

July 29, 2016

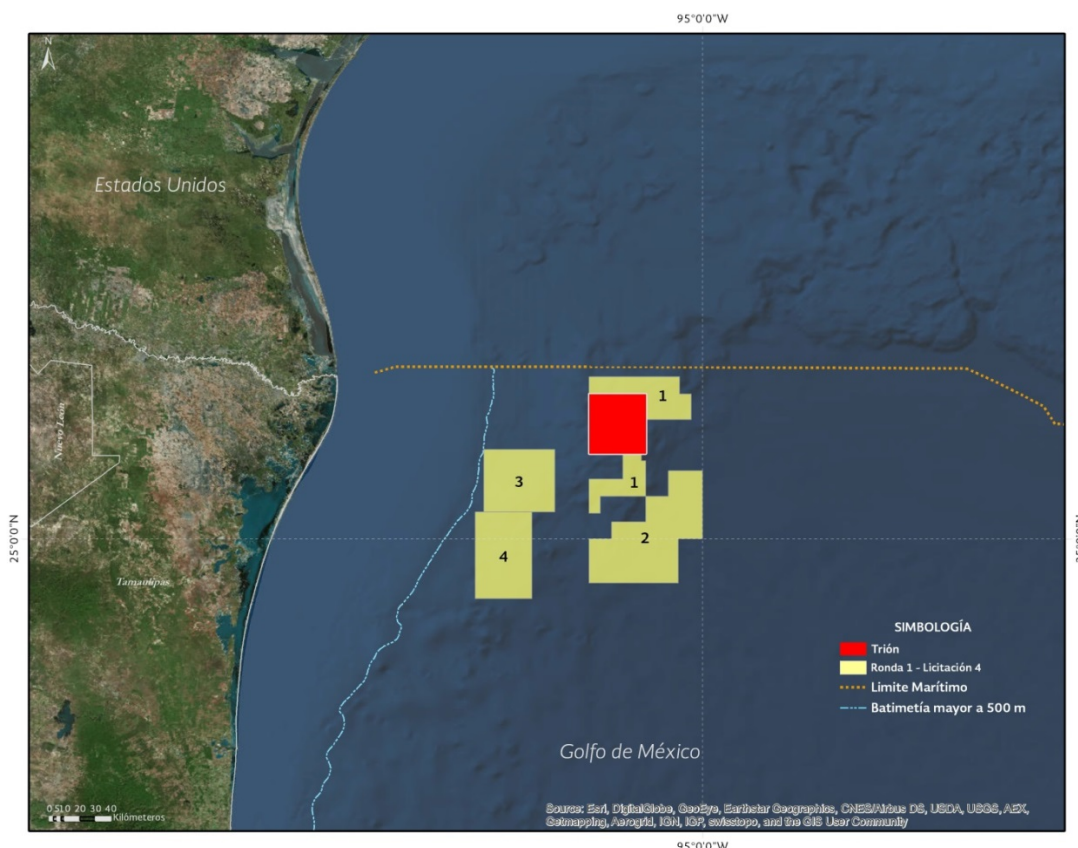
Trion – CNH Calls For Public Bid for First “Pemex Farmout”

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On July 28, 2016, the National Hydrocarbons Commission (*Comisión Nacional de Hidrocarburos*) (“**CNH**”) called an international public bid for the selection of a partner for Pemex Exploración y Producción (“**Pemex**”) to pursue exploration and production activities in the Trion field, located in deep waters in the Gulf of Mexico, and, through this vehicle, to migrate Pemex Entitlements AE-0092 Cinturón Subsalino-10 and AE-0093 Cinturón Subsalino-11 to an exploration and production contract in the form of a license. The model license contract is accompanied by a model joint operating agreement (“**JOA**”). Notably, this is the first public bid called by CNH to enable Pemex to develop hydrocarbon fields with the participation of the private sector, and the first time CNH issues a model JOA.

Under the model JOA, Pemex is to have a participating interest of up to 45 percent. The winning bidder must carry Pemex's participating interest until joint account investments from the winning bidders attributable to the carried interest reach US\$464 million. This amount of the carry may be adjusted in the final version of the model license contract and JOA.

