



November, 2022

## Table of Contents

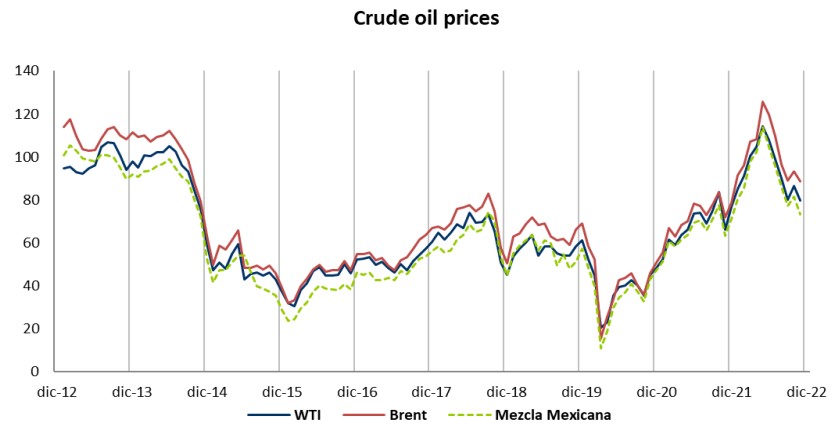
This month in review .....	3
Oil & Gas - Mexico.....	3
• CNH approved Pemex an investment of USD \$88 million in Cuichapa field – <i>CNH</i> ..	3
• Pemex to invest USD \$3 billion in Quesqui field – <i>Oil and Gas Magazine</i> .....	3
• CNH enabled Pemex to modify its exploration plans for Uchukil – <i>CNH</i> .....	4
• CNH approves Pemex’s plans for offshore extraction – <i>CNH</i> .....	4
• Pemex sees deepwater Gulf natural gas project boosting output – <i>Reuters</i> .....	4
• Perenco to invest USD \$186mn in Tabasco area next year – <i>CNH</i> .....	5
• Repsol México was cleared to renounce to three areas – <i>CNH</i> .....	5
• Chevron, PC Carigali gives up deepwater blocks – <i>Oil and Gas Magazine</i> .....	5
• Pemex to invest USD \$18 billion to extract extra heavy crude – <i>Mexico Business News</i> .....	5

Power/Renewable Energy – Mexico .....	6
• CRE approves 3 new power generation permits, rejects 1 – <i>Bnamericas</i> .....	6
• CRE released 43 permits for selling gasoline and diesel – <i>Business Mexico News</i> .....	6
• CFE places sustainable-focused bonds in the BMV – <i>Energía a Debate</i> .....	6
• CRE denies two permits to Iberdrola – <i>Oil and Gas Magazine</i> .....	7
• Evergo to install 15,000 charging stations in Mexico – <i>Business Mexico News</i> .....	7
Oil & Gas - LATAM.....	7
• Petrobras launches tender to charter jackup rig – <i>Bnamericas</i> .....	7
• Fitch Ratings maintains Ecopetrol S.A.'s rating at BB+, with a stable outlook – <i>Fitch</i> .....	8
• Petrobras will invest 260 million reais to increase production of diesel – <i>Bnamericas</i> .....	8
• Argentina awards engineering contract for Vaca Muerta gas pipeline – <i>Bnamericas</i> .....	8
• Petrobras begins teaser stage for Argentina subsidiary sale – <i>Oil and Gas Journal</i> .....	9

## This month in review

\* 28/11/2022 \*\*29/11/2022

Crude oil price MME US/BD*	71.69
NG price HH* US/MMBTU	7.22
Mx crude production MMbd – October	1.62
Mx NG production MMpcd – October	4,842
US crude production MMbd - August	11.27
FX Rate**	19.32



Source: EIA, El Reforma, Pemex, Banxico, and CNH

## Oil & Gas - Mexico

### CNH approved Pemex an investment of USD \$88 million in Cuichapa field – CNH

Pemex will invest additional resources in its Cuichapa field straddling the states of Tabasco and Veracruz. CNH approved an USD \$88mn investment to further explore the area after promising initial results. Pemex plans to spud two wells initially (the Chucox-101EXP and Ayocote-1001EXP prospects) and conduct seven exploratory studies. If results are encouraging, it could spud three additional wells (Alotl-1EXP, Jotsbil-1EXP, y Wekatlan-1EXP).

