
Mexico unitization guideline

Agenda

1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
4. Pre-Unitization Agreement
5. Unitization Agreement
6. Implementation Procedure

Agenda

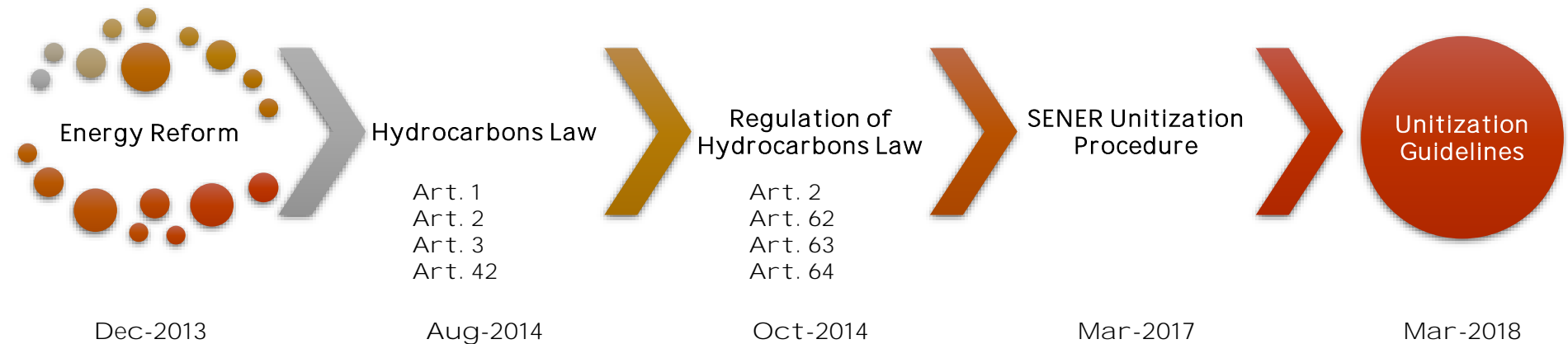
1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
4. Pre-Unitization Agreement
5. Unitization Agreement
6. Implementation Procedure

Unitization Guidelines

Establish the procedure for the Unitization of National Shared Reservoirs, through the following activities:

- I. Approve the **Pre-Unitization Agreement**;
- II. Instruct the Unitization of National Shared Reservoirs;
- III. Approve the terms and conditions of the **Unitization Agreement**, and
- IV. Determine the terms and conditions of the Unitization Agreement when the parties do not reach an agreement.

Regulatory Framework



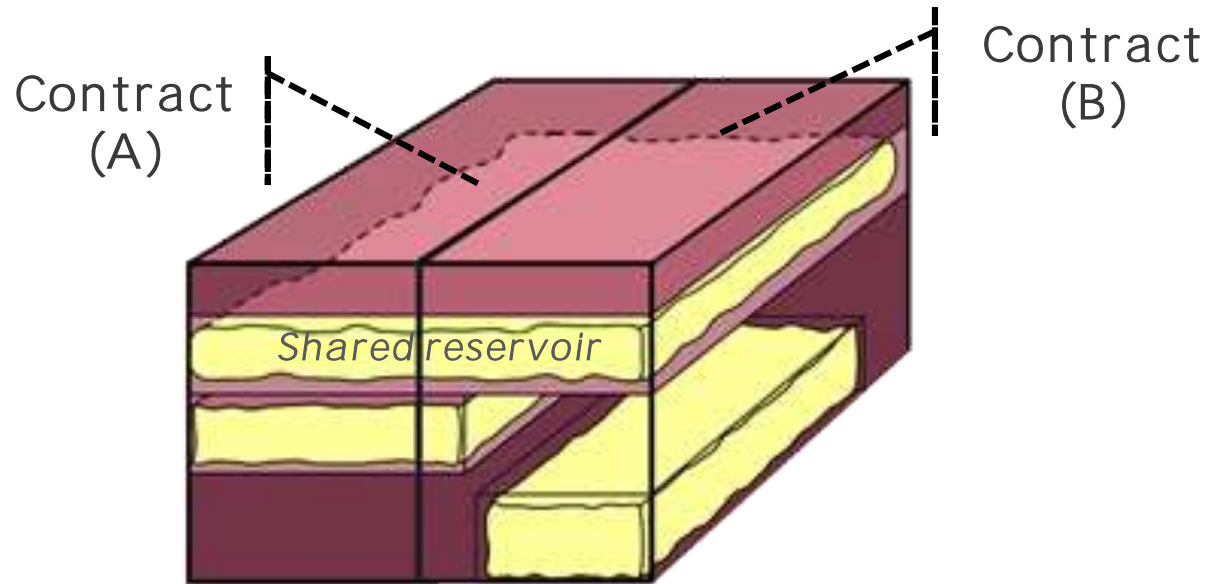
Agenda

1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
4. Pre-Unitization Agreement
5. Unitization Agreement
6. Implementation Procedure

