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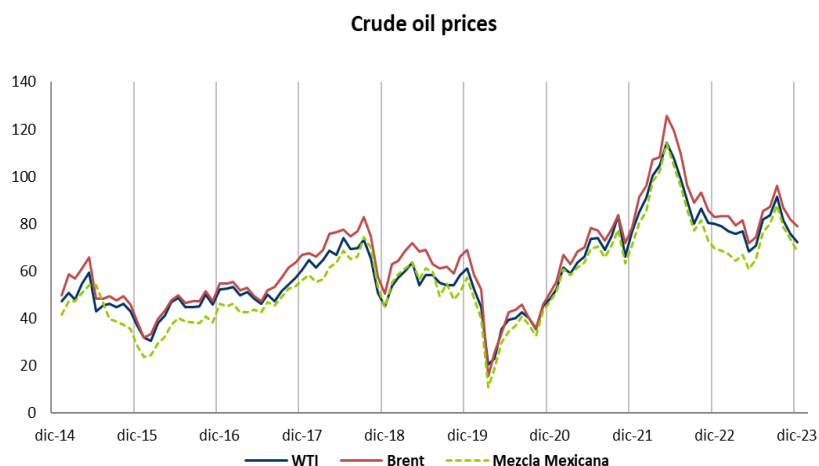
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Fortnightly review

* 29/12/2023

MME US/BD*	68.54
MME US/BD*	68.70
PEF SHCP	
Dif. MME AVG. 2023 vs. MME PEF SHCP	-7.09
NG price HH* US/MMBTU	2.43
Mx crude production MMbd – November	1.64
Mx NG production MMpcd – November	4,128
US crude production MMbd - October	13.24
FX Rate*	16.91



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

Oil & Gas - Mexico

Grupo Carso acquires PetroBal operations at the Ichalkil - Pokoch oil fields – *Business Mexico News*

Grupo Carso announced an agreement to secure complete ownership of Petrobal's, Grupo Bal's petroleum arm, operations at the Ichalkil - Pokoch oil fields. The acquisition, estimated at US\$530 million, adds to Grupo Carso's strategy of expanding presence in the oil and gas sector.

The transaction is contingent upon undisclosed conditions and will be executed through Grupo Carso's subsidiary, Zamajal. The latter is slated to acquire the share capital of PetroBal Operaciones Upstream, the entity overseeing PetroBal Upstream Delta 1, which holds a 50% interest in the Ichalkil & Pokoch fields situated in Contractual Area 4 off the shores of Campeche.

This move aligns with Grupo Carso's commitment to diversify and strengthen its position in Mexico's energy landscape. The Ichalkil-Pokoch fields, being valuable assets within Contractual Area 4, make this acquisition a significant addition to Grupo Carso's expanding oil portfolio.

Grupo Carso's expansion in the oil and gas industry gained momentum in September when it acquired a 49.9% equity stake in Talos Energy operations in Mexico. The transaction involved a cash payment of US\$74.8 million upon closing, with an additional US\$49.9 million set to be paid upon the commencement of oil production. This move reflected Grupo Carso's commitment to playing a significant role in Mexico's oil and gas exploration.

The energy division of Grupo Carso, constitutes 18% of the earnings of the Carlos Slim conglomerate, compared to 6% in 2018. Carso Energy holds a 51% stake in the Waha-Presidio and Waha-San Elizario gas pipelines, connecting Texas, USA, to Chihuahua, both serving CFE since 2017.

Moreover, it owns a 100% stake in the Samalayuca-Sásabe gas pipeline, linking the states of Sonora and Chihuahua, which commenced operations in early 2021. The project originated from a 2015 tender by CFE. Last week, Grupo Carso also announced that its energy division signed a contract with CFE to construct and operate a gas pipeline connecting Sonora to Mexicali, Baja California.

CM Energy Led Consortium won US\$163.8 Million order for oil rig moderation and O&M services in Mexico – *CM Energy Press Release*

TSC Manufacturing and Supply LLC (TSC), based in Houston Texas, a wholly-owned subsidiary of CM Energy Tech Ltd., received the first order of land rig modernization contract from Pemex in the amount of US \$13,211,970. This is the first of a series of orders under the bid won earlier by TSC. In July 2023, TSC successfully won the bid for two major projects from Pemex with a total amount of US\$163.8 million and has signed three framework agreements for equipment supply and services. The contracts will be valid for 30 months. The issuance of this first order marks the formal execution of the contract.

To address the customer needs for upgrading and modernizing their old rig fleet for drilling deep and ultra-deep wells, TSC led consortium, including TSC, Andrews Technologies Inc., and Andrews Technologies de Mexico, participated the tenders issued by Pemex. With more than 20 years of experiences in manufacturing and servicing mission critical high-end equipment in the energy industry and excellent track records, as well as reliable partners in supply chain, TSC's consortium came out as the winner among several well-known international bidders. The consortium was awarded three contracts, including the equipment supply contract, maintenance service contract for the rehabilitation, modernization, and automation upgrade of seven land drilling rigs, as well as the operation and maintenance service contract for several top drives and catwalks.

