



February 2021

Mexico's National Hydrocarbons Commission Agreement on Hydrocarbon Contracts 'CNH-R01-L03/2015'

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On Feb. 12, 2021, Mexico's National Hydrocarbons Commission (CNH) published in the Federal Official Gazette (DOF) Agreement CNH.E.66.004/2020, by which general criteria applicable to Evaluation Programs and Development Plans for the Extraction of Hydrocarbons related to the Contracts of International Public Bids CNH-R01-L03/2015 were issued (the Agreement). This GT Alert summarizes the Agreement.

- General criteria regarding the Evaluation Programs and Development Plans of Bidding Contracts CNHR01-L03/2015 are established as follows:
 - Contracts in the execution phase, and if applicable, at the conclusion of the Evaluation Plan, require a specific term that allows the contractors to determine the limits, characterization, and production capacity of the oil/hydrocarbon field(s), as well as to have sufficient technical information (Reservoirs, Wells and Facilities) to present the corresponding Development Plan for CNH consideration.

- Contractors with a Development Plan approved in terms of Resolution CNH.E.54.001/16 (the Criteria) are obliged, in accordance with Resolution Three, to present the modification to such Development Plan, in terms of the evaluation derived from the Contractual Area.
- Contracts with an approved modification to the Development Plan as per Resolution Three of the Criteria must note that there has been progress in the execution of the Petroleum Activities based on the technical information obtained from the Evaluation stage.
- The CNH extended the validity of the Evaluation Programs for nine months, as per article 51 and the eleventh transitory article of the Guidelines that regulate the Exploration and Development Plans for the Extraction of Hydrocarbons and of article 84 of the General Law of Regulatory Improvement.

The extension is intended to help contractors determine the limits, characterization, and production capacity of the oil/hydrocarbon field(s). The contractors must submit an updated schedule within 15 working days following publication of the Agreement. If applicable, the Performance Guarantees for a period equal to the term of the granted term must be submitted.

If the above information is not submitted, the Extension of the Evaluation Programs will not apply. This does not create an exemption for the obligation to comply with the Minimum Work Program and its increase; therefore, at the end of the Evaluation Period, contractors will have 30 calendar days to submit the Evaluation Report and, if applicable, the Notification of Continuation of Activities.

- Obligation to submit the modification of the Development Plan to the CNH within a term of nine months, considering the following:
 - Only those with a CNH-approved modification to the Development Plan can continue operating.
 - The modification to the Development Plan must comply with the integral content of the contract.
 - An updated schedule must be submitted considering, in addition to the nine months, the term for the CNH to respond to the request for the Modification of the Development Plan.
- The CNH-approved Petroleum Activities, for which execution was scheduled for March 23, 2020, as of the date of publication of the Agreement, may be rescheduled for a period of nine months. The respective schedule must be updated for this purpose.
- The contractors must submit to the CNH the information to adhere to the Agreement within 15 business days from its publication date. Otherwise, the CNH will consider the time submitted with respect to the current authorized terms for all applicable purposes. The foregoing applies with the understanding that the Agreement does not imply a modification of the term of the respective contracts or of any other of its clauses.
- The Agreement does not exempt the contractors from the payment of obligations foreseen in the Hydrocarbons Income Law, nor from complying with any tax obligations.

** This GT Alert is limited to non-U.S. matters and law.*

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