

Summary of Mexico's Production-Sharing Contract Terms for Shallow Water Areas

The Mexican National Hydrocarbons Commission (CNH) has published the model production-sharing contract for the first phase of Mexico's Round One bid process relating to 14 contract areas in shallow waters. CNH published one contract form for individual Contractors and one form for consortiums. For a summary on the bidding terms applicable to these contract areas, see our recent legal update, "[Mexico's E&P Round One Kicks Off: Bidding Terms for Shallow Water Areas Released](#)."

The main terms of the production-sharing contract model are outlined below.

Purpose

- Contractor may perform exploration and production operations in the contract area;
- The operations are to be performed at Contractor's sole cost and risk;
- Contractor has exclusivity to perform the exploration and production operations in the contract area, although other rights may be granted to third parties for the production of mineral resources other than hydrocarbons; and
- Title to hydrocarbons in place remains with the State, but Contractors are expressly permitted to "report for accounting and financial purposes the contract and its expected benefits pursuant to applicable law," which, in effect, means that hydrocarbon reserves in the contract area may be booked in

accordance with applicable disclosure guidelines by securities regulators.

Duration

- Twenty-five years from the effective date; extendable, at the request of Contractor and subject to CNH approval, for two additional five-year periods for purposes of conducting enhanced recovery operations.
- Contractor may voluntarily relinquish the contract area in whole or in part at any moment, terminating the contract with respect to the relinquished areas. Such relinquishment shall not affect Contractor's obligations with respect to (i) the completion of the minimum work program and, if applicable, the payment of the related penalties and (ii) its abandonment obligations under the contract.
- In case of an early termination of the contract because of the voluntary relinquishment of the entire contract area, Contractor shall not have the right to receive any indemnification.

Contract Phases

- *Exploration Period*
 - Within 45 days following the effective date of the Contract, Contractor shall submit an exploration plan to CNH for its approval. The exploration plan shall contemplate, at a minimum, performance of all of the activities provided for in the minimum

- work program and shall include the draft of the risk management program.
- The contract has an initial exploration period of up to three years from the effective date, during which Contractor is obligated to complete the minimum work program.
 - Contractor must carry out a minimum work program provided in the Contract. The Contracts for all contract areas will require seismic work. Two Contracts will require the drilling of at least one exploration well, and the remaining 12 Contracts will require the drilling of at least two exploration wells.
 - Contractor may perform oil and gas operations in addition to the minimum work program.
 - Contractor may request from CNH an extension of the exploration period for an additional one-year period, provided Contractor has met its minimum work obligations and commits to drill an additional well during this extension period with the same characteristics of the well(s) included in the minimum work program.
 - Contractor may request a second one-year extension of the exploration period, provided it has drilled the additional well required for the first extension period and commits to drill an additional well during this second extension period with the same characteristics of the well(s) included in the minimum work program.
 - Contractor shall pay the following monetary penalties to the State as liquidated damages for noncompliance of the minimum work program or the additional well commitments:
 - ≈ The amount necessary to complete any unfulfilled part of the minimum work program up to the amount of the performance guarantee for the initial exploration period;
 - ≈ The amount necessary to complete the drilling of any additional well that Contractor committed to drill during the first or second additional exploration period, as applicable, up to the amount of the performance guarantee for each relevant additional exploration period; and
 - ≈ If Contractor voluntarily relinquishes the complete contract area during the exploration period, the relinquishment shall be deemed to have taken place at the expiration of the initial exploration period, the first additional exploration period or the second additional exploration period, as applicable, and the penalties for unfulfilled mandatory work, if any, shall be those that correspond to those periods.
 - ≈ Contemporaneously with the execution of the Contract, Contractor must provide CNH with a guaranty of performance of the minimum work program. CNH may request the Mexico Oil Fund to execute the performance guarantee to cover any applicable penalty amounts if Contractor does not pay those penalty amounts to the Fund within 15 days after the expiration of the exploratory period, the first additional exploratory period or the second additional exploratory period, as applicable.
 - Contractor must notify CNH in case of any discovery within five business days.
- *Evaluation*
 - During any of the exploration periods, Contractor may request CNH approval of a work program and budget for the evaluation of a discovery to determine if it can be considered a commercial discovery.
 - Each evaluation period shall have a 12-month duration, which may be extended for an additional 12 months subject to CNH approval.

