



Energy on the Border 2015

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Global Initiatives

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RONDA 1 –Mexico's Reforms

The areas now available to private firms range from deep waters to mature fields and nonconventional reserves such as shale gas. Mexican Government identified 109 blocks for the first round of bids. It expects investments of around \$50 billion over the next four years, including partnerships with Pemex.



UPSTREAM

Exploration & Production contracts shall only be granted through a competitive bidding process, organized and regulated by SENER, Secretary of Energy, Secretary of Finance, and the CNH, Comisión Nacional de Hidrocarburos.

Under the constitutional reform and the Hydrocarbons Law:

- SENER is responsible in the selection of areas for public bidding and establishing the technical and financial qualifications for bidders;*
- CNH is charged with conducting the bidding process, evaluating bids and awarding contracts; and*
- The Ministry of Finance establishes the economic and fiscal terms of the E&P contracts*



Midstream and Downstream

All midstream and downstream hydrocarbon activities may be carried with permits. These are to be issued by SENER or the Energy Regulatory Commission to any qualified person.



PERMITS

Permit from SENER is required for the following:

- Treatment and refining of petroleum
- Processing of natural gas
- Import and export of crude oil, natural gas and petroleum products



PERMITS

The Energy Regulatory Commission issues permits for

- Transportation, storage, distribution, compression, liquefaction, decompression, regasification, marketing and retail sale of crude oil, natural gas, petroleum products and petrochemicals; and
- Integrated pipeline transportation and storage systems.



PERMITS

- Any person who currently engages in treatment, refining or processing activities, and who does not have a permit granted by SENER will need to obtain a permit from SENER under the new law no later than June 30, 2015, to be able to continue such activities.



PERMITS

- Any person who currently engages in transportation, storage, distribution, compression, liquefaction, decompression, regasification, marketing and retail sale activities, and who does not have a permit granted by the Energy Regulatory Commission will need to obtain a permit from the Energy Regulatory Commission under the new law no later than December 31, 2015, to be able to continue such activities.



Property Agreements

- The consideration for the purchase, use or occupation of land, goods or rights that are necessary for conducting E&P activities shall be negotiated directly between property owners and the contractors or State Productive Enterprise, as applicable.



Property Agreements

- For E&P projects that **reach commercial production**, property owners may be paid a percentage of the revenues that are related to the contractor or State Productive Enterprise for the particular project, deducting any amounts owed to the Mexican Oil Fund.
- This percentage shall range between 0.5 percent and 3 percent for non-associated natural gas and between 0.5 percent and 2 percent for all other hydrocarbons.



Property Agreements

The legal hydrocarbon easement comprises the following rights:

- Transit right of persons;
- Transportation, handling and storage of all kinds of construction materials, vehicles, equipment and goods; and
- Construction, installation and maintenance of infrastructure or carrying out works necessary for the development or monitoring of the activities contemplated in an entitlement or E&P contract.



Environment & Safety

The National Agency for Industrial Safety and Environmental Protection, to be created under accompanying legislation, will issue the rules regarding safety and environmental matters.

