

MEXICAN MINING LAW

CHAPTER FIRST

General Provisions

ARTICLE 1. This Law regulates Article 27 of the Constitution in mining matters and its provisions are public order provisions to be observed throughout national territory. Its application is vested in the Federal Executive through the Ministry of Economy, hereinafter referred to as the Ministry.

ARTICLE 2. Exploration, exploitation and beneficiation of minerals or substances which constitute deposits in veins, masses or beds, the nature whereof is different from the components of land, as well as salt marshes directly formed by sea water that comes from current seas, either over the surface or from under the ground, naturally or artificially, and the resulting salts and their by-products will be subject to the provisions of this law.

ARTICLE 3. The following will be understood for the purposes of this Law:

I.- Exploration: Labors and works performed on land aimed at identifying deposits of minerals or substances, as well as to of quantifying and evaluating the economically utilizable reserves they contain;

II.- Exploitation: Labors and works aimed at preparation and development the area comprised by the mineral deposit, as well as work aimed at detaching and extracting the minerals products or substances existing therein, and

III. Beneficiation: The preparation, treatment, first hand smelting and refining of mineral products in any of their phases for the purpose of recovering or obtaining minerals or substances, as well as enhancing the concentration and purity of their contents.

ARTICLE 4. The following are minerals or substances, which constitute deposits in veins, strata, masses or beds, different from the components of land:

I. Minerals or substances from which antimony, arsenic, barium, beryl, bismuth, boron, bromine, cadmium, cesium, cobalt, copper, chrome, fluorine, iodine, lanthanum, magnesium, phosphorus, potassium, rubidium, ruthenium, scandium, sodium, strontium, tin, gallium, germanium, hafnium, iron, indium, iridium, lithium, manganese, mercury, molybdenum, niobium, nickel, gold, osmium, palladium, silver, platinum, lead, rhenium, rhodium, selenium, thallium, tantalum, tellurium, titanium, tungsten, vanadium, yttrium, zirconium or zinc are extracted;

II. The following minerals or groups of minerals for industrial use: actinolite; alum, alunite, amosite, andalusite, anhydrite, anthophyllite, biotite, crocidolite, chromite, sulphur, barite, bauxite, bloedite, boehmite, borax, brucite, carnallite, celestite, cyanite, cordierite, corundum, chrysotile, quartz, dolomite, epsomite, glasserite, glauberite, phlogopite, fluorite, graphite, garnet, halite, hydromagnesite, kainite, kieserite,

langbeinite, magnesite, micas, mirabilite, mullite, muscovite, olivines, sodium nitrate, palygorskite, phosphates, pyrophyllite, polihalite, sepiolite, sillimanite, sylvite, staurolite, talc, taquidrite, thenardite, tremolite, trona, vermiculite, witherite, wollastonite, gypsum, zeolites and zircon;

II. BIS. Diatomite;

III. (Repealed);

IV. Precious stones: alexandrite, amazonite, amethyst, aquamarine, aventurine, beryl, chrysoberyl, crocidolite, diamond, diopside, epidote, emerald, jadeite, kunzite, lapis-lazuli, malachite, morganite, olivine, opal, riebeckite, ruby, sapphire, scapolite, sodalite, spinel, spodumene, tanzanite, topaz, tourmaline, turquoise and vesuvianite;

V. Gem salt;

VI. Products derived from the weathering of rocks that in order to be mined require underground works, such as all types of clays, i.e. kaolin and montmorillonites as well as quartz, feldspar and plagioclase sands;

VII. The following mineral or organic materials, utilizable as fertilizers: apatite, collophane, phosphosiderite, francolite, variscite, wavellite and guano;

VIII.- The mineral coal in all its varieties and the gas associated with the deposits of this one;

IX. All others determined by the Federal Executive by a decree which will be published in Mexico's Official Newspaper, taking into account their industrial use with the development of new technologies, their quotation in international markets or the need to promote the rational exploitation and preservation of non-renewable resources in favor of society.

Those who engage in the exploration or exploitation of the minerals or substances referred to in above section IX will have a preferential right to obtain the respective mining concession on the basis of the provisions of common law, provided that they request it in the terms of this Law and its Regulation.

ARTICLE 5. Excluded from the application of this Law are:

I.- Petroleum and solid, liquid or gaseous hydrogen carbides; except the gas associated with the deposits of mineral coal;

II. Radioactive minerals;

III. Substances contained in suspension or dissolution by underground waters, provided that they do not emanate from a mineral deposit different from the components of lands;

IV. Rocks or products of the decomposition of rocks which can only be used to manufacture construction materials or are intended for this purpose;

V. Products derived from the weathering of rocks, the mining whereof is effected primarily by open pit works; and

VI. Salt that originates from saline's formed in endorreic basins.

ARTICLE 6. The exploration, exploitation and beneficiation of the minerals or substances referred to in this Law are public utilities and will have preference over any other use or utilization of the land, subject to the conditions established herein, and only by a Federal Law may taxes be assessed on these activities.

ARTICLE 7. The rights and duties of the Ministry are:

I. Regulate and promote exploration and exploitation as well as the rational utilization and preservation of the Nation's mineral resources;

II. Prepare and follow up the sectorian program on mining and coordinate the preparation and evaluation, and follow up on institutional, regional and special development programs for small and medium mining and for the social sector;

III. Provide an opinion to the agencies of the Federal Executive in matters falling under the jurisdiction thereof related to the mining metallurgical industry;

IV. Take part with the agencies with jurisdiction in preparing Technical Regulations (Normas Oficiales Mexicanas) pertaining to the mining metallurgical industry, in matters of mine safety and hygiene, health in the work place and ecological balance and environmental protection;

IV. BIS. Issue the technical decisions determined by its own internal Regulations;

V. Submit to the consideration of the Federal Executive drafts of a decree to determine if minerals or substances are susceptible of concession, as well as those related to the incorporation or disincorporation of mineral reserve zones;

VI. Issue concession certificates and mining allotment certificates and resolve upon their nullification or cancellation or the suspension and invalidation of the rights derived there from;

VII. Prepare a file and resolve in the terms of this Law and the applicable Law on requests for expropriation, temporary occupancy or the creation of land rights-of-way needed to carry out the exploration, exploitation and beneficiation of minerals or substances subject to the application of this Law;

VIII. Resolve upon controversies that arise in regard to the refusal of persons who beneficiate minerals to receive them from third parties;

IX. Request and receive, on a confidential basis information on the production, beneficiation and final destination of minerals, geology of the mineral deposits and reserves, as well as the economic and accounting status of mining and metallurgical companies;

X. Maintain the Public Registry of Mining and Mineral Cartography and conduct all types of topographical and geodesic surveys in order to maintain the Mining Cartography updated;

XI. Make administrative corrections of errors found in a concession or allotment certificate, following a hearing with the owner and without detriment to a third party;

XII. Verify compliance with the duties and obligations imposed by this Law upon those who engage in the exploration, exploitation or beneficiation of minerals or substances susceptible of concessions and impose administrative sanctions in the event of a default;

XIII.- Jointly with the Ministry of Energy, to formulate and to update the political ones of recovery and exploitable of gas associated with the deposits of mineral coal, to assure its rational exploitable and to promote its efficient use;

XIV.- In conjunction with the Office of the Secretary of Energy, to establish the terms and conditions, as well as the administrative dispositions of technical character, for the recovery and management of the gas associated with the deposits of mineral coal;

XV.- In conjunction with the Office of the Secretary of Energy, to evaluate the feasibility of the projects of recovery and management of the gas associated with the deposits of mineral coal and their coherence with the politics of energy;

XVI.- To solve the resources that are interposed in conformity with the foreseen by this Law, and

XVII.- The others that other laws confer it explicitly

The Ministry may request the collaboration of other federal, state and municipal authorities in carrying out its verification authority conferred upon it by this Law.