Shared fields and reservoirs

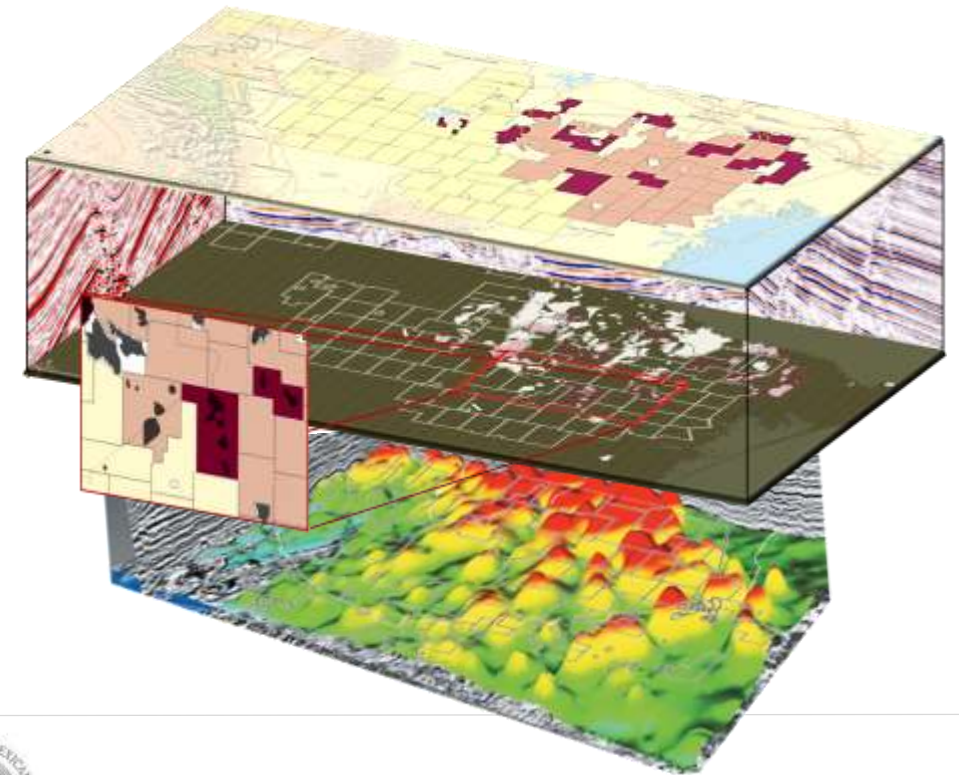
What is a shared field/reservoir?

Those fields/reservoirs that extends beyond contract or assignment areas.



Contractual areas designed to minimize shared reservoirs

Blocks that fully covers exploration opportunities



Agenda

1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
4. Pre-Unitization Agreement
5. Unitization Agreement
6. Implementation Procedure

Key concepts on Unitization Guidelines

Between Assignees and/or Contractors
Authorized by SENER

Pre-Unitization Agreement

- Describes the coordinated activities that will be carried out in a “Possible Shared Reservoir”
- Not yet determined if there is or not hydraulic connection
- For projects in exploration and evaluation periods
- Each operator must comply its own Minimum Work Commitments

Main purpose:

Share information and carry out coordinated activities to determine if the reservoir is shared or not

Unitization Agreement

- Establish terms and conditions to develop Unit Operations in the Unit Area
- Shared reservoir confirmed
- Designed operator
- For projects in development period

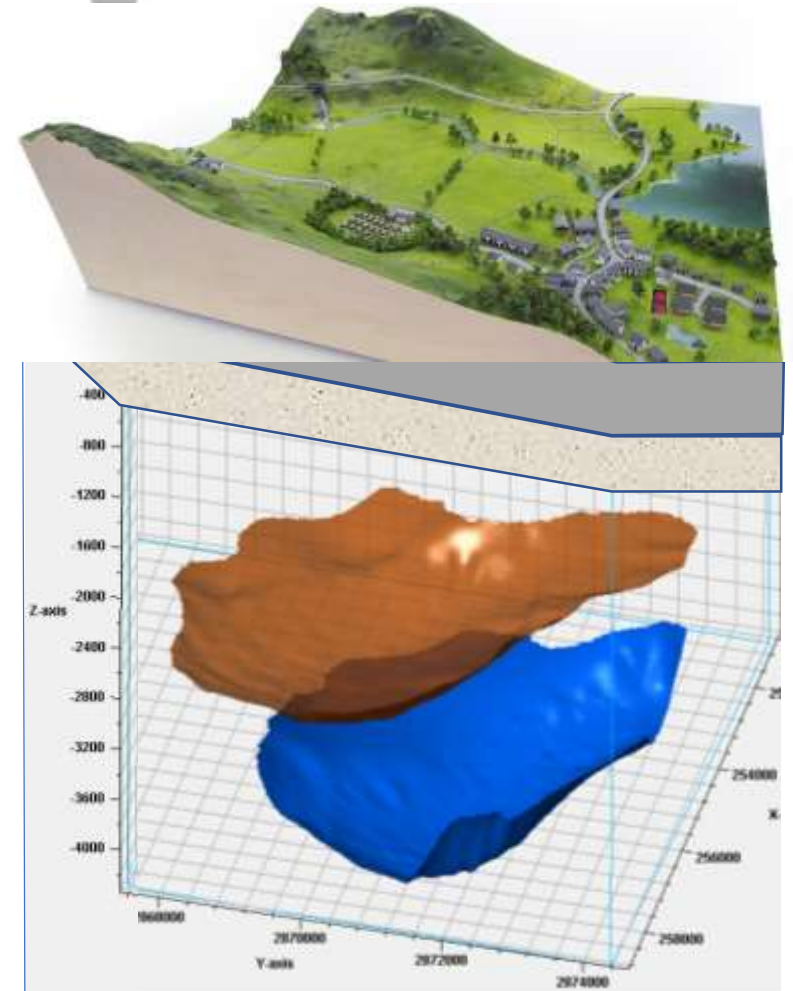
For the Unitized Area in surface and depth instructed by SENER

