



SE SECRETARÍA DE ECONOMÍA
Unidad de Administración y Finanzas
Dirección General de Recursos Materiales y Servicios Generales
Dirección de Almacenes Inventarios y Servicios

28 FEB. 2023

Oficialía de Partes
Torre EJECUTIVA
ONR HORA: 12:56

Hogan Lovells BSTL, S.C.
Paseo de los Tamarindos 150-PB
Bosques de las Lomas
05120 Mexico
T +52 (55) 5091 0000
F +52 (55) 5091 0123
www.hoganlovells.com

GOBIERNO DE MÉXICO
28 FEB. 2023
PRESIDENCIA DE LA REPÚBLICA
ATENCIÓN CIUDADANA
14:20

February 28, 2023

Via Electronic Mail and Hand Delivery

SE SECRETARÍA DE ECONOMÍA
Unidad de Administración y Finanzas
Dirección General de Recursos Materiales y Servicios Generales
Dirección de Almacenes Inventarios y Servicios

Honorable Lic. Andrés Manuel López Obrador
Presidente Constitucional de los Estados Unidos Mexicanos
Av. Constituyentes 161, San Miguel Chapultepec II Secc., 1850 CDMX, México

28 FEB. 2023

Honorable Lic. Raquel Buenrostro Sánchez
Secretaría de Economía
Pachuca 189, Colonia Condesa, 06140 Cuauhtémoc, CDMX, México
raquel.buenrostro@economia.gob.mx

Unidad de Administración y Finanzas
Oficialía de Partes Torre EJECUTIVA
ONR HORA: 12:56
Se agregan en Anexo Poder Original.

Honorable Dr. Alejandro Encinas Nájera
Subsecretario de Comercio Exterior
Pachuca 189, Colonia Condesa, 06140 Cuauhtémoc, CDMX, México
alejandrosencinas@economia.gob.mx

28 FEB. 2023

Honorable Lic. Sergio Roberto Huerta Patoni
Dirección General de Consultoría Jurídica de Comercio Internacional
Pachuca 189, Colonia Condesa, 06140 Cuauhtémoc, CDMX, México
sergio.huerta@economia.gob.mx

ECONOMÍA | OFICINA DE LA C. SECRETARÍA

Honorable Mtro. Gibran Alberto Briones Acosta
Dirección General de Inversión Extranjera
Secretaría de Economía
Av. De los Insurgentes Sur 1940, Colonia La Florida, CDMX, México
gibran.briones@economia.gob.mx

RECIBIDO
CONTROL DE GESTIÓN
Ariana G. Pegrete

FECHA: 28/02/23 HORA: 12:54
Anexo: copia de conocimiento

Re: Notice of Intent to Submit Claims to Arbitration Pursuant to Chapter Eleven of the North American Free Trade Agreement between the United Mexican States, Canada, and the United States of America; and the Agreement on promotion, encouragement and reciprocal protection of investments between the Kingdom of the Netherlands and the United Mexican States

Dear Sirs and Madams:

Pursuant to Articles 1116, 1117, and 1119 of the North American Free Trade Agreement between the United Mexican States (the "State" or "Mexico"), Canada, and the United States of America, signed by

Mexico on December 17, 1992 and entered into force on January 1, 1994 ("NAFTA"),¹ and with a view to resolving this dispute amicably through the consultations contemplated by NAFTA Article 1118, foreign investors in Mexico Enerflex US Holdings Inc. (formerly Exterran Corporation) ("Enerflex USA") and Exterran Energy Solutions, L.P. ("Exterran Energy USA"), enterprises constituted or organized under the laws of Delaware, United States of America, hereby serve Mexico with this written notice of intention to submit a claim to arbitration pursuant to NAFTA Chapter 11 ("Notice of Intent").