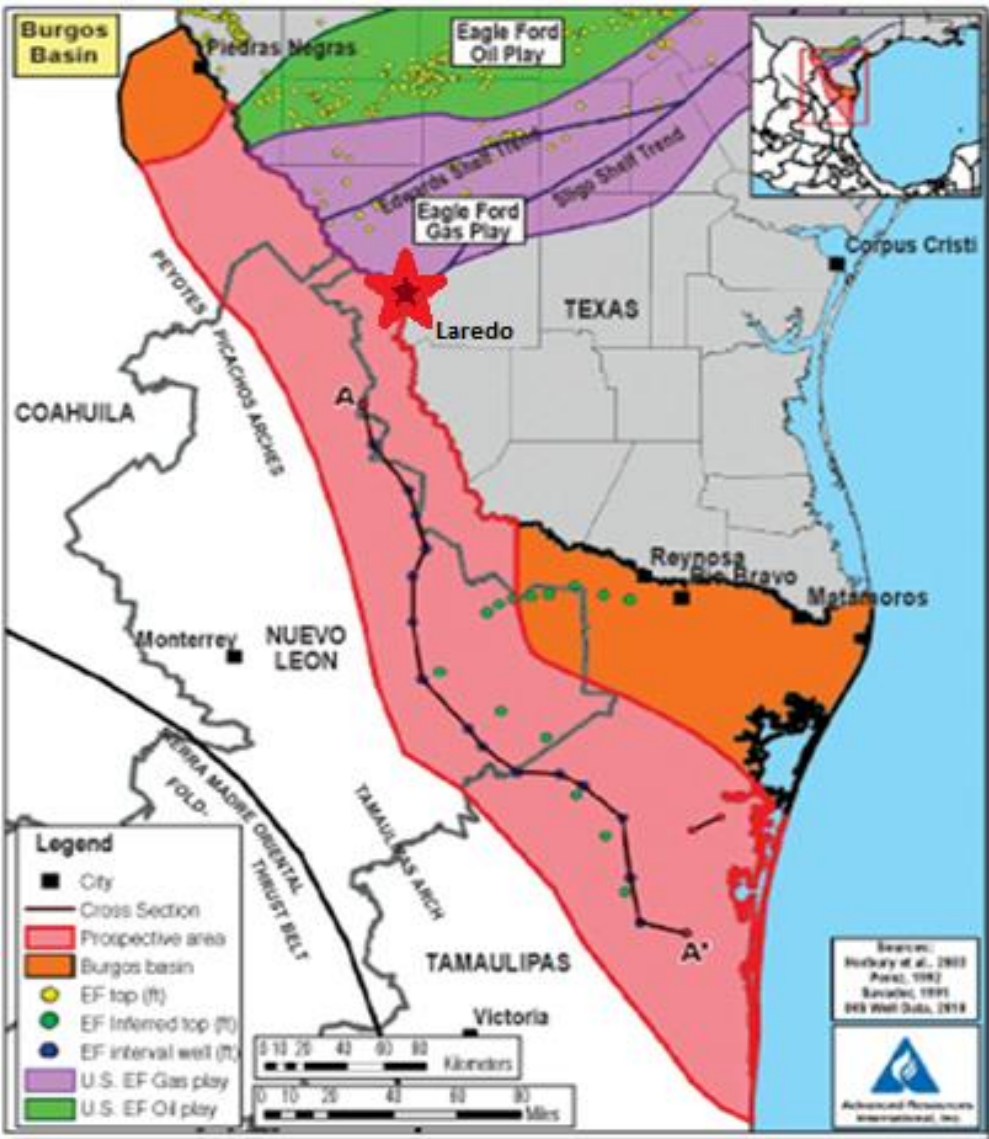


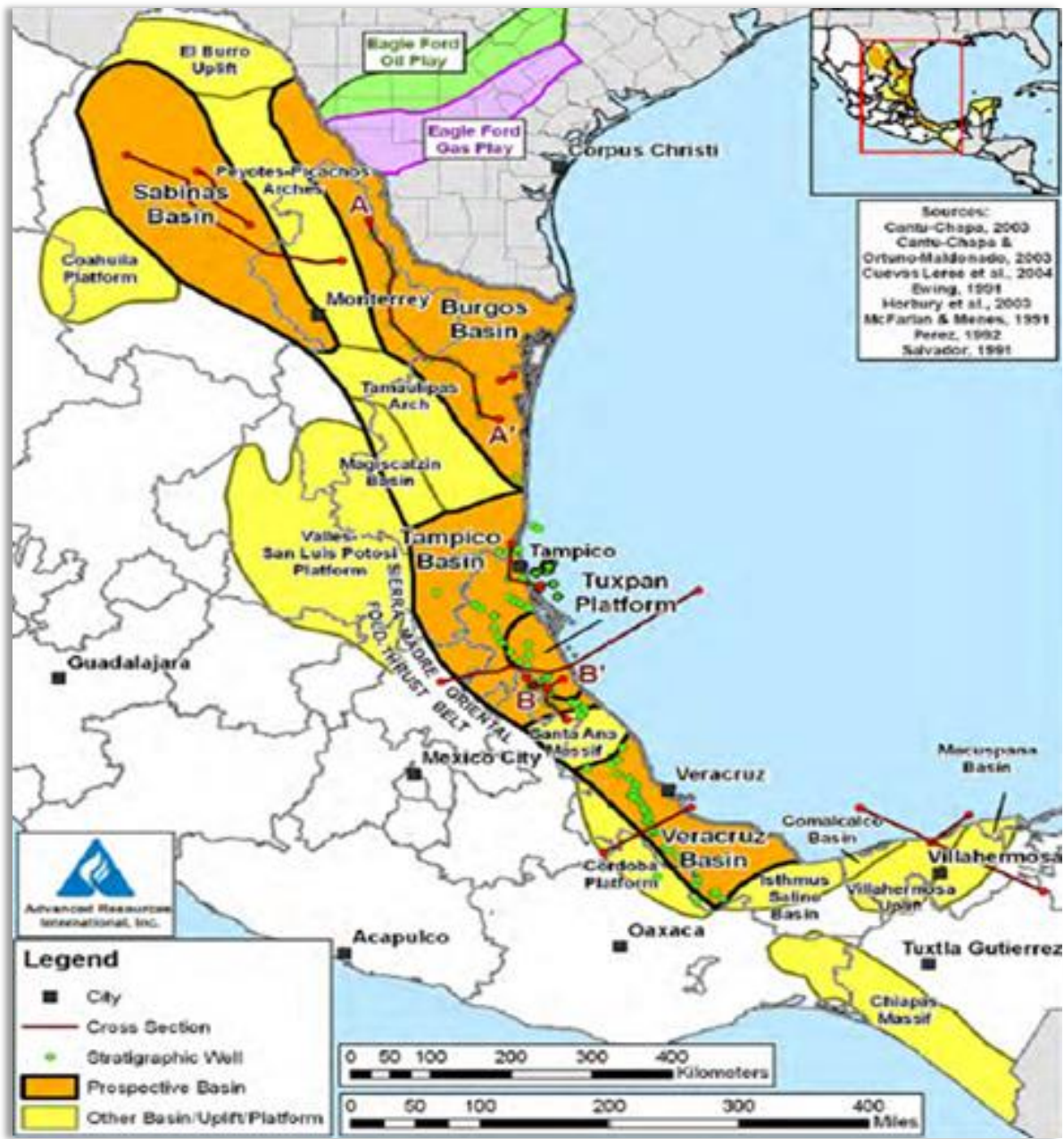
Our Border

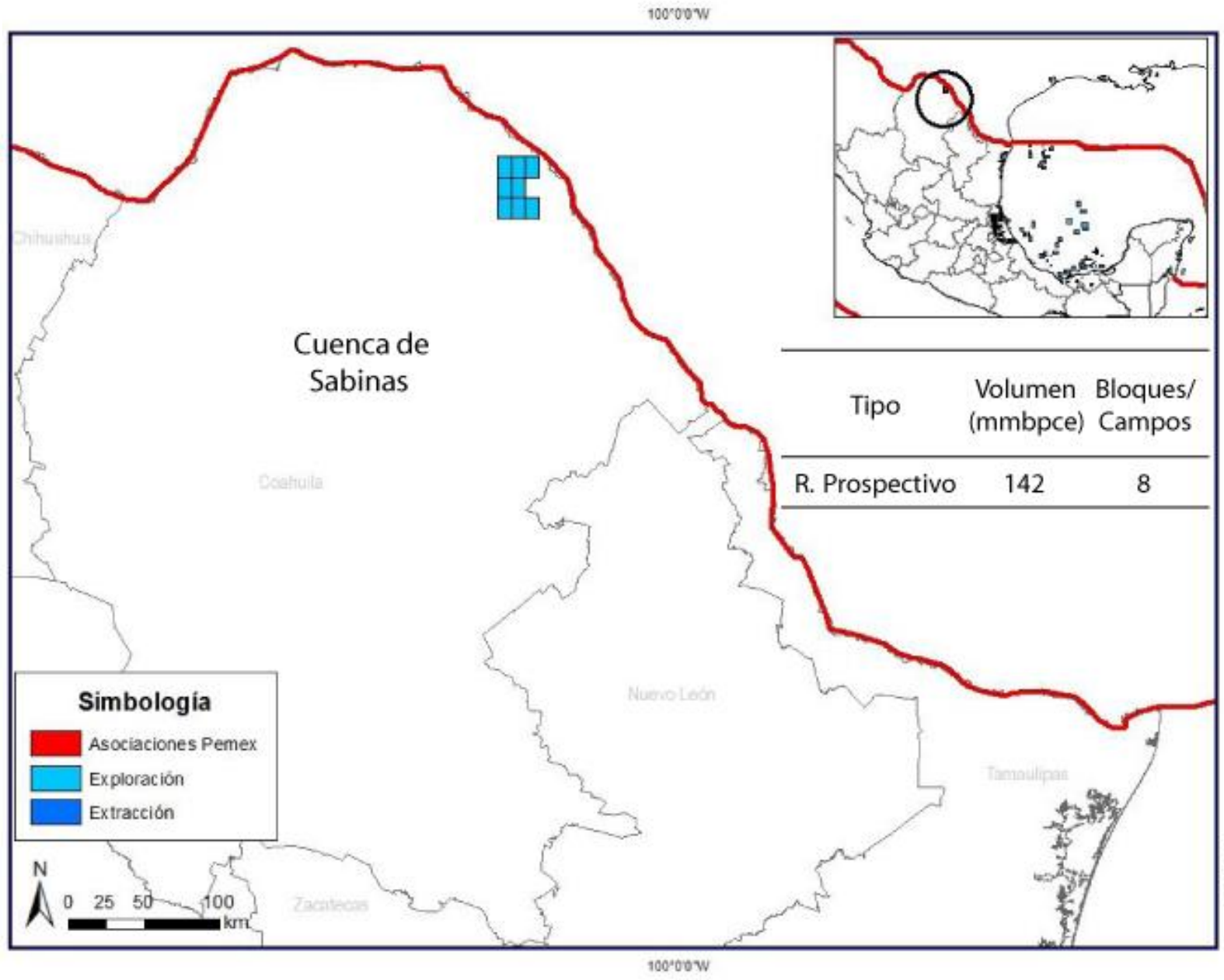
International Shale Play

Cuenca Burgos/Eagle Ford Shale

Our Border

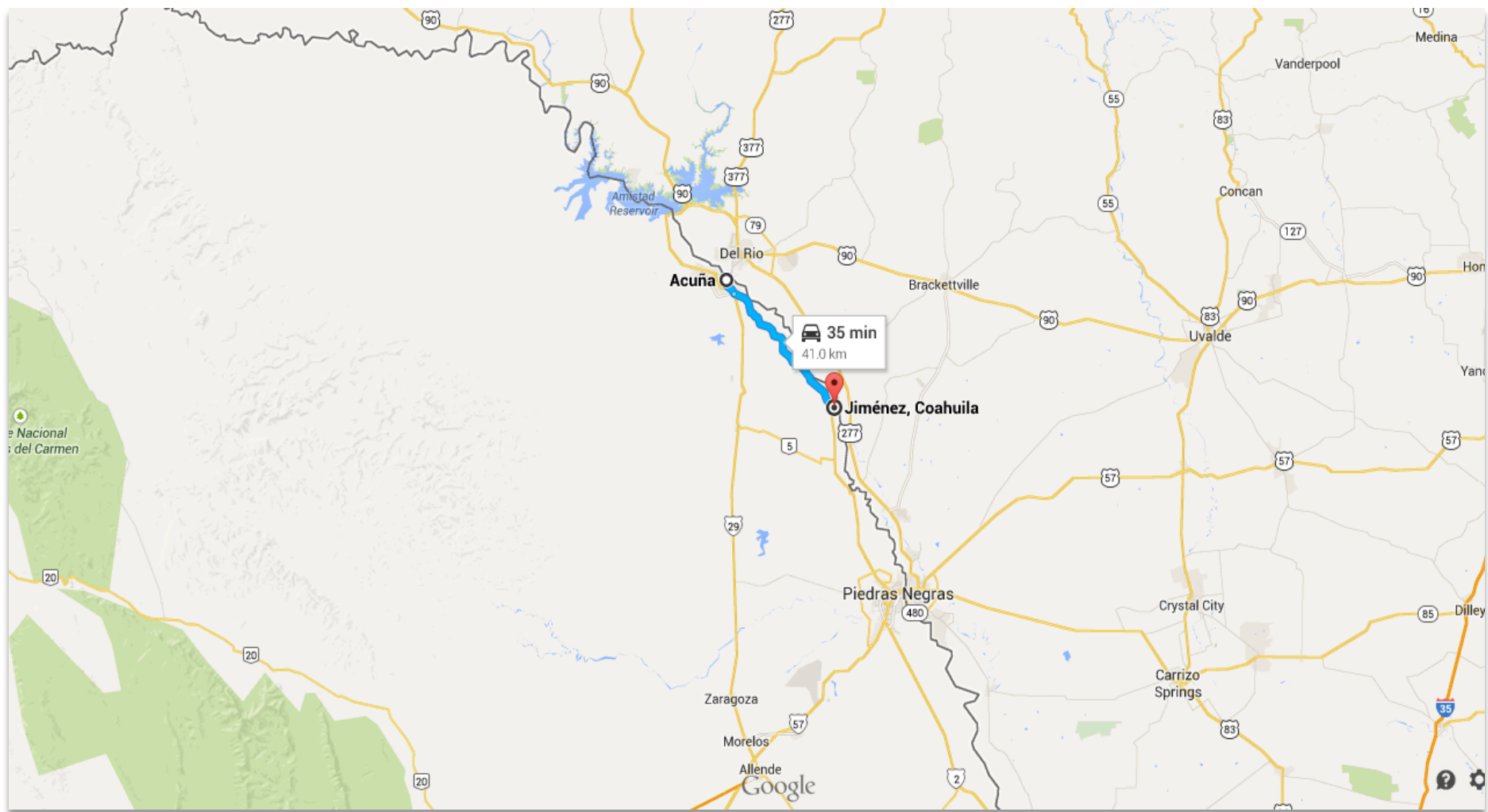






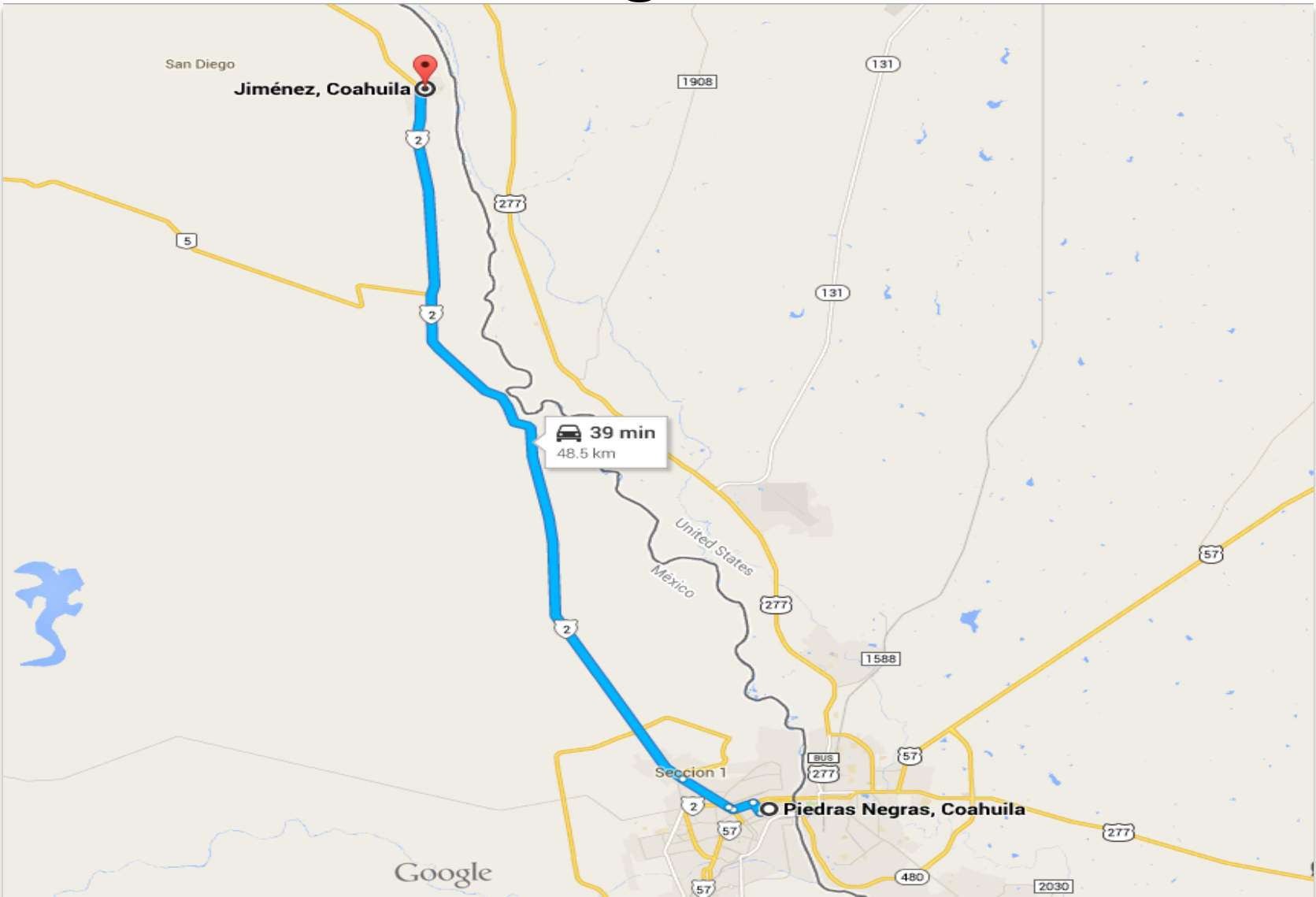


Jiménez, Coahuila – Ciudad Acuña, Coahuila



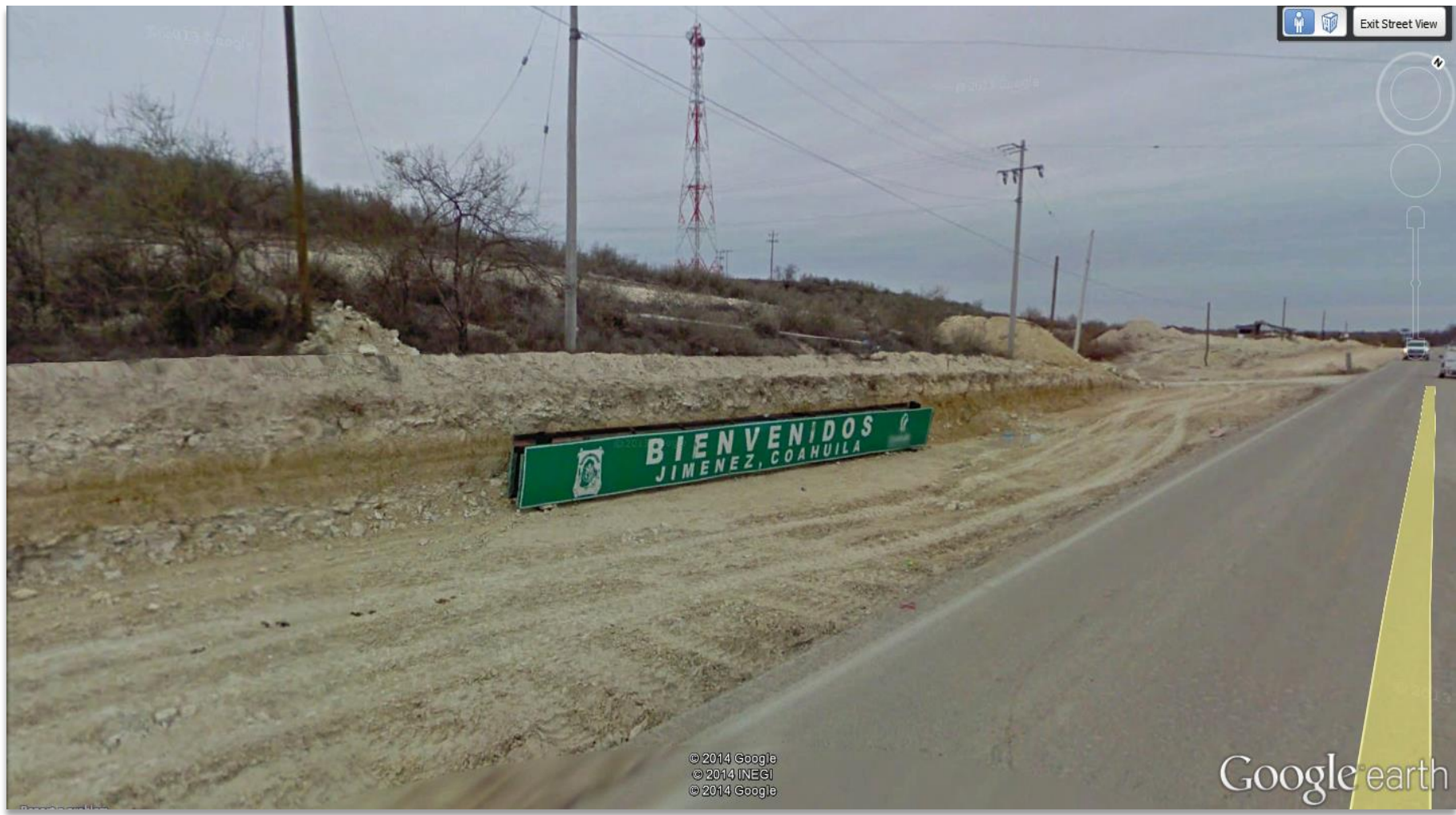


Jiménez, Coahuila – Piedras Negras, Coahuila





New Boom Town





