MEMORANDUM OF UNDERSTANDING BETWEEN THE BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT OF THE DEPARTMENT OF THE INTERIOR OF THE UNITED STATES OF AMERICA AND THE NATIONAL AGENCY FOR INDUSTRIAL SAFETY AND ENVIRONMENTAL PROTECTION OF THE HYDROCARBONS SECTOR OF THE SECRETARIAT OF THE ENVIRONMENT AND NATURAL RESOURCES OF THE UNITED MEXICAN STATES

ON COOPERATION REGARDING OVERSIGHT, AND ENFORCEMENT OF SAFETY AND ENVIRONMENTAL REGULATIONS FOR DEVELOPMENT OF OFFSHORE HYDROCARBON RESOURCES

The National Agency for Industrial Safety and Environmental Protection of the Hydrocarbons Sector (ASEA) of the Secretariat of the Environment and Natural Resources (SEMARNAT) of the United Mexican States and the Bureau of Safety and Environmental Enforcement (BSEE) of the Department of the Interior of the United States of America, hereinafter "the Participants" provide:

WHEREAS, ASEA was formally established on March 2, 2015 as a decentralized administrative body of Mexico's Secretariat of Environment and Natural Resources, has technical and administrative autonomy and is responsible for the regulation and supervision of industrial and operational safety as well as environmental protection in activities and facilities related to the hydrocarbon sector;

WHEREAS, BSEE is responsible for the development, oversight, and enforcement of safety and environmental regulation for offshore energy and mineral operations, and promotes safety, protects the environment, and ensures the efficient development and conservation of offshore mineral and energy resources and is also responsible for oil spill preparedness planning and preparedness for offshore facilities;

CONSIDERING the interest of promoting and strengthening cooperation bonds between ASEA and BSEE:

RECALLING the strategic goals of the "United States - Mexico High Level Economic Dialogue, Joint Statement 2016" related to strengthen the energy regulatory cooperation and to promote the implementation of best practices and lessons learned across all energy regulators;

HIGHLIGHTING the importance of having a common understanding of regulatory approaches for the Gulf of Mexico that could lead to a framework familiar to operators working on both sides of the border;

SHARING the commitment to reduce the risks associated with offshore operations in the Gulf of Mexico;

REAFFIRMING prior arrangements such as the "Letter of Intent between the National Agency for Industrial Safety and Environmental Protection of The Hydrocarbons Sector of the United Mexican States and the Bureau of Safety and Environmental Enforcement – United States Department of the Interior" signed on October 20th, 2015, and the prior Agreement "Memorandum of Understanding between the Department of the Interior of the United States of America and the Secretariat of the Environment and Natural Resources of the United Mexican States on Cooperation for the

Protection, Management, Sustainable Use and Conservation of the Environment and Natural Resources", signed on February 25th, 2016; and

KEEPINPG IN MIND the "Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico," signed on February 20th, 2012,

NOW THEREFORE, the Participants have reached the following understandings:

SECTION 1 OBJECTIVE

The objective of this Memorandum of Understanding (MOU) is to establish a framework for cooperation between the Participants related to the elaboration, oversight, and enforcement of safety and environmental regulations for development of offshore hydrocarbon resources.

SECTION 2 AREAS OF COOPERATION

In order to achieve the cooperative bilateral activities associated with establishing the framework described in Section 1, the Participants identify the following areas for potential cooperation:

- Safety and Environmental Management Systems;
- · Regulatory approaches and processes;
- Industry standards development;
- Quality assurance and certification programs;
- Planning and best practices;
- Research;
- Inspection policy and methodology;
- Enforcement policy;
- Environmental response preparedness and incident investigation;
- Operations' risk management and assessment;
- Data sharing and reports;
- Improvement of energy regulatory cooperation and coordination; and
- Other areas of a common approach for the entire Gulf of Mexico that the Participants may jointly decide.

SECTION 3 MODALITIES OF COOPERATION

The Participants may carry out the areas of cooperation referred to in Section 2 as follows:

- a) Periodic exchange of information;
- b) Exchange best practices, lessons learned, and sharing of expertise;
- c) Organize bilateral events, workshops and delegation visits;
- d) Participate as observers in activities related to their respective authorities;
- e) Conduct joint studies and research where appropriate;
- f) Provide for staff exchanges:
- g) Provide access to training courses for technical staff and inspectors; and
- h) Engage in other joint activities decided by the Participants.

SECTION 4 IMPLEMENTATION

Any cooperative bilateral activities in the framework of this MOU may be reached by mutual consent of the Participants in writing in advance.

SECTION 5 FUNDING

All terms of cooperation under this MOU are subject to the availability of appropriated funds and personnel. Each Participants expects to bear the costs associated with its participation, in accordance with its respective capabilities and applicable laws.

SECTION 6 NOTICES

Unless otherwise notified by each of the Participants, points of contact for this MOU are the BSEE Office of Congressional and International Affairs, and the ASEA Office for International Cooperation.

Notices to either Participant may be given electronically. Any notices and correspondence under this MOU may be transmitted to:

For BSEE For ASEA:

Office of Congressional and International
Affairs
Bureau of Safety and Environmental
Enforcement
1849 C Street, N.W.
Washington, D.C. 20240
United States of America

bseeoip@bsee.gov

Office for International Cooperation (Dirección General de Cooperación Internacional)
Agencia de Seguridad, Energía y Ambiente
Melchor Ocampo 469, Col. Nueva Anzures,
Delegación Miguel Hidalgo
Ciudad de México, C.P. 11590
México
vinculacion@asea.gob.mx

SECTION 7 MEETINGS

The Participants expect to meet, whether in person or through other means as appropriate, at least annually to review the cooperation activities under this MOU.

SECTION 8 STATUS OF PERSONNEL

The performance of a service under this MOU by any employee, contractor, subcontractor, or agent of one Participant is not intended to render such person an employee, contractor, subcontractor, or agent of the other Participant.

SECTION 9 FINAL CLAUSES

This MOU is intended to be effective from the date of its signatures by both Participants for a term of three (3) years, renewable automatically at the end of each term for three (3) years period.

If either Participant decides to discontinue its cooperation under this MOU for any reason at any time it expects to provide written notice to the other Participant ninety (90) days in advance.

Discontinuance of this MOU is not intended to affect the validity, implementation or duration of cooperation activities or projects initiated while this MOU is applicable.

This MOU may be modified by mutual written decision of the Participants. Modifications may become effective upon signature of both Participants or on a date designated by the Participants.

This MOU is not intended to create binding obligations under national or international law.

Signed in Washington, D.C., on this 4th day of October, two thousand sixteen, in duplicate, in the English language.

For the Bureau of Safety and Environmental Enforcement of the Department of the Interior of the United States of America:

For the National Agency for Industrial Safety and Environmental Protection of the Hydrocarbons Sector of the Secretariat of the Environment and Natural Resources of the United Mexican States:

Brian Salerno BSEE Director Carlos Salvador de Regules Ruiz-Funes
ASEA Executive Director