Energy Reform:

CHALLENGES and OPPORTUNITIES

CLÚSTER
MINERO-PETROLERO DE COAHUILA, A.C.
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The Reform

• One article, modifies:
  – 3 constitutional articles 25, 27 y 28.
  – Plus 21 transitory dispositions, to provide a framework for secondary laws
• Opens a new market for private investors, the complete oil and gas value chain.
• Private participation may take different forms
Private participation

- Service Contracts
- Net income sharing
- Production sharing contracts
- Licenses

Source: A. Juárez AMESPAC
Mexico’s Potential

- PEMEX estimates prospective reserves of shale oil and gas in 60.2 MMMbpce.

- More than conventional reservoirs (55.4 MMMbpce).

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<th>Provincia Petrolera</th>
<th>Recursos prospectivos MMMbpce</th>
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<tr>
<td>Tampico Misantla</td>
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<td>Burgos</td>
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<td>Veracruz</td>
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<td>Sabinas-Burro Picachos</td>
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<td><strong>Total</strong></td>
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We need to be prepared

1. Important investment opportunities (2 to 3 of GDP additional investment).

2. In the northeast of Mexico, important non conventional reserves.

3. Medium firms could participate in shale gas exploitation.

4. However, conditions that explain success in EFS do not yet exists in Mexico.
Coahuila Organization

• A Cluster as an NGO
• An alliance of
  – Coahuila state government
  – Local governments
  – Universities and research centers
  – Companies and business organizations
• More than 70 members
Cluster Mission

To promote conditions to facilitate a sustainable exploitation of unconventional reservoirs and to create the greater social benefit.

**TECHNICAL CONDITIONS**

Public support to Universities and research centers to enhance their capacity to prepare human resources needed, and regional industry capacity to participate in new activities.

**REGULATORY CONDITIONS**

* To provide legal security to investors and land owners.
* To identify environmental risks and enforce regulations to prevent them.
* To promote national content.
* Small lots to be assigned.
To promote conditions to facilitate a sustainable exploitation of unconventional reservoirs and to create the greater social benefit.

**ECONOMICAL CONDITIONS**

- Support local governments to meet infrastructure needs
- Efficient market regulations to foster competition
- Promote local providers to participate in new activities
- Promote adequate financing
Cluster operations

Six working committees

- Human Resources
- Infrastructure
- Supply Chain
- Environment
- Land Rights Negotiations
- Technology & Innovation
Cluster services

• Members
  – Government:
    • Population projections considering the impact on oil & gas related activities
    • Social, urban & connectivity Infrastructure planning
    • Strategic public and private investment opportunities
    • Financing procurement
  – Universities and Research Centers
    • Enhance professional formation and workforce training capacities
    • Financing procurement
    • Networking
  – Business
    • Identify business opportunities
    • Networking
• To foreign and national investors

  – Coaching for:
    • Business compliance with a new set of regulations in a fast and secure way
    • Safe and sound negotiations with land owners
    • Locating local providers
    • Outreach to universities and research centers to solve their human resources needs
## Energy reform (gas & oil): Estimated timetable

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Source: A Juárez, AMESPAC
Thanks

April 2014