



Mexico City, august 13, 2014

President Peña Nieto signs Energy Reform in Mexico.
Government and Business will move faster than expected

Mexico Opens New Era as Peña Nieto Signs Energy Law

Peña Nieto signed legislation today that completes steps to end the monopoly on energy production held by state-owned Petróleos Mexicanos (PEMEX and CFE) since 1938. The law sets guidelines for private companies seeking to produce oil and electricity... (Bloomberg August 11, 2014)

Dear Clients, Colleagues and Friends:

As you are all aware, President Enrique Peña Nieto has signed the secondary legislation of the Mexican Energy Reform. With this we come to the end of the legislative process that began in December 2013 with the constitutional amendments.

To the surprise of many, the President has established immediate actions that will get things moving faster than we all expected. **Most of the desired information will be public tomorrow.** Of the ten actions set forth by President Peña, we would like to highlight four.



1. **On Wednesday August 13, 2014, the Secretary of Energy will inform the results of Round Zero.** Round Zero is a preferential round in which PEMEX selected the areas where they will continue to operate. The results of this process were due until September, after a thorough analysis of the National Hydrocarbons Commission.

2. **On Wednesday Round One will begin. The Secretary of Energy will make public all the areas subject to contracts with the private sector.** These contracts will be part of public tenders due on the first trimester of 2015. This was expected for January 2015. Besides this, PEMEX will make public all the areas where they want joint ventures with the private sector. **These joint ventures will be the basis for immediate public tenders.**

3. Before the end of this month, the President will publish the decrees that create the National Energy Control Center and the National Center for the Control of Natural Gas. With this we will consolidate the energy market and the new model for the natural gas industry.

4. All pending rules and regulations needed for the secondary laws will be signed by October. These are presidential decrees that do not need congressional approval.



As we mentioned in our January memorandum, this is a historic moment for Mexico. Liberalization of hydrocarbons and energy sector with huge opportunities for the private sector. The legislative process was intensive and productive.

In strict adherence to the spirit and letter of the Constitution, Congress created or modified 21 laws grouped as follows:

- Hydrocarbon Act, and reforms to the Foreign Investment, Mining, and Public-Private Partnerships Acts.
- Electric Power Industry Act.
- Coordinated Energy Regulators Act, and reforms to the Federal Public Administration Act.
- PEMEX and CFE Acts, and reforms to the Federal State-owned Companies and Procurement Acts.
- National Agency of Industrial Safety and Environmental Protection for the Hydrocarbon Sector Act.
- Geothermal Energy Act, and reforms to the National Waters Act.
- Hydrocarbon Income Act.
- Mexican Petroleum Fund for Stabilization and Development Act.
- Federal Budget and Fiscal Responsibility Acts.

Best regards to you all,

VM CONSULTING

Mexico oil and gas reserves could be tapped

More than 52 billion barrels of oil equivalents in energy reserves in Mexico and off its south-east coast could be available for foreign investments.



SOURCE: Petroleos Mexicanos, Greenpeace