



Energy Fortnightly News

November 15-30, 2023

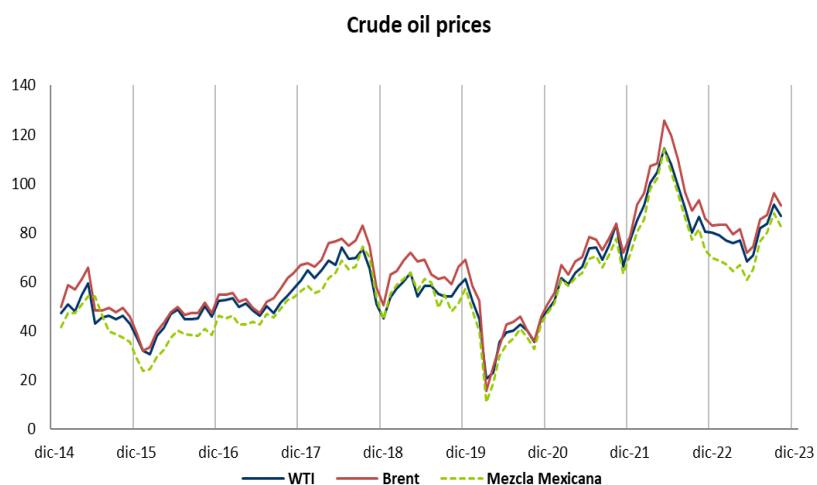
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Fortnightly review

* 29/11/2023

MME US/BD*	74.39
MME US/BD*	68.70
PEF SHCP	
Dif. MME AVG. 2023 vs. MME PEF SHCP	-6.82
NG price HH* US/MMBTU	2.80
Mx crude production MMbd – October	1.63
Mx NG production MMpcd – October	4,166
US crude production MMbd - September	13.23
FX Rate*	17.18



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

Oil & Gas - Mexico

Pemex secures financing for restoring port infrastructure – *Bnamericas*

Pemex has secured financing from the federal government until next year to continue modernizing infrastructure at three seaports.

The three are the Pajaritos terminal at Coatzacoalcos port in Veracruz state, the Salina Cruz terminal in Oaxaca state and the Guaymas terminal in Sonora state. For the Pajaritos terminal, the idea is to restore, standardize and adapt 12 docking areas and their pipeline network with almost 131 million pesos (US\$7.6 million). Meanwhile, 117 million pesos and 15 million pesos were approved for this and next year to invest in the same types of maintenance projects at the Salina Cruz and Guaymas terminals, respectively.

The administration of President AMLO has destined several sources this year to the Salina Cruz and Coatzacoalcos ports, which will be connected through the restoration of a 300km rail line known as the Tehuantepec isthmus rail corridor. Guaymas port is part of the US\$4.8bn Sonora Plan that focuses on clean energies.

Mexico Pacific Awards Sierra Madre Pipeline EPC Contract to GDI SICIM Pipelines and Bonatti – *Mexico Pacific*

Mexico Pacific, GDI Sicim Pipelines and Bonatti have executed the Engineering, Procurement, and Construction contract for the Sierra Madre pipeline project. The 500-mile Sierra Madre pipeline will be utilized as the primary natural gas supply path for the transportation of up to 2.8 Bcf/d natural gas from the U.S. border to the first phase of Mexico Pacific's 15 million tons per annum Saguaro Energia LNG export facility located in Puerto Libertad, Sonora, Mexico.

Mexico Pacific, GDI Sicim Pipelines and Bonatti announced they have executed the Engineering, Procurement, and Construction contract for the Sierra Madre pipeline project. The 500-mile Sierra Madre pipeline will be utilized as the primary natural gas supply path for the transportation of up to 2.8 Bcf/d natural gas from the U.S. border to the first phase of Mexico Pacific's 15 million tons per annum Saguaro Energia LNG export facility located in Puerto Libertad, Sonora, Mexico.

Under the lump-sum-turnkey EPC contracts, the GDI Sicim Pipelines and Bonatti joint venture will engineer, procure and construct the Sierra Madre pipeline with Bonatti's scope extending to the required compressor stations.

About Mexico Pacific: Mexico Pacific's anchor project, the 15 MTPA Saguaro Energia LNG Facility, is the most advanced LNG development project on the West Coast of North America. The Saguaro Energia LNG Facility achieves significant cost and logistical advantages resulting in the lowest landed price of North American LNG into Asia by, leveraging low-cost natural gas sourced from the nearby Permian Basin, and a significantly shorter shipping route avoiding Panama Canal transit risk for Asian markets.