Agenda

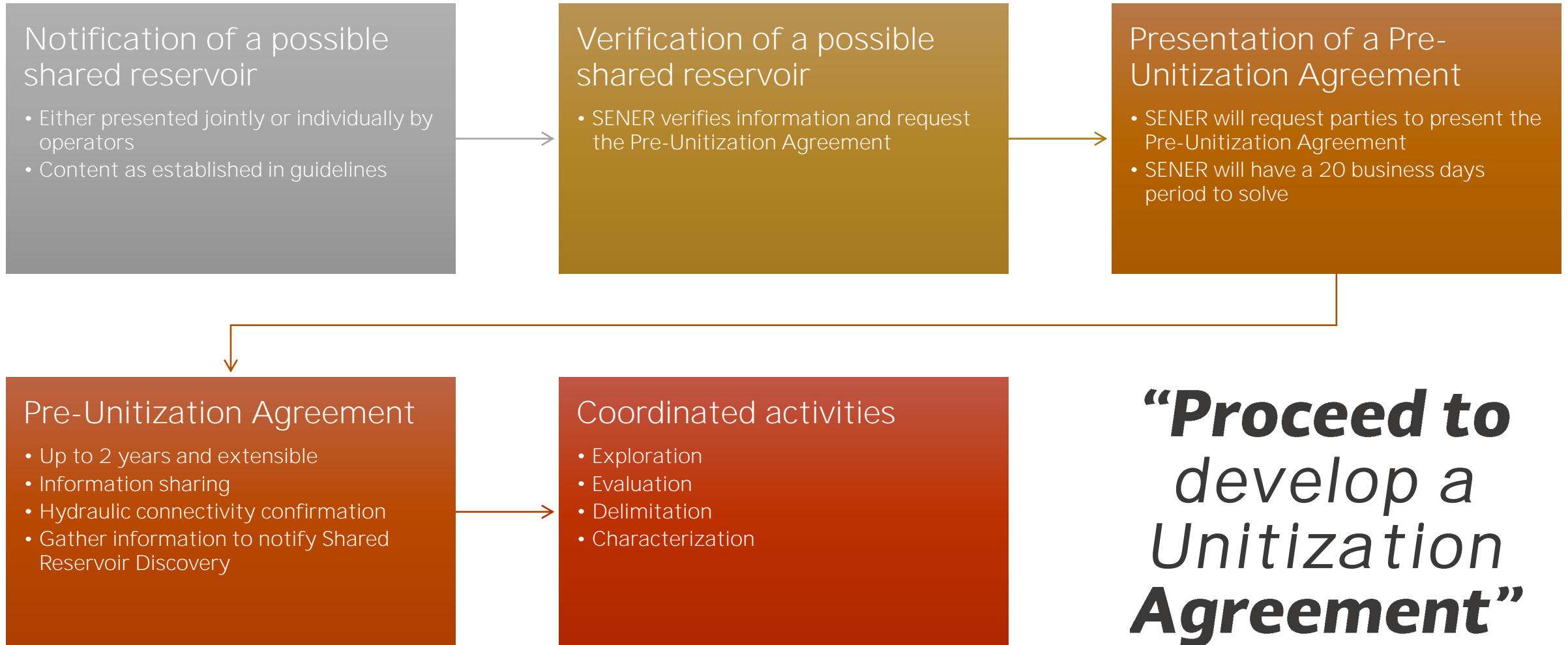
1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
- 4. Pre-Unitization Agreement**
5. Unitization Agreement
6. Implementation Procedure

Pre-Unitization Agreement, what for?