Demographics

2010 Inegi - Census

Jiménez, Coahuila - 9, 935 total population

- Men- 5,041-----24.4% are from ages 15 to 29
 - Women- 4,894-----24.9% are from ages 15 to 29
- 10.5% of population are over 60 years old
- Median age is 26

www.inegi.org.mx



Demographics-Residence

- 95.5% (9,491) of the population live in single family dwellings.
- (.04%) 4 persons could be considered homeless (live on a roof top or dwelling that is not constructed as a residence)
- (.03%) 3 persons in a mobile home
- (2%) 204 residents in unspecified dwellings

www.inegi.org.mx



Demographics-Quality of Life

2,666 private homes

- (3.8%) 101 homes have dirt floors
- (95%) 2,533 have electricity
- (70%) 1,866 have water from public water system
- (70%) 1,876 have sewage and drainage
- (88%) 2,350 have a toilet
- (90%) 2,411 have television
- (90%) 2,400 have a refrigerator
- (73%) 1,952 have a washing machine
- (8%) 219 have a computer



Demographics-Education

- 98.9 % of population ages 15 to 24 can read or write
- Average level of education for residents over 15 is 6th grade
- 1.3% residents have a professional degree
- .09 % residents have a post graduate degree

www.ineqi.org.mx



Demographics-Health

- (72%) 7,196 residents have healthcare providers/benefits
- Centro de Salud Jimenez is available for emergencies

