



Selected MEI report titles related to Mexico's Rounds Zero and One

Year	Topic	File #	Pages	Chart
2015				
Sep 24, 15	Glossary of CNH Model Contract for Round 1.2: New and old terms and definitions	100210	8	1
	Table 1 of this report provides a preliminary, bilingual glossary of some 160 terms and definitions that are used in the model contract for CNH's second auction (known as Round 1.2). Most these terms are from Round 1.1 (held July 15, 2015). The terms (as lexical items) are sorted by their respective auction, then listed alphabetically. In relation to substance, we find some matters still problematic: one of these is administrative rescission. Noting that BP did not lose its license on account of the Macondo accident, Mexican regulations should state that rescission will not be applied in response to any single event.			
Aug 01, 15	Mexico's Upstream Business Model	080115	14	2
	This article offers a critique of the Energy Reforms of 2008 and 2014, and provides a periodization of Mexican petroleum regimes since the 1890s. The article speculates about the character of the Energy Reform of 2026. Published in the August 2015 issue of MEXICAN LAW REVIEW. http://biblio.juridicas.unam.mx/revista/MexicanLawReview/			
Jul 28, 15	What was Lost in Round 1.1: How government expectations were not met	788	10	2
	This report itemizes what went well and what went badly in the seven-month process that culminated in the public auction for 14 exploration blocks that was administered by the Hydrocarbon Commission on July 15 (Tables 1 and 2). For the government, the outcome represented the penultimate worst-case scenario: the worst would have been had there been no bidders at all. We provide consideration for what alternatives could be adopted to minimize the risk of such an outcome happening in the future.			
Jul 18, 15	SHCP Awards in Round One: How the policy of "zero discretionality" backfired	1000076	9	4
	The auction of 14 offshore blocks on July 15, 2015, by officials from the Hydrocarbon Commission (CNH) was an historic first in Mexico's century long history as an oil exporter. That it went well is to the credit of the Peña Nieto administration; but the blame for the failure of 8 of 14 blocks to receive bids goes primarily to the Finance Ministry (SCHCP), which, by law, set the bidding parameters for the auction. The report asks: What lessons are to be derived from this first auction of petroleum blocks?			

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Jul 14, 15	Zero CNH Discretionality: The Counter-Arguments A week before the CNH auction scheduled for July 15 for awarding blocks for 14 shallow-water fields, Energy Secretary Pedro Joaquín accompanied by other senior officials briefed the press on what to expect during the day. Emphasis was given to the transparency of the process, evidenced by a policy of “cero discretionality” and by the participation of multiple government agencies, as if to suggest that a system of checks and balances was in place. This report sets forward counter-arguments that support giving the Hydrocarbon Commission (CNH) discretionality in determining the best offer in each case.	1000075	6	3
Jun 20, 15	Anáhuac-Gate: How AHMSA caused the CNH to reset the 3rd cycle of Round One This report comments on the decision by the Energy Ministry to remove the Anáhuac non-associated gas field from the list of onshore blocks that had been scheduled for auction in the 3rd cycle of Round One. The decision was prompted by a court order that suspended the right of CNH to award an exploration block in an area where a coal concession had already been granted. In laws and regulations, the Mexican government had defined the terms by which a concession-owner could produce coalbed methane. In asking for injunctive relief, AHMSA claimed that a CNH contractor would violate its rights.	1000074	10	4
May 28, 15	Prospective Bidders in Round One: Great, but subtle, expectations This report asks about the indirect benefits that are likely to come from successful bidding rounds: As expectations of increasing oil production and oil exports improve, the cost of borrowing in international capital markets will fall, and the exchange rate of the Mexico peso against the dollar will stabilize. Much depends on the character of those companies who actually bid on the initial 14 blocks. Table 1 sorts the names of prequalified bidders for the initial 14 blocks by region and country. Table 2 sorts them by reference to their size or market niche.	784	4	2
Apr 27, 15	Ideological Constraints in Mexico's Bid Round One In this report, we examine the ideological and political constraints that explain the rationale for the many points of unexpected misalignment between Mexico's new petroleum regime and standard conventions in other jurisdictions. Consider that the petroleum regime must be designed in such a way that it will not become a major campaign issue for populist parties in the general elections of 2018. For this reason alone the regime must give the impression of strict adherence to Mexico's traditional petroleum narrative.	781	9	3
Feb 23, 15	Outlook of Round One: Interview with Pedro van Meurs Dr. Pedro van Meurs is an expert on petroleum fiscal systems, having advised governments, including the Mexican, around the world. On Jan. 26, 2015, a two-hour discussion took place about aspects of oil policy in Mexico, with emphasis on the enhancements needed to make Round One a success.	012615	9	0



