

SAN ANTONIO BUSINESS JOURNAL

COVER STORY

The Billion- Dollar Deal Maker

NELSON
BALIDO
IS MAKING
A NAME FOR
HIMSELF AND
SAN ANTONIO
AMID HISTORIC
LEGISLATIVE
CHANGES ON
MEXICAN ENERGY

BY SERGIO CHAPA, PG. 4

The Mexico Shale Summit is in full swing, and conference attendees are taking a break in the La Vista Room on the top floor of the Hilton Palacio del Rio – with its commanding view of the River Walk and downtown San Antonio.

While some are getting a snack or sipping coffee or are on the phone staring out the floor-to-ceiling windows, Nelson Balido is busy working the room.

Balido is having a warm chat with an energy executive like they are old friends when their conversation is cut short. With a manly hug and a few pats on the back, they say “nos vemos,” which in Spanish means “we’ll see each other.”

In a couple of minutes, Balido will moderate a panel on security and social issues for energy companies in Mexico.

The San Antonio businessman has traveled more miles than a rock star since New Year’s Day – kept busy attending numerous trade shows and speaking at similar conferences.

Las Vegas. Washington, D.C. Dallas.

Houston. Phoenix. Del Rio. Austin. El Paso. Ciudad Juarez. Mexico City.

He’s been to all those cities and will be traveling again to Mexico City, Washington, Monterrey and Houston for business trips scheduled through April.

Although a relative newcomer to the energy industry, Balido has already made a name for himself as an expert in Mexico’s energy reforms.

Mexico approved historic legislative changes in August 2014, opening its lucrative energy market to foreign investors for the first time in more than 70 years.

Balido is seizing the opportunity – making himself an integral cog by partnering American energy and logistics companies with their counterparts south of the border.

"We're going to see a transformation of North America that we have never seen before," Balido told the San Antonio Business Journal.

The relationships he keeps

Balido has less than two years in the energy business, but he is no stranger to economic activity along the U.S.-Mexico border.

As the former president of the Border Trade Alliance, Balido oversaw the binational organization's security and trade initiatives between January 2010 and April 2013.

Balido's binational and cross-border career started with the Border Trade Alliance, which he was recruited to by Tecló García, an official with the city of McAllen, which is one of the largest contributors to the alliance.

García "is the one who initially made me aware of the opportunity" in cross-border work, said Balido, who attended The Citadel Military College in South Carolina on an Air Force scholarship before transferring to Texas Tech.

The alliance's vice president, Russ Jones, who is also a well-known customs broker and an Arizona state representative, said energy was a natural segue for Balido. Jones said the bilingual and bicultural Balido is able to move between both worlds, in Mexico and the United States, and was equally accepted and embraced by officials from both sides of the border.

Balido's accomplishments included getting more Mexican officials and agencies to join the alliance and establishing a companion group in Mexico.

Balido took the Border Trade Alliance from a deficit to a budget surplus and gained a lot of expertise in the process, Jones said.

Balido learned about the manufacturing, logistics and security sectors while establishing important contacts with customs officials from both nations.

"I keep relationships from San Diego to Brownsville," Balido said. "There's not one border sheriff or port director that I don't know."

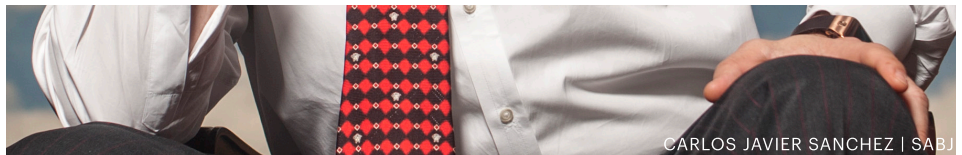
And with the "handwriting on the wall" for Mexico's energy reforms, Jones said Balido took his contacts to start a new venture.

"All those relationships are serving



Let's Make A Deal

SAN ANTONIAN NELSON BALIDO IS FORGING CROSS-BORDER OPPORTUNITIES IN ENERGY FOR HIMSELF AND HIS CITY



CARLOS JAVIER SANCHEZ | SABJ

A rising captain of industry: Nelson Balido takes in the city's skyline at the San Antonio Petroleum Club. Not that he has much time to enjoy it, given a travel itinerary that would best most rock stars' tour schedules.

him," Jones said. "I have no doubt he'll be successful."

Making San Antonio a gateway

Balido formed the San Antonio-based Energy Council of the Americas in May 2013. The binational nonprofit organization's mission is to advance energy education in oil, natural gas and power generation markets in the United States and Mexico.

Members are vetted and have become trusted partners with each other in energy deals south of the border, Balido said.

With San Antonio serving as a gateway city for the North American Free Trade Agreement, it is a natural hub for the organization and cross-border energy deals, said Balido, who graduated from Churchill High School here.

This year alone, San Antonio has already hosted two major conferences focusing on Mexico's energy reforms.

Among San Antonio's appealing attributes are nonstop flights to Houston, Dallas, Mexico City and Monterrey, as well as quick ground access to Austin and ameni-

ties such as the River Walk.

"San Antonio is a great place if you want to do business in Mexico, especially in the energy business," Balido said.

Working a billion-dollar deal

Working from San Antonio, Balido helped put together a coal bed methane deal in the mineral-rich Sabinas Basin in Coahuila that could potentially be worth billions of dollars.

The deal, which is considered to be part of Round 0 of Mexico's energy reforms, included 59 concessions spread over 174,000 acres.

