

REGULATION, USE AND SURFACE OCCUPATION , IN THE HYDROCARBON INDUSTRY

Land, Oil & Gas

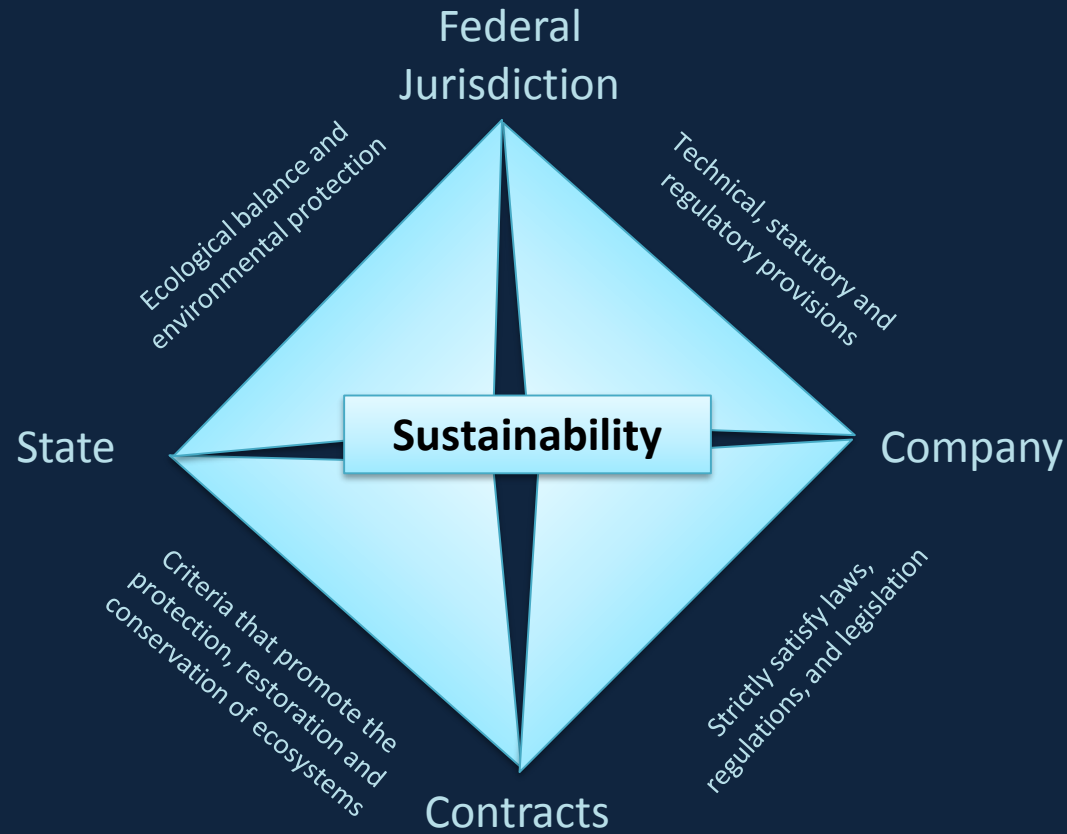
INGLO



logística urbana



México DF, November 2014



Institutional management system resources to ensure the generation of wealth in the framework of the energy reform

Law

- Federal Law of Rights
- Law of Fiscal Coordination
- Law of National Waters
- Foreign Investment Law
- Mining law
- Law on Public Private Partnerships
- Federal Budget and Responsibility Act Tax
- Public Debt General Law
- Organic Law of Federal Public Administration
- Parastatal Entities Federal law
- Law of Acquisitions, Leases and Services of the Public Sector
- Law of Public Works and Services related to the same Act
- General Law of National Property
- General Law of Ecological Balance and Environment Protection
- Federal Environmental Law.

