

Round 3

1st invitation
to Bid

**Offshore Exploration and Production
Sharing Contracts in the Gulf of Mexico**

Mexico's Business Environment

01

Strong Domestic Market:

- Mexico has one of the most attractive domestic markets in energy terms. Mexico is the 6th consumer of gasoline, 9th consumer of natural gas and 3rd consumer of LPG worldwide, with a demand growing at 2.5 percent yearly.

Free trade environment:

- Mexico has one of the most extensive network of free trade agreements providing investor access to the world's largest markets for production and procurement strategies.

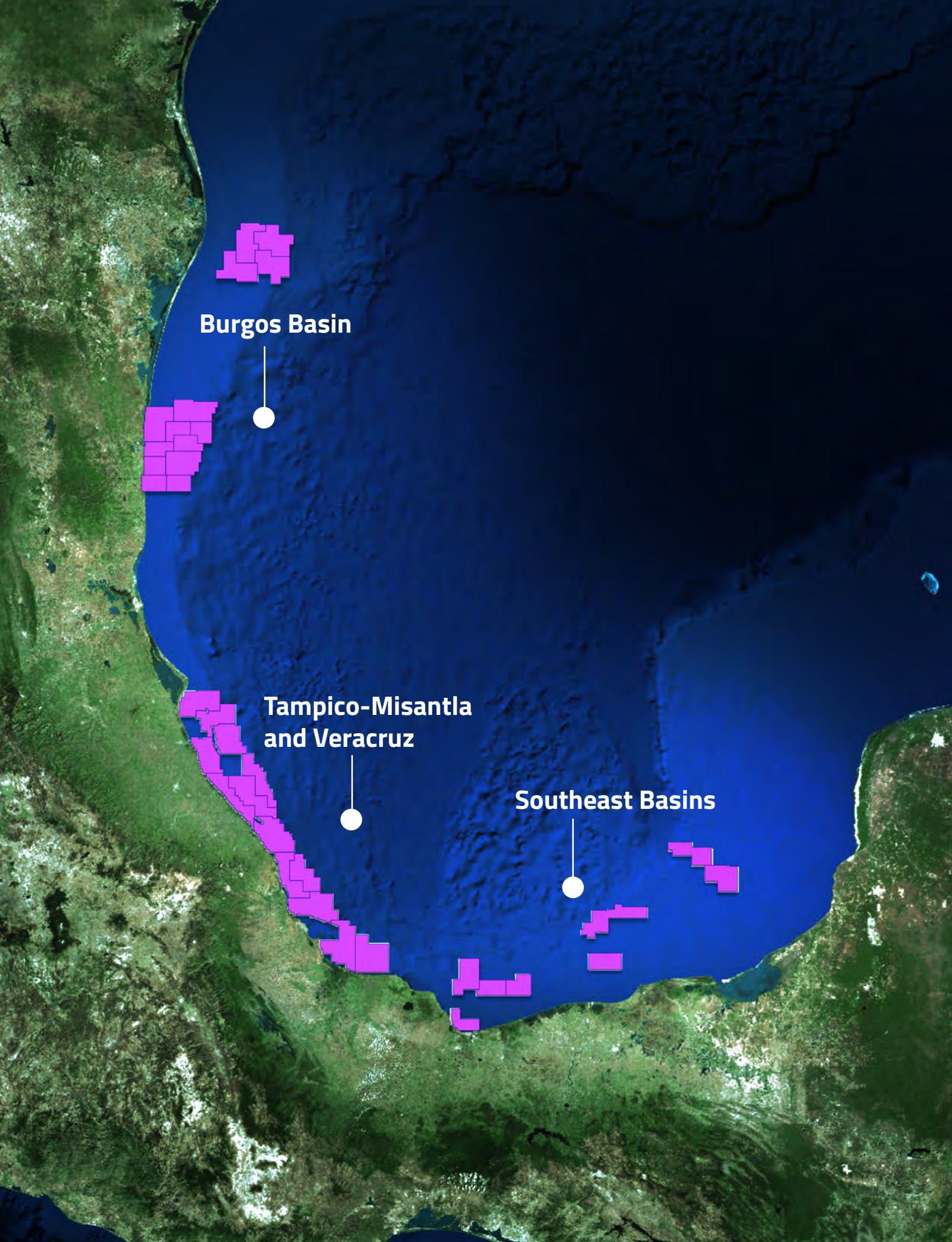


Pro-Investment Government:

- Mexico's legal framework guarantees equal treatment to foreign and domestic companies, including the National Oil Company (PEMEX).
- Transparent one-stop-shop agencies such as the National Hydrocarbons Commission (CNH), specific to the O&G industry.

Strategic Access to Infrastructure:

- Investors have access to leading international ports, shipyards, refineries and pipeline systems located in the Gulf of Mexico.



Burgos Basin



**Tampico-Misantla
and Veracruz**



Southeast Basins



Round 3, 1st Invitation to Bid

Mexico's Round 3, 1st bidding process will take place on March 27th, 2018. It offers 35 Production Sharing Contracts in the Gulf of Mexico.

- Fourteen blocks are located in the Burgos basin, close to the Tampico's coast, adding up to 8,424 km².
- Thirteen blocks in front of Veracruz's coast, all over the Tampico-Misantla and Veracruz basin, comprising 12,493 km².
- Eight blocks between Veracruz, Tabasco and Campeche's coasts within the Southeast Basins, summing up to 5,348 km².

High quality data, available for the public tender and accessible through CNIH Use Licenses, will enable interested parties to acquire a fair understanding of the areas and fields to evaluate the oil potential within each block.

Blocks Characteristics

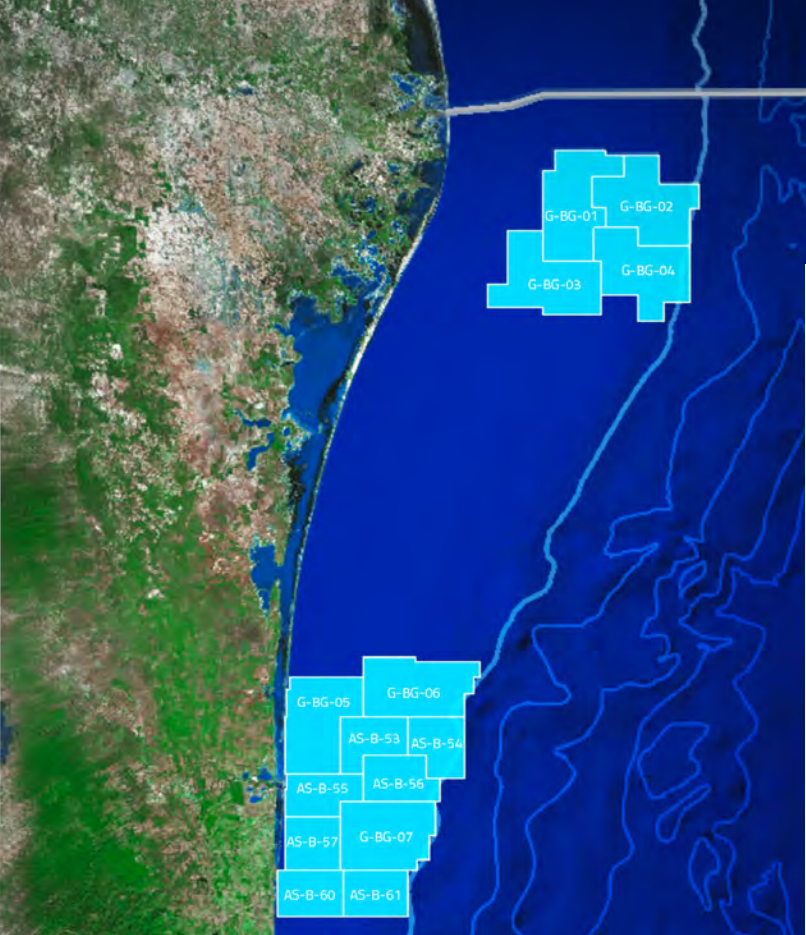
02



Burgos Basin

Concept	1	2	3	4	5	6
	G-BG-01	G-BG-02	G-BG-03	G-BG-04	G-BG-05	G-BG-06
Petroleum Province	Burgos	Burgos	Burgos	Burgos	Burgos	Burgos
Geologic Province	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin
Surface (km ²)	801.8	816.3	809.3	778.5	813.8	820.1
3D seismic coverage	100%	100%	88%	99%	55%	100%
Play Ages	Oligocene, Pliocene- Miocene	Oligocene, Pliocene- Miocene	Pliocene- Miocene	Oligocene, Pliocene- Miocene	Late Jurassic, Miocene	Miocene, Pliocene
Lithologies	Coarse and medium- grained sandstone	Coarse and medium- grained sandstone	Medium- grained sandstone	Medium- grained sandstone	Medium- grained sandstone, Oolitic Grainstone	Coarse and medium- grained sandstone
Expected hydrocarbons	Wet gas	Light oil Wet gas	Wet gas	Wet gas	Light oil Wet gas	Light oil Wet gas

