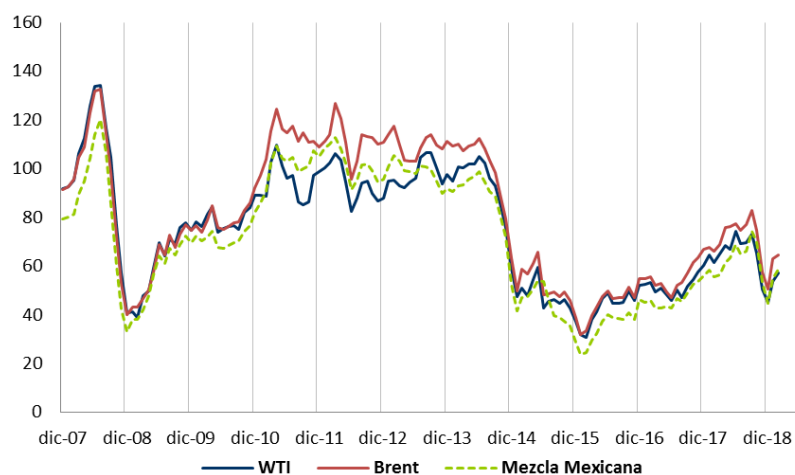


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Crude oil prices



Crude oil Price* US/BD	WTI	58.44
	BRENT	65.09
	MME	60.08
NG price* US/MMBTU	Henry Hub 2.91	
Mx crude production MMbd	1.621 (Jan.-19)	
Mx NG production MMpcd	4,625 (Jan.-19)	
US crude production MMbd	11.90 (Dec.-18)	
FX Rate**	19.09	

* 15/03/2019 **26/03/2019
Source: EIA, Pemex BDI, Banxico, and CNH

Oil & Gas

Telford secures multiple shallow water contracts in Mexico – *Telford Press Release*

Headquartered in Dubai, Telford Offshore has been awarded multiple pipelaying and construction services contracts by Mexican company Protexa, which is chartering three of its DP3 multi-purpose vessels for a combined period of approximately 400 days. The vessels would be deployed on a shallow-water engineering, procurement, construction and installation (EPCI) project for multiple lightweight offshore platforms and pipelines. These will be installed at state-run Pemex's Litoral de Tabasco area in the Gulf of Mexico.

Telford Offshore provides offering cost-effective construction and project management solutions to the oil & gas industry, with a fleet of five DP3 support vessels. The three vessels to be deployed on the project are Telford 31, Telford 34 and Telford 28. Around 300 people will be accommodated onboard each vessel over the course of the project.

- Telford 31, which is already working in Mexico with Protexa on another project, will mobilize in July 2019 for the new contract, which includes scope for multiple subsea and topside activities. Telford 31 is equipped with a 400t heave compensated main crane, a heave compensated gangway, a moon pool and 1300m² of unobstructed deck space.
- Telford 34, which is currently deployed in Mexico for another client, will mobilize for Protexa directly upon completion of that contract and will undertake multiple rigid pipelay and topsides works. The vessel is equipped with an 800t heave compensated main crane, a S-Lay system for pipe of 4" to 48" dia. (60" with coating), a heave compensated gangway, a moonpool and 1300m² of unobstructed deck space.
- Telford 28 is currently being mobilized to the Gulf of Mexico, where it will execute hook up works with another client, and then undertake multiple subsea and topsides works for

Protexa. The vessel is equipped with a 270t main crane, a heave compensated gangway and 1100m² of unobstructed deck space.

Sierra acquisition completed DEA enhances its presence in the Mexican market – DEA Press Release

The acquisition of 100% of the shares of Sierra Oil & Gas by DEA Deutsche Erdoel AG was completed on the 19th of March. With the deal, DEA enhances its presence in Mexico and its long-term commitment to the country's oil and gas industry. Mexico's National Hydrocarbons Commission "CNH" and the Federal Economic Competition Commission "COFECE" have approved the transaction.

The acquisition has enhanced DEA's presence in the Mexican E&P market significantly. DEA becomes one of the largest exploration acreage holders in Mexico. The deal comprises of six exploration and appraisal blocks in Mexico, including a material stake in the world class Zama discovery. With the closing of the acquisition, Sierra Oil & Gas has become a subsidiary of DEA Deutsche Erdoel AG. DEA will now start to consolidate its two companies in Mexico, Deutsche Erdoel México and Sierra Oil & Gas, to create a new business unit.

Via Sierra, DEA holds now a 40% non-operated working interest in Block 7, containing a significant part of Zama, one of the largest shallow water discoveries of the past 20 years globally. As a whole, Zama is estimated to hold 400 million to 800 million barrels of recoverable oil equivalent and expected to start production by 2022/23. DEA also adds non-operated interests in five highly prospective exploration blocks to its portfolio. Sierra's exploration blocks cover approximately 9,400 km² in the core part of Mexico's Sureste basin. In addition, DEA currently operates the onshore Ogarrío oil field, in partnership with Pemex, and holds interests in four exploration blocks in the Tampico Misantla and Sureste Basins, three of which as operator.