New Law

- Revenue Law on Hydrocarbons
- Mexican Petroleum Fund Law for Stabilization and Development
- Electrical Industry Law
- Geothermal Energy Law
- Hydrocarbons Law
- Coordinated Regulatory Institutions in Energy Law
- Law of the National Agency of Industrial Safety and Protection of the Environment of the Hydrocarbons Sector
- Mexican Petroleum Law
- Federal Electricity Commission
- Law of Productive State Enterprises

Land Oil & Gas

20

Years of
experience

Offices

National level
presence

Team

Lawyers, surveyors,
architects, engineers,
agronomists,
accountants and
administrators

- Legal
- Technical
- Administrative

- Knowledge and study of the regulatory framework.
- Agreements, contracts and legal acts to public and private bodies.
- Oil, gas, electricity, renewable energy and in agricultural matters.

Active participation in more than 10 years, in the historic opening of the energy sector.

Training and advice

Generation of value

National, international and multinational companies.



Experience in projects of exploration, exploitation, marketing, distribution and storage of oil and gas (Natural and LP).

- Generation of cartographic products with cutting-edge technology:
- Measuring system RTK (*Real Time Kinematic*).
 - 3D Photogrammetry System through Drones.

“Quality and Excellence in our work”

Exploration and Extraction of Hydrocarbons

They will have priority over any other activity

Surface Use and Occupation

Land or property owner

Contractors

← — — — — SENER, SEDATU & INDAAABIN — — — — →

Rural or communal rights

- Legal Easements
- Superficial Occupation
- Superficial Affectation

Terms and conditions for the use, enjoyment or affectation.

The acquisition may agree for the private property.

Federation, States and Mexico City will contribute to the development with bases of coordination to expedite and ensure the granting of permits and authorizations and procedures.

Diagnosis

Guidelines

Contract negotiation

Technical

Technical Diagnostics:

- RTK (Real Time Kinematic) measurement system.
- 3D Photogrammetry System through Drones.

- Integration and systematization of the information obtained in the field.
- Specific and clear consultation.

Legal

Legal Diagnosis:

Give and ensure legal certainty to investors. Comply with all legal provisions.

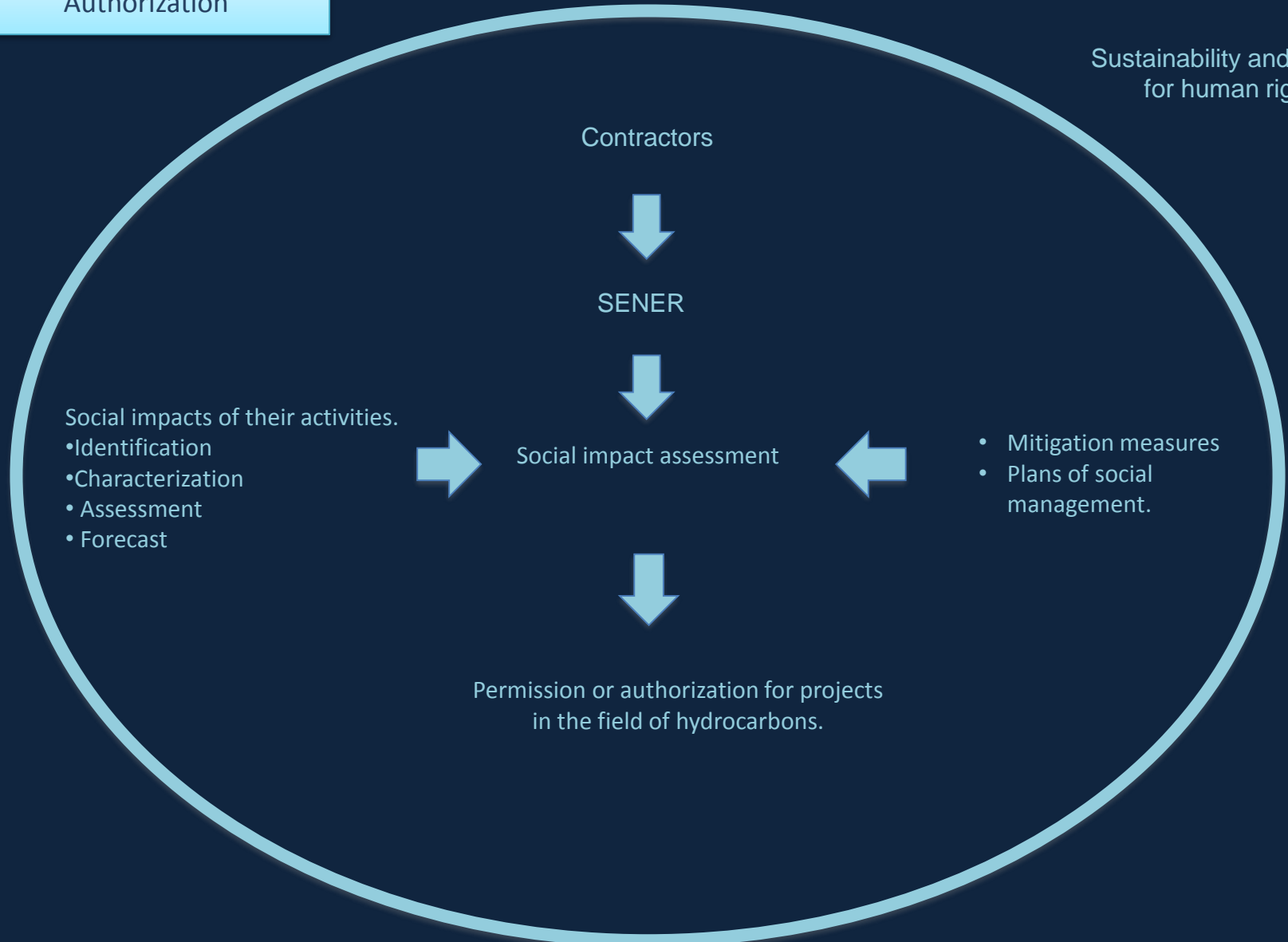
Release of the right of way and site procedures, effective, efficient and transparent.