ARTICLE 8. The Ministry will prepare programs for the development of small and medium mining and the social sector indicated in section II of the preceding article, and will coordinate the action necessary for carrying them into effect.

The Regulations of this Law will establish the mechanisms to implement the programs and actions contemplated in this article and will specify the characteristics of small and medium mining activity by mineral or substance, on the basis of their revenue from sales, total tonnage extracted or their participation in domestic production.

ARTICLE 9. To promote the best possible utilization of the Nation's mineral resources and generate basic geological information about the National territory, the Ministry will obtain support from the Geological Survey of Mexico, a decentralized public agency with its own legal personality and equity, coordinated in sectors by said agency.

The Geological Survey of Mexico shall have its legal address in Pachuca, Hidalgo. Its patrimony will be formed by contributions from the Federal Government, the premiums from the discoveries it makes and the economic payments that come from the Tenders to which this Law refers, the revenues from the services that it provides and the goods that it acquires through any other title.

The administration of the Geological Survey of Mexico will be in the hands of a Board of Directors and its General Director.

The Board of Directors will be formed by:

The head of the Ministry of Economy, who will be the chairman;

Two representatives from the Ministry of Economy;

One representative from the Ministry of the Treasury and Public Credit;

One representative from the Ministry of Social Development;

One representative from the Ministry of the Environment and Natural Resources;

One representative of the Ministry of Energy;

One representative from the Mining Development Trust;

Also, there will be the attendance as guests, with voice but without vote and with a nominative invitation from the President of the Board of Directors, of up to three representatives from organizations from the Mexican private mining sector, one representative of the unions from the mining sector and one representative from organizations of social mining.

In order for the meetings to be legal the attendance of at least half plus one of its members will be required, as long as the majority of the attendants are representatives of the federal public administration. Their resolutions will be made by majority of the members present and, in case of a tie, the Chairman will have a vote of quality.

The General Director will be appointed by the President of the Republic, through the head of the Ministry, and it must be a person who meets the requirements indicated in the Federal Law for Para-State Entities.

The faculties and obligations of the Board of Directors and those of the General Director of this entity will be those listed in the Federal Law for Para-State Entities and its Regulations, as well as those indicated in the Regulations for this Law and the Articles of Incorporation of this Agency.

The surveillance over the Geological Survey of Mexico will be done by a Public Commissioner, holder and substitute, appointed by the Ministry of Public Function, who will attend with voice but without vote to the meetings of the Board of Directors; the attributions of the Commissioner will be those indicated in the Federal Law for Para-State Entities and its Regulations. The foundation for the organization of this agency as well as the faculties and functions that correspond to the different areas of this agency will be ruled by the Articles of Incorporation.

Labor relations of public servants who work at the Geological Survey of Mexico will be ruled by section A) from article 123 of the Constitution and its regulatory laws.

In order for it to comply with its purpose indicated in the first paragraph of this Article, the Geological Survey of Mexico will have the following functions:

I. Promote and perform geological, mining and metallurgic research to better use the mineral resources of the country;

II. Identify and quantify the potential mineral resources in the country;

- III. Develop an inventory of the mineral deposits in the country;
- IV. Provide as a public service geological, geophysical, geochemical and mining information from the National territory;
- V. Make and keep updated the Geological Chart of Mexico, in the required scales;
- VI. Provide geochemical information about the national territory, obtained according to international standards and determine the geophysical characteristics of the ground and provide an interpretation;
- VII. Provide to the small and medium mining sector and the social sector with technical assistance in matters of evaluations of mineral deposits, metallurgical processes and physical-chemical analysis of mineral samples, in order to use them;
- VIII. Provide laboratory services and study and interpret chemical, physical-chemical, metallurgical and geological analysis of solid, liquid or gaseous samples;
- IX. Participate in shared risk investment funds for exploration;
- X. Provide elements of judgment to the Ministry, regarding the determination of minerals and substances that can be concessioned and the incorporation or disincorporation of areas into mining reserves;
- XI. Coordinate with other public or private entities and institutions, whether Mexican or foreign, that perform geoscientific research;
- XII. Provide to external costumers the services described in this article, within the national territory or abroad, through contracts with individuals or corporations, public or private institutions, whether domestic or foreign;
- XIII. Provide technical assistance in matters of planning the use of soil, providing studies such as: geological risk, environmental risk, territorial studies, geo-hydrologic and geotechnical studies that are required for that purpose;
- XIV. Obtain and preserve the earth sciences information in order to increase the amount of geological, geophysical, geochemical and mining information from the national territory in the hands of this entity, that will be used to serve the public;
- XV. Participate in domestic and international geo-scientific meetings;
- XVI. Be a member in the National Council for Protected Natural Areas, according to article 56 bis of the General Law of Ecological Balance and Environmental Protection and its Regulations;
- XVII. Provide geological, geochemical and geophysical information and technical consulting services on the use, current and potential, of mineral resources, which must be required under the terms of article 58 of the General Law of Ecological Balance and Environmental Protection;
- XVIII. Identify and promote before the Ministry the execution of works of infrastructure that promote the development of mining districts;

XIX. Develop, introduce and adapt new technologies, in order to improve exploration, mining and use of mineral resources of the Nation;

XX. Support the Ministry in all the bidding processes referred to in this Law;

XXI. Act as a consulting and verification body for the Ministry, at the request of the Ministry, in cases where an expert opinion must be provided and during inspection visits where it participates;

XXII. Certify mineral reserves at the request of the interested party;

XXIII. Execute agreements by public bidding procedures to carry out the done and works on the mining claims protected by the Mining allotments issued to them, under the terms provided therefore by the Regulations of this Law;

XXIV. Determine and adjust the prices for the services that it provides, excepting for those that are determined by an agreement from the Federal Executive;

XXV. Act in coordination with State authorities in order to promote and disseminate knowledge about geological, mining and metallurgical activities by promoting the construction of mining museums, providing for this purpose, according to applicable provisions, the budget items that are considered in the agreements entered into for this purpose together with the Governments of the States, and

XXVI. Carry out the activities that are expressly conferred to it in other laws.

CHAPTER SECOND

Mining Concessions, Allotments and Mineral Reserves

ARTICLE 10. The exploration and mining of minerals or substances referred to in article 4, as well as of salt works formed directly by seawater that comes from current seas, whether over the surface or from underground, in a natural or artificial way, and of the salts and their byproducts, these can only be carried out by individuals who have the Mexican nationality, ejidos and agricultural communities, native peoples and communities referred to in article 2o. of the Constitution, recognized as such by the Constitutions and Laws of the Federal States, and corporations incorporated according to Mexican Law, through mining concessions granted by the Ministry.

Exploration in national territory for the purpose of identifying and quantifying the Nation's potential mineral resources will be carried out by the Geological Survey of Mexico, through mining allotments which will be issued only to this entity by the Ministry, the registration whereof is to be published in Mexico's Official Newspaper.

For public utility reasons or to satisfy future needs of the country, mineral reserve areas may be established by a decree of the Federal Executive published in Mexico's Official Newspaper. No concessions or mining allotments will be granted over the zones incorporated in said reserves.

Concession and mining allotments certificates and decrees for incorporation of areas into mineral reserves will be issued, provided that the conditions and requirements established in this Law and its Regulations are satisfied, without prejudice to a third party.

