

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

2024

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.

National Development Plan operate as the lever of national Operat

May 17 Last date to file for court protection (amparo) 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 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 Avalúlos 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. "Confirmatory Resolution" by the Energy Ministry (SENER) rpresumably extending the period of validity of the Declaration of Public Utility issued February 8 and 9 (but not in the public domain) Jan 02 Declaration of Public Utility republished 2023 Declaration of Public Utility of Tula hydrogen plant and service, citing excessive cost to Pemex when crude refineries are low... Dec 29 2021 May 04 Amendments to the Hydrocarbon Law, allowing for temporary occupation of installations of private 2019 Jul 12 National Development Plan (PND) defines objectives: 1) Rescue the energy sector 2) Pernex to operate as lever of national development National Development Plan (PND) establishes goals 1) rescue the energy sector 2) Pemex to operate as the lever of national development. Pemex - Air Liquide México hydrogen supply contract signed. Sale of Tula Hydrogen Plant to Air Liquide, México, for an undisclosed amount 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 "General Hydrogen Management Strategy for the National Refining System " was approved, as was the formalization of a hydrogen supply contract. 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

Chronology of the Tula Hydrogen Plant

Showing events and legal dispositions directly and indirectly rela

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 <u>Air Liquide México</u>, 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.

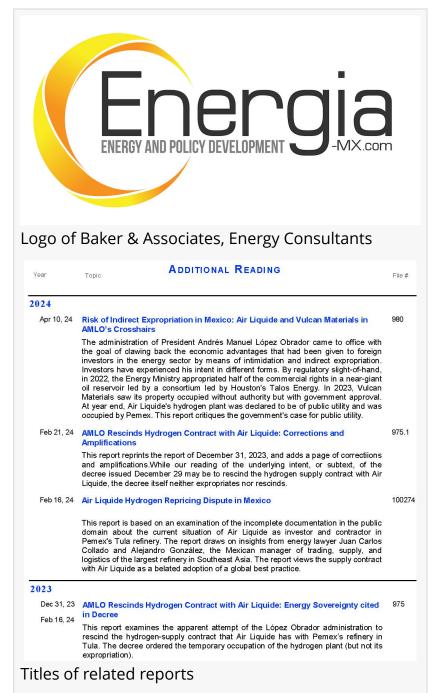
"In the oil and gas sector, legal precedent is rare, and jurisprudence almost non-existent," observes trial lawyer Juan Carlos Collado, who litigated investor complaints related to natural gas distribution in Guadalajara, the outcome of which resulted in jurisprudence (Supreme Court, 2nd Chamber 193/2011).

"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.



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