Source: Hydrocarbons National Commission
mmboe: million barrels of oil equivalent



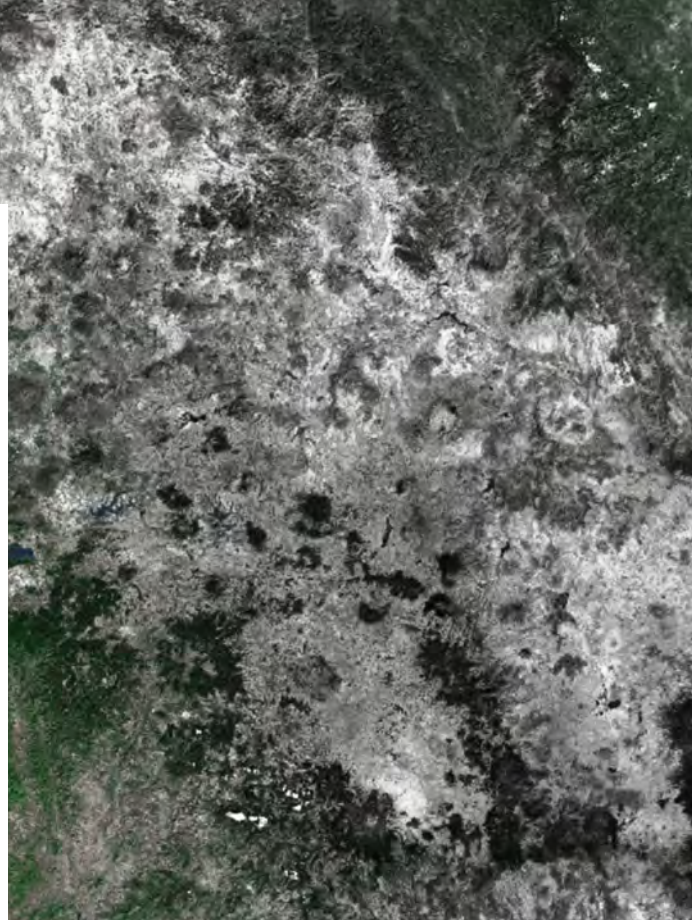
Prospective Resources

5,371.0 mmboe
Median

7	8	9	10	11	12	13	14
AS-B-53	AS-B-54	AS-B-55	AS-B-56	AS-B-57	G-BG-07	AS-B-60	AS-B-61
Burgos	Burgos	Burgos	Burgos	Burgos	Burgos	Burgos	Burgos
Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin	Burgos Basin
391.2	390.5	397.1	418.7	391.4	811.3	391.9	391.9
100%	100%	59%	100%	65%	100%	73%	100%
Late Jurassic, Miocene	Miocene	Late Jurassic, Miocene	Miocene	Late Jurassic, Miocene	Miocene	Late Jurassic, Miocene	Miocene
Coarse and medium-grained sandstone, Oolitic grainstone	Coarse and medium-grained sandstone	Medium-grained sandstone, Oolitic Grainstone	Coarse-grained sandstone	Medium-grained sandstone, Oolitic Grainstone	Coarse and medium-grained sandstone	Medium-grained sandstone, Oolitic Grainstone	Coarse and medium-grained sandstone
Light oil Wet gas	Light oil Wet gas	Light oil Wet gas	Light oil	Light oil Wet gas	Light oil Wet gas	Light oil Wet gas	Light oil Wet gas

Prospective Resources

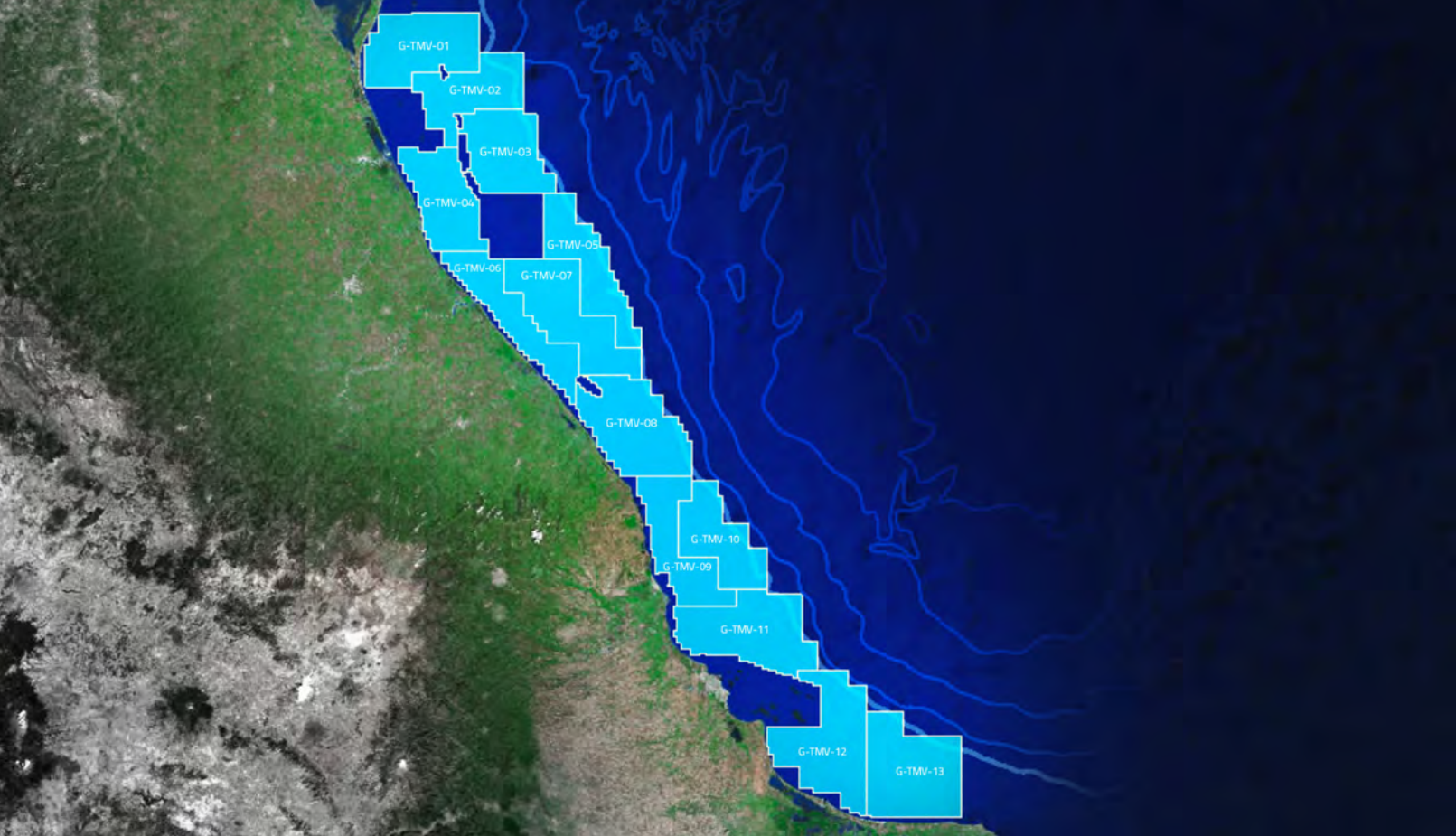
9,560.1 mmboe
Median



Tampico-Misantla and Veracruz

Concept	15	16	17	18	19	20
	G-TMV-01	G-TMV-02	G-TMV-03	G-TMV-04	G-TMV-05	G-TMV-06
Petroleum Province	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz
Geologic Province	Tampico-Misantla Basin	Tampico-Misantla Basin	Tampico-Misantla Basin	Tampico-Misantla Basin	Tampico-Misantla Basin	Tampico-Misantla Basin
Surface (km ²)	961.7	784.8	842.4	813.3	808.4	816.7
3D seismic coverage	44%	89%	100%	40%	100%	29%
Play Ages	Late Jurassic, Middle Cretaceous, Miocene	Middle Cretaceous, Early cretaceous, Miocene	Middle Cretaceous, Late jurassic	Middle Cretaceous, Late jurassic	Middle Cretaceous, Miocene	Middle Cretaceous, Eocene, Oligocene, Miocene
Lithologies	Medium-grained sandstone, Boundstone limestone, Oolitic grainstone	Medium-grained sandstone, Boundstone limestone, Breccias	Breccias, Oolitic Grainstone	Boundstone Limestone, Oolitic Grainstone	Medium-grained sandstone, Breccias	Medium-grained sandstone, Breccias
Expected hydrocarbons	Light oil Dry gas	Light oil Dry gas	Light oil	Light oil	Light oil Dry gas	Light oil Dry gas

Source: Hydrocarbons National Commission
mmboe: million barrels of oil equivalent