ARTICLE 11. Deemed as legally qualified to hold mining concessions are companies incorporated under Mexican Law:

I. Whose corporate purpose involves the exploration or exploitation of the minerals or substances subjects to the application of this Law;

II. That have their legal address in the Mexican Republic, and

III. Wherein any foreign investment participation adjusts to the provisions of the applicable Law.

ARTICLE 12. Every concession, allotment or zone incorporated into mineral reserves will relate to one solid mining block, with an undefined depth, limited by vertical planes, the upper face whereof is the surface of the land upon which its perimeter is determined.

The sides of the perimeter of the mining claim must have an astronomical orientation of North-South and East-West, and the length of each side will be one hundred or multiples of one hundred meters, except when these conditions cannot be satisfied because they border on other mining claims.

The location of the mining claim will be determined on the basis of a fixed point on the land, called the starting point, linked to the perimeter of said mining claim or located thereupon.

The union of the starting point will be perpendicular, preferentially, to either the North-South or East-West sides of the perimeter of the lot.

Article 12 BIS. The free area that is located surrounding land protected by mining concessions or allotments and that has a maximum surface of 10 hectares will constitute a mining plot named gap, the concession of which can be requested complying with the following:

The holder of the mining concession or allotment with a larger bordering perimeter with the gap will have preferential right to be assigned the corresponding concession over that land.

In case that the above mentioned holder does not exercise his right, preference will then pass to the next holder of a mining concession or allotment with the second largest neighboring perimeter with the gap and so on.

When there are holders of mining concessions or allotments whose plots have the same bordering perimeter with the gap, preference will be defined through a draw. In case that a person other than the holder indicated in the second paragraph of this article requests the mining concession over the gap, the Ministry will notify, within the next 30 days after the presentation of the appraisal works, to the holders of the mining concessions or allotments that border the gap, so that they may exercise their preferential right according to the above provisions. The interested parties will have a

term of 30 days as of the date on which said notifications go into effect for presenting the corresponding concession application.

If no application is presented to exercise the preferential right over the gap within the term indicated in the above paragraph, the Ministry will issue the title in favor of the original applicant, after complying the conditions and requirements provided in the Law and its Regulations.

ARTICLE 13. Concessions for exploration and mining allotments will be granted upon free land to the first petitioner in time of a mining claim, provided that the conditions and requirements of this Law and its Regulation are satisfied.

When due to the publication of the declaration of release of a mining plot, in a simultaneous way one or more applications for a mining concession are presented and one or more applications for mining allotment are presented, the applications for concession will have preference for their admittance and processing over the applications for allotment.

When the plot is located in an area inhabited and occupied by indigenous people or community, and said indigenous people or community request said land simultaneously with the other person or persons, the application from the indigenous people or community will be preferred for granting the mining concession over said land, as long as it meets the conditions and requirements provided by this Law and its Regulations.

In the case of allotments that are canceled or mineral reserve zones that fall under a disincorporation decree, mining concessions may be granted by a bidding procedure before the land is declared free.

The only areas eligible for incorporation in mineral reserves zones are those which have first been explored by the Geological Survey of Mexico via an allotment, provided that their incorporation is justified on the basis of the mining potential of the zone, determined by semi-detailed exploration works and done, and the public utility cause is evidenced, or in the case of minerals or substances considered within the strategic areas over which the State has jurisdiction.

ARTICLE 13 BIS. Bidding procedures whereby the concessions referred to in the preceding article are granted shall guarantee the best economic conditions for the State and will be conducted upon the following rules:

I. The Ministry will publish the invitation to bid at least in Mexico's Official Newspaper;

II. The rules for the bidding procedure will include as a minimum:

a) A description of the lands or zones in question, the studies conducted thereupon, as well as their location, geological and sampling maps;

b) The requirements for the participants to evidence their legal, technical and economic capacity, and

c) The system for filing the economic proposal and finder's fee, which may be in a closed envelope or otherwise as determined, and

d) the clauses of the contract, if that should be the case, should be granted in order to guarantee compliance with the economic payment and the premium for discovery that is offered.

III. Concessions will be granted to the person who evidences compliance with the requirements established in the rules and who presents the best economic bid; for this purpose, to be taken into account only is the economic consideration and finder's fee offered.

When the land is located in an area inhabited or occupied by an indigenous people or community and said indigenous people or community participates in the tender, they will have the right to match the best economic proposal that is presented by another bidder, and in case they do, they shall have preferential right with their bid from said indigenous people or community.

ARTICLE 14. Deemed to be free land is land found within national territory, except for land located in or protected by:

I. (Repealed);

II. Zones incorporated in mineral reserves;

III. Current mining concessions and allotments;

IV. Applications for mining concessions and allotments in process;

V. Mining concessions granted through a tender and those derived from them which have been cancelled;

VI. (Repealed)

VII. Plots with respect to which a mining concession has not been granted because the respective bidding procedure was declared abandoned.

In the cases of paragraphs V, and VII, the Ministry will have ninety calendar days from the day following the effective date of the notification of cancellation of the concession or the resolution which declared the bidding procedure abandoned, to publish in Mexico's Official Newspaper a resolution which determines the holding of a new bidding procedure for all or part of the land, or the declaration whereby the land is declared free.

In all other cases where concessions are canceled or rejected or where applications for concessions or allotments are waived, the Ministry, within fifteen calendar days following the effective date of the respective notification will publish in Mexico's Official Newspaper a statement declaring the freedom of the respective land.

The lands will be free thirty calendar days after the respective declaration in regard thereto has been published.

When concessions and allotments are canceled by substitution, only the portion of the land that is abandoned, in such case, will be free.

ARTICLE 15. Mining concessions will grant rights upon all the minerals or substances subject to the application of this Law.

Mining concessions will last fifty years, starting on the date of the registration in the Public Registry of Mining and they will be extended for an equal amount of time if the holders did not fall into any of the causes for annulment provided in this Law and they request this extension no later than five years before the end of its life.

Until requests for extension of term are resolved, the concessions wherefore they are formulated will continue in force.

ARTICLE 16. Mining allotments will confer rights in all the minerals or substances subject to the application of this Law and will have a not extendible duration of six years from the date of publication of the respective certificate in Mexico's Official Newspaper.

Before expiration of the term of each allotment, the Geological Survey of Mexico shall render to the Ministry a written report on the results obtained from the works performed, to allow the Ministry to declare:

I. Cancellation of the allotment and the resulting release of the land;

II. Cancellation of the allotment and the execution of one or more bidding procedures to award mining concessions over all or part of the land, as well as the release of any land that is abandoned, or

III. Cancellation of the allotment and incorporation into mineral reserves of all or part of the protected land, as well as the release of any land that is abandoned.

The above resolutions shall be published in Mexico's Official Newspaper. If any of them are not published before the expiration of the term of the allotment in question, the Ministry shall publish in Mexico's Official Newspaper their cancellation and the resulting release of the protected land within 30 calendar days following expiration of the term.

ARTICLE 17. When the circumstances which gave rise to the incorporation of a zone into mineral reserves change, the Federal Executive will order its disincorporation by a decree which will be published in Mexico's Official Newspaper to allow the Ministry to proceed to:

I. Declare the release of the protected land, or

II. Call a bidding procedure for the grant of one or more mining concessions and declare the release of any abandoned land.

If any of the resolutions contemplated in the preceding sections are not published in Mexico's Official Newspaper within 90 calendar days following the publication date of the disincorporation decree, the land covered by said zone will be deemed to be released on the day following expiration of said term.