DEA Deutsche Erdoel AG is an international independent exploration and production company headquartered in Germany. DEA has 120 years of experience working along the entire upstream

value chain as operator and project partner. With a workforce of 1,150 employees, DEA currently holds a diversified portfolio of assets in Europe, North Africa and Latin America.

CNH approves ENI, Lukoil swap – *Oil & Gas Magazine*

Mexico's upstream regulator approved a swap between Italian major and Russian Lukoil ENI give 20% of its stake to Lukoil in block 10, while the Russian oil company ceded 40% of its stake to Eni in block 12. Both areas are found in shallow waters of the Gulf of Mexico, off the coast of Tabasco.

Area 10 had originally been awarded to the Italian oil company individually, while area 12 had been awarded to Lukoil, so now both contracts will be migrated to a consortium model. The consortiums will be integrated in the following way, for block 10, 80% Eni and 20% Lukoil, while for block 12, 60% Lukoil and 40% Eni. According to the prospectus of the bidding round, area 10 has almost 512Mboe of P10 light crude reserves while area 12 has of P10 heavy crude reserves.

Mexico invites three U.S. companies, foreign firms to bid on new refinery –*Reuters*

Mexico invited a host of international firms, including three U.S. companies, to bid on the construction of an \$8 billion oil refinery, as President AMLO seeks to fast-track one of his signature projects.

The facility would be owned by Mexico's national oil company, Pemex, becoming its seventh domestic refinery, and built near the Dos Bocas port on Mexico's southern Gulf coast. It is intended to help wean the country off growing fuel imports, a major campaign promise of AMLO, who took office in December.

Those invited to submit bids are:

- U.S.-based Bechtel with Italy's Techint,
- Australia's WorleyParsons with U.S.-based Jacobs Engineering Group
- U.S.-based KBR
- France's Technip.

To be located in the Gulf Coast state of Tabasco, Nahle said the refinery has already been granted all required government permits, including for construction. Mexico's oil safety regulator ASEA, however, fined a contractor in January for clearing protected mangrove from the site without the correct permits. The estimated cost of this project could be of between USD \$6.0 and USD \$8.0 billion within a term of three years, which is the projected term to finalize its construction. The new refinery is expected to have a capacity for processing 340 thousand barrels of oil daily (which would include approximately 170 thousand barrels of gasoline and 120 thousand of diesel). Additionally, it will have 17 processing plants and 93 storage tanks, as well as access to highways, a rail line and docking for ships.

The 2019 budget for Pemex, calls for spending almost \$2.5 billion on Dos Bocas. Pablo Medina, a Houston-based oil analyst with Welligence Energy Analytics, cast doubt on the aggressive time frame set out by Lopez Obrador for construction. "To think that a project of this nature could be

designed and built in three years would probably set a world record,” he said. Similar size refineries typically take between five and 10 years to complete, he added.

Mexico's Pemex plans to triple oil well drilling this year to boost output –Reuters

Pemex plans to triple the number of wells it will drill this year, the company’s chief executive said, in a bid to grow crude output and reverse more than a decade of declining production. The government-funded plan involves drilling 506 new wells spread across 20 recently-discovered fields, according to Pemex CEO Octavio Romero. That would be more than three times the number of wells Pemex drilled in 2018.

The plan should yield more than 300,000 barrels per day (bpd) in new oil output by 2022, which would mark a new record for Pemex. “In Pemex entire history, it has perhaps never developed 20 new fields in one year,” he said, “we can expect this level of production to be maintained and that it will begin to grow from this year,” he said. By the end of AMLO’s six-year term in 2024, Pemex’s crude production was expected to average nearly 2.5 million bpd.

Romero said Pemex’s production plan this year also includes building 13 new offshore platforms to service 16 shallow water projects, all clustered around the southern tip of the Gulf of Mexico. The offshore projects will be serviced by 14 new underwater pipelines covering some 109 miles to move the expected new streams of production. Separately, three new drilling platforms will be built to service four nearby onshore discoveries, as well as the expansion of nine others. Thirteen new onshore pipelines will also be built, covering 55 miles. The Pemex chief said all of the contracts to provide the needed infrastructure had already been awarded. He did not name the winning firms.

Pemex may delay call for joint ventures: Mexico energy secretary –Reuters

Mexico’s state-run oil firm Pemex could delay to next year a call to energy companies to form joint ventures planned for October, amid government complaints that firms have not invested quickly enough to make good on the promises of the energy reform,.

Pemex has so far had mixed results in its strategy of finding foreign partners to form joint ventures. In 2016, BHP Group was chosen to partner with Pemex in the country’s flagship offshore project Trion. But some later auctions failed to attract oil and gas companies as bidders, and others were delayed.

