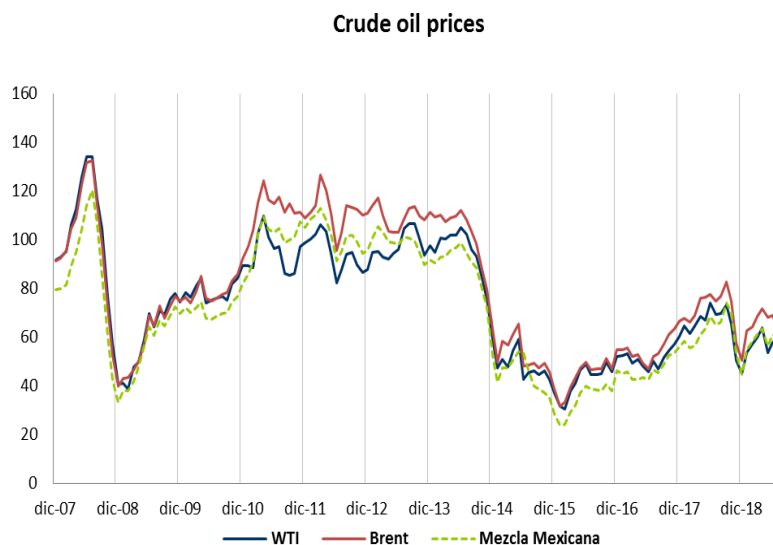


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Crude oil Price* US/BD	WTI	57.63
	BRENT	66.07
	MME	50.95
NG price* US/MMBTU	Henry Hub 2.53	
Mx crude production MMbd	1.661.5 (Oct-19)	
Mx NG production MMpcd	4,952 (Oct-19)	
US crude production MMbd	12.36 (Aug-19)	
FX Rate**	19.56	

* 22/11/2019 **27/11/2019
Source: EIA, Pemex BDI, Banxico, and CNH

Oil & Gas

Mexico's state-run Pemex sees crude production dip 3% in October – Reuters

Pemex produced nearly 3% less crude in October compared with the previous month, as the heavily indebted firm struggles to reverse a prolonged production slump. Output averaged 1.66 million barrels per day last month, or about 50,000 barrels less than in September. Compared the same month last year, Pemex's October oil output was down 5.5%.

Pemex Chief Executive Octavio Romero has at times this year announced that the company's oil output has stabilized, while predicting that it should be producing around 1.8 million bpd by the end of this year. Pemex's press office did not immediately respond to a request for comment. Meanwhile, Pemex's crude exports in October averaged 963,000, the lowest monthly figure this year and down more than 6% compared with shipments during the same month last year.

Mexico pressures Pemex on spending to meet fiscal targets – Bloomberg

Mexico is pressuring Pemex to reduce spending and the state-owned oil company is responding by delaying payments to suppliers due in December for as long as seven months. Companies that help keep Mexico's faltering oil wells operating are waiting months to get paid and the debts are building up, complicating efforts to revive an industry whose production has plunged by half since 2004. The result: goods and services are becoming scarcer and contractors are finding it tougher to secure financing of their own.

The move is part of Mexican President AMLO's effort to end the year with a government-wide surplus and to avoid any possible sovereign downgrade. AMLO has pledged to rescue Pemex from its debilitating debt and long term production declines. Pemex faces about \$100 billion of debt, the most of any oil major.

Pemex already faces months of overdue payments to offshore suppliers. Pemex owes Marinsa, which provides marine services for Mexico's offshore drilling platforms, 155 million pesos (USD \$8 million), according to Suarez Toriello. The company has been waiting seven months for about 47 million pesos of that debt from logistics contracts, he said. The remaining amount has been in arrears for about three to four months. Marinsa isn't alone. Another international service supplier with an established presence in Mexico is facing delays of more than three months on its payments. The Finance Ministry and Pemex were not immediately available for comment.

AMLO has made fiscal austerity a key pillar of his government and aims to run a surplus of 1% of gross domestic product before interest payments this year, the biggest in a decade. Pemex's efforts to balance its books at times conflicts with the need to finance the nation's budget, which relies on the company for nearly a fifth of its revenue. A fresh downgrade of its bonds looms as the company has failed to deliver a viable strategy to reverse declining output, now half of what it was at a 2004 peak, and reduce its debts.