www.ineqi.org.mx



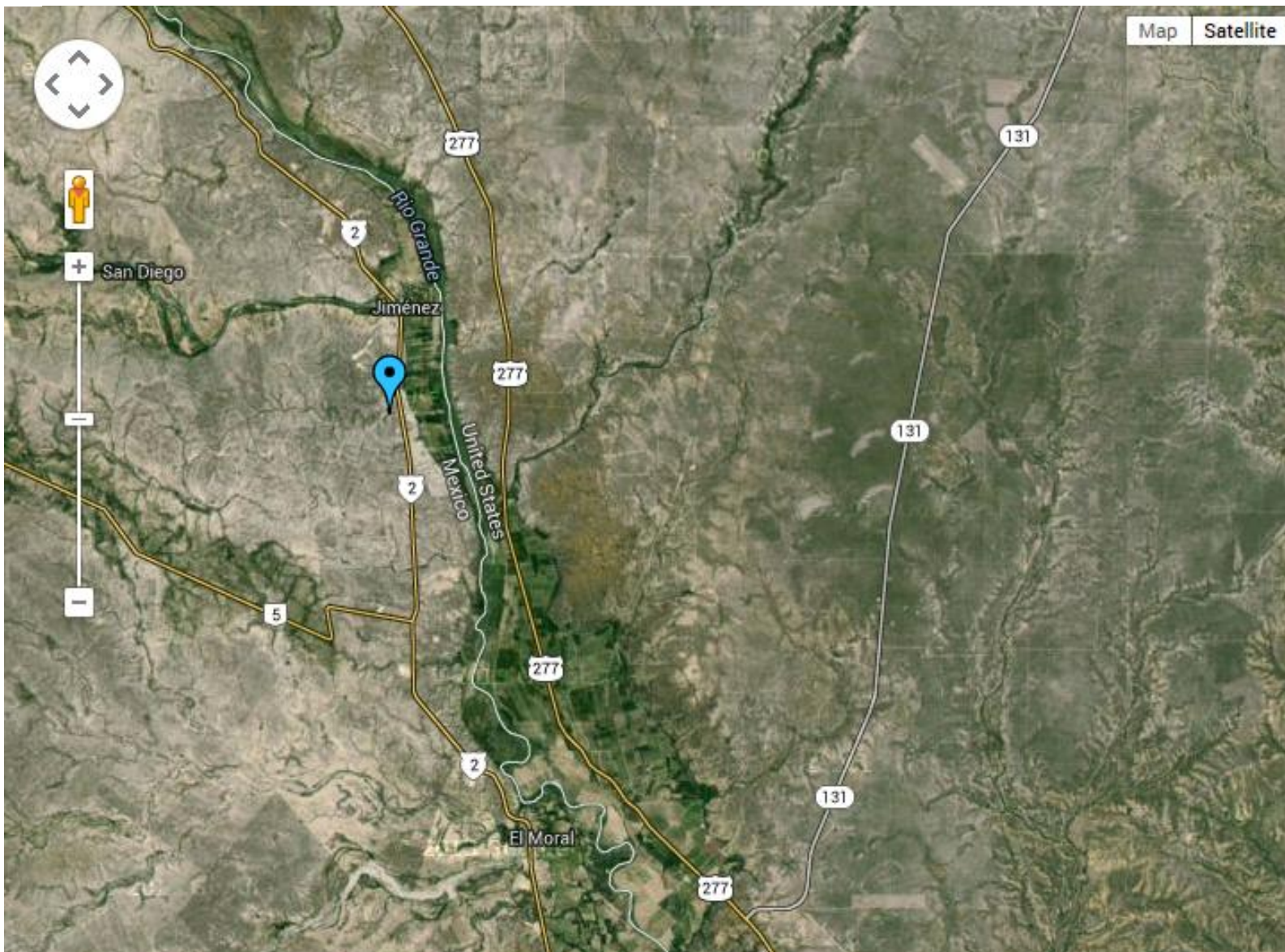
Jimenez and the Texas Border

- <http://www.maplandia.com/mexico/coahuila/jimenez/jimenez/>

Highway Access



Highway Access



Binaltonal Center: Eagle Ford Shale Community Program Texas A&M International University



Texas Highways and Cities that Link to Jimenez, Coahuila, México

- U.S. Route 277
- Farm-to-Market Road 1664

- Eagle Pass, Texas
- Quemado, Texas
- Del Rio, Texas



Transportation

- Car rental offices nearest to *Jimenez* the city centre..
- [Eagle Pass car rental](#) (distance approximately 41 km)
- [Mexicali - Airport car rental](#) (distance approximately 43 km)
- [Del Rio International Airport car rental](#) (distance approximately 44 km)
- [Del Rio car rental](#) (distance approximately 45 km)
- [Uvalde car rental](#) (distance approximately 92 km)

www.maplandia.com



Airport

- **Airports in Jimenez and in the neighborhood**
- Airports nearest to *Jimenez* are sorted by the distance to the airport from the city center.
- [Eagle Pass Maverick Co Airport](#) (distance approximately 52.7 km) – [airport hotels](#)
- [Laughlin Afb Airport](#) (distance approximately 37 km) – [airport hotels](#)
- [Del Rio International Airport](#) (distance approximately 50 km) – [airport hotels](#)
- [Ciudad Acuna Airport](#) (distance approximately 61 km) – [airport hotels](#)

