



**“LOS RAMONES PHASE II”
PROJECT MANAGEMENT PRESENTATION**

STRATEGY FOR NATURAL GAS SUPPLY

Pemex-Gas y Petroquímica Básica (PGPB) seeks to be a catalyst for investments in natural gas infrastructure by promoting competitiveness to ensure a stronger industry and a national economy that will transform Mexico.

The pursuit of this objective is to encourage and actively participate in the development of projects to guarantee the domestic supply of natural gas.

In 2012 Pemex approved and is currently implementing a comprehensive strategy that includes both commercial and investment programs in the short, medium and long term. In the short term, imports of liquefied natural gas, in the medium and long term, transportation capacity increase of imported natural gas and a strong National Gas Pipeline System (SNG) which is a strategic asset for the country's development.

Medium and long-term actions:

1. Increase transportation capacity of pipelines in the Southern region of the United States which interconnects at the Mexican border, in the states of Tamaulipas and Chihuahua through services agreements.
2. Participate in special purpose companies that will develop 4 pipelines with a combined length of 1,000 km and an estimated investment of 55,000 million pesos.
3. Sign 2 investment agreements for the construction of two compressor stations in the SNG in Altamira and Soto La Marina, with a capacity of over 80,000 HP and estimated startup by 2014.

During the last 10 years, natural gas demand in Mexico increased at a rate of 5.7% (CAGR) and 5.9% in the Midwestern region.

From 1995 to date, the natural gas pipeline business has increased by 18.3% (1,789 km) with an investment of US\$2,000 million.*

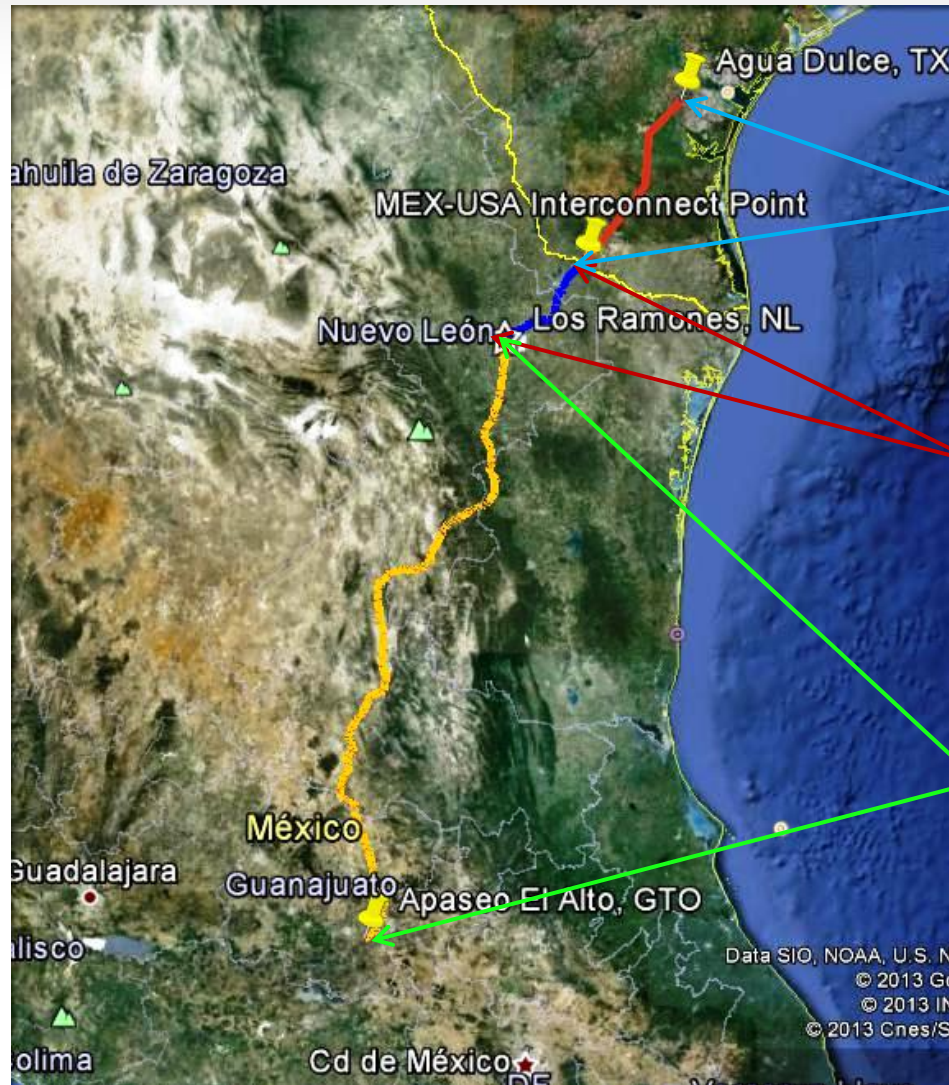
For the 2012-2028 period,** the domestic supply of natural gas (production) will increase at an annual rate of 1.6%, while market demand will grow at an average annual rate of 3.6%, total imports will increase to 3,007 MMcfd. The projects that are part of the Strategy for Natural Gas will provide growth to the transportation capacity of Mexico's pipeline network.

