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February 3, 2016

Members of the Federal Energy Regulatory Commission
Chairman, and Commissioners
Federal Energy Regulatory Commission
888 First St., N.E.
Washington, DC, 20426

Dear members of the Federal Energy Regulatory Commission,

This comment is in regard to the Environmental Assessment Scoping, request for public comments for FERC Docket CP15-500, the proposed Presidio Crossing Project, associated with proposed Trans-Pecos Pipeline, and CP15-503, the proposed San Elizario Crossing Project, associated with the proposed Comanche Trail Pipeline.

In consideration of FERC's solicitation for public comment related to environmental concerns, statements of environmental impact, risk, and mitigation, I respectfully submit this comment regarding the environmental, and socioeconomic impact associated with the jurisdictional, and non-jurisdictional facilities of the project.

Thanks and regards,
Coyne A. Gibson

On The Issue of Impermissible Segmentation, and Related Insufficiency of Environmental Review

In order to avoid violations of the National Environmental Policy Act ("NEPA"), 42 U.S.C. 4321-4370h, by:

- (1) segmenting its environmental review of the proposed Presidio Crossing Project, FERC docket CP15-500, and the proposed Comanche Trail Pipeline, CP15-503, and in isolating the associated non-jurisdictional facilities, the proposed intrastate Trans-Pecos Pipeline, and Comanche Trail Pipeline i.e., failing to consider these projects as connected, contemporaneous, closely related, and interdependent projects, combined with the cumulative impacts of the associated non-jurisdictional facilities, and
- (2) failing to provide a meaningful analysis of the cumulative impacts of these projects to show that the impacts would be insignificant

The FERC must address both CP15-500, and CP15-503, and the associated intrastate, (claimed) non-jurisdictional facilities as a whole, complete, and related collection of projects.

FERC is responsible for the environmental review of these projects because, under the Natural Gas Act, any party seeking to construct a facility for the transportation of natural gas in interstate commerce must first obtain a certificate of public convenience and necessity from the Commission. 15 U.S.C. 717f(c)(1)(A). In the specific case of CP15-500, and CP15-503, FERC jurisdiction comes to bear due to the nature of this project, the crossing of an international border. Before FERC may issue such a certificate, it must satisfy the requirements of NEPA by identifying and evaluating the environmental impacts of the proposed action. This means that FERC is required to prepare an Environmental Assessment ("EA") and, if significant impacts are found, to prepare a more comprehensive Environmental Impact Statement ("EIS"). 40 C.F.R. 1501.4.

Under applicable NEPA regulations, FERC is required to include "connected actions," "cumulative actions," and "similar actions" in a project EA. 40 C.F.R. § 1508.25(a). "Connected actions" include actions that are "interdependent parts of a larger action and depend on the larger action for their

justification." Id. ? 1508.25(a)(1)(iii). The two pipeline projects are certainly "connected actions."

There is a clear physical, functional, and temporal nexus between the projects. The proposed new pipelines are linear and physically interdependent; gas enters the system at one end, the Waha Natural Gas Market Center, through a common header, and passes through each of the new pipe sections on its way to extraction points at the terminus of each pipeline segment. The projects will be completed in the same general time frame, and FERC is aware of the interconnectedness of the projects as it is conducting its environmental review of the Presidio Crossing, and San Elizario Crossing at the same relative point in time.

NEPA requires that federal agencies fully consider the environmental effects of proposed major actions, including actions that an agency permits, such as pipeline construction¹. FERC is therefore responsible for the NEPA review associated with this natural gas pipeline construction².

After determining the scope of the federal action, an agency produces an EA, which is a "concise public document" that "provide[s] sufficient evidence and analysis for determining whether to prepare an environmental impact statement or a finding of no significant impact." 40 C.F.R. § 1508.9. The scope of an agency's NEPA review must include both "connected actions" and "similar actions."³ Actions are "connected" if they trigger other actions, cannot proceed without previous or simultaneous actions, or are "interdependent parts of a larger action and depend on the larger action for their justification."⁴ . And actions are "similar" if, "when viewed with other reasonably foreseeable or proposed agency actions, [they] have similarities that provide a basis for evaluating their environmental consequences together, such as common timing or geography."⁵

