



Sistema DA, S. de R.L. de C.V. BINDING OPEN SEASON

April 25, 2016 to May 23, 2016

I. DESCRIPTION OF THE PROJECT

Sistema DA, S. de R.L. de C.V. ("Dos Águilas México") intends to design, build and operate an open access pipeline system for the transportation of petroleum products from a point of origin at the international border crossing between the United States of America and the United Mexican States, near the cities of Laredo, in the State of Texas and Nuevo Laredo, in the State of Tamaulipas ("International Crossing") and will extend approximately 136 miles (218 Km) to a new terminal in Santa Catarina near Monterrey, in the State of Nuevo León. The project consists of 12 miles (20 Km) of pipeline from the international border to a new bulk liquids storage terminal in Nuevo Laredo ("Poliducto Frontera") and 124 miles (198 Km) of pipeline from Nuevo Laredo to a new bulk liquids storage terminal in Santa Catarina ("Poliducto del Norte"). The transportation services to be provided by Dos Águilas México in the Poliducto Frontera and Poliducto del Norte will each be covered by a separate transportation permit.

The Open Season of Dos Águilas México will commence at 9:00 AM Central Mexico Time on April 25, 2016 and will close at 4:00 PM Central Mexico Time on May 23, 2016. Interested shippers must submit the Request for Service ("RFS") Form prior to the deadline to participate in this Open Season.

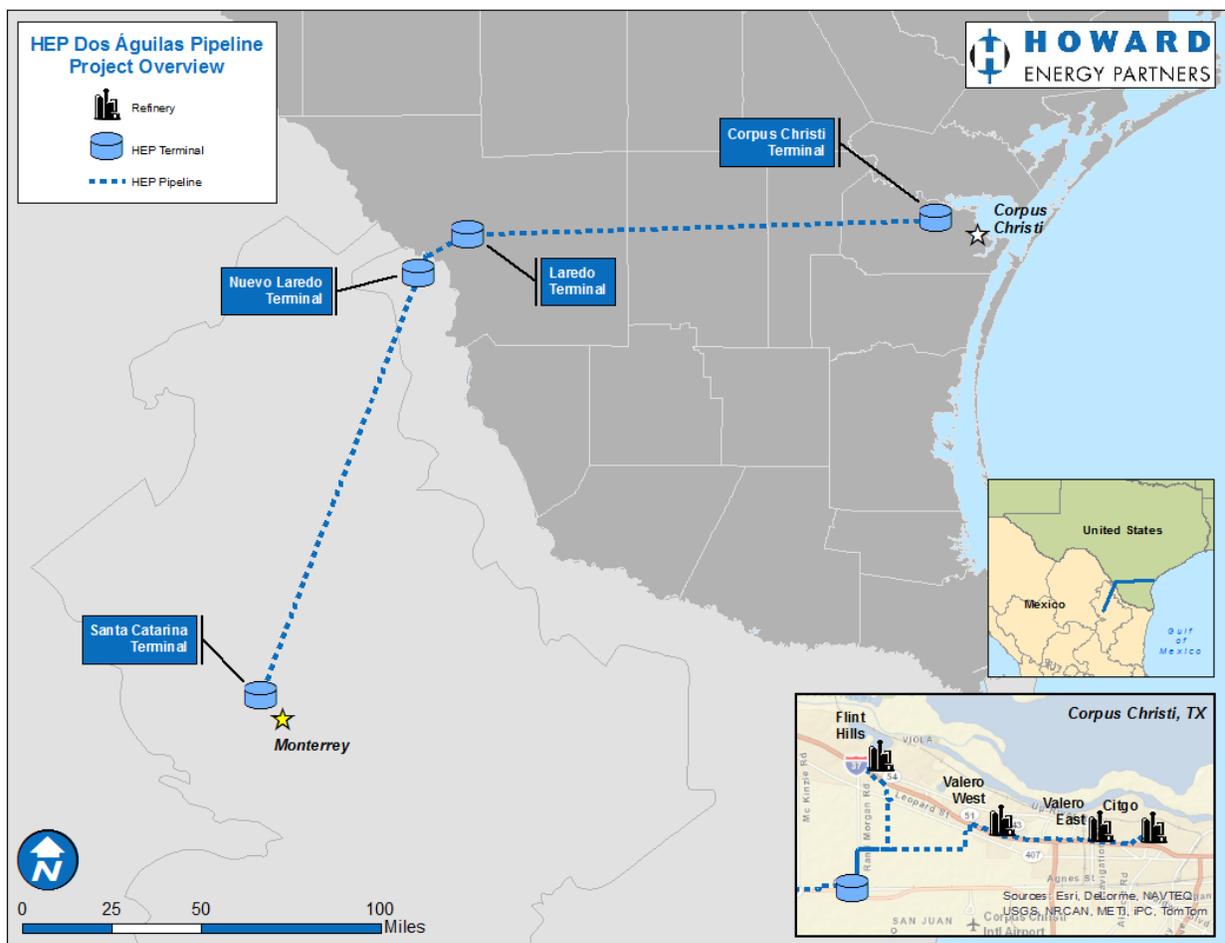
Affiliates of Dos Águilas México also plan to design, build and operate an open access pipeline system to transport petroleum products in the United States from Corpus Christi, in the State of Texas, to the International Crossing, which, together with Dos Águilas México, will have the capacity to provide transportation services for gasoline, diesel and jet fuel ("Petroleum Products") from the Corpus Christi refinery complex to Laredo, Texas and on to northern Mexico markets through deliveries to Nuevo Laredo, Tamaulipas and Santa Catarina, Nuevo León, near Monterrey. Capacity on these pipelines will be available through independent Open Seasons that will take place simultaneously in the United States and in Mexico.

