



The Energy Reform in Mexico

Guillermo I. Garcia Alcocer

Head of Policies for Exploration and
Extraction of Hydrocarbons



**STATE OWNED
MONOPOLY**



**OPEN
MARKET**

Clear rules, roles and responsibilities

Balancing **risks and returns**

Optimization of Mexico's resources

Access to **state of the art technology**

Comprehensive **industrial development** strategy

Human resources strategy

Access to **capital**

**HYDROCARBONS
BELONG TO THE
NATION**

**RULE OF
LAW**

**STRONGER
INSTITUTIONS**

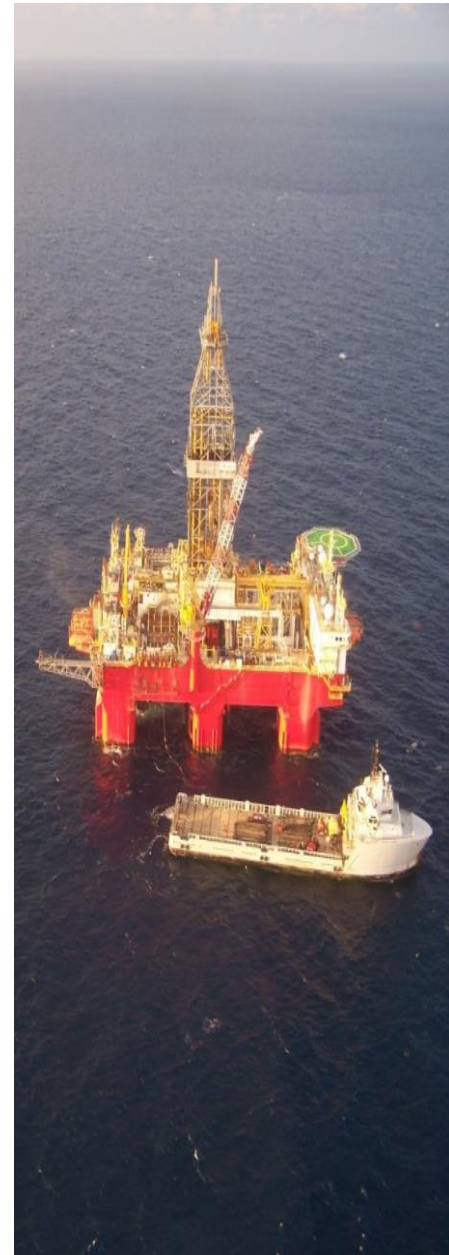
SUSTAINABILITY

TRANSPARENCY

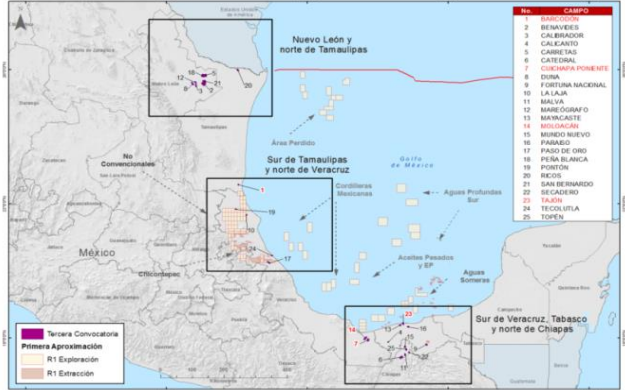
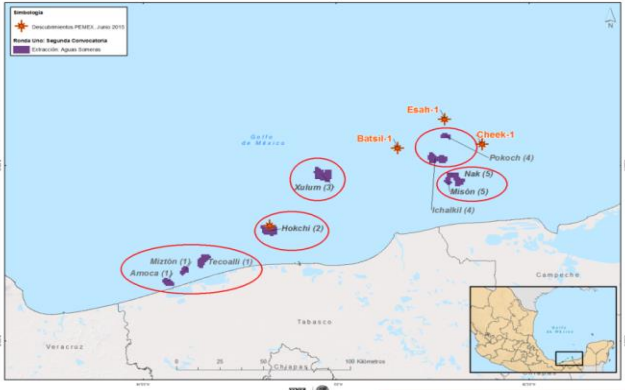
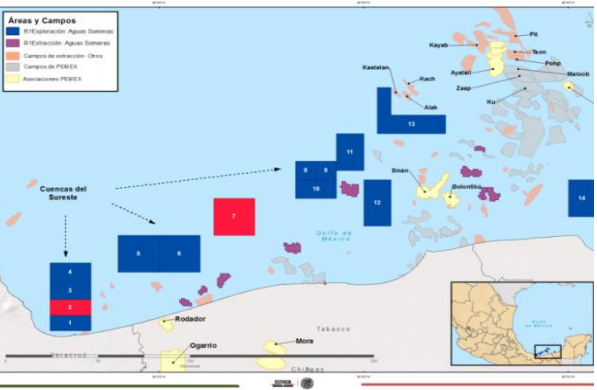
KEY PRINCIPLES