- Hydrocarbons produced during the evaluation period must be delivered by Contractor to CNH’s marketing agent, and proceeds from the sale of such production will be shared by the parties pursuant to the profit and cost-splits provided in the contract.
- *Declaration of Commerciality*
 - Within no more than 60 days after the termination of any evaluation period, Contractor must inform CNH if any discovery is commercial and, if so, within 90 days thereafter submit a development plan for CNH’s approval.
 - CNH may require modifications to any submitted development plan when CNH determines that:
 - ≈ gas flaring is excessive;
 - ≈ reserves would be developed at excessive or insufficient rates;
 - ≈ there would be an excessive loss of pressure of the reservoir or there would not be optimal separation between wells;
 - ≈ the development plan is inconsistent with best industry practices, including industrial security and health;
 - ≈ the development plan would be contrary to the contract or applicable law;
 - ≈ the environmental risk assumed would not be acceptable under applicable law;
 - ≈ the risk administration program is inadequate or does not conform to applicable regulations; or
 - ≈ the program would create an adverse effect on the environment.
 - Contractor must develop the commercial discovery pursuant to the approved development plan.
 - Contractor may modify the development plan, subject to CNH’s prior approval.
- *Reduction and Return of Contract Area*
 - If Contractor is not granted the first additional exploration period at the end of the initial exploration period, Contractor shall relinquish and return 100 percent of the contract area that is not subject to a development plan approved by CNH or that has not been designated as an evaluation area. At the end of an evaluation period, Contractor shall relinquish and return 100 percent of the evaluation area if, within the periods established under the contract, Contractor does not declare a commercial discovery or, having declared a commercial discovery, it fails to submit a development plan or fails to obtain CNH approval for such plan.
 - Notwithstanding the above, if Contractor was granted the first additional exploration period, at the end of the initial exploration period Contractor must relinquish and return no less than 50 percent of the contract area that is not subject to an approved development plan.
 - If Contractor was not granted the second additional exploration period at the end of the first additional exploration period, Contractor shall relinquish and return 100 percent of the contract area that is not subject to an approved development plan or that has not been designated as an evaluation area. At the end of an evaluation period, Contractor shall relinquish and return 100 percent of the evaluation area if, within the periods established under the contract, Contractor does not declare a commercial discovery or, having declared a commercial discovery, it fails to submit a development plan or fails to obtain CNH approval for such plan.
 - Notwithstanding the above, if Contractor was granted the second additional exploration period, at the end of the first additional exploration period Contractor shall relinquish and return no less than 50 percent of the remaining contract area

that is not subject to an approved development plan.

- At the end of the second additional exploration period, Contractor shall relinquish and return 100 percent of the contract area that is not subject to an approved development plan or that has not been designated as an evaluation area. At the end of an evaluation period, Contractor shall relinquish and return 100 percent of the evaluation area if, within the periods established under the contract, Contractor does not declare a commercial discovery or, having declared a commercial discovery, it fails to submit a development plan or fails to obtain CNH approval for such plan.
- At the end of all the evaluation period(s), Contractor shall relinquish and return 100 percent of the evaluation areas not subject to a commercial discovery or, having a commercial discovery, not subject to an approved development plan.
- Upon termination of the Contract for any reason, Contractor shall relinquish and return 100 percent of the contract area, including any evaluation and development areas.
- *Production Operations*
 - Beginning in the year in which the commencement of regular commercial production is expected, Contractor shall include in its work programs a production forecast for each well and for each reservoir.
 - Contractor must carry out all construction, installation, repairs and reconditioning of the wells, gathering facilities and any other facilities necessary for the production operations, in accordance with the work programs approved by CNH and in compliance with the risk management program.

Unitization

- If a discovery is part of a structure, formation or deposit that extends beyond the contract area, Contractor shall inform the Ministry of Energy (SENER) and CNH.
- Contractor will be subject to any unitization determination made by the SENER.