The combined project of Dos Águilas México and its affiliates in the United States includes four new bulk liquid storage terminals, with a total capacity of 1.2 million barrels, and approximately 287 miles (460 km) of 12-inch-diameter pipeline, with a capacity to transport 72,000 barrels per day initially, and with the possibility of increasing this capacity up to 90,000 barrels per day, depending on shipper response to this Open Season. If there is a greater level of interest, Dos Águilas México will evaluate the technical feasibility and economic viability of re-dimensioning the system to increase the mentioned capacity. The project is expected to be in service in the first quarter of 2018, pending all government approvals.

II. OPEN SEASON

This Open Season covers specifically the two Dos Águilas México petroleum product pipelines: Poliducto Frontera and Poliducto del Norte; and its being launched pursuant to the Hydrocarbons Law, the Regulations of the Activities of Title Third of the Hydrocarbon Law and the *General Administrative Guidelines* issued by the Energy Regulatory Commission (“CRE”) on open access transportation through pipelines and storage services of petroleum products and petrochemicals, published on January 12, 2016 in the *Official Gazette of the Federation* (the “DACG”).

Dos Águilas México intends to launch this Open Season in Mexico simultaneously with Open Seasons for the pipelines in the United States, in order to provide interested shippers a transportation service for petroleum products without interruption from refineries in Corpus Christi to various markets in Northern Mexico. Interested shippers may, but are not required, to submit Request for Service Forms (RFS) for transportation services in the United States to participate in this Mexican Open Season.



The invitation to participate in this Open Season will be published in mass media, including at least two printed newspapers of national coverage, such as *Milenio Nacional*, *Reforma*, *El Financiero* and/or *El Economista*; one newspaper of regional coverage, such as *Milenio Monterrey*, and a magazine or specialized publication of international coverage such as *Platts Oilgram News*. These advertisements will be published for three consecutive days starting on April 4, 2016. The invitation to participate will also be published on www.pipelinedosaguilas.com and www.sistemadosaguilas.com. Interested shippers can download the terms and conditions of this Open Season on the mentioned web page.

Capitalized terms used in this document, but not herein defined, shall have the same meaning established in the DACG.

III. VOLUME

In this Open Season, Dos Águilas México is offering, on both Poliducto Frontera and Poliducto del Norte, 72,000 barrels per day of transportation capacity, with the possibility of increasing this capacity to 90,000 barrels per day on each transportation system based on an initial design of a 12-inch pipeline. Notwithstanding the foregoing, Dos Águilas México will evaluate the technical feasibility and economic viability of increasing the size of the pipeline if shipper response to this Open Season exceeds the initial design capacity.