NEPA is "essentially procedural," designed to ensure "fully informed and⁶ well-considered decision[s]" by federal agencies⁷. "NEPA itself does not mandate particular results' in order to accomplish [its] ends. Rather, NEPA imposes only procedural requirements on federal agencies with a particular focus on requiring agencies to undertake analyses of the environmental impact of their proposals and actions."⁸ "The procedures required by NEPA ... are designed to secure the accomplishment of the vital purpose of NEPA. That result can be achieved only if the prescribed procedures are faithfully followed...."⁹ In preparing an EA or EIS, an "agency need not foresee the unforeseeable, but... [r]easonable forecasting and speculation is ... implicit in NEPA, and we must reject any attempt by agencies to shirk their responsibilities under NEPA by labeling any and all discussion of future

1 42 U.S.C. § 4332(2)(C); see also *La. Ass'n of Indep. Producers & Royalty Owners v. FERC*, 958 F.2d 1101 (D.C.Cir.1992)

2 *Midcoast Interstate Transmission, Inc. v. FERC*, 198 F.3d 960, 967 (D.C.Cir.2000).

3 Id. § 1508.25(a)(1), (3).

4 Id. § 1508.25(a)(1)

5 Id. § 1508.25(a)(3)

6 [753 F.3d 1310]

7 *Vt. Yankee Nuclear Power Corp. v. NRDC*, 435 U.S. 519, 558, 98 S.Ct. 1197, 55 L.Ed.2d 460 (1978).

8 *Dep't of Transp. v. Pub. Citizen*, 541 U.S. 752, 756-57, 124 S.Ct. 2204, 159 L.Ed.2d 60 (2004) (quoting *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 350, 109 S.Ct. 1835, 104 L.Ed.2d 351 (1989)).

9 *Lathan v. Brinegar*, 506 F.2d 677, 693 (9th Cir.1974).

environmental effects as 'crystal ball inquiry'.¹⁰ While the statute does not demand forecasting that is "not meaningfully possible," an agency must fulfill its duties to "the fullest extent possible."¹¹

An agency impermissibly "segments" NEPA review when it divides connected, cumulative, or similar federal actions into separate projects and thereby fails to address the true scope and impact of the activities that should be under consideration. The Supreme Court has held that, under NEPA, "proposals for ... actions that will have cumulative or synergistic environmental impact upon a region ... pending concurrently before an agency ... must be considered together. Only through comprehensive consideration of pending proposals can the agency evaluate different courses of action."¹²

Regulations promulgated by the Council on Environmental Quality in 1978 dictate the appropriate scope of a NEPA document. The regulations state, in relevant part, that:

To determine the scope of environmental impact statements, agencies shall consider 3 types of actions. They include:

(a) Actions (other than unconnected single actions)¹³

which may be:

(1) Connected actions, which means that they are closely related and therefore should be discussed in the same impact statement. Actions are connected if they:

(iii) Are interdependent parts of a larger action and depend on the larger action for their justification.

(2) Cumulative actions, which when viewed with other proposed actions have cumulatively significant impacts and should therefore be discussed in the same impact statement.

(3) Similar actions, which when viewed with other reasonably foreseeable or proposed agency actions, have similarities that provide a basis for evaluating their environmental consequences together, such as common timing or geography....¹⁴

The justification for the rule against segmentation is obvious: it "prevent[s] agencies from dividing one project into multiple individual actions each of which individually has an insignificant environmental impact, but which collectively have a substantial impact."¹⁵ NEPA is, "in large measure, an attempt by Congress to instill in the environmental decision-making process a more comprehensive approach so that long term and cumulative effects of small and unrelated decisions could be recognized, evaluated and either avoided, mitigated, or accepted as the price to be paid for the major federal action under consideration."¹⁶

Thus, when determining the contents of an EA or an EIS, an agency must consider all "connected

10 Scientists' Inst. for Pub. Info., Inc. v. Atomic Energy Comm'n, 481 F.2d 1079, 1092 (D.C.Cir.1973).

11 Id.

12 Kleppe v. Sierra Club, 427 U.S. 390, 410, 96 S.Ct. 2718, 49 L.Ed.2d 576 (1976).

13 [753 F.3d 1314]

14 40 C.F.R. §1508.25.

15 NRDC v. Hodel, 865 F.2d 288, 297 (D.C.Cir.1988) (internal quotation marks omitted).

16 NRDC v. Callaway, 524 F.2d 79, 88 (2d Cir.1975).

actions," "cumulative actions," and "similar actions."¹⁷¹⁸ As noted above, in FERC's NEPA review of the Presidio Crossing, and San Elizario Crossing projects, FERC is obliged to consider the impacts from other connected actions, and to assess the cumulatively significant impacts of the related and interrelated projects, including the non-jurisdictional facilities.

