

# MEXICO'S FIRST OIL & GAS AUCTION: RESULTS OF FIRST PHASE

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Legal Briefings

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On 15 July 2015 Mexico held its first oil & gas auction, which will allow private companies to explore for oil for the first time since the country nationalised the sector in 1938.

The tender of the first phase of Round 1 included 14 shallow water blocks for production sharing contracts for the exploration and extraction of hydrocarbons in the Gulf of Mexico

The National Commission of Hydrocarbons (CNH) has awarded two blocks. The second and seventh blocks were awarded to a consortium including Mexico-based Sierra Oil & Gas, UK-based Premier Oil and Dallas-based Talos Energy, which offered the state operating profit percentages of 55.99% and 68.99%, respectively.

## **PARTICIPATION IN THE AUCTION**

Of the 25 prequalified bidders (including consortiums), 7 participated in the auction. The low level of participation may be due to the minimum requirement for the state's share of profits: 40%. The finance ministry said an analysis will be carried out before the next shallow water auction.

Bids for blocks No. 3 and 4 by Murphy Oil and Petronas Carigali International, offering a 35% profit margin to Mexico, were rejected due to the required 40% minimum profit share not being met; and bids for blocks No. 6 and 12 by ONGC Videsh offering a 20% state profit margin were also rejected. There were no proposals submitted for blocks No. 1, 5, 8, 9, 10, 11, 13 or 14.

<b>Auctioned block</b>	<b>Companies that participated in the auction</b>	<b>State profit margin</b>	<b>Awarded company</b>
<b>1</b>		-	-
<b>2</b>	1.- Sierra Oil & Gas, Premier Oil, Talos Energy 2.- Hunt Overseas Oil Company	1.- 55.99% 2.- 54.55%	<b>Sierra Oil &amp; Gas, Premier Oil, Talos Energy</b>
<b>3</b>	1.- Murphy Oil, Petronas Carigali International	35%	-
<b>4</b>	1.- Murphy Oil, Petronas Carigali International	35%	-
<b>5</b>			-
<b>6</b>	1.- ONGC Videsh	20%	-
<b>7</b>	1.- Sierra Oil & Gas, Premier Oil, Talos Energy 2.- Statoil E&P Mexico 3.- Hunt Overseas Oil Company 4.- Eni International BV and Casa Exploration 5.- E&P Hidrocarburos y Servicios SA and Pan American Energy	1.- 68.99% 2.- 65% 3.- 65.11% 4.- 57% 5.- 27.26%	<b>Sierra Oil &amp; Gas, Premier Oil, Talos Energy</b>
<b>8</b>	-	-	-
<b>9</b>	-	-	-
<b>10</b>	-	-	-
<b>11</b>	-	-	-
<b>12</b>	1.- ONGC Videsh	20%	-
<b>13</b>	-	-	-
<b>14</b>	-	-	-



## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



**IGNACIO PAZ**  
PARTNER, MADRID

+34 91 423 4005  
ignacio.paz@hsf.com

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