



April, 2023

Table of Contents

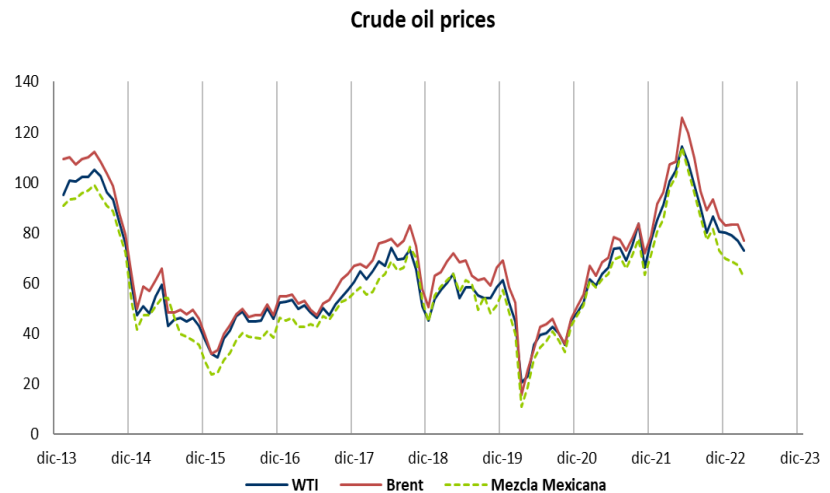
This month in review	3
Oil & Gas - Mexico.....	3
• Wintershall Dea makes shallow water discovery offshore Mexico – <i>Wintershall Dea Press Release</i>	3
• Mexico seeks to rehabilitate 36 gas pipelines – <i>Bnamericas</i>	4
• CNH approved Pemex's modification to the development plan of Ixtal field – <i>CNH</i> . 4	4
• Fieldwood presents plan to boost Mexico performance – <i>CNH</i>	4
• CNH authorizes Eni to drill a well in ultra-deep waters – <i>CNH</i>	4
• CNH approves Pemex's plans for offshore extraction – <i>CNH</i>	5
• Equinor formally leaves the Mexican oil industry – <i>Business Mexico News</i>	5
• Pemex reaches a production of 304 thousand barrels of fuel oil in March – <i>Oil and Gas Magazine</i>	5
• Mexico to help Pemex with \$2 billion tax deferral – <i>Reuters</i>	5

Power/Renewable Energy – Mexico	6
• Iberdrola signed an agreement to sell more than 8,400 MW of combined cycle gas in Mexico for \$6 billion – <i>Iberdrola Press Release</i>	6
• CFE to Develop Two Projects in Bajio and North of Mexico – <i>El Economista</i>	7
• Renewable energy generation fell 1.8% in 2022 – <i>Business Mexico News</i>	7
 Oil & Gas - LATAM.....	 8
• Petrobras announces USD \$5.2 bn investment to expand gas supply – <i>Latin America News</i>	8
• Argentina's YPF to invest up to \$7 billion on infrastructure to boost oil exports – <i>S&P Global Platts</i>	8
• Petrobras, Shell co-developing presalt center in Brazil – <i>Offshore Magazine</i>	8

This month in review

* 27/04/2023 **28/04/2023

MME US/BD*	65.39
MME US/BD*	68.70
PEF SHCP	
Dif. MME vs. MME	-1.89
PEF SHCP	
NG price HH*	2.36
US/MMBTU	
Mx crude production	1.65
MMbd – March	
Mx NG production	4,352
MMpcd – March	
US crude production	12.48
MMbd - February	
FX Rate**	18.07



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

Oil & Gas - Mexico

Wintershall Dea makes shallow water discovery offshore Mexico – *Wintershall Dea Press Release*

Wintershall Dea and its partners Harbour Energy and Sapura have made a significant oil discovery on the Kan exploration prospect in Block 30, located in shallow waters of the Cuenca Salina in the Sureste Basin, offshore Mexico. Based on preliminary estimates the discovery may contain 200 to 300 million boe in place.

Kan is the first of two commitment wells of Block 30. The Kan prospect is located about 25 km off the Tabasco coast in water depth of around 50 meters, and within a zone of several Miocene discoveries including the world class Zama discovery and the Polok and Chinwol discoveries, where Wintershall Dea holds significant working interests. The Kan well, drilled by the Borr Ran rig, reached a total depth of 3,317 meters. The Block 30 consortium will evaluate the extensive subsurface data collection in order to prepare the Kan discovery appraisal plan, to be submitted to CNH Agency before end of July 2023. After the Kan-1EXP well and the sidetrack were completed, the Borr Ran rig was moved to a second prospect to be drilled at Wintershall Dea's Block 30, namely Ix, located approximately 20 km northeast of the Kan discovery.

