

# Judicial Calendar in Mexico's Oil and Gas Sector Flagged by Houston's Baker Energy Consultancy

*The expropriation of the hydrogen plant belonging to Air Liquide México sets two deadlines, one regarding indemnity, the other, court protection*

HOUSTON, TX, USA, May 2, 2024

/EINPresswire.com/ -- In a new report ([MEI Report 981](#)), the Houston energy consultancy Baker & Associates, flags May 10 as the date by which an affected party may contest the amount of indemnity resulting from an [expropriation decree](#) concerning the hydrogen plant at Pemex's refinery in Tula in the central State of Hidalgo.

The decree, issued April 18 and reissued April 25, gives the affected parties ten working days to contest to the appropriate ministry (Energy) the yet undisclosed amount of indemnity that the government is offering to the owner. A complicating factor is the value to be assigned to the twenty-year supply contract signed in 2017.

The Expropriation Act of 2013, meanwhile (in Article 2.III), gives an affected party fifteen working days to seek injunctive relief from the courts. During any subsequent court proceedings, the effect of the expropriation stays in force.

The dates May 10 and May 17 loom large for an investor like [Air Liquide México](#), whose plant has been occupied by Pemex since December 29 of last year.

The report (the fourth in a series) notes that whereas investors in the electric power sector are quick to go to court in Mexico to defend their interests, this pattern does not hold true on the oil and gas side. Investors in this space are concerned about the risk of reputational damage and unofficial exclusion from future investment opportunities and government contracts.

Table 1  
Chronology of the Tula Hydrogen Plant  
*Showing events and legal dispositions directly and indirectly related*

<b>2024</b>	
May 17	Last date to file for court protection ( <i>amparo</i> ) regarding expropriation, counting 15 working day from April 26 with May 1 and 6 as holidays
May 10	Last day to contest at the Energy Ministry (SENER) the amount of indemnity to be offered by the government
May 10	Last day, counting from April 26, in a period of 10 working days, to contest the amount of indemnity to be offered by the government for the expropriation
Apr 10	Amount of compensation established by Instituto de Administración y Avalúos de Bienes Nacionales (but the amount is not in the public domain).
Apr 08	Expropriation decree issued regarding the Tula hydrogen plant
Mar 19	Energy Ministry issued "Guidelines regarding Hydrogen" a 10-point list for hydrogen-project promotion. Uncertain relation to the Tula plant.
Mar 16	"Confirmatory Resolution" by the Energy Ministry (SENER) (presumably extending the period of validity of the Declaration of Public Utility issued February 8 and 9 (but not in the public domain)
Feb 08	Declaration of Public Utility regarding the plant and hydrogen service republished with major changes in the stated motives and rationale.
Jan 02	Declaration of Public Utility republished
<b>2023</b>	
Dec 29	Declaration of Public Utility of Tula hydrogen plant and service, citing excessive cost to Pemex when crude refineries are low..
<b>2021</b>	
May 04	Amendments to the Hydrocarbon Law, allowing for temporary occupation of installations of private parties.
<b>2019</b>	
Jul 12	National Development Plan (PND) defines objectives: 1) Rescue the energy sector 2) Pemex to operate as lever of national development
Jul 12	National Development Plan (PND) establishes goals 1) rescue the energy sector 2) Pemex to operate as the lever of national development.
<b>2017</b>	
Sep 01	Pemex - Air Liquide México hydrogen supply contract signed.
Aug 31	Sale of Tula Hydrogen Plant to Air Liquide, México, for an undisclosed amount
Jun 13	A direct contract is awarded for the supply of hydrogen at the Tula refinery by a committee (GAECA) that waived the requirement for open [international] bidding
<b>2016</b>	
Dec 14	"General Hydrogen Management Strategy for the National Refining System " was approved, as was the formalization of a hydrogen supply contract.
Dec 06	Board of Pemex TRI approves general strategy for [outsourcing] hydrogen supply at the Tula refinery (CAEPS-PTRI-033/2016).

MEI 981 Table 1 - Related dispositions and dates

“In the oil and gas sector, legal precedent is rare, and jurisprudence almost non-existent,” observes trial lawyer Juan Carlos Collado, who litigated investor complaints related to natural gas distribution in Guadalajara, the outcome of which resulted in jurisprudence (Supreme Court, 2nd Chamber 193/2011).

“The guardrails against executive overreach regarding the basis for a declaration of public utility can only be established by the courts,” observes George Baker, the principal author of the report. He adds, “The hole in the rule of law in the oil and gas industry in Mexico is much deeper than is generally acknowledged. Investors and contractors typically do not seek court protection, and Pemex also avoids litigation.

It is in this light, the report concludes, that a request for court protection in the oil and gas sector redounds to the benefit of all parties, including Pemex.

“

In the oil and gas sector, legal precedent is rare, and

jurisprudence almost non-existent”

Juan Carlos Collado

This press release can be viewed online at: <https://www.einpresswire.com/article/708113741>  
 EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

Baker & Associates, Energy Consultants  
 © 1995-2024 Newsomatics Inc. All Right Reserved.

g.baker@energia-mx.com

Visit us on social media:



Logo of Baker & Associates, Energy Consultants

Year	Topic	File #
<b>ADDITIONAL READING</b>		
<b>2024</b>		
Apr 10, 24	<b>Risk of Indirect Expropriation in Mexico: Air Liquide and Vulcan Materials in AMLO's Crosshairs</b>	980
	The administration of President Andrés Manuel López Obrador came to office with the goal of clawing back the economic advantages that had been given to foreign investors in the energy sector by means of intimidation and indirect expropriation. Investors have experienced his intent in different forms. By regulatory slight-of-hand, in 2022, the Energy Ministry appropriated half of the commercial rights in a near-giant oil reservoir led by a consortium led by Houston's Talos Energy. In 2023, Vulcan Materials saw its property occupied without authority but with government approval. At year end, Air Liquide's hydrogen plant was declared to be of public utility and was occupied by Pemex. This report critiques the government's case for public utility.	
Feb 21, 24	<b>AMLO Rescinds Hydrogen Contract with Air Liquide: Corrections and Amplifications</b>	975.1
	This report reprints the report of December 31, 2023, and adds a page of corrections and amplifications. While our reading of the underlying intent, or subtext, of the decree issued December 29 may be to rescind the hydrogen supply contract with Air Liquide, the decree itself neither expropriates nor rescinds.	
Feb 16, 24	<b>Air Liquide Hydrogen Repricing Dispute in Mexico</b>	100274
	This report is based on an examination of the incomplete documentation in the public domain about the current situation of Air Liquide as investor and contractor in Pemex's Tula refinery. The report draws on insights from energy lawyer Juan Carlos Collado and Alejandro González, the Mexican manager of trading, supply, and logistics of the largest refinery in Southeast Asia. The report views the supply contract with Air Liquide as a belated adoption of a global best practice.	
<b>2023</b>		
Dec 31, 23	<b>AMLO Rescinds Hydrogen Contract with Air Liquide: Energy Sovereignty cited in Decree</b>	975
Feb 16, 24	This report examines the apparent attempt of the López Obrador administration to rescind the hydrogen-supply contract that Air Liquide has with Pemex's refinery in Tula. The decree ordered the temporary occupation of the hydrogen plant (but not its expropriation).	

Titles of related reports

Facebook

Twitter

LinkedIn

Other