Administrative

Ensure the property involved land and to those affected, timely and expeditious payment.

Environmental Impact
Authorization

Sustainability and respect
for human rights



Assignments, Contracts or Permits do not limit the right of the State to use

Natural resources other than Hydrocarbons



May grant concessions, licenses or permits for exploration, extraction and utilization.



In case of occur it, an unreasonable inconvenience must not be generated to the contractor..



For laying pipelines, cables and installation of infrastructure in the assigned area:



The access and activity of any industry service providers will be allowed.



There is no opposition from contractors, authorized, licensees, and dealers miners, whenever technically feasible.

Right-of-way intended for activities of transport
by pipeline.

Access and activity of any industry service
providers



**Allowed; in Exchange for consideration,
provided that does not put at risk the
security and continuity of the provision
of services.**



National
Industrial Safety
Agency opinion...

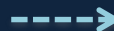
SENER will authorize, prior opinion
of CNH or CRE, as appropriate.



Works and infrastructure must be safe, necessary,
appropriate and proportional to the requirements.



CRE



- Provisions necessary to ensure that such access is allowed.
- Monitoring compliance with this obligation.
- It will monitor rates of licensed activities affecting income received by the licensees.



Legatee or Contractor:

Express interest in writing to the owner.



Accompanied by tabs on the average values of the land.

Show, describe the project and meet the owner doubts.



SENER may provide for the participation of social witness.

Notify SENER and SEDATU when the negotiations start.



Define the form or mode of use, enjoyment and involvement, where appropriate, acquisition agreed.