Prospective resources of 160 million barrels of crude oil equivalent will be evaluated and, if successful, resources from 14 to 30 million barrels of crude oil equivalent could be incorporated. Pemex estimates an investment of between USD \$35 and \$84 million, considering both operating scenarios.

### Pemex to invest USD \$3 billion in Quesqui field – Oil and Gas Magazine

Pemex is planning to invest USD \$3.14 billion in 2023 and 2024 to further develop its shallow water gas Quesqui field on the coast of Tabasco. Pemex said that the plan will notably increase production in the area starting next year from 400MMcf/d to 1Bf3/d and condensate from 136,000boe/d to 250,000boe/d. This goal would be achieved by drilling 18 production wells to extract 390Mb of condensate and 2.2Tcf of natural gas in total. The state-owned company also aims to end gas flaring at the field, which is currently done at a rate of 5Mcf/d.

Last month, Pemex's division for Exploration and Production (PEP) foresaw that by the end of 2022, Quesqui would be producing 250Mb/d of crude oil, roughly double what is being produced today. Moreover, it is expected that gas production will reach 500MMcf/d. Quesqui is considered the most important field among Pemex's new developments. Quesqui has 14 existing wells ready and that by the end of the year, 11 more wells will be drilled, while by the end of 2023 the NOC aims to include 10 additional wells.

## CNH enabled Pemex to modify its exploration plans for Uchukil – CNH

CNH enabled Pemex to modify its exploration plan and carry out further exploration work in a shallow-water block off the coast of Tabasco. The Uchukil assignment, AE-0151-M–Uchukil, has a size of 1,107.6km<sup>2</sup>. Pemex proposes to carry out five exploratory studies, as well as the drilling of the Sukuuum-1EXP and Yolpachi-1EXP exploratory wells. Pemex expects to retrieve of 273MMb of crude oil, with an estimated investment between USD \$108.94 million and USD \$261.05 million.

Uchukil represents part of the first unification process of a Mexican oil field. In 2017, E&P company Talos Energy became the first private player to strike oil in Mexico for over seven decades, discovering one of the 10 largest finds in Mexico's history, and considered one of the most promising shallow water fields in the world; field in the Southeast Basin, 60km off the coast of Tabasco. It was later discovered that the reservoir extended into the adjacent Uchukil block, operated by Pemex. Pemex and Talos, which wanted to become Zama's operator, failed to reach an agreement, and the energy ministry intervened by appointing Pemex as the sole operator in July 2021.

Many analysts interpreted SENER's polemic decision as harmful to Mexico's legal certainty and potential to bring in private investment. The development of the Zama field was stalled due to disagreements between the two oil companies. Nevertheless, progress appears to have been made in talks concerning Zama. Talos announced that the Joint Development Plan of the Zama Field will be presented to CNH by March 2023, including the terms for the development of both companies.

## CNH approves Pemex's plans for offshore extraction – CNH

CNH approved Pemex's modification of its Development Plan for the extraction of the Ixtoc field. The allocation currently has 18 wells, of which seven produce medium oil. The field occupies an area of 40.13 km<sup>2</sup> in the Gulf of Mexico, approximately 60km northeast of Ciudad del Carmen, Campeche.

Pemex aims to extract of 11.10MMb of oil and 28.52Bcf of natural gas. The total estimated investment is USD \$842.56 million, of which USD \$450.94 million covers operational expenses. The modification to the development plan was justified due to the increase in the approved investment and the change to produce more natural gas.

## Pemex sees deepwater Gulf natural gas project boosting output – Reuters

Pemex expects a key offshore natural gas field located in the deepwater Gulf of Mexico will add significant output after inking a service contract on Monday, part of a push to grow local output while reducing imports.

Pemex announced that the deepwater Lakach field will pump 300 MMCF of gas per day over a 10-year horizon, after the state-run firm signed a service contract with U.S. liquefied natural gas company New Fortress Energy. Lakach is believed to hold up to 937 billion cubic feet of gas reserves, but cost pressures put development on hold for six years.

