



OPPORTUNITIES AND CHALLENGES IN MEXICO

● Opportunities and Challenges in Mexico ●



MÉXICO

Official Name

Estados Unidos Mexicanos

Language.

Spanish

Government.

Federal Presidential Republic

Legal System.

Civil Law

Area.

1,972,550 Km²

Population

(2015 Estimate) 119,530,753

Currency

Peso Mexicano





ENERGY REFORM

Since 1938 PEMEX was the state monopoly in the local oil and gas sector

“On December 20, 2013, Mexico’s President Enrique Peña Nieto formally signed one of the most significant economic reform laws of the last several decades. The Mexican government amended its Constitution, effectively opening the oil and gas energy) to private foreign and local investors after 75 years.”



The National Hydrocarbons Commission (CNH)

The National Hydrocarbons Commission (CNH) was established on November 28, 2008 as an organization with technical autonomy to regulate and supervise the exploration and production of hydrocarbons in Mexico. The CNH was formally instated on May 20, 2009, following the appointment of 5 commissioners who comprise its Governing body.

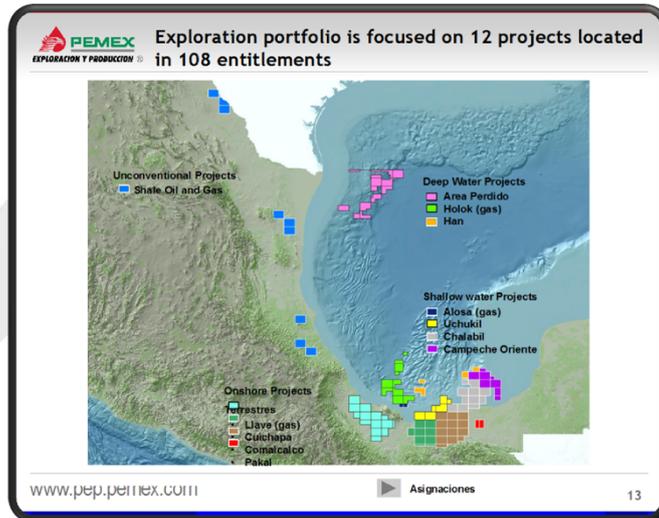
On December 20, 2013 a decree amending and supplementing various Energy-related provisions of the Constitution of the United Mexican States was published in the Official Federation Gazette. Articles 25, 27 and 28 of the Constitution were amended, thus creating a robust legal framework that strengthens the industry and that will increase oil revenues for the benefit of all Mexicans. Furthermore, the institutional organization of the regulatory bodies in the sector was adapted, in accordance with the new energy model.

Among the secondary laws published are the Hydrocarbons Law and the Law of Coordinated Regulatory agencies in the field of Energy. The laws empower the CNH as the governing body in the exploration and production of hydrocarbons in Mexico, giving it a separate legal personality, technical and administrative autonomy, and fiscal self-sufficiency.



Ronda 0

Pemex Oil Fields 381



Source: Gustavo Morales Presentation 22 July 2015



PEMEX

New Business Associates

Different Types of Opportunities

Farm In

Farm Out

Join Venture

Financing of E&P Activities

Merge / Acquisition

Source: Gustavo Morales Presentation 22 July 2015



Ronda 1. Aguas Someras
 Primera Convocatoria. Licitación CNH-R01-L01/2014
 Contratos de Producción Compartida para la
 Exploración y Extracción de Hidrocarburos

Companys with Shallow waters blocks

1. No winner
2. **Sierra Oil & Gas S. de R.L. de C.V., Talos Energy LLC y Premier Oil PLC.**
3. No winner
4. No winner
5. No winner
6. No winner
7. **Sierra Oil & Gas S. de R.L. de C.V., Talos Energy LLC y Premier Oil PLC.**
8. No winner
9. No winner
10. No winner
11. No winner
12. No winner
13. No winner
14. No winner



Ronda 1. Aguas Someras
 Segunda Convocatoria. Licitación
CNH-R01-L02/2015
 Contratos de Producción Compartida para la
 Extracción de Hidrocarburos

Companys with Shallow waters blocks

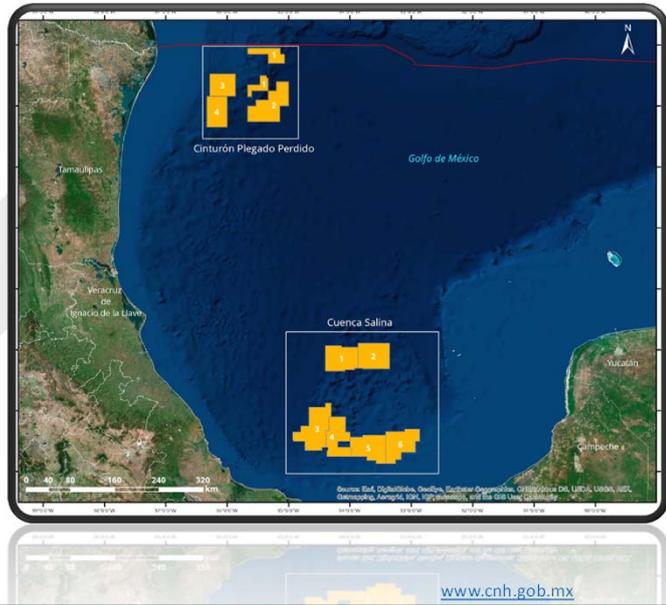
1. **ENI International**
2. **Pan America Energy LLC/E&P Hidrocarburos y Servicios**
3. No winner
4. **Fieldwood Energy LLC/Petrobal**
5. No winner





Ronda 1. Aguas Profundas
Cuarta Convocatoria. Licitación CNH-R01-L04/2015
Contratos de Licencia para la Exploración
y Extracción de Hidrocarburos

On going 10 Blocks



Mexico Today



NN REGULUS



NN LEONIS



CABOTAGE



- **Only for Mexican Flag Vessel**
- **Foreign Flag Vessel**
(Subject to Navigation Permit)



LOCAL CONTENT AS IT APPLIES TO CREW

Mexican Flag Vessel:

Require:

- *100% Mexican Crew*
- *In certain activities, AS Mexican flag vessel will require that it be manned by Mexicans by birth, without dual nationality as captains, pilots, masters, engineers, mechanics and, in general, any personnel, as well also refers to piloting.*

(Article 32) MEXICAN CONSTITUTION



Foreign Flag Vessel:

- Subject to the Navigation Permit, issue by the Merchant Marine office it will require according to the specifications of the vessel the number of Mexican Crew that must be onboard.



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