

Guidelines for Assignments, Corporate Changes and Encumbrances

Mexico City, March 14, 2023

On March 8, 2023, the National Hydrocarbons Commission ("CNH") published in the Federal Official Gazette (*Diario Oficial de la Federación*) (the "DOF"), the "Decree CNH.E.89.010/2022 by means which the Guidelines for Assignments, Corporate Changes and Encumbrances are issued" (the "Guidelines"). In terms of its First Transitory Article, the Guidelines became effective on March 9, 2023. With the entry into force of the Guidelines, the "*Guidelines establishing the requirements and procedures to enter into Alliances or associations with respect to Agreements*", published by the CNH in the DOF on January 30, 2017 (as amended on December 17, 2020, the "Abolished Guidelines") were repealed.

Compared to the Abolished Guidelines, some of the main changes included are (i) an individual procedure for the accreditation of the capacity of the assignees, (ii) additional requirements, as well as a more extensive description of requirements that were previously included, for the authorization of assignments and the formalization of assignment agreements and amendment agreements to the exploration and production agreements as a result of an assignment, and (iii) rules for the authorization of the establishment of encumbrances on the participation interests in the exploration and production agreements.

In the event of any: (i) transfer of Corporate or Management Control¹, or Control of Operations², (ii) acquisition of a participation interest, or (iii) modification in the capital structure of a Contractor, which implies the exit of the Joint and Several Obligor, the corresponding assignee must demonstrate to the CNH its legal, financial, technical, experience and execution capabilities to comply with the corresponding obligations in the exploration and production agreement in

¹ Corporate or Management Control is defined as: Ability to carry out any of the following acts: (i) to impose, directly or indirectly, decisions at general meetings of shareholders, partners or equivalent bodies of the individual Contractor or Participating Company, or to appoint or dismiss the majority of its directors, administrators or their equivalents, (ii) to hold the ownership of rights that allow, directly or indirectly, to exercise voting rights in respect of more than fifty percent (50%) of the total equity interests or capital stock of the individual Contractor or Participating Company, as applicable, or (iii) to direct, directly or indirectly, the management, strategy or major policies of the individual Contractor or Participating Company, whether through the ownership of securities, by contract or otherwise.

For purposes of the Guidelines, indirect control shall be that which is exercised within a corporate group by the parent of the direct parent of the individual Contractor or Participating Company, as well as that which is exercised up to the level of the company through which the individual Contractor or Participating Company accredited Financial, and if applicable, Technical, Experience and Execution Capabilities.

² Control of Operations is defined as: The Operator's ability to direct, assume representation, leadership, and management of the Petroleum Activities in a Contractual Area.

which it intends to participate. In no case will the CNH authorize requests in which the potential assignee does not have the required capacities or if they are affected due to the assignment, or if it contravenes the Guidelines, the Bidding Terms, the Agreement, or the applicable regulation.

Likewise, in the Guidelines, the CNH establishes the requirements and procedures by means of which the CNH will resolve the requests for the matters described below and publishes the new forms for submitting the requests regulated therein. We note that, in the event the CNH does not respond to any request for authorization in terms of the Guidelines, such request will be deemed to have been authorized.

I. Authorization of Assignments

In case of any Assignment of the Corporate or Management Control of a Contractor, or the Control of Operations of an exploration and production agreement, the Contractor, together with the potential assignee, must submit a request for the authorization of the assignment. Once received, the CNH will inform the Ministry of Energy ("SENER") about the request, who may request additional information, if deemed necessary, as well as express its disagreement with respect to the assignment.

Once the request for Authorization is received, the CNH will evaluate that the assignment does not affect the Contractor's Legal, Financial, Technical, Experience and Execution Capabilities, as well as, if applicable, that such capabilities allow the Contractor to continue conducting the Petroleum Activities in an efficient and competitive manner. If the answer is favorable, the parties must enter into the corresponding assignment agreement, under the terms authorized by the CNH and in accordance with the provisions of the Guidelines. Likewise, if necessary, the parties shall request CNH to modify the corresponding exploration and production agreement.

II. Notice of the corporate structure or participation interests' modification

Pursuant to the Guidelines, in the event of a modification of the Contractor's capital stock, or of the participation interests of the agreement, that does not imply a change in the Corporate or Management Control of a Contractor, or the Control of Operations, a notice must be submitted to the CNH within 30 calendar days following its formalization. In order to evidence the above, the Contractor, complying with the requirements of the Guidelines, must include and attach to the respective notice a writ stating that the modification to the structure of the capital stock does not imply a transfer of Corporate and Management Control or the Control of Operations.

III. Request to Encumber Participation Interest

The Guidelines establish a specific procedure for the authorization of the establishment of liens on Participation Interests in agreements entered into with CNH. We note that such authorizations have already been granted in the context of *(i)* liens in favor of companies of the Contractor's corporate group and *(ii)* oil reserved based lending (RBLs).

In order to request the corresponding authorization, the Contractor must inform the CNH, among others, the general information of the potential creditor; the purpose and structure of the lien; and whether the capital structure of the contractor will be modified by the constitution of the lien³. Likewise, it shall deliver a written statement indicating that (i) in case of execution, the authorization for the assignment of the encumbered interests will be requested and (ii) such execution will not contravene any joint operation agreement.

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³ For example, in the context of the establishment of a security trust.