President AMLO has sought to prioritize energy self-sufficiency during his term, even as Mexico for decades has met most of its gasoline and natural gas demand through imported supplies, mostly from U.S. producers. Gas production at Lakach is expected to begin in the first quarter of 2024, following initial investments of \$1.4 billion by Pemex and \$1.5 million by New Fortress Energy. The two companies signed a separate contract agreeing that Pemex will sell 190 MMCF daily to New Fortress with the remaining 110 MMCF per day reserved for domestic consumption. Mexico's oil regulator approved the nearly \$1.8 billion Lakach plan last month, up from \$1.5 billion initially estimated.

### Perenco to invest USD \$186mn in Tabasco area next year – CNH

Perenco will spend USD \$186mn next year at its Santuario-El Golpe light crude concession in Tabasco state. CNH greenlit the firm's 2023 budget for the area. The company expects to spud and complete 10 wells and conduct 15 major repair works during the year. Perenco expects a 13% higher yield from the field than it originally laid out in its development plan, with output starting 2023 at about 16,000b/d and ending the year above 30,000b/d. Gas output, is expected to rise from 15Mf<sub>3</sub>/d to 25Mf<sub>3</sub>/d. In total, it plans to extract 9.3 million barrels of oil and 8.4Bf<sub>3</sub> of gas.

### Repsol México was cleared to renounce to three areas – CNH

CNH approved Repsol's early termination by waiving three out of Repsol's six blocks in Mexico: CM-Go1, CM-Go5 off Veracruz and Tamaulipas and A11.CS off Tabasco. Until September 2022, the company had invested USD \$64.8 million there. Generally, areas are renounced and returned to the State when no commercially recoverable hydrocarbons are found.

It is a business decision for Repsol, there is only one area with great discoveries, and it will focus on it. There may be interesting potential in the other areas, but the company will abandon them to focus on the development of what has been obtained. Both areas return to the state and are at the disposal of the government to decide how to take advantage of them in the future.

### Chevron, PC Carigali gives up deepwater blocks – *Oil and Gas Magazine*

The CNH, ruled in favor for the oil companies Chevron and PC Carigali to begin the process of early termination by renouncing all of the CNH-R01-Lo4-A3 contracts. CPP/2016 and CNH-R02-Lo4-AP-CM-G03/2018.

On September 10, PC Carigali notified the commission of the irrevocable resignation of the entire contractual area in deep waters of round one, which has an area of 3,099 km<sup>2</sup> and is located off the state of Tamaulipas. In the area, the operator drilled the Bacalar-1EXP well, which was not commercially viable. For its part, Chevron notified the regulator of the irrevocable waiver of the entire contractual area of round two on July 25 of this year, because due to business decisions it was decided to continue with the additional exploration period.

### Pemex to invest USD \$18 billion to extract extra heavy crude – *Mexico Business News*

Pemex plans to produce almost 500MMb of extra heavy crude at the Kayab oil field, featuring a strong investment of USD \$18.73 billion. Pemex does not have much experience in the extraction of extra heavy crude but aims to bet big on this major project development.

Kayab is located off the coasts of Campeche and Tabasco, with an area of 41.63km<sup>2</sup>. This assignment will extract extra heavy crude of 8° API. CNH estimates that this field holds 500MMb of oil. The development will include various activities: 35 drilling and completions, four major repairs, 994 minor repairs and 352 well stimulations. It will also include the construction of six pipelines and three platforms, among other works.

According to CNH, these extra heavy crude oil plays must be studied to figure out the optimal extraction of these types of products. This type of crude is denser than water, making it difficult to extract. Eighty percent of the operational costs will therefore be used for the strategy to commercialize this heavy oil, which relies on purchasing light crude to mix and subsequently commercialize the otherwise unmarketable heavy crude. The Kayab field is one of Pemex's priority fields. This projection goes as far as 2037 to evaluate the evolution of investments in these fields.

## Power/Renewable Energy – Mexico

### CRE approves 3 new power generation permits, rejects 1 – *Bnamericas*

Mexican energy regulator CRE has denied a new generation permit for México Lindo Solar, a subsidiary of Energía Aljaval that owns the USD \$177 million Yermo solar park in Durango state. CRE also denied three requests to expand the scope of a self-supply permit to Compañía de Energía Mexicana and Iberdrola Energía Monterrey. In addition, approved three new generation permits, one requested by one of state utility CFE's generation subsidiaries, another by Tampico Renewable Energy and the other by Piasa Ingenio Plan de San Luis.