The permit applicant for both CP15-500, and CP15-500 (a single consortium composed of Energy Transfer Partners, LP, Mas-Tec, Inc, and Carso Energy) by its own admission, provides incontrovertible proof that these projects are inter-related, interconnected, and part of the same whole.

Further, the commissioning entity, the Comision Federal de Electricidad ("CFE") provides incontrovertible, irrefutable proof that these projects are related, and part of a larger international whole, via its Request for Proposal, its copious documentation, all of which is publicly available, and a matter of public record.

The claim that either CP15-500, the Presidio Crossing Project, and its associated (claimed) intrastate, non-jurisdictional facilities (the proposed Trans-Pecos Pipeline), and/or CP15-503, the San Elizario Crossing Project, and its associated (claimed) intrastate, non-jurisdictional facilities (the proposed Comanche Trail Pipeline) are unrelated, and that the border crossing ("jurisdictional facilities") are stand-alone is wholly false, demonstrably so.

These facilities originate at a common header, at the same physical location. They source gas from identical supplies. The customer, the CFE is identical in both cases. These projects tie to an interconnected, common transportation pipeline system in Mexico. They ostensibly serve common generating facilities tied to that same pipeline network. They are owned, and operated by a single consortium.

As such, the public demands, and is owed that the FERC follow its responsibility under the law, and that the FERC assesses this freely available information, which clearly demonstrates that both CP15-500, and CP15-503, and the associated (claimed) intrastate facilities are in fact part of a larger, single whole, and appropriately assess, evaluate, and treat these projects as a single system – rather than impermissibly segmenting them into trivial pieces, isolated to a few thousand feet at the U.S. - Mexico border.

Specific Response to the FERC's Draft Environmental Assessment:

Draft Environmental Analysis – Section A - Purpose

On January 4, 2016, the FERC issued its Draft Environmental Assessment (Accession Number 20160104-4001), and a related recommendation to the Commission of a Finding of No Significant Impact ("FONSI").

The draft recommendation chooses to ignore the totality and relationships of CP15-500, and CP15-500, including their contemporaneous construction, their interconnectedness on both the United States, and Mexico sides of the border, the interdependent nature and relationship of the claimed non-jurisdictional, "intrastate" facilities, and the significant impact on the human and natural environment.

The draft environmental assessment, and corresponding recommendation of a FONSI is a clear violation of the FERC's responsibilities under 40 CFR 1500 – 1508, a clear violation of precedent case law, and related FERC rule and order.

17 40 C.F.R. ? 1508.25(a); see also, e.g., *Am. Bird Conservancy, Inc. v. FCC*, 516 F.3d 1027, 1032 (D.C.Cir.2008) (reviewing the agency's application of the regulations in its preparation of an EA);

18 *Allison v. Dep't of Transp.*, 908 F.2d 1024, 1031 (D.C.Cir. 1990) (reviewing the agency's application of the regulations in its preparation of an EIS).

In “**Section A 5.0 Non-jurisdictional Facilities**,” page 8, paragraph 3, the FERC arbitrarily concludes that the claimed intrastate “facilities are not part of the proposed action and not subject to the Commission’s jurisdiction because they constitute construction of an intrastate pipeline subject to the jurisdiction of the Railroad Commission of Texas (RCT).”

While the RCT may have operational jurisdiction over the claimed intrastate segment, this does not alter the reality associated with the cumulative, and foreseeable impacts, and interdependence of the non-jurisdictional facilities under CEC guidelines.

The FERC attempts to side-step the tests clearly required by CEC guidelines, and substantial precedent, instead making vague and unsubstantiated claims that its responsibility under the law is somehow waived by the claimed “intrastate” classification, and operational jurisdiction by RCT.

The FERC incorrectly makes this claim again in Section A 5.0, on page 9, paragraph 3. The language, and constructs in this paragraph are circular, and make no substantive analysis of how, or why the clearly interconnected, and interdependent “jurisdictional” and “non-jurisdictional” segments can be separated under CEC guidelines.

The CEQ regulations implementing NEPA require that an EIS include (§ 1508.25 a.)):

- connected actions, including those that are “interdependent parts of a larger action and depend on the larger action for their justification,”
- cumulative actions, “which when viewed with other proposed actions have cumulatively significant impacts,”
- similar actions, “which when viewed with other reasonably foreseeable or proposed agency actions, have similarities that provide a basis for evaluating their environmental consequences together.”

An agency “impermissibly ‘segments’ NEPA review when it divides connected, cumulative, or similar actions into separate pieces under consideration.”