Pursuant to Article 8 and the Schedule at Articles 2 and 4 of the Agreement on promotion, encouragement and reciprocal protection of investments between the Kingdom of the Netherlands and the United Mexican States, signed by Mexico on May 13, 1998 and entered into force on October 1, 1999, including its Schedule forming an integral part of the Agreement (the "Netherlands-Mexico BIT"), and with a view to resolving this dispute amicably through the consultations contemplated by Netherlands-Mexico BIT Article 10 and the Schedule at Article 3, foreign investors in Mexico Enerflex Holding Company NL B.V. ("Enerflex Netherlands I") and Universal Compression International Holdings B.V. ("Enerflex Netherlands II"), both legal entities constituted under the laws of the Netherlands, hereby serve Mexico with this written notice of intention to submit a claim to arbitration pursuant to the Netherlands-Mexico BIT ("Notice of Intent").

Enerflex USA and Exterran Energy USA submit this Notice of Intent on their own behalf, and on behalf of an enterprise duly constituted or organized in Mexico that they own and control directly or indirectly: Gas Conditioning of Mexico, S. de R.L. de C.V. ("Gas Conditioning"). Enerflex Netherlands I and Enerflex Netherlands II submit this Notice of Intent on their own behalf, and on behalf of an enterprise duly constituted or organized in Mexico that they own and control directly or indirectly: Exterran Energy de México, S. de R. L de C.V. ("Exterran Energy Mexico").

I. Name and Address of the Investors:

1. Enerflex USA and Exterran Energy USA are enterprises constituted or organized under the laws of the State of Delaware, United States of America and headquartered in Houston, Texas, United States of America. Enerflex Netherlands I and Enerflex Netherlands II are legal persons constituted under the laws of the Netherlands and headquartered in the Netherlands. These enterprises and legal persons are hereafter referred to as the "Investors."

2. Enerflex Ltd. ("Enerflex Canada") wholly owns and controls Enerflex USA, which in turn wholly owns and controls, directly or indirectly, Exterran Energy USA. Enerflex Canada also owns and controls Enerflex Netherlands I, which in turn owns and controls Enerflex Netherlands II. Enerflex Canada and its subsidiaries operate around the globe, including Enerflex USA, Exterran Energy USA, Enerflex Netherlands I, and Enerflex Netherlands II as foreign investors with investments in Mexico. The following chart shows the corporate structure of the group's holdings in Mexico.

¹ Annex 14-C of the Agreement between the United States of America, the United Mexican States, and Canada ("USMCA"), provides for legacy investment claims. Mexico consented therein to the submission of a claim to arbitration under NAFTA Chapter 11 Section B. until 1 July 2023. Enerflex USA and Exterran Energy USA hold "legacy investments" in Mexico because they established or acquired their investments in Mexico before NAFTA's termination, and their investments have continued in existence through the date of entry in force of USMCA (and continue today). Therefore, Exterran and Exterran Energy USA are entitled to submit claims under NAFTA Chapter 11.

3. The Investors' contact information is the following:

Enerflex US Holdings Inc. (formerly Exterran Corporation)
Exterran Energy Solutions, L.P.
Enerflex Holding Company NL B.V. (formerly Exterran Holding Company NL B.V.)
Universal Compression International Holdings B.V.
c/o Luis Omar Guerrero Rodríguez
Juan Francisco Torres Landa Ruffo
Orlando Federico Cabrera Colorado
Hogan Lovells BSTL,S.C.
Paseo de los Tamarindos No. 150- PB
Bosques de las Lomas
Cuajimalpa, Ciudad de México
omar.guerrero@hoganlovells.com
juanf.torreslanda@hoganlovells.com
orlando.cabrera@hoganlovells.com
5550910000- Main

II. Name and Address of the Enterprises:

4. Enerflex USA's and Exterran Energy USA's investments in Mexico include their ownership and control of the following enterprise:

Gas Conditioning of Mexico, S. de R.L. de C.V.

c/o Luis Omar Guerrero Rodríguez
Juan Francisco Torres Landa Ruffo
Orlando Federico Cabrera Colorado
Hogan Lovells BSTL,S.C.
Paseo de los Tamarindos No. 150- PB
Bosques de las Lomas
Cuajimalpa, Ciudad de México
omar.guerrero@hoganlovells.com
juanf.torreslanda@hoganlovells.com
orlando.cabrera@hoganlovells.com
5550910000- Main

5. Enerflex Netherlands I's and Enerflex Netherlands II's investments in Mexico include their ownership and control of the following enterprise:

Exterran Energy de México, S. de R. L de C.V.

