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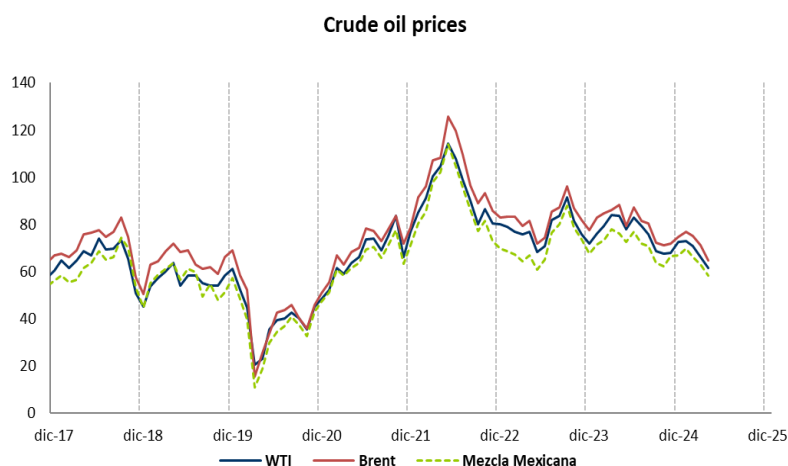
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## Fortnightly review

\* 29/05/2025

|                         |       |
|-------------------------|-------|
| MME US/BD*              | 57.48 |
| MME US/BD*              | 58.40 |
| PEF SHCP                |       |
| Dif. MME AVG.           | 5.67  |
| 2025 vs. MME PEF SHCP   |       |
| NG price HH*            | 3.20  |
| US/MMBTU                |       |
| Mx crude                | 1.36  |
| production MMbd – April |       |
| Mx NG production        | 4,499 |
| MMpcd – April           |       |
| US crude                | 13.48 |
| production MMbd - March |       |
| FX Rate*                | 19.32 |



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

## Oil & Gas - Mexico

### Payments to suppliers are coming, beware scams: Sheinbaum – *Mexico Business News*

President Claudia Sheinbaum said the debt is being paid “little by little” and that an important part of it had already been paid. “What we are doing is thoroughly reviewing all the jobs that were done and for which we are yet to pay. We are going to deliver on those payments,” .

Earlier this month, Sheinbaum announced during one of her press conferences that Pemex had already paid 60% of its debt to providers. However, according to Pemex’s 1Q25 financial report, Pemex had paid MX\$101.6 billion (US\$5.24 billion) out of its MX\$506 billion debt reported at the end of 2024. This represents about one fifth of the debt paid, in contrast to the nearly two thirds claimed by Sheinbaum. As of the end of March, the current debt to providers sits at MX\$404.4 billion. To reach 60% of the debt covered, almost 40% would have to be paid between April and the beginning of May.

Sheinbaum also took the time to address concerns of providers that had been scammed by coyotes. These middlemen offer to facilitate Pemex’s payments to providers for a cut of the money. However, providers should expect payments to arrive without the need of a third party, said the president.

## Pemex crude oil production falls for the 29th consecutive month – *El Financiero*

Pemex reported that in April 2025, its crude oil production averaged 1.369 million bpd, representing an 8.8% decrease compared to the same month last year. This marks 29 consecutive months of production decline, a negative streak stretching over two and a half years, according to the state-owned company's latest operational report.

When condensate production is included, the total output rises to 1.627 million barrels per day, still well below the target set by the new administration of Claudia Sheinbaum, which aims to reach 1.8 million bpd. The production drop has also affected crude oil exports, which fell to 647.7 thousand bpd in April, a 4.9% year-over-year decline and the lowest level since Pemex began keeping formal records of foreign sales.

## Pemex owes 2.8 bn pesos to construction companies – *Oil and Gas Magazine*

Pemex maintains a debt of 2.8 billion pesos with companies in the construction sector, reported Luis Méndez Jaled, president of the Mexican Chamber of the Construction Industry (CMIC). In a press conference, he detailed that 179 companies have reported outstanding payments from the state oil company, mainly related to construction work and energy infrastructure expansion. CMIC has initiated a diagnostic effort through its 44 regional branches to identify the most affected areas, which include Ciudad del Carmen, Oaxaca, Veracruz, Coatzacoalcos, and Poza Rica.

Although Pemex has begun making payments, a considerable amount remains pending. The business leader called for faster action by the state-owned oil company, as the debt directly impacts the liquidity of companies and the sector's value chain. He emphasized that CMIC remains committed to collaboration and open dialogue to avoid a more serious crisis. Despite the challenging economic environment and the threat of tariffs from the United States, the CMIC president estimated that the construction sector will grow by 1% this year, supported by a previous 0.7% increase and a positive outlook for the second half of the year.