The total amount of the contracts for the equipment supplies and the maintenance service is about US\$98.1 million, which will be executed in batches with the completion at the end of 2025. The total amount of operation and maintenance contract is US\$65.7 million, which is expected to be completed by the end of 2025. This is also the first time for TSC's state-of-the-art control and drive systems and drilling cabins to enter the Mexican market.

Previously, the consortium has completed the modernization and upgrade for four similar old rigs for Pemex, including a 7,000 meter rig which reportedly drilled a well with a total depth of 7,921 meters and initial oil production of 16,000 bbl/d. TSC has been operating in Mexico for over 11 years with local offices and service workshops located in Ciudad del Carman and in Villahermosa.

Woodside awards contract for Trion project land base – *Woodside Press Release*

Woodside Energy announced the award of a major contract to Mexican company Esaasa Offshore, SA de CV to provide onshore base facilities and services for Woodside's operations in support of the Trion oil and gas project in the Gulf of Mexico.

Woodside Vice President for Trion, Stephane Drouaud, highlighted the importance of the contract award to Esaasa Offshore. "The award of the contract is a critical milestone in advancing the Trion project towards first oil production planned for 2028. We are very pleased to partner with Esaasa Offshore as a provider of the full range of facilities and services at the onshore base."

"Awarding the contract to Esaasa, a Mexican owned and operated company, demonstrates the extensive capacity available in the country to support a world-class oil and gas project like Trion." Esaasa will provide a wide range of services from its location on the coast of the Pánuco River. The scope of work includes shore infrastructure, operations planning and management for vessel mooring, loading and unloading management and material handling, as well as areas dedicated to storage and integrity testing.

Pemex to invest US\$172 million in Tlalkivak field – CNH

CNH approved the modification to the transition program related to the Tlalkivak field located in the AE-0154-2M-Chalabil assignment, presented by PEP.

Tlalkivak produces oil of 42.4-39.6°API. The assignment is in the territorial waters of the Gulf of Mexico, off the coast of the state of Tabasco, with an approximate area of 844.9km². The objective of PEP's modified program is to extend the validity of the current transition program to continue the early production of hydrocarbons from the Tlalkivak-1EXP and Tlalkivak-1DEL wells and the drilling of three wells: Tlalkivak-2, Tlalkivak-3, and Tlalkivak-4.

The extension of the program's validity is for one year, and the state-owned company aims to recover a cumulative volume of 5.15MMb and 10.50Bcf of gas during the execution period from Dec. 2023 to Nov. 30, 2024. PEP considers a total cost of the modified program at US\$172.47 million, of which US\$120.67 million will be allocated to investment and US\$51.80 million to operational expenses. It is expected that with the modified program, a production peak of 18.580Mb of oil and 38.63MMcf of gas can be reached by September 2024.

Power/Renewable Energy – Mexico

Steel producer ArcelorMittal renews CFE contract worth US \$2.7B – Mexico News

ArcelorMittal, the world's second largest steel producer, has renewed a contract with CFE to be supplied with natural gas for 10 years. The Mexican division of the Luxembourg-based corporation announced the US \$2.7 billion deal. The steelmaker has plants in Lázaro Cárdenas, Michoacán; Celaya, Guanajuato; and Ciudad Obregón, Sonora. Under the contract renewed, the CFE will supply the Lázaro Cárdenas plant with natural gas from Waha, Texas.

The company makes steel rods, slabs, bar stock and wire in the Michoacán port city, and has a port concession there to import and export goods. The Lazaro Cárdenas plant is an important import and export hub for the company. ArcelorMittal shipped 2.5 million metric tons of steel out of its North America segment in the third quarter.

The CFE signed contracts with several U.S. suppliers of natural gas during the 2012-18 government led by former president Enrique Peña Nieto due to a fall in the production of that fuel by Pemex. President López Obrador has described the quantities of natural gas the CFE committed to buy from the U.S. as “excessive” and some of its contracts are the subject of arbitration proceedings as the state-owned energy company refused to pay higher prices during the 2021 Texas power crisis.

Mexico adds new PPP natgas pipeline to project portfolio – *Bnamericas*

Mexico has added a new natural gas pipeline project to its list of public-private partnership (PPP) initiatives, which together will result in about 2,000km of new ducts being laid in the coming years. The newest of them involves a 416km pipeline between Baja California and Sonora states in Mexico's northwest that will be built by local conglomerate Grupo Carso, owned by business mogul Carlos Slim.

