

# Ruling by the National Hydrocarbons Commission to establish various measures to promote the development of oil activities

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On August 3, 2020, “the Ruling by which the National Hydrocarbons Commission (“**CNH**”) establishes various measures to promote the development of oil activities” (the “**Ruling**”), which had been published by the National Commission for Regulatory Improvement to receive comments on July 17, 2020, was published in the Official Federal Gazette.

The Ruling originates from the various notifications of force majeure events that have been submitted by different Oil Operators arising from the health contingency caused by the COVID-19 virus, which were intended to seek recognition of that legal status provided for in the Contracts for Exploration and Extraction (“**CEE**”), as well as the granting of extensions of the Periods for Exploration or Evaluation, as appropriate to each CEE.

Through the Ruling, the existence of a force majeure event is recognized and, consequently, the CNH decided to suspend, during the period from March 23 to July 24, 2020 (the “**Suspension Period**”): (a) the Exploration and Evaluation Periods, as well as the Development Periods for Extraction that have a Minimum Work Program associated, of the CEE of hydrocarbons that are in force; and (b) the Transition Programs that are in force.

Under the abovementioned suspension, the obligations of the Contractors during that period of suspension will not be deemed enforceable.

Furthermore, this suspension is based on the following:

- a) The suspension does not imply (i) the modification of the duration of the respective CEE or any other of its clauses; or (ii) an extension of the periods and program in question;
- b) With the exception of obligations relating to the fulfilment of the respective Minimum Work Programs, oil operators must comply with the other obligations under the CEE;
- c) Oil Operators may continue to carry out the Oil Activities during the suspension period, in terms of the Plans or Programs approved by the CNH;
- d) The Oil Operators must present to the CNH an update of the schedule of execution of their Oil Activities within 20 working days of the conclusion of the suspension;
- e) In no case may the mentioned periods or the Transitional Programs exceed 6 months; and
- f) At all times, the Oil Operators shall maintain in force the Performance Bonds in accordance with the Clauses provided in the CEE.

In addition, through the Ruling, the CNH requested the Oil Operators to submit the corresponding Performance Bonds.

In this regard, the Performance Bonds that expire during the suspension period, must be filed, within 20 working days prior to their expiration.

With respect to the Performance Bonds that do not expire during the suspension period, the Oil Operators must present them with a duration that contemplates the suspension of the Periods of Exploration, Evaluation and Development, within 20 (twenty) working days from the date on which the suspension period ends.

The Ruling also establishes that the CNH will provide technical advice to the Ministry of Energy to carry out the suspension established in the Ruling in the extraction activities of the Allocations of PEMEX. The above should take into account the following:

- a) The duration of the Allocation titles, as well as the rest of the terms and conditions established in them, will remain unchanged; and
- b) The Assignee may continue with the execution of its oil activities, in terms of plans or programs approved by the CNH.

Finally, the Ruling establishes that the deviations provided for in normative assumptions contained in certain provisions “Guidelines governing the Exploration and Development Plans for the Extraction of Hydrocarbons”, relating to the modification of the Evaluation and Pilot Programs, as well as the Exploration Plans and the Development Plans for Extraction, shall not be taken into account for the updating of the cases of modification of those Plans or Programs.

Accordingly, for those Oil Operators that have an Evaluation or Pilot Program, Exploration Plan, or Development Plan for Extraction approved by this Commission under an Allocation or CEE, the deviations provided for shall not be taken into account for the updating of the cases of modification of those Plans or Programs.

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