



2nd. Annual Eagle Ford Cross-Border Development Summit 2014

Non-Technical Risks in the E&P Sector in Mexico

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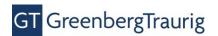
Definitions of Risk

- Exposure to the chance of injury or loss; a hazard or dangerous chance
- > Any uncertainties that have an effect on business objectives
- > An unavoidable danger, even though often foreseeable
- Something causing unavoidable danger, peril or difficulty



Different Types of Non-Technical Risks in the E&P Sector

- 1. Political
 - A. Elections
 - B. Decisions by governmental entities and regulatory agencies
 - C. Subsidies
 - D. Courts
- 2. Cultural
 - 1. History
 - 2. Traditions and customs



Different Types of Non-Technical Risks in the E&P Sector (Cont.)

- 3. Legal and regulatory
 - A. Tax
 - B. Environmental
 - C. Antitrust
 - D. Labor
 - E. International trade / Import and export restrictions
 - F. National content
 - G. Interaction with all federal agencies
 - H. Interaction with local authorities



Different Types of Non-Technical Risks in the E&P Sector (Cont.)

- 4. Land
 - A. ROW and easements
 - B. Agrarian / Ejido
- 5. Social / Community
 - A. Social Impact Studies (SIS) which SENER needs to perform before granting entitlements o before publishing a call
 - B. Previous consultation before indigenous communities SENER
 - C. Social Impact Evaluation (EPE, operators, contractors and permit holders) (favorable resolution from SENER to be filed for MIA)



Different Types of Non-Technical Risks in the E&P Sector (Cont.)

- 6. Human resources
 - A. Training
 - B. Unions
 - C. War for talent
- 7. Compliance
 - A. Transparency
 - B. Anticorruption (National Anticorruption Commission expected to be created in 2015 and to replace SFP)
 - C. Rule of Law



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