About GDI Sicim Pipelines: GDI Sicim Pipelines is a Mexican Company, participated by GDI SA de CV and SICIM SpA, set up in 2010 and specialized in the construction of large projects in the Energy sector, having built more than 4,000 km of gas pipelines in Mexico during the past 14 years. Its services are based on the implementation of the most advanced technology, in compliance with Environmental, Social and Governance Standards.

About Bonatti Mexico: Bonatti is an Italian EPC Contractor with over 75 years of experience, active in the energy industry across different geographies. During its 10 years of presence in Mexico, Bonatti has served top-tier clients and delivered over 2,000 km of large diameter pipelines, 5 compressor stations, 12 metering stations and 3 storage terminals for refined products.

CNH approves transfer of Shell's operations to Pemex – CNH

CNH approved the transfer of control of operations and corporate management of contract CNH-R02-Lo4-AP-PG02/2018 from Shell E&E to Pemex. The contractual area is in a zone known as the 'subsalt belt,' where large amounts of salt complicate subsurface exploration for potential hydrocarbon reservoirs, situated in the deep waters of the Gulf of Mexico in the Perdido Area, off the coast of Tamaulipas.

On Sep. 19, 2023, Shell and PEP requested CNH authorization for the transfer of the entirety of Shell's participation interest to PEP, along with the transfer of control of operations and corporate management for the area's operation. Prior to this request, the participation interest in the contract was evenly split between Shell and PEP. With the transfer, PEP will hold 100% of the participation interest and operate the contract.

According to CNH, this contract has already received an investment of just over US\$29 million in exploration alone, although the investment program contemplates US\$87.4 million. Shell has other procedures with CNH, including contract CNH-R02-Lo4-AP-CS-Go2/2018, an area to which it fully renounced incurring in a conventional penalty of US\$732,026.7, as well as contract number CNH-R02-Lo4-AP-CS-Go4/2018, both located in the deep waters of the Salina Basin.

Capricorn Energy Transfers Contract to Eni, Citla Energy – CNH

Capricorn Energy Mexico has agreed to transfer its stake in the contract CNH-R02-Lo1-A7.CS/2017 to the Italian company Eni Mexico and Citla Energy. As a result of this assignment, Capricorn will no longer be a party of the mentioned contract.

CNH's governing body approved the transfer of corporate control and management of the area, as well as a modification in the stake of the contractors for the mentioned contract. After this process, 19.29% of the participation interest will become the property of Eni Mexico, while Citla Energy, will acquire 10.71%. CNH has confirmed that, following this transaction, Capricorn will no longer be considered a participating company in the contract. The contract operates under the shared production modality and covers an area in the shallow waters of the Gulf of Mexico, located off the coasts of Veracruz and Tabasco, with an approximate extension of 590.75km².

Hydrocarbons industry sees US\$65 billion investment in September – CNH

The investment for exploration, assessment, and development plans in Mexico stands at an impressive US\$65.19 billion as of September 2023. This data, reflects the cumulative investments since the approval of the Energy Reform in 2013. Most investments in exploration, evaluation, and development of the auctioned blocks from the preceding three rounds, spanning the previous administration, are slated to unfold beyond 2025, amounting to a substantial sum of US\$30.03 billion.

Noteworthy players in this landscape include Woodside Energy, currently holding the highest committed investment in the country at US\$10.86 billion, primarily allocated to the Trion field. Pemex (PEP) secures the second position with a considerable commitment of US\$10.09 million in the Ek Balam fields. Following closely is Eni, with investments totaling US\$9.11 billion. Fieldwood Energy and Petrobal are also featured prominently, boasting an investment of US\$8.58 billion in the Ixachi and Pokoch fields, respectively. This comprehensive overview underscores the dynamic landscape of energy investments in Mexico up to the specified timeline.

Meg O'Neill, CEO, Woodside Energy, highlighted the significance of Trion as a valuable resource with a mature development concept. The investment aligns with Woodside's strategic goals, exceeding its capital allocation framework targets. It is expected to contribute significantly to the company's cash flow, shareholder returns and future developments in oil, gas, and new energy. Woodside's expertise in deepwater project execution further bolsters confidence in the project's success.