During the last 40 years, neither Pemex nor any other participant in the natural gas market have developed similar projects in Mexico, this is an unprecedented project.

*Pemex and industry estimates.

** Pemex Business Plan 2014-2018.

AGUA DULCE AND LOS RAMONES PHASE I PROJECTS



Agua Dulce - Frontera

Phase I
Frontera – Los Ramones

Phase II
Los Ramones - Centro

Information subject to change.

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Agua Dulce-Frontera:

- The Agua Dulce-Frontera gas pipeline will supply natural gas to the Frontera-Los Ramones pipeline with a capacity of 2,100 MMcfd.
- Commercial operation is scheduled to begin by December 1, 2014.
- In July 2012, PGPB, through MGI, started the contest to select the company to develop, operate, and maintain the Agua Dulce-Frontera pipeline.
- On January 28, 2013, the project was awarded to NET Midstream, LLC.
- In April 2013, the agreement for the development of the natural gas pipeline between MGI Enterprises, Ltd. and NET Midstream was formalized.
- MGI will have an initial 10% stake.

Los Ramones Phase I:

- The project consists of a 48" pipeline with a distance of approximately 114 km and will provide a capacity of 2,100 MMcfd.
- Commercial operation is scheduled to begin by December 1, 2014.
- In January 2013, PGPB decided to sign the service agreement with its subsidiary Gasoductos de Chihuahua, S. de R.L. de C.V.
- There is considerable advance in the Rights of Way, 100% of the topographic survey and 67% of building consent.
- Gasoductos de Chihuahua is in the process of the procurement of turbo-compressors and pipelines, and the selection of the EPC contractor.

LOS RAMONES PHASE II PROJECT

Pipeline Route “Los Ramones Phase II”

- Crosses the States of:
 - ✓ Nuevo León (260 km)
 - ✓ Tamaulipas (52 km)
 - ✓ San Luis Potosí (279 km)
 - ✓ Querétaro (37 km)
 - ✓ Guanajuato (112 km)



Information subject to change.

- Pipeline: 42” pipeline with a distance of approximately 740km.
- Capacity: 1,430 MMcfd under Pemex conditions.
- Maximum operating pressure 1,200 psig and Design pressure of 1,320 psig.

The project will include the following:

- I. Interconnection station with the Transportation System “Los Ramones Phase I” (Receipt point)
- II. Three (3) Compression stations located in: Villagrán, Tamaulipas; Doctor Arroyo, Nuevo León; and Villa Hidalgo, San Luis Potosí.
- III. Four (4) Metering & Regulation Stations at the Delivery Points of the INTS located in: San Luis Potosí, San Luis de la Paz, Parque Industrial Queretaro and Apaseo el Alto.
- IV. Twenty-two (22) Main Line Valves.
- V. One (1) Main Control Room and One (1) Back-Up Control Room.