## Advario, Braskem Idesa inaugurate ethane terminal in Veracruz – *Mexico Business News*

Advario and Braskem Idesa inaugurated a US\$500 million ethane import terminal in Coatzacoalcos, Veracruz, marking the completion of a key infrastructure project aimed at securing long-term feedstock supply for Mexico's petrochemical sector. The facility, Terminal Química Puerto México, is a 50-50 joint venture between the two companies and is designed to support the operations of the Braskem Idesa Petrochemical Complex. Construction began in 2022 and concluded in May 2025. The project generated over 2,000 jobs during its construction phase.

The terminal includes two cryogenic tanks with a total capacity of 100,000 m<sup>3</sup>, a dedicated jetty, and pipelines for the import, storage and transfer of ethane. Its total storage capacity of 54,000t will allow Braskem Idesa to maintain a stable supply of ethane and operate at full production capacity.

The Braskem Idesa facility produces up to 1.05Mt of polyethylene annually. With the terminal operational, the company expects to expand its output by up to 25%.

TQPM is located within the Interoceanic Corridor of the Isthmus of Tehuantepec, a federal development initiative aimed at boosting economic growth in southern Mexico.

According to Cleantho Leite, CEO, TQPM, the project is the first private industrial investment within the corridor's area of influence and included community engagement efforts such as local education and health programs, along with environmental preservation activities.

To support logistics, Braskem Group has acquired two ethane carriers. Each vessel is 188m long, with a 36,000m<sup>3</sup> capacity. These ships will transport ethane from Texas to Veracruz.

### **Pemex plans to export less crude oil as new refinery starts up, official says – Reuters**

The trading arm of Mexico's state company Pemex, PMI, is anticipating a reduction in crude oil exports this year as more will be sent to local refineries, especially the new Olmeca refinery.

Once the country's newest refinery is fully operational and able to process 340,000 bpd, it will receive about 100,000 bpd of crude oil, Margarita Perez, the head of PMI, said. This would lift local processing to 1.2 million bpd, she added, leaving about 400,000 bpd for export. "We have exported diesel from the Dos Bocas refinery, as production is starting up," Perez said, without giving details on volumes.

Reuters reported in April that two tankers, opens new tab with ultra-low sulfur diesel, originally produced from crude oil in the Madero refinery but reprocessed in the Olmeca refinery, had been exported because of a lack of infrastructure.

### **Shell to exit Mexico retail fuel market – Argus Media**

Shell is moving to sell its retail fuel station business in Mexico to local competitor Iconn by the end of the third quarter, as private-sector oil companies face mounting challenges to expand in Mexico.

Iconn Mexico — owner of 7-Eleven and Petro-7 fuel stations in Mexico — is in the process of acquiring Shell Mobility, the company's retail unit in Mexico, according to an internal memo seen by Argus. Iconn expects to receive regulatory approval by the third quarter. There are currently 217 fuel stations in Mexico operating under the Shell flag, while 285 carry the Petro-7 or 7-Eleven brand, according to market sources. Most of the Shell-branded stations are franchised and not directly owned by Shell. Additionally, Shell still holds one of the few valid fuel import permits issued by the energy ministry.

Shell entered the market in September 2017 following the liberalization of fuel prices and regulatory changes from the 2013–2014 energy reform. But the recent rollback of that reform — aimed at strengthening state-owned Pemex — has limited growth opportunities for private-sector competitors.

Private firms entered the market to compete with Pemex's longstanding monopoly by offering alternative branding and supply to some of Mexico's 13,800 retail fuel stations. Major oil companies also planned to import fuel and build storage terminals to improve cost efficiency. But under the administration of former-president AMLO, fuel import permits became nearly impossible to obtain, while inspections of private storage terminals grew more frequent and restrictive, further hindering their progress.

The new energy reform, recently passed, could tighten the environment even more. Market sources said it is still unclear how the new energy regulator CNE will issue permits, while Pemex may now operate without antitrust restrictions related to monopolistic practices. Iconn already buys fuel wholesale from Pemex, making the acquisition of Shell's operations more viable as it could continue expanding while securing product supply from the state firm, according to market sources. As of 31 March, 7,286 gas stations in Mexico operated under the Pemex franchise.

### **Pemex considers job cuts, restructuring in strategy to save \$540 million – Bloomberg**

Pemex aims to cut as many as 3,114 tenured employees as part of a larger restructuring push that is expected to save the company around 10.5 billion pesos (\$540 million), according to a company document dated April. The cuts would amount to about 28% of the operational budget for tenured personnel this year.

While the savings amount to just over 2% of Pemex's total \$22.75 billion operating budget for 2025, the cuts help shore up the company's balance sheet as it seeks to dig itself out from under a more than \$100 billion debt burden and boost production. The restructuring would transfer 5.25 billion pesos from the company's personnel budget to its exploration and production arm in a bid to boost output, according to the document.

