# Galicia

# **Energy Update**

# Operating Rules of Key SENER Committee were Published

Mexico City, May 8, 2025

On April 23, 2025, the Operating Rules of the Committee on Allocations, Contracts and Permits of the Ministry of Energy (*Reglas de Operación del Comité de Asignaciones, Contratos y Permisos de la Secretaría de Energía*, the "Operating Rules" and the "Committee", respectively) were published in the Federal Official Gazette, with the purpose of establishing a regulatory framework for its integration, operation, and decision-making mechanisms regarding entitlements (*asignaciones*), contracts, and permits in the energy sector. These Operating Rules entered into force on April 24, 2025, and are issued as part of the implementation of the recent institutional restructuring derived from the entry into force of the new Hydrocarbons Sector Law ("LSH") and the Electric Sector Law ("LSE"), marking a paradigm shift toward greater centralization of the design, execution, and control of energy policy by the State.

Below is an executive summary of the key highlights.

### Purpose of the Operating Rules

The Operating Rules formalize the creation and regulation of the Committee as a supporting, decision-making, and adjudicating body within the Ministry of Energy (*Secretaría de Energía*, "SENER"), responsible for reviewing and deciding on matters related to entitlements, contracts, permits, authorizations, concessions, and other legal acts under SENER's jurisdiction.

The Committee's determinations are not subject to challenge by other administrative units within SENER.

## Composition and Participation

The Committee shall be composed of a chairperson, five voting members, a technical secretariat, and a public official as a permanent guest.



The composition includes the head of SENER (as Chairperson), the heads of its various Undersecretariats (i.e., Electricity and Hydrocarbons), the head of the Legal Affairs Unit (as Secretary of the Committee), and the representative of the Internal Control Body. The latter two members will not have voting rights.

The Committee will have the following subcommittees, whether temporary or permanent, to address specific activities or matters: (i) Allocations, (ii) Authorizations, (iii) Concessions, (iv) Contracts, and (v) Permits.

### Powers and Scope of Resolutions

Among its main powers, the Committee is responsible for:

### In hydrocarbon matters

- ✓ Determining strategic areas for new entitlements and validating contractual frameworks for private participation in the upstream sector.
- ✓ Evaluating proposals and issuing rulings regarding the admissibility, on an exceptional basis, of entering hydrocarbon exploration and production contracts ("<u>CEEs</u>") under any mode.
- ✓ Evaluating and resolving transition programs, exploration and development plans for extraction, associated programs, and related requests.
- ✓ Rulings on cost recovery.
- ✓ Authorizing the issuance of guidelines, technical criteria, or internal policies applicable to the aforementioned procedures.
- ✓ Issuing technical guidelines for the creation of consortiums and partnerships between PEMEX and legal entities in cases of allocations migrating to CEEs.
- ✓ Approving adjustments to the terms of association or consortiums between PEMEX and legal entities and the joint operating agreement (JOA), subject to the opinion of the Ministry of Finance and Public Credit (SHCP).
- ✓ Authorizing unitizations.
- ✓ Approving PEMEX's participation when a contractual area coexists at a different depth with an entitlement or when there are opportunities to promote knowledge and technology transfer in CEEs.
- ✓ Requiring PEMEX's mandatory participation in CEEs for contractual areas with potential cross-border reservoirs.
- ✓ Approving the transfer of corporate control or operations under CEEs.
- ✓ Authorizing the non-exercise of rights granted in the authorizations issued.
- ✓ Substituting a PEMEX self-development with a joint development entitlement.

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- ✓ Authorizing surface reconnaissance and exploration activities, including their extensions or renewals.
- ✓ Ruling on the granting, extension, modification, assignment, revocation, cancellation, waiver, termination, and other matters relating to authorizations, permits, allocations, and contracts in hydrocarbons under SENER's jurisdiction.

### In electricity matters

✓ Reviewing proposals for granting, extension, modification, update, reassignment, revocation, expiration, and termination of authorizations, permits, concessions, or entitlements in the electricity sector, nuclear policy, or any other area, always within SENER's jurisdiction.

### In planning and energy transition matters

✓ Granting, extension, modification, update, reassignment, revocation, suspension, expiration, and termination of permits or concessions relating to biofuels and geothermal energy.

In addition to the above, the Committee will be responsible for initiating and resolving administrative sanction proceedings for potential non-compliance related to the powers granted to SENER under the applicable laws.

### • Internal Procedures

Committee sessions may be ordinary or extraordinary and will require a quorum (simple majority of its members) to convene. Resolutions will be valid if approved by a simple majority of the members present. Deliberations, although internal, must be documented through minutes signed by the attending members, strengthening traceability and control over technical decision-making.

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