- I. Share information;
- II. Coordinate activities to evaluate a possible shared reservoir;
- III. Minimize capital expenditure;
- IV. Save evaluation time/resources;
- V. Up to two (2) years period to carry out coordinated activities (period extension possible);
- VI. The agreement allows activities in both sides of the border to comply contractual obligations;
- VII. Ease controversy resolution



Pre-Unitization Agreement implementation

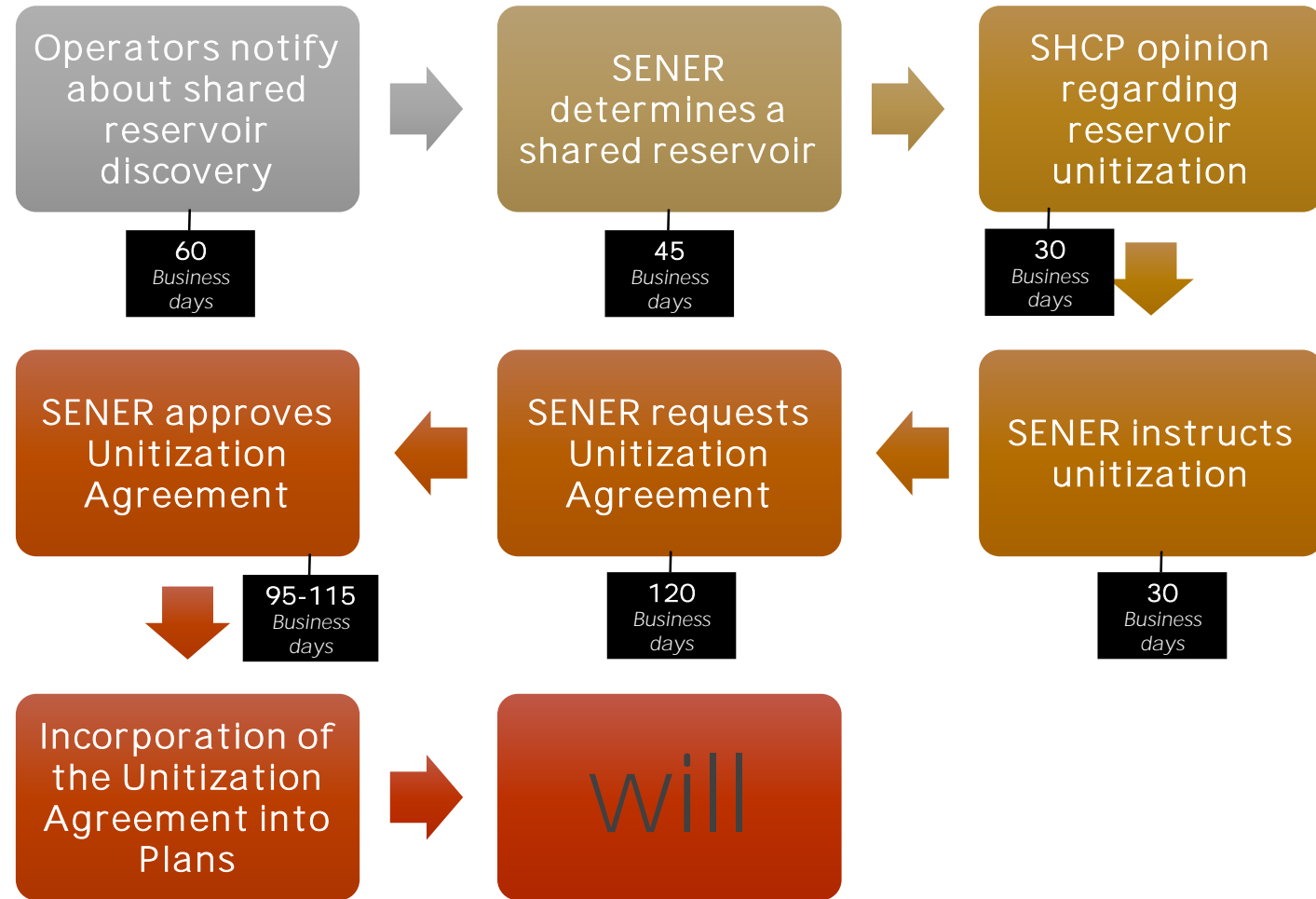


Agenda