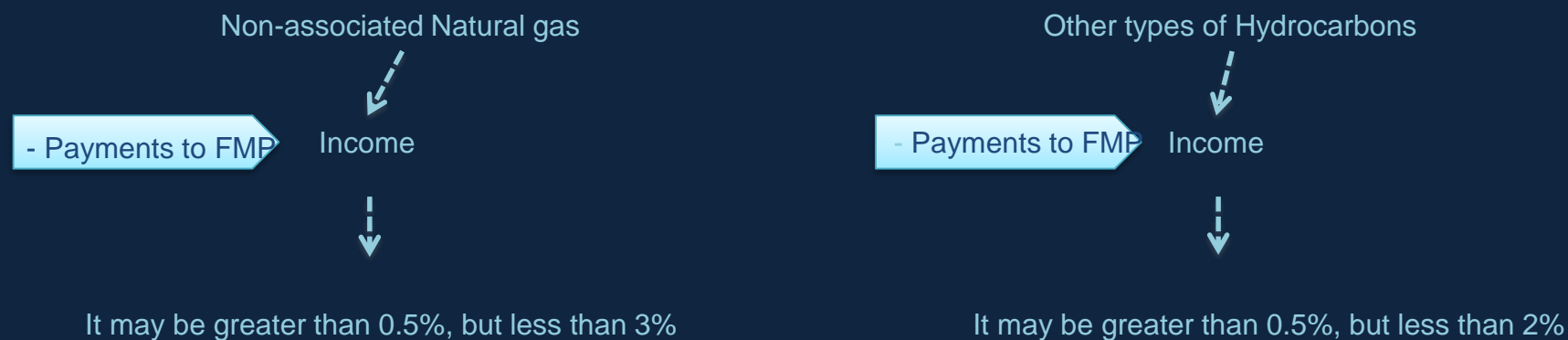
It can use figures of lease, voluntary servitude, surface occupation, temporary occupancy, sale, Exchange, and anyone who does not contravene the law.

Accord a proportional compensation

Compensations' Coverage:

- Payment of damages of goods or rights other than land, forecast of damages.
- Income by concept of occupation, servitude, or land use, whereas the commercial value.

Considerations in projects that reach the commercial extraction of Hydrocarbons.




SENER, with technical assistance from CNH, develop: methodologies, parameters and reference to the percentage guidelines.

The value of the Earth tab

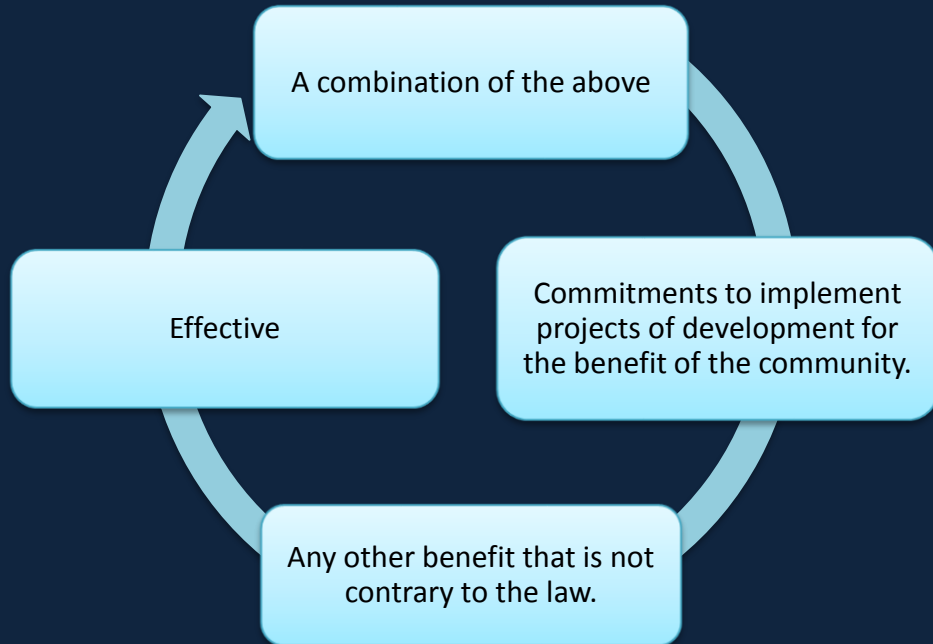


They may be performed by the INDAABIN, credit institutions and appraisers that are part of the authorized registry.