ARTICLE 18. When the Ministry finds that the information contained in a concession certificate or mining allotment certificate is erroneous or does not correspond to the land which it should protect under the Law, it will notify the holder,

advising him to assert his rights within 30 calendar days and provide the data and documents required of him.

The Ministry will pronounce a resolution on the basis of the answer given by the interested party and the records contained in the file and, if appropriate, will order that the certificate be corrected and recorded in the Public Mining Registry.

CHAPTER THIRD

Rights conferred by Mining Concession and Allotments

ARTICLE 19. Mining Concessions grant the right to:

I. Perform exploration or mining works and done respectively within the mining claims protected thereby;

II. Dispose of the mineral products obtained from said mining claims through the done and works performed throughout the term of the concession;

III. Dispose of the lands found within the area protected by the concession, unless they derive from another current mining concession;

IV. Obtain the expropriation, temporary occupancy or creation of land easement needed to carry out the exploration, exploitation and beneficiation works, as well as for the deposit of dumps, tailings, slag's and slag dumps, also become underground rights of way through mining plots;

V. Utilize the waters emanating from the works in the mines for their exploration or exploitation, the beneficiation of minerals or substances obtained and the domestic use of personnel employed thereat;

VI. Obtain a preferential right for a concession on the mine waters for any use other than those indicated in the preceding paragraphs, in the terms of the applicable law;

VII. Transfer ownership or the rights established by above paragraphs I to VI to persons legally qualified to obtain them.

VIII. Reduce, divide and identify the surface of the mining claims they protect, or unite the surface with that of other bordering concessions;

IX. Abandon them and the rights derived therefrom;

X. Group two or more of them for purposes of evidencing exploration and exploitation works and activities determined by this law and render statistical, technical and accounting reports;

XI.- To request administrative corrections or duplicates of their titles;

XII.- To obtain the extension of time in the mining concessions for an equal term of force, in agreement with the foreseen by the article 15 of this Law, and

XIII.- To obtain the permission of the Office of the Secretary of Energy for the recovery and management of the gas associated with the deposits of mineral coal. The management can be given in two ways: self-consumption and delivery to Petróleos Mexicanos. In the case of the self-consumption, depending on the form in which this be given, it will be held to the regulations in the corresponding laws.

a) The holders of concessions for the exploitation of mineral coal will be able to be associated to recover, self-consume, and manage the gas associated with the deposits of mineral coal, subject to authorization of the Office of the Secretary of Energy.

b) For the case of the transportation and service of delivery of the gas associated with the deposits of mineral coal to Petróleos Mexicanos, it will be necessary the celebration of a contract in the terms of the administrative dispositions of the Office of the Secretary of Energy.

c) The terms and the methodology for the payment of the service of transportation and delivery of the gas referred to in the contract cited in the previous paragraph will be established by the competent authority and should consider the necessary investments for its recovery, transportation, operation, and maintenance, plus the obtaining of a reasonable profit.

ARTICLE 20. Exploration and exploitation works and done for coal in all its varieties, on lands covered by petroleum allotments may only be carried out with the Ministry's authorization, which will request an opinion from the Ministry of Energy in order to establish the technical conditions to which they will be subject.

Exploration and exploitation works and done carried out within towns, dams, channels, general communication routes and other public works, on underwater shelves of islands, keys and reefs, on the bottom of the sea, and underground of the exclusive economic zone, in protected natural areas, as well as within the federal shore line zone and natural protected areas may only be performed with the approval, permission, or concession as the case may be, of the authority in charge of said properties, shelves, sea bottoms, underground zones or areas mentioned, in the terms set forth in the applicable precepts.

ARTICLE 21. The Ministry will resolve whether requests for expropriation, temporary occupancy or creation of easements are appropriate, following a hearing with the affected party and a grounded technical opinion. The amount of the indemnification will be determined by an appraisal made by the Commission of Appraisals of National Properties, on the basis of the criteria established in the Regulation of this Law.

In the case of expropriations, the Ministry, when applicable, will submit the respective resolution to the consideration of the Federal Executive.

Expropriations of ejido and communal properties will be subject to the provisions of agrarian laws.

ARTICLE 22. Requests for the reduction, division, identification or unification of mining claims will proceed when the new mining claim or mining claims are included

within the area covered by the concession or concessions from which they derive, and that rights of third parties recorded in the Public Mining Registry are not affected.

Once the request has been declared appropriate, the Ministry will issue the new certificate or certificates to substitute for the one or more from which they derive, with the same rights and obligations. In cases of unification, the certificates will be issued for the oldest remaining term.

ARTICLE 23. The transfer of ownership of mining concessions or rights derived therefrom will be effective legally before third parties and before the Ministry as of their inscription in the Public Mining Registry.

When ownership of a concession is transferred the party who acquires it will be surrogated in the rights and obligations thereof. The person who acquires it will be responsible for verifying that the concession is current and that its holder has complied with all obligations. The Ministry may issue, at the request and cost of the interested party, evidence of the foregoing.

A default on contracts and agreements whereby the beneficiary of rights under a concession assumes obligations will be sanctioned by cancellation thereof, but this does not release the holder of the responsibility to satisfy such obligations, if the former does not do so.

Acts, contracts and agreements related to the transfer of ownership of concessions or rights derived therefrom, as well as controversies that arise in connection therewith will be subject to the provisions of mercantile laws for anything not established herein.

ARTICLE 24. Duly prepared waivers of ownership of mining concessions or the rights derived therefrom will be effective as of the filing of the respective writs with the Ministry, when rights of a third party recorded in the Public Mining Registry are not affected.

ARTICLE 25. The grouping of mining concessions will proceed when the mining claims border on each other or form a mining or mining metallurgical unit from a technical and administrative viewpoint as determined in the Regulation of this Law, and provided that their holders have not incurred in the causes for cancellation established therein.

The incorporation or separation of concessions to one or more groups may be effected one time only within a one-year period.

ARTICLE 26. Mining allotments confer the right to:

I. Carry out exploration works and done within the mining claim protected thereby, subject to the provisions of article 20 of this Law;

II. Obtain temporary occupancy or the creation of land easement needed to carry out the exploration works and done, according to article 21 hereof;

III. Reduce and identify the surface protected thereby, and

IV. Waive them or the rights derived therefrom.

Allotments may not be transferred or subjected to liens.

CHAPTER FOURTH

Obligations imposed by Mining

Concessions and Allotments and the Beneficiation of Minerals

ARTICLE 27. Holders of mining concessions, irrespective of the date of their grant, are required to:

I. Perform and evidence the exploration or exploitation works and done required by this law, under the terms and conditions of this Law and its Regulation;

II. Pay the mining duties established in the applicable Law;

III. (Repealed).

IV. Be subject to the general provisions and specific technical Mexican Official standards applicable to the mining metallurgical industry in matters of mine safety and ecological balance and environmental protection;

V. Not remove permanent fortification works, pit props and other facilities required for the stability and safety of the mines;

VI. Conserve at the same place and maintain in good condition the landmark or sign specifying the location of the starting point;

VII.- To submit to the Office of the Secretary the technical, statistical and accounting reports in the terms and conditions that the Regulation of the present Law indicates;

VIII.- To allow the personnel commissioned by the Office of the Secretary the practice of visits of inspection;

IX.- To submit to the Office of the Secretary a geologic-mining report when the corresponding mining concession be canceled for expiration of its term of force, withdrawal, replacement by reduction, infraction or judicial resolution. The report will describe the works of exploration and exploitation carried out in the mining claim, or in the surface that is abandoned, according to the established in the Regulation of this Law.