Round 1: Interest in the first 3 calls.

- **141** companies showed interest at least with regard to one tender.
- **101** of them paid access to the Data Room.
- **93** have signed up for at least one bid.



Round One: Results



1st Call: Exploration in shallow waters

- Announced on December 2014.
- PSC
- 2 contracts awarded on July 2015.
- First Production: 2019.
- Max Production: 79 Mbpc/d.
- Estimated investment in 3 years: 2.4 billion, in 5 years, 2.6 billion.

2nd Call: Production in shallow waters

- Announced on February 2014.
- PSC.
- 3 contracts awarded on September 2015.
- First production: 2018.
- Max Production: 124 Mbpc/d.
- Estimated investments in 3 years: 2.8 billion, in 5 years, 3.1 billion.
- Equilibrium price: \$15 USD.

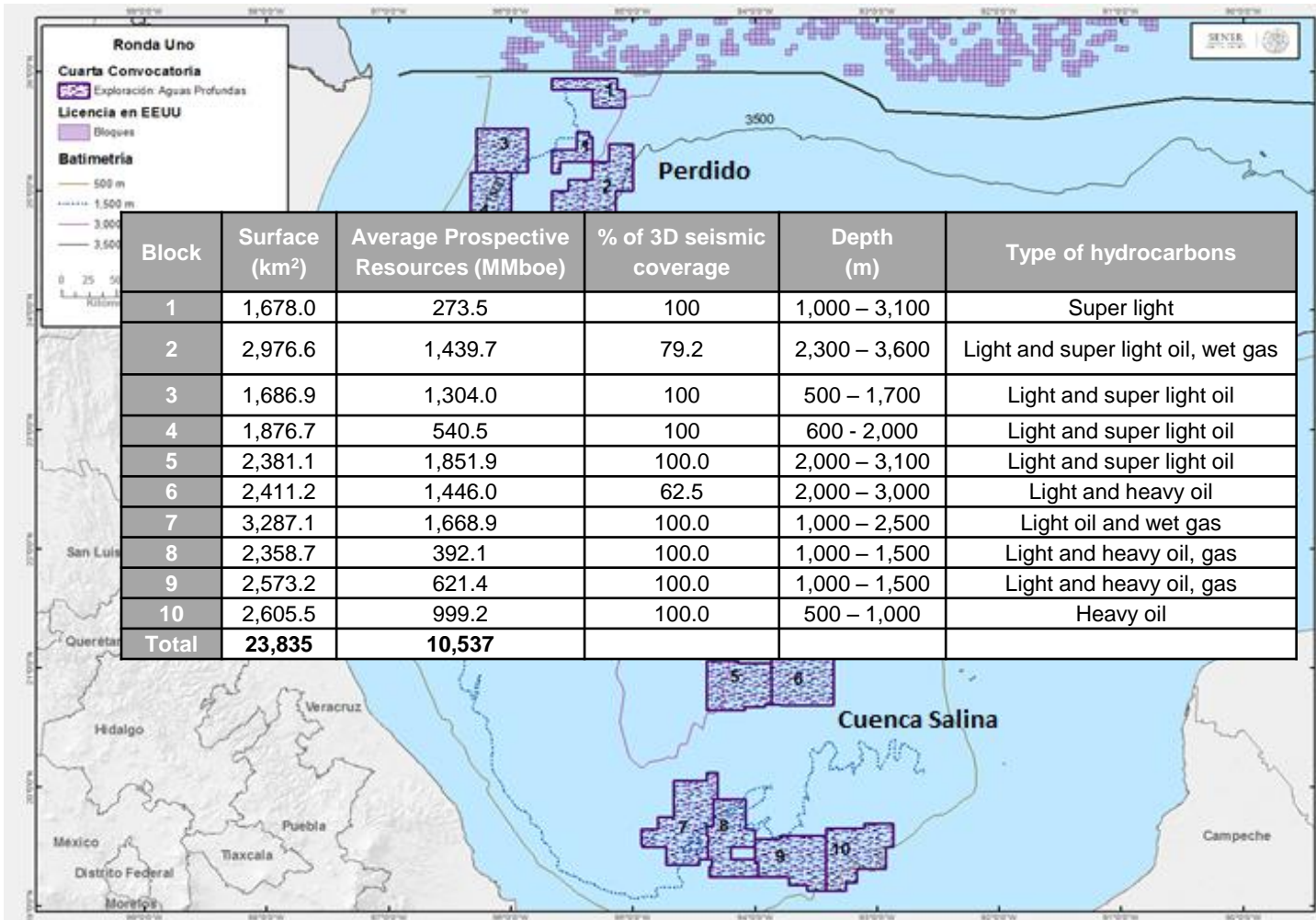
3rd Call: Onshore Production

- Announced on May, 2015.
- License Contract.
- 25 contracts awarded on December 2015.
- First Production: 2016-2017.
- Max Production: 77 Mbpc/d.
- Estimated investments in 3 years: 0.4 billion, in 5 years, 0.6 billion.
- Equilibrium price: \$14 USD.
-  Renaissance Oil was awarded 3 fields (11, 15 and 25).

Round One: Fourth Bid

New model designed to **balance risk** and thus attract investments and **state of the art technology**.

- License contract.
- 10 exploration areas.
- Depth: 500-3,600 Km.
- Resources: super light, light and heavy oil, dry and wet gas.
- Will be awarded on December 5th 2016.