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Railroad

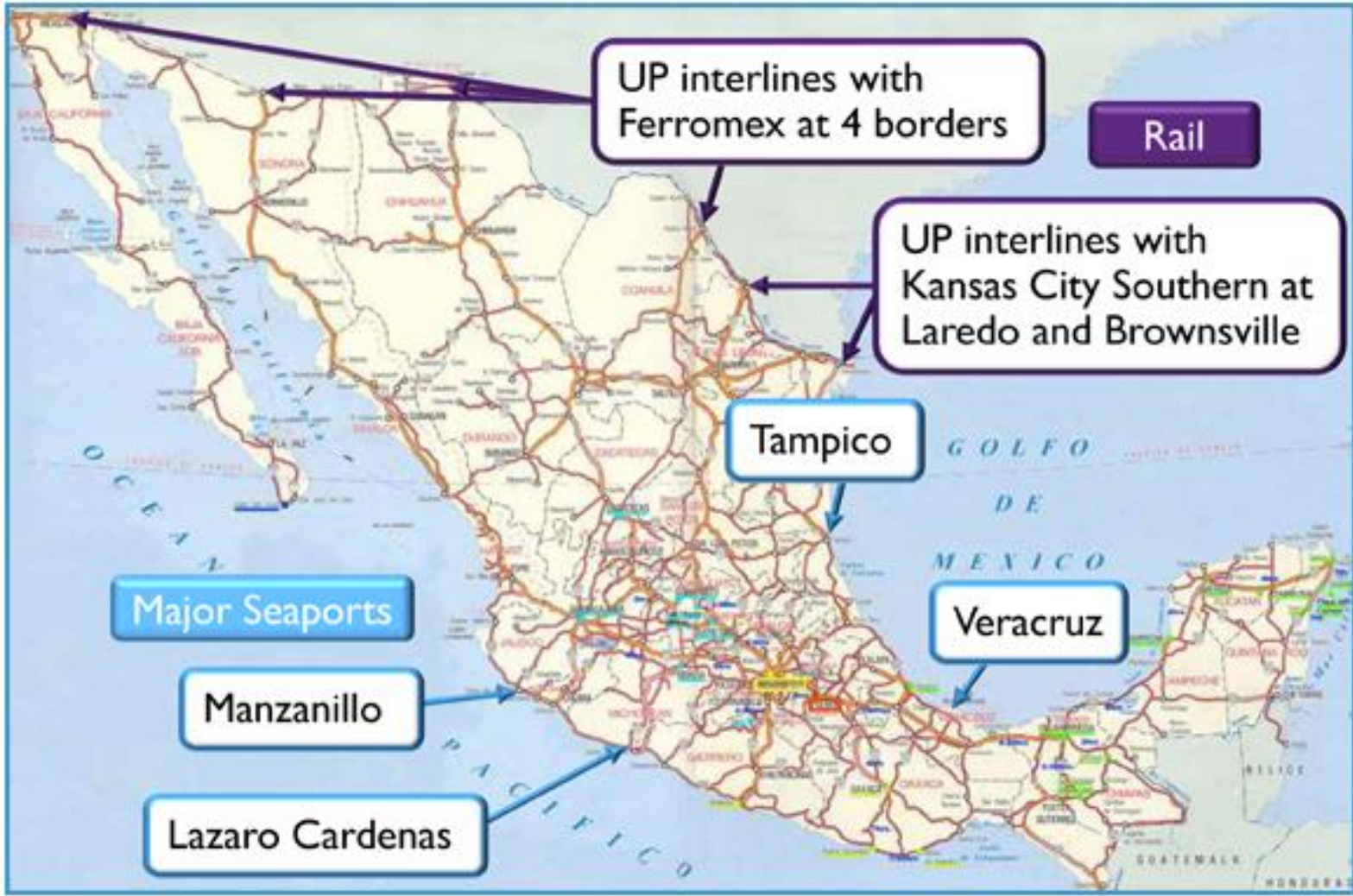




Hotels

- **Hotels nearest to the centre of Jimenez**
- [Motel 6 Eagle Pass Lakeside](#) ** (in [Eagle Pass](#), distanced approximately 41 km)
- [Hampton Inn Eagle Pass](#) *** (in [Eagle Pass](#), distanced approximately 42 km)
- [Del Rio Executive Inn](#) ** (in [Del Rio](#), distanced approximately 45 km)
- [Great Western Inn & Suites Del Rio](#) ** (in [Del Rio](#), distanced approximately 47 km)
- [Holiday Inn Express Uvalde](#) ** (in [Uvalde](#), distanced approximately 92 km)
- [Royal Inn Pearsall](#) ** (in [Pearsall](#), distanced approximately 150 km)
- [Executive Inn Pearsall](#) * (in [Pearsall](#), distanced approximately 160 km)
- [more Jimenez hotels »](#) maplandia.com