c/o Luis Omar Guerrero Rodríguez
Juan Francisco Torres Landa Ruffo
Orlando Federico Cabrera Colorado
Hogan Lovells BSTL,S.C.
Paseo de los Tamarindos No. 150- PB
Bosques de las Lomas
Cuajimalpa, Ciudad de México
omar.guerrero@hoganlovells.com
juanf.torreslanda@hoganlovells.com
orlando.cabrera@hoganlovells.com
5550910000- Main

6. The evidence of constitution or organization of the Investors, Gas Conditioning, and Exterran Energy Mexico are attached as Exhibit A. Evidence of the Investors' ownership or control of Gas Conditioning and Exterran Energy Mexico are attached as Exhibit B.

III. Legal Representative and Service of Documents:

7. The Investors are represented in this matter by Hogan Lovells BSTL, S.C and Hogan Lovells US LLP, including the attorneys listed below. Exhibit C contains copies of the powers of attorney granted by the Investors to authorize the indicated representatives in this matter. Please direct all correspondence and communications related to this matter to Luis Omar Guerrero Rodríguez, Juan Francisco Torres Landa Ruffo, and Orlando Federico Cabrera Colorado at the following contact:

Hogan Lovells BSTL,S.C.

Paseo de los Tamarindos No. 150- PB
Bosques de las Lomas
Cuajimalpa
Ciudad de México
omar.guerrero@hoganlovells.com

juanf.torreslanda@hoganlovells.com
orlando.cabrera@hoganlovells.com
5550910000- Main

8. The Investors are also represented in this matter by the attorneys listed below and Hogan Lovells US LLP:

Hogan Lovells US LLP
c/o Richard C. Lorenzo
600 Brickell Avenue, Suite 2700
Miami, FL 33131
richard.lorenzo@hoganlovells.com
+1-305-459-6500- Main

Hogan Lovells US LLP
c/o Michael G. Jacobson
555 13th Street, NW
Washington, DC 20004
michael.jacobson@hoganlovells.com
+1-202-637-5600- Main

IV. Service:

9. This Notice of Intent is submitted to:

Honorable Lic. Andrés Manuel López Obrador
Presidente Constitucional de los Estados Unidos Mexicanos
Av. Constituyentes 161, San Miguel Chapultepec II Secc, 1850 CDMX, México

Honorable Lic. Raquel Buenrostro Sánchez
Secretaría de Economía
Pachuca 189, Colonia Condesa, 06140 Cuauhtémoc, CDMX, México
raquel.buenrostro@economia.gob.mx

Honorable Dr. Alejandro Encinas Nájera
Subsecretario de Comercio Exterior
Pachuca 189, Colonia Condesa, 06140 Cuauhtémoc, CDMX, México
alejandro.encinas@economia.gob.mx

Honorable Lic. Sergio Roberto Huerta Patoni
Dirección General de Consultoría Jurídica de Comercio Internacional
Pachuca 189, Colonia Condesa, 06140 Cuauhtémoc, CDMX, México
sergio.huerta@economia.gob.mx

Honorable Mtro. Gibran Alberto Briones Acosta
Dirección General de Inversión Extranjera
Secretaría de Economía
Av. De los Insurgentes Sur 1940, Colonia La Florida, CDMX, México
gibran.briones@economia.gob.mx

V. Background on the Investors and their Operations in Mexico:

10. Enerflex Canada is a publicly-traded company, headquartered in Calgary, Canada and listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE). Enerflex Canada is a premier integrated global provider of energy infrastructure and energy transition solutions, delivering natural gas processing, compression, power generation, refrigeration, cryogenic, and produced water solutions. Today, Enerflex Canada, directly and indirectly through its subsidiaries, interests in associates, and joint ventures, operates in more than 25 countries, including more than 100 locations, and has approximately 5,000 employees including approximately 300 employees in Mexico.

11. Enerflex Canada acquired Enerflex USA, Exterran Energy USA, Enerflex Netherlands I, Enerflex Netherlands II, Gas Conditioning, and Exterran Energy Mexico, among other companies in a transaction that closed on October 13, 2022. The new corporate structure of the group of Investors upon the conclusion of the transaction is as described above at paragraph 2.