21	22	23	24	25	26	27
G-TMV-07	G-TMV-08	G-TMV-09	G-TMV-10	G-TMV-11	G-TMV-12	G-TMV-13
Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz	Tampico-Misantla-Veracruz
Tampico-Misantla Basin	Tampico-Misantla Basin	Veracruz Basin	Veracruz Basin	Veracruz Basin	Veracruz Basin	Veracruz Basin
1,103.2	1,137.8	820.3	791.4	1,170.1	1,224.6	1,218.5
98%	77%	26%	90%	20%	12%	62%
Late Jurassic, Middle Cretaceous, Eocene, Oligocene, Miocene, Pliocene	Oligocene, Eocene, Miocene	Oligocene, Eocene, Miocene, Pliocene	Oligocene, Eocene, Miocene, Pliocene	Middle Miocene, Early miocene	Paleocene, Eocene, Miocene, Pliocene-Pleistocene	Middle Miocene, Early Miocene, Pliocene-Pleistocene
Fine - coarse-grained sandstone, Breccias, Oolitic grainstone	Medium-grained sandstone	Medium and coarse-grained sandstone	Medium and coarse-grained sandstone	Medium-grained sandstone	Medium-grained sandstone	Medium-grained sandstone
Light oil Dry gas	Dry gas	Dry gas	Dry gas	Dry gas	Wet gas Dry gas	Wet gas Dry gas

Prospective Resources

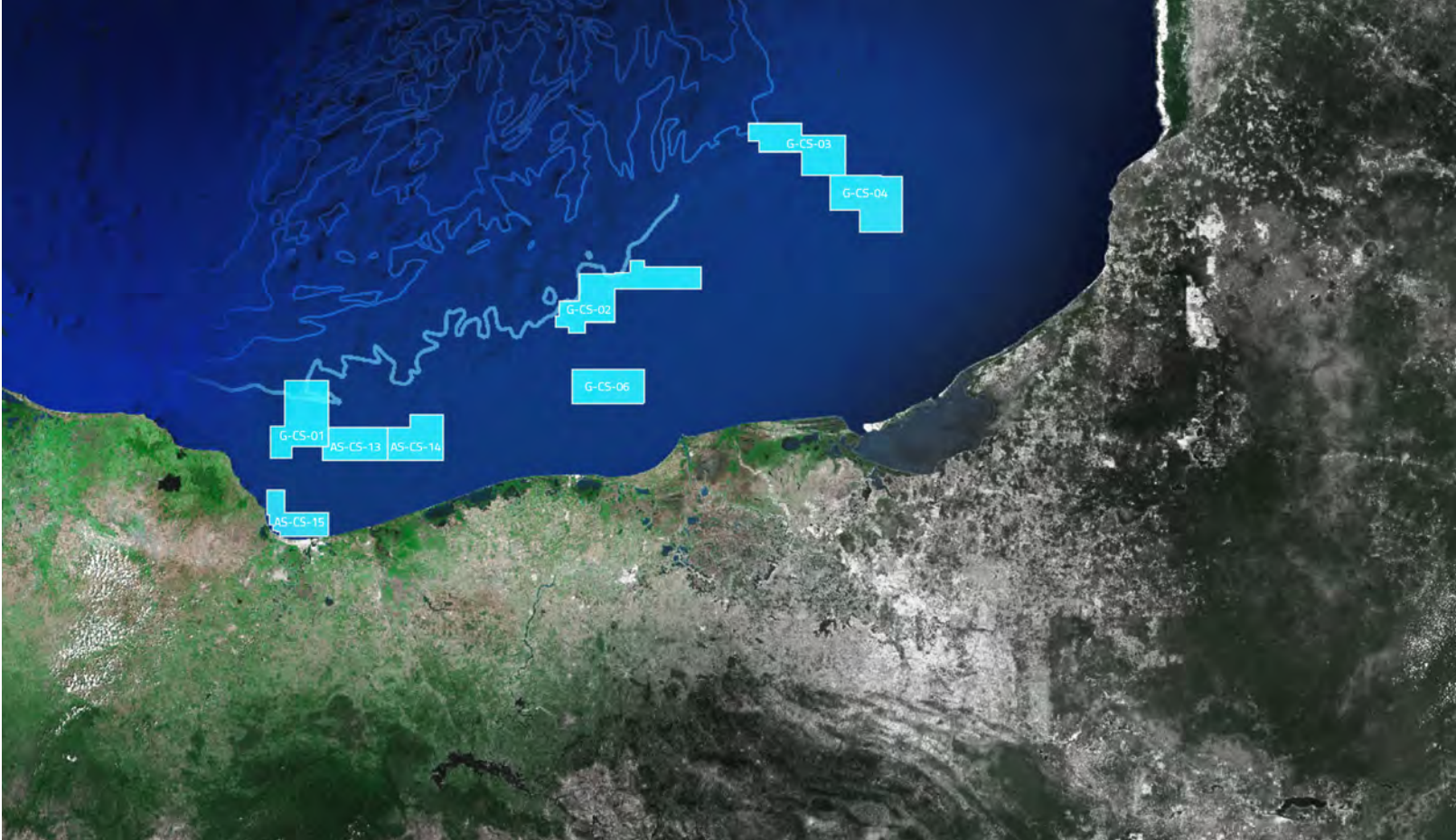
1,237.1 mmboe
Median



Saline Basin

Concept	28	29	30
	G-CS-01	AS-CS-13	AS-CS-14
Petroleum Province	Southeast Basins	Southeast Basins	Southeast Basins
Geologic Province	Saline Basin	Saline Basin	Saline Basin
Surface (km ²)	807.8	470.6	527.9
3D seismic coverage	97%	9%	25%
Play Ages	Middle Miocene, Early Miocene, Pliocene-Pleistocene	Middle Miocene, Early Miocene, Pliocene-Pleistocene	Middle Pliocene, Early Pliocene
Lithologies	Medium-grained sandstone	Medium-grained sandstone	Medium-grained sandstone
Expected hydrocarbons	Light oil	Light oil	Light oil

Source: Hydrocarbons National Commission
mmboe: million barrels of oil equivalent

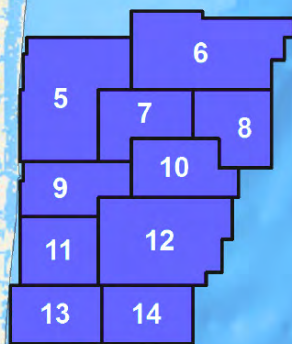
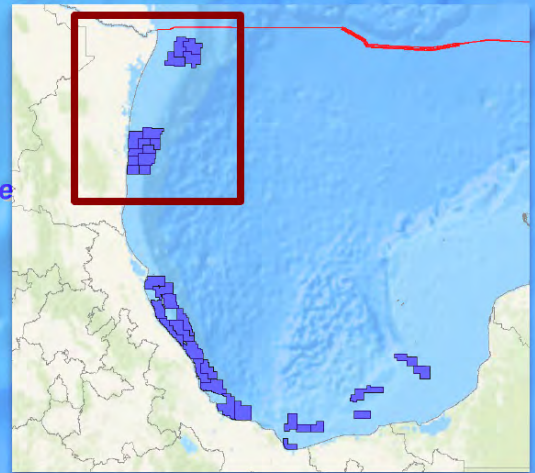
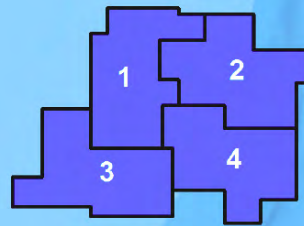


