2010, Tarija and Tupambi formations were evaluated in the lower block. We are currently evaluating the exploration targets in Santa Rosa formation. YPF holds a 42% working interest in this project.

Frontier areas. 386 square kilometers of 3D seismic are being shot by YPF in Los Tordillos Oeste Block, Mendoza, where Occidental Argentina Exploration and Production, Inc. is our partner with a 50% working interest. Two wells will be spud between the end of 2010 and the first quarter of 2011 in Tamberías Block (San Juan Province) and Gan Gan Block (Chubut Province). Wintershall is our partner in Chubut. The second exploration period in Bolson del Oeste Block (La Rioja Province) has been requested in November 2010, and the commitments for this new period are to record 200 km of 2D seismic and to drill one well. Additionally, in Rio Barrancas Block, we finalized the drilling of the well Quebrada Butaco.x-1, which was dry, at a final depth of 2374m. A total of 3,100 km of seismic (terrestrial gravity and magnetometry) were acquired. In December 2009, YPF invited the provincial governments to take part in “Plan Exploratorio Argentina.” The objective of this program is to complete a national survey of all exploration opportunities available, especially in non-traditional basins. At the date of this report, twelve provinces have signed agreements with YPF.

During 2010, YPF completed ten exploratory wells in Argentina, all of them in the Neuquina basin. Five out of the ten wells were discoveries.

During 2010, in Loma la Lata Field, facilities improvement and oil and gas production optimization continued (Primary separation Units interconnection to Low Pressure Gas Pipeline). In the case of the Sixth Stage Low Pressure Compression Project at the Loma La Lata natural gas field, gas production and wellhead pressure were above the initial forecast so new reservoir and facilities simulations were made during this year in order to continue optimization of compression and surface facilities in 2011.

During the last two years and particularly 2010, we implemented an evaluation program within the El Medanito oilfield (100% owned by YPF) in order to assess the remaining potential of the field that had included the drilling of 32 wells (to perform an infill waterflooding pilot) and 57 delineation wells within the southern zone. The results to date support the expected value estimated in previous studies behind the re-development of the asset with an infill drilling strategy and an efficient second generation and extensive waterflooding. In 2011, we plan to start the massive re-development of the field and to continue with another evaluation pilot.

Manantiales Behr area development is an integral development project with a portfolio of 50 projects “Manantiales Behr”, which involves El Alba, La Carolina, Grimbeek and Sur Manantiales projects. Currently, the area has 653 wells drilled in oil production and 12 wells in production of gas. During 2010 and distributed through various projects, 135 wells have been drilled and 18 additional wells are planned with a total estimated investment of US\$ 187 million for this year. The overall target of this new project is to obtain a comprehensive development of new areas, with the possibility of progressing to construction of new wells, implementing new enhanced oil recovery projects and supporting the development with the relevant surface facilities. Among the projects that have the greatest potential for development are: Grimbeek, El Alba and La Carolina, a pilot polymer injection project in Grimbeek II, the implementation of a proposed injection of surfactants in Sur Manantiales Behr and additional projects arising from the potential for infill drilling detected in some areas. The development group has a team of 18 professionals including geologists, geophysicists, engineers, petrophysical, technical and team leader.

Non-operated areas

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In block CNQ7A, operated by Pluspetrol Energy S.A. (“Pluspetrol”), in which we have a 50% working interest, the delineation of the El Corcobo Norte, Jagüel Casa de Piedra, Cerro Huanunl Sur and Puesto Pinto Reservoirs has been completed and the development of those reservoirs has begun. Steam and water injection pilot projects in Cerro Huanunl Sur have ended with better