



Mexico's Energy Ministry Plans Auctions for Extraction, Exploration Rights

Pursuant to the Mexican Hydrocarbons Law, its Regulations, and its fifth transitory article, the Mexican Ministry of Energy ("SENER"), following a technical proposal prepared by the National Hydrocarbons Commission ("CNH"), announced a Five-Year Public Tenders Plan (the "Plan"). The Plan establishes four rounds of tenders for exploration and extraction fields to take place between 2015 and 2019.

The Plan contemplates the auction of (i) 244 oilfields for extraction, with a remaining volume of 68,205 million barrels of oil equivalents ("MMBOE") and a total area of 7,966 km²; (ii) 379 areas of conventional hydrocarbon exploration with a prospective resource of 14,643 MMBOE and an area of approximately 136,630 km²; and (iii) 291 areas for the exploration of unconventional hydrocarbon resources with a prospective resource of 24,612 MMBOE and a total area of 33,959 km².

According to Article 27, Section One of the Rules of the Hydrocarbons Law, SENER will evaluate the Plan for possible amendments during the third quarter of each year, taking into consideration feedback received from the industry and from the Mexican states through surveys. An amendment would likely

result from information updates, the relinquishment of entitlement areas, and/or updates and amendments to project scopes and key policies.

The Plan classifies the areas to be auctioned according to type of industry activity: exploration or extraction. Both categories are further divided into various subcategories.

Extraction of Hydrocarbons

The Plan contemplates the auction of 244 areas for extraction, of which 95 are preventive entitlements (*asignaciones de resguardo*) that currently produce hydrocarbons and with a volume of 28,961 MMBOE. It is estimated that the remaining areas contain resources of 39,243 MMBOE.

Onshore Areas. Onshore areas are located in the states of Coahuila, Nuevo Leon, Tamaulipas, Veracruz, Puebla, Tabasco, and Chiapas. They have a remaining volume of 4,143 MMBOE and an area of approximately 4,343 km². These onshore areas will be tendered through all four rounds, but most will be awarded in the first two rounds.

Chicontepec. The Chicontepec Basin is primarily located in the states of San Luis Potosi, Hidalgo, Veracruz, and Puebla. It has a remaining volume of 42,151 MMBOE and an area of 2,045 km². It is expected to be included in the Round 1 auction.

Extra-Heavy Crude. The areas to be auctioned are located off the coasts of Tabasco and Campeche and have a remaining volume of 16,6798 MMBOE and an area of approximately 261 km². The crude oil in these deposits is highly viscous and includes associated sour gas such as sulfuric acid (H₂S). The water depths range from approximately 20 to 400 meters. These areas will be tendered almost entirely in Round 1 and the remainder in Round 2.

Shallow Waters. These fields are located in state waters off the coasts of Campeche, Tabasco, and Veracruz. It is estimated that the volume remaining onsite is 4,742 MMBOE, in an area of approximately 1,024 km². They correspond to fields beneath a water depth of just under 500 meters. They will be tendered in Rounds 1, 2, and 3.

Deepwater. These areas are at a distance of between 30 and 60 km off the coast of Veracruz in the Gulf of Mexico and produce nonassociated natural gas. They have a volume of 489 MMBOE and an approximate area of 102 km².

Exploration for Conventional Resources

The auction will include 379 areas for exploration of conventional hydrocarbons, of which 74 are located in the Burgos oil region, 67 in Tampico-Misantla, 43 in Veracruz, 54 in the Southeastern Basins, and 141 in the oil region of the Deep Gulf of Mexico.

Onshore Areas. 130 onshore areas are estimated to be auctioned in the states of Hidalgo, Nuevo Leon, Oaxaca, Puebla, San Luis Potosi, Tabasco, Tamaulipas, and Veracruz, with a total prospective volume of 1,363 MMBOE and an area equivalent to 24,574 km².

Deepwater. One hundred forty one deepwater areas are being considered for tender. They are located off the coast of Tamaulipas, Veracruz, Tabasco, and Campeche, in the

Perdido Area, Mexican Cordilleras, and Salina del Istmo Basin regions. The resources are estimated to include approximately 9.738 MMBOE and an area of 83,945 km². The areas to be tendered were determined based on their location close to areas with commercial discoveries. They will be tendered during the four rounds.

Shallow Water. One hundred eight shallow water areas for exploration, located off the coast of Tamaulipas, Veracruz, Tabasco, and Campeche, are being considered. The resources are estimated to include approximately 3,542 MMBOE in an area of 28,110 km². The areas to be tendered were determined based on their location close to areas with commercial discoveries. They will be tendered during the four rounds.

Unconventional Resource Exploration

The tender of 291 areas covering approximately 33,959 km², with estimated prospective resources of 24,612 MMBOE, is being considered.

Burro Picachos Platform. There are nine areas in Nuevo Leon and Tamaulipas that may be tendered for exploration. These areas are estimated to have a prospective resource volume of approximately 500 MMBOE in an area of 1,024 km². The hydrocarbons expected in these areas are dry gas, wet gas, and light oil. Most of the areas will be tendered in Round 2 and the remainder in Round 4.

Burgos Region. These areas are located in Nuevo Leon and Tamaulipas. There are 124 areas to be tendered, estimated to have a prospective volume of 6,486 MMBOE in an area of 14,406 km². The expected hydrocarbons are dry gas and wet gas, and the areas will be tendered mostly in Rounds 2 and 3, leaving the remainder for Round 4.

Tampico-Misantla Region. These areas are located in Tamaulipas, San Luis Potosi, Hidalgo, Puebla, and Veracruz. The 158 areas to be tendered have an estimated prospective resource of 17,625 MMBOE in an area of 18,529 km². The resources are thought to be mainly crude oil and associated natural gas and will be tendered during the four rounds.

Lawyer Contacts

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