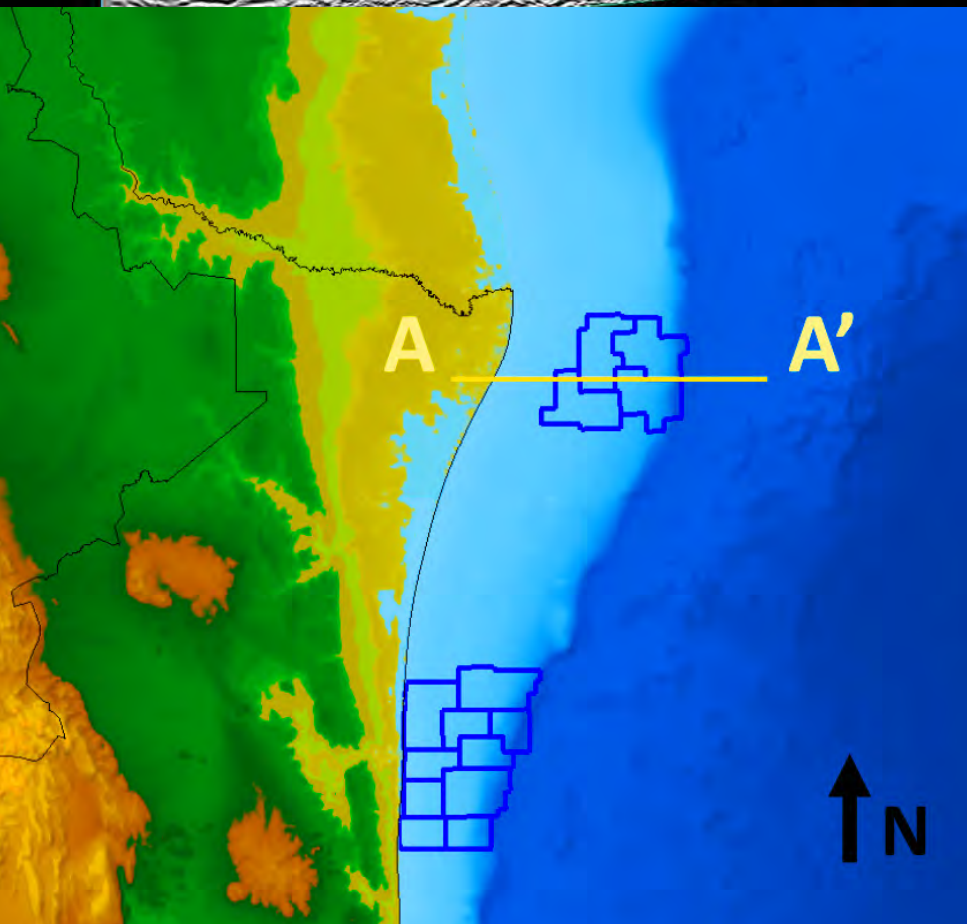
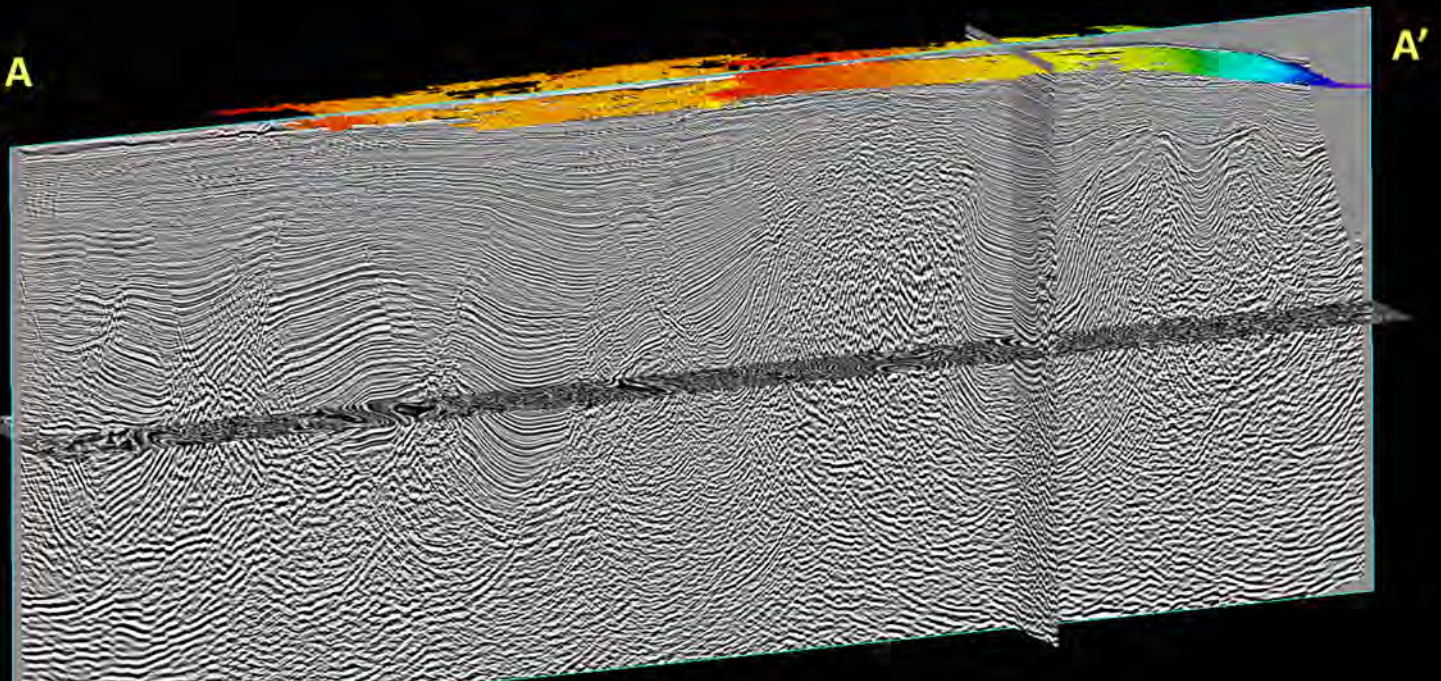
31	32	33	34	35
AS-CS-15	G-CS-02	AS-CS-06	G-CS-03	G-CS-04
Southeast Basins	Southeast Basins	Southeast Basins	Southeast Basins	Southeast Basins
Saline Basin	Saline Basin	Saline Basin	Pilar Reforma-Akal	Pilar Reforma-Akal
401.4	1,027.4	580.9	734.1	798.0
64%	100%	100%	71%	37%
Cretaceous, Late Miocene, Middle Pliocene	Cretaceous, Pliocene-Pleistocene	Pre-Oxfordian	Pliocene-Pleistocene	Paleocene-Eocene
Medium-grained sandstone, Fractured limestone	Coarse-grained sandstone, Fractured limestone	Fine-grained sandstone	Coarse-grained sandstone	Calcarenites
Light oil Heavy oil Wet gas	Heavy oil Dry gas	Super light oil	Wet gas	Heavy oil

Geological Information 03

Burgos Basin

- The 14 blocks offered in the Burgos basin are strategically located in front of the Tamaulipas' coasts.
- These areas present prospectivity for light crude oil and wet gas.
- Surface area is equivalent to 8,424 km².



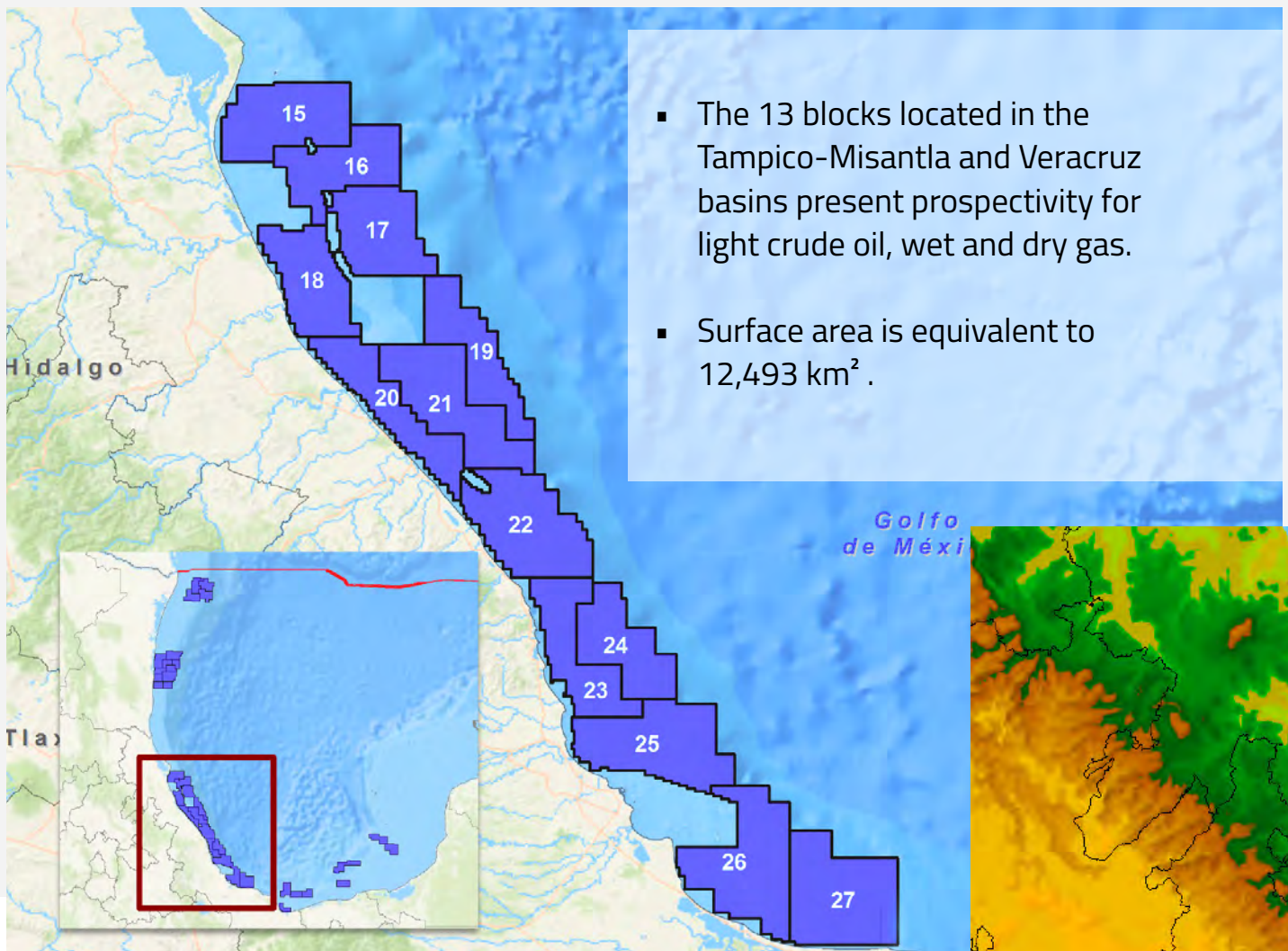


The Burgos basin is located at the Coastal Plain of the Gulf of Mexico and extends towards the shallow water zone. In average, the sedimentary infill consists in more than 5,000 m of siliciclastic Cenozoic rocks and more than 3,000 m of Mesozoic carbonates.

