Energy Fortnightly News

November 1 - 15, 2025

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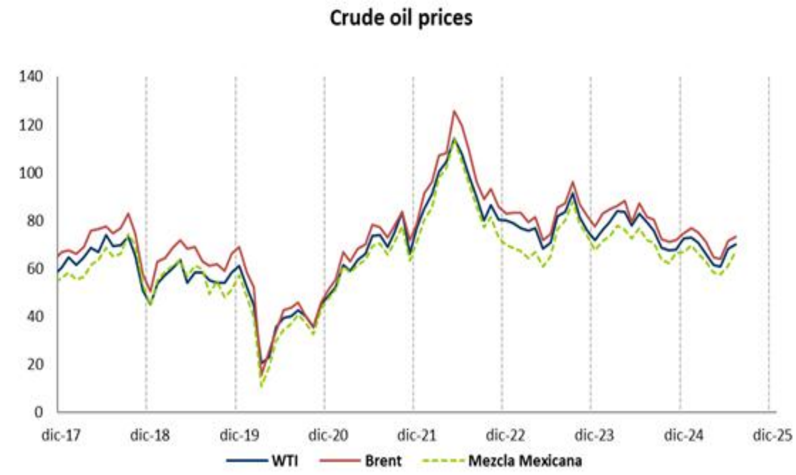
Fortnightly review

* 14/11/2025

MME US/BD*	57.32
MME US/BD* PEF SHCP	58.3
Dif. MME AVG. 2025 vs. MME PEF SHCP	4.51
NG price HH* US/MMBTU	3.01
Mx crude production MMbd – Sept.	1.37
Mx NG production MMpcd – Sept.	4,744
US crude production MMbd - August	13.79
FX Rate*	18.32



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

Oil & Gas - Mexico

Mexico defends energy policies amid mounting US criticism – *Bnamericas*

Mexico's energy ministry has denied that the country is violating its obligations under the United States-Mexico-Canada Agreement (USMCA) by favoring state-owned oil and gas company Pemex and electricity utility CFE. "It is false that the Mexican state discriminates against US oil and gas companies to favor Pemex and CFE," the ministry said in a press release, following criticism from the US energy sector and politicians in recent days. "Mexico is not violating its USMCA obligations."

The ministry said its energy sector reforms comply with the USMCA and promote private investment, citing the introduction of mixed contracts between Pemex and private sector companies. Mexico's state-centered energy policies have come under sustained attack from US industry groups.

During a public consultation on the USMCA held by the US Trade Representative, which closed on November 3, the American Petroleum Institute said that "the experience of the oil and natural gas industry is that Mexico has violated its commitments in the USMCA persistently and with impunity." On November 7, Republican congressman Jodey Arrington, who represents West Texas, introduced a bill calling for the USTR to request a dispute resolution panel under USMCA or demand that Mexico comply with its obligations during the 2026 review of the agreement.

"For too long, Mexico's state-owned enterprises have benefited from preferential treatment that distorts competition, limits US investment, and suppresses the export of American energy technology," said Tim Tarpley, president of the Houston-based Energy Workforce & Technology Council, in a press release issued by Arrington.

In 2022, the Joe Biden administration requested USMCA consultations with Mexico over its energy policies, but did not escalate the process to a dispute resolution panel. The Mexican energy ministry that there was no need for such a panel, as recent reforms to the sector provide equal opportunities to both Mexican and foreign companies.

Pemex struggles to lift natural gas production – *NGI Natural Intelligence*

Pemex saw third quarter natural gas production slip year/year despite additional financial backing from the state as Mexico tries to undo its dependence on U.S. imports of the fuel. Natural gas production was 3.73 Bcf/d in the third quarter, down 19 MMcf/d from the same quarter last Management attributed the slighter figure to "the natural decline of mature fields and delays in infrastructure development in producing areas."

The startup of the Bakté field and new wells in Ixachi helped to partially mitigate the decline. Non-associated gas production increased by 110 MMcf/d year/year, mainly from additions from the gas-rich Ixachi field as utilization was also down sequentially by 2.1% to 93%, exacerbated by processing issues at Nuevo Pemex Gas, which "faced limitations in processing sour wet gas from the Bakté field," management said.

Management said that national pipeline operator Cenagas had authorized a higher volume of gas injection into distribution pipelines in Veracruz, which would help to reduce flaring in the upstream and get more supplies to market. However, "emissions in the area remained above typical levels during the quarter."