Mexico seeks to rehabilitate 36 gas pipelines – *Bnamericas*

CENAGAS will carry out more than 20 pre-investment studies to determine the feasibility of a rehabilitation program for 36 gas pipelines in the northeast, southeast and center.

Rehabilitating the 9,000 km network is crucial because it is outdated and at risk of creaking, CENAGAS said in funding requests to the finance ministry, which approved USD \$2.9 million to start the studies. The program will also help meet the demand forecast for 2030. According to CENAGAS, demand will jump from 1.9Bf3/d to 2.9Bf3/d. Most of the high-risk stretches are in Veracruz state, but also in Tamaulipas, Coahuila, Mexico state, Nuevo León and Tlaxcala. Part of the pre-investment studies are engineering studies, designs and work calendars.

CNH approved Pemex's modification to the development plan of Ixtal field – *CNH*

Pemex has received authorization from the CNH to modify the Development Plan for the Assignment A-0160-2M- Campo Ixtal, located in the state of Campeche. Through the revised plan, Pemex aims to continue the field's development and extract the 1P reserves, which are estimated to be 13.49 million barrels of oil and 20.70 billion cubic feet of natural gas. Pemex oil production is expected to increase by 7.53 million barrels and 18.02 million cubic feet of natural gas and intends to carry out 2 major repairs, 15 minor ones and abandonment tasks.

Fieldwood presents plan to boost Mexico performance – *CNH*

Fieldwood filed a development plan to get production back in line with its previous estimates by 2027, when the company expected 100,000b/d of oil and upwards of 100Bf3/d of gas. The field's peak output is expected to be higher than previous estimates, at around 125,000b/d in 2028.

Today, Ichalkil and Pokoch are yielding less than 25,000b/d, CNH said, about half of Fieldwood's expected output for the period. Fieldwood's overall investment plan for the area has grown by USD \$62.5 million to USD \$3.08bn, but actual investment so far has been lower than its previous development plan had outlined: instead of USD \$625 million in 2021-22, Fieldwood spent USD \$254 million.

In December, the company invested USD \$175 million due to spudding activities instead of the initially planned USD \$43.3 million. The company, which has become one of the largest private investors in Mexican shallow waters, said it would spud one more well in the area than it had previously planned, for a total of 19, and build five pipelines to help evacuate output, for a total of 11.

CNH authorizes Eni to drill a well in ultra-deep waters – *CNH*

Eni will invest USD \$54 million in the drilling of a well in ultra-deep waters of Veracruz. CNH granted Eni the authorization to drill the Tlazotli-1EXP ultra-deep water exploratory well. The exploratory well is part of the evaluation plan of the contract CNH-R02-Lo4-AP-CS-Go5/2018, which is located in ultra-deep waters off the coast of Veracruz, with a total area of 1921.93 km² and is adjacent to assignments of Pemex.

In March, CNH granted the Italian oil company an extension to the Initial Exploration Period because the service provider contracted by the operator did not drill the prospectus for which it carried out a new bidding process, which lasted eight months in 2022, given the high demand and reduced availability of drilling equipment worldwide. The objective of Tlazotli-1EXP is to verify the existence of elements of the petroleum system. The hydrocarbon expected by Eni is 12-degree API oil. Mean contingent resources with risk are 600,000 MMboe.

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 31° API of medium oil. The field occupies an area of 40.13 km² in the Gulf of Mexico, approximately 60 km 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.

CNH also approved a modification for the accelerated development of the Kayab field, moving the development from exploration to production without the evaluation phase. Kayab is located off the coasts of Campeche and Tabasco. The development will include 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. Pemex intends to retrieve 458.16MMb of oil and 49.39Bcf of natural gas and will invest USD \$18.37 billion.

Equinor formally leaves the Mexican oil industry – *Business Mexico News*

Equinor's process to abandon its exploration blocks in Mexico has been finalized two years after it was first requested. The company changed its business strategy in 2018, steering toward cleaner technologies. Equinor won two deepwater blocks in the Salina Basin back in 2016, when the energy reform opened the Mexican oil market to private players. The blocks that it won in 2016 had validity until 2052. The Norwegian company invested USD \$10 million in the Mexican oil industry, according to the CNH.

Equinor sold one of its blocks to TotalEnergies in February 2022 and it requested to abandon the other one in 2021. Two years after the initial request, CNH finally authorized the return of Equinor's last deepwater block near the coast of Veracruz. The regulator fined the company a total of USD \$40 million for failing to comply with the minimum work program at the joint venture it had with BP and TotalEnergies. In 2018, the company changed its name from Statoil to Equinor to focus on cleaner business lines such as wind and solar, among other clean technologies.

Pemex reaches a production of 304 thousand barrels of fuel oil in March – *Oil and Gas Magazine*

The production of fuel oil from Pemex Transformación Industrial (TRI) refineries is becoming a real headache for the current administration, as the production of gasoline in the National Refining System increases. In the second week of March 2023, Pemex TRI's fuel oil production reached 304 thousand barrels per day, which is the highest level recorded in the past 11 years.