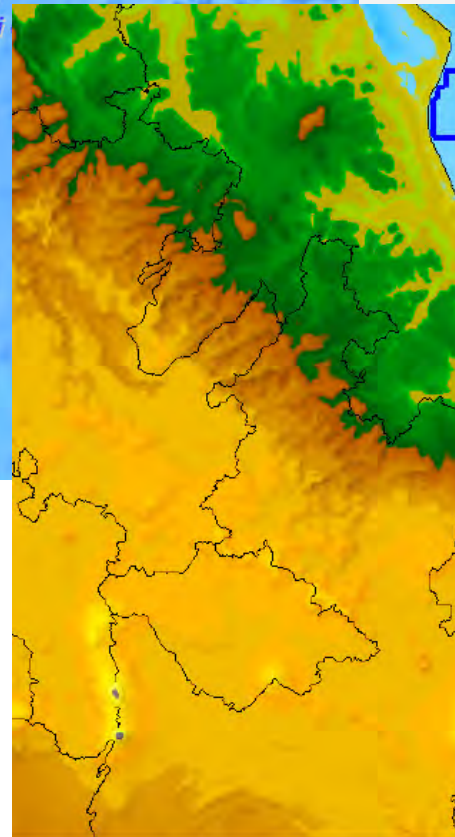
During the Cenozoic period, the Burgos basin were characterized by ocean transgressive and regressive cycles, these geological conditions resulted in interbedded seal and reservoir rocks facies deposition.

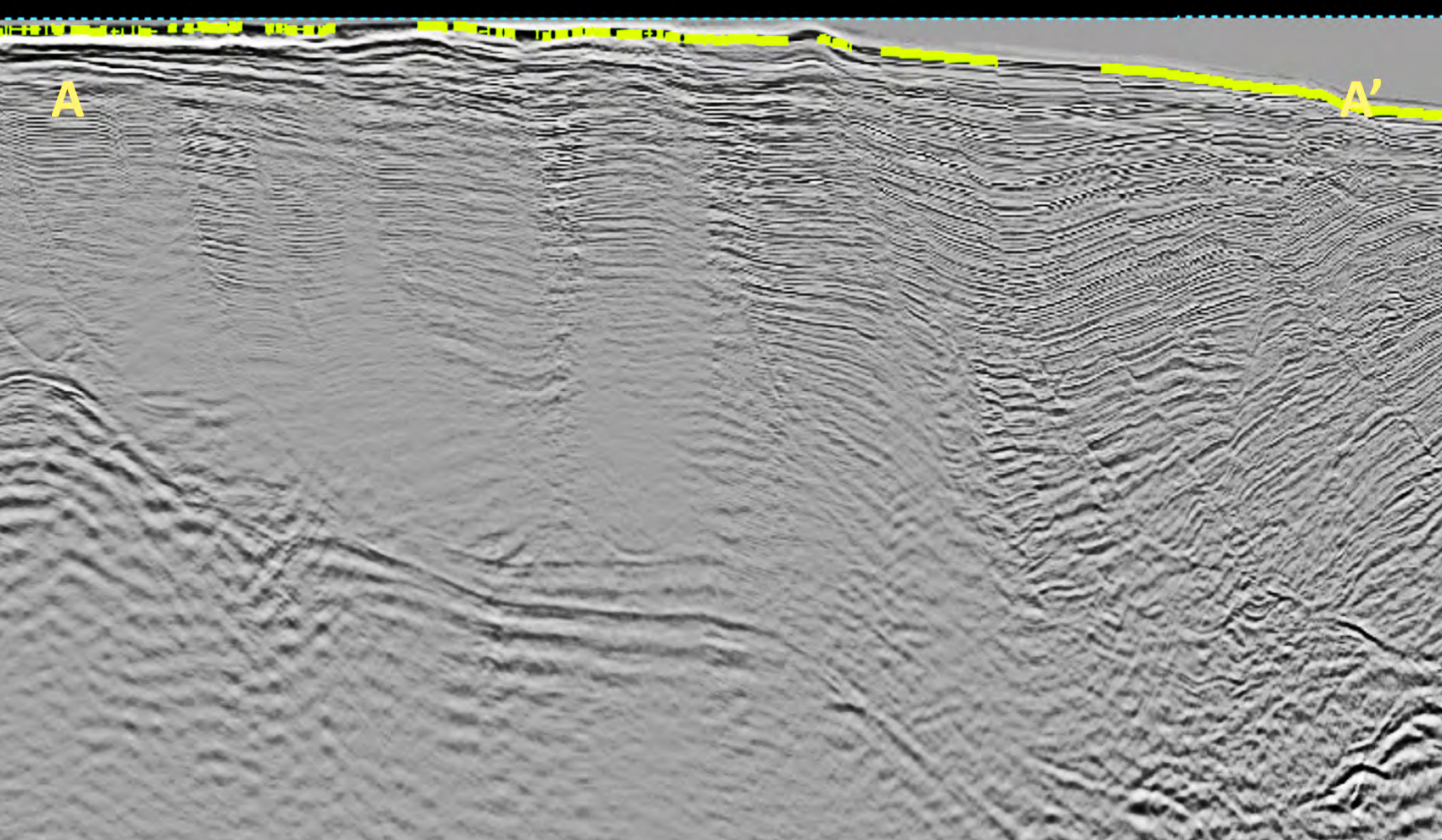
At onshore Burgos basin, the state oil company Pemex, have been produced natural gas in more than 220 fields with a cumulative production greater than 13,320,00 MMCF through over 60 years of production history. These historical productive plays extend through the shallow water sector of the Burgos basin

Tampico-Misantla and Veracruz

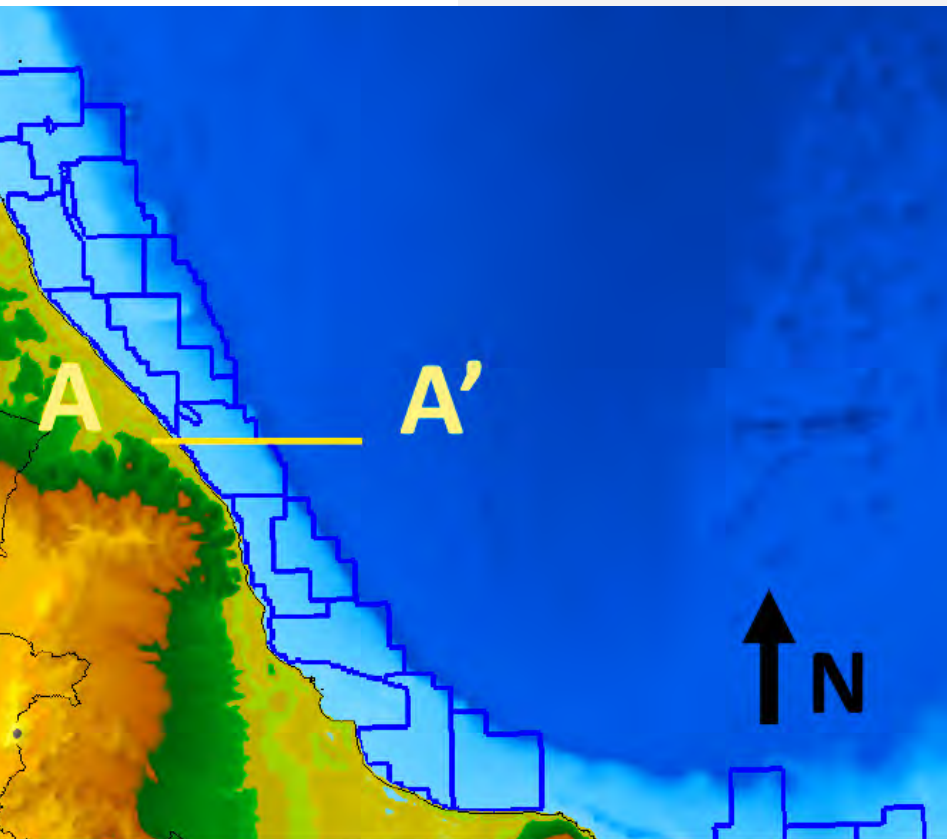


Tampico-Misantla Basin encompasses onshore and offshore areas, including a shallow water portion of central Gulf of Mexico. The main distinctive feature on this basin is the historically oil productive area known as the Golden Lane.