Fourth Bid: The Numbers



20

Interested Companies



13

Companies that have requested access to the Data Room



12

Companies authorized to access the Data Room



11

Companies with access to the Data Room



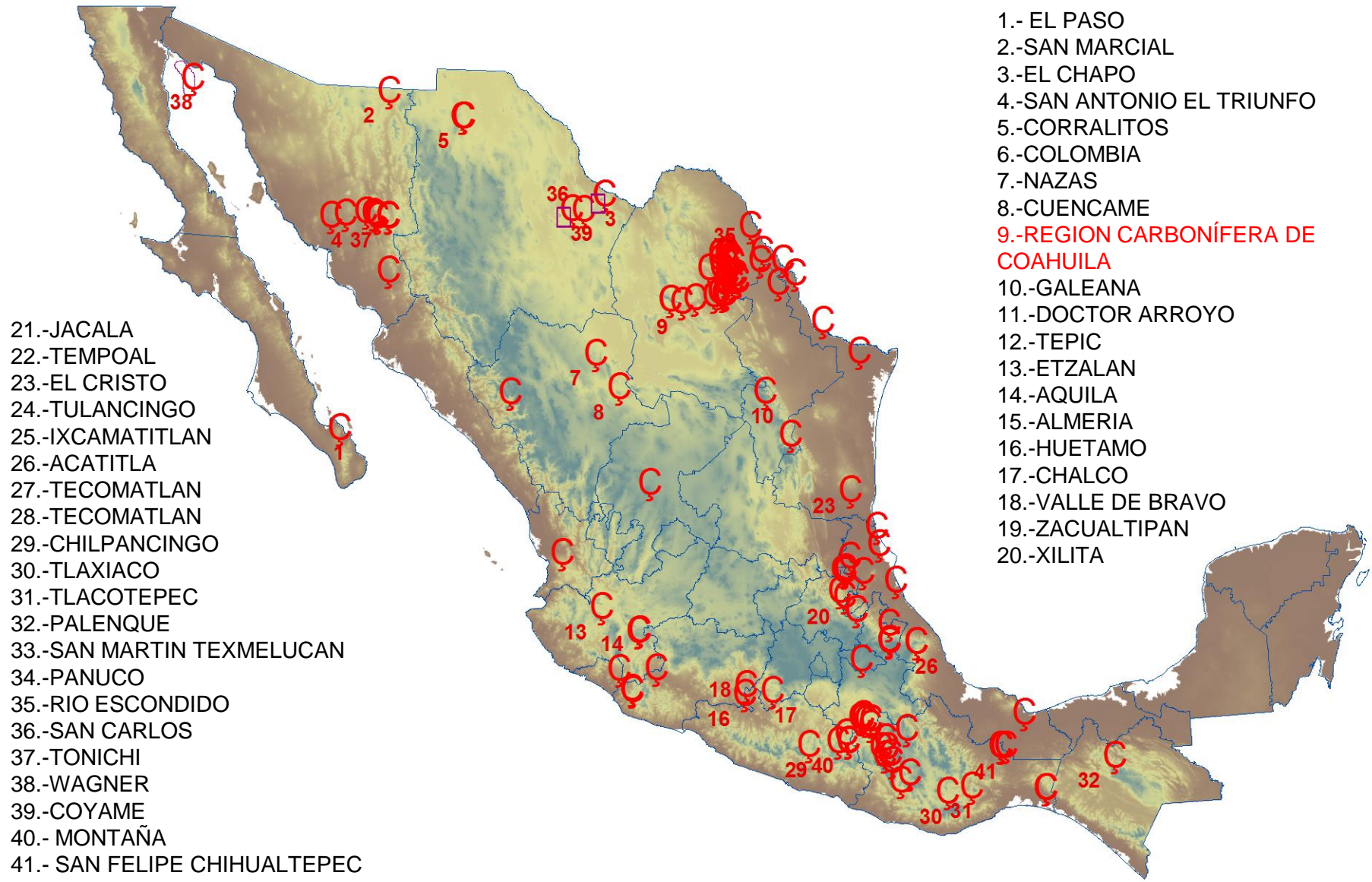
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Companies that have started with the prequalification process

Companies with acces to the Data Room

Shell	Bidding data packet
Total	License from CNIH
Chevron	Bidding data packet
Hess México	Bidding data packet
NBL México	Bidding data packet
Statoil E&P	Bidding data packet
Atlantic Rim México (ANADARKO)	Bidding data packet
Exxon Mobil	License from CNIH
BHP Billiton	Bidding data packet
BP Exloration México	Bidding data packet
Petro Canada International	Bidding data packet

