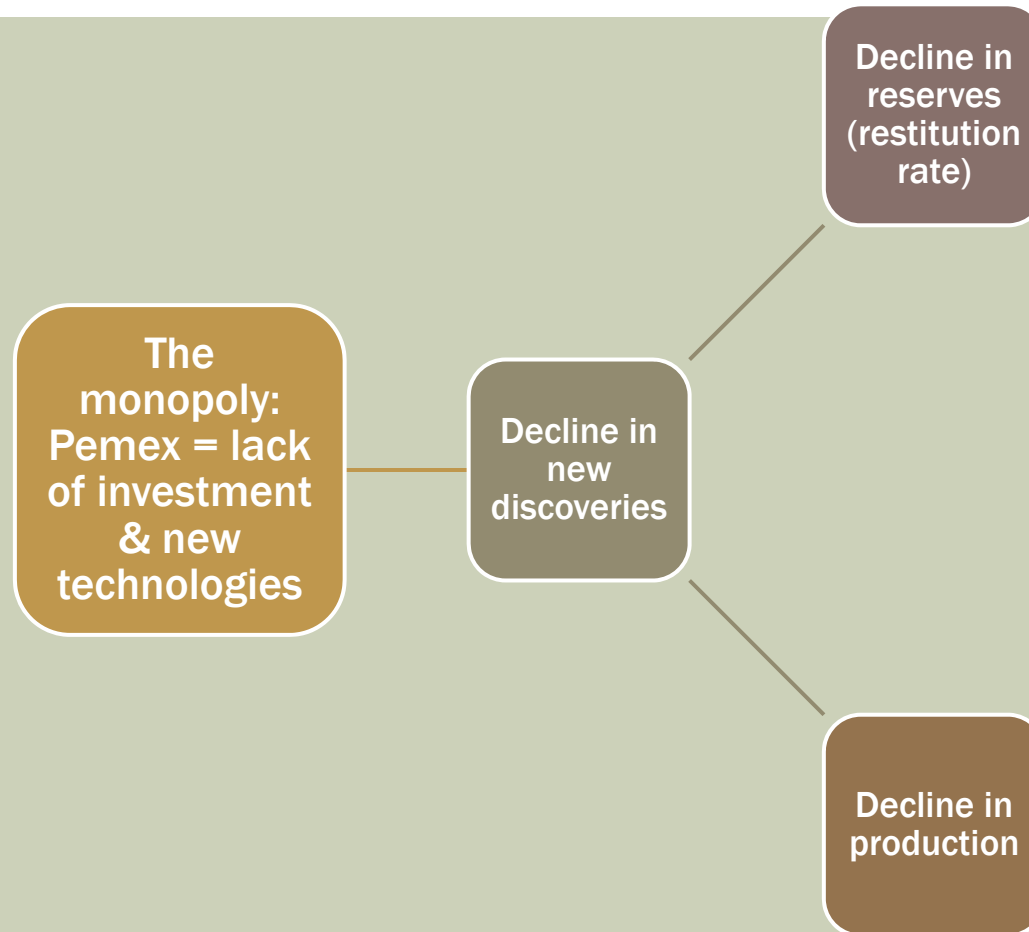


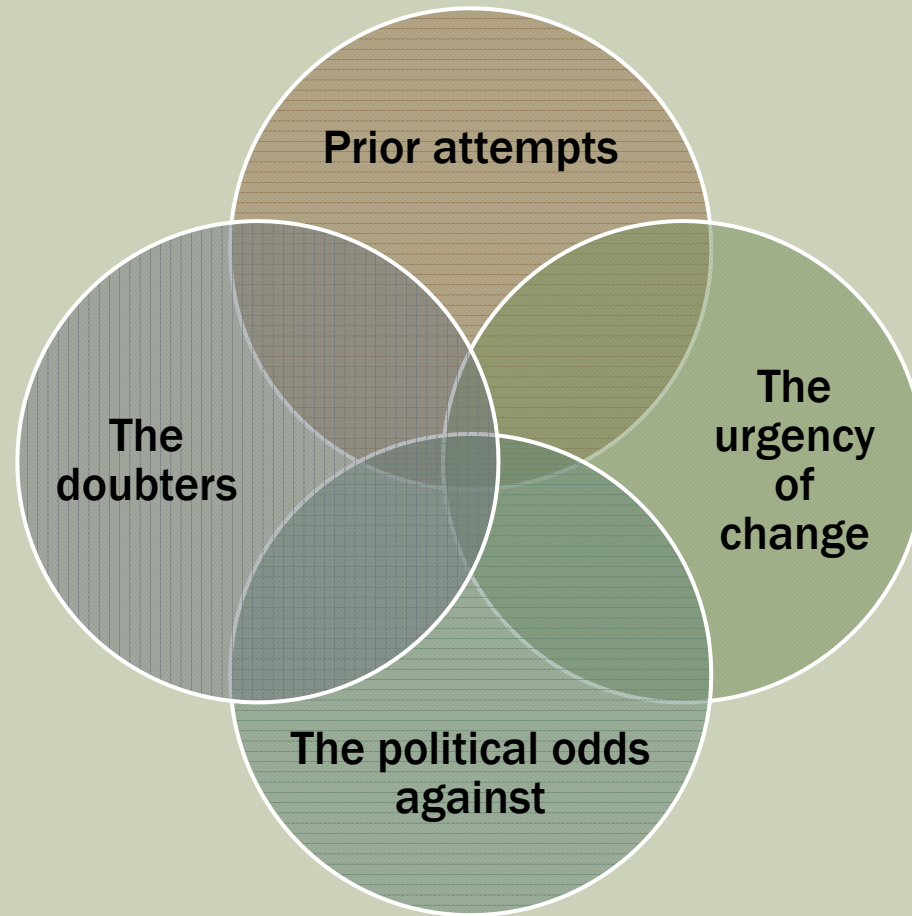
MEXICO'S ENERGY REFORM: THE ROAD AHEAD

**Dr Duncan
Wood
Director,
Mexico
Institute**

MEXICO'S OIL PROBLEM



AN EXTRAORDINARY ACHIEVEMENT



THE REFORM

Opening Mexico's oil
and gas sectors

Opening Mexico's
electricity sector

Modernizing Pemex
& CFE

Contract models:
services, profit-
sharing, production-
sharing, licenses

National content

New transparency &
accountability
standards

NOW BEGINS THE HARD WORK

Secondary legislation

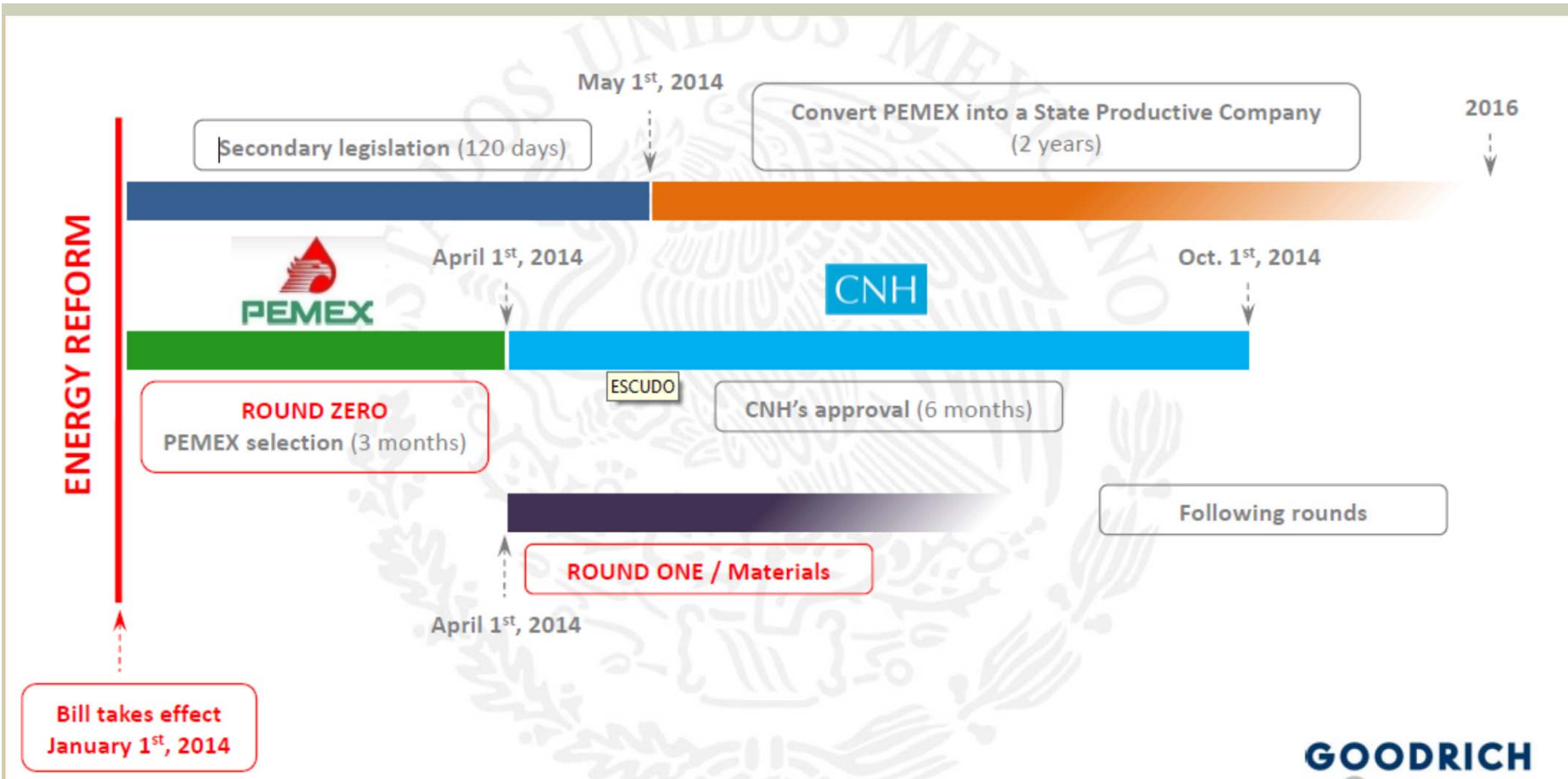
Regulations

Institution
building/strengthening

Contract Terms

Pemex

THE TIMELINE



GOODRICH

PROGRESS

Much already
done in lead-
up to
legislation

Some in
process right
now

Unexpected
changes -
licenses

Government
writing
legislation -
Energy,
economy,
environment
and finance
ministries

Feb-April: Will
be sent to
parties and
Congress

TIMELINE

Secondary legislation:
120 days

Round zero:

Pemex has 90 days for selecting
fields

CNH has 180 days to determine
allocation and partners

Round 1:

Materials after April 1st

Bidding process ????

Regulation and
institution building

SECONDARY LEGISLATION

The conceptual map already exists to change secondary laws – more than 25 laws grouped into 5 areas

Main areas:

- Private participation; E&P, Transport, refining and storage; Pemex partnerships with private sector;
- Regulators and their roles – CNH, CRE, Semarnat
- Allow Pemex and CFE to become productive public companies
- Fondo Mexicano de Petróleo (Mexican Oil Fund)
- Transparency and anti-corruption

