Energy Fortnightly News

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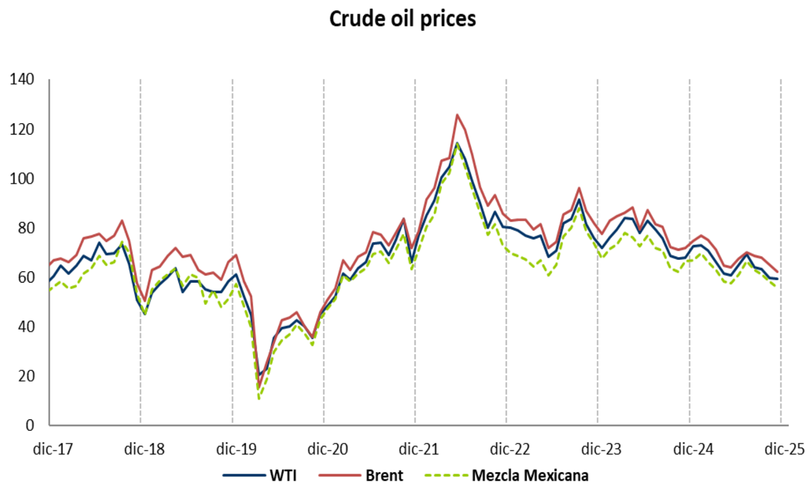
Fortnightly review

* 28/11/2025

MME US/BD*	55.9
MME US/BD* PEF SHCP	58.3
Dif. MME AVG. 2025 vs. MME PEF SHCP	3.8
NG price HH* US/MMBTU	4.6
Mx crude production MMbd – Oct.	1.36
Mx NG production MMpcd – Oct.	4,779
US crude production MMbd - Sept.	13.84
FX Rate*	18.30



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

Oil & Gas - Mexico

Paratus reviewing future of Mexico rigs amid Pemex exposure – *Bnamericas*

Paratus Energy received indications of interest for its offshore drilling subsidiary Fontis, one of the largest rig operators in Mexico. “In recent months, we have been approached with several unsolicited indications of interest regarding Fontis and its assets,” Paratus CEO Robert Jensen said.

“The structure today is probably subscale and too concentrated on one jurisdiction and client.” All five of Fontis’ jack-up rigs are located in Mexico, and four of them are under contract to Pemex. The fifth rig is not currently contracted. Jensen said Paratus, which owns 100% of Fontis, is reviewing opportunities for the business and aims to reach a decision in the coming months.

Paratus also plans to refinance around US$200 million of notes maturing in July 2026. Fontis has begun receiving payments from Pemex via a Mexican government investment fund created to pay the company’s suppliers. In October–November, Fontis collected US$96mn from the fund for overdue invoices. No discounts were applied to the invoices, Jensen said. “Other than receiving money from a different counterpart, it is as if we were receiving money from Pemex.”

Oil revenues fall 14%; Pemex's drop 26% – *El Reforma*

Oil revenues fell by 14.1% in real annual terms in the January–October, while the revenues of Pemex registered a 25.9% real annual decline in the same period, according to SHCP.

With these drops, oil revenues totaled 739.5 billion pesos during the first 10 months of the year, while the revenues of the state-owned company fell to 535.7 billion pesos. Notably, tax revenues from hydrocarbon exploration and extraction activity fell 3.5% in real annual terms during the same period, to just 5.6 billion pesos.

In the non-oil category, revenues from import taxes also stood out, growing 21.4%. The Ministry reported that non-tax revenues of the federal government grew 16.4% in real annual terms, marking the strongest increase since 2020, boosted by higher revenues from fees, public-sector products, and miscellaneous charges. According to the report, public spending reached 98.9% of the programmed amount. Social development spending grew 3.4% in real annual terms, above the decade-long average of 2.3%.

Mexico's Pemex pumps less, refines more at home in October – *Bnamericas*

Pemex pumped 4.4% less crude oil and condensate in October year-on-year, or 1.64 MMbpd, although it refined more at home, data showed. Pemex attributes the sustained decline in crude oil production, which currently averages 1.36 MMbpd, down 6% year-on-year, to the lack of relevant discoveries and the natural decline of several key fields. Its seven local refineries refined 43% more year-on-year, reaching 1.04 MMbpd, helped in part by the Olmeca refinery in the port of Dos Bocas, which processed 191,657 bpd. In October last year, it refined nothing.