Annual Work Programs

- During the term of the contract, Contractor must submit annual work programs for CNH approval regarding each of the oil and gas operations contemplated under the contract.
- CNH will communicate to Contractor any objections or observations regarding any annual work program, and Contractor must modify the program accordingly before resubmitting it for CNH approval.
- CNH is obligated to approve the annual work programs if they comply with all of the following:
 - the minimum work program, exploration plan and development plan;
 - the accounting procedure attached to the Contract and other contract terms;
 - best industry practices;
 - the administration system related to security; and
 - applicable law.
- Contractor may modify an annual work program with the prior written approval of CNH.
- Before drilling a well, Contractor must obtain the applicable permits and authorizations.
- During the drilling of a well, Contractor shall provide reports to CNH pursuant to applicable law.
- Contractor must also provide quarterly reports to CNH regarding the progress of the oil and gas operations conducted under the contract.
- Except as provided by law, once certain oil and gas operations have been approved by

CNH within an annual work program, further CNH approval is not required for the design, engineering and construction of the facilities contemplated in the relevant annual work program or the manner in which operations are conducted.

Budgets and Costs Eligible for Recovery

- Contractor must also submit for CNH approval a budget for each annual work program.
- Any modifications to the budget require prior CNH approval.
- Any accounting operation of Contractor that relates to the contract must be recorded in the operating account pursuant to the accounting procedures.
- Costs incurred in relation to the oil and gas operations under the contract will be considered eligible for recovery only if they are strictly indispensable and meet the requirements established by the contract and the rules issued by the Finance Ministry.
- Section 2.3 of Annex 4 of the contract provides an extensive list of costs that are not recoverable. These costs include: (i) the costs, expenses or investments that are unrelated to the contract, and those incurred before the effective date of the contract or after its termination; (ii) the costs, expenses or investments that do not have supporting documentation, those that have not been registered in the operating account or those that have not been included in the budgets and work programs approved by CNH; (iii) the costs, expenses or investments that elevate the total budget over 5 percent of the original budgeted amount or over 10 percent of the original budgeted amount for a specific item; (iv) financial costs; (v) costs of rights of way, easements, temporary or permanent occupations, leasing, land acquisition, indemnifications and any other similar rights; and (vi) legal and consulting fees, except for those related to geological studies for the

exploration and extraction of hydrocarbons that have been approved in the work programs and their respective budgets.

- All procurement of goods and services related to the oil and gas operations shall be subject to the principles of transparency, economy and efficiency. Any contract or acquisition for more than US \$20 million related to oil and gas operations must be awarded through a public international tender, except in the case of a related party when it can be previously demonstrated that the operating conditions applicable to such party are the ones that would apply to or between independent parties, and that the price or offered consideration is within the acceptable range considering transfer pricing.
- Pursuant to the accounting procedures, Contractor must keep in its Mexico office all accounting books and supporting documents related to the oil and gas operations under the contract pursuant to the accounting procedures.
- Up to 60 percent of the value of production in any month may be allocated to cost recovery. Any unrecovered costs will be carried forward until fully recovered.

Metering Points and Receipt of Net Hydrocarbons

- The volume and quality of the net hydrocarbons produced (these are the total produced hydrocarbons less the hydrocarbons used for self-consumption in field operations) must be measured at a metering point “within the contract area.”
- Additionally, CNH may request metering at the well head.
- The measuring standards must be pursuant to the Manual of Petroleum Measurement Standards of the American Petroleum Institute, best industry practices and applicable law.

- The installation, operation, maintenance and calibration of the metering systems will be the responsibility of Contractor under CNH's supervision.

Materials

- During the term of the contract, Contractor will maintain title to all materials, equipment, pipes, drilling or production platforms, infrastructure and facilities generated or purchased for the oil and gas operations contemplated under the contract and charged to the operating account.
- Title to such property will pass to the State, at no charge, upon termination of the contract for any reason.
- The materials, equipment and facilities must be transferred in a good state of conservation, considering normal wear and tear.
- Contractor may not use the materials, equipment and facilities for purposes different than the oil and gas operations related to the contract.
- Contractor may lease assets for its use in the oil and gas operations, provided that the leasing contract includes an assignment option in favor of a third-party operator designated by CNH in case of early termination of the contract.
- In cases where Contractor has a purchase option over leased assets, Contractor must exercise the option unless otherwise authorized by CNH.