The Office of the Secretary will deliver to the Geological Survey of Mexico said report, so that it be incorporated in the public system of information of the own Survey;

X.- To submit to the Geological Survey of Mexico, in the case of concessions granted by means of bidding, a semiannual report in the months of January and July of each year, of the works carried out and of the production obtained in the claim protected by the mining concession, for effects of control of the payment of the

premium by discovery or any another economic consideration contemplated in favor of said agency;

XI.- To give notice to the Office of the Secretary of Energy on the beginning and suspension of the activities related to the recovery and management of the gas associated with the deposits of mineral coal, that be carried out under the protection of its mining concession;

XII.- To gather, register, and provide periodically geological information to the Office of the Secretary of Energy related to the recovery and management of gas associated with the deposits of mineral coal;

XIII.- To notify to the Office of the Secretary of Energy on the discovery of gas not associated with the deposits of mineral coal, as product of the concessions that protect the exploration and exploitation of the mineral coal deposits, and

XIV.- To deliver the gas associated with the deposits of mineral coal in the point of connection that Petróleos Mexicanos indicates, in the event that it not be destined to self consumption.

Holders of mining concessions granted under a bidding procedure or those, which substitute the former, will be required to pay, in addition, the discovery premium and the economic consideration offered.

When the rights under a concession are transferred, the obligations mentioned in this article will be imposed on the party who acquires them, without prejudice to the provisions of the third paragraph of article 23 of this Law.

ARTICLE 28. The performance of the exploration works and done shall be evidenced by investments made in the lot covered by the mining concession, or by obtaining economically utilizable minerals. The Regulation of this Law will establish the minimum amounts of the investment to be made or the value of the mineral products to be obtained.

The obligation to perform said done and works would begin 90 calendar days after the inscription date of the concession in the Public Mining Registry.

Evidencing reports are to be filed with the Ministry during the month of May every year and will refer to works and done developed from January to December of the immediately preceding year, even in cases of a substitution of concessions for any of the reasons contemplated in this Law.

ARTICLE 29. Proof of the performance of works and done by the presentation of evidence of investments will be accepted in any form in respect to the following:

I. Direct mining works, such as ditches, wells, slashes, tunnels and all others that contribute to geological knowledge of the mining claim or the mining reserves;

II. Drillings;

III. Topographic, photogrammetric and geodesic surveys;

IV. Geological, geophysical and geochemical surveys;

V. Physical-chemical analysis;

VI. Metallurgical experimentation tests;

VII. Development and rehabilitation of mining works;

VIII. Acquisition, lease and maintenance of drilling equipment and development of mining works;

IX. Acquisition, lease and maintenance of equipment for physical-chemical laboratories and metallurgical research;

X. Acquisition, lease and maintenance of work vehicles and for personnel transportation;

XI. Works and equipment used for job safety and the prevention of pollution or restoration of the environment;

XII. Facilities for warehouses, offices, workshops, camp sites, dwellings and services to workers;

XIII. Acquisition, lease, construction and maintenance of works and equipment related to access roads, generation and conduction of electric energy, extraction, conduction and storage of water and infrastructure in general;

XIV. Acquisition, lease and maintenance of equipment for mining, hauling and general services in the mine, and

XV. Acquisition, lease, installation and maintenance of equipment for beneficiation operations and tailings dams.

(Repealed)

Investments will be applied according to the criteria set forth in the Regulation of this Law.

ARTICLE 30. The evidencing of exploitation works and done required by this law by obtaining economically utilizable minerals will be effected on the basis of the value of the invoices or payment thereof.

ARTICLE 31. The obligation to execute exploration and exploitation works and done required by this law will be deemed to be temporarily suspended when evidence is provided to the Ministry, at the time of submission of the annual evidence, that it was impossible to execute the works for technical, economic, labor, judicial reasons or force majeure.

The temporary suspension for technical and economic reasons can be evidenced one time only up to a maximum of three consecutive years within a ten-year period.

ARTICLE 32. When the price or demand for a mineral drops and results in a temporary lack of profitability of exploitation in general, the Ministry may reduce the minimum amounts of the investment to be made or the value of the mineral products to be obtained or may grant an extension for compliance. For this purpose, a resolution

will be published in Mexico's Official Newspaper establishing the relevant requirements, the substances and types of deposits affected the prices whereupon the resolution will be effective and the term thereof.

ARTICLE 33. An area intended to be released or abandoned as a result of a waiver or reduction of a concession will not be subject to mining duties as of the filing date of the respective writ, provided that said requests are favorably resolved by the Ministry. If they are rejected, any unpaid duties, the updated amount and the surcharges established in fiscal laws must be paid.

The Ministry will have twenty calendar days to reject a waiver or reduction request when the conditions or requirements established in this Law and its Regulation are not satisfied.

ARTICLE 34. Owners of mining concessions or those who perform these works and activities under contract shall name as the person responsible for complying with safety standards in the mines an engineer legally authorized to exercise as long as the works involve more than nine workers for coal mines, and more than forty nine workers in the other cases..

The person in charge shall engage basically in verifying compliance with said standards, ensure that the necessary measures are taken to prevent accidents and immediately notify the owner of the exploitation concession or the person who executes these works of any measures that have not been adopted.

ARTICLE 35. (Repealed).

Article 35 BIS. The report referred to in article 27, fraction IX of this Law, shall describe the exploration and mining works performed in the mining plot or on the surface that is abandoned, according to what is provided in the regulations of this Law, and it must be handed in together with a request for waving or reducing, or within sixty calendar days after the termination of the life of the mining concession or at the notice of its cancellation due to an infraction or judicial resolution. The Ministry will deliver to the Geological Survey of Mexico said report within sixty calendar days, starting on the date when the Ministry receives it so that the survey can incorporate the report into its public system for information within sixty calendar days of receiving it.

ARTICLE 36. The Geological Survey of Mexico as the holder of Mining allotments, and irrespective of the date of issue thereof, will be required to provide the Ministry with a public written yearly report on the results obtained in connection with the works and done carried out, and to comply with the obligations contained in articles 27, sections II, the relevant parts of IV, V, VI and VIII, of this Law.

ARTICLE 37. Persons who carry out beneficiation works on minerals or substances subject to the application of this Law are required to:

I. Notify the Ministry of the start-up of beneficiation operations.

II. Be subject to general provisions and specific Technical Regulations (Normas Oficiales Mexicanas) applicable to the mining-metallurgical industry in matters of ecological balance and environmental protection;

III. Provide the Ministry with the statistical, technical and accounting reports in the terms and conditions contained in the Regulation of this Law;

IV. (Repealed);

V. Process minerals of small and medium miners and of the social sector under competitive conditions up to a minimum of 15% of the capacity of the installed processing facility, when it is greater than one hundred tons in twenty-four hours, and

VI. Allow personnel commissioned by the Ministry to conduct the inspections in connection with the verification powers conferred upon it by this Law.

ARTICLE 38. The persons referred to in the preceding article will not be required to receive minerals from third parties when:

I. The minerals they intend to introduce do not adapt to the beneficiation system or affect their normal operation;

II. There is evidence that they are receiving minerals from small and medium miners and the social sector for a minimum of 15% of the capacity of the installed processing system; or

III. The mining claims they present for treatment are less than ten tons.

At the written request of the interested party, the person in charge of the beneficiation operation will also be required to give a written and justified explanation for the refusal to receive minerals. In the event of a controversy, the Ministry will resolve as relevant.

ARTICLE 39. In exploration, exploitation and beneficiation activities of minerals or substances, mining concessionaires shall use care to protect the environment and the ecology pursuant to applicable laws and standards.