Dry gas output from Pemex processing facilities averaged 1.747 Bcf/d, down 29 MMcf/d year/year, but up from 1.615 Bcf/d in the second quarter. Pemex has made it a priority to raise natural gas production under a directive from the government of President Claudia Sheinbaum to reduce the nation's reliance on imports. Mexico imported 7.040 Bcf/d of U.S. natural gas via pipeline, according to NGI's Mexico Natural Gas Flow Snapshot.

The company aims to increase natural gas production to 5.010 Bcf/d by 2028. Management cited projects such as the Lakach deepwater field and "other conventional and frontier areas with high potential" as being key to this initiative. The private sector would provide assistance through the "mixed contract" scheme. The company selected 11 projects and was evaluating 10 additional opportunities for these contracts, management said. Fields under consideration were Tamaulipas Constituciones, Cuervito, Agua Fría, Tupilco Terciario and Nobilis-Maximino. Upstream Director Ángel Cid said that the first round of contracts would be signed by the end of the year.

Zama developers submit new plan to regulator – *Bnamericas*

The developers of the Zama oil discovery in southeastern Mexico have submitted an updated, lower-cost development plan to the country's energy regulator. Located in shallow waters off the coast of Tabasco state and operated by state-owned oil company Pemex, Zama is the largest undeveloped oil discovery in Mexico. It holds an estimated 750 Mboe.

Disagreements between the partners about how to move the discovery forward have held up a final investment decision. The latest plan for producing oil from Zama is “more capital efficient,” UK-based Harbour Energy said. Pemex holds a 50.4% interest in Zama. Harbour Energy has a 32.2% stake. Talos Mexico, which is owned by the Grupo Carso conglomerate of Mexican business mogul Carlos Slim and Houston-based Talos Energy, holds the remaining 17.4%. Zama could produce 180,000 b/d at its peak.

Pemex emissions jump 15.4% in 3Q25, highest in three years – *Mexico Business News*

Pemex reported a second consecutive quarterly increase in carbon emissions, reaching its highest pollution levels in nearly three years and renewing concerns over the company’s environmental performance and investment priorities.

According to its latest quarterly report, the state-owned oil company emitted 16.5 million metric tons of carbon dioxide equivalent (MMt CO_2e) between July and September 2025, up 15.4% year-on-year. The increase follows a 20.7% rise in the previous quarter, when emissions reached 17.5 million tons — confirming an upward trend not seen since 2021.

Óscar Ocampo, Director of Economic Development, Mexican Institute for Competitiveness, said that low investment in new fields and the decline of mature ones have undermined operational efficiency. “It’s alarming that Pemex flares nearly 10% of the gas it produces,” he said, noting that the practice wastes valuable resources and reflects a lack of infrastructure for gas transport and processing.

The company’s heavy debt burden continues to absorb much of its capital, constraining progress on its Sustainability Plan 2023–2050, which aims to gradually cut greenhouse gas emissions and eliminate routine gas flaring. Ocampo noted that these financial pressures make environmental goals secondary. “Pemex has a limited investment budget, and emissions reduction is not a priority,” he said. “The company is trapped in a cycle of scarce resources, balancing debt payments and production maintenance, leaving sustainability projects behind.”

Still, Ocampo acknowledged that Pemex achieved short-term emission reductions in the second half of 2024 and early 2025. In its first annual sustainability report, released in August, the company reported a 5.5% drop in direct (Scope 1) GHG emissions, equivalent to 57.6 MMt CO_2e. The report attributed this decrease to greater gas use in exploration, production, and processing, as well as the integration of energy efficiency projects across operations.

Nevertheless, the recent emissions rebound reverses part of that progress. Ocampo warned that sustained high emissions could further damage Pemex’s international reputation and access to financing. “Burning gas is already a waste,” he said. “But it also harms Pemex’s credibility with investors and limits its ability to secure partnerships or funding.” In its latest assessment, Fitch Ratings described Pemex’s environmental mitigation measures such as compressor rehabilitation and gas recovery as insufficient, citing ongoing ESG performance risks. The evaluation follows the Norwegian Government Pension Fund’s decision to exclude Pemex from its investment portfolio earlier this year over concerns about the company’s sustainability commitments.

Esentia Energy Systems Launches Global IPO – *Esentia Press Release*

Esentia Energy Systems announced the launch of its global initial public offering of 224 million ordinary shares, divided equally between international and Mexican markets.

The offering includes 112 million shares offered internationally in transactions exempt from registration under the US Securities Act of 1933, and 112 million shares in Mexico, authorized by the National Banking and Securities Commission and listed on the Mexican Stock Exchange under the ticker symbol “ESENTIA.” Esentia plans to sell 186 million shares as part of the offering, while one of its shareholders will sell 38 million shares. The company expects to raise approximately US$610 million based on the midpoint of the indicative price range, set between US$2.7 and US$3.9 per share.