Mexico to help Pemex with \$2 billion tax deferral – *Reuters*

Mexico's government will bolster state-owned oil firm Pemex's capacity to pay down debt this year by deferring about \$2 billion in taxes the company owes the state, said Mexican Deputy Finance Minister Gabriel Yorio.

Pemex, which had financial debt totaling nearly \$108 billion at the close of last year, pays a profit sharing rate (DUC) - effectively a tax paid to the government - of 40%. Pemex has already paid off some \$6 billion in debt for 2023 and has another \$2.5 billion left to pay in the year. Delaying Pemex's payment of the DUC should give the oil giant some \$2 billion in cash flow, said Yorio. "We can do this quickly to provide liquidity to Pemex, not through a capitalization, but by allowing it not to immediately pay the royalty, the profit sharing rate," said Yorio. "That roughly gives them \$2 billion in cash flow."

Separately, Yorio said Mexico would not need to issue debt to finance its \$6 billion deal to buy 13 power plants from Spanish energy company Iberdrola. A financial vehicle, which will bring together public investors including state infrastructure fund Fonadin, would be created within a year to buy the assets, he added. Lopez Obrador has described the deal, which will boost state power utility CFE market share to nearly 56% of Mexico's total power generation from about 40%, as a "new nationalization".

Vista Energy will drill two exploratory wells in Tabasco – *Oil and Gas magazine*

The CNH approved the request for the drilling of the Vernet-1051EXP and Vernet-1052EXP onshore exploratory wells submitted by Vista Energy. Vernet-1051EXP onshore exploratory well is considered in the current exploration plan. Vista Energy will invest 5.4 million dollars in the drilling of two onshore exploration wells in Tabasco.

The Vernet-1051EXP well is expected to have prospective resources of 2.8 MMboe, with a 37% probability of geological success. The drilling and completion programs for this well are scheduled to take a total of 28 days, with 11 days for drilling (from May 11 to 22, 2023) and 17 days for completion (from July 1 to 18, 2023). On the other hand, the Vernet-1052EXP well is expected to have prospective resources of 1.6 MMboe, with a 37% probability of geological success. The drilling of this well will take 32 days, with 12 days for drilling (from May 26 to June 6, 2023) and 20 days for completion (from July 20 to August 8, 2023).

Power/Renewable Energy – Mexico

Iberdrola signed an agreement to sell more than 8,400 MW of combined cycle gas in Mexico for \$6 billion – *Iberdrola Press Release*

Iberdrola Mexico and Mexico Infrastructure Partners (MIP) have signed a memorandum of understanding, whereby the trust led and managed by MIP will acquire 8,539 MW of installed capacity. Of the total, 8,436 MW corresponds to combined cycle gas and 103 MW to wind. Of the plants included in the agreement, 87% of the total installed capacity to be divested currently operate under the regime of Independent Energy Producers, contracted with the CFE.

These plants include the combined cycles of Monterrey I and II, Altamira III and IV, Altamira V, Escobedo, La Laguna, Tamazunchale I, Baja California, Topolobampo II and Topolobampo III, as well as the wind asset La Venta III. The privately operated combined cycle gas plants of Monterrey III and IV, Tamazunchale II and Enertek are also included in the agreement. The agreed value for the sale amounts to approximately \$6 billion, which may be modified based on the closing date of the transaction and other adjustments.

The transaction is subject to the agreement and the signing of definitive contracts by the parties, as well as obtaining the necessary regulatory approvals and the fulfilment of certain conditions that are standard in this type of operation. The operation has the financial support of the National Infrastructure Fund of Mexico (Fonadin) and other public financial entities associated with the Government of Mexico.

CFE to Develop Two Projects in Bajío and North of Mexico – *El Economista*

CFE Generación IV reported revenue from energy sales amounting to MX\$29.6 billion (USD \$1.63 billion), which is 9% higher than in 2022. Moreover, the company is constructing two Combined Cycle power plant projects to provide electricity to Mexico's northern and Bajío region.

In the first two months of 2023, the subsidiary reached revenue from energy sales of MX\$3.5 billion. Carlos Aguirre Arredondo, CEO, CFE Generación IV, highlighted that during this period, they generated 2,410GWh.

One of the plants to be developed has been named San Luis Potosi and will be located in the municipality of Villa de Reyes. The project will provide an estimated net capacity of 437MW, with an investment of USD \$350 million. Likewise, CFE is developing Lerdo in Durango, which will provide an estimated net capacity of 350MW through an investment of USD \$319 million. According to the plan, both plants will start operating in 2024.