Under CEQ administrative statutes, the courts adopt a unitary analysis of a project under one of three specific tests, which are used to determine whether or not environmental assessment is required for a project as a whole, or if the “jurisdictional” segment of the project can be evaluated in isolation:

1. Whether the Parts of a Project are Interdependent or Merely Serve Complementary Functions
2. The "But-For" Test
3. "Links-in-the Same Bit of Chain"

Clearly, the project fails all three tests:

The “jurisdictional” facility serves no purpose in isolation – its stated intended function is to export natural gas across the United States – Mexico border. Without the interconnected, so-called “non-jurisdictional” segment, the project is non-functional. It cannot export natural gas, without the interconnected upstream segment. Therefore, the “jurisdictional” segment is entirely, wholly dependent on the upstream “non-jurisdictional segment.

The “But-For” test is also failed; the “jurisdictional” segment would not exist but for the upstream “non-jurisdictional segment.”

Lastly, the third test, “links in the same bit of chain” fail – the “chain” in the most isolated sense is the

upstream “non-jurisdictional” segment, connecting the system to the Waha natural gas market hub, which connects (links) to the Presidio Crossing Project, the intermediate link, and in turn the downstream segment within Mexico, which delivers the gas to its end-points. Clearly, all three segments are links in a chain, and the Presidio Crossing Project is a link in the same bit of chain.

Further, CP15-500, and CP15-503, and their associated “non-jurisdictional” segments originate at the Waha natural gas market hub, sharing a common header, common sources of natural gas from pooled storage at the hub, and interconnect to a network of pipelines operated on behalf of a common customer, the CFE. These projects are contemporaneous, interconnected at the point of origin and source of supply, and interconnected at their terminus into a redundant, interconnected delivery network.

The applicant, TPP, makes additional claims, noted here, that the proposed project flows initially natural gas sourced only in Texas, in other documents natural gas sourced predominantly in Texas, and finally, that at some point in time, it will flow natural gas as an interstate system.

The natural gas at the source, the Waha natural gas market hub, is drawn from pooled storage. The gas withdrawn from storage is commingled from a variety of sources, and further commingled on the transmission/mid-stream network from a variety of sources – these sources are both intrastate, and interstate. Since the sources are commingled in storage, and on the network, and natural gas itself is a commodity, and pooled for sale, there is no means of guaranteeing that the natural gas transported on the TPP, and through the proposed Presidio Crossing Project is being supplied from a source that is solely, demonstrably intrastate. In turn, this makes the whole claim that the upstream, “non-jurisdictional” system is in fact entitled to classification as an intrastate system.

From Accession Number 20150528-5105:

“In addition, after the commencement of intrastate service on the Trans-Pecos pipeline system, Trans-Pecos intends also to provide interstate transportation services under Section 311(a)(2) and Part 284, Subpart C, of the Commission’s regulations on its facilities on an open-access basis for any party requesting service in accordance with Trans-Pecos’s Statement of Operating Conditions (“SOC”). After the commencement of intrastate service, Trans-Pecos intends to submit to the FERC its SOC and a Petition for Rate Approval requesting FERC approval of Section 311 rates.”

From Accession Number 20150708-5198:

“Trans-Pecos hereby confirms that it will only transport Texas-sourced gas when it initiates service on the proposed pipeline. Furthermore, Trans-Pecos notes that a number of commenters questioned the jurisdictional status of the facilities to be constructed upstream of the Trans-Pecos Presidio Crossing Project facilities. As Trans-Pecos stated in its May 28, 2015 Application in this proceeding, the Trans-Pecos pipeline system is located entirely within the State of Texas, and Trans-Pecos initially will flow only natural gas produced in Texas. Under these circumstances, the pipeline system will be classified as an intrastate pipeline subject to the jurisdiction of the Railroad Commission of Texas.”

The upstream system either is, or is not, an intrastate system based on the sources of natural gas that flow through it, and to the sources of natural gas which interconnect with it. The attempt to claim intrastate classification on the basis of “initial” use, with the admission that in fact the system will flow natural gas from interstate sources is a thinly veiled attempt to skirt appropriate regulatory authority and the law.

Draft Environmental Analysis - Section C - Alternatives

Unfortunately, and sadly, “Section C. ALTERNATIVES”, is one of the weakest, least substantive parts of FERC's Environmental Assessment.

Two paragraphs, less than a single, full page are devoted to the alternatives analysis clearly required under 40 CFR 1500 – 1508.