As part of the transaction, Esentia and certain shareholders intend to grant underwriters a 30-day option to purchase up to 33.6 million additional shares at the offering price. The shares will be registered in the National Securities Registry maintained by the CNBV.

Founded more than 20 years ago, Esentia Energy Systems is one of Mexico’s main players in the natural gas sector, focused on transportation and commercialization. The company operates Mexico’s largest interconnected natural gas system, supplying gas from Waha, Texas, through central Mexico and to key industrial regions,

CFE seeks partners for US$11bn of Mexico power projects – *Bnamericas*

CFE is seeking private partners to help fund around US$11 bn of mostly renewable energy projects. A 2025 overhaul of the country’s electricity legislation introduced a new mechanism that allows CFE to jointly develop power plants with private investors.

CFE said it had identified over 9GW of projects to be developed under the new mixed scheme. The planned portfolio includes eight solar photovoltaic plants, seven wind farms and one concentrated solar power plant. CFE intends to establish four investment vehicles with private investors, with each vehicle responsible for developing 2–3GW. Under the new electricity regulations, CFE must hold at least 54% of each structure. The company said it will contribute tangible and intangible assets to reach its required share.

While CFE will expedite permits, private partners will be responsible for the construction and operation of the plants. The company said its preference is to retain 100% ownership of the assets at the end of the contract term. In addition, under the mixed scheme CFE plans to develop a 500MW combined-cycle gas turbine plant in Guadalajara through a long-term production contract with a private developer.

Mexico launches battery manufacturing project for olinia EV

SENER has launched a new battery manufacturing project to support the production of the Olinia electric vehicle, marking one of the administration’s flagship initiatives in the country’s push toward clean mobility and technological development. According to SENER, the project will be financed through funds dedicated to innovation and technological development managed by the ministry. These resources aim to promote national capacity in the design and production of advanced batteries for electric vehicles and other energy storage applications.

The initiative is part of the federal government's broader strategy to develop a domestic lithium value chain, led by LitioMX, and to strengthen collaboration between public institutions and private industry. While specific details about the investment scale and production timeline have not yet been disclosed, SENER indicated that the project will integrate research, innovation, and industrial manufacturing capacities.

Santander, Solfium partner to boost SME photovoltaic adoption – *Mexico Business News*

Santander México announced a strategic alliance with solar solutions company Solfium to accelerate renewable energy adoption among small and medium-sized enterprises (SMEs) through accessible financing schemes. Under the partnership, participating SMEs will have access to credit products with preferential interest rates and no opening fees to install photovoltaic systems, making solar investments more attainable and financially viable for businesses of all sizes.

As part of the collaboration, Santander and Solfium will launch a corporate digital dashboard that enables companies to monitor their solar projects in real time, tracking energy generation, cost savings, and reductions in carbon emissions. The system will also support clients in reporting sustainability progress and measuring contributions toward net-zero objectives. "This alliance with Santander represents a decisive step in accelerating the adoption of solar energy in Mexico," said Andrés Friedman, CEO and co-founder, Solfium. "Our goal is to make both technology and financing accessible to all businesses pursuing a cleaner and more efficient future."

Oil & Gas - LATAM

Petrobras confirms new post-salt oil discovery in Brazil's Campos basin – *World Oil*

Petrobras has confirmed another oil discovery offshore Brazil, identifying high-quality post-salt crude in the Sudoeste de Tartaruga Verde block in the Campos basin. The find further reinforces Brazil's momentum in offshore exploration and Petrobras' continued success in mature deepwater basins.

The discovery was made at well 4-BRSA-1403D-RJS, located 108 km offshore Campos dos Goitacazes at a water depth of 734 m. Petrobras said drilling has been completed and the oil-bearing interval was confirmed through electrical logs, gas readings and fluid sampling. Samples from the well will be sent for laboratory analysis to characterize reservoir properties and fluid composition, a step that will guide Petrobras' next phase of appraisal and development planning.

The Sudoeste de Tartaruga Verde block was awarded in Brazil's 5th Production Sharing Round in 2018, with Pré-Sal Petróleo as contract manager. Petrobras operates the block with a 100% interest. The discovery adds to a series of recent exploration successes across Brazil's offshore basins, underscoring strong prospectivity beyond the presalt and bolstering the company's near- to mid-term resource pipeline.