### CRE released 43 permits for selling gasoline and diesel – *Business Mexico News*

The regulator has been struggling to release permits on the back of the pandemic, with some requests being put on hold for 24 months. CRE had more than 900 permits on hold. From January to September 2022, CRE released 300 permits to service stations. Fifty percent of the permits were approved this September. With the addition of the 43 permits, the CRE has approved more than 400 permits this 2022, a great increase in comparison to last year's 114 permits. It is expected that the CRE approves 200 permits before the end of the year, heralding an end to the problems that COVID-19 has wrought in its regulatory processes. Amid the consultation process started by the US and Canada under the USMCA, faster permitting may be a way for Mexico to appease its northern trade partners.

### CFE places sustainable-focused bonds in the BMV – *Energía a Debate*

CFE reported that it allocated bonds to the Mexican Stock Exchange (BMV) worth MX\$10 billion (US\$516.31 million) with a focus on Environmental, Social and Governance (ESG) criteria. The trade reached a demand of MX\$20 billion (USD \$1.03 billion), two times the contractual amount and 2.5 times the expected amount of MX\$8 billion (USD \$413 million). The placement has the highest investment grade rating on the AAA local scale, issued by the credit risk assessment agencies Moody's and Fitch. The underwriters were BBVA, Banorte, Citibanamex and Santander. Santander acted as an ESG structuring agent.

The operation comprised four sections: one in a variable format, another in a nominal fixed rate and two in a Mexican Investment Rate Unit (UDIs) format. The first two featured a social approach to finance projects and subsidize basic services. The other two sections have a green approach to promote investment in renewable energy projects, energy efficiency, electro-mobility and ecological buildings, in line with the Reference Framework for Sustainable Financing of the State Productive Company. CFE is the first in the local public debt market to place a bond with a 20-year duration.

### CRE denies two permits to Iberdrola – *Oil and Gas Magazine*

The Energy Regulatory Commission (CRE) gave a new setback to the Spanish electricity generation company, Iberdrola, by denying the modification of the permits to the Dos Arbolitos and Parques Ecológicos de México plants. At the end of September, the energy regulatory body authorized some of the partners to disconnect from both plants. Recently, the governing body approved two resolutions to deny changes to the permit expansion plans, as well as for the use of electrical energy generated.

Ecological Parks of Mexico, operates with permit E/215/AUT/2002, has 105 wind turbines also located in La Ventosa, Juchitán de Zaragoza, and has a capacity of 102 megawatts. His investment was 203 million dollars. While Eólica Dos Arbolitos, operates with permit E/1159/AUT/2014 and is located in La Ventosa, Juchitán de Zaragoza, which has a generation capacity of 70 megawatts through 35 wind turbines and the investment amounts to 140 million dollars, according to official data. So far this year, the Dulces Nombres plant, located in Pesquería, Monterrey, was disconnected by the CRE, after the authorization expired and the regulator will refuse to move it to another scheme. In addition to receiving a fine of 9 thousand 145 million pesos.

### Evergo to install 15,000 charging stations in Mexico – *Business Mexico News*

InterEnergy Group announced that its company Evergo plans to install 15,000 charging stations in Mexico. Evergo arrives in Mexico through the acquisition of the Mexican company E-Drive. The company will invest USD \$200 million over the next five years to boost Mexico's green mobility options. The plan is to tackle some of the biggest challenges in the transition to electromobility: an adequate supply of electricity that ensures range, low cost and practical, efficient as well as advanced charging solutions. Both companies will combine their experience to expand existing residential charging networks. The project will be accompanied by a platform that shows the location of charging stations, their prices, waiting time and different payment options. InterEnergy Group highlighted Evergo's competitive advantages: The company offers Evergo stations of up to 20kW and 60kW of power that can fully charge a vehicle in less than half an hour.

## Oil & Gas - LATAM

### Petrobras launches tender to charter jackup rig – *Bnamericas*

Petrobras launched a tender to charter a jackup rig that it will use for decommissioning work at fixed platforms off Brazil's northeast coast. The rig will operate in waters with depths of between 12m and 50m and wells with a depth of up to 3,500m, which are located in the Ceará, Potiguar, Sergipe and Alagoas basins, according to tender documents.

