

Energy Alert

December 16, 2015

Mexico's Energy Industry

Results of Ronda Uno, Third Tender

If you read only this...

- On December 15, 2015, the Mexican Comisión Nacional de Hidrocarburos (CNH) completed the third stage of its so-called "Round One" upstream oil and gas auctions. It is estimated that these contract areas contain an estimated 2.5 billion barrels of oil equivalent (boe) distributed in multiple oil and gas fields.
- As a major shift from the first two tenders, the CNH used a license as the model contract to facilitate the entry of domestic participants and smaller IOCs.
- Overall, the results should be considered rather surprising. Despite extremely low commodity prices and an ailing oil and gas industry, almost 100 different companies expressed formal interest in taking part in the Third Tender and 71 companies (36 individual companies and 16 consortiums) prequalified to present bids.



On December 15, 2015, the Mexican Comisión Nacional de Hidrocarburos (**CNH**) completed the third stage of its so-called "Round One" upstream oil and gas auctions. The Third Tender included 25 mature onshore contract areas distributed across four states, Chiapas, Nuevo Leon, Tabasco and Tamaulipas. It is estimated that these contract areas contain an estimated 2.5 billion barrels of oil equivalent (boe) distributed in multiple oil and gas fields. The Mexican government divided the blocks into two types based on size and estimated remaining recoverable hydrocarbons. The blocks were onshore, small-producing and mature areas that were structured to incentivize local companies and smaller companies to participate in the new oil and gas exploration market. As a major shift from the first two tenders, the CNH used a license as the model contract to facilitate the entry of domestic participants and smaller IOCs. Licenses are less complicated, as they do not involve cost recovery or sharing with the state like production-sharing agreements. Also, as it did during the Second Tender, the Mexican government published its minimum requirements ahead of the bid deadline.

Overall, the results should be considered rather surprising. Despite extremely low commodity prices and an ailing oil and gas industry, almost 100 different companies expressed formal interest in taking part in the Third Tender and 71 companies (36 individual companies and 16 consortiums) prequalified to present

bids. Early estimates had considered that awarding 20 percent of the blocks on offer would be a considered a success for Mexico. However, participants far exceeded these expectations and 100 percent of the available contract areas were awarded. The most active participants included Geo Estratos, which obtained four contract areas in northern Mexico, Renaissance Oil, which obtained three contract areas in southern Mexico and Strata Campos Maduros, which obtained three contract areas in Burgos. Overall, government officials expect almost \$620 million in revenues over the first five years of these contracts. Not only were all contract areas awarded, the bids far exceeded the minimum bids established by the government. Below is a list of all of the winning bidders from the Third Tender and their corresponding bids in terms of a percentage royalty to the government and increases in the stated minimum work programs:

Results

Contract Area	Winning Bidder	Surface Area (km2)	Estimated Available Resources (MMboe)	Minimum Government Royalty (%)	Minimum Work Units	Winning Bid Government Royalty (%)	Increase in Minimum Work Units (%)
Tajon (Type 2) South	Compañía Petrolera Perseus, S.A. de C.V. (México)	27.5	734.9	5	4,600	60.88	100
Cuichapa-Pte (Type 2) South	Servicios de Extracción Petrolera Lifting de México, S.A. de C.V. (México)	41.5	324.4	2.5	4,800	60.8	99
Moloacan (Type 2) South	Canamex Dutch B.V., Perfolat de México, S.A. de C.V. & American Oil Tools S. de R.L. de C.V. (Netherlands - México)	46.3	201.9	5	5,000	86.6	0
Barcodon (Type 2)	Diavaz Offshore, S.A.P.I. de C.V. (México)	11	158.5	1	4,700	64.5	100
Mundo Nuevo (Type 1) South	Renaissance Oil Corp S.A. de C.V. (Canada)	27.7	101.4	10	4,600	80.69	25

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Paraíso (Type 1) South	Roma Energy Holdings, LLC Tubular Technology, S.A. de C.V. & GX Geoscience Corporation, S. de R.L. de C.V. (US-México)	17	86	10	8,700	35.99	100
Catedral (Type 1) South	Diavaz Offshore, S.A.P.I. de C.V. (México)	58	60.1	1	4,600	63.9	0
Topen (Type 1) South	Renaissance Oil Corp S.A. de C.V. (Canada)	25.3	43.2	10	4,600	78.79	25
Mayacaste (Type 1) South	Grupo Diarqco, S.A. de C.V. (México)	21.9	31.8	10	8,700	60.36	0
Malva (Type 1) South	Renaissance Oil Corp S.A. de C.V. (Canada)	21.2	22.2	4	4,700	57.39	100
Pena Blanca (Type 1) Burgos	Strata Campos Maduros, S.A.P.I. de C.V. (México)	26	15.8	5	4,600	50.86	100
Benavides-Primavera (Type 1) Burgos	Sistemas Integrales de Compresión, S.A. de C.V., Nuvoil, S.A. de C.V. & Constructora Marusa, S.A. de C.V. (México)	17.15	15.6	2.5	4,600	40.7	75

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Fortuna Nacional (Type 1) Burgos	Compañía Petrolera Perseus, S.A. de C.V. (México)	22	14	1	4,600	36.8	100
Ricos (Type 1) Burgos	Strata Campos Maduros, S.A.P.I. de C.V. (México)	23.7	8.8	3	4,600	41.5	100
Mareógrafo (Type 1) Burgos	Consorcio Manufacturero Mexicano, S.A. de C.V. (México)	29.8	8	4	4,600	34.2	100
Carretas (Type 1) Burgos	Strata Campos Maduros, S.A.P.I. de C.V. (México)	89.4	8	1	4,600	50.86	100
Pontón (Type 1) North	Geo Estratos, S.A. de C.V. & Geo Estratos Mxoil Exploración y Producción, S.A.P.I. de C.V. (México)	11.8	7.3	1	4,600	61.5	100
Tecolutla (Type 1) North	Geo Estratos, S.A. de C.V. & Geo Estratos Mxoil Exploración y Producción, S.A.P.I. de C.V. (México)	7.2	7.3	1	4,600	68.4	100

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Secadero (Type 1) South	Grupo R Exploración y Producción, S.A. de C.V. & Constructora y Arrendadora México, S.A. de C.V. (Mexico)	9.8	6.7	1	4,600	60.7	100
Duna (Type 1) Burgos	Construcciones y Servicios Industriales Globales, S.A. de C.V. (México)	36.7	6.3	3	4,600	20.08	88
San Bernardo (Type 1) Burgos	Sarreal, S.A. de C.V. (México)	28.2	5.2	1	4,600	10.5	80
Calibrador (Type 1) Burgos	Consorcio Manufacturero Mexicano, S.A. de C.V. (México)	16.1	4.6	3	4,600	41.7	100
La Jaja (Type 1) North	Geo Estratos, S.A. de C.V. & Geo Estratos Mxoil Exploración y Producción, S.A.P.I. de C.V. (México)	10.2	17	1	4,600	66.3	100
Calicanto (Type 1) South	Grupo Diarqco, S.A. de C.V. (México)	10.6	1	5	4,600	81.3	18
Paso de Oro (Type 1) North	Geo Estratos, S.A. de C.V. & Geo Estratos Mxoil	23.1	0.3	1	4,600	67.61	30

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	Exploración y Producción, S.A.P.I. de C.V. (México)						

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