12. Enerflex Canada, through its subsidiaries including the Investors, has established and grown major businesses in Mexico, including in Reynosa, Veracruz, Villahermosa, and other locations. More specifically, its primary business in Mexico is installing, operating, servicing, and maintaining natural gas compression stations and natural gas conditioning plants. In providing these solutions, the company has been committed to support the Mexican state's strategic development plans for natural gas growth. In total, Enerflex Canada estimates that, through its subsidiaries, it either compresses or treats approximately 60% of natural gas produced in country by Pemex and other private companies operating onshore Mexican concessions.

13. The Investors are committed to high standards in everything they do, including towards their workers. For example, Enerflex USA has obtained a certificate for being a socially responsible company in Mexico for 11 years in a row. Enerflex USA was the first energy company to obtain this certificate.

14. During the COVID-19 pandemic, Enerflex USA also developed a program to avoid any labor termination in Mexico due to problems arising out of the pandemic. To be mindful of pandemic-related restrictions, Enerflex USA continued to employ and fully compensate forty-five employees in Mexico despite them ceasing to work. Enerflex USA also developed policies and took all the necessary measures to avoid spread of the COVID-19 virus, including sending workers home when necessary and providing related monthly financial support for the payment of electricity and internet expenses.

15. The Investors also contribute to the communities where they operate, including in Mexico. For example, in 2017 when an earthquake caused harm to major parts of Mexico, Enerflex USA, with its workers, carried out activities to support the victims including donating groceries. Enerflex USA has also contributed through social and charitable work to help all those people in need, including donating toys to several non-governmental organizations, conducting maintenance activities at several schools, and donating lamps and equipment for universities. The Investors care deeply about their workers and their communities around the globe, including in Mexico.

VI. Jurisdiction:

A. Jurisdiction under NAFTA:

16. NAFTA Article 1139 defines "investor of a Party" as a "national or an enterprise of such Party, that seeks to make, is making or has made an investment." Enerflex USA and Exterran Energy USA are investors under NAFTA and notify the intent to bring these claims on their own behalf in

accordance with NAFTA Article 1116 and on behalf of Gas Conditioning in accordance with NAFTA Article 1117.

17. Under NAFTA Article 1139, "investment" means: "(a) an enterprise; (b) an equity security of an enterprise;... (e) an interest in an enterprise that entitles the owner to share in income or profits of the enterprise;... (g) real estate property, tangible or intangible, acquired in the expectation or used for the purpose of economic benefit or business purposes." As a result of each of Enerflex USA's and Exterran Energy USA's 100% interest in Gas Conditioning, Enerflex USA, and Exterran Energy USA have an investment under NAFTA Article 1139.

18. Mexico has consented to arbitration under NAFTA Article 1122.

B. Jurisdiction under Netherlands-Mexico BIT:

19. The Netherlands-Mexico BIT defines "National" as including "b) legal persons constituted under the law of that Contracting Party" and "c) legal persons constituted under the law of the other Contracting Party but controlled, directly or indirectly, by ... legal persons as defined in b) above." Enerflex Netherlands I and Enerflex Netherlands II, nationals of the Netherlands under the Netherlands-Mexico BIT, notify the intent to bring these claims on their own behalf and on behalf of Exterran Energy Mexico.

20. Under the Netherlands-Mexico BIT, "investment" means: "every kind of asset and more particularly, though not exclusively: (a) movable and immovable property acquired in the expectation or used for the purpose of economic benefit or business purposes, as well as any other rights in rem with respect to such property; (b) rights derived from shares, bonds and other kinds of interests in companies and joint ventures;...." As a result of Enerflex Netherlands I's and Enerflex Netherlands II's 100% interest in Exterran Energy Mexico, Enerflex Netherlands I and Enerflex Netherlands II have an investment under Article 1 of the Netherlands-Mexico BIT.