CHAPTER FIFTH

Nullification, Cancellation, Suspension And Annulment of Rights

ARTICLE 40. Mining Concessions and Allotments will be null and void when:

I. An intent is made to protect with said concessions and allotments, from the time of their grant, the extraction of minerals or substances not subject to the application of this Law;

II. Issued in favor of a person unqualified under this Law to obtain them, or

III. The mining claim, subject of the concession or allotment, covers land all or part of which is not free at the time the respective request is filed, even though the declaration of freedom of said land is published at a subsequent time, except in the case of concessions granted under a bidding procedure.

If the mining claim, subject of the concession or allotment includes some land that is not free, it will be null only in respect to said portion, in which case the Ministry will

issue a substitute certificate for the surface which is legally protected, with the same rights and obligations.

ARTICLE 41. Transfers of ownership of mining concessions or the rights thereunder will be null when they are negotiated in favor of a person who is not legally qualified to obtain them.

Nullification will not proceed when it involves adjudication in payment of credit or by inheritance, and the respective rights are transferred to a legally qualified person within 365 calendar days following the date of adjudication.

ARTICLE 42. Mining concessions and allotments will be canceled by:

I. Expiration of their term;

II. A waiver duly made by a holder;

III. Substitution in connection with the issue of new titles derived from the reduction, division, identification or unification of the area covered by mining concessions;

IV. The commission of any of the infractions indicated in article 55 of this Law, or

V. Court order.

ARTICLE 43. The right to perform exploration or exploitation works and done required by this law will be suspended when they:

I. Endanger the life or physical integrity of the workers or members of the community, or

II. Cause or are likely to cause damage to public interest property pledged to a public service or private property.

If any inspection detects the possibility of danger or imminent damage, the Ministry will immediately order the provisional suspension of the done and works, as well as the safety measures to be adopted within the period it stipulates for such purpose. If the orders are not complied with in said period, it will order the definitive suspension of said works and done.

ARTICLE 44. The reversion of expropriated properties and a declaration of invalidity of temporary occupancy or creation of easement resolutions will proceed when:

I. The done or works to be developed are not commenced within 365 calendar days following the date of inscription of the respective resolution in the Public Mining Registry, absent force majeure;

II. The done or works to be executed are suspended for one year, except for the cases contemplated in article 31 of this Law;

III. The land, subject thereof, is used for a purpose other than the one that justified the expropriation;

IV. There is a default on payment of the indemnification;

V. The concession on the basis whereof the right to obtain it was exercised is declared null or canceled, except for the causes contemplated in the last paragraph of article 40 and article 42 section III of this Law, or

VI. So ordered by the Court.

In cases of expropriation, the reversion of properties in favor of the affected party will proceed when the cause thereof occurs within five years following the date of notification of the respective decree.

ARTICLE 45. The nullifications indicated in article 40, sections I and III, as well as the suspension or annulment referred to in articles 43 and 44, sections I to V, will be resolved upon the request of the affected party by the procedure determined in the Regulation of this Law.

The nullification's and cancellations referred to in article 42, section IV, the suspensions and annulments will be declared by the Ministry, respecting the guarantee of hearing of the affected party within 60 calendar days, where after the resolution will be pronounced.

CHAPTER SIXTH

Public Mining Registry and Mining Cartography

ARTICLE 46. The Ministry will maintain the Public Mining Registry in which shall be recorded the acts and contracts mentioned below:

I. Certificates of mining concessions, extensions thereof and declarations of their nullification or cancellation;

II. Certificates of mining allotments and declarations of nullification or cancellation thereof;

III. Decrees establishing mineral reserves or which disincorporation areas from mineral reserves;

IV. Resolutions of temporary occupancy and creation of easements, as well as annulment resolutions;

V. Resolutions issued by the judicial or administrative authorities who affect mining concessions or the rights derived there from;

VI. Acts or contracts related to the transfer of ownership or concessions or rights derived there from, contracts under which a promise is made to execute them, liens or contract obligations created in connection therewith as well as the agreements that affect them;

VII. Companies referred to in article 11 of this law as well as their dissolution, liquidation and amendments of the bylaws of said companies as determined in the Regulation thereof;

VIII. (Repealed).

IX. Preventive notaries notices related to the execution of contracts;

X. Preventive judicial notations derived from claims for denial, correction, amendment, nullification or cancellation of inscriptions, and

XI. Preventive notations to interrupt the cancellation of inscriptions of contracts and agreements subject to temporality.

In regard to the provisions of this Law, the acts and contracts indicated in above paragraphs V to XI will be effective against third parties from the date and time of filing at the Ministry of the respective writ; those under sections I and IV, as of their inscription date, and those related to sections II and III, the day of the publication in the Federal Official Gazette.

ARTICLE 47. The acts referred to in paragraphs I to IV of the preceding article will be recorded officially and those related to the remaining paragraphs at the request of the interested party, in order of filing, and when the requirements established in the Regulation of this Law are satisfied.

ARTICLE 48. Anyone may consult the Public Mining Registry and request, at his own cost, certifications of the inscriptions and documents which gave rise thereto, as well as in respect to the nonexistence of a registration or subsequent inscriptions in respect to a particular one.

ARTICLE 49. The rights conferred by mining concessions and the acts, contracts and agreements that affect them will be evidence by a inscriptions of their registration in the Public Mining Registry.

ARTICLE 50. In order to proceed to the auction of a mining concession and the rights there under, the Public Mining Registry must issue a certificate on the background data and encumbrances recorded in respect thereto. Said certification shall be attached to the adjudication instruments or to the respective deeds.

ARTICLE 51. The Ministry, through the Public Mining Registry may correct or modify a inscriptions when requested by the affected party, when the existence of an omission or error is evidenced and when the rights of a third party are not affected or with a bona fide consent from the legitimate party. Cancellation of the inscriptions of a contract or agreement will also proceed when there is bona fide evidence of the will of the parties.

The inscriptions of contracts and agreements subject to a temporary period will be deemed to be canceled 90 calendar days following expiration of their term, absent evidence to the contrary.

Claims for denial, correction, modification or cancellation of inscriptions, which are prejudicial to the rights of third parties as well as those that refer to the nullity thereof, shall be processed judicially.

ARTICLE 52. The Ministry will maintain the Mining Cartography to evidence that mining claims, which are the subject of mining concession and allotment requests, are free. The location and the perimeter of the mining claims covered by current concessions, allotments and mineral reserves will be represented graphically in said Cartography as well as requests for mining concessions and allotments in process.

Anyone may examine the Mining Cartography and request maps thereof at his own cost.

CHAPTER SEVENTH

Inspections, Sanctions And Appeals

ARTICLE 53. The Ministry, exercising the verification powers conferred upon it by this Law, may conduct inspections in accordance with the following rules:

I. It will name one or more inspectors and will notify them of their appointment and the inspection order.

II. It will notify the person to be inspected of the name of the inspector, the purpose thereof, the elements, data or documents he is to provide, as well as the place, date and time of the inspection for purposes of his appearance or that of his representative.

III. After identifying himself, the Inspector will conduct the inspection at the stated place and date before the person notified or his duly authorized representative. If the place or domicile does not correspond to the person inspected or if the latter refuses to provide the elements, data or documents requested of him, the inspector will draw up an instrument recording the foregoing, signed by two witnesses. In this latter case, it will be deemed that the inspected incurred in a default on his obligations, absent proof to the contrary.

IV. Upon conclusion of the inspection, the inspector will draw up a detailed instrument containing a list of the facts and statements of the inspected, which will be signed by the persons present; if anyone refuses to sign it, record will be made thereof, but said circumstance will not affect the evidentiary value of the document. A copy of said instrument will be delivered to those who sign it.