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Feb 20, 15	<p>Problematic Issues in Round One and Beyond: What is needed for alignment of interests?</p> <p>This report expands on our Public Policy paper No. 10033. Table 1 identifies specific opportunities where SENER, SHCP and CNH may contribute to the alignment of interests between the State and oil companies as investors and operators. The table reflects insights of prospective bidders and legal and fiscal experts. The discussion contrasts the new regime with that of Pemex's farmouts of 2003-13, and the regime in the US Gulf of Mexico. Principles of equity from the perspective of the investor are set forth. We ask about the outlook for stakeholder feedback and the measure of success of Round One.</p>	775	22	5
Feb 17, 15	<p>What's Missing from Round One? - A Clear Philosophy of Alignment</p> <p>This report is issued as a white paper that is meant to contribute to the public discussion of public policy and commerce in relation to Round One. The report identifies areas where improved alignment is needed between the State, society and the oil company. This condensed version has been posted on energia.com for downloading by the general public.</p>	10033.1	7	2
Feb 13, 15	<p>Critiquing and Looking Beyond Round One</p> <p>The Hydrocarbon Commission in Mexico (CNH) has asked for public comment about Round One and the Model Contract. This report offers construction criticism of the new energy regime that was established by the Energy Reform of 2014, with emphasis on the legislative and regulatory frameworks that are set for in the hydrocarbon legislation that was promulgated on Aug. 11, as well as the commercial framework contained in the draft Model Contract made public on Dec. 11. The report draws on the observations of petroleum fiscal system expert Pedro van Meurs, as well as those of industry sources.</p>	10033	15	4
2014				
Dec 30, 14	<p>The van Meurs Critique of the Model Contract for Round One</p> <p>This report examines the 72-page critique of the CNH model contract for Round One that was prepared and made public by fiscal-system expert Pedro van Meurs and petroleum lawyer Jay Park. Table 2 and Extract B provide a tabulation of the authors' concerns about where the contract is not competitive with other jurisdictions. We conclude that fixing these concerns will not be enough to attract top-tier companies as bidders to Round One.</p>	100201	7	4
Dec 12, 14	<p>CNH's Round One Bidding Guidelines: LOPSRM Reborn</p> <p>This report provides an inventory of some 50 terms and concepts that are set forth in the CNH's bidding guidelines for 14 shallow-water blocks in the Bay of Campeche. The generation of this specialized lexicon was made possible by an application of our in-house DICTIONARY OF MEXICAN ENERGY. The publication of these guidelines deserves applause in recognition of the diligence of public officials in CNH and the energy and finance ministries. At the same time, the details of the bidding protocols are reminiscent of the old way of doing government procurement in Mexico.</p>	1000056	6	1



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Dec 07, 14	Mexico's Risk-Service Contract; A Facelift on Pemex's Mature Fields Contract <p>This report, building on the arguments in Market Note 200, characterizes the contract model that is contained in Mexico's hydrocarbon legislation as that of a Risk-Service Contract. It is an enhancement of the Mature Fields contract model of 2011-13, with three modifications: 1) the contractor may be paid in kind, 2) the logic of the bidding variable will be different, and 3) the contract will be awarded by the State (represented by the CNH), not only by Pemex. What remains unchanged is the disallowing of any commercial interest in the reserves that were established by the success of the contractor.</p>	1000054	2	1
Sep 19, 14	Pemex's Response to Round Zero Allotments <p>This report argues that Pemex's response to the allotment of producing fields and prospective acreage in Round Zero amounts to a National Hydrocarbon Development Program, the control and administration of which Pemex intends to keep control by means of a vast farm-out strategy. The report notes that the deepwater acreage will not likely produce first oil before a decade. An English translation and index to the presentation of Pemex DG Emilio Lozoya on Aug. 13, 2014, is appended to the report.</p>	100196	5	2
Jun 10, 14	Ronda Uno, Primero [Round One, First] <p>In relation to the upstream energy reform, the State wins only when there is an offshore block awarded to a major oil company without Pemex participation. Such an award will validate the legal and regulatory regime, fiscal terms and the attractiveness of the properties that are offered in a public tender. For this reason, Round One should come first. Published in REFORMA June 10, 2014.</p>	061014	1	0
May 29, 14	The Use of Indexes in Upstream Awards: Learning from the Chicontepec Bid Round <p>Normally in Mexico the award of a public tender is given to the bidder with the lowest price. Pemex's Chicontepec bid round of 2013 broke this rule in a unexpected way that opens the discussion of how best to incorporate multiple factors in the evaluation of the technical and economic proposals by bidders. We shall continue with this topic in Market Note 192.</p>	100191	7	4
May 13, 14	Round One First: Why Rounds Zero and 0.5 should be deferred <p>Following the example set by Brazil, and with strong lobbying from Pemex, the Mexican government incorporated into its energy reform legislation the concept of a "Round Cero," to be followed by subsequent rounds in which other companies besides Pemex could compete. In this report, we argue that for the sake of securing international recognition of the robustness and competitiveness of the upstream energy reform package, the holding of Round One is far more important to the government than any confirmation of Pemex's rights in existing and prospective production.</p>	1000031	3	0



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2013

Jul 17, 13	Pemex's Third Bid Round: Chicontepec	100171	15	5
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On July 11, 2013, Pemex held its third round of public auctions for the farm-out of marginal fields in the Chicontepec area. The results of the auctions were disappointing in the respect that the larger 3P blocks, failed to attract a bidder. Three companies deployed a bidding strategy that had been employed by Petrofac in 2011: bid just above the minimum (of \$5.00). In 2013, the minimum was >\$0.00, which permitted a winning bid by Halliburton of \$0.01/bbl. We find these results problematic for Pemex and the State.