REGULATION



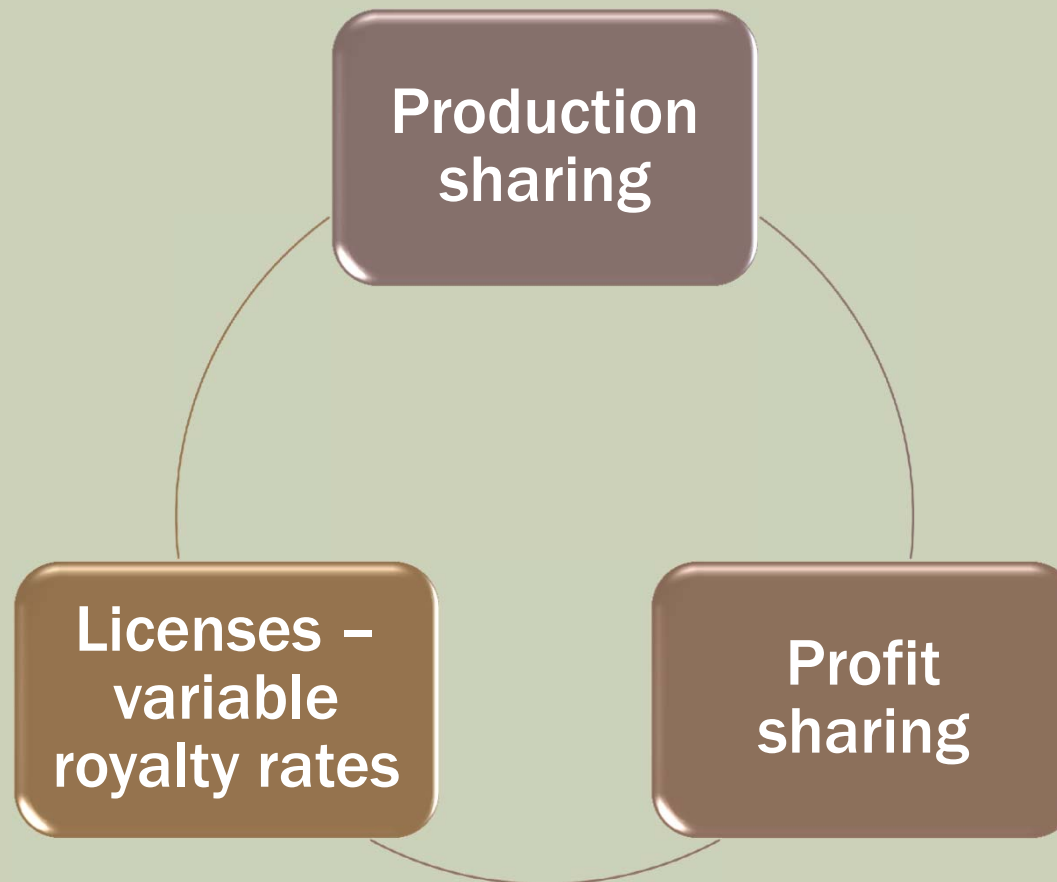
**Institutions: CNH, CRE,
Semarnat**

**Roles, personnel,
financing**

**Rules – international
best practices**

This takes time...

CONTRACT TERMS



THE RISK

**Need to meet deadlines
and speed process**

Need to get it right