While there are a finite number of alternative routes (in point of fact, one was provided by an individual citizen, refer to Accession Number 20151026-5248), neither the applicant, or the FERC elected to discuss in any detail a single one of the possible alternative alignments. None are specifically identified, no analysis or comparison/contrast is provided, and the FERC is mute on any substantive detail on the subject of alternatives.

Another glaring omission is the lack of any in-depth discussion, or analysis of a “No Action” decision. These elements are clearly required under any interpretation of the elements of 40 CFR 1500 – 1508, under any interpretation of CEC guidelines, related court precedent, and the spirit and intent of NEPA itself.

The presentation in “Section C. ALTERNATIVES” is an affront, and a clear abdication of FERC's responsibilities to the public, under the law.

Deficiencies Under the Law

The cited weakness, and absence of substance in “Section A. Purpose”, and “Section C. Alternatives” obviate the entirety of the Environmental Assessment's “Section B. Environmental Analysis.”

By arbitrarily, and in violation of the spirit and intent of 40 CFR 1500 – 1508, the related CEC guidelines, and precedent, isolating the project to the 1093-foot border crossing segment, and ignoring the more impactful upstream, “non-jurisdictional” segment, the FERC uses impermissible segmentation to make the claim of no significant impact on the environment, leading to its FONSI recommendation.

By failing to address in depth, alternatives, include a “No Action” decision, the FERC completely ignores any and all of the potential alternatives that might be less impactful.

The deficiencies under the law obviate the FERC's “Section B. Environmental Analysis,” leading to insufficiency of environmental review, another violation in 40 CFR 1500 – 1508. By allowing the project to be impermissibly segmented, and isolating the FERC's analysis to that 1093-foot segment, the impact of the project as a whole is discounted, in fact outright ignored.

Export of United States & Mexico Natural Gas – Transoceanic Corridor Project

In the “Supporting Materials” section of this document, numerous examples, culled from PEMEX presentations, PEMEX Form 6-K documents filed with the SEC, and investor presentations, it is evident that Mexico, and the United States, in collaboration with private enterprises intend to export natural gas, via liquefaction, to markets in Asia/Oceania, perhaps beginning as early as 2018.

The construction of storage facilities in Mexico, the rapid, and aggressive expansion of the PEMEX and CFE pipeline infrastructure, its interconnection with border-crossing pipeline facilities, tied to United States systems, all clearly demonstrate these plans.

In addition, Mexico is active, in planning and construction to convert three existing LNG re-gasification import LNG terminals into combined dual liquefaction /re-gasification operating capability, and to construct two new liquefaction-only LNG facilities.

While some of the billions of cubic feet of natural gas planned for export from the United States will certainly be used in generating electricity in CFE's Mexico facilities, much of that natural gas appears

to be subject to temporary storage, and redirection into PEMEX liquefaction LNG facilities for export to higher-priced markets in Asia/Oceania.

Clearly this is not in the “public good” - it will adversely affect prices on the domestic U.S. supply, causing prices to rise for U.S. consumers. This has direct negative effects within the U.S.; including a rise in the price of electricity, a rise in the price of foods (natural gas is a feedstock for fertilizers), a rise in the price of goods (natural gas is a feedstock, and source of industrial fuel), and a rise in the price of home heating fuel.

Connected and Cumulative Actions are Significant

Without argument, CP15-500, and CP15-503, along with their associated “non-jurisdictional” facilities are connected actions. Addressing the United States portions of these systems, and their Mexico-side counterparts, the scale, and cumulative effects of these projects is significant.

Claims by the applicant that these projects are not related, on the basis that they serve “different markets” are wholly specious, and disingenuous. Because pipeline systems, like many networked systems are interconnected, the natural gas sourced at the Waha natural gas market hub may be transported anywhere, and delivered to any point, or multiple points in the interconnected network of CFE and PEMEX pipelines.

Isolated to the proposed projects in the United States, CP15-500, and CP15-503, together with their interconnected “non-jurisdictional” segments have significant cumulative impacts:

- disruption of the human and natural environment
- habitat fragmentation
- public safety risks
- environmental consequences due to connected upstream actions on the extraction and production activities, including fugitive methane emissions, impact on air quality, impact on water quality
- economic consequences, including increases in the price of domestic energy, and commodities that utilize natural gas in their production, resulting from export of North American natural gas to Asia/Oceania

Subjective Commentary & Conclusion

More than 600 laypersons, during the Environmental Scoping comment period produced substantive, factual, in-depth comments on this project. These comments covered matters under law and case precedent, matters related to the environment across a range of topics, including expert commentary, matters related to cultural and socioeconomic impact, and were thoroughly researched, documented, and respectfully submitted to the Commission.