Appraisals shall consider, among other factors:

- 
- The forecast that the project will generate, an appreciation of the land, goods or rights.
 - The existence of Characteristics in the property, assets or rights, without reflecting on its commercial value, makes them technically suitable for the development of the project.
 - Involvement in the remaining portion of the property which is part the fraction to acquire, use or enjoy.
 - The complementary expenses not visualized in the commercial value ,so that the affected replace land, or goods or rights for purchasing, where necessary for the emigration of those affected.
 - The forecast of damages, discomfort or affectations that owners could suffer on the occasion of the project to develop, calculated on the basis of the usual activity of such property.

Compensations payments:



Contractors

They may propose to the owner, holder of the right or members of the community:

- The acquisition of goods or supplies, services manufactured, supplied or provided by such persons when this is compatible with the project.

Contracts

The consideration, as well as the other terms and conditions which are agreed must be invariably in a contract in writing.

They must contain the guidelines and models of contracts issued by SENER with the opinion of the SEDATU.

It must contain, at least, the rights and obligations of the parties, as well as possible mechanisms of dispute resolution.

Contracts may not provide confidentiality clauses or negotiate a compensation associated with the production.

Validation of the Agreement

Legatee or contractor must submit the reached agreement.

District judge in civil matters or Unitary Agrarian Tribunal

Will give validity and nature of res judicata

- Verify compliance with formalities demanded in the hydrocarbons law, agrarian law and provisions.
- Order the publication of a summary of the agreement, in a newspaper of local circulation and the respective communal land.

Issue resolution, a matter of judgment, within 15 days after the first publication, provided that it has no knowledge of the existence of a pending trial.

Against the ruling only proceed the trial of a constitutional injunction.

No Agreement

Delivery of written
expressing interest



180 calendar days
without agreement



Request mediation on forms or modes of acquisition, use, enjoyment or affectation, as well as the consideration that corresponds to the SEDATU.



30 calendar days
without agreement



SEDATU will suggest form or mode of acquisition, use, enjoyment or affectation that reconcile interests and ambitions.



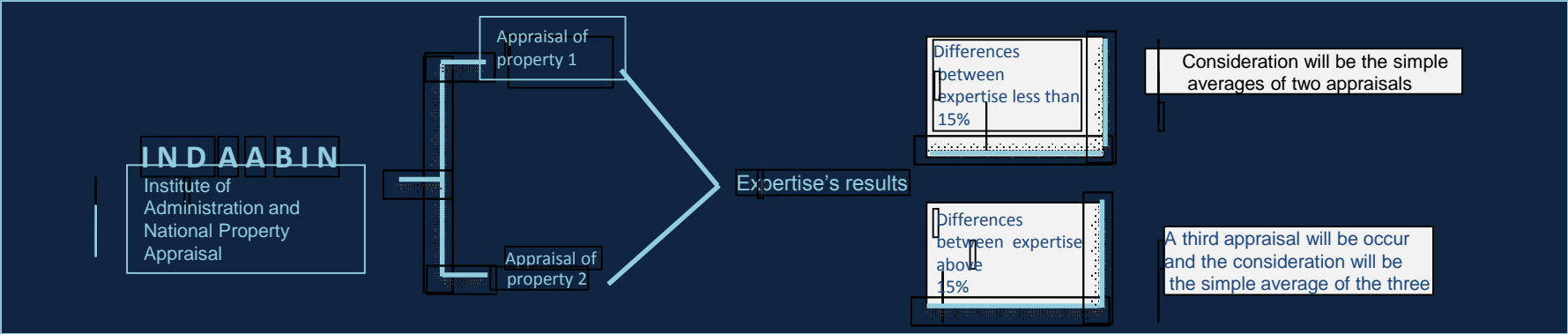
Promote the establishment of legal servitude before district judge or unitary agrarian Tribunal.



SENER may request SEDATU to give procedure to the Federal Executive to the Constitution of a legal administrative bondage.

The parties may continue their negotiations and reach an agreement at any time.