Interested shippers shall specify the volume for which they intend to reserve capacity in this Open Season, provided, however that: (a) shippers that reserve capacity of less than 30,000 barrels per month on Poliducto Frontera, Poliducto del Norte, or both pipelines may be subject to a higher rate than the indicative negotiated rate published in this Open Season Notice, and that such rate shall not exceed the maximum regulated tariff rate approved by CRE based on the final design of the project resulting from this Open Season (“Maximum Tariff Rate”); (b) regardless of capacity reserved, shippers will be required to ship at least 25,000 barrels per batch; and (c) regardless of the amount of capacity reserved, the transportation service will be subject, among others, to the batching rules set forth in the General Terms and Conditions (“GTC”) approved by CRE. The petroleum products to be transported must comply with the product quality specifications established in the **NOM-EM-005-CRE-2015**, Specifications of Quality of the Petroleum Products, published by the CRE in the *Official Gazette of the Federation* on October 30, 2015, or any rule that supersedes it.

IV. POINTS OF ORIGIN

Dos Águilas México will receive the petroleum products at the International Crossing from a pipeline operated in the United States by one of its subsidiaries, or from a new terminal in Nuevo Laredo.

Interested shippers may, but are not required to subscribe for transportation in the U.S. from pipeline affiliates of Dos Águilas México or can arrange separately to deliver the petroleum products to the International Crossing or at the new terminal in Nuevo Laredo.

V. DELIVERY POINTS

Nuevo Laredo
Santa Catarina

Dos Águilas México will receive requests for different delivery points, and will evaluate these points according to the evaluation criteria set forth in this Open Season and their technical feasibility and economic viability.

VI. MAXIMUM REGULATED TARIFF RATE

The maximum regulated tariff rate will be determined and approved by CRE after this Open Season is completed and the permit to transport petroleum products is issued based on the facilities required to serve shippers that execute binding agreements for Firm Transportation Services Agreement (“TSA”) (the “Maximum Regulated Tariff”). The Maximum Regulated Tariff will be applied to those shippers who request services after the Open Season closes and once the transportation system is in operation. Notwithstanding the foregoing, Dos Águilas México will always apply the principles of open access and non-discrimination in accordance with the DACG related to requests for service received after this Open Season closes.

VII. NEGOTIATED RATE

Dos Águilas México is offering to interested shippers who participate in this Open Season an opportunity for a negotiated rate during the term of the contract rather than the Maximum Regulated Tariff rate. This negotiated rate is being offered on a non-discriminatory basis to shippers that sign a TSA as a result of the Open Season. Depending on the volume and the term of the commitment, the negotiated rate is expected to be approximately \$0.47 US dollars per barrel for capacity from the International Crossing to Nuevo Laredo (Poliducto Frontera), or \$2.50 US dollars per barrel for capacity from Nueva Laredo to Santa Catarina (Poliducto del Norte).

The negotiated rate will be applied to interested shippers that request service to Dos Águilas México after the Open Season has concluded, as long as these shippers are similarly situated to those that were considered during this Open Season.

If, as a result of this Open Season, the capacity of Poliducto Frontera and/or Poliducto del Norte is revised, the negotiated rate indicated in this Notice could be recalculated, subject to principles of open access and non-discrimination. In such case, Dos Águilas México will notify the participants of this Open Season of the corresponding recalculated negotiated rate, so that participants can modify their original requests. Subsequently, Dos Águilas México will re-evaluate the requests for service applying the evaluation criteria established in this Open Season, and will communicate interested shippers the results of such re-evaluation.

The negotiated rate agreed during this Open Season will be re-negotiated in the event that the Maximum Regulated Tariff approved by CRE is below the negotiated rate. This will be done applying the principles of open access and non-discrimination.

VIII. MINIMUM CONTRACT PERIOD

Long-term, TSAs are necessary for the economic viability of the project as a whole (i.e., the project being developed in the United States by affiliates of Dos Águilas México and the project being developed in Mexico by Dos Águilas México). The intent is to finance the development and construction of the project through debt arrangements with certain financial institutions (the "Creditors") through project financing, in which the Creditors require Dos Águilas México to pledge cash flows from long-term TSAs in an amount sufficient to repay the financing granted.