The Draft Environmental Assessment pays “lip service” at best, and disrespects the inputs of more than 600 citizens in this process. Despite the clear record, on the docket for CP15-500 and CP15-503, the FERC has chosen to ignore these inputs, the law itself, and neglect its responsibilities in this matter, in the issuance of a Finding of No Significant Impact.

This is an outrage, an affront to the law, to common sense, and to the responsibility of the Commission to the citizens of the United States.

The Commission must address the issue of Impermissible Segmentation, and subsequent insufficiency of environmental review to meet its responsibilities under 40 CFR 1500 – 1508, and comply with the spirit, intent, and letter of the National Environmental Policy Act.

Additional Supporting Materials

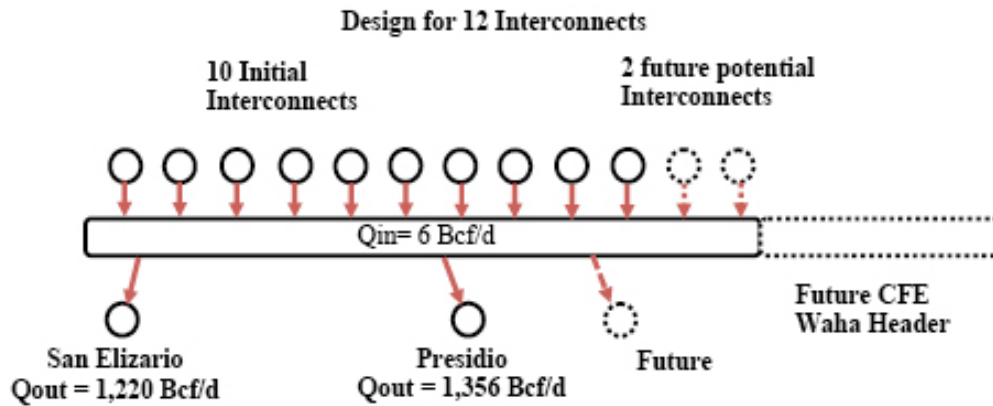
APPENDIX A

ATTACHMENT A-1

Project Schematics

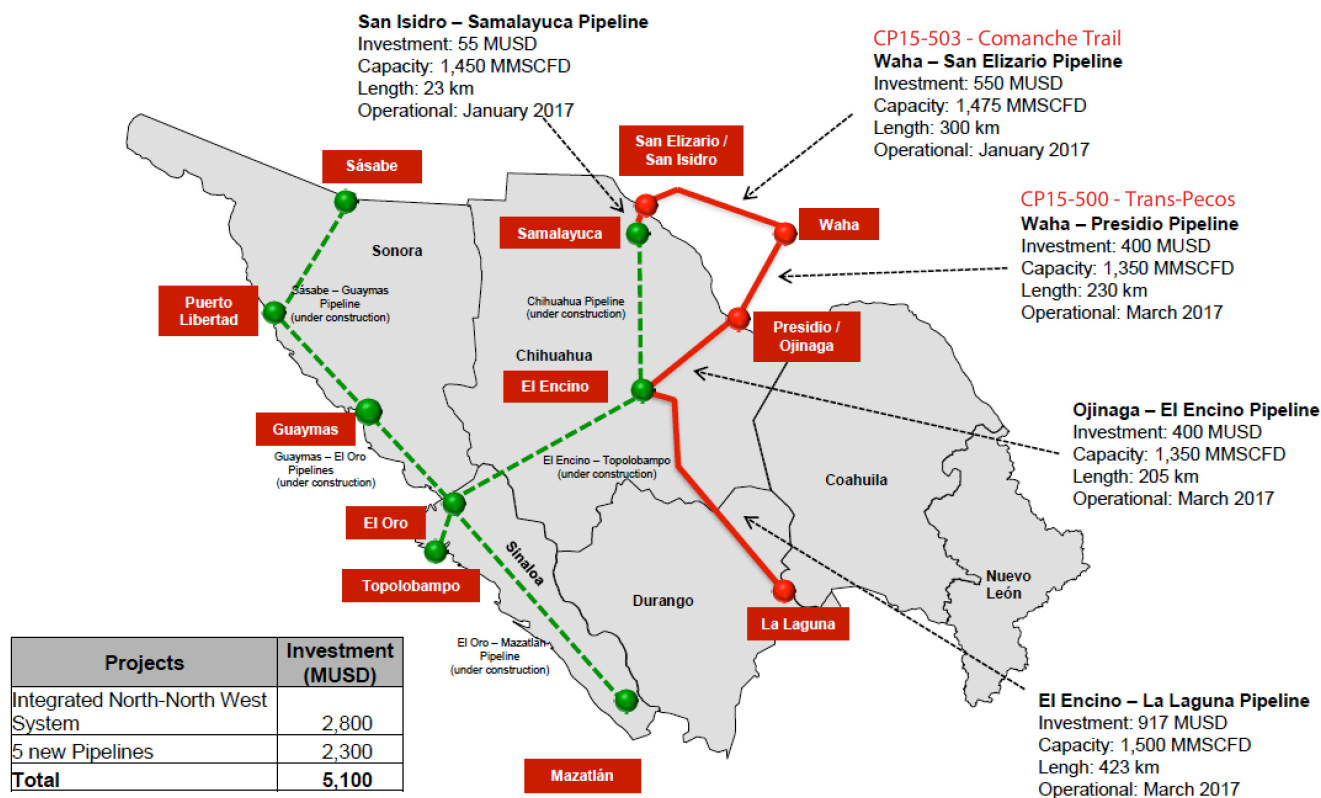
CFE Waha Header

