



[TRANSLATION FOR REFERENCE PURPOSES ONLY]

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## NATIONAL AGENCY ON INDUSTRIAL SAFETY AND ENVIRONMENTAL PROTECTION OF THE HYDROCARBONS SECTOR

### GENERAL ADMINISTRATIVE PROVISIONS ESTABLISHING THE GUIDELINES WITH RESPECT TO THE FINANCIAL MECHANISMS TO BE PROCURED BY REGULATED PARTIES PURSUANT TO ARTICLES 116 AND 117 OF THE HYDROCARBONS LAW

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### GENERAL ADMINISTRATIVE PROVISIONS ESTABLISHING THE GUIDELINES WITH RESPECT TO THE FINANCIAL MECHANISMS TO BE PROCURED BY REGULATED PARTIES [REGULADOS] PURSUANT TO ARTICLES 116 AND 117 OF THE HYDROCARBONS LAW

#### CHAPTER I

#### GENERAL PROVISIONS

**Article 1<sup>st</sup>.** These Provisions have the purpose of establishing the Financial Mechanisms that the Regulated Parties who undertake Reconnaissance and Superficial Exploration, Exploration, Extraction and/or pipeline Transportation of the Hydrocarbons Sector, by virtue of the occupation, use, enjoyment or affectation of lands, property and/or rights, to guarantee that at the end of their abandonment, the commitments agreed in contracts, or rather the determinations established in a hydrocarbons' legal easement are honored, re-establishing to the owners or holders of the lands, property and/or rights of the full enjoyment of the same, pursuant to the provisions of the Fourth Title, Chapter IV of the Hydrocarbons Law.

**Article 2<sup>nd</sup>.** These Provisions are public order provisions and of general observance, mandatory in all of the national territory and the zones where the Nation exercises its sovereignty and jurisdiction; being the parties obligated to comply with these Provisions the Regulated Parties that execute any contract with the owner or holder of the lands, property



and/or rights for their occupation, use, enjoyment or affectation, or those that as a result of the creation of a hydrocarbons' legal easement, undertake any of the following activities of the Hydrocarbons Sector:

- I. Reconnaissance and Superficial Exploration;
- II. Exploration;
- III. Extraction, or
- IV. Transportation through pipelines.

**Article 3<sup>rd</sup>.** In addition to the definitions contemplated in the Law of the National Agency for Industrial Safety and Environmental Protection of the Hydrocarbons Sector, the Hydrocarbons Law, the Regulations to the Hydrocarbons Law, the Law of Credit Institutions, Law of Financial and Insurance Institutions, the General Law of Credit Instruments and Transactions, the Order issuing the Guidelines and Model Contracts for the use, enjoyment, affectation or, as appropriate, acquisition of the lands, property or rights to undertake activities of exploration and extraction of hydrocarbons and pipeline transportation, the Single Memorandum [*Circular*] of Insurance and Finances, published in the Federal Register [*Diario Oficial de la Federación*] on December 19, 2014, as well as the regulation on subject matter by the Agency that is applicable, for purposes of these Provisions it shall be understood, in the singular or plural, by:

- I. Financial Mechanisms (Mechanisms): instruments, products, services or processes allowed by the Mexican financial regulation that guarantee the performance of the obligations established in these Provisions;

**Article 4<sup>th</sup>.** The enforcement and interpretation for administrative purposes of these Provisions correspond to the Agency.

## CHAPTER II

### THE FINANCIAL MECHANISMS

**Article 5<sup>th</sup>.** The Regulated Parties developing the activities referred in the 2<sup>nd</sup> article of these Provisions, shall have at least one Mechanism to guarantee the following:

- a) That, at the end of the abandonment of the lands, property and/or rights that they occupied, used, enjoyed or affected, the totality of the commitments agreed with the owners or holders are satisfied, pursuant to the provisions of the Fourth Title, Chapter IV of the Hydrocarbons Law.
- b) Coverage of the damages and losses not foreseen in the consideration that is agreed pursuant to the Fourth Title, Chapter IV of the Hydrocarbons Law, that their activities and operations may cause to the owners or holders of said lands, property and/or rights.

Said Mechanisms may include but are not limited to, the following:



- I. Insurance;
- II. Deposit;
- III. Trust;
- IV. Letter of credit, or
- V. Bond.

**Article 6<sup>th</sup>.** The coverage amounts of the Mechanisms shall guarantee that, once the abandonment of the lands, property and/or rights that were occupied, used, enjoyed or affected is concluded, all of the commitments agreed with the owners or holders are satisfied, through any of the forms or modalities, as well as the forms [*figuras*] referred in article 101 of the Hydrocarbons Law, or by a hydrocarbons' legal easement pursuant to the provisions of article 110 of the same Law.

The procured amounts to cover the damages and losses not foreseen in the consideration shall be at least equivalent to those already considered to cover the damages and losses provided by the contracts for use and superficial occupation, or the relevant legal easement, based on the tables [*tabuladores*] referred in article 103 or, as appropriate, the appraisals referred in article 104 of the Hydrocarbons Law.

**Article 7<sup>th</sup>.** The Regulated Parties shall procure the Mechanisms within the 180 calendar days following the date on which the resolution or judgment referred in article 105 of the Hydrocarbons Law is effective, or after the commencement determined for the hydrocarbons' legal easement that is created pursuant to article 106 of said Law, as well as maintaining them in effect until the satisfaction of the commitments agreed and, as appropriate, until the damages and losses not foreseen in the consideration are covered, based on the provisions of the contracts for use and superficial occupation, or the relevant legal easement.

**Article 8<sup>th</sup>.** The Mechanisms shall be procured with an institution authorized by the Ministry of Finance and Public Credit, the National Insurance and Finance Commission or the National Banking and Securities Commission, to operate in the United Mexican States, pursuant to the provisions of the applicable legal rules on the subject matter.

**Article 9<sup>th</sup>.** The Regulated Parties shall keep at their facilities, during all stages of the project, written or electronic evidence, of the Mechanisms procured and the agreement executed with the owner or holder of the lands, property and/or rights or, as appropriate, the document through which the legal easement was determined, for whenever the Agency so requires it.

## TRANSITORY PROVISIONS

**FIRST.** These Provisions shall be effective on the day following its publication in the Federal Register.

**SECOND.** The Regulated Parties that on the effective date of these Provisions already have a resolution, or rather a hydrocarbons legal easement pursuant to the provisions of article 105 and 106 of the Hydrocarbons Law, and who do not have the Mechanisms in accordance with



the content of these Provisions, shall have a term of 180 calendar days following the effective date of this instrument to procure or to carry out the adjustments corresponding according to the law.

Mexico City, on the five days of the month of February of two thousand twenty one.- The Executive Director of the National Agency for Industrial Safety and Environmental Protection of the Hydrocarbons Sector, **Ángel Carrizales López**.- Signature

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