Permits

- Contractor is responsible for obtaining all governmental permits required under applicable law to conduct the oil and gas operations under the contract.

Additional Contractor Obligations

- Contractor must conduct the oil and gas operations continuously and efficiently pursuant to CNH-approved exploration and

development plans, work programs, best industry practices, the Contract, the administration system for security and applicable law.

- Contractor must provide all the personnel and the technical, financial and other resources necessary to carry out the oil and gas operations.
- Contractor is responsible for providing all materials, equipment and facilities required to carry out the oil and gas operations.
- Contractor is obliged to provide CNH with all the seismic, geological and geophysical information, data and interpretation related to the oil and gas operations under the contract.

Environmental Responsibility

- Contractor will be responsible for all environmental protection obligations and commitments pursuant to applicable law, best industry practices and environmental permits.
- Contractor will be responsible for damages caused to the environment by its oil and gas operations.

Production Handling

- Contractor may use produced hydrocarbons for the oil and gas operations (including for enhanced recovery projects) as fuel or for injection or lifting, free of royalty charge or profit accounting, up to the levels approved by CNH in the development plan.
- Contractor may not burn or flare natural gas except within the limits authorized by the environmental agency or as necessary to prevent an emergency, subject to applicable law.
- The production is owned by the State until the Metering Point. At the Metering Point, Contractor shall own its share of production (cost recovery and share of profits) and may market its share of production by itself (requires registration before the Energy

Regulatory Commission) or through a marketing firm. Contractor shall deliver to CNH's marketing agent the share of production that belongs to the State (royalties and the State's share of profits).

Payments and Split of Production

- *Monthly payments.* Upon commencement of commercial production and delivery to the Metering Points, the Mexican Oil Fund will determine and make the production allocations corresponding to each month, in accordance with the provisions set forth in Annexes 3 (Procedures to Determine the Payments to the State and Contractor), 4 (Accounting Procedures) and 11 (Delivery of Information and Payments to the Mexico Oil Fund) of the contract, as explained further below. The Fund is in charge of administrating the financial aspects of the contract and responsible for the calculation of the production entitlements.

Within 10 days after the end of each month, Contractor must deliver to the Fund the information and documentation accrediting the volumes and contractual value of the hydrocarbons, the costs, expenses, investments and deductions required for the performance of the contract, and all the related calculation mechanisms and sources. This information will be delivered electronically through a software system that will be implemented for this purpose. Within that same period of time, CNH must also submit the information relating to the production under the contract of the preceding month.

Based on the information provided by Contractor and CNH, the Fund will make the calculation of the payments that corresponds to Contractor and will provide instructions for their payment within the first 17 days of each month. The Fund will issue a certificate of payment-in-kind crediting the volume of hydrocarbons that Contractor has a right to

under the terms of the Contract. It is important to note that the Mexican Oil Fund will create and administer a registry where all Contracts must be registered, resulting in the issuance of a certificate of registration for each Contractor. Without this registration, the Mexican Oil Fund will not make any payments to Contractor.

The share of production attributable to the state will be marketed by an agent appointed by CNH. The Fund will receive the proceeds from the sale of such production.

- *Payments to the State.* The monthly payment to the State will be comprised of the following:
 - A cash payment by Contractor to the Fund of the exploratory phase contract fee that will apply to the contract area not included within a development plan approved by CNH. The fee will be 1,150 Mexican pesos per square kilometer during the first 60 months of the contract, and 2,750 Mexican pesos per square kilometer starting from month 61 of the contract. The value of the monthly fees will be adjusted annually according to the National Consumer Price Index of the previous year, published by the National Institute of Statistics and Geography;
 - The volume of hydrocarbons that corresponds to the royalties (as determined for each type of hydrocarbon through the application of a royalty rate established in Annex 3 of the contract, applied to the contract value of the oil, natural gas and condensates produced in the month). The value thresholds for the application of different royalty rates will be adjusted annually according to the United States Producer Price Index of the previous year;
 - The volume of hydrocarbons that corresponds to the State's share of operating profits. The initial percentage share of profits corresponding to the State will be that which was offered by Contractor

in its bid. This percentage will then be adjusted upwards as a function of certain defined IRR thresholds achieved by Contractor under the Contract.

