

CENAGAS ISSUES THE PRELIMINARY GUIDELINES FOR THE PUBLIC BID FOR THE RENDERING OF RECEPTION, STORAGE AND DELIVERY OF NATURAL GAS IN COTAXTLA, VERACRUZ.

On August 27, 2018, the National Center of Natural Gas Control (“CENAGAS”) published the preliminary bidding guidelines (the “Preliminary Guidelines”) for the Public International Bid CENAGAS-ALM-001-2018 (the “Bid”), which purpose is to award a Contract for the rendering of services related to Delivery, Storage and Receipt of Natural Gas in the “Jaf Field” located in Cotaxtla, Veracruz (the “Contract”).

Both, the Preliminary Guidelines and the Contract model are currently under public consultation process during which interested parties may provide comments to such documents. Such process concludes on September 10, 2018; once concluded, CENAGAS shall evaluate the comments received, perform the modifications it considers adequate and thereafter, request the Energy Regulatory Commission approve the final version of the bidding guidelines and the Contract.

The purpose of the Bid is to award a private entity with the design, construction, operation and maintenance of a natural gas delivery, storage and receipt facility, with the following technical criteria:

Concept	Value
Working gas quantity	10 BCF
Minimum delivery capacity	500 MMPCD
Maximum delivery response time following instruction from CENAGAS to make use of the working gas	8 hours
Time for in kind restitution of the used working gas its use period	2 times

Mexican or foreign nationality legal entities may participate in the Bid either individually or in a consortium, provided they evidence expertise, and technical and financial capacity. To do so, Bid participants shall demonstrate they hold at least one contract related to hydrocarbon deposit infrastructure operation and/or construction projects, hydrocarbons and their derivatives production processes, transportation and storage of natural gas and/or direct participation in the financing of such projects.

As to the financial capacity, Bid participants shall evidence, directly or through an affiliate or controlling entity, among others, a working capital of at least \$4,000,000,000.00 (Four Billion Mexican Pesos) and shall file guarantee equal to \$5,000,000.00 (Five Million Mexican Pesos).

In relation to the Contract model, the relevant aspects of such Contract include the following: (i) the Contract shall be in effect for 30 years upon the date certain conditions precedent are met; (ii) the Service Provider shall grant CENAGAS the availability of the total operating capacity of the storage facilities up to the maximum amount of natural gas established in the Contract; (iii) the Service Provider shall have to comply with a minimum percentage of national content of at least 30%; (iv) the Service Provider must provide CENAGAS with a Performance Guarantee in the form of a standby letter of credit that, depending on the stage of the project, shall be equal to an amount ranging from USD \$500,000.00 to USD \$24,000,000.00; and (v) the dispute resolution mechanism is arbitration in accordance with the Rules of the International Chamber of Commerce (ICC).

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Sincerely,

Von Wobeser & Sierra, S.C.

Mexico City, August 31, 2018