Among the participants are Energy Council of the Americas member TECMA Energy Services and Sabinas, Coahuila-based Grupo Minsa.

Balido said energy reforms were announced in August, but the deal to extract methane gas from coal mines had to be put together by December.

The participants in the deal had only about 90 days to assemble 12 banker boxes worth of documents, all of which had to be translated into Spanish, notarized and

affixed with the Texas Secretary of State's seal.

The deal made it through the first round of approval by Mexico's Ministry of Energy and National Hydrocarbons Commission, Balido said.

Under Mexican law, the proposal had to demonstrate administrative, financial and technical capabilities to perform the methane gas extraction.

Balido's connections with federal and state officials on both sides of the border are an asset in any deal, The TECMA Group Executive Vice President Toby Spoon said.

"He has a unique ability to network," Spoon said. "He knows the right people."

But the key to Balido's success, Spoon said, is his ability to connect with others on a personal level.

"At meetings, he goes in a room full of officials and has a real relationship with them," Spoon said. "He's asking them about their families, and they're asking him about his wife."

Spoon told the San Antonio Business

Journal that anybody thinking about an energy deal in Mexico would be wise to check with Balido first.

"A lot of people talk a big game with smoke and mirrors, but Nelson delivers the goods," Spoon said.

The Nelson connections

Maggie Radford with Bonanza Oil in Dallas has known Balido for seven or eight years. The two met while serving on the board of the Texas Lyceum and have a military connection through one of her family members.

Radford said Balido – who joined the U.S. Naval Reserves in 2008 and is a public relations officer – helped her nephew with recommendations to get into the U.S. Naval Academy in Annapolis, Maryland.

"I don't think Nelson ever shows up to a meeting without making connections," Radford said.

Describing Balido as loyal, a patriot and a colleague, Radford said his expertise isn't limited to one area. Rather, she said, Balido has connections in industry,

► AT A GLANCE

ENERGY COUNCIL OF THE AMERICAS

Nelson Balido founded the Energy Council Of The Americas in May 2013. The 501(c)(3) organization is dedicated to the advancement of energy education in oil, natural gas and power generation markets in the U.S. and Mexico. Although the nonprofit organization has more than a dozen members, only four are publicly listed on its website:

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► WHAT OTHERS SAY ABOUT NELSON BALIDO

Relationships are crucial in the energy business, Nelson Balido believes. "I keep relationships from San Diego to Brownsville," the rising industry leader said. Here are some examples of how his hard work and diligence have gained him crucial allies in the business.



FILE PHOTO

"He was at the right place at the right time."

RUSS JONES, R.L. Jones Customhouse Brokers and Transportation



FILE PHOTO

"He's a one-man band and gets things done."

TOBY SPOON, The TECMA Group



FILE PHOTO

"If we were going to do anything in Mexico, the first call would be to Nelson Balido."

MAGGIE RADFORD, Bonanza Oil

government, customs and other sectors – adding that there is seemingly only one or two degrees of separation from him.

“He has a good sense of where to go and who to talk to,” Radford said.

Although Bonanza Oil is focused on New Mexico and the Permian Basin, Radford said she would not hesitate to do a deal with Balido.

“If ever we decide to go to Mexico, it’s an easy first phone call,” Radford said.



“At meetings, he goes in a room full of officials and has a real relationship with them. He’s asking them about their families, and they’re asking him about his wife. A lot of people talk a big game with smoke and mirrors, but Nelson delivers the goods.”

TOBY SPOON,
Executive vice president of
The TECMA Group

► REFORM BRINGS ACCESS

As Nelson Balido works to leverage the opportunities created by Mexico opening its energy sector to foreign investment for the first time in more than 70 years, that government already has approved 22 companies to receive access to data rooms for 14 shallow-water oil drilling sites in the Bay of Campeche.

Those sites have been placed up for lease as part of the first round of those energy reforms.

Some 38 companies showed interest in the shallow water sites, while 26 of them asked for access to databases about those sites, according to a website maintained by Mexico’s National Hydrocarbons Commission.

These companies have been authorized to pay the \$350,000 fee to access the geological data:

- Petroleo Brasileiro
- Hess News Ventures Ltd.
- Casa Exploration LP
- Galp Energia E&P
- Statoil E&P Mexico
- LUKOIL Overseas Netherlands
- Total S.A.
- Cobalt International Energy
- Sierra Oil & Gas
- ONGC Videsh Ltd.
- Eni International
- Diavaz Offshore
- INPEX Corporation
- Pacific Rubiates E&P
- NBL Mexico Inc.
- Exxon Mobil Corp.
- Chevron Corp.
- Ecopetrol
- BG Group Mexico Exploration
- Shell
- Hunt Overseas Oil Co.
- BHP Billiton

The companies will have access to the databases until July 14, according to a calendar issued by the Mexican government. Bids, contracts and leases will be issued after that time.

– Sergio Chapar

► THE BALIDO FILE

Nelson Balido’s parents fled the communist regime in Cuba in 1960 and settled in the United States. His family — he is their only child — lived in Los Angeles, Brownsville and McAllen before settling in San Antonio.

ABOUT NELSON BALIDO

Birthdate: March 25, 1970

Birthplace: Santa Monica, California

Wife: Sandra Balido from Tampico, Tamaulipas, Mexico

Children: Two daughters

High School: Churchill High School in San Antonio, class of 1988

College: Texas Tech University (bachelor’s degrees in international economics and Spanish)

Graduate school: Texas A&M University The Bush School of Government and Public Service (graduate certificate in international affairs)