Oil firms have invested \$800 million out of the billions of dollars committed to over 100 new Mexican energy projects, Rocio Nahle told journalists “They must comply with what the law says in terms of timelines, otherwise they will have to return” licenses and contracts, Nahle said.

Mexico is under pressure to boost the country’s oil output. Pemex pumps almost all the oil produced in the country, but following the nation’s opening of its energy markets, authorities expect foreign firms to contribute more barrels as fast as possible to ease an energy trade deficit. “Pemex has its own project of drilling 116 wells. As that project develops, it will decide if farmouts will be called this year or next”. Pemex will award service contracts to drill the mature and abandoned wells, according to Nahle.

Low refining rates increasingly are forcing Pemex to import over 800,000 bpd of gasoline and other refined products, according to official data, even as the government strives to minimize fuel

theft. The energy secretary is pushing forward a \$6-billion-to-\$8 billion project to build a new refinery in the state of Tabasco and will begin the auction process in coming days. An initial budget of about \$2.5 billion this year will go toward procuring equipment. Pemex also plans to refurbish its existing refineries this year with the goal of make them work at 70% of their 1.6-million-bpd capacity compared with the current 37%. Pemex also plans to add catalyzers to three of Pemex's refineries to decrease sulfur content in its fuels, especially marine fuel, to meet the international IMO 2020 rule.

Power/Renewable Energy

Neoen secures financing for 375MW Mexico solar plant – *Neoen Press Release*

France-based renewable energy firm Neoen has secured US\$280 million in debt financing from Bancomext, Natixis and Société Générale for its 375MW El Llano solar project in the state of Aguascalientes in Mexico, the company's largest such project to date. The project was won in the third Mexican public renewable energy auction in November 2017, with a tariff of US\$18.93/MWh.

El Llano will sell around 70% of the electricity produced at a fixed, indexed price of USD18.93/MWh (price corresponding to electricity plus green energy certificates) to a consortium consisting of CFE SSB (a public body), Iberdrola Clientes (a utility company) and Menkent (a subsidiary of Cemex). The purchasing contract will last 15 years for electricity and 20 years for clean energy certificates from its activation date at the end of the second quarter of 2020. The remainder of the electricity produced will be sold directly on the Mexican electricity market. Sinohydro, a subsidiary of PowerChina, and Novamper, a subsidiary of Prodiel, will build the project under a turnkey contract. El Llano will use more than a million monocrystalline modules fitted to Soltec trackers to be supplied in two equal lots by Longi and Hanwha Q Cells. At its peak, construction of the project will employ up to 820 people, the vast majority of whom will come from the Aguascalientes region, thus stimulating and diversifying the local economy. Operation and maintenance of the project will be managed by Sinohydro and Novamper once the plant comes into service.

Bancomext, Natixis and Société Générale, as joint mandated lead arrangers, lenders, and bookrunners will provide the project's senior debt for total investment, excluding financing costs of \$280 million. Astris Finance, Norton Rose Fullbright, EOS, PwC, Deloitte, Pöyry, Beecher Carlson and Ester advised the project company on behalf of Neoen. Ritch, Mueller, SC, Shearman & Sterling, UL, Natura, KPMG and Mandy McNeil International advised the lenders.

Lionel Bony, Managing Director of Neoen in Mexico, commented: "Our El Llano power plant enjoys excellent levels of sunshine and very good conditions for grid connection. The size of the farm and the structure of the Mexican electricity market make this an exceptional project from every angle. It will employ up to 820 people at the peak of the construction process, deliver significant benefits for local communities and increase the competitiveness and independence of the Mexican electricity sector. The project will provide the country's cheapest solar electricity and has been designed to meet the highest environmental, employment and safety standards. We are very proud of this project and would like to offer our warmest thanks to the staff at Neoen and to all our partners, in particular the municipality of El Llano and the authorities of Aguascalientes, who have demonstrated their unstinting support throughout the project's development."

Engie wind park to feature first 150m Vestas rotors in Mexico – *Energía Limpia XXI*

Vestas has received a 96 MW firm and unconditional order from ENGIE for the Eólica Tres Mesas IV project, located in Tamaulipas, Mexico. The order includes the supply and installation of 24 wind turbines of the 4 MW platform, as well as an Active Output Management 5000 service agreement for the operation and maintenance of the wind park over the next 25 years.

The commercial operation date is planned for the first quarter of 2020. This is the first order in Mexico of the 150m Vestas rotors. The 73-metre long blades will be locally manufactured in the TPI Composites factory inaugurated in Matamoros in November 2018, which provides blades for the increasing number of V136 and V150-orders that Vestas is receiving in Mexico and Latin America. The wind turbine towers will also be produced by local suppliers. “Vestas pioneered wind energy in Tamaulipas, installing the first wind turbine in the state in 2014. Vestas also pioneered the Mexican wind energy market when it erected the first commercial wind turbine back in 1994. Since then, Vestas has accumulated over 2.1 GW of installed capacity or under construction in the country.

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