V. The inspector will render a report to the Ministry on the results of the inspection within a maximum 15 calendar days following the date it was conducted. If the elements of judgment contained in the report are insufficient, the Ministry will order that another inspection be conducted.

VI. The Ministry, on the basis of the report and documentary evidence offered, will set forth the grounds and rationale and will pronounce its resolution.

ARTICLE 54. Infractions of the provisions of this Law will be sanctioned by a cancellation of the mining concession or allotment or a fine.

The infractions will be sanctioned administratively by the Ministry.

ARTICLE 55. Any of the following infractions will be penalized by the cancellation of the mining concession:

I. Under a concession, the exploitation of minerals or substances not subjects to the application of this Law;

II. Failure to execute and evidence the exploration or exploitation works and done required by this law, in the terms and conditions established in this Law and its Regulation;

III. Failure to pay mining duties;

IV. (Repealed);

V. Failure to pay the finder's fee or the economic consideration which may be payable, as well as not delivering to the Geological Survey of Mexico the reports twice a year referred to in article 27, fraction X, of this law;;

VI. Failure to subject the exploration or exploitation works and done for coal in all its varieties, on lands covered by petroleum allotments to the technical conditions established by the Ministry;

VII. The execution of exploration or exploitation works and done required by this law, without the authorizations referred to in article 20 of this Law;

VIII.- To group concessions that protect non-adjacent mining claims for effects of verification that do not constitute a mining or mining-metallurgical unit from the administrative and technical point of view;

IX.- To recover, store, transport, and give service of delivery of the associate gas that derives from the recovery and management of the deposits of mineral coal, without the authorization to which the article 19, fraction XIII, of this Law refers;

X.- To recover, store, transport, and give service of delivery of the gas associated with the deposits of mineral coal to which the article 19, fraction XIII, of this Law refers, simulating without carrying out the activities for which the concession was granted;

XI.- To alienate the associate gas that derives from the recovery and management of the deposits of mineral coal;

XII.- To omit information respect to the gas not associated with the deposits of mineral coal discovered in the phases of exploration and exploitation of the deposits of said mineral, or

XIII.- To lose the capacity to be a holder of the mining concession

In the case of the preceding section, cancellation will not proceed when the company who holds the concession loses its capacity on not conforming to the provisions that regulate foreign investment participation and said circumstance is not remedied within 365 calendar days following the date of occurrence thereof. If these latter circumstances do not occur, the Ministry will take judicial action to auction off the portion of the capital stock that does not conform, and the product thereof will be delivered to the Geological Survey of Mexico.

Any of the infractions contained in above sections II, III, VI or VII, where relevant, will be sanctioned by the cancellation of the respective Mining allotments.

ARTICLE 56. Cancellation resulting from an infraction will not proceed when within a period of 60 calendar days from the date on which the interested party is notified of the commencement of the respective procedure, evidence is provided in respect to the causes contemplated in sections II, III, V and VII of the preceding article, respectively:

I. Deliver the undelivered justification report(s) referred to in article 28 hereof, as well as payment of the fine established in article 57, section XI hereof;

II. Payment of omitted mining fees and other accessories derived from a default, according to applicable fiscal provisions;

III. Updated payment of the discovery premium as determined in the Regulation of this Law, and

IV. That the refusal of authorization by the authority in charge of the properties, zone or areas referred to in the second paragraph of article 20 of this Law is subject to an administrative or judicial resolution.

ARTICLE 57. The following infractions will be sanctioned by a fine equivalent to ten to two thousand days of the general minimum wage prevailing in the Federal District:

I. Extracting minerals or substances subject to the application of this Law without being the holder of the mining concession or the respective rights;

II. Unduly impeding the execution of works and done contemplated in this Law and its Regulation by a person legally authorized to execute them;

III. Removing or destroying permanent fortification works, struts and other facilities needed for the stability and safety of the mines;

IV. Impeding or hindering inspections by personnel commissioned by the Ministry;

V. Not appearing personally or by a duly authorized representative at the inspections conducted by the Ministry, without cause;

VI. Failing to appoint an engineer in charge of complying with safety standards in the mines or ordering him to engage in activities which impede him from carrying out the duties inherent in his position;

VII. Failing to give the notice established in article 34, second paragraph of this Law, regarding the measures required to prevent accidents that are not adopted, when they endanger the life or physical integrity of workers or members of the community, or failing to take the relevant measures, in the event of having received said notice;

VIII. Failing to notify the Ministry of start-up of beneficiation operations;

IX. Refusing to beneficiate the minerals of small and medium miners and of the social sector under competitive conditions, without evidencing cause, pursuant to the provisions of article 37, section V of this Law;

X. Modifying the location or damaging the landmark or the sign which identifies the starting point of a mining claim;

XI. Untimely evidencing the timely execution of exploitation works and done, required by this law, for purposes of invalidating the cancellation procedure of a mining concession, and

XII. Failing to timely and truthfully render the statistical, technical and accounting reports in the terms and conditions contained in the Regulation of this Law.

In the event of a recurrence, the fine may be up to two times the amount and, in the case of the infraction referred to in section I, up to one hundred times the amount of said fine.

Before imposing the fine, the Ministry will take into account the seriousness of the infraction, the harm and damages that were caused, as well as the background data, personal circumstances and economic capacity of the person responsible for the infraction.

The fines established in this article will be without prejudice to any applicable penal liability.

Article 57 BIS. It corresponds to the holder of the mining concession, the holder of the cause of it or the holder of the mining allotment, to demand before the competent judiciary authority the illegal extraction and recovery of the minerals or substances that can be granted under concession included within the mining plot covered by the mining concession or allotment.

It corresponds to the Ministry to claim before competent judiciary authorities the illegal extraction and the recovery of minerals or substances that can be awarded under concession, only when this is done in free areas, mineral reserve zones, areas that correspond to concessions granted through a tender and that later have been cancelled, and plots regarding which the respective tenders have been declared deserted.

ARTICLE 58. The power of the Ministry to verify compliance with the duties and obligations imposed by this Law and to sanction a default on its provisions will extinguish in a period of five years commencing from the date of the default or, if the default is continuous, from the date it ceases. The authority related to payment of mining rights will extinguish as provided by the applicable precepts.

ARTICLE 59. Resolutions pronounced by the Ministry in connection with the application of this Law and its Regulation, may be subject to a revision appeal, according to the provisions in the Federal Law for Administrative Procedures.

TRANSITORIES

FIRST. This Law will go into effect 90 calendar days following its publication in Mexico's Official Newspaper.

SECOND. The Regulatory Law of Article 27 of the Constitution on Mining Matters published in Mexico's Official Newspaper on December 22, 1975 is repealed and all provisions contradictory to this Law are repealed.

THIRD. For a period of five years from the effective date of this Law, the provision contained in the last paragraph of article 17 of the Regulatory Law of Article 27 of the Constitution of Mining Matters will continue to apply to mining exploitation contracts executed prior to said date that are extended.

FOURTH. Until the Federal Executive issues the Regulation of this Law, the Regulation of the Regulatory Law of Article 27, 1990 will apply in everything not contradictory thereto.

FIFTH. The activities indicated in other laws for the Mining Development Commission will be deemed to be placed in charge of the Council on Mineral Resources.

The Law on the Equity of the Mining Development Commission published in Mexico's Official Newspaper on January 25, 1939 is repealed.

Mining allotments issued to the Mining Development Commission are canceled and the land they cover is assigned to the Council on Mineral Resources in the terms of this Law and, if applicable, with the duration of the agreements executed in respect thereto.

