

YPF SOCIEDAD ANONIMA

Form 20-F

June 27, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

Commission file number: 1-12102

YPF Sociedad Anónima

(Exact name of registrant as specified in its charter)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Avenida Pte. R. Sáenz Peña 777

C1035AAC Ciudad Autónoma de Buenos Aires, Argentina

(011-5411) 4329-2000

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

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Title of Each Class

American Depositary Shares, each representing one Class D Share, par value 10 pesos per share
 Class D Shares
 7 3/4% Notes due 2007

Name of Each Exchange on Which Registered
 New York Stock Exchange
 New York Stock Exchange*
 New York Stock Exchange

* Listed not for trading but only in connection with the registration of American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each class of stock of YPF Sociedad Anónima as of December 31, 2006 was:

Class A Shares	3,764
Class B Shares	7,624
Class C Shares	1,475,704
Class D Shares	391,825,701
	393,312,793

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934. Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

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CONVERSION TABLE

1 tonne = 1 metric ton = 1,000 kilograms = 2,204 pounds

1 barrel = 42 U.S. gallons

1 tonne of oil = approximately 7.3 barrels (assuming a specific gravity of 34 degrees API (American Petroleum Institute))

1 barrel of oil equivalent = 5,615 cubic feet of gas = 1 barrel of oil, condensate or natural gas liquids

1 kilometer = 0.63 miles

1 million Btu = 252 termies

1 cubic meter of gas = 35.3147 cubic feet of gas

1 cubic meter of gas = 10 termies

1000 acres = approximately 4 square kilometers

References

YPF Sociedad Anónima is a stock corporation (Sociedad Anónima) organized under the laws of the Argentine Republic (Argentina). As used in this annual report, YPF, the company, we, our and us refer to YPF Sociedad Anónima and its controlled and jointly controlled companies or the context requires, its predecessor companies. Repsol and Repsol YPF refer to Repsol YPF, S.A. and its consolidated companies, unless otherwise specified. YPF maintains its financial books and records and publishes its financial statements in Argentine pesos. In this annual report, references to pesos or Ps. are to Argentine pesos, and references to dollars, U.S. dollars or U.S.\$ are to United States dollars.

Disclosure of Certain Information

In this annual report, references to Consolidated Financial Statements are to YPF's audited consolidated balance sheets as of December 31, 2006, 2005 and 2004, and YPF's audited consolidated statements of income for the three years ended December 31, 2006, 2005 and 2004.

Unless otherwise indicated, the information contained in this annual report reflects:

for the subsidiaries that were consolidated using the global integration method at the date or for the periods indicated, 100% of the assets, liabilities and results of operations of such subsidiaries without excluding minority interests, and

for those subsidiaries whose results were consolidated using the proportional integration method, a pro rata amount of the assets, liabilities and results of operations for such subsidiaries at the date or for the periods indicated. For information regarding consolidation, see Note 1 to the Consolidated Financial Statements.

The Consolidated Financial Statements and other amounts derived from such Consolidated Financial Statements, included in this annual report, reflect the effect of changes in the purchasing power of money by the application of the method for restatement in constant pesos. All the amounts were restated to constant pesos as of February 28, 2003. See Note 1 to the Consolidated Financial Statements.

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Forward-Looking Statements

This annual report, including any documents incorporated by reference, contains statements that YPF believes constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of YPF and its management, including statements with respect to trends affecting YPF's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, as well as YPF's plans with respect to capital expenditures business strategy, geographic concentration, cost savings, investments and dividends payout policies. These statements are not guaranty of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond YPF's control or may be difficult to predict. Accordingly, YPF's future financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volumes, reserves, capital expenditures, cost savings, investments and dividend payout policies could differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, replacement of hydrocarbon reserves, environmental, regulatory and legal considerations and general economic and business conditions, as well as those factors described in the filings made by YPF and its affiliates with the Securities and Exchange Commission, in particular, those described in Item 3. Key Information Risk Factors below and Item 5. Operating and Financial Review and Prospects. YPF does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected results or condition expressed or implied therein will not be realized.

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OIL AND GAS TERMS

Oil and gas reserves definitions used in this Annual Report on Form 20-F are in accordance with the reserves definitions of Rule 4-10(a) (1)-(17) of Regulations S-X of the SEC.

The definitions of Reserves Estimate, Reserves Audit and Reserves Review as given below and used hereunder are not terms defined under U.S. Securities and Exchange Commission (SEC) Rules or Regulations and are terms used by YPF in this Annual Report on Form 20-F as defined herein and consequently such definitions may be defined and used differently by other companies.

For the purpose of this Annual Report on Form 20-F, any reserves estimate, or any independent reserves audit or any reserves review invoked hereunder, are in accordance with the oil and gas reserves definitions of Rule 4-10(a) (1)-(17) of Regulations S-X of the SEC.