Pemex produced 1.09 MMbbl of petroleum products, up 12.6% year-on-year, the data released. Of this, 324,992 bpd were gasoline, 255,626 bpd were diesel, 239,682 bpd were fuel oil. Domestic sales of these and other products, as well as gas, rose 9% year-on-year to 1.3 MMbpd. Imports of petroleum products and gas fell 20% to 455,263 bpd over the same period. Meanwhile, crude oil exports rose 18% to 626,791 bpd.

US natural gas exports to Mexico reach new records – *EIA*

US natural gas pipeline exports to Mexico averaged 7.5 Bcf/d in May 2025 —the highest monthly level on record— as Mexico's natural gas demand continues to rise, particularly in the electric power sector.

On an annual basis, US pipeline exports to Mexico reached an average of 6.4 Bcf/d in 2024, a 25% increase compared with 2019 and the highest level recorded since data began in 1975. During the same period, Mexico's total natural gas consumption grew from 7.7 Bcf/d to 8.6 Bcf/d, driven mainly by the expansion of demand in the electric power sector. US natural gas exports to Mexico flow through four main corridors—South Texas, West Texas, Arizona, and California—with a combined capacity of 14.8 Bcf/d and a 43% utilization rate in 2024. Infrastructure limitations in Mexico, especially pipeline bottlenecks and limited storage capacity, continue to restrict further growth.

In 2024, South and West Texas dominated these flows, accounting for 91% of US exports. West Texas exports alone tripled from 0.6 Bcf/d in 2019 to 1.8 Bcf/d in 2024, supported by new pipeline connections in central and southwestern Mexico.

Mexico is expanding its domestic pipeline network to meet rising demand. Key projects include the Sur de Texas–Tuxpan pipeline—now linked to the newly completed Southeast Gateway Pipeline that supplies the Yucatán Peninsula—along with the Tula–Villa de Reyes, Tuxpan–Tula, and Energia Mayakan systems, all expected to reach full operation by 2025. Developers also began construction of the Centauro del Norte pipeline to boost supply to northwestern combined-cycle plants.

Natural gas traders hit by tougher rules in Mexico – *Bnamericas*

Natural gas traders in Mexico are being caught up in the government's crackdown on the illegal fuels trade, with the length of their permits slashed and stringent disclosure requirements imposed.
The administration of President Claudia Sheinbaum says tougher regulations on importers and marketers of refined oil products and natural gas are needed to tackle fuel smuggling, which is estimated to be worth as much as US$20 billion per year.

In October, the Sheinbaum administration issued a regulation for the oil and gas sector that limits the term of permits for marketing imports of most oil and gas products to just two years, down from 30 years previously. Permits for imports are limited to five years. Permit holders cannot renew their authorizations and must comply with major new obligations on disclosure.

For example, monthly invoices from natural gas traders must include a breakdown of the costs they pay for regulated services such as distribution by pipeline. By mid-January, all holders of fuels marketing permits, including natural gas traders, will have to submit extensive information to the CNE about their operations, including copies of their contracts with suppliers and clients. In 2026, the CNE is expected to require traders of hydrocarbons to disclose even more information about their revenues and costs.

US oil and gas associations say the Mexican government's actions make it harder for private companies to compete with national oil company Pemex and state-owned utility CFE in Mexico's midstream and downstream markets. In addition to cutting permit terms and requiring more disclosure, the new rules prohibit the transloading of fuels from one mode of transport to another, such as from trains to trucks.

A separate measure requires vehicles transporting petroleum products to carry GPS beacons and QR codes. The tougher rules risk straining relations with the US ahead of the review of the USMCA scheduled for July 2026. According to the US oil and gas lobby, the new measures are a clear violation of USMCA.