- The total operating profits will be determined monthly by subtracting from the Contract Value of measured production the value of recoverable costs and royalties.
- *Payments to Contractor.* The monthly payment to Contractor will be comprised of the following:
 - The volume of hydrocarbons allocated for recovery of eligible costs and
 - The volume of hydrocarbons that corresponds to the remaining share of operating profits after payment of the State's share of operating profits.
- *Contract Prices of Hydrocarbons*
 - The volume allocations between the State and Contractor will be calculated and made monthly considering the value of the hydrocarbons.
 - The value for oil and condensates will be first determined by reference to crude oil price benchmarks specified in Annex 3 of the contract and the volume allocations will be made on that basis. In the month following the month in which the production is actually sold, the volume allocations will be adjusted by reference to actual sales prices under market terms and conditions.
 - In the case of natural gas, the value shall be defined by the determination used by the Energy Regulatory Commission (*Comisión Reguladora de Energía—CRE*) to set the price of the natural gas at the point in which the natural gas produced under the contract enters the integrated national transportation and storage systems. In case a natural gas sale contract exists, the contract price for natural gas shall be the greater of the price determined by the Energy Regulatory Commission, as

explained above, and the agreed sale price between Contractor and its counterpart in the sale contract.

- The value of production shall be calculated net of processing, storage and transportation costs that Contractor incurs after the metering point and until the produced hydrocarbons are sold, as further provided in Annex 3 to the contract.

Contract Guarantees

- Contractor must submit the following performance guarantees for the initial exploration period, first additional exploration period and second additional exploration period:
 - Unconditional and irrevocable letter of credit in favor of the Mexico Oil Fund issued by an authorized Mexican bank or by a foreign bank with the confirmation of an authorized Mexican bank.
 - Must be valid until 60 days after the termination of each relevant period.
- Corporate guarantee:
 - Granted by the ultimate parent of Contractor or, in the case of a consortium or association, the ultimate parent of each of its members.
 - Pursuant to the corporate guarantee, the ultimate parent of Contractor shall guarantee all of Contractor's obligations under the contract, including all payments to CNH and the Fund.
 - In the case of a consortium, the consortium members are jointly and severally liable under the contract. The contract requires the ultimate parent from each consortium member to provide a parent guarantee for all obligations under the contract. Therefore, the ultimate parent companies of each consortium member are also jointly and severally liable for all of the consortium members' obligations under the contract.

Abandonment

- Contractor is obliged to carry out all operations related to the abandonment of the contract area.
- The development plan, as well as each work program and budget submitted for CNH approval, must contain provisions related to the abandonment of the contractual area.
- If Contractor makes a commercial discovery, Contractor shall set up an investment trust, under joint control of CNH and Contractor, as a reserve to fund abandonment operations in the contract area.
- It is the responsibility of Contractor to carry out the abandonment work, regardless of whether or not there are sufficient funds in the investment trust.

Labor Responsibility, Subcontractors and National Content

- *Labor Responsibility.* Contractor and its subcontractors shall have sole and exclusive responsibility for all of their personnel and workers.
- *Subcontractors.* Contractor may subcontract for the supply and rendering of specialized equipment and services as long as this does not represent a *de facto* substitution of Contractor as an operator (when Contractor ceases to have control of the oil and gas operations).
- *National Content.*
 - Minimum national content percentage of the goods and services procured for oil and gas operations under the Contract pursuant to the methodology established by the Secretary of Economy, without prejudice to other requirements that may be established by applicable laws:
 - During the exploration period, 13 percent
 - During the development period, 25 percent with annual increases to at least 35 percent by 2025.