Where is coal located?



- 1.- EL PASO
- 2.- SAN MARCIAL
- 3.- EL CHAPO
- 4.- SAN ANTONIO EL TRIUNFO
- 5.- CORRALITOS
- 6.- COLOMBIA
- 7.- NAZAS
- 8.- CUENCAME
- 9.- REGION CARBONÍFERA DE COAHUILA
- 10.- GALEANA
- 11.- DOCTOR ARROYO
- 12.- TEPIC
- 13.- ETZALAN
- 14.- AQUILA
- 15.- ALMERIA
- 16.- HUETAMO
- 17.- CHALCO
- 18.- VALLE DE BRAVO
- 19.- ZACUALTIPAN
- 20.- XILITA

- 21.- JACALA
- 22.- TEMPOAL
- 23.- EL CRISTO
- 24.- TULANCINGO
- 25.- IXCAMATITLAN
- 26.- ACATITLA
- 27.- TECOMATLAN
- 28.- TECOMATLAN
- 29.- CHILPANCINGO
- 30.- TLAXIACO
- 31.- TLACOTEPEC
- 32.- PALENQUE
- 33.- SAN MARTIN TEXMELUCAN
- 34.- PANUCO
- 35.- RIO ESCONDIDO
- 36.- SAN CARLOS
- 37.- TONICHI
- 38.- WAGNER
- 39.- COYAME
- 40.- MONTAÑA
- 41.- SAN FELIPE CHIHUALTEPEC