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BIDDING PROCESS

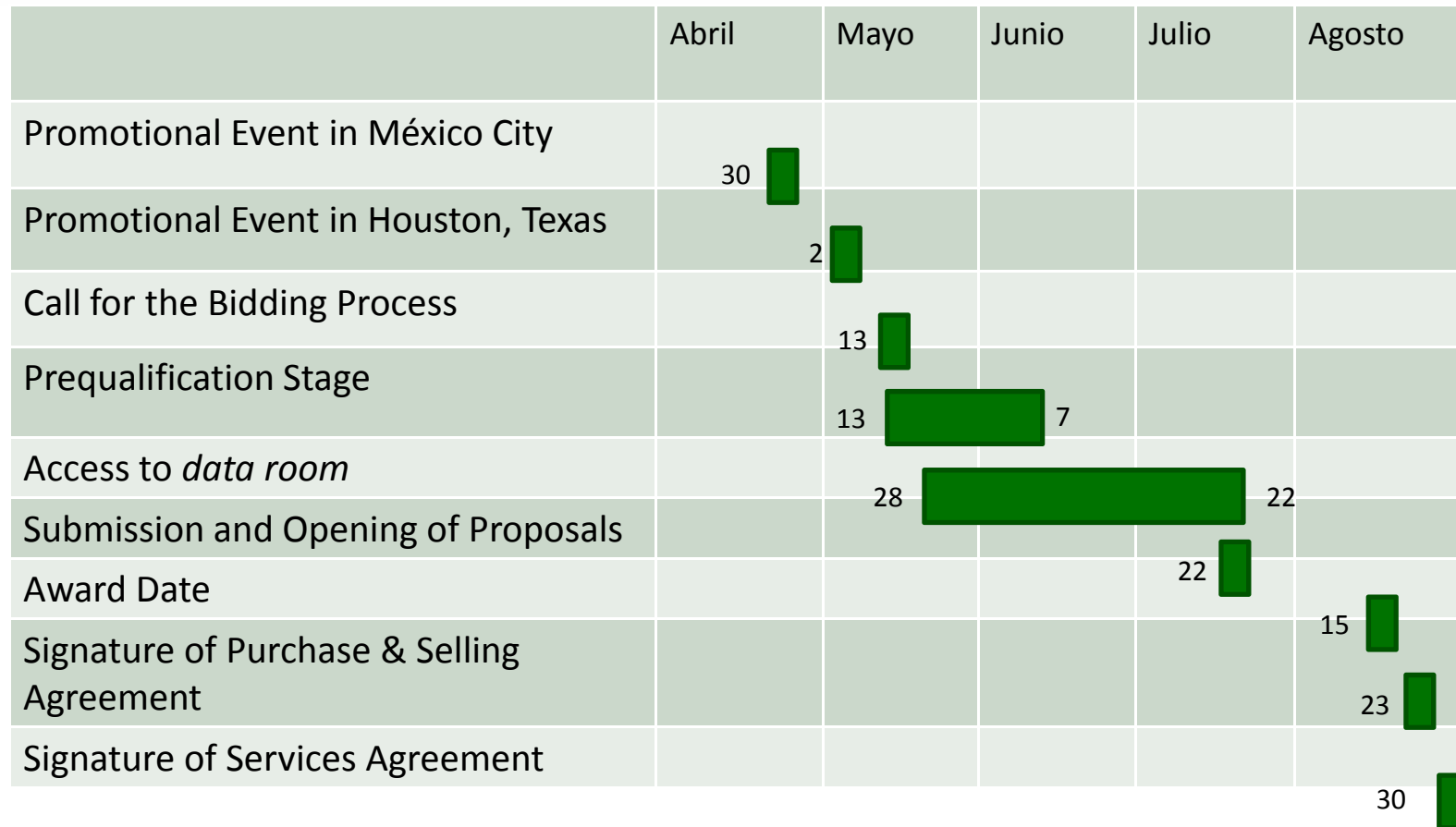
- For this project, we have established an International Bidding Process to hire Natural Gas Transportation services through an open access pipeline.
- The objective of this Bidding Process is to promote the participation of many companies.
- The principal criteria for the selection of the Winning Bidder will be the lowest net present value of the required flows to develop and operate the Natural Gas Transportation System.
- One of the fundamental conditions of the Winning Bidder is that he must provide a system capable of delivering the required flow by December 1, 2015 (date of commercial operation).

The Bidding Process will be conducted under the following assumptions:

- a) A prequalification process will be held for potential bidders, who must demonstrate expertise in the design, construction, operation and maintenance of similar transportation systems, either directly or through sub-contractors, this is explained in detail in the bidding bases.
- b) The Winning Bidder of the Natural Gas Transportation System will be in charge of:
I) Finalizing the detailed engineering and design of the system, II) Obtaining the CRE permit and any other necessary permits, III) acquiring the remaining Rights of Way, IV) carrying out the procurement, construction, and start-up, and V) operation & maintenance of the system.
- c) PGPB will reserve a transportation capacity of 1.4 Bcfd of natural gas in the transportation system that will be developed. The reserved capacity will be part of the Integrated National Transportation System (STNI) and PGPB will make the capacity available to users and will transfer the cost of the reserve capacity to the STNI.

- d) The natural gas transportation service agreement will be executed with a discount over the maximum regulated tariff authorized by the CRE and not over a conventional rate.
- e) The Winning Bidder will provide 100% of the project's total investment, which will entitle the winner to own 90% of capital stock of PGPB's subsidiary currently in charge of the project (TAG) and the remaining 10% will be granted to PGPB, a subsidiary or a participant.
- f) PGPB, through its subsidiary, has minimized risk during the development of the project, where staff with extensive experience in design, construction, operation and maintenance of such assets are employed; progress is as following: advances in the acquisition of Rights of Way, extended basic engineering of the project, preparation of the necessary documentation to apply for permission of the CRE, obtaining environmental permits for the project, preparation of model contracts. These developments are part of the package of the Bidding Process and have a value .
- g) The project will count with the participation of the Mexican Armed Forces.

The following schedule includes*:



* Dates are tentative to changes.

**Thank you very much for your
assistance.**

Pemex-Gas y Petroquímica Básica