- The sources for determining the percentage of national content are the following:
 - (i) purchase of domestic goods (accumulated value of transformation made in Mexico along the entire supply chain);
 - (ii) domestic labor (payroll of national workers);
 - (iii) services (national goods and labor used in services);
 - (iv) technology transfer (expenditures on the transfer of knowledge to improve the effectiveness and efficiency in the production of a good, the implementation of a process or the provision of a service);
 - (v) training (provided to national workers); and
 - (vi) infrastructure (expenses incurred in Mexico to improve the urban and rural environment and investment in national territory).
- The Methodology for calculating local content is the following:

$$\text{Percentage of NC} = \frac{NCG + NCL + NCS + NCT + TT + I}{G + L + S + T + TT + I} \times 100$$

NC: National Content

G: Goods

L: Labor

S: Services

T: Training

TT: Technology Transfer

I: Infrastructure

- The contract establishes specific monetary penalties for noncompliance of the national content requirements.
- Contractor is subject to technology transfer and training obligations pursuant to applicable law.
- In addition, Contractor must give preference to national goods and services under equal price, quality and delivery time circumstances.

Force Majeure

- Neither party shall be responsible for the noncompliance, suspension or delay of a contract obligation if caused by an event of *force majeure*.
- The burden of proof regarding the event of *force majeure* corresponds to the party that claims it.
- The occurrence of a *force majeure* event may cause the extension of a work program, an exploration period or an evaluation period but not the extension of the contract term.
- If the oil and gas operations are interrupted for one continuous year or more, any of the parties will have the right to terminate the contract.

Administrative Termination

- CNH may declare administrative termination of the contract in any of the following events:
 - If 180 consecutive days pass without Contractor initiating the operations included in the exploration plan or development plan or Contractor suspends the operations for that same period, without any CNH authorization or justified cause;
 - Contractor does not comply with the minimum work program, without justified cause;
 - Contractor partially or completely assigns the operations or its interest under the contract without CNH approval;
 - A serious accident occurs because of the willful misconduct (*dolo*) or fault of Contractor that causes damage to facilities, death and loss of production;
 - Contractor, on more than one occasion, delivers false information either willfully or unjustifiably, or omits certain information from SENER, the Ministry of Finance, the Ministry of Economy, CNH or the environmental agency regarding

production, costs or any other relevant aspect of the contract;

- Contractor does not comply with a final resolution of federal jurisdictional bodies; or
 - Contractor omits, without justified cause, any payment to the Mexican State or delivery of hydrocarbons pursuant to the terms of the contract.
- CNH must give Contractor at least 30 days' advance notice. CNH may terminate the contract with immediate effects and without the need of a judicial resolution if Contractor does not cure the event of default within such term.

Contract Termination

- CNH may also terminate the contract for any of the following events:
 - Contractor does not deliver the exploration plan or the work program of the first exploration period to CNH within 45 days of its due date;
 - Contractor has a 180-day delay in the performance of any work program or development plan submitted;
 - Contractor does not deliver the performance guarantees for the exploration period or the corporate guarantee or does not keep them in effect;
 - Contractor withholds relevant information from, or delivers false information to, authorities with respect to the production, costs or any other issue related to the oil and gas operations;
 - Contractor or the guarantor is liquidated or ceases to legally exist;
 - Contractor enters insolvency or is unable to pay its debts;
 - Any of Contractor's representations and guarantees pursuant to the Contract, or those made during the bidding round, is

demonstrated to be false as of the effective date;

- Contractor violates the contract assignment rules or has a change in control without CNH consent;
- Contractor violates the anticorruption and conflict of interest provisions of the contract; or
- Any other material noncompliance of Contractor with its obligations under the contract.

Effects of Termination

- If CNH declares administrative or contractual termination of the Contract, Contractor:
 - shall pay the State, through the Mexican Oil Fund, monetary penalties established in the contract in the case of breach of the minimum work obligations or direct damages incurred by the State (excluding any indirect, consequential, loss of profit and business opportunity);
 - shall cease all operations in the contract area (except those necessary to preserve and protect materials and equipment) and shall return the contract area to CNH as early as possible;
 - does not have any compensation rights upon the termination of the contract; and
 - must comply with all of its obligations regarding the return of the contract area, including abandonment obligations.

Assignment and Change of Control

- Prior CNH consent is required.