$Q_{in} = 2,576$ MMPCD



CP15-500 (Presidio) & CP15-503 (San Elizario) Header

CFE promotes the construction of 5 new gas pipelines to strengthen the Integrated North- North West System and increase redundancy in the region. These projects are worth an estimated 5.1 billion dollars



U.S. & Mexico Interconnects & Pipeline Network

13/4/2015

Form 6-K

At December 31, 2014, our cash and cash equivalents totaled Ps. 118.0 billion, as compared to Ps. 80.7 billion at December 31, 2013.

PEMEX Corporate Matters

Collaboration and Other Agreements

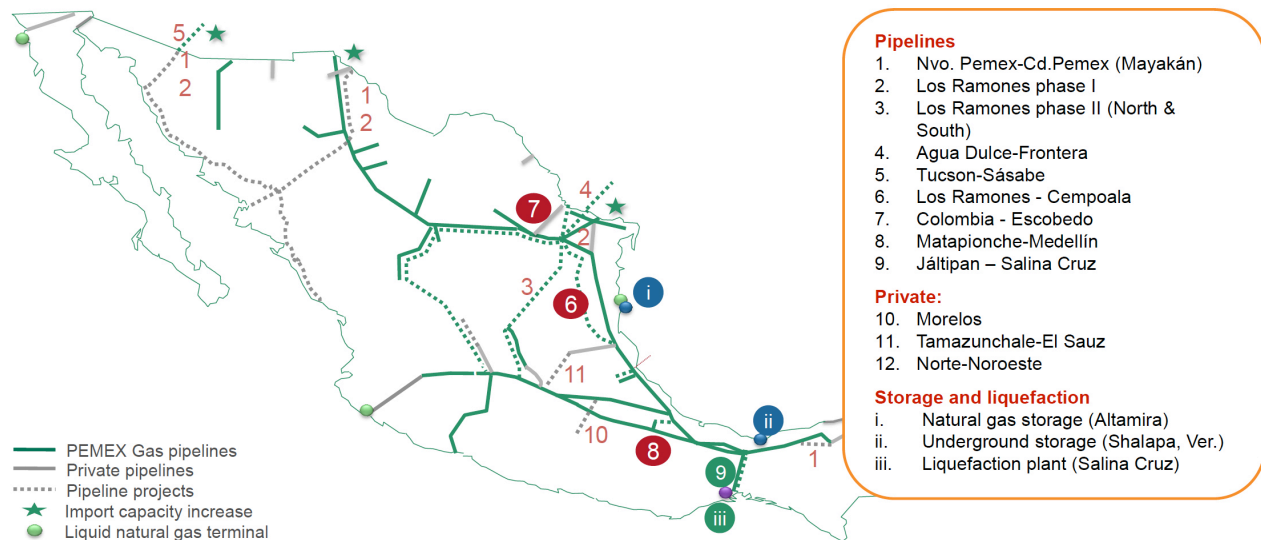
On February 5, 2015, Petróleos Mexicanos and the *Instituto Politécnico Nacional* (National Polytechnic Institute) of Mexico entered into a collaboration agreement for the development of human resources, technology and research, with the aim of promoting and supporting joint research programs and the development of knowledge related to the hydrocarbons industry.