In terms of the above, Dos Águilas México will offer in this Open Season the negotiated rate indicated in section VII to shippers that execute TSAs with a term equal to or greater than ten (10) years. Notwithstanding the foregoing, Dos Águilas México will receive requests for firm transportation services for terms of less than ten (10) years, and will accept them, to the extent that they are economically viable, taking into account that those interested in contracting capacity for a period of less than ten (10) years must pay a negotiated rate higher than the indicative rate established in the present Open Season without exceeding the Maximum Tariff Rate. Also, Dos Águilas México will always apply the principles of open access and non-discrimination.

IX. PARTICIPATION IN THIS OPEN SEASON

Interested shippers wishing to participate in this Open Season must complete and sign a Request for Service (RFS) Form, available on the website www.pipelinedosaguilas.com or www.sistemadosaguilas.com, and shall submit it to Dos Águilas México between 9:00 AM Central Mexico Time on April 25, 2016 and 4:00 PM Central Mexico Time on May 23, 2016.

Dos Águilas México will evaluate the RFS Form by May 24, 2016 and will inform shippers of their allocated capacity as a result of this Open Season no later than May 25, 2016.

Upon receipt of the signed RFS Form, Dos Águilas México will provide a TSA Form. By signing and submitting an RFS Form, the shipper is committing to proceed in good faith to negotiate and execute a TSA once Dos Águilas México communicates the assigned capacity. Before entering into a TSA, the applicant must provide legal documentation which evidence its legal authority and the powers of their legal representative. If a party does not execute the TSA or a binding precedent agreement within thirty (30) calendar days of the close of the Open Season, Dos Águilas México reserves the right to cease negotiations with the interested party, and reallocate the associated capacity based on the evaluation criteria defined in this Open Season. Transportation services are expected to commence in the first quarter of 2018, or a later date agreed by the parties, pending all government approvals.

X. GUARANTEES OF SERIOUSNESS

Shippers interested in participating in the Open Season do not need to provide guarantees of seriousness for their requests to be received, evaluated, or accepted. However, at the time of the TSA is signed, the shipper must present the financial guarantees, as determined in the GTC that are approved by CRE for Dos Águilas México. In case the GTC are not approved by the time the parties execute the TSA, the shipper must provide the guarantees established in the TSA, and these guarantees will be adjusted, in its case, when the GTC are approved. In any case, Dos Águilas México will act under the principles of open access and non-discrimination in relation to the guarantees required from the interested shippers that sign TSAs, conforming to the DACG, and reflecting the credit quality of the shipper and of Dos Águilas México, in relation to the conditions in the agreed contract.

XI. EVALUATION OF FSS AND CRITERIA FOR THE ALLOCATION OF CAPACITY

Dos Águilas México shall allocate capacity to interested shippers that meet the following conditions:

1. Have delivered a signed RFS Form in accordance with this Open Season notice
2. Have demonstrated through proper documentation, it has the financial ability to comply with the obligations arising from the TSA

In case that demand exceeds the original design capacity, Dos Águilas México will evaluate the technical feasibility and economic viability of redesigning the system to increase the capacity of the system. Dos Águilas México shall evaluate each RFS Form based the term and the requested volume, and shall allocate the capacity among interested shippers that offer the greatest net present value, on the basis of volume, rate, and term. In the event that two or more RFS Forms offer the same net present value, the capacity will be allocated to each shipper on a proportional basis based on the capacity requested on the RFS Form. In the event that re-designed the capacity to meet excess demand is not technically viable, shippers will be notified.

Dos Águilas México reserves the right to reject any RFS Form that (i) is not received by the close of the Open Season, (ii) is not complete and conforming, (iii) contains in-service dates incompatible with the in-service date of the systems, partial year terms, or other contingencies in conflict with the Open Season.

XII. CONTACT INFORMATION

Interested parties may contact the following personnel to discuss any questions or to seek additional information about how to participate in this Open Season; provided however that verbal expressions of interest do not constitute requests for service. Parties do not need to enter into a confidentiality agreement to participate in the Open Season; however, parties that seek additional information on costs estimates for additional delivery points, contractual rates or proposals with an origin upstream of the International Crossing will be asked to return a signed nondisclosure agreement prior to Dos Águilas México releasing such information.

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The RFS Forms must be delivered via e-mail to temporadaabierta@howardep.com or openseason@howardep.com or send by mail to the address indicated on the RFS Form starting from 9:00 AM Central Mexico Time on April 25, 2016 and will close at 4:00 PM Central Mexico Time on May 23, 2016