Indemnity

- Contractor is required to indemnify and protect CNH and any other governmental authority, and their employees, representatives, advisors, directors, assignees or successors for any actions, claims, damages, costs, taxes, expenses and losses for

noncompliance of the contract and damages caused by Contractor or subcontractors.

Dispute Resolution

- Mexican law shall apply.
- Mediation is mandated as a first step for up to three months before arbitration can be initiated.
- Mexican federal courts shall resolve any issues related to the administrative termination of the contract.
- Arbitration
 - Rules: UNCITRAL.
 - Number of arbitrators: 3.
 - Language: Spanish.
 - Place: The Hague, the Netherlands.

Information

- At no cost, Contractor shall submit to CNH all of the data and information obtained as a result of the oil and gas operations, including geological, geophysical, geochemical and engineering information; well logs, progress reports, studies, reports, spreadsheets and databases; and any other information related to the completion, production, maintenance or performance of oil and gas operations, which shall be owned by the State. The State shall own any geological, mineral or other type of sample obtained by Contractor in conducting the oil and gas operations.
- Contractor may use the information, without any charge or restriction, for the processing, evaluation, analysis and any other purpose related to the oil and gas operations but not for other uses or sale.
- Except for the technical information and any intellectual property (defined under the contract), all other information and documentation derived from the contract will be considered public information.

Anti-Corruption and Conflicts of Interest

- Contractor represents and warrants that it has not and will not pay anything of value to any public official to influence such public official, to obtain or maintain the contract or any other business, to cause any eligible cost to be approved or to secure any illicit benefit or advantage.
- Contractor must comply with all applicable anti-corruption laws.

For inquiries related to this Legal Update, please contact any of the following lawyers:

Dallas Parker

+1 713 238 2700

dparker@mayerbrown.com

Jose Valera

+1 713 238 2692

jvalera@mayerbrown.com

Pablo Ferrante

+1 713 238 2662

pferrante@mayerbrown.com

Gabriel Salinas

+1 713 238 2622

gsalinas@mayerbrown.com

Mayer Brown is a global legal services organization advising many of the world's largest companies, including a significant portion of the Fortune 100, FTSE 100, DAX and Hang Seng Index companies and more than half of the world's largest banks. Our legal services include banking and finance; corporate and securities; litigation and dispute resolution; antitrust and competition; US Supreme Court and appellate matters; employment and benefits; environmental; financial services regulatory & enforcement; government and global trade; intellectual property; real estate; tax; restructuring, bankruptcy and insolvency; and wealth management.

Please visit our web site for comprehensive contact information for all Mayer Brown offices. www.mayerbrown.com

Any advice expressed herein as to tax matters was neither written nor intended by Mayer Brown LLP to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed under US tax law. If any person uses or refers to any such tax advice in promoting, marketing or recommending a partnership or other entity, investment plan or arrangement to any taxpayer, then (i) the advice was written to support the promotion or marketing (by a person other than Mayer Brown LLP) of that transaction or matter, and (ii) such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Mayer Brown is a global legal services provider comprising legal practices that are separate entities (the "Mayer Brown Practices"). The Mayer Brown Practices are: Mayer Brown LLP and Mayer Brown Europe-Brussels LLP, both limited liability partnerships established in Illinois USA; Mayer Brown International LLP, a limited liability partnership incorporated in England and Wales (authorized and regulated by the Solicitors

Regulation Authority and registered in England and Wales number OC 303359); Mayer Brown, a SELAS established in France; Mayer Brown JSM, a Hong Kong partnership and its associated legal practices in Asia; and Tauil & Chequer Advogados, a Brazilian law partnership with which Mayer Brown is associated. Mayer Brown Consulting (Singapore) Pte. Ltd and its subsidiary, which are affiliated with Mayer Brown, provide customs and trade advisory and consultancy services, not legal services.

"Mayer Brown" and the Mayer Brown logo are the trademarks of the Mayer Brown Practices in their respective jurisdictions.

This publication provides information and comments on legal issues and developments of interest to our clients and friends. The foregoing is not a comprehensive treatment of the subject matter covered and is not intended to provide legal advice. Readers should seek legal advice before taking any action with respect to the matters discussed herein.

© 2015 The Mayer Brown Practices. All rights reserved.