The following terms have the meanings shown below unless the context indicates otherwise:

Acreage : The total area, expressed in acres or km², over which YPF has interests in exploration or production. Net acreage is YPF's interest in the relevant exploration or production area.

Concession contracts : A grant of access for a defined area and time period that transfers certain entitlements to produce hydrocarbons from the host country to an enterprise. The company holding the concession has generally rights and responsibilities for exploration, development, production and sale of hydrocarbon. Typically granted under a legislated fiscal system where the host country collects royalties on the estimated value at the wellhead of crude oil production and the natural gas volume commercialized and taxes or fees on profits earned.

Condensate : Light hydrocarbon substances produced with natural gas which condense into liquid at normal temperatures and pressures associated with surface production equipment.

Crude oil : Crude oil with respect to YPF's production and reserves includes condensate and natural gas liquids (NGL).

Exploratory well : A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

Gas : Natural gas.

Hydrocarbons : Crude oil and natural gas.

Oil and Gas producing activities : Such activities include:

The search for crude oil, including condensate and natural gas liquids, or natural gas (oil and gas) in their natural states and original locations.

The acquisition of property rights or properties for the purpose of further exploration and/or for the purpose of removing the oil or gas from existing reservoirs on those properties.

The construction, drilling and production activities necessary to retrieve oil and gas from its natural reservoirs, and the acquisition, construction, installation, and maintenance of field gathering and storage systems including lifting the oil and gas to the surface and gathering, treating, field processing (as in the case of processing gas to extract liquid hydrocarbons) and field storage. For purposes of this section, the oil and gas production function shall normally be regarded as terminating at the outlet valve of the lease or field storage tank; if unusual physical or operational circumstances exist, it may be appropriate to regard the production function as terminating at the first point at which oil, gas or gas liquids are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal.

Oil and gas producing activities do not include:

The transporting, refining and marketing of oil and gas;

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Activities relating to the production of natural resources other than oil and gas;

The production of geothermal steam or the extraction of hydrocarbons as a by-product of the production of geothermal steam or associated geothermal resources as defined in the Geothermal Steam Act of 1970; or

The extraction of hydrocarbons from shale, tar sands or coal.

Proved oil and gas reserves : Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Reservoirs are considered proved if economic productibility is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes (A) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any; and (B) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.

Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the proved classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.

Estimates of proved reserves do not include the following: (a) oil that may become available from known reservoirs but is classified separately as indicated additional reserves ; (b) crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; (c) crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and (d) crude oil, natural gas, and natural gas liquids, that may be recovered from oil sales, coal, gilsonite and other such sources.

Proved developed reserves : Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery should be included as proved developed reserves only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.

Proved undeveloped reserves : Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

Reserves Audit : The process carried out by an independent qualified reserves engineering firm that results in reasonable assurance, in the form of an opinion, that the reserves information has in all material respects been determined and presented according to the applicable principles and definitions, and is, therefore, free of material misstatement. Such procedures include extensive review and critical assessment of systems, controls, and approvals for estimating reserves, followed by tests and re-evaluations designed to ensure those systems, controls and approvals were appropriately applied. The main product of this external reserves audit is an opinion letter that includes the auditor's findings, conformance or not with the applicable principles, definitions and procedures for estimating reserves.

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Reserves Estimate : the process whereby a qualified reserves estimator performs a comprehensive evaluation by interpreting and assessing all the pertinent data to generate such proved reserves estimates and cash flow analysis. The main product of this evaluation results in a report that includes: (i) the actual reserve estimate quantities, (ii) the future producing rates from such reserves, (iii) the future net revenues from such reserves and (iv) the present value of such future net revenue. This report may also include maps, logs or other technical backup used by the estimator.

Reserves Review : The process whereby a qualified reserves professional reviewer conducts a high-level assessment of reserves information to determine if it is plausible. The steps consist primarily of:

inquiry;

analytical procedures;

analysis;

review of historical reserves performance; and

discussions with reserves management staff.

Plausible means the reserves data appearing to be worthy of belief based on the information obtained by a reserves estimator or by an independent qualified reserves auditor in carrying out the aforementioned steps. It may result in a statement like "Nothing came to my attention that would indicate the reserves information has not been prepared and presented in accordance with the applicable principles and definitions."

Reviews do not require examination of the detailed documentation that supports the reserves information, unless this information does not appear to be plausible. A reserves review, due to the limited nature of the investigation involved, does not provide the level of assurance provided by a reserves estimate, nor a reserves audit. Though reserves reviews can be done for specific applications, they are not a substitute for an audit, nor an estimate.