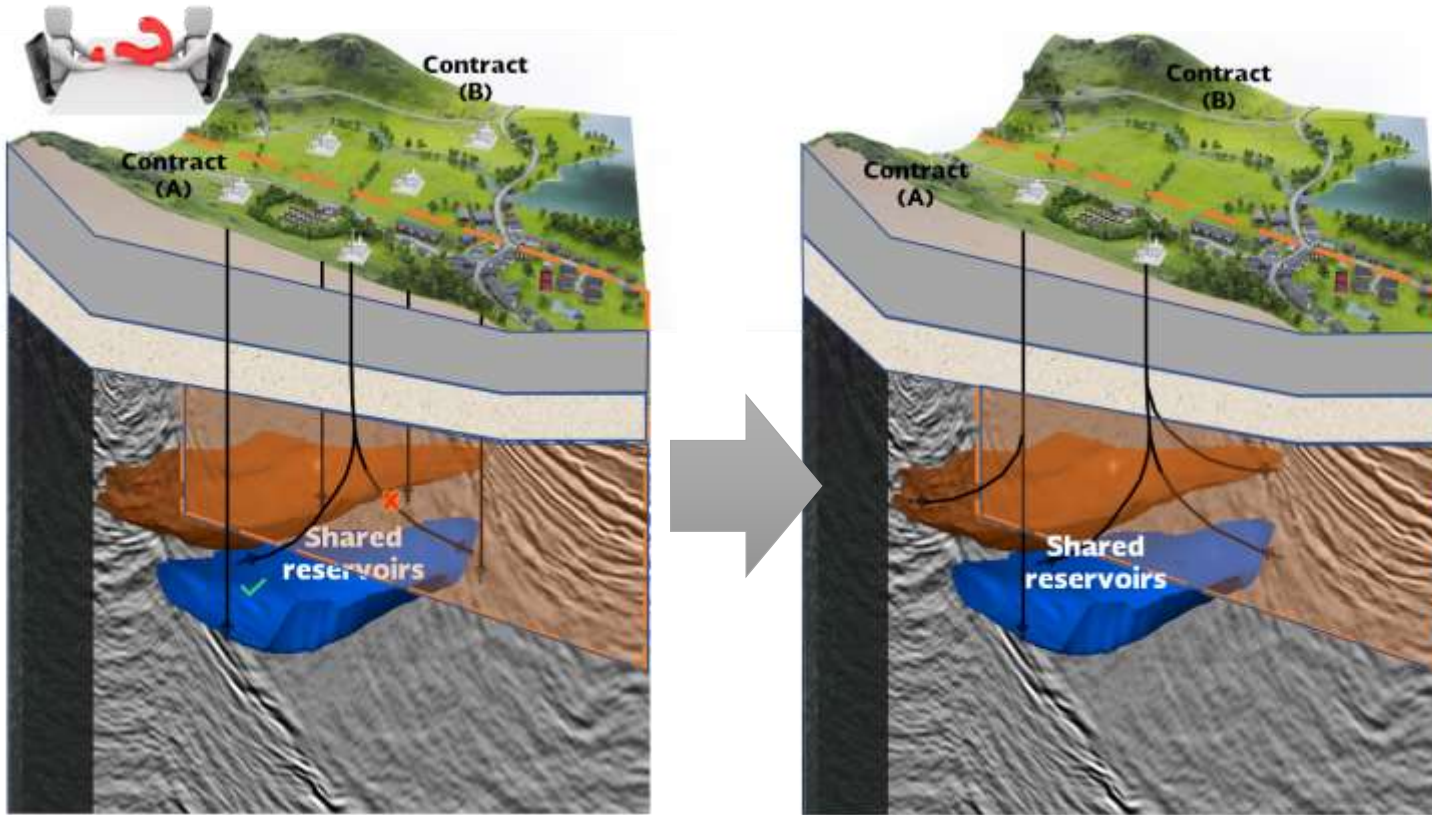
1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
4. Pre-Unitization Agreement
- 5. Unitization Agreement**
6. Implementation Procedure

Unitization Agreement

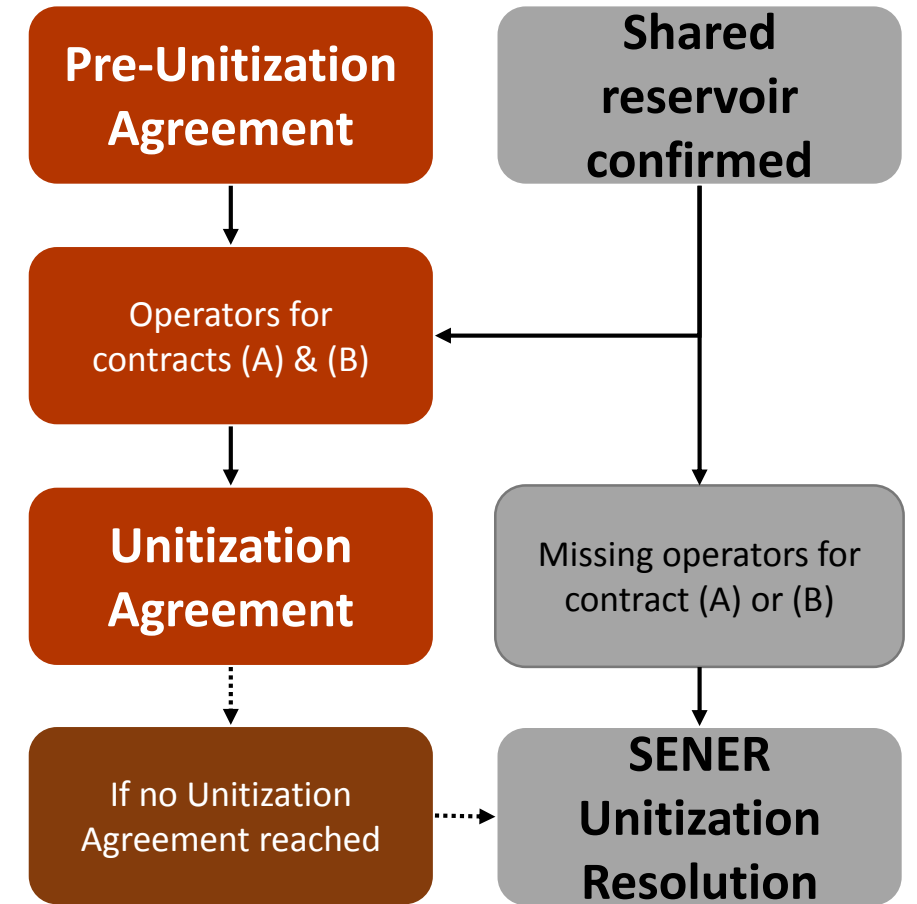
- ✓ SENER will be assisted by CNH;
- ✓ For Unitization Agreement approval:
 - CNH will solve operator designation within 45 business days
 - SENER will solve UA within 40 business days once operator is approved
 - SENER may adapt UA within 60 business days once operator is approved