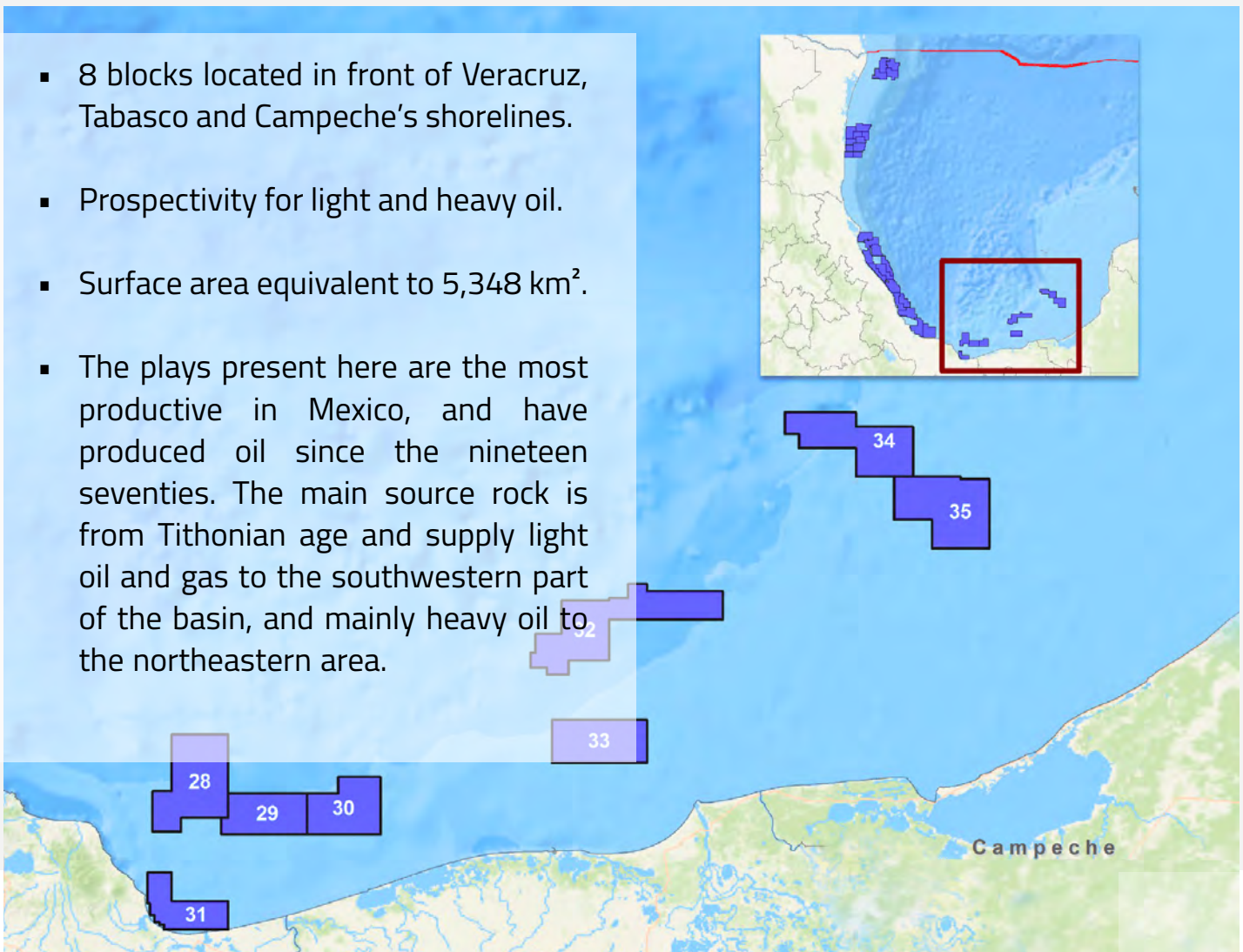
This geological feature is related to the edge of a Cretaceous reef of the Tuxpan Platform. Despite most of the producing fields are located onshore, the prospectivity at shallow water remains high.

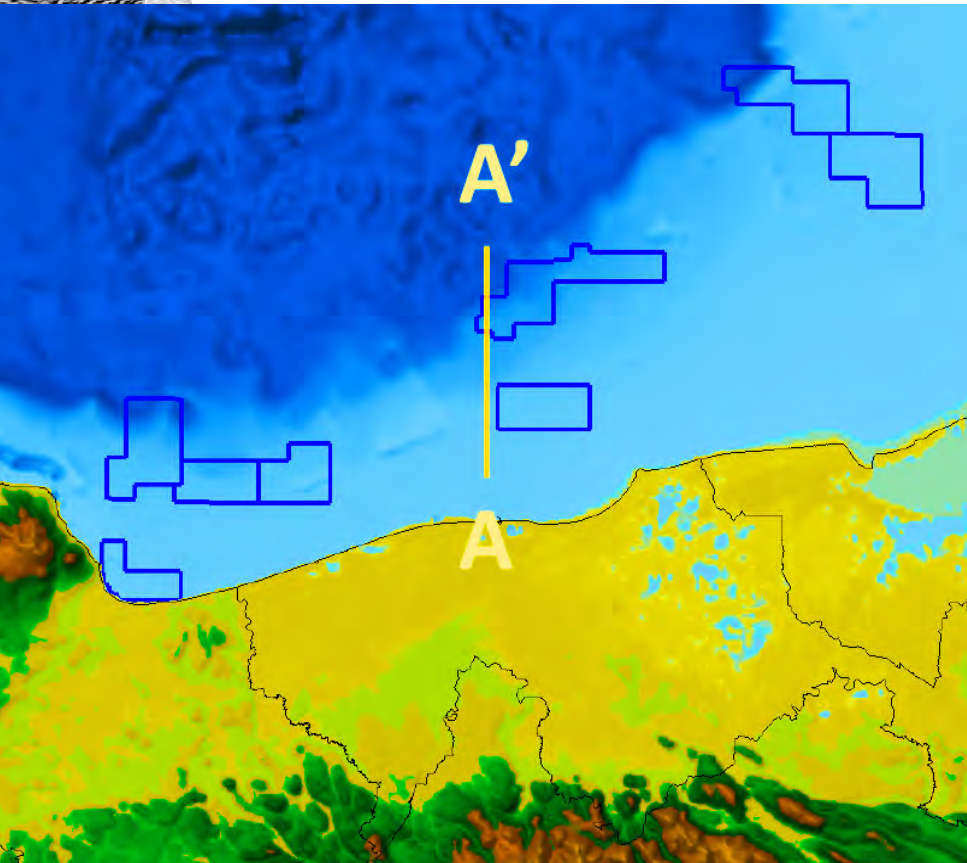


Additionally, the Neogene sedimentary sequences related to extensional systems and characterized by normal and listric faulting, lead to channelized facies that represent the main Cenozoic prospective plays in this area. Those plays are characterized by coarse-grained sandstones eroded from the Sierra Madre Oriental Foldbelt.

Southeast Basins

- 8 blocks located in front of Veracruz, Tabasco and Campeche's shorelines.
- Prospectivity for light and heavy oil.
- Surface area equivalent to 5,348 km².
- The plays present here are the most productive in Mexico, and have produced oil since the nineteen seventies. The main source rock is from Tithonian age and supply light oil and gas to the southwestern part of the basin, and mainly heavy oil to the northeastern area.





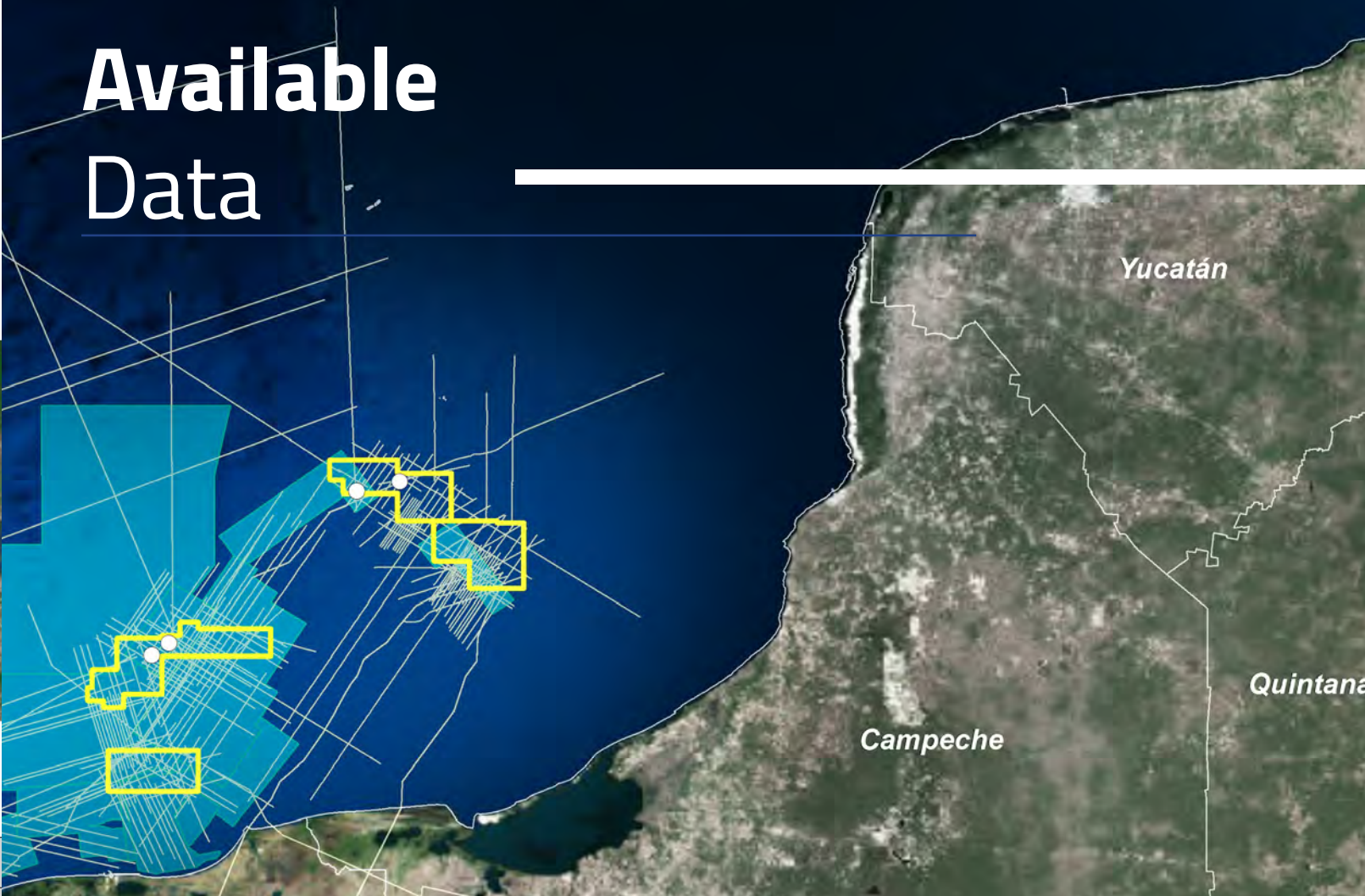
The Southeast Marine Basins Province is located on the coastal plain of the southern Gulf of Mexico.

