

**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 LUIS DANGEVILLE KERNION

1. I, Luis Dangeville Kernion, 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. 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.
2. I address specific allegations contained in Mexico's Counter-Memorial and the Witness Statement of Rodrigo Loustaunau Martinez. I also address conversations that I had with Rob Keoseyan in January 2023. 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 neither Claimants nor I agree with any other contention that I do not specifically address.

A. PRIZE'S OWNERSHIP OF DRAKE-MESA AND DRAKE-FINLEY AND INVESTMENTS IN MEXICO

3. After reviewing Claimants' Statement of Claim, I wish to clarify the ownership structure of both Drake-Mesa S. de R.L. and Drake-Finley S. de R.L.
4. Since 2014, Drake-Mesa S. de R.L.'s ownership was as follows:
 - 50% Prize Permanent Holdings, LLC
 - 25% Royal Shale Holdings, S.A. de C.V.
 - 25% Drake Mesa Big Sky, LLC
5. Prize owns 50% of the interests in Royal Shale Holdings, S.A. de C.V. So Prize actually owns 62.5% of Drake-Mesa S. de R.L.
6. Since 2014, the ownership of Drake-Finley S. de R.L. was as follows:
 - 80% Prize Permanent Holdings, LLC
 - 10% Finley Resources, Inc.
 - 10% Drake-Mesa S. de R.L.
7. Prize Permanent Holdings, LLC has exercised all forms of control over Drake-Mesa S. de R.L. Prize Permanent Holdings, LLC and Finley Resources, Inc. have exercised all forms of control over Drake-Finley S. de R.L.
8. Prize Permanent Holdings, LLC's most significant investment in Mexico was through the leasing and purchase of real property in Mexico. This real property was used for works conducted under the 803 Contract, the 804 Contract, and the 821 Contract.
9. Prize Permanent Holdings, LLC has a subsidiary named Baku Exploracion y Produccion, S.A. de C.V. Baku purchased the real property for US\$ 3,622,745. Prize provided all of the capital for this purchase.

B. MEETING AT LA ACEITUNA

10. In my First Witness Statement, I referenced meeting in Mexico City in the Fall of 2018 with Rob Keoseyan, Rodrigo Loustaunau, and Adolfo Hellmund. At this meeting, Rodrigo told me "your companies are done" in connection with the pending court ruling regarding our

challenge to Pemex's administrative rescission of the 821 Contract. I will never forget this meeting or the sinking feeling I had when I heard Rodrigo's comment.

11. I read the Witness Statement of Rodrigo Loustau. I do not understand why he testifies that the 821 Contract litigation was "not in his competence" and that he does not remember meeting me. Rob Keoseyan arranged this meeting for the purpose of discussing the pending lawsuit regarding the 821 Contract. I can only assume that Rob invited Rodrigo to this meeting because Rodrigo was familiar with our lawsuit.
12. When I prepared my First Witness Statement, I could not recall the exact date of the meeting. My attorney arranged a Microsoft Teams meeting with Rob Keoseyan on January 23, 2023. I understand that he spoke with Rob afterwards by telephone. After his call with Rob, my attorney told me that September 26, 2018 was the date of the meeting at La Aceituna. I checked my communications around that date for evidence of the meeting.
13. I found my travel itinerary documents surrounding September 26, 2018. I took a flight from San Antonio (where I reside) to Mexico City on September 25th and returned on September 27th.¹ I also found confirmation of my hotel reservation in Mexico City for those two nights.² I had no other reason to be in Mexico City during this time period.
14. Later that afternoon, on January 23, 2023, Rob called me. I did not answer. Rob then sent me three text messages around 7:19 PM (CST). Rob wanted my attorney to stop contacting him for information. A screen shot of the texts messages is attached.³
15. After receiving these text messages, I returned Rob's call at 7:36 PM (CST). We spoke for approximately ten minutes. A redacted call log from my telephone bill is attached.⁴
16. During the call, Rob informed me that he had spoken to Rodrigo several times that day. Rob told me that Rodrigo was upset that he had participated in the Teams meeting and had instructed him not to share any information with my attorney because of our arbitration. Rob told me that he was worried that his involvement in this arbitration could affect his ongoing business relationship with Pemex, so he was not going to assist any further.

¹ See C-0131, L. Kernion flight itinerary.

² See C-0132, L. Kernion hotel reservation.

³ See C-0133, Text messages from R. Keoseyan to L. Kernion (Jan. 23, 2023).

⁴ See C-0134, L. Kernion call log from Jan. 23, 2023.

C. 809 CONTRACT

17. In its Counter Memorial, Mexico questions when I received the Acta Circunstanciada for the 809 Contract. I received this document in September 2020.⁵

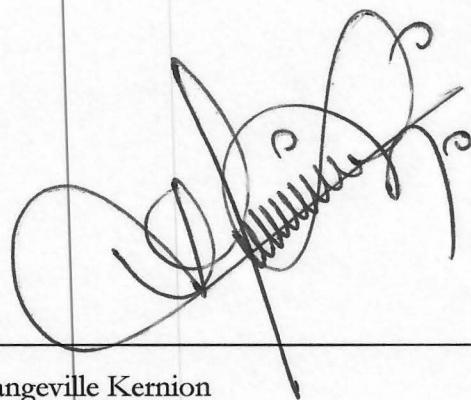
[remainder intentionally blank]

⁵ See C-0062, Acta Circunstanciada (dated Apr. 9, 2018).

This Witness Statement was originally prepared in English. I affirm that these statements are true and correct to the best of my knowledge and belief. I further affirm that the content of this Witness Statement reflects my own account of the facts.

Date: April 13, 2023

Place: SAN ANTONIO, TEXAS

A handwritten signature in black ink, featuring a large, stylized 'L' and 'K' with a horizontal line through the middle, positioned above a horizontal line.

Luis Dangeville Kernion