Approaches for Unitization Agreement



If no UA reached, SENER may consult an independent third party. Both operators may jointly propose that expert.



Unitization in E&P Contracts

A) Unitization **with** contiguous Contractor / Assignee

Notification

- Existence of a shared reservoir to SENER & CNH
- Within 60 business days
- Technical support
- G&G Studies
- Work program proposal

Technical opinion

- From CNH to SENER within 45 business days
- Opinion from SHCP required

SENER instructs unitization

- Within 30 business days
- Guidelines applicable to request information
- SENER will determinate terms and conditions if no information is received

B) Unitization **without** contiguous Contractor / Assignee

Notification

- Existence of a shared reservoir to CNH
- Technical support
- G&G Studies

Continuity of E&P activities

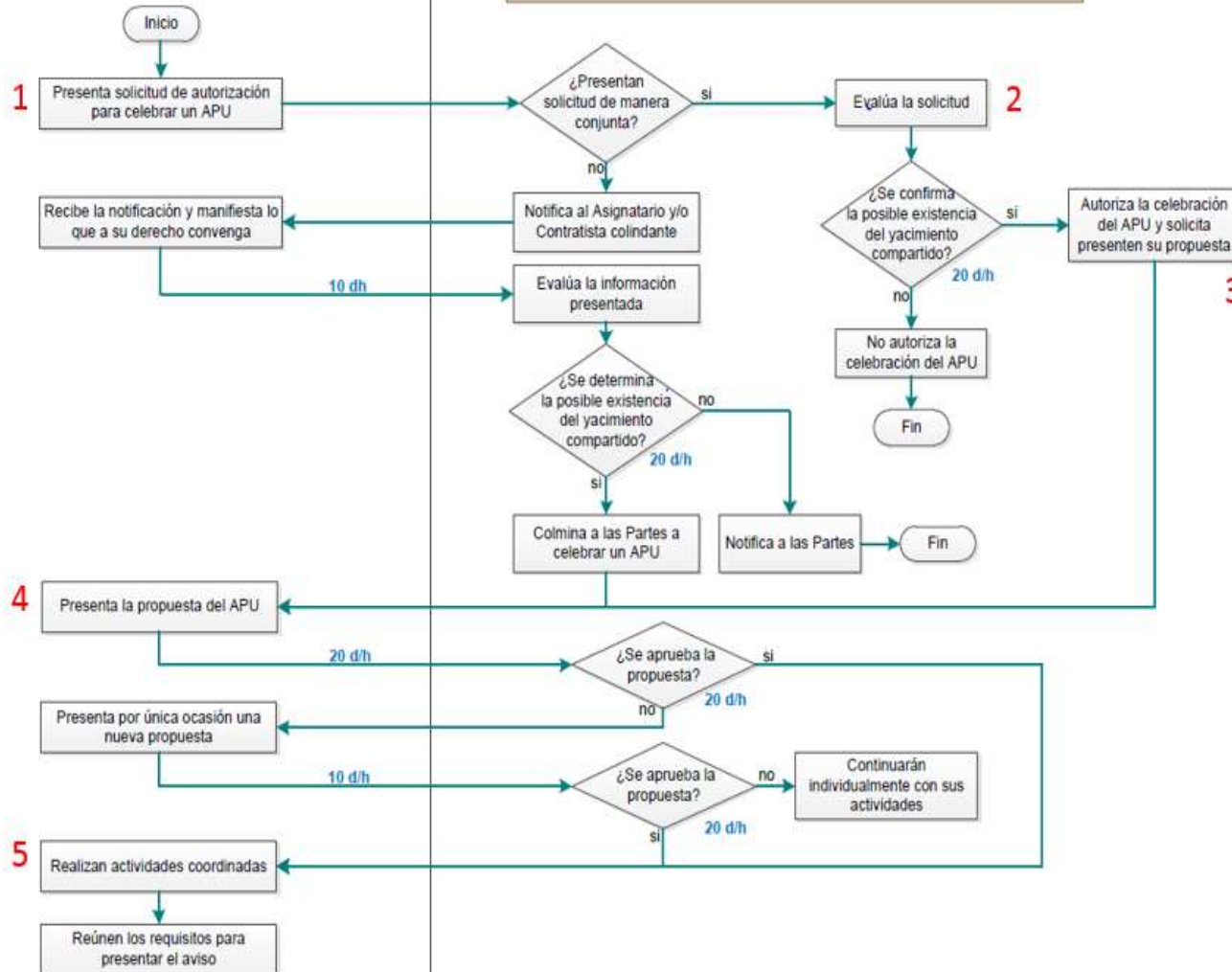
- As approved Plans
- SENER will determinate how to proceed in non contractual/assigned areas