Geologically, this province has been affected by different tectonic events at different periods, related to the rifting process of the Gulf of Mexico basin during the Middle Jurassic time, followed by the Chiapanecan compressional event during the Eocene-Oligocene time and to the displacement of the Chortis Block at the Pacific Margin during the Miocene time.

The combination of those processes in time, result in a very complex geological framework, however, those events helped with the formation of the necessary elements for the presence and preservation of the oil and gas accumulations.

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Available Data



Wells

Information from the following wells:

- Aktum-1
- Anegada-3
- Anoma-1
- Arietis-1
- Bacalao-1
- Bagre-501
- Boga-1
- Boqueron-1
- Calipso-1
- Campa-1
- Cangrejo-1
- Canonero-1
- Carpa-55
- Caxui-1
- Chichini-1
- Chihuah-1
- Chuktah-1
- Cipac-1
- Colhua-1
- Delfin-2
- Huachinango-2
- Ihzaz-1
- Kambul-1
- Kosni-1
- Kosni-101
- Lacatzu-1
- L a n k a h u a s a Norte-1
- Mejillon-1
- Mero-1
- Ostiones-1
- Pampano-1A
- Pampano-1B
- Pargo-1
- Percebes-1
- Percebes-1A
- Shini-1
- Tibil-1
- Tiburón-1
- Tiburón-11
- Tiburón-12
- Tiburón-13
- Tiburón-14
- Tiburón-1A
- Tiburón-2
- Tiburón-2A
- Tiburón-2B
- Tiburón-3
- Tiburón-4
- Tiburón-6
- Tiburón-7
- Tiburón-8
- Tiburón-9
- Tintorera-1
- Tintorera-101
- Tintorera-2
- Tochan-1
- Triton-1
- Tunich-101
- Xaxamani-1
- Xicope-1



3D-studies

Seismic 3D version, processed and migrated gathers from 33 studies:

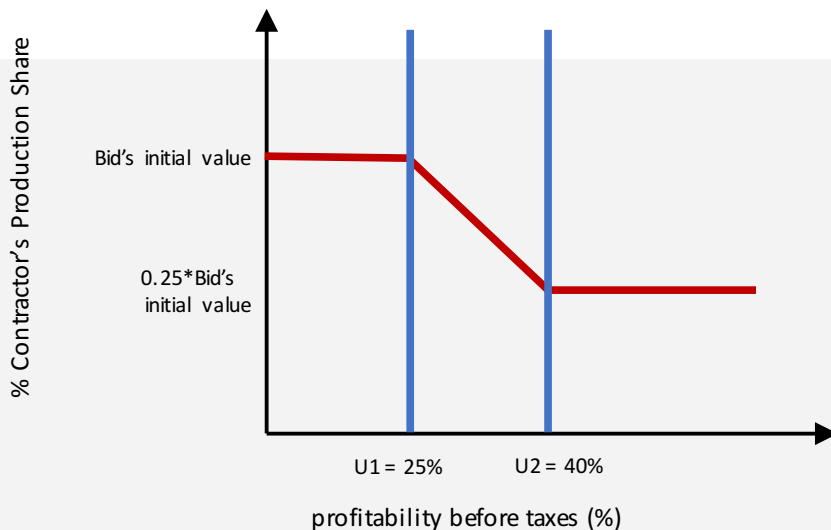
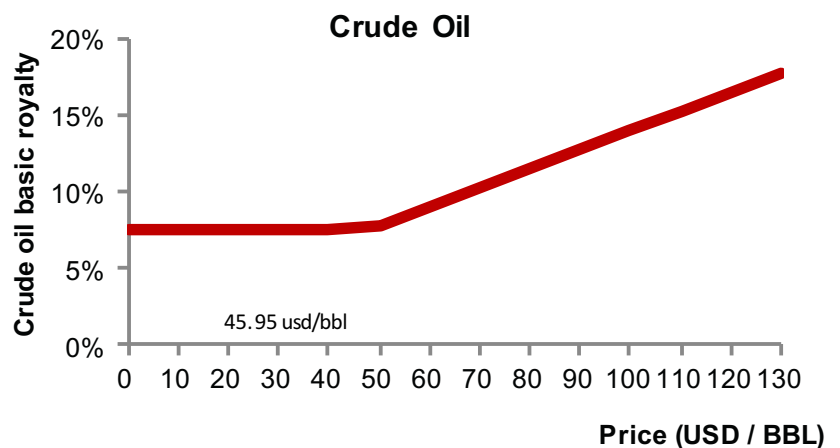
- Almeja Cisne
- Anegada-Labay
- Aquila 3DQ
- Bolol Norte de Balche Xulum Campo Ayin
- Camaronero Transicional
- Cañonero
- Chac Mool Nix Bloque A
- Chac Mool Nix Bloque C
- Chairel
- Choch Mulix OBC
- Chuktah
- Coatzacoalcos
- Escolleras I
- Escolleras II
- Han Sur Oeste de Tamil
- Holok-Alvarado
- Kama
- Kayab
- Kuzam
- Lamprea
- Lankahuasa
- Lankahuasa Norte
- Lankahuasa Profundo
- Lankahuasa Sur
- Le Acach
- Nautla – Q Primera Etapa
- Nich – Kinil
- Oeste de Yaabkan
- Rabón Grande OBC
- Tucoo
- Tzumat
- Unión Faja de Oro A-Faja de Oro B
- Veracruz Marino

Fiscal Terms 04

The Production Sharing Contract model is based on a Profit-Share System and the partition of the Operative Utility, which is apportioned as follows:

- **Hydrocarbons Law**
Basic Royalties
- **Participation to the State**

Established in the initial bid by contractor.



- **Cost Recovery**

Reimbursement cost is allowed up to 60% of the income in one period, and the remaining balance is transferred to the following periods.

- **Adjustment Mechanism**

The contract includes an adjustment mechanism based on contracts' profitability before taxes.

- **Fixed Fees and Rentals**

Exploration	First 5 years	\$67 USD
	After 5 years	\$161 USD
Exploration activity Tax		\$88 USD
Production activity Tax		\$352 USD

*Approximate amounts based on exchange rate: \$1 USD = \$18 MXN.