Vista’s $4.5 b bet on Vaca Muerta – *Rio Times*

Vista Energy’s new plan sounds technical at first glance: invest more than $4.5 billion to drill wells in Vaca Muerta and lift production by about 60 percent over the next few years. But behind those numbers is a bigger story about whether Argentina is finally serious about turning its underground wealth into real, stable prosperity.

Vista is not a state giant but a privately run company, led by engineer-turned-executive Miguel Galuccio. It has quietly become Argentina’s second-largest shale producer and a major operator in Neuquén, the Patagonian province sitting on top of Vaca Muerta.

With this plan, Vista aims to push output to roughly 180,000 boe per day by 2028 and around 200,000 by 2030, up from just over 100,000 today. That is the difference between a promising player and a serious regional force. The financial logic is straightforward. If global Brent prices stay around $65–$70 per barrel, Vista expects to generate about $1.5 billion in free cash flow every year from 2026 to 2028. Management also talks about roughly $8 billion in export revenues over the next three years and close to $2.8 billion in adjusted EBITDA by 2028.

The message to investors is clear: this is meant to be self-financed growth, not another Argentine story built on subsidies and creative accounting. In Neuquén, the plan means more jobs in drilling, services, logistics and local infrastructure. For expats and foreign observers, Vista’s move is a useful litmus test. If a mid-sized, profit-driven company is willing to commit billions on a long time horizon, it suggests that parts of Argentina’s energy sector are starting to escape the stop-start cycle driven by political moods. If the country can keep regulation predictable and contracts respected, Vaca Muerta may quietly shift Argentina from serial problem case to one of the hemisphere’s most interesting energy stories.

Argentina’s Vaca Muerta shale is smashing oil production records in 2025 – *Oil Price*

Argentina’s unconventional oil production soared 30% year-on-year in September 2025, reaching a record 550,881 barrels per day, making up two-thirds of total output. The Vaca Muerta shale, among the world’s largest, offers low breakeven costs of $36–$45 per barrel and produces light, low-emission crude, attracting global investors. Despite declining shale gas output due to infrastructure bottlenecks, Argentina’s oil boom is strengthening its trade balance and fueling hopes of economic recovery.

The U.S. Energy Information Administration estimates the Vaca Muerta contains 16 billion barrels of recoverable shale oil and 308 trillion cubic feet of recoverable natural gas. Those numbers make the geological formation one of the largest shale plays globally, containing the world’s fourth-largest shale oil and second-largest shale gas reserves. It is worth considering that nearly all of the 8.6-million-acre geological formations' shale oil and gas resources are untapped, with only around a tenth of the Vaca Muerta currently under development. This data underscores the tremendous potential that exists outside of the area under development.

According to global consulting agency McKinsey and Company, the Vaca Muerta possesses characteristics that make it equal to or in some cases superior to U.S. shale plays. The formation’s thickness is superior to the Eagle Ford and Bakken while being equivalent quality-wise to the Permian Basin, which is pumping 6.6 million bpd, making it the United States’ largest oil-producing region. The Vaca Muerta shale has higher organic content than the Eagle Ford, whose reservoir pressure is comparable to the Permian Basin. Those attributes make exploiting the Vaca Muerta a lucrative activity.

You see, wells drilled in the shale play enjoy high productivity rates, which in many cases are superior to wells in U.S. shale formations. As a result, drillers in the Vaca Muerta enjoy a low breakeven price. It is estimated that the geological formation breaks even at between $36 and $45 per barrel. This makes the Vaca Muerta in the current low-price environment, with the international Brent benchmark trading at around $63 per barrel, profitable to drill. This is significantly lower than Argentina's conventional oilfields, where production breaks even at $55 to $75 per barrel.

Breakeven prices in the Vaca Muerta will fall as the formation is developed and much-needed infrastructure comes online. The characteristics of the shale oil produced from the formation further enhance profitability. The crude oil pumped from the formation is especially light with a reported API gravity of 39 to 42 degrees. This petroleum is especially sweet, possessing a sulfur content of less than 0.5% and as low as 0.1%. Those attributes make it particularly attractive for refining into high-quality low-emission fuels at a low cost, which is especially important in a world where stricter emission standards are regularly being introduced.

Impressively, the crude oil lifted in the Vaca Muerta has a low carbon footprint when compared to other types of petroleum. For these reasons, foreign energy investment in Argentina continues to expand at a solid clip. This was given a healthy boost by President Milei's radical economic reforms, which have reduced various barriers to investment like heavy-handed capital controls and significantly reduced inflation. It is easy to see investment in the Vaca Muerta surging between now and 2030, with Argentina's oil production forecast to top one million barrels per day by the end of the decade.