All other rights, properties and resources comprised by the equity of the Mining Development Commission will be transferred before it is wound up to the Council on Mineral Resources and to the Mining Development Trust, as determined by the Ministry, and will be surrogated in the pecuniary and labor rights and obligations of said organization.

Labor rights of workers assigned to say organization will be respected according to applicable laws.

The Ministry will proceed to wind up the Mining Development Commission within a period of one year from commencement of the term of this law.

SIXTH. Processes of any kind pending resolution as of the date this Law goes into effect will be handled, in everything favorable to the interested parties, according to the provisions hereof.

Petitions for mining concessions or allotments in process, exploration or exploitation, ordinary or special in national mineral reserves will be resolved by the grant of the respective mining concession certificate or the mining allotment certificate, in the case of the Council of Mineral Resources, provided only that the conditions and requirements established therefore in Law and its Regulation are satisfied.

Applications for a new exploration concession or new exploitation concession will be rejected without further processing by virtue of the provisions of Transitory Articles Seventh and Eighth.

SEVENTH. Exploration concessions in respect to which there has been no cancellation declaration will have a term of six years from the date of their issue, and the work programs inserted in their certificates will be null and void.

Holders of new exploration concessions whose mining claims cover all or part of the area previously protected may file, prior to their expiration, one or more applications for a concession or exploitation applications, in the terms and conditions of this Law and its Regulation.

EIGHTH. Provided that there is been no cancellation declaration, exploitation concessions granted prior to this law will have a duration of fifty years commencing on the date of their issue, and will confer rights to exploit any minerals or substances subject to the application hereof. Work programs inserted in their certificates will be null and void.

Co-existing concessions will confer rights only for exploitation of the minerals or substances subject to the application hereof. Work programs inserted in their certificates will be null and void.

Co-existing concessions will confer rights only for exploitation of the minerals or substances indicated in their certificates and pre-existing concessions upon which they were granted, for the exploration or exploitation of other minerals or substances, so long as the former are in force.

Mining allotments with and indefinite term granted to the Council of Mining Resources will have a not extendable duration of six years commencing on the date this Law goes into effect.

NINTH. Special concessions in national mineral reserves, as well as ordinary and special allotments ins said reserves granted to majority state-owned companies will be substituted by the relevant concessions, with the rights and obligations established in this Law.

Obligations contained in concession certificates or in declarations of special allotment in national mineral reserves, in addition to those indicated in this Law, will be null and void, except when they involve concessions which were granted upon zones incorporated in said reserves or obtained under the preferential right established in the following article, or allotments under a resolution granted after the date of publication of this Law in Mexico's Official Newspaper.

TENTH. Anyone who on the date this Law goes into effect is carrying out, under contract, exploration and/or exploitation work on lands protected by mining allotments on their substituting concessions may continue doing so up to their termination, and will have a preferential right to obtain the respective mining concession in the land, subject of the contract, is free and if the obligations contained therein were complied with. The right conferred must be exercised when declaration stating that said land is free goes into effect.

ELEVENTH. Concessions for beneficiation plant issued under other laws will be null and void, and their holders will be exempt from filing the note referred to in article 37, section I of this Law.

TWELFTH. The first proof of exploration and exploitation works and dones must be submitted in May, 1994.

Mexico, D.F., June 17, 1992. Dep. Gustavo Carvajal Moreno, Chairman. Sen. Manuel Aguilera Gómez, Chairman. Dep. Jaime Rodríguez Calderón, Secretary. Sen Antonio Melgar Aranda, Secretary. Signatures.

In compliance with the provisions of section I of Article 89 of the Political Constitution of the United Mexican States, I issue this Decree at the residence of the Federal Executive in Mexico City, Federal District on June twenty-four, nineteen ninety-two, for its publication and observance. Carlos Salinas de Gortari. Signature. The Secretary of the Interior. Fernando Gutiérrez Barrios. Signature.

T R A N S I T O R I E S

ARTICLE ONE. This Decree will go into effect on the day following its publication in Mexico's Official Newspaper, except as provided in Transitory article two below.

ARTICLE TWO. The reform foreseen in articles 10, 13, 14, 15, 16, 17, 19, 27, 28, 29, 30, 31, 34, 42, 43, 46, 55, 56 and 57 as regards the existence of a single mining concession that confers rights for performing exploration and mining works or activities indistinctly, will go into force when the reforms to the Federal Law of Rights regarding Rights over Mining that adapts to the regime of mining concession foreseen in this decree goes into force.

ARTICLE THREE. All the legal provisions that are opposed to the contents of this decree are repealed. The Federal Executive must adapt the regulations of this law to the contents of this decree no later than six months after the respective entry into force mentioned in articles one and two transitory above; as long as the corresponding adaptations are not made, it will continue to be in force in everything where it does not oppose the current Law and its amendments and Regulations dated February 10th, 1999.

ARTICLE FOUR. Exploration concessions and mining concessions current on the date on which the amendments to articles 10, 13, 14, 15, 16, 17, 19, 27, 28, 29, 30, 31, 34, 42, 43, 46, 55, 56 and 57 go into force will be subjected to the provisions of this decree without meeting any additional process, and they will be current for fifty years starting from the date on which the exploration or mining concession was recorded in the Public Registry of Mining.

Applications for mining concessions being processed will be considered as applications for mining concession under the terms of this decree, mining concession applications being processed for a surface different from the surface of the exploration concession from which they derive will continue until their termination, and their mining concession application in process for a surface that is equal to that of the exploration concession from which they derive will be rejected without any other procedure due to what is provided in the previous paragraph.

ARTICLE FIVE. The obligations referred to in the second paragraph of article nine transitory of the Mining Law published in the Official Gazette of the Federation dated June 26 th, 1992 will continue to be in force.

México, D.F., February 22nd, 2005.- Dip. Manlio Fabio Beltrones Rivera, President.- Sen. Diego Fernández de Cevallos Ramos, President.- Dip. Graciela Larios Rivas, Secretary.- Sen. Sara I. Castellanos Cortés, Secretary.- Signatures."

In compliance with what is provided in fraction I of Article 89 of the Political Constitution of the Mexican United States, and in order to be duly published and complied with, I issue this Decree in the Residence of the Federal Executive Power, in

Mexico City, Federal District, on the day 26th of the month of April of two thousand five.- Vicente Fox Quesada.- Signature.- The Ministry of the Interior, Santiago Creel Miranda.- Signature.

T R A N S I T O R I E S

ARTICLE ONE. This Decree will go into effect on the day following its publication in Mexico's Official Newspaper.

ARTICLE TWO. The competent authorities will send in 90 days following the coming into effect of the present Decree, the dispositions relative to the recovery and use on behalf of the concessionaires, the geological information related to the recovery and use of gas associated with deposits of coal mineral and the methodology related to her against service for the service of delivery to Petróleos Mexicanos of the gas associated with the deposits coal mineral that is realized under protection of a mining concession.

México, D.F., April 20nd, 2006.- Dip. Marcela González Salas P., President.- Sen. Enrique Jackson Ramírez, President.- Dip. Marcos Morales Torres, Secretary.- Sen. Micaela Aguilar González, Secretary.- Signatures."

In compliance with what is provided in fraction I of Article 89 of the Political Constitution of the Mexican United States, and in order to be duly published and complied with, I issue this Decree in the Residence of the Federal Executive Power, in Mexico City, Federal District, on the day 21th of the month of June of two thousand six.- Vicente Fox Quesada.- Signature.- The Ministry of the Interior, Carlos María Abascal Carranza.- Signature.