CNH approves Diavaz exploration plan for Miquetla – CNH

National Hydrocarbon Commission approved the plan for the exploration of the CNH-M5-Miquetla/2018. The CNH-M5-Miquetla/2018 contract derives from the migration of the AE-0388-2M-Miquetla assignment, and is operated by Diavaz, through its subsidiary Operadora de Campos DWF, S.A. of C.V., with a participation of 51%.

The plan plans to incorporate resources for 108.5 million barrels of oil and at least 0.5 million cubic feet of wet gas per day, by reprocessing 3D seismic, exploratory studies and drilling of an exploratory well. In the event that Diavaz makes a discovery as a result of the drilling of the prospectus contemplated in the exploration plan, it is necessary to notify the regulator and subsequently submit the corresponding program for approval by the CNH. As of October 2018, the area had 67 producing wells of 1,710.9 barrels of oil per day, 3.99 million cubic feet of gas per day.

U.S. development agency to finance Mexico natural gas pipeline – Reuters

U.S. development financier the International Development Finance Corporation (DFC) said it had signed a letter of interest to finance a natural gas pipeline in southern Mexico. Adam Boehler, chief executive officer of the DFC, which is replacing OPIC, the Overseas Private Investment Corporation (OPIC), announced the agency's plan during a meeting with Mexican Foreign Minister Marcelo Ebrard in Mexico City. In a statement, the U.S. embassy in Mexico said the so-called Rassini pipeline was an investment worth \$632 million.

CNH approves Pemex Kuli field development plan – CNH

National Hydrocarbon Commission approved to Pemex the modification to the Kuli field development plan. The Kuli field assignment is located in shallow waters off the coast of the states of Tabasco and Campeche, approximately 117 km northeast of the Dos Bocas terminal. Pemex intends to extract the remaining reserves of gas and oil which are calculated at 12.40 million barrels of oil and 19.63 billion cubic feet of gas.

Pemex will drill a development well; carry out a major intervention in wells, the construction of a marine structure and a pipeline, as well as 16 abandonment activities. The total investment for the

development activities is USD \$462.93 million, of which USD \$350 million correspond to abandonment activities.

CNH approves Pantera E&P development plan for block A4-BG – CNH

National Hydrocarbon Commission approved the development plan for block A4-BG to Pantera E&P. The area covers 440 km² and is located in the state of Tamaulipas, approximately 86 km south of the City of Reynosa.

The plan presented provides the extraction of the 1P reserve of gas and condensates from the OV-3, OV-26, OV-28, OV-20, OV-30, which is equivalent to 514 thousand barrels of condensate and 53.45 million cubic feet of natural gas. Pantera E&P will drill 19 wells, build 2 pipelines, perform 6 major and minor repairs with a total investment of approximately USD \$154.95 million.

CNH cleared Shell exploratory plan for the first deep-water well – CNH

National Hydrocarbon Commission approved Shell offshore exploratory plan. Shell put forth an ambitious plan for Chibu-1EXP in ultra-deep waters, located in the CNH-RO2-LO4-AP-CS-GO1/2018 assignment that the firm acquired in Round 2.4. Shell will target the well at a water strap of 2,760m.

Drilling will be complicated by navigating two different geological formations. Its primary objective lies in the Oligocene stratum, at a depth of 3,714m. Shell estimates 143Mboe in potential reserves and placing the geological success probability at 26%. The secondary objective is yet deeper, at the Late Jurassic site with depths of 6,110m. There Shell estimates to find 76Mboe, with a geological success probability of 13%. Beyond the sheer size of the site - representing about 3% of Mexico's proven oil reserves -the investment signals willingness to invest where Mexico's oil sector needs it the most, in deep offshore waters. "This well is very good news," said CNH commissioner Hector Moreira, "because it implies that we're now entering in deep water."

Given the depths, Shell expects more than USD \$93 million in layouts on Chibu-1. Shell will begin to drill Chibu-1 on December 5, relying on a platform ship it owns, the Deepwater Thalassa. According to the plan, the company will finalize exploration on February 21 and cement the well by March 1, 2020.

