

Regulations to the New Hydrocarbons Sector Law Reshaping Mexico's Energy Landscape

GENERAL OVERVIEW

On October 3, 2025, the Regulations of the new Hydrocarbons Sector Law was published, complementing the legal framework enacted on March 18, 2025. This reform redefines the role of Pemex, restructures the assignment and permitting processes, and revises the principles of competition and access across the hydrocarbons value chain.

These changes mark a significant shift toward a State-led model that emphasizes Pemex's participation, national content, and regulatory centralization under the Ministry of Energy (SENER).

KEY LEGAL HIGHLIGHTS

1. Upstream (E&P)

- (a)** Pemex's Central Role:
 - Exclusive development entitlements reserved to Pemex.
 - Mixed-development entitlements requiring at least 40% Pemex participation.
 - Private companies may act as operators in such joint projects.
- (b)** SENER Authority:
 - Now grants authorizations for exploration and recognition activities, previously handled by the CRE.
 - May unilaterally amend, expand, or reduce entitlement areas and work commitments.
 - May substitute Pemex-only entitlements with mixed-development entitlements upon Pemex request.
- (c)** Migration to Contracts: Pemex may apply migration from entitlements to E&P contracts, demonstrating benefit to the State.

2. Midstream and Downstream

- (a)** New Permitting Regime: Permits are non-renewable; maximum terms vary by activity:
 - Refining and pipeline transport: 30 years
 - Storage and distribution (non-pipeline): 20 years
 - Import/export: five years
 - Marketing: 2 years

- (b) Restricted Open Access: The principle of open and non-discriminatory access no longer applies to State companies, including Pemex and its affiliates.
- (c) New Regulated Activities:
 - Blending and reformulation of refined products.
 - Racking (transfer between containers).
- (d) Permitting Timelines: Decision deadlines shortened from ninety calendar days to seventy business days.

3. National Content and Social Impact

- (a) National Content Requirement: Minimum 35% across all E&P entitlements and contracts.
- (b) Social Impact Assessment: Updated obligations under the new *manifestación de impacto social* framework.

4. Competition and Market Regulation

On October 6, 2025, the CNE repealed asymmetric regulations that previously limited Pemex in first-hand sales — removing differentiated obligations on pricing, access, and reporting intended to foster competition.

WHY IT MATTERS

The new regulatory framework redefines risk allocation and investment strategy for all participants in Mexico's hydrocarbons sector.

It demands careful legal, regulatory, and financial planning to ensure compliance while identifying opportunities in mixed-development and midstream participation structures.

NHG EXPERTISE IN ENERGY & INFRASTRUCTURE

Nader, Hayaux & Goebel (NHG) is a Tier-1 transactional firm with deep expertise in energy, infrastructure, and project development and finance.

Our multidisciplinary team regularly advises on complex regulatory frameworks, CFE and PEMEX joint ventures, IPP and self-supply, restructurings, and project financing involving both commercial and development banks and private lending.

NHG combines regulatory insight with sophisticated corporate and financial structuring, assisting clients in designing bankable mixed-investment structures and PPP frameworks, negotiating joint venture and EPC/O&M agreements, managing regulatory approvals with SENER and CNE, structuring project financing and security packages compatible with the CFE and Pemex regimes.

For further information, please contact our Energy & Infrastructure team at energyandprojects@nhg.com.mx