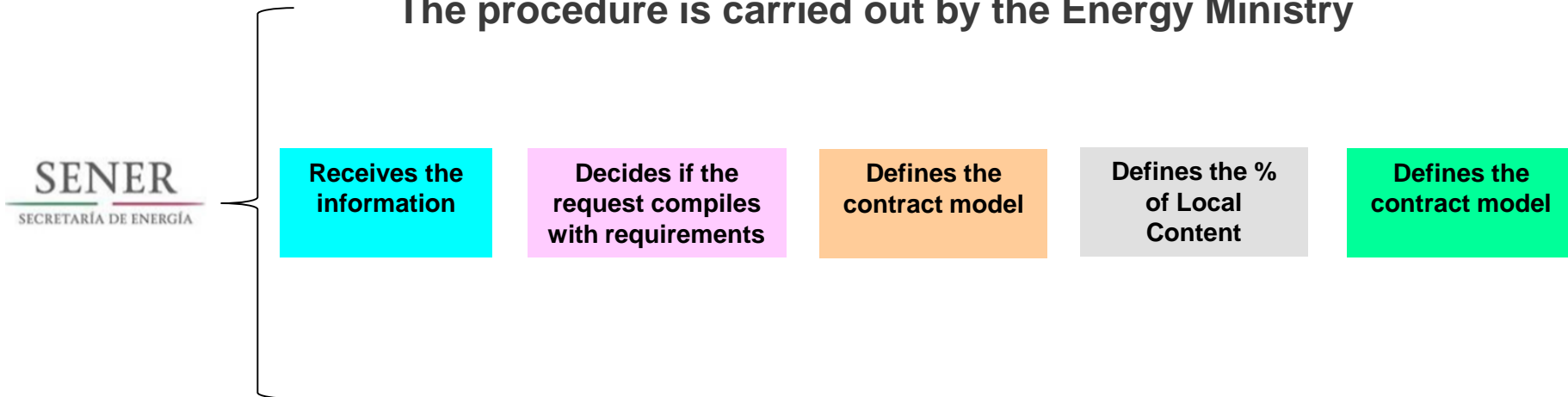
Coal resources in Mexico

Basin	Coal, million tons	Gas in coal seams, Bcf
Sabinas, Coahuila	4,787	1,383.44
Fuentes – Rio Escondido, Coahuila	1,832	529.45
Colombia- San Ignacio, Coahuila	406	117.33
Cabullona, Sonora	228	65.89
Ojinaga, Chihuahua	26	7.51
San Patricio, Coahuila	274	79.3
El Chapo, Chihuahua	0.63	35.28
Wagner, Baja California	352	99.41
Fracción 1, Coahuila	122	24.4
Total	7,632	2,342.01

Permit Process



The procedure is carried out by the Energy Ministry



Legal Changes and Goals regarding coalbed gas

- ✧ Designed to promote the extraction of coalbed gas by reforming in 2006 **the Mining Act** and the **Bylaw of the Article 27 of the Constitution**.
- ✧ The goal was to allow private companies that hold a mining concession to apply for a permit to Sener in order to recover and sell coalbed gas.
- ✧ This change allowed to reduce the growth pace of imports of natural gas, in spite of which, they are still on the rise.

Legal Framework and procedures

Hydrocarbons
Law

Art.
27

A bidding process will not be required and thus, the **Contract for the Exploration and Extraction can be awarded directly** to the legal entity that holds the mining concession **exclusively regarding the coal seam being produced.**

Regulation of
the HL

Art.
51

Lists the minimal documents that the mining concession holder must present in order to begin the process.