On February 18, 2015, Petróleos Mexicanos and the Organisation for Economic Co-operation and Development (OECD) signed a memorandum of understanding with the aim of benefiting from the OECD's knowledge of and experiences with international best practices relating to the procurement of goods and services.

On February 19, 2015, Petróleos Mexicanos signed a memorandum of understanding with the Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) and Sempra LNG units of the U.S. energy company Sempra Energy for the potential joint development of a natural gas liquefaction project at the site of the Energía Costa Azul facility located in Ensenada, Mexico.

PEMEX March 2015 Form 6-K

View of Natural Gas Transportation Infrastructure Projects, 2028



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Processing

- Capture trading opportunities

propane, gas and refined products



Petrochemicals

- Integrate value chains: ethane, methane and aromatics



- Fertilizers strategy,
- Ethylene oxide and monoethylene glycol projects

Cogeneration

- Take advantage of PEMEX's power cogeneration potential



- Cogeneration projects

www.pemex.com

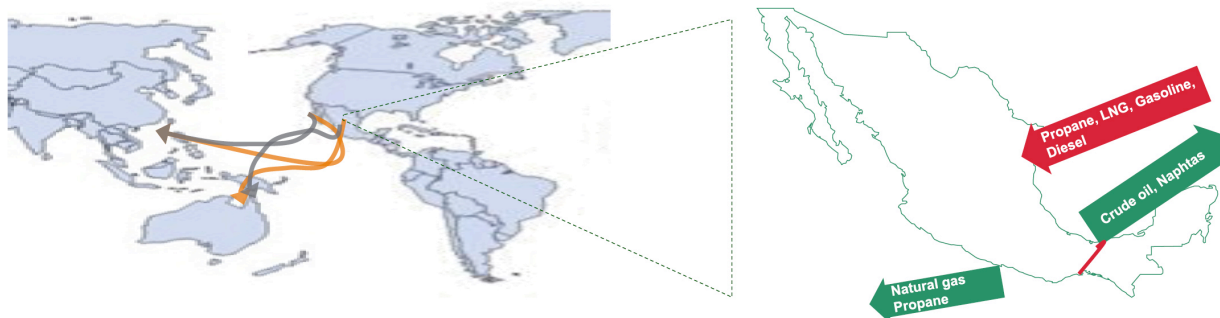
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PEMEX Business Opportunities - Transoceanic Corridor Project

Trading Opportunities: PEMEX as a key player in the Pacific market (Transoceanic Corridor Project)



Pemex has identified the opportunity to move product from the US Gulf Coast to the Pacific markets



- Mexico has a privileged geographical position to move hydrocarbons from the Gulf Coast to the Pacific, through the Tehuantepec Isthmus
- 300 km (about 186 miles) between both coasts and PEMEX already has operating infrastructure both coasts
- Expanding current existing infrastructure would allow PEMEX to move product from the USGC to the Pacific reducing shipping cost and time (compared to Panama Canal) and optimizing vessel's fleet routes
- The products to move to the Pacific are natural gas, crude oil, propane, naphtha, diesel and gasoline

www.pemex.com

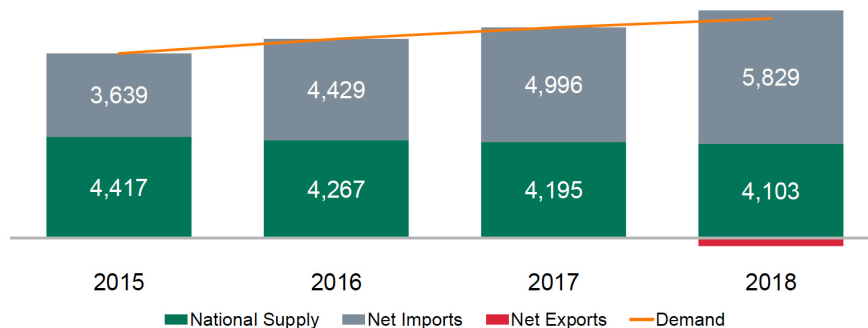
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PEMEX Transoceanic Corridor Project - Export of LNG

Natural Gas Domestic Balance 2015-2018



MMcfd



- Expected demand will need transportation infrastructure to handle natural gas imports
- The domestic supply considering PEP "Round Zero" granted by SENER.

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PEMEX - Plans to Become Net Exporter of Natural Gas in 2018