Out of this investment Tamaulipas has attracted a substantial amount, US\$18.96 billion, from domestic and international oil companies, with expectations of further growth as additional development initiatives in the northeastern region progress, according to statements from CNH.

Crude oil exports see 6.1% decline in October – INEGI

Crude oil exports in October decreased 6.1% compared to the previous month, reaching an average of 1.08MMB/d, which is 71Mb less. However, compared to the same month in 2022, foreign shipments increased by 10%, or 99Mb, compared to the 987Mb at that time.

In its Information on Mexico's Goods Trade Balance report for October 2023, INEGI highlighted that the total exports of goods (non-petroleum and petroleum) reached a value of US\$51.97 billion, a deficit of US\$252 million compared to the previous month. INEGI detailed that the value of hydrocarbon exports in October was US\$3.19 billion, of which US\$2.77 billion corresponded to the sale of crude oil and the remaining US\$423 million to other petroleum products, according to data from PMI. On the imports side, the agency indicated that petroleum consumer goods, such as gasoline, butane, and propane, decreased by 15.4%. On an annualized basis, these imports decreased by 28.5 points.

Pemex recently halted the export of its super-light Olmeca oil, a highly sought-after crude variant that undergoes easier processing at its refineries. This decision was taken in September, following a brief two-month resumption in July and August. Olmeca oil exports in 2023 marked the first instance in six years, breaking a prolonged hiatus. In July, Pemex exported 48 Mb/d of Olmeca oil, followed by 96 Mb/d in August. While these quantities constituted a small fraction of total exports, which also encompass the heavier Istmo and Maya varieties, they generated revenues of US\$120 million and US\$236 million for the company during those respective months.

Power/Renewable Energy – Mexico

Bimbo runs on 92% renewable energy – *Business Mexico News*

Grupo Bimbo reviewed its progress in sustainable development during its Global Sustainability Summit held in Mexico. Among various achievements, the company emphasized that 92% of its global operations are powered by renewable energy.

Grupo Bimbo brought together key stakeholders in its value chain to collaboratively address current global challenges. Participants showcased novel practices and advances in their sustainability strategy, with the overarching goal of achieving net-zero carbon emissions by 2050.

Bimbo's sustainability strategy is divided into three pillars: "For You," "For Life," and "For Nature." The first pillar is designed to facilitate diverse, nutritionally rich planetary diets by promoting the consumption of healthy, plant-based products. The "For Life" dimension focuses on elevating the quality of life in communities within the company's reach, through projects focused on social responsibility. Finally, the "For Nature" pillar aims to protect and regenerate natural systems through regenerative agriculture practices and initiatives aimed at reducing greenhouse gas (GHG) emissions and promoting a circular economy.

In line with Bimbo's last pillar, Daniel Servitje, President, Grupo Bimbo, underscored that 92% of the company's global electricity is sourced from renewables, such as solar and wind. Moreover, he pointed out that in 27 out of 34 countries where the company operates, including the United States, Mexico, Ecuador, Brazil, South Korea, Kazakhstan, and China, Bimbo powers its operations with 100% renewable energy. Additionally, he expressed the company's goal to ensure that by 2025, all countries within Bimbo's operational scope will reach this renewable energy benchmark.

The company revealed that, as part of its Regenerative Agriculture Axis, it has effectively trained over 570 Mexican farmers and cultivated more than 86,000ha of wheat and corn using this method. The goal is to expand this approach, with an anticipated reach of 200,000ha for wheat and corn cultivation by 2030.

Regarding its other two pillars, Grupo Bimbo disclosed that 98% of its everyday consumer products are devoid of artificial flavors and colors. Furthermore, the company was able to implement over 230 projects from the "Good Neighbor" program in 2022. This initiative focuses on making improvements in communities located near the bakery's plants.

Oil & Gas - LATAM

Wintershall Dea, YPF and Dow jointly explore carbon capture and storage potential in Argentina – *Bnamericas*

Wintershall Dea, YPF, Argentina's national energy company, and Dow, a global materials science leader, signed a Memorandum of Understanding to jointly assess potential carbon capture and storage (CCS) opportunities in Argentina.

The MoU defines a period of twelve months, where the technical teams of the companies will jointly work to identify potential suitable locations for CCS in the surroundings of the Bahía Blanca port industrial conglomerate.