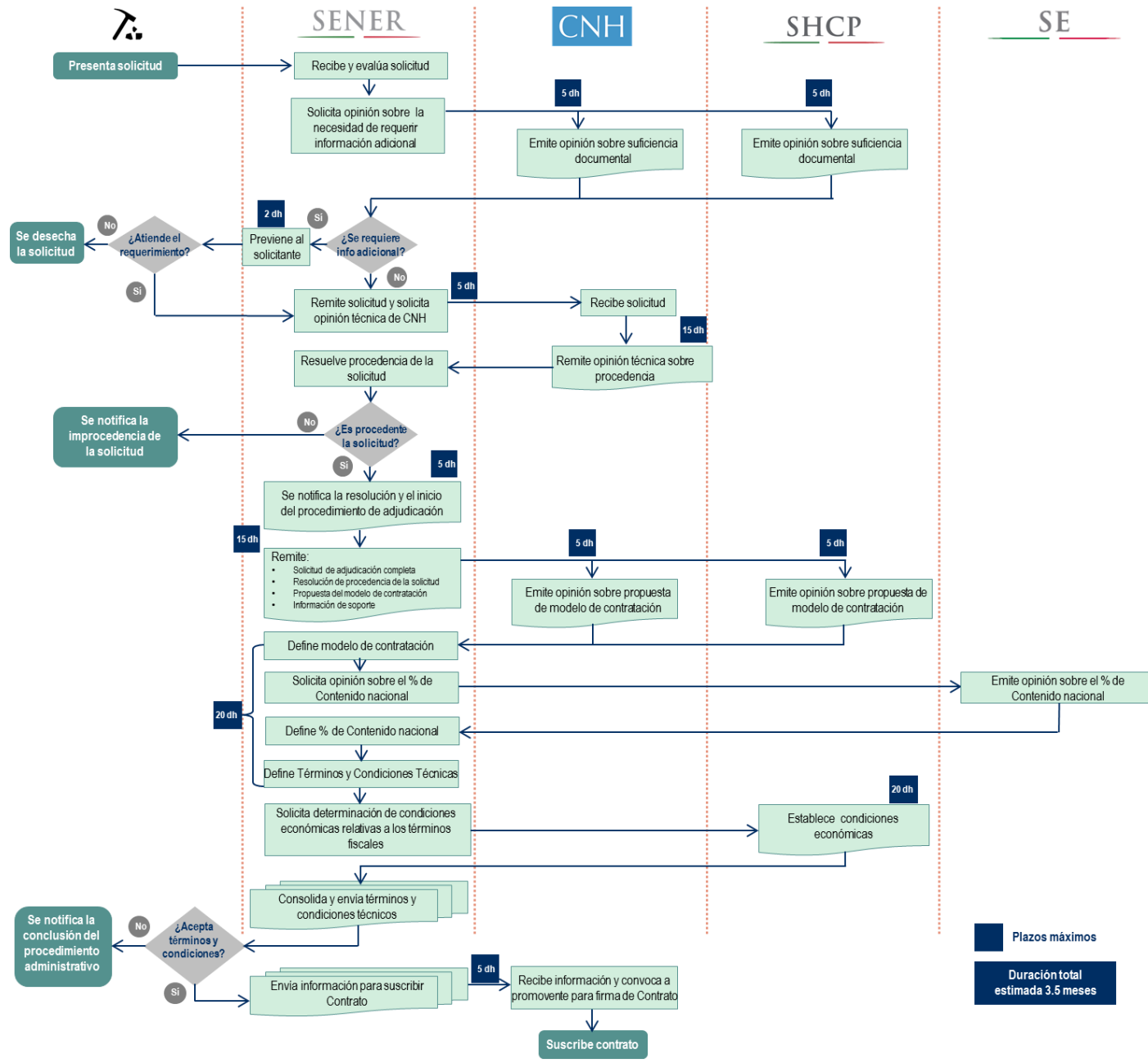
Regulation of
the HL

Arts.
52 & 53

Regulates the procedures that must be carried out (52), and in case they are completed, the procedure for the awarding of the contract (53).



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Plazos máximos

Duración total estimada 3.5 meses