21. Mexico has consented to arbitration under Netherlands-Mexico BIT Article 10 and the Schedule at Article 5.

VII. Factual Basis for the Claim:

22. This matter is about a grave injustice carried out by Mexico's administrative and judicial branches against the Investors and their investments in Mexico. In short, Mexican administrative and judicial bodies have issued a shocking and confounding award of more than US\$100 million based on a single Mexican worker's claims that he was underpaid for three months' time. This reverses and replaces a 2017 decision by the same Mexican administrative and judicial bodies that awarded approximately US\$70,000 to this Mexican worker based on the same claims. This extraordinary action has caused serious harm to the Investors and risks destruction of the entirety of the Investors' investments in Mexico. The events leading up to this unjust result are summarized below.

A. The Labor Claim:

23. On May 26, 2015, a Mexican individual who used to work as a Business Manager for Gas Conditioning (the "Plaintiff") filed a labor claim against Exterran Energy Mexico, Gas Conditioning, and Exterran Energy USA (as well as four other individuals linked with the Investors) (together the "Defendants") before the Local Conciliation and Arbitration Board of the State of Tabasco with residence in the City of Villahermosa. This authority received the complaint and assigned it to the Special Board 3 (the "Board"), file number 2715/2015.

24. The Plaintiff claimed constitutional indemnity, including the payment of three months of integrated salary, back wages, and seniority premium. The Plaintiff also claimed labor benefits, among them: (1) Christmas bonus, (2) overtime, (3) mandatory rest days worked, (3) food vouchers, (4) seventh days, (5) Sunday bonus, (6) punctuality and productivity bonuses, and (7) profit sharing for the 2014 fiscal year.

25. The Plaintiff asserted that he was an employee of all the Defendants since June 29, 2006; when he joined as a Business Manager, his daily integrated full salary was MXP\$21,735.24 payable in U.S. dollars (or approximately US\$1,000), and his working hours were from Monday to Saturday from 8:00 a.m. to 8:00 p.m. Part of his claims were that he was supposed to rest on Sundays, but he worked on Sundays without any payment; thus he claimed payment of the seventh day and overtime.

B. Ancillary Proceeding for Partial Confessed Judgment filed by Gas Conditioning and Gas Conditioning's Answer to the Complaint:

26. Gas Conditioning admitted to being the Plaintiff's employer. It filed a motion for ancillary proceeding for a partial Confessed Judgment (*incidente de allanamiento parcial*) concerning the payment of the following elements of the Plaintiff's claims: (1) constitutional indemnity, (2) back wages, and (3) seniority premium. In doing so, Gas Conditioning admitted that it owed the Plaintiff a very small portion of the amount claimed.

27. The payment of (1) constitutional indemnity, (2) back wages, and (3) seniority premium would satisfy the main action attempted by the Plaintiff, and the lawsuit would only continue its course for the remainder of the benefits claimed. For instance, one area of dispute that remained was that Gas Conditioning asserted that the Plaintiff's integrated daily salary was much lower than the MXP\$21,735.24 claimed by the Plaintiff.

28. Gas Conditioning answered the Plaintiff's complaint and asserted that it was the sole and exclusive employer of the Plaintiff; therefore, it was solely responsible for the employment relationship. Exterran Energy USA, Exterran Energy Mexico, and the four individual defendants denied any labor relationship with the Plaintiff.

29. Gas Conditioning contested the Plaintiff's allegations by way of evidence as follows:

- a. The Plaintiff asserted that his daily salary was MXP\$21,753.24 payable in US dollars. However, Gas Conditioning disputed the salary, and asserted that the Plaintiff had a base daily salary of MXP\$2,856.32.
- b. Gas Conditioning disputed the salary integration, and asserted that the only items integrating the salary were the base daily salary, vacations, vacation premium, Christmas bonus, and STI bonus.
- c. Gas Conditioning disputed that the Plaintiff never received his salary in dollars.
- d. Gas Conditioning disputed Plaintiff's allegations regarding termination of Plaintiff's employment.
- e. Gas Conditioning disputed the Plaintiff's assertions regarding his work schedule and asserted that the Plaintiff's work schedule was between 8:00 and 16:00 from Monday to Saturday, and that the Plaintiff enjoyed a 30-minute break to eat lunch and rest from 13:00 to 13:30, during this time the Plaintiff could go out of the premises to enjoy the break. Gas Conditioning clarified that the Plaintiff only worked during the regular workday; therefore, Gas Conditioning denied that the Plaintiff was entitled to the payment of the overtime hours claimed.

