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The President of Mexico enacts amendments to the Hydrocarbons Law

On March 26, 2021, the President of Mexico submitted an initiative (the "Initiative") to the Mexican Congress, in order to amend the Hydrocarbons Law ("HL"). As discussed with more detail in our March 29th [Newsflash](#), the Initiative sought to:

- i. require permit holders to comply with storage policies issued by the Ministry of Energy ("SENER"),
- ii. modify the processing of requests made by permit holders for authorization to assign their permits granted under the HL, establishing that if SENER or the Energy Regulatory Commission ("CRE") fail to issue a response within a 90 days, the request should be understood to have been rejected instead of approved,
- iii. revoke permits when their beneficiaries carry out illicit trade with, and improper measurement of, hydrocarbons and petroleum products, and
- iv. grant authority to temporarily suspend permits when in the presence of an imminent danger to national security, energy security or to the national economy, by incorporating a new article 59-Bis to the HL providing the framework for the exercise of such authority.

On March 31, 2021, the Energy Commission of the Chamber of Representatives Congress of the Mexican Congress held an official working session to discuss the Initiative and its implications, where different sector experts (including members of our Firm) voiced concerns in respect of certain key aspects of the Initiative. On April 14, 2021, the Chamber of Representatives discussed and approved the Initiative with some amendments to the new article 59-Bis.

On April 22, 2021, the Senate approved the Initiative with no additional modifications and sent it to the President for its publication and enactment. On May 4, 2021, the President published the amendments to the HL in the Federal Official Gazette (*Diario Oficial de la Federación*), which will enter into force on May 5, 2021.

Although some of the revisions to the Initiative introduced by Congress were certainly positive, the incorporation of new article 59-Bis into the HL still raises legal concerns and may result in constitutional infringement by government. Permit holders should carefully consider the potential implications of the HL amendments and possible legal challenges through an amparo petition to seek to protect their legal position.

In addition, please note that on April 29, 2021, Congress approved an initiative to repeal transitory 13 of the HL, which allowed the CRE to impose asymmetric regulation to PEMEX to level the field and benefit new entrants. The elimination of asymmetric regulation in HL-regulated markets will affect competitive neutrality and is a step in the wrong direction. Affected new entrants should also carefully consider the potential implications to their activities and possible legal challenges.

We invite you to reach out to your usual contacts at Ritch Mueller to discuss any particular situation regarding the Initiative, its specific potential adverse consequences and possible defense strategies, or contact us at contacto@ritch.com.mx to direct your concerns to the appropriate team members.