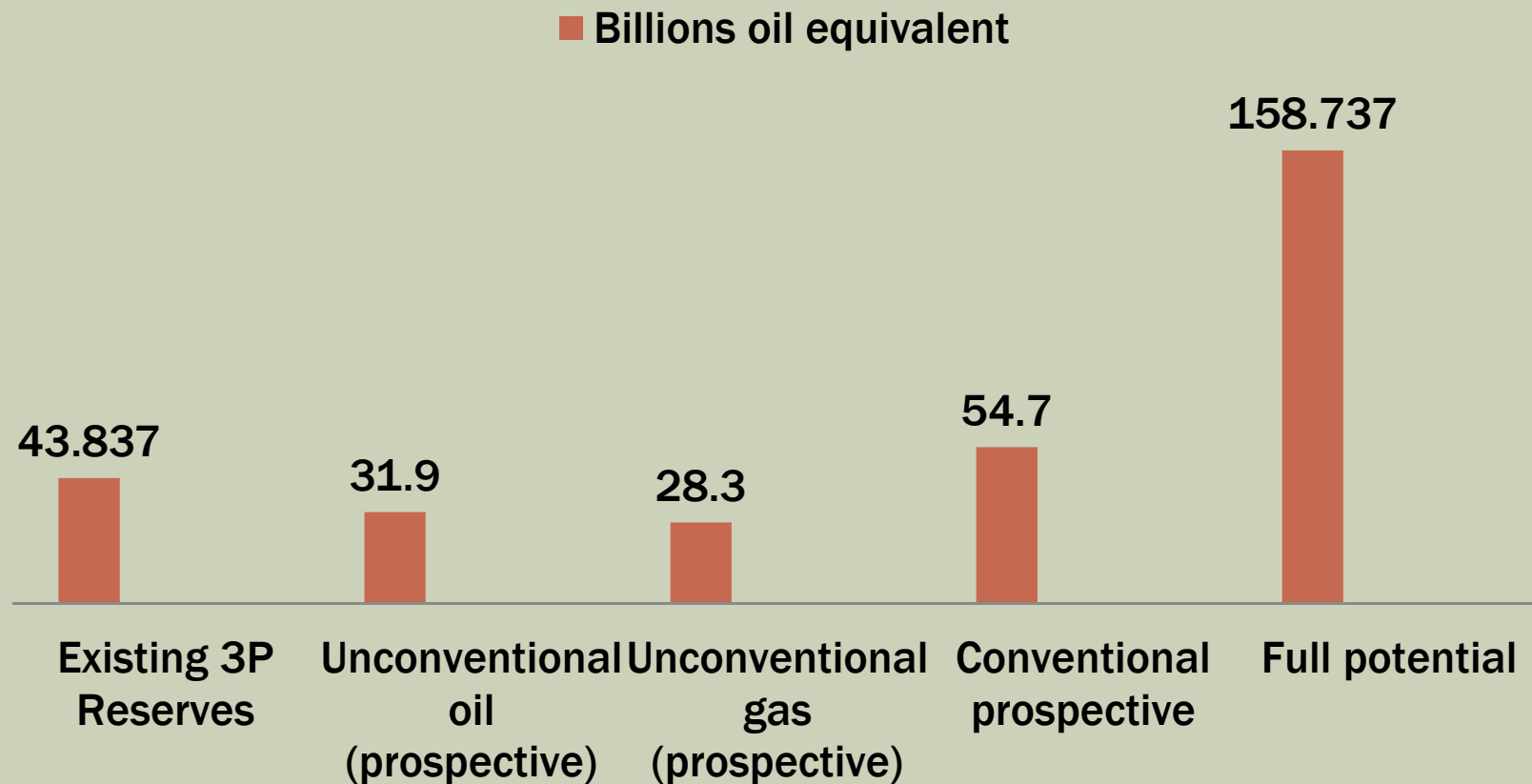
THE POLITICAL OPPORTUNITY

**The
breakdown of
the Pacto**

**Bringing the
PRD back in**

**Broadening
the base and
benefiting
from expertise**

THE ECONOMIC OPPORTUNITY: MEXICO'S IMPRESSIVE OIL AND GAS POTENTIAL



North American shale plays (as of May 2011)