Agenda

1. Unitization Guidelines Purpose and Regulatory Framework
2. Shared fields and reservoirs
3. Key concepts on Unitization Guidelines
4. Pre-Unitization Agreement
5. Unitization Agreement
6. Implementation Procedure



Acuerdo Preliminar de Unificación (APU)



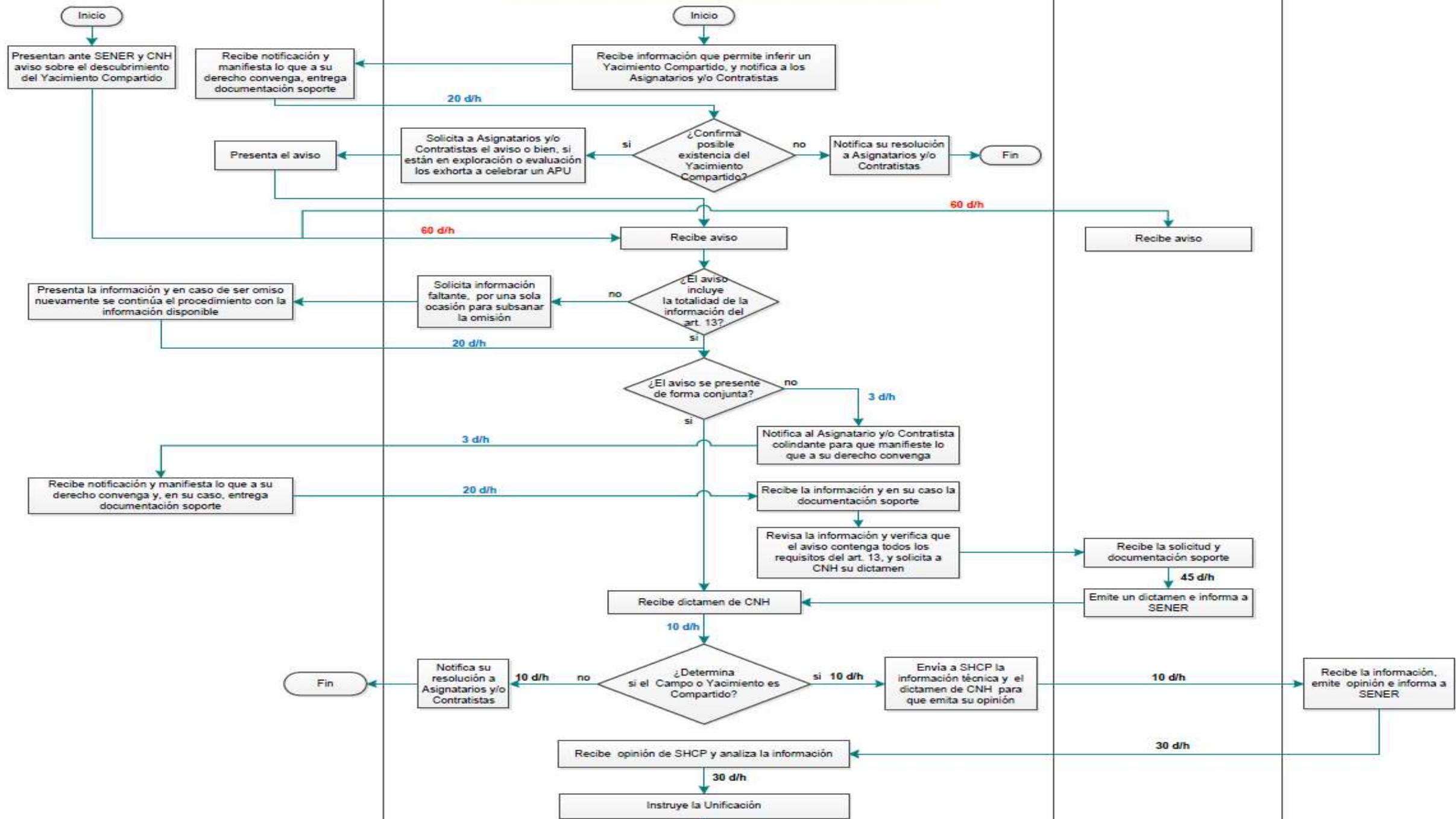
1. The Assignees and/or Contractors jointly send to SENER, the request to sign an APU.
2. SENER receives the request and evaluates it within a period of 20 business days
3. SENER notifies by resolution the assignees and / or contractors, if their request to present the APU is authorized. Otherwise the procedure will be terminated.
4. The Assignees and/or Contractors submit to SENER their APU proposal within 20 business days.
5. SENER approves the proposal and the assignees and/or contractors carry out coordinated operations.