Borr Drilling awarded two new jackup contracts with Pemex – Oil and Gas Magazine

Offshore Mexico, Pemex has contracted the Galar and Njord. Both contracts are expected to run from February 2020 to July 2021. The jackups will mobilize from Singapore. The leased rigs have a daily cost of USD \$94,000 each. The contract is for 500 days and will begin on February 20 of next year. "With the activation of two units, Borr Drilling has increased the number of platforms contracted and committed in Mexico to 18," the company said in a statement.

Talos to have formal Zama resource report by year-end – Offshore Energy Today

Talos made the discovery in 2017 – one of the largest shallow-water finds in decades – and has during the summer completed the appraisal program at the field aimed to better define the resource potential. In an update Talos said: "Following the successful completion of the Zama appraisal program, Talos is working with Netherland, Sewell & Associates, Inc. to complete a formal resource report by year-end 2019. The company reiterates its previously stated resource guidance in the upper half of its pre-appraisal estimated range of 400-800 MMBoe gross

recoverable resources. As previously reported, Premier Oil, Talos' partner in the field in June refined its gross resource estimate of the Zama structure to 670-810-970 mboe (P90-P50-P10).

Talos had initiated early FEED work to allow for the earliest possible initial production date and is utilizing all of the appraisal data to create an optimal development plan for the field. Zama also said that unitization discussions with Pemex were ongoing. As reported last year, the two companies have been in unitization talks as the Zama find might extend into a nearby Pemex-owned offshore block.

The Zama field is located in Block 7 of the Sureste Basin offshore Mexico in the Gulf of Mexico and has a water depth of 165 meters. The field, one of the largest shallow-water fields discovered in the past 20 years, is expected to be brought online in 2022, with estimated peak production of approximately 150 Mboe/day. McDermott was selected in November 2018 for concept and engineering services for the Zama field development project.

Power/Renewable Energy

Enova unveils its Rumorosa Solar park in Baja California – *Enova Press Release*

Enova unveiled its new solar park, Rumorosa Solar, in Tecate, Baja California. With an approximate investment of \$960 million pesos and an installed capacity of 41MWAC, Rumorosa Solar has an equivalent capacity to deliver clean energy to 70,000 homes. With 165,510 new state-of-the-art solar panels, constructed in a 135 hectares parcel, this project created more than 800 direct and indirect jobs during its construction phase.

Enova is also investing in two other projects in the state and want to develop, in Baja California, the biggest project in Enova's history: a liquefaction plant in the existing ECA facilities.

Nowadays, Enova has a renewable energy portfolio with an installed capacity of more than 1,000 MW, which positions the company as one of the main players in the clean energy generation space in Mexico. Its portfolio consists of 2 operating wind farms (Ventika and Energía Sierra Juárez); 3 operating solar parks (Rumorosa Solar, Tepezalá Solar and Pima Solar); a well as 2 solar parks (Don Diego Solar and Border Solar) and 1 wind farm (Energía Sierra Juárez II) under construction/development.

Companies challenge Mexican rule change on clean energy – *WSJ, Reuters*

At least half a dozen clean-energy companies are taking legal action against the Mexican government over changes in regulations they say reduce the value of their investments and put the country's environmental targets at risk. The companies say a government decision in October allowing state utility Federal Electricity Commission "CFE", to obtain clean-energy credits for old power plants such as hydroelectric stations changes the rules under which they invested.

Last month, the government sparked complaints from businesses when it said it was altering a scheme promoting private sector renewable energy generation by allowing older state-owned hydroelectric energy plants to participate as well. Mexico's previous government created a market for bankable "Clean Energy Certificates" (CECs) in order to foster green power generation, obliging companies to obtain a certain amount of electricity from such sources to meet national climate goals.

The scheme was tailored toward new private sector projects, but the government of AMLO, which wants a bigger state role in energy policy, argued it put national power utility the CFE at a disadvantage. Companies have responded to the rule change by filing so-called “Amparo” suits to overturn the decision and Julio Valle, deputy director of the Mexican Association of Wind Energy, said he expected the legal actions to cover well over 50% of new clean energy projects under development in Mexico.

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