Participation Rules and Contract Terms

Bidding rules

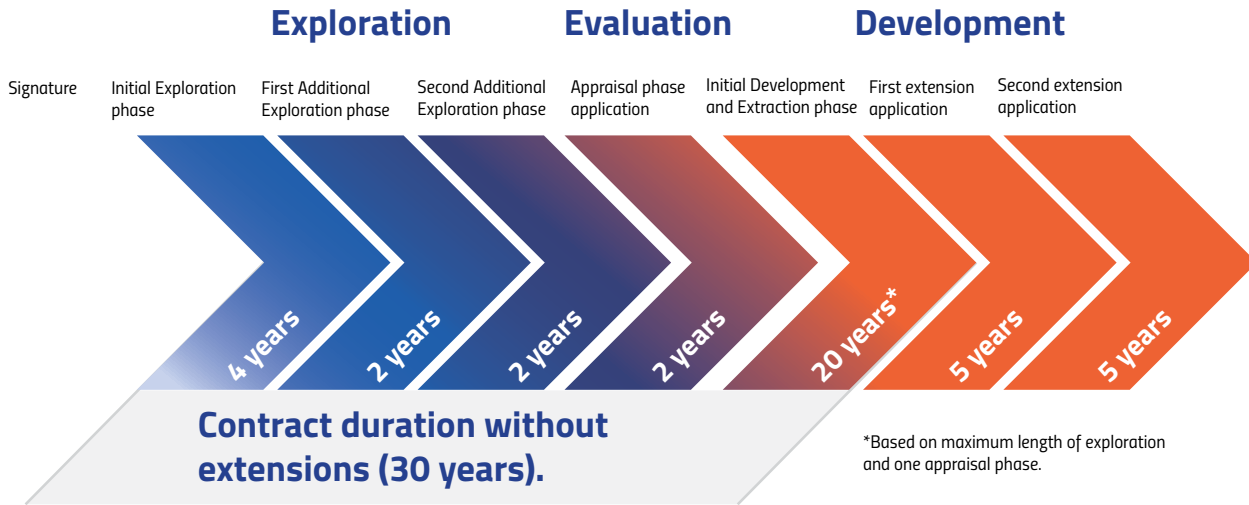
- 01 The main proposal is composed by the percentage of participation offered to the State and the number of wells offered as Additional Investment.
- 02 WOV is calculated and the participant with the highest value wins the auction.
$$\text{WOV} = \text{Part to the State} + (5.72 \times \text{Part to the State} / 100 + 2.26) \times \text{Investment Factor}$$
- 03 If the offer is set at the maximum Participation to the State percentage and the highest Investment Factor, the bidder must include the Cash Bonus in its proposal as tie-breaker complement.

Investment factor must take the next values:
0: No additional exploration wells drilling
1: Drilling of one additional exploration well
1.5: Drilling of two additional exploration wells
- 04 If the offer is not at the maximum value, the Cash Bonus should be included as a tie-breaker payment.

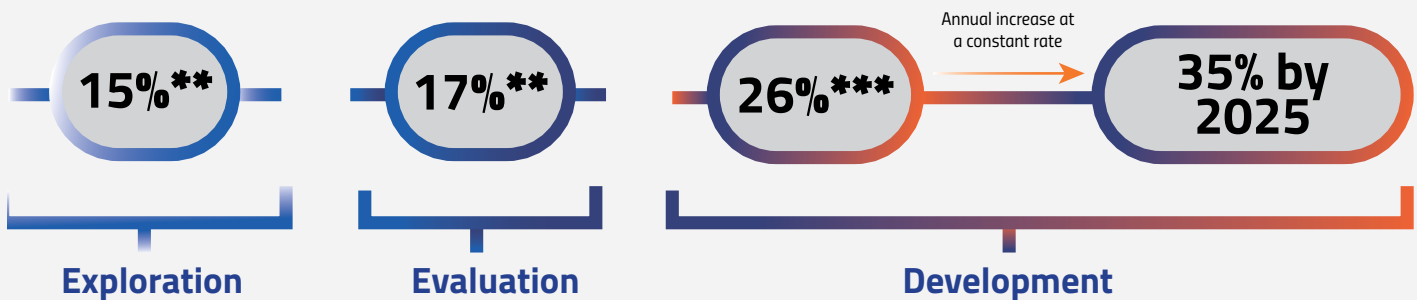
Bidding variables

- Participation to the State: Percentage of the Operational Utility offered to the State.
- Investment Factor: Represents an extra investment offered as exploration wells.
- Cash Bonus: Amount offered to the State in return of a Contract.
- Weighted Offer Value (WOV): Result of the following formula that represents the total offer.

License Agreement 05



National Content

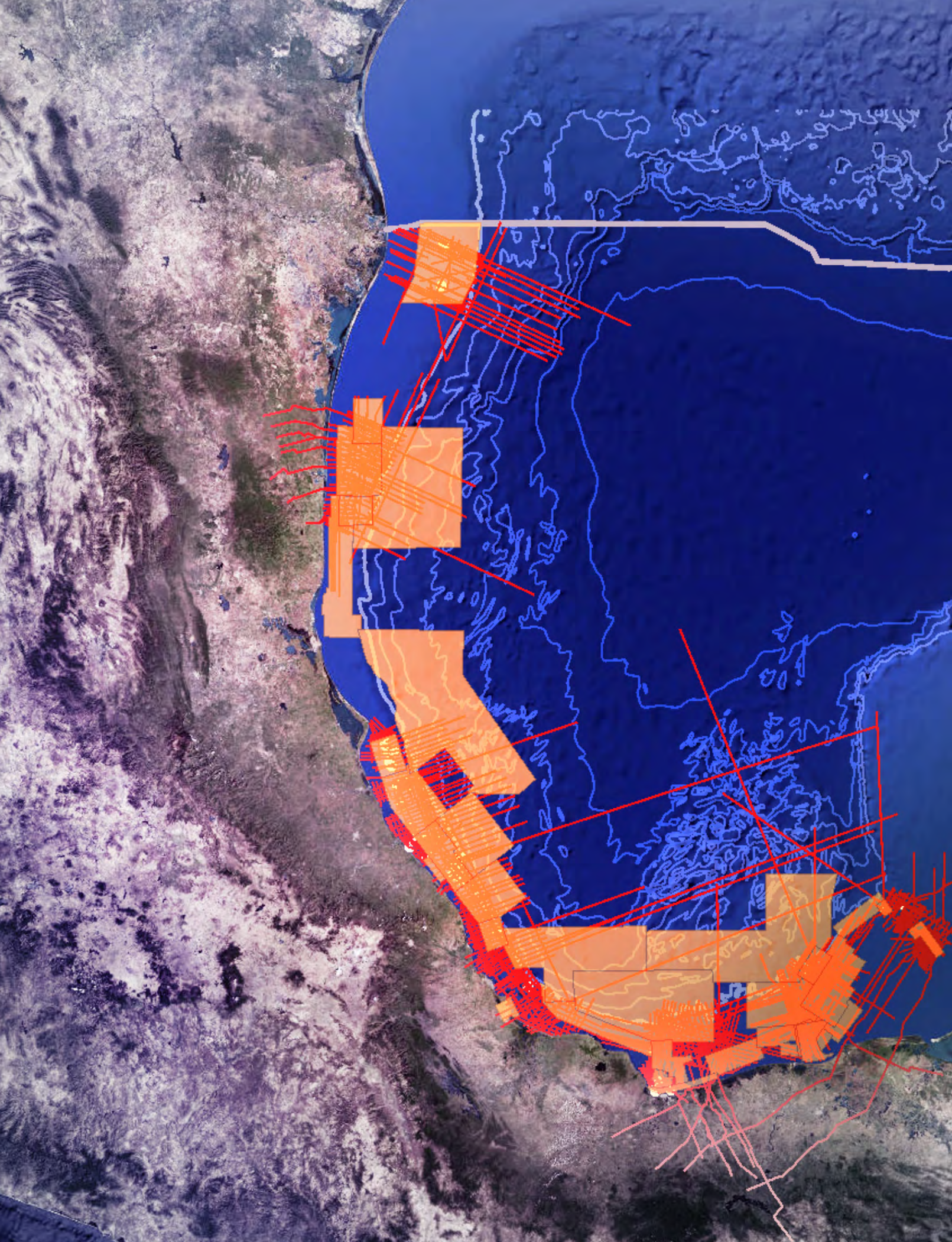


** The minimum percentage for Areas 8, 19, and 32 is 13%

*** The minimum percentage for Areas 8, 19, and 32 starts at 12%, with an annual constant increase up to 17% by 2025.

Contract Terms

1. After the Initial Exploration Phase the contractor must finish the Minimum Work Program and make a commitment to undertake additional exploratory activities as established in the contract.
2. Parties may sign as operators or non operators and associate between them to bid on different areas.



Calendar 06

All bidding round documentation, including proposed License Contract, block area shapefiles and data room application forms can be downloaded from <http://rondasmexico.gob.mx>

Concept	2017				2018		
	September	October	November	December	January	February	March
Call for round 3.1	29 th						
Request access to Data Room		16 th			16 th		
Registration fee and appointment request	29 th				19 th		
Prequalification documents submittal					22 th 24 th		
Publish final bidding terms and conditions and contract model						26 th	
Public announcement of prequalified parties						26 th	
Submittal and opening of bids							27 th

Useful links:

National Hydrocarbons Commission: www.gob.mx/cnh

National Hydrocarbons Information Center: <https://portal.cnih.cnh.gob.mx>

Ministry of Energy: www.gob.mx/sener

Ministry of Finance: www.gob.mx/schp

Agency for Safety, Energy and Environment: www.asea.gob.mx



SENER

SECRETARÍA DE ENERGÍA



SHCP

SECRETARÍA DE HACIENDA
Y CRÉDITO PÚBLICO



Comisión Nacional
de Hidrocarburos



ASEA

AGENCIA DE SEGURIDAD,
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rondasmexico.gob.mx
portal.cnih.cnh.gob.mx

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