THE OUTLOOK



OTHER CHALLENGES AHEAD

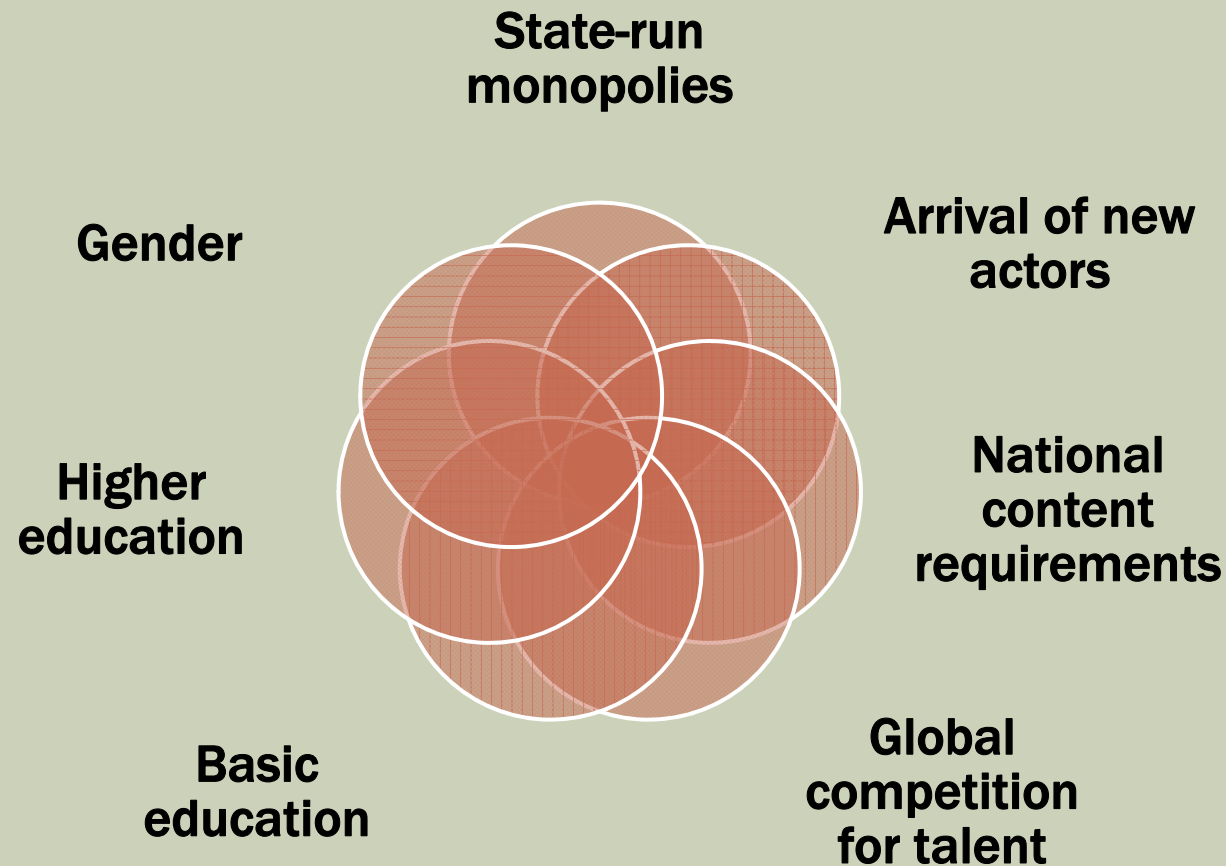
A number of minor and major obstacles exist to the successful evolution of Mexico's energy sector:

- **Legal challenges**
- **Public security**
- **Infrastructure**
- **Water**
- **Human capital**

HUMAN CAPITAL SHORTAGES: A GLOBAL PHENOMENON



HUMAN CAPITAL AND MEXICO'S ENERGY SECTOR



CONCLUSION

**A huge
opportunity**

**A capable
government**

**Obstacles &
limitations**

**Foreign
firms need
guidance**