- f. Gas Conditioning asserted that the Plaintiff had Sunday as a rest day, and when he worked on Sunday, Gas Conditioning paid him as provided by law. Additionally, Gas Conditioning asserted that the Plaintiff never worked on the mandatory rest days provided by law.
- g. Gas Conditioning asserted that the Plaintiff always timely received the Christmas bonus, vacations, vacation bonus, and seventh days.
- h. Gas Conditioning asserted that it covered the Sunday bonus when the Plaintiff arrived to work on Sunday.
- i. Gas Conditioning contested the Plaintiff's claim to food vouchers, savings fund, productivity and punctuality bonuses, and attendance bonuses. Gas Conditioning asserted that these extralegal benefits were not a part of the Plaintiff's agreed upon compensation, and therefore, the Plaintiff was not entitled to claim them.

C. The Interlocutory Judgment:

30. On December 3, 2015, the Board rendered an interlocutory judgment. The Board noted that the Plaintiff claimed a salary of MXP\$21,735.24 "to be paid in dollars." Despite the fact that Gas Conditioning offered as evidence receipts of payment issued by Plaintiff, the Board did not address them in the interlocutory judgment. However, the judgment admitted the following regarding the Plaintiff's lack of evidence to support its allegations:

Now, taking into consideration that there was controversy in as to the salary earned by the plaintiff, that is, the plaintiff stated that he earned the amount of \$21,735.24 (twenty-one thousand seven hundred and thirty-five pesos 00/24 national currency), **without having proved it with any means of evidence** (emphasis added)

31. The Board ultimately found, for the payment of constitutional indemnity and back wages, that the Plaintiff's integrated daily salary was MXP\$4,608.82.

32. The Board decided: (1) to admit the ancillary proceeding; (2) to order Gas Conditioning to pay Plaintiff the constitutional indemnity, lost wages, and seniority premium; and (3) to pay back wages based on an integrated daily salary of MXP\$4,608.82 from March 28, 2015, to the date when the indemnities are paid. Nonetheless, a subsequent decision on the amparo in review struck down this daily salary, as explained below.

33. The Board also acquitted Exterran Energy USA, Exterran Energy Mexico, and the four individuals from paying the Plaintiff constitutional indemnity, back wages, or seniority premium.

34. Lastly, the Board decided that its administrative procedures should continue regarding the other benefits claimed by the Plaintiff that Gas Conditioning did not accept.

D. Amparo Action:

35. Gas Conditioning contested the Board's interlocutory judgment by filing an indirect amparo lawsuit. An amparo lawsuit is a remedy under Mexican law for the protection of constitutional rights. Gas Conditioning argued that the integrated salary considered by the Board for payment of

constitutional indemnity and back wages was incorrect and thus sought judicial review to change the Board's determination.

36. The Fifth District Court in the State of Tabasco, Mexico heard this amparo and rendered a decision, which was appealed by Gas Conditioning for further review by the Collegiate Court.

37. On March 24, 2017, the Collegiate Court in Criminal and Labor Matters for the Tenth Circuit in the State of Tabasco, Mexico in the amparo in review 309/2016 ruled in Gas Conditioning's favor. The Court (1) vacated the Board's interlocutory judgment; and (2) ordered the Board to issue a new judgment with a daily wage following the guidelines set by the Collegiate Court of **MXP\$3,579.76**.

E. New Interlocutory Judgment:

38. On April 24, 2017, the Board issued a new interlocutory judgment to comply with the guidelines set by the Collegiate Court's decision.

39. The Board noted that the Plaintiff stated that his salary was MXP\$21,735.24 "to be paid in dollars," but underscored that the Plaintiff "never proved his statement with any means of evidence."

40. The Board (1) accepted the ancillary proceedings; (2) ordered Gas Conditioning to pay the Plaintiff the constitutional indemnity, lost wages, and seniority premium; and (3) ordered Gas Conditioning to pay back wages based on a lower integrated salary of MXP\$3,579.76 from March 28, 2015, to the date when Gas Conditioning pays the indemnities.

41. The Board again acquitted Exterran Energy USA, Exterran Energy Mexico, and the four individuals from paying the Plaintiff constitutional indemnity, back wages, and seniority bonus.