Pemex posted its fourth straight period of negative results last quarter, and roughly \$30 billion in losses last year. Crude and condensate production has slumped to 1.62 million bpd, down 11% from a year earlier and near a 40-year low.

The operation would also eliminate three sub-directorates with Pemex's production arm, eliminate nine management areas and transfer their remits into other departments, remove duplicate jobs and streamline decision-making. The staffing cuts are a blow to Pemex's powerful unions, which represent over 80% of the company's roughly 130,000-person workforce.

## **Power/Renewable Energy – Mexico**

### **CFE starts up US\$360 million in Baja California power plant – Bnamericas**

CFE has started generating electricity at a 429MW internal combustion plant in Baja California state. The Mexicali Oriente plant will use natural gas as a fuel, with diesel as a backup in the event of emergencies. The power generated will be used to strengthen the Baja California electricity system, an isolated network that is not connected to the rest of the Mexican grid.

CFE added that the plant will increase the reliability, continuity and security of electricity supply in Baja California. The facility will also help stabilize the local grid and facilitate the incorporation of clean energy. The utility financed the investment with a US\$358 million loan from Banco Santander.

Earlier this year, CFE began the bidding process for building gas-fired and solar power plants across the country, for an estimated US\$3.2bn. It is also currently in talks with private partners about setting up joint projects to operate an additional US\$2.3bn of power plants.

### Petrobras and partners draw first oil from Mero-4 project in Santos Basin – *NS Energy*

Petrobras and its Libra block partners have drawn first oil from Mero-4, the fourth development phase of the Mero field in Brazil's Santos Basin through the Alexandre de Gusmão vessel. Alexandre de Gusmão began operations more than two months ahead of the planned schedule. The initiation of operations at FPSO Alexandre de Gusmão will elevate the installed production capacity at the Mero field to 770,000 bpd.

Currently, a total of five FPSOs are in production at this offshore Brazilian field. The Mero-4 project was initially launched in August 2021. It involves connecting 12 wells to the Alexandre de Gusmão platform via a subsea infrastructure. The project includes five oil producers, six alternate water or gas injectors, and one convertible well that will transition from oil production to gas injection. This new phase aims to mitigate greenhouse gas emissions through the reinjection of associated gas into the reservoir, achieving zero routine flaring.

The Mero field operations are managed by a consortium led by Petrobras with a 38.6% stake. Other partners include Shell Brasil and TotalEnergies each holding 19.3%, CNPC and CNOOC at 9.65% each, and Pré-Sal Petróleo with a 3.5% share as contract manager. This floating production, storage, and offloading unit, chartered from SBM Offshore for a period of 22.5 years, is capable of producing 180,000 bpd.

### Ecopetrol to proceed with natural gas drilling in Colombian waters despite Shell's exit – *Offshore Technology*

Ecopetrol has announced its intention to proceed with natural gas drilling operations in the Colombian Caribbean, despite the recent withdrawal of Shell from three offshore blocks.

After Shell's strategic decision to exit the COL-5, Purple Angel and Fuerte Sur blocks, effectively ending its exploration in Colombia, Ecopetrol is considering either advancing on its own or seeking new partnerships. The move comes as Ecopetrol races to develop new gas sources in response to Colombia's diminishing reserves, which have led to increased imports to meet demand from homes and factories. The first gas output from these offshore wells is anticipated no sooner than 2029. According to a recent government report, Colombia's proven gas reserves dwindled to just 5.9 years of consumption as of the end of 2024, the lowest level in more than a decade. In contrast, oil reserves have seen a slight increase to 7.2 years of consumption.

### Argentina launches US\$500 million Vaca Muerta pipeline gas compression tender – *Bnamericas*

Argentina published bidding rules for a major gas compression tender targeting the 21Mm3/d first stretch of the Vaca Muerta pipeline, also known as the Perito Moreno duct. Officials want the project up and running by winter 2026, roughly around the middle of the year. During Argentina's cold months, LNG needs importing, with a factor being a lack of sufficient domestic transport capacity. In July last year, LNG imports reached almost 20Mm3/d.

An objective of the project – presented by midstream gas player TGS as a private initiative and deemed to be of public interest – is substituting dollar-devouring imported LNG. The winner will be required to finance, build, operate and maintain the infrastructure. Terms and conditions issued this month confirm initial capacity of 14Mm3/d via new compression plants. The winner will also have up to two years, from the awarding of the contract, to exercise an option to add up to 6Mm3/d more capacity.

Work is expected to cost around US\$500 million, with additional outlay of US\$200 million needed for associated ancillary works on the TGS network. If the party with the lowest bid is not TGS but the difference between that offer and that of TGS is less than 10%, TGS wins the contract. If the difference is between 10% and 15%, both parties can improve their bids.

Parties are due to present bids by July 7, with an award decision due September 22. The first stretch of the Vaca Muerta duct runs between Tratayén in Neuquén province and Salliqueló in Buenos Aires province.

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