Amount of Consideration



With prior appraisal

Without prior appraisal

| | |
|---|--|
| The assessment will be taken into account if it matches as suggested by SEDATU | SEDATU ask the INDAABIN or random appraiser, an appraisal, that it will provide the basis for proposal |
| If difference between appraisals is - 15%, SEDATU will take simple average for proposal | |
| If difference between appraisals is + 15%, SEDATU asked appraisal to the INDAABIN or random appraiser for proposal. | |

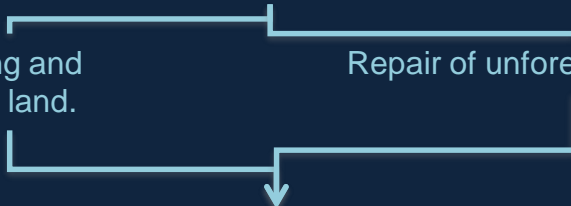
National Agency of Industrial Security...



It is foreseen in the regulation, financial mechanisms:

Decommissioning and abandonment of land.

Repair of unforeseen damages.



Legatees and Contractors



The recipient or contractor shall present a copy of the agreements or decrees, to the CNH.



Appraisals and social witness fees, will be covered by assigns and contractors.

Nullity of agreement

Termination of contact or annulment of the easement

- By conduct or practices to influence unduly the decision of owners or holders.
- When agreed remuneration associated with a part of the production of hydrocarbons from the project.
- Works that are not initiated within the time limits set out in the contract or assignment.
- The land is destined to a use other than the one that justified the affectation.
- Be declared null and void or cancel the contract.
- Update any course that is established in the applicable provisions or clauses of the contract.

Supporting technical study (ETJ)

A Supporting Technical Study ETJ (Spanish) is a scientist document to demonstrate that a work or activity causing affectation by the removal of forest vegetation, It intends to control the involvement extent admissible and therefore not risk biodiversity, cause soil erosion, deterioration of the quality of water and the involvement of their training; and that the alternative use of the soil that intends to be more productive in the long run.

The ETJ must express that the various provisions that contemplated federal regulations applicable in relation to the processes of change of land use in forest land have been carefully reviewed, pursuant to by the article 121 of the rules of procedure of the general law of sustainable forestry development.

Among requirements that must comply with the ETJ include demonstrating that the project:

- does not compromise biodiversity
- It doesn't have soil erosion
- It avoids damage on the quality of water or the decrease of its capacity
- It includes measures of mitigation and environmental compensation
- It is considered the rescue and relocation of species under regime of legal protection (flora and fauna)

Environmental Impact Statement (MIA)

The processing time of the environmental impact statement form and supporting technical study for approval by SEMARNAT to develop concepts which are being investigated:

- Description, characterization and analysis of the environmental system.
- Visit the project site.
- Project description.
- Development of links with the applicable laws and regulations on environmental matters.
- Preparation of environmental impact matrix, generated description of the environmental impacts and mitigation measures.



Surface Occupation

Initial negotiation between individuals under a transparent and equitable mechanism

Mediation for the construction of agreements

Legal servitude of hydrocarbons

Regulate the way agreements are established with owners of the land, to generate equitable benefits that reconcile the interests and needs of the parties



Definition of a scheme of negotiation between assigns and contractors and owners or owners of property and rights.

Minimum elements that should contain the consideration:

- 1) Payment for damages to property other than land;
- 2) Income from the use or temporary occupation;
- 3) Participation in a percentage of the profit from projects that have reached commercial production.

Definition of mediation processes, in charge of the SEDATU, to facilitate agreements on the terms and conditions of the consideration.

Guarantee the protection most extensive possible of the rights and interests of the parties



Advice and legal representation of the Procurator-General Agrarian in the case of projects that are conducted in communal lands.

Participation of social witness in negotiation processes.

Special forecast in the case of land, goods or rights subject to the agrarian law.

Provide elements to reduce asymmetries in the processes of negotiation between the parties



Existence of contract models developed by SENER with the SEDATU opinion that include minimum contents.

Tabs made by INDAABIN on the average values of the land as the basis to propose the consideration in the negotiating process.

Realization of professional appraisals and definition of factors minimum that must consider, for example, the capital gains that may generate the project on the grounds or by the existence of features on the ground, that without reflecting on its commercial value, makes them technically suitable for the development of the project.