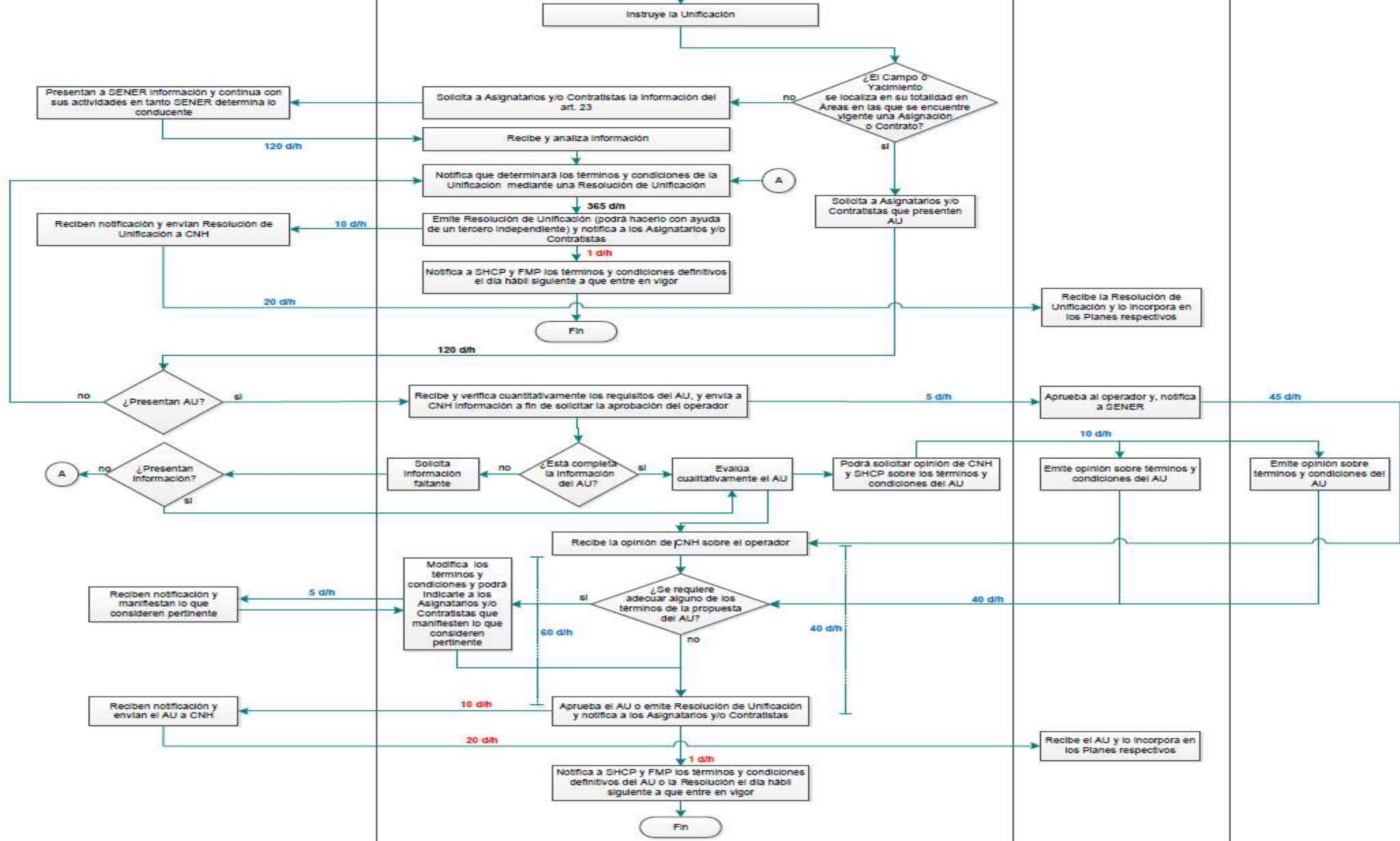
Vigencia del APU

La duración máxima será de 2 años

Las solicitudes de prórroga deberán presentarse a SENER por lo menos con 30 d/h de anticipación al vencimiento del APU y deberán incluir plazo solicitado y justificación. La SENER resolverá dentro de los 20 d/h a la solicitud y notificará su resolución dentro de los siguientes 5 d/h.

Acuerdo de Unificación (AU)





Thank You

Claudio de la Cerda
ccerda@energia.gob.mx