Location of the Block:



Technical Bid Information:

- **Type of Exploration and Production Contract.** License contract with a JOA.
- **Term of the Contract.** 35 years from the date of execution of the contract. The term of the contract may be extended for two additional terms of 10 and five years each, for a maximum total of 50 years.
- **Governing Law.** Hydrocarbons Law (*Ley de Hidrocarburos*), Regulations to the Hydrocarbons Law (*Reglamento de la Ley de Hidrocarburos*), and the Administrative Rules for the Tender of E&P Contracts (*Disposiciones Administrativas en Materia de Licitaciones de Contratos para la Exploración y Extracción de Hidrocarburos*)
- **Carry.** The current minimum investment to be assumed by the awarded bidder on behalf of Pemex is to be US\$464 million.
- **Location of the Block.** The Trion field is located in the Perdido Fold Belt in the Mexican side of the Gulf of Mexico and has a depth of 2,500 meters and is 200 km from Matamoros and 30 km from the U.S. maritime border. The Trion field is reported to have 3P reserves estimated at 485 million barrels of crude oil equivalent.
- **Language of the Proposal.** Spanish.
- **Bid Bond.** Participants must provide a standby letter of credit for a total amount of US\$3 million for a term of 100 calendar days from the date of submission of the proposals.
- **Requirements of the Bidder to Access the Data Room.** The access to the data room is to be through the National Hydrocarbons Information Center and the license for such purpose will cost MX\$1.6 million.
- **Registration Fee.** MX\$750,000.00.
- **Form of Participation.** Participation is exclusive to consortia and must include non-operators and at least two operators. One of the operators must be appointed as the “designated operator.”
- **Prequalification Requirements.** Participants in the Bid must satisfy certain financial and technical-expertise requirements to prequalify for the Bid. These requirements will be assessed by CNH with the opinion of Pemex. Requirements include the following:
 1. **Technical Experience.** The operator must evidence:
 - a. Experience as an operator in ultra-deep waters with a minimum depth of 1,500 meters during the past 10 years;
 - b. Daily production of 50,000 barrels or more of crude oil equivalent in deep-water and ultra-deep-water projects between 2011 and 2015;
 - c. Experience in industrial security and environmental protection during the last five years evidenced with an opinion of a specialist and with certifications OHSAS18001, ISO

14001, APIRP75.

2. Financial Capabilities

- a. The operator must evidence:
 - i. Assets totaling US\$25 billion and an investment-grade credit rating, or a total equity of US\$5 billion; and
 - ii. Investment in hydrocarbons exploration and/or production projects cumulatively totaling at least US\$2 billion.
 - b. Each non-operator must evidence total net equity (total assets minus liabilities plus reserves) of US\$250 million.
- **Limit to the Awarding of Block.** One company may be a party to several consortia in the prequalification stage but it may only be part of one consortium in the submission of an economic proposal.
 - **National Content.** It will increase from three percent to eight percent in the Exploration Phase, and from four percent to 10 percent in the Development Phase.
 - **Participation in the project:** Pemex and the winning bidder are to enter into a JOA, per the model form, in accordance with the following distribution of participating interests:
 - a. Pemex: up to 45 percent
 - b. Designated operator: from 30 percent to 45 percent
 - c. Non-designated operator: 10 percent to 25 percent
 - d. Non-operators: up to 10 percent
 - **Timeline of Award Process**
 - a. **Date of the Call and Publication of the Bid Rules.** July 28, 2016.
 - b. **Registration for Data-Room Access.** From July 28, 2016, to August 29, 2016.
 - c. **Access to the Data Room.** From July 28, 2016, to December 2, 2016.
 - d. **Delivery of Prequalification Documents.** From September 12, 2016, to September 15, 2016.
 - e. **Registration Payment and Request Prequalification Meeting.** From July 28, 2016, to August 29, 2016.
 - f. **Prequalification Document Review by Bid Committee.** From September 19, 2016, to November 4, 2016.

- g. **Publication of the List of Prequalified Bidders.** November 9, 2016.
- h. **Period to Apply for Authorization to Modify Structure of Bidders.** November 14, 2016 to November 18, 2016.
- i. **First Clarification Stage (Data-Room Access).** From July 28, 2016, to August 19, 2016.
- j. **Second Clarification Stage (Prequalification, License Contract, Submission of Proposals, Award, and JOA).** From July 28, 2016, to September 30, 2016.
- k. **Final Version of the Bid Rules, License Contract, and JOA.** September 30, 2016.
- l. **Date for the Submission of Bids and Bid Opening.** December 5, 2016.
- m. **Issuance of the Award and Request for its Publication.** December 7, 2016.
- n. **Date of Execution of Contracts.** Within 90 calendar days after the publication of the award of the contract in the Federal Gazette.

For more information in connection with this bidding process, please contact any of the following attorneys:

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