42. Because Gas Conditioning did not accept the other benefits claimed by the Plaintiff, the Board decided that its administrative proceeding should continue to assess the pending benefits.

43. The Board set May 29, 2017 as the date to continue with the proceeding, and to give way to a motion to set aside proceedings filed by the Plaintiff. Gas Conditioning complied with the interlocutory judgment by submitting a check addressed to the Plaintiff in the amount of MXP\$1,417,621.95 (or approximately US\$70,000).

44. On June 9, 2017, the Board dismissed the Plaintiff's motion to set aside the proceedings. The Board also granted the Plaintiff three days to express his views on the check submitted by Gas Conditioning to comply with the interlocutory judgment.

45. On June 13, 2017, the Plaintiff filed a brief requesting the Board to deliver the check with the amount due to the Plaintiff by Gas Conditioning in accordance with the Board's interlocutory judgment.

46. On June 15, 2017, the Plaintiff personally appeared before the Board in order to receive the payment of the check from Gas Conditioning in the amount of MXP\$1,417,621.95. The Board stated in an official order that Gas Conditioning complied in full with the payment of the interlocutory judgment, and declared the termination of the labor relationship that bound the parties as of May 29, 2017.

47. Afterwards, parties proffered evidence and the Board admitted and examined the evidence.

F. The Labor Award:

48. After a long wait based on procedural delays and protracted interim steps, to the shock and surprise of the Investors, on January 31, 2022, the Board issued an award that ordered the Defendants to pay **MXP\$2,151,666,326.01 (well more than US\$100 million)** (the "Labor Award"). A copy of the Labor Award is attached hereto as Exhibit D.

49. The Board in 2017 had set an integrated salary of MXP\$3,579.76 from March 28, 2015 to the date when Gas Conditioning pays the indemnities. However with its January 31, 2022 award, the Board reversed its prior course of action and calculated this exorbitant award by setting Plaintiff's salary as **US\$21,735.24** per day. This is egregious and plainly wrong. The Plaintiff even asserted in his own complaint (without evidence) that his salary was **MXP\$21,732.24** per day. It appears that, despite an approximately 20-to-1 exchange rate between Mexican Pesos and U.S. Dollars, the Board assumed a 1-to-1 exchange rate. This is in addition to the Board deciding to accept the Plaintiff's allegations as true to further boost the monetary award, even after the Board had already found that there was no evidence for Plaintiff's alleged figure.

50. As part of this Labor Award, the Board ordered the Defendants to pay salary differences and seventh day premiums, even when the Plaintiff never claimed these benefits. The Board also ordered payment of back wages for several years after the end of the Plaintiff's labor relationship with Gas Conditioning on May 29, 2017, contrary to the Board's prior order. Even more incredibly, the Board ordered that Defendants pay the Plaintiff overtime **under the assumption that he worked 24 hours per day, seven days per week**. This assumes he worked nonstop for several years straight. This is impossible. The Board did not assess any evidence in rendering to this Labor Award even when such material impossibility was notorious or self-evident.

51. The Board also held that Gas Conditioning, Exterran Energy USA, Exterran Energy Mexico, and the four individuals are jointly and severally liable to pay the Labor Award. This is despite the Board's acquittal of Exterran Energy USA, Exterran Energy Mexico, and the four individuals in 2017 from any payment or any other labor obligation with regards to the Plaintiff, as these entities and persons were not the Plaintiff's employer responsible for the Plaintiff's pay.

VIII. Mexico Has Breached its Treaty Commitments:

52. Mexico has breached the following NAFTA provisions:
- a. Article 1105, Minimum Standard of Treatment (including fair and equitable treatment);
 - b. Article 1110, Expropriation and Compensation;
 - c. Article 1102, National Treatment; and
 - d. Article 1103, Most-Favored-Nation Treatment.
53. Mexico has breached the following Netherlands-Mexico BIT provisions:
- a. Article 3(1), Fair and Equitable Treatment;
 - b. Article 5, Expropriation and Compensation;
 - c. Article 3(2), National Treatment; and
 - d. Article 3(2), Most-Favored-Nation Treatment.