CFE announced that it signed three agreements with the conglomerate's subsidiary, Gasoducto Centauro del Norte, to invest in, construct and operate the project, for which the utility “will have the possibility not only of being the anchor user of the transportation system, but will also have the right to be a shareholder of the company that develops the project.”

Without disclosing the capex required or stating when construction is expected to begin, CFE said in a statement that the pipeline “will guarantee the supply of natural gas to the existing power plants in the area, as well as to the González Ortega combined cycle and San Luis Río Colorado combined cycle plants that are currently under construction.”

Under President Andrés Manuel López Obrador's administration, the utility has now signed deals for three key PPPs to build extensive pipelines, including the one that will be built by Grupo Carso.

The other two, which are already underway, involve the US\$4.5bn Southeast Gateway offshore pipeline in the Gulf of Mexico, led by Canadian midstream firm TC Energy, and the 800km Sierra Madre pipeline that is part of Mexico Pacific's US\$14bn Saguaro Energía LNG project, where construction is set to start at Puerto Libertad port in Sonora state. Natural gas accounts for 48% of power generation in Mexico, and 70% of the total the country consumes is imported from the US, according to a report from the UN Economic Commission for Latin America and the Caribbean.

Oil & Gas - LATAM

Petrobras acquires stakes in 3 exploration blocks in Africa – *Reuters*

Petrobras board had approved the acquisition of stakes in three oil exploration blocks operated by Shell in Sao Tome and Principe, marking its return to oil exploration in Africa. Petrobras will own a 45% stake in blocks 10 and 13, and a 25% stake in block 11. With a 40% stake, UK-based oil and gas major Shell is the operator in all the blocks and the National Petroleum Agency of São Tomé and Príncipe (ANP-STP) owns a 15% stake.

Besides Shell, ANP-STP and Petrobras, Portuguese energy company Galp, with a 20% stake, is also a partner in block 11. The acquisition follows the approval by the Petrobras board to commence operations in the nation on the western coast of the African continent, marking Petrobras' return to exploratory activities in Africa.

This acquisition is part of the memorandum of understanding (MoU) signed in March 2023 by Petrobras and Shell respectively. Under the MoU, the energy companies aim to explore new business opportunities in the upstream segment, among others. The deal is subject to local regulatory approvals.

Seadrill secures two contracts with Petrobras for work offshore Brazil – *Offshore Energy*

Offshore drilling contractor Seadrill has found long-term assignments for two drillships with Brazil's state-owned oil and gas giant, Petrobras. While announcing the award of two 1,064-day fixed-term contracts in Brazil, Seadrill explained that the West Auriga and the West Polaris drillships secured the work recently as a result of a competitive bidding process.

While the total contract value for the West Auriga is around \$577 million, the total contract value for the West Polaris is about \$518 million. Both are inclusive of mobilization fees and additional services. Therefore, the offshore drilling player underlines that these contracts, which are expected to start in the fourth quarter of 2024, come with a total contract value of approximately \$1.1 billion, inclusive of additional services and mobilization fees.

The West Auriga and the West Polaris will transition to Seadrill from the existing third-party managers, Diamond Offshore and Vantage Drilling, before undertaking the drilling campaigns with Petrobras. The 2013-built West Auriga is a Samsung 12,000 seventh-generation ultra-deepwater dual-activity drillship with an accommodation capacity for 200 people.

While the rig is capable of operating in water depths of 12,000 ft, its maximum drilling depth is 37,500 ft. On the other hand, the 2008-built West Polaris is a Samsung 10,000 sixth-generation ultra-deepwater dual activity drillship, which comes with a capacity to work in water depths up to 10,000 ft. This rig has a maximum drilling depth of 37,500 ft and can accommodate 200 people.

Seadrill has been working on securing new jobs for its rig fleet. At the end of November 2023, the company confirmed additional work for two other drillships in the U.S. Gulf of Mexico.

Harbour to acquire Wintershall upstream assets for \$11.2B – *Rigzone*

Harbour Energy PLC and the co-owners of Wintershall Dea AG have reached an agreement divesting all the exploration and production operations of the German oil and gas company except its Russian assets to United Kingdom-based Harbour for \$11.2 billion. Wintershall Dea is jointly owned by BASF, commanding a significant 72.7% stake, and LetterOne, holding the remaining 27.3%.

The Target Portfolio includes all of Wintershall Dea's upstream assets in Norway, Germany, Denmark, Argentina, Mexico, Egypt, Libya and Algeria as well as Wintershall Dea's CO₂ Capture and Storage licenses in Europe. Wintershall Dea's Russian assets are excluded. The cash and stock deal involves buying shares from Wintershall Dea's existing majority shareholders, BASF SE and LetterOne.

The deal is expected to close in the fourth quarter of 2024, subject to regulatory conditions and shareholder approval. Upon completion, BASF will own 46.5% of Harbour's listed ordinary shares and will be entitled to nominate two non-executive directors to Harbour's board.

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