The proximity to the industrial cluster with its CO₂ emissions in Bahía Blanca could also facilitate the production of natural gas-based, low-carbon hydrogen. "As a technology, CCS will play an important role globally in decarbonizing industries and achieving climate targets – wherever CO₂ emissions cannot be avoided for the time being. We look forward to contributing our expertise and experience from our European CCS projects to assess CCS potential here in Argentina", explains Mario Mehren, CEO of Wintershall Dea.

Matías Campodónico, President of Dow Argentina and the South Region of Latin America says: "Decarbonization is a complex challenge we are determined to not only meet but lead in our industry. At Dow, we are taking a comprehensive and phased approach to achieve carbon neutrality by 2050, while meeting customers' increasing demands for more sustainable and circular products. Our goal is ambitious, and we must work together with experts to achieve it."

Wintershall Dea is actively involved in the development of CCS infrastructure for unavoidable industrial emissions, currently primarily in Northwestern Europe. One example is the Greensand project, in which the entire cross-border CCS value chain was successfully demonstrated for the first time in the European Union in spring 2023. CO₂ from a Belgian industrial company was stored in a depleted oil field in the Danish North Sea. "As one of the major gas producers in Argentina, we continue to explore ways to expand and diversify our portfolio in the country, including in the field of hydrogen and carbon emissions management", explains Manfred Böckmann, Managing Director of Wintershall Dea Argentina.

Petrobras to invest \$102 billion in next five years – *Reuters*

Petrobras will invest around \$102 billion within the 2024-2028 period, the firm's new strategic plan showed, representing a major boost in expected investments by the state-run oil company. The plan, the first released by the oil giant since CEO Jean Paul Prates took the helm of the company, includes investments in a range of different segments, with most of it going into oil exploration and production. The figure represents a 31% leap from the \$78 billion Petrobras had announced in its previous plan for the 2023-2027 period.

"We increased Petrobras' total investments responsibly, focusing on capital discipline and commitment to keeping debt under control," said Prates in a statement. Petrobras attributed the hike mainly to new ventures - including potential acquisitions - and reincorporating assets which the previous administration had put up for sale, as well as the cost of inflation, which Petrobras said impacted the entire supply chain. The boost is also partly due to an additional \$11 billion earmarked for projects Petrobras is still analyzing. The firm had not previously disclosed the figure.

Exploration and production will make up 72% of the spending, with production set to increase from 2.8 million barrels of oil equivalent per day in 2024 to 3.2 million boed by 2028. About \$7.5 billion is budgeted for exploration, including \$3.1 billion for exploration at the Equatorial Margin, which Petrobras considers its most promising new frontier for oil and gas exploration. The firm will invest \$17 billion in refining, transportation and commercialization.

Petrobras said the plan marks its return to the fertilizer sector, resuming operations at one plant and completing construction on a second one. Low-carbon initiatives also gained a boost, with \$11.5 billion flagged, or more than double the amount set aside under the previous plan. The initiatives include decarbonization efforts as well as developments in low-carbon energy, with emphasis on biorefining, wind, solar, carbon capture and storage and hydrogen.

Investment in the sector should increase over the years, said Petrobras, with low-carbon initiatives comprising 6% of its spending in 2024 and climbing to 16% by 2028.

SLB inaugurates expansion works on its drilling fluids operational base in Porto do Açu – Bnamericas

SLB, inaugurated, the expansion of its Drilling Fluids operational base, at Porto do Açu, in São João da Barra. The plant, which had an initial capacity of 18 thousand barrels, increased to 42.5 thousand barrels, covering the processing of water-based drilling fluids, brines and synthetic base.

In addition to the tanks for liquid fluids, SLB also expanded its operational base of dry bulk (solid material in silos): barite powder, bentonite and calcium carbonate, which increased from 5,900 ft³ to 13,900 ft³, equivalent with an approximate storage capacity of 700 tons of barite, a densifier for drilling fluids. The company also has a unit for storing cement powder (silos), with a capacity of 8 thousand ft³.

According to the Drilling Fluids Manager, Luciano Mello Gennuncio, the work, which began last year, and was completed now, in November 2023, will allow SLB to serve multiple clients, mainly those operating close to Porto do Açu, in the pre-salt and post-salt fields of North Fluminense. "With this work, SLB now has the largest operational base for drilling fluids in the region. We are certainly able to provide the service, which is fundamental in the operation of wells, to several clients", he stated.

All fluids are produced at the base, stored and pumped to customer vessels operating in the offshore segment in the region and surrounding areas.

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

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