54. **Fair and Equitable Treatment:** Mexico violated its fair and equitable treatment obligations. The fair and equitable treatment standard contains the broadest substantive notions of good governance and the rule of law as expressed in terms of stability, transparency, and predictability. It also includes protection of legitimate expectations, due process, freedom from discrimination, freedom from arbitrary treatment, and freedom from coercion and harassment. It also protects against denials of justice. Mexico failed to treat the Investors' investments with fair and equitable treatment when the Board rendered the Labor Award, without any reasonable basis to do so, which condemned Exterran Energy USA, Exterran Energy Mexico, and Gas Conditioning to pay a single Mexican worker more than two billion Mexican pesos (or more than 100 million U.S. dollars). Mexico's extraordinary and unprecedented treatment of the Investors' investments violates several aspects of the fair and equitable treatment standard. Mexico further violated the fair and equitable treatment standard when the Board held Exterran Energy USA and Exterran Energy Mexico liable for any payment to the Plaintiff, even though the Board had already acquitted these two companies because they were not the Plaintiff's employers. Furthermore, the Mexican administrative and judicial process has been full of procedural and substantive irregularities that fail to comply with accepted international standards of justice, further violating the fair and equitable treatment standard.

55. **Expropriation:** Mexico committed an unlawful expropriation because the Board's Labor Award in excess of US\$100 million will likely force the complete destruction of the Investors' investments in Mexico, without any public purpose, discriminatorily, without payment of any compensation, and without due process of law .

56. **National Treatment:** Mexico violated its national treatment obligations by treating foreign investors and investments less favorably than Mexican investors and their investments in like circumstances. In this case, Mexico unlawfully singled out the Investors and their investments, causing severe damage to the Investors and their investments in Mexico.

57. **Most Favored Nation Treatment:** Mexico violated its most favored nation treatment obligations by treating foreign investors and investments less favorably than other foreign investors in like circumstances. In this case, Mexico unlawfully singled out the Investors and their investments, causing a severe damage to the Investors and their investments in Mexico.

IX. Relief Sought and Damages Claimed:

58. Due to Mexico's egregious violations of NAFTA and the Netherlands-Mexico BIT, the Investors have suffered significant financial damage for which Mexico must be held responsible. The Investors are entitled, at minimum, to compensation of the market value of their investments in Mexico. This includes, at minimum, the value of Gas Conditioning and Exterran Mexico in their functions, assets, and contracts with Pemex and other operators, which involve approximately 60% of all gas production in Mexico. The Investors intend to seek full compensation for the losses and other injuries suffered as a result of Mexico's breaches in an amount of damages in excess of US\$100 million, exclusive of interest, costs, and such other relief, as the arbitrators deem appropriate.

X. Reservation of rights:

59. Notwithstanding the Investors' willingness to attempt to amicably resolve the dispute, the Investors reserve all of their rights and remedies. The Investors also reserve any other rights under Mexican Law or any other applicable agreements or instruments, including the right to seek compensation for any remaining damages that are not settled directly or through an international

arbitration proceeding. Finally, the Investors reserve the right to amend, supplement, and/or modify this Notice of Intent.

60. Nothing stated herein is intended to prejudice or waive any rights or entitlements that the Investors or any other parties may have under the law or any other applicable agreements, treaty or instruments.

61. A translation of this Notice of Intent into Spanish is attached as Exhibit E.

[This space intentionally left blank]

Yours faithfully,

Hogan Lovells, BSTL, S.C. and Hogan Lovells US LLP



Luis Omar Guerrero Rodríguez
Counsel for
Enerflex US Holdings Inc. (formerly Exterran Corporation)
Exterran Energy Solutions, L.P.
Enerflex Holding Company NL B.V.
Universal Compression International Holdings B.V.



Juan Francisco Torres Landa Ruffo
Counsel for
Enerflex US Holdings Inc. (formerly Exterran Corporation)
Exterran Energy Solutions, L.P.
Enerflex Holding Company NL B.V.
Universal Compression International Holdings B.V.



Michael G. Jacobson
Counsel for
Enerflex US Holdings Inc. (formerly Exterran Corporation)
Exterran Energy Solutions, L.P.
Enerflex Holding Company NL B.V.
Universal Compression International Holdings B.V.