

PREPARING FOR MEXICO UPSTREAM INVESTMENTS PART B: MEXICO COMMERCIAL/LLEGAL REPORT

COMPONENT OVERVIEW

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ADDITIONAL COMPONENTS INCLUDED WITH PURCHASE OF PART B:

PART F:
Mexico Project Economics for
Type Projects

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Alconsult's overall Mexico Study Report is divided into two major components: **GEOTECHNICAL (PART A)** and **COMMERCIAL/LLEGAL (PART B)**. Each is available as a standalone report or are available together as a combined **INTEGRATED MEXICO STUDY (PARTS A TO F)**. This short summary describes the Commercial/Legal Report.

This component of Alconsult's Study comprises three (3) sections:

1. A Review of Mexico's Petroleum Industry and possible opportunities resulting from Mexico's recent energy industry reforms;
2. A Review of Fiscal Terms and Economics relating to upstream petroleum projects;
3. A Step-by-Step Guide and Legal Compliance Checklist for foreign petroleum exploration and production companies desiring to participate in Mexico.

The first part of section 1 covers detailed information about all aspects of Mexico's upstream petroleum industry, including information about oil and gas fields, with reserves and production data and forecasts; infrastructure (production, processing and storage facilities); transportation network (oil and gas pipelines, tanker trucks and ships, etc.) and industry players (PEMEX, other upstream companies, regulators, service companies, midstream and downstream companies, etc.). This section also includes information about the midstream and downstream activities, as well as other activities which are generally carried out by integrated energy companies (e.g., electric power generation).

The second part of section 1 provides an overview of all ongoing and forthcoming bidding rounds for upstream projects, including all phases of Round 1. In addition, this part explores possible opportunities of participation in: (a) existing upstream projects which are currently subject to service contracts and are in the process of being migrated to production sharing contracts, and (b) joint ventures with PEMEX in Round Zero blocks.

The first part of section 2 covers detailed information about the fiscal regime applicable for the upstream petroleum projects based on the new hydrocarbon laws and regulations read with model contracts which are already issued as part of the bid invitation package for shallow offshore bidding round or are expected to be issued for future bidding rounds for deep offshore, heavy oil and onshore blocks. This part includes a comprehensive review of the challenges and risks associated with producing Mexican crude oil and natural gas both for the domestic market and exports, including oil and gas prices expected to be obtained by the foreign producers.

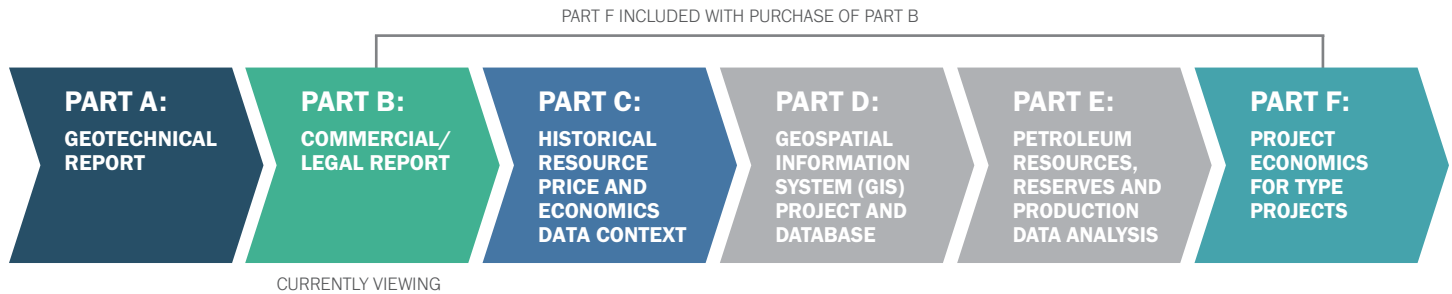
The second part of section 2 contains economic evaluations of those crude oil and natural gas exploration/development projects, representative of projects available in Mexico's producing basins. Please see the description of PART F for more details.

COMPONENT OVERVIEW (CONTINUED)
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Section 3 provides a comprehensive step by step guide for the foreign investors desiring to enter Mexico for the first time. This guide includes critical information and advice regarding the establishment and conduct of a petroleum business in Mexico by a foreign company covering all laws and regulations, whether federal, state or municipal – and international (e.g. UN agencies), multilateral (e.g. NAFTA) and bilateral treaties to which Mexico is a party.

Section 3 also includes a detailed Legal Compliance Checklist for foreign companies, covering not only requirements under the hydrocarbon laws and petroleum contracts reviewed in Section 2, but also includes requirements under other related legislation covering foreign investment protection, land access, environment permits, work permits, labor laws, taxation, customs, banking, currency repatriation, insurance, anti-corruption, etc.

A detailed “Table of Contents” is available for perusal upon request. The report’s principal authors, Sohaib Qadar and Gerry Angevine, are also available for consultation and questions. The pricing for PART B includes PART F briefly outlined below. Deliverables include a written report, checklists and PowerPoints.



SYNERGY WITH OTHER COMPONENTS FROM ALCONSULT'S 2015 MEXICO STUDY

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1. Alconsult's **MEXICO GEOTECHNICAL REPORT (PART A)** provides a systematic review of existing hydrocarbon production and future expected prospectivity in the context of the regional geology. We progress from an overview of production, reserves and resources for the entire country, to a description of tectonic and stratigraphic concepts in the six main producing basins, to a review of hydrocarbon production from those basins. Major play types are described in terms of trap type, source, seal and reservoir with more detailed descriptions of the major producing play trends.
2. Reference hydrocarbon prices and their historical relationships are available in our **HISTORICAL NORTH AMERICAN (MEXICO, US AND CANADA) RESOURCE PRICE AND ECONOMICS DATA CONTEXT (PART C)** product. Such can be used to benchmark and assist in formulating forward looking price assumptions for economic modeling. This product is delivered in a Spotfire Data Analytics Webplayer format, or via direct interactive access.
3. Alconsult's **MEXICO PROJECT ECONOMICS FOR TYPE PROJECTS (PART F)** product assesses economic performance measures and the economic viability of each of six (6) defined and relevant crude oil and natural gas exploration/development project cases based on representative go-forward type projects in Mexico's sedimentary basins.