Renewable energy generation fell 1.8% in 2022 – *Business Mexico News*

The Mexican Institute for Competitiveness (IMCO) revealed that clean energy generation decreased 1.8% between 2021 and 2022, due to lower wind and solar energy generation. However, overall renewable energy production has grown 48.4% since 2017.

According to data from the CENACE, over the past six years, electricity generation in Mexico has grown 10.3%, going from 302.8TWh in 2017 to 333.8TWh in 2022. This growth is attributed almost entirely to an uptick in electricity generation through renewable technologies. Between 2017 and 2022, clean energy increased 48.4%, from 58.7TWh to 87.2TWh, while energy generated from fossil fuels barely grew 1.1%, from 244.0TWh to 246.6TWh.

CENACE reported the use of six clean energy generation technologies: biomass, wind, geothermal, hydroelectric, nuclear-electric and solar photovoltaic. From 2017 to 2022, nuclear-electric and geothermal generation fell 0.3% and 23.4%, respectively. Hydropower, on the other hand, grew 12.3%, from 31.7TWh to 35.6TWh. Solar photovoltaic and wind generation showed the highest growth rates. Between 2017 and 2022, solar photovoltaic energy grew 4,595%, from 0.3TWh to 16.3 TWh, while wind energy rose 94.3%, from 10.5TWh to 20.3 TWh.

In 2017, 19.4% of the country's electricity production was supported by clean technologies. In 2022, this proportion increased to 26.1%. However, between 2021 and 2022, clean energy generation dropped 1.8% from 88.8TWh to 87.2TWh. During this period, wind energy decreased 3.6%, while solar photovoltaic went down by 4.6%. The current rate of renewable energy production is almost nine percentage points below the 35% target set in national legislation and the Paris Agreement, to be reached by 2024.

Petrobras announces USD \$5.2 bn investment to expand gas supply – *Latin America News*

Petrobras, announced an investment plan of USD \$5.2 billion to expand the supply of gas production and flow. The Strategic Plan 2023-2027 foresees the development of new fields and infrastructure that will add 55 million cubic meters of gas per day to the Brazilian market.

The company stated in a release the 2023-27 Strategic Plan provides for the development of new exploration areas and infrastructure to add a daily capacity of up to 55 million cubic meters to the national gas supply. According to the executive manager of Petrobras Reservoirs, Tiago da Rosa Homem, the company will considerably increase the gas supply from 2025 onwards.

Argentina's YPF to invest up to \$7 billion on infrastructure to boost oil exports – *S&P Global Platts*

YPF plans to invest between \$6 billion-\$7 billion with partners to build pipelines and other infrastructure to boost oil exports from the Vaca Muerta shale play, with a focus on supplying a proposed terminal in the south that can load very large crude carriers, CEO Pablo Iuliano said. A handful of projects are underway to build pipelines. Oleoductos del Valle, a pipeline operator part-owned by YPF, is doubling its takeaway capacity to 452,800 b/d by the end of 2024 and considering expanding that further. YPF is poised to launch operations of a 115,000 b/d cross-border pipeline to Chile, with a 160,000 b/d feeder pipeline in Vaca Muerta. YPF is also in the preliminary stages on a \$1.2 billion project to build a 380,000 b/d pipeline and port facilities on the Atlantic to increase shale oil exports.

YPF has focused for many years on supplying the domestic market, given that it is the biggest refiner in the country. But with plans to double its own crude production to 450,000 b/d by 2027, the company will soon be running a surplus over its 320,000 b/d of installed refining capacity so that it can step up exports. YPF was producing 226,000 b/d of crude in 2022, according to company data.

Argentina's crude production, led by Vaca Muerta, is on track to reach 1.2 million b/d in the next few years, up from 627,000 b/d in February of this year, which is already more than the 550,000 b/d of average demand.

Petrobras, Shell co-developing presalt center in Brazil – *Offshore Magazine*

Petrobras, Shell and SENAI CIMATEC have formed a cooperation to construct a large complex in Brazil for presalt R&D. The Production Development Laboratory (LDP), will provide conditions similar to the Brazilian presalt for testing integrated systems and new equipment prior to their adoption in the field.

A 300-m deep well will be drilled in the complex, connected to a flow loop comprising pipes, compressors and pumps to simulate the flow of oil and gas production. A multi-disciplinary technical team at the LDP will provide modeling and reliability analysis, advanced engineering and expertise in computer simulations, materials and examination of failures and processes.

The tests should allow the oil and gas industry to test innovations for subsea, topsides, production operations, lifting and flowing oil from the seabed, and processing. The program involves a USD \$50.2 million investment. Petrobras and Shell are funding the project with support from the Research, Development and Innovation clause of Brazil's National Agency of Petroleum, Natural Gas and Biofuels.

This is a newsletter industry update courtesy of Marcos y Asociados Consultoría Energética, SAPI de CV.
Contact us: www.marcos.com.mx | 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.