Union Pacific and Kansas City Southern

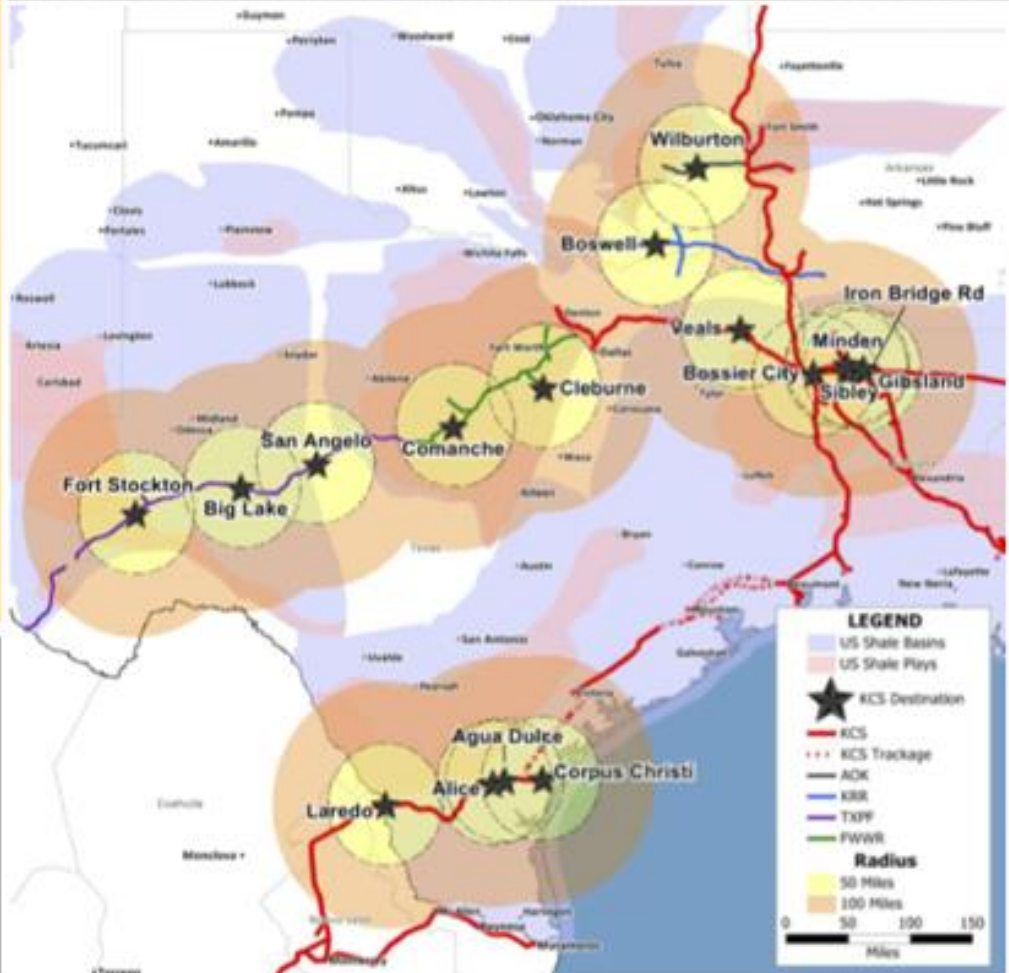


Pipelines



Fracking Business

Frac Sand Destinations



Eagle Ford Shale (Oil/Gas):

- Laredo, TX
- Alice, TX (2 facilities)
- Agua Dulce, TX
- Corpus Christi, TX

Permian/Cline Basin (Oil):

- Fort Stockton, TX (TXPF)
- Big Lake, TX (TXPF)
- San Angelo, TX (TXPF)

Barnett/Cline Shale (Oil):

- Comanche, TX (FWWR)
- Cleburne, TX (FWWR)

Haynesville Shale (Gas):

- Veals, TX (TN)
- Bossier City, LA
- Sibley/Minden, LA (LAS)
- Gibsland, LA (LNW)

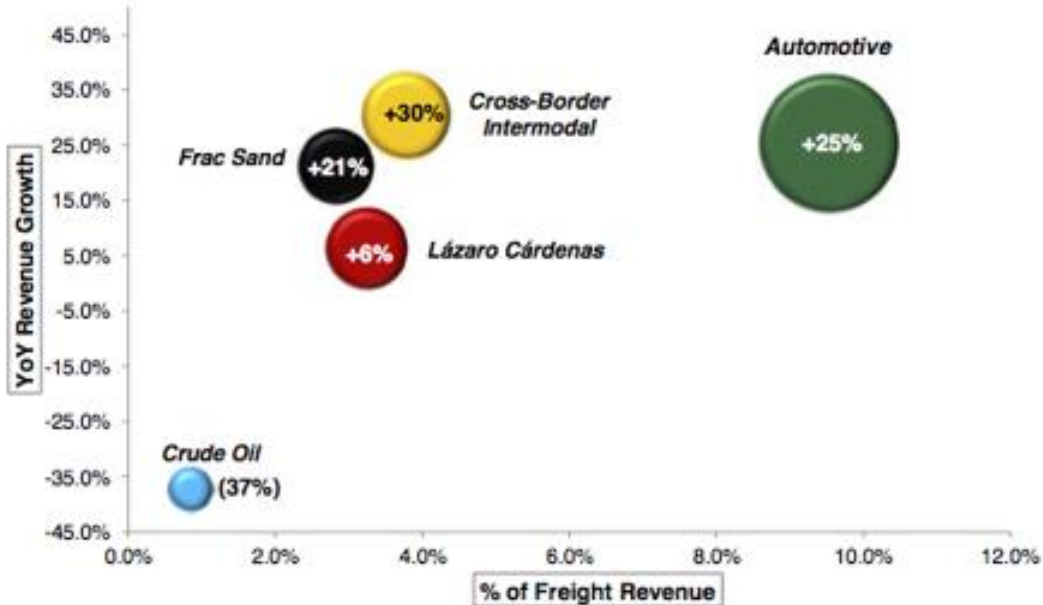
Woodford Shale (Oil/Gas):

- Boswell, OK (KRR)
- Wilburton, OK (AOK)

Indicator /What to Expect

Strategic Growth Areas Grew by 18% in 2014 Q2 2014 vs. Q2 2013

Collectively these 5 growth markets grew 18% YoY and represented 20% of total KCS Freight Revenue in Q2 2014



Burgos Basin Connects to America

Crude Oil Basins & Connecting Partners

Canadian Heavy Oil:
 CPRS – Kansas City
 CN – Jackson
 CN – Cockrell, IL

Bakken Region:
 BNSF – Kansas City
 CPRS – Kansas City

Niobrara Region:
 UP – Kansas City
 BNSF – Kansas City

Cushing Barrels:
 SKOL – Pittsburg, KS

Permian Basin:
 UP – Dallas
 TXPF/FWWR – Dallas

Eagle Ford Shale:
 KCS Direct



Key Takeaway: KCS is uniquely positioned to deliver crude-by-rail from crude oil basins throughout the U.S. and Canada to Gulf Coast refineries





Interesting Data

- Transportation - Every 50 miles of pipeline, 20 inches in diameter replace 1,250 truck trips

R.A. Porter, Porter Engineering, Laredo, Texas

How does this affect our Texas border?





Sources

- Inegi
- Pemex
- CNH
- SENER
- Google Earth
- Maplandia
- Union Pacific
- Kansas City Southern
- MayerBrown Law Firm
- Zenteno/Lira/Mora, Abogados MexicoDF



THANK YOU

FOR MORE INFORMATION PLEASE CONTACT:

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