The National Hydrocarbons Commission (CNH) published the call for the second bid of Round 3 on January 25, 2018. This new bid round (Round 3.2) covers 37 onshore conventional blocks for exploration and production, including 21 blocks in the Burgos Region in Tamaulipas, nine blocks in the Tampico-Misantla-Veracruz Region in Veracruz, and seven blocks the Southeastern Region in Tabasco and Campeche, covering collectively 9,513 km², with prospective resources of approximately 260 million barrels of crude equivalent. The blocks to be awarded by the CNH include wet gas, dry gas and light oil.

The deadline to access the data room is May 9, 2018. Prequalified companies will be announced on July 3, 2018 and the final versions of the documents will be published on June 26, 2018. The presentation and opening of proposals is scheduled for July 25, 2018. However, these dates may be modified.

1. **Size of the Blocks**: The total area of the blocks to be auctioned is 9,513 km², with prospective resources of approximately 260 million barrels of crude equivalent, in the following basins:
   - Sabinas-Burgos
   - Tampico-Misantla
   - Veracruz
   - Southeastern Region

2. **Location of the Blocks/Contract Areas**:

   ![Map of Burgos Blocks](image.png)
Mexico Energy Alert

TAMPICO-MISANTLA-VERACRUZ

SOUTHEASTERN REGION
3. **Bid Information:**

a. **Type of Exploration and Production Contract:** License Contract.

b. **Term of the Contract:** 30 years from the date of execution of the contract. The term of the contract may be extended for two additional terms of five years each, for a maximum total of 40 years.

c. **Local Content:** 26 percent during the exploration period, 27 percent during the development period until it reaches 34 percent in 2025.

d. **Performance Guaranty:** A letter of credit to guarantee work units committed by the contractor during the exploration period.

e. **Corporate Guaranty:** Granted by the contractor’s ultimate parent or a duly-capitalized affiliate to guaranty the due performance of the contract.

f. **Bid Bond:** For each block, participants must guarantee their bids by providing standby letters of credit for a total amount of US$250,000.00 per bid for a term of 150 days from the date of submission of the bids.

g. **Requirements of the Bidder to Access the Data Room:** The interested party must obtain a license for the use of data from the National Hydrocarbons Information Center, and pay a fee of at least MX$1,000,000.00 for data room access.

h. **Form of Participation:** Companies may participate in the bidding round as individual bidders (“Individual Bidder”) or as joint bidders (“Consortium”; jointly, a “Bidder”). Each Bidder, whether as an Individual Bidder or a Consortium, must create a Mexican entity to sign the License Contract. The members of a Consortium may either jointly create a single Mexican entity to sign the License Contract, or may individually create their own Mexican entities to sign the License Contract. Two or more companies may submit a joint bid, acting as a Consortium, pursuant to the following:

- Any of the companies in the Consortium may pay the fee to access the Data Room and be registered in the Bid.
- Only joint bids from a Consortium that obtains a prequalification certificate will be accepted. Any new company that desires to join an existing Consortium will not be accepted, unless it previously prequalified as a non-operator or operator, the Consortium files its application for the addition on a timely basis, and obtains prior consent from CNH.
- There are certain restrictions on bidding; for example, an Individual Bidder which is also a member of a Consortium, or two Consortiums having a member in common, may not bid on the same Contract Area.
- All members of a Consortium must execute, among themselves, a Consortium Agreement in accordance with Form CNH-2, which is included in the Bidding Guidelines.
i. **Prequalification Requirements**: Participants in the Bid must satisfy certain financial and experience requirements to be prequalified. Some of the requirements are applicable only to the operator, others to non-operators, and in both cases some of the requirements may be satisfied through an affiliate. The requirements in general include the following:

j. **Experience**: The Individual Bidder or Consortium designated operator must evidence:

   - Experience as an operator in at least one exploration and production project in the past five years, or capital investments in exploration and/or production projects for a minimum cumulative amount of US$250 million.
   - That it has experience in industrial and environmental safety in exploration and/or production projects for the past five years.

k. **Financial**: The Individual Bidder or Consortium designated operator must evidence:

   - A net equity (assets minus liabilities plus reserves) of at least US$100 million.
   - Assets totaling US$500 million with an investment-grade credit rating.

l. **Limit to Awarding of Blocks**: There is not a limit on the number of blocks for which a Bidder may bid. A Bidder may submit bids for all blocks. However, a company may not submit more than one bid for the same block, whether individually, through direct or indirect participation in a Consortium, or individually through companies in which it has control or that belong to the same economic group.

m. **Timeline of Award Process**:

   - **Date of the Invitation to Bid and Publication of the Bid Rules**: January 25, 2018
   - **Registration Payment and Request Prequalification Meeting**: From February 9, 2018 to May 9, 2018
   - **Registration for Data-Room Access**: From February 16, 2018 to July 24, 2018.
   - **Access to the Data Room**: From February 9, 2018 to July 24, 2018.
   - **First Clarification Stage (Data-Room Access)**: From January 25, 2018 to May 4, 2018.
   - **Second Clarification Stage (Prequalification and Bidder Integration)**: From January 25, 2018 to July 6, 2018.
   - **Third Clarification Stage (Submission and Opening of Bids, Award and Contract)**: From January 25, 2018 to June 26, 2018.
   - **Delivery of Prequalification Documents**: From May 16, 2018 to May 18, 2018.
• **Publication of the List of Prequalified Bidders:** July 3, 2018.

• **Application for Authorization for Integration of Bidders:** From July 4, 2018 to July 19, 2018.

• **Final Version of the Bidding Guidelines:** June 26, 2018.

• **Final Version of the Model Production-Sharing Contract:** June 26, 2018.

• **Date for the Submission and Opening of Bids, and Declaration of Winning Bidders:** July 25, 2018.

• **Issuance of the Award and Request for its Publication:** July 27, 2018.

• **Deadline for Contract Signing:** Within 90 calendar days of the publication of the award of the contract in the *Federal Official Gazette.*