Surface conditions : represents the pressure and temperature conditions at which volumes of oil, gas, condensate and natural gas liquids are measured for report purpose. It is also referred to as standard conditions. For YPF these conditions are 14.7 psi for pressure and 60°F for temperature. All volume units expressed in this report are at surface conditions.

Abbreviations:

bbl	Barrels.
Bcf	Billion cubic feet $\equiv 10^9$ cubic feet.
Bcm	Billion cubic meters $\equiv 10^9$ cubic meter.
boe	Barrels of oil equivalent.
bpd	Barrels of oil per day.
boe/d	Barrels of oil equivalent per day.
GWh	Gigawatt hours.
HP	Horse Power.

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mbl/d

Thousand barrels per day.

mboe/d

Thousand barrels of oil equivalent per day.

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mbpd	Thousand barrels of oil per day.
km	Kilometers.
km ²	Square kilometers.
liquids	Crude oil, condensate and natural gas liquids.
m	Thousand.
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.
MW	Megawatts.
psi	Pounds per square inch
WTI	West Texas Intermediate.
USA	United States of America.

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PART I

ITEM 1. Identity of Directors, Senior Managers and Advisers

Not applicable.

ITEM 2. Offer Statistics and Expected Timetable

Not applicable.

ITEM 3. Key Information

Selected Financial Data

The selected consolidated financial data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and the accompanying Notes and Exhibits included in this annual report.

The consolidated income statement data for each of the years in the three-year period ended December 31, 2006 and the consolidated balance sheet data as of December 31, 2006, 2005 and 2004 set forth below have been derived from, and are qualified in their entirety by reference to, the Consolidated Financial Statements and the accompanying Notes and Exhibits included in this annual report. The consolidated income statement data for each of the years in the two-year period ended December 31, 2003 and the consolidated balance sheet data as of December 31, 2003 and 2002 set forth below have been derived from YPF's audited consolidated financial statements, which are not included in this annual report.

YPF's Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in Argentina (Argentine GAAP), which differ in certain respects from generally accepted accounting principles in the United States (U.S. GAAP). Note 13 to the Consolidated Financial Statements describes the principal differences between Argentine GAAP and U.S. GAAP, as they relate to YPF. Note 14 provides the effects of the significant differences on net income and shareholders' equity and a reconciliation of such differences, and Note 15 provides certain additional disclosures required under U.S. GAAP. Additionally, Oil and Gas disclosures are included in the Supplemental information on oil and gas producing activities (unaudited).

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	Year Ended December 31,				
	2006	2005 (1)	2004 (1)	2003 (2)	2002 (2)
(in millions of pesos, except for per share and per American Depository Share (ADS) data)					
Consolidated Income Statement Data:					
Amounts in accordance with Argentine GAAP (3)					
Net sales (4)(5)	25,635	22,901	19,931	17,514	17,050
Gross profit	9,814	11,643	10,719	9,758	8,424
Administrative expenses	(674)	(552)	(463)	(378)	(411)
Selling expenses	(1,797)	(1,650)	(1,403)	(1,148)	(1,077)
Exploration expenses	(460)	(280)	(382)	(277)	(240)
Operating income	6,883	9,161	8,471	7,955	6,696
Income (Loss) on long-term investments	183	39	154	150	(450)
Amortization of goodwill					(13)
Other expenses, net	(204)	(545)	(981)	(152)	(245)
Interest expense	(213)	(459)	(221)	(252)	(679)
Other financial income (expenses) and holding gains (losses), net	667	561	359	202	(2,312)
Income (Loss) from sale of long-term investments	11	15			690
Impairment of other current assets	(69)				
Income before income tax and minority interest	7,258	8,772	7,782	7,903	3,687
Income tax	(2,801)	(3,410)	(3,017)	(3,290)	(58)
Minority interest					
Net income from continuing operations	4,457	5,362	4,765	4,613	3,629
Income (Loss) on discontinued operations			3	15	(13)
Income from sale of discontinued operations			139		
Net income	4,457	5,362	4,907	4,628	3,616
Earnings per share and per ADS (6) (in nominal pesos)	11.33	13.63	12.48	11.77	9.19
Dividends per share and per ADS (6) (in nominal pesos)	6.00	12.40	13.50	7.60	4.00
Dividends per share and per ADS (6) (in U.S. dollars)	1.93	4.24	4.70	2.62	1.12
Approximate amounts in accordance with U.S. GAAP					
Operating income	5,626	8,065	6,550	7,567	5,173
Net income	3,667	5,142	4,186	4,435	3,498
Earnings per share and per ADS (6) (in nominal pesos)	9.32	13.07	10.64	11.28	8.89
Consolidated Balance Sheet Data:					
Amounts in accordance with Argentine GAAP (3)					