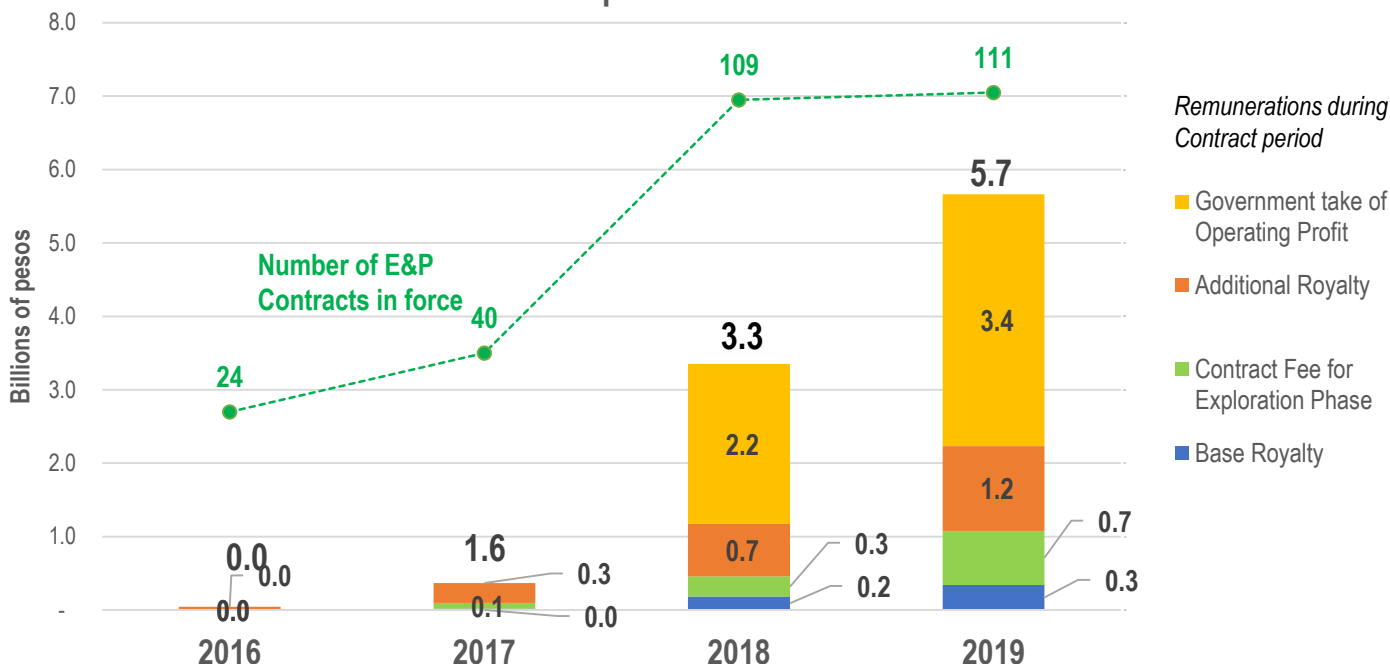




# State Income from Remunerations from 111 E&P Contracts Increases 69% from 2018 to 2019

Remunerations paid in first annual semester

Published August 13, 2019



Remunerations during Contract period

Government take of Operating Profit

Additional Royalty

Contract Fee for Exploration Phase

Base Royalty

- Income from Remunerations (not including bonus payments) derived from 111 E&P Contracts currently in force registered an increase of 69%: in the first semester of 2019, the state received payments of **MXN\$5.661 billion pesos**, representing additional income of **MXN\$2.307 billion pesos** compared to the same period in 2018.
- These increases are due to additional income from Government Take of Operating Profit, which increased by **MXN\$1.246 billion pesos**, as well as income from Contract Fees for the Exploration Phase that increased by **MXN\$459 million pesos**, as well as by Additional Royalties which increased by **MXN\$441 million pesos**.
- In addition, the Signing Bonus has increase petroleum income. During the first semester of 2017 and of 2018 generated income from signing or tie-breaker bonuses that totaled: **MXN\$1.244 billion pesos** and **MXN\$13.168 billion pesos**, respectively.

Additional Note. Oil and gas contracts that are currently in force generate income for the State via the following mechanisms:

- Remunerations<sup>1</sup> stipulated in both License and Production Sharing Contracts are: Base Royalty and Contract Fees for Exploration Phase.
- License Contracts include an Additional Royalty linked to the contractual value of hydrocarbons, as well as a Signing Bonus, both terms offered in bids during the bidding rounds.
- Production Sharing Contracts include Remunerations in the form of Percentage of Operating Profit<sup>2</sup>, as offered in bids during the bidding round.

Source: National Hydrocarbons Commission, with information from the Mexican Oil Fund for Stabilization and Development (FMP).

<sup>1</sup> Law of Income from Hydrocarbons (*Ley de Ingresos sobre Hidrocarburos*, "LISH"), second section, "Contract Remunerations".

<sup>2</sup> This remuneration is reported by the FMP as "Sales by the State", and refers to the income from the government commercialization arm has paid to the FMP for hydrocarbons sales, in accordance with Article 27 of LISH. Does not include VAT, nor payments for sales services.