It will provide cargo handling services to support the disassembling of platforms, including removal of cranes, separator vessels and pipeline sections. The rig will also perform offshore abandonment services in wells equipped with wet Christmas trees and conventional Christmas trees installed at fixed production units. The duration of the contract is 1,610 days and the deadline for the submission of bids is December 12.

### **Fitch Ratings maintains Ecopetrol S.A.'s rating at BB+, with a stable outlook – Fitch**

Fitch Ratings maintained the company's credit rating at "BB+", with a stable outlook, and the Company's individual credit rating (Stand-Alone, excluding the Government's support) at "bbb". The rating agency highlighted Ecopetrol's liquidity profile, which is supported by cash generation, access to capital markets and an adequate debt structure. It also mentioned the importance of receiving government funds through the account receivable from the Fuel Price Stabilization Fund.

Fitch also highlighted Ecopetrol's strategic relevance for Colombia, as the Nation is holder of 88.5% of its voting share capital. Ecopetrol is the largest company in Colombia and one of the main integrated energy companies in the American continent, with more than 18,000 employees.

### **Petrobras will invest 260 million reais to increase production of diesel – Bnamericas**

Revap will adapt one of its Diesel Hydrotreatment Units to expand the production of S-10 diesel. With an investment of BRL 260 million, the project includes the modernization and installation of equipment at the U-272D unit, which will stop producing S500 diesel and will start producing S-10 diesel, a more modern and sustainable product, with lower sulfur, which meets local and international market specifications. This fuel also provides positive impacts in the reduction of emissions of particulate matter and nitrogen oxides.

The unit's adaptation works are expected to be completed in the second half of 2025. With the project, Revap will have two S-10 diesel production units, which will practically double the supply of fuel, going from the current 44,000 barrels/d to 85,000 barrels/d. The S-10 diesel produced at Revap mainly supplies the Vale do Paraíba region. Part of the production is sent to Replan, in Campinas, from where it is directed to other poles in the country.

### **Argentina awards engineering contract for Vaca Muerta gas pipeline – Bnamericas**

Argentine state energy firm Energía Argentina has awarded a front-end engineering design contract for the planned second phase of the Vaca Muerta gas pipeline megaproject. The work was landed by company Suring Ingeniería del Sur. Offers placed by consortium GIE-Latintub and Transportadora de Gas del Sur had been deemed inadmissible, according to Energía Argentina tendering documents.

The first phase, already in the construction phase, involves pipeline work between Tratayén in Neuquén province and Salliqueló in Buenos Aires province (558km). Ancillary projects are included, among them construction of the Mercedes-Cardales duct (73km), in Buenos Aires province. This would link Argentina's northern and southern gas systems. The second phase – which may need private investment to advance – would involve laying pipeline between Salliqueló and San Jerónimo in Santa Fe province (484km), among other elements.



## Petrobras begins teaser stage for Argentina subsidiary sale – *Oil and Gas Journal*

Petrobras has started the disclosure stage, for potential sale of 100% of its stake in Petrobras Operaciones SA (POSA), Petrobras' wholly owned subsidiary in Argentina. POSA's only asset is a 33.6% stake in Rio Neuquén tight gas field in the provinces of Rio Neuquén and Rio Negro. Petrobras holds stakes in POSA through its subsidiaries PIB BV (Petrobras Internacional Braspetro BV), with 95%, and PVIE (Petrobras Valores Internacionais de España), with 5%.

This is a newsletter industry update courtesy of Marcos y Asociados Consultoría Energética, SAPI de CV.

Contact us: [www.marcos.com.mx](http://www.marcos.com.mx) | [info@marcos.com.mx](mailto:info@marcos.com.mx) | +52 55 5202 3600 | LinkedIn [Marcos-y-Asociados](#)

If you have not subscribed or if you do not wish to receive this publication any more, please click [here](#).

*The editor is not responsible for the information. The information included was gathered from public sources (Bloomberg, Oil and Gas Magazine, Oil and Gas Journal, Shale: Oil and Gas Business Magazine, El Economista, El Financiero, Reforma, Reuters, EIA, The Wall Street Journal, Expansion among others) and it is subject to their accuracy and truthfulness.*