

Guidelines and Model Contracts for Land Use in the Mexican Oil and Gas Industry

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PRACTICES Mexico, Asia, Energy, Power and Natural Resources, Mexico Energy Reform, Oil and Gas

This alert is very important for companies interested in transporting fuels and hydrocarbons by pipeline and undertaking E&P activities in Mexico since obtaining rights to use land for pipelines is quite complex due to the power that local communities have to delay projects.

On June 1, 2016, Mexico's Ministry of Energy published in the Federal Gazette the Guidelines and Model Contracts for the use and occupation of lands to undertake upstream and midstream activities in the oil and gas industry ("**Guidelines**").

The Guidelines are intended to set a standard for the minimum content of the contracts regarding compensation, as well as rights and obligations, and dispute settlement mechanisms to be agreed for the use and occupation or for the acquisition of land, assets or rights needed to perform upstream and midstream activities as well as model contracts for these activities.

The types of contracts set forth in the Guidelines include: (i) superficial occupation, (ii) voluntary, continuous and apparent easement, (iii) lease, and (iv) purchase and sale, (jointly referred as "**Model Contracts**").

In general terms, the Guidelines and Model Contracts establish that property subject to the agrarian regime may not be subject for a term that exceeds 30 years; however, this period may be extended in accordance with the Agrarian Law if the characteristics or complexity of the project justifies such extension.

In the case of private property, unless there is a legal provision that establishes the opposite, the term of the contracts may be equal to the duration of the entitlement, E&P contract, permit or authorization granted by the corresponding agency, and it may be extended in accordance with applicable law.

Once the relevant contract is executed, it shall be filed before the Agrarian Court or District Court according to the type of property (agrarian or private regime, respectively) for its validation and, in addition, a copy of such contract shall be filed before the SEDATU, CRE or CNH, as the case may be. Furthermore, all contracts shall be registered in the National Agrarian Registry (in the case of property subject to the agrarian regime) or in Public Registry of Property and Commerce, or in the Public Registry of Federal Property (in the case of property subject to the private law regime).

Should you have any questions or comments, please contact any of the lawyers listed below.