

UNDER THE CONVENTION ON THE SETTLEMENT OF INVESTMENT DISPUTES
BETWEEN STATES AND NATIONALS OF OTHER STATES AND THE
INSTITUTION RULES AND ARBITRATION RULES OF THE INTERNATIONAL CENTRE FOR
SETTLEMENT OF INVESTMENT DISPUTES, CHAPTER 11 OF THE NORTH AMERICAN
FREE TRADE AGREEMENT, AND
CHAPTER 14 OF THE UNITED STATES-MEXICO-CANADA AGREEMENT

FINLEY RESOURCES, INC.
MWS MANAGEMENT, INC.
PRIZE PERMANENT HOLDINGS, LLC

Claimants

v.

THE UNITED MEXICAN STATES

Respondent

SECOND WITNESS STATEMENT OF JIM FINLEY

I. BACKGROUND

1. I, Jim Finley, submit this Second Witness Statement in support of the Claimants in this arbitration. This Second Witness Statement is intended to supplement my First Witness Statement.
2. I address the investments that were made in Mexico to perform under the 803 Contract, 804 Contract, and 821 Contract. I also provide additional context and elaboration on statements made in my First Witness Statement and Claimants' Statement of Claim. This Second Witness Statement is focused, and no inference should be made that Claimants agree with any other contention that I do not specifically address.

II. SIGNIFICANT INVESTMENTS WERE MADE BY CLAIMANTS IN MEXICO

3. Beginning in 2012, I had multiple conversations with Pemex officials about performing oil and gas services in Mexico. Pemex officials told Luis Kernion and me that they were going to commit significant capital to the Chicontepec region to bring up to date well workover procedures, including modernizing equipment and implementing safe and efficient practices.
4. From these conversations, we viewed the investment in Mexico as a long-term relationship. Mexico wanted us to invest in modern equipment because of our expertise in reworking wells, drilling wells, and fracking.
5. To prepare for this work, we started to make investments in 2012. Finley Resources, Inc. provided the capital for these investments. Among other things, we sent drilling rigs, drilling equipment, and materials such as wirelines, drill bits, and fishing tools used to rework and drill wells to Mexico.
6. The workover/drilling rigs were the largest investment of equipment. To purchase rigs in the United States, we created a company called Drake-Mesa, LLC. After Drake-Mesa, LLC purchased the rigs, we exported them to Mexico. Drake-Mesa, S. de R.L. de C.V. imported the rigs, and I understand that ownership of the rigs transferred to the Mexican entity. We used the same process for the other assets that we acquired in the United States and imported into Mexico.
7. In addition, it is important to note how we used the payments that we received from Pemex under our contracts. We used this money to pay for expenses such as salaries, wages, supplies, and rents. We also used this money to pay for other items used in our works such as satellite equipment, drilling fluids, and sand. These are examples and should not be read as an exhaustive list. We reinvested the payments from Pemex back into our ongoing project.
8. The 821 Contract was much larger in scale than the work under our first two contracts. This required us to expend more capital so we would be able to perform the work that Pemex promised to request. We were willing to make significant investments because Pemex had made guarantees of work, which we believed would result in lower cost and more efficient well workovers and repairs. We had just completed a 50+ well drilling program in Utah (in the United States). The subsurface geology and drilling challenges in Utah are similar to

Chicontepec. Our company and other other drillers in Utah had developed some drilling mud systems, bit selection, and fracking procedures that were beneficial in Utah. We strongly believed that these new ideas would be beneficial to Pemex. However, our contract with Pemex required us to bring modern equipment and the expertise to help Pemex increase production in Chicontepec. Although Pemex wanted to increase production from Chicontepec, our contracts did not guarantee that we would increase production in Chicontepec.

9. Finley Resources, Inc. and other Claimants committed over US\$ 22 million towards assets to perform the contracts. I caused a report to be created that lists the assets that were purchased in the U.S. and used in Mexico for all of the contracts. It is attached.¹ We purchased other assets in Mexico that are not yet listed on this report.
10. Finley Resources, Inc. also helped create and fund Drake-Finley, S. de R.L. de C.V. as a contractor for the 821 Contract. Finley Resources, Inc. had an expectation to share in the income or profit in Drake-Mesa, S. de R.L. de C.V. and Drake-Finley, S. de R.L. de C.V. in their operations in Mexico. Again, we made these investments and arrangements because we relied upon Pemex's assurances under our contracts of requesting work and being paid timely.
11. I was assisted in preparing my First Witness Statement and this Second Witness Statement by my attorneys at Holland & Knight LLP. However, my testimony is my own.

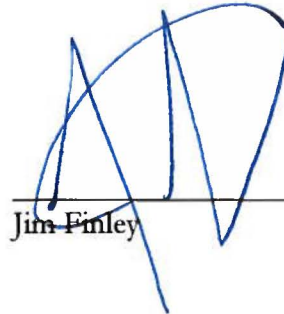
[signature page to follow]

¹ Exhibit C-0148.

I affirm that these statements are true and correct to the best of my knowledge and belief.

Date: April 14, 2023

Place: Fort Worth, TX

A handwritten signature in blue ink, appearing to read "Jim Finley", is written over a horizontal line. The signature is stylized with large, sweeping loops.

Jim Finley