CNE registers 528,000 DG requests – *Renewable Mexico*

CNE released new data on interconnection requests for small-scale and distributed generation during 1H25, confirming steady growth in on-site power production and the strong expansion of solar PV nationwide. The report covers SIPyME projects under 0.7MW and Distributed Generation (DG), now the dominant segment in Mexico's decentralized energy landscape.

Between 2007 and June 2025, Mexico received 558,617 interconnection requests totaling 4,759MW of capacity. DG accounts for 95% of all applications, driven by the rapid adoption of rooftop and on-site solar across residential, commercial, and industrial users, while SIPyME represents just 5%. CNE noted that 288 duplicate entries were removed and that the total includes 290 cancellations. It also clarified that historical data inherited from the former CRE are now classified as "requests" rather than "contracts," following CFE's current criteria.

At the state level, Jalisco remains the center of DG adoption with 90,004 requests (665MW), followed by Nuevo León with 60,658 (461MW) and Chihuahua with 44,634 (338MW). Guanajuato, Michoacán, Coahuila, and Yucatán also show strong participation, reflecting an increasingly widespread adoption across the country. The average capacity per request stands at 9.77KW, while the average capacity per state is 140MW, underscoring the small-scale nature of most systems. Most projects operate under the net-metering scheme, although net-billing and total-sale arrangements are also present.

The report also underscores the extraordinary expansion of DG over the past eight years. Interconnection requests climbed from 29,784 in 2017 to 528,499 in 2025—an increase of more than 1,700%—driven by regulatory incentives, declining technology costs, and growing consumer demand. This surge was further supported by post-2021 changes to the Electricity Industry Law, which centralized grid-planning under CFE and left distributed solar as one of the few segments with relative regulatory certainty.

DG capacity rose from 213MW in 2017 to 4,504MW in 2025, a 2,000% increase. By contrast, SIPyME requests have remained unchanged at 29,556 since 2017, reflecting how successive regulatory shifts have created uncertainty for medium-scale projects subject to stricter technical requirements. Regionally, the western states lead with an average of 232.83MW of capacity, followed by the North-Bajío region with 164.21MW, driven by concentrated industrial activity and strong solar resources that continue to accelerate adoption.

The energy matrix represented in the interconnection dataset remains overwhelmingly solar, as 528,234 requests correspond to solar photovoltaic systems. Other technologies remain marginal, including 73 biogas systems, 25 biomass projects, 8 cogeneration systems, 139 small wind turbines, 9 gas-turbine systems, 7 internal-combustion generators, and 4 micro-hydraulic turbines. The total estimated investment from all requests amounts to US$11.579 billion.

CENAGAS aims for gas security with five-year plan – *Mexico Business News*

The government is seeking to build resilience into its natural gas system with the announcement of a new five-year plan by CENAGAS, an initiative that aims to overhaul the country's gas transport, distribution, and storage infrastructure between 2025 and 2029.

The plan arrives amid growing concern over gas supply reliability, especially given Mexico's heavy dependence on imports, and reflects a strategic push to strengthen the domestic network while reducing vulnerability to external disruptions. Under current conditions, Mexico's storage of natural gas is critically limited. Estimates indicate that reserves cover barely 2.5 days of national demand, a figure widely regarded as inadequate to guarantee supply stability in the event of external supply shocks or unexpected demand spikes. The new CENAGAS plan aims to expand that storage capacity to at least 10 days with aspirations to exceed that threshold by deploying a combination of underground storage solutions, including saline cavities and depleted fields, distributed across the country.

Cuitláhuac García, Director General, CENAGAS, confirmed that the plan has been pre-approved and is pending the formal publication of the national energy-planning document (PROSENER). He indicated that storage infrastructure will form part of a broader modernization strategy, and that CENAGAS has already engaged with international firms experienced in underground gas storage.

The five-year plan also contemplates a significant expansion and rehabilitation program for the national pipeline network. Over the current administration, the federal government has earmarked MX$42.8 billion for natural-gas distribution. The funds are intended for the construction, rehabilitation, and expansion of pipelines across multiple states including Tamaulipas, Veracruz, Tabasco, Chiapas, Sonora and others. Parts of the existing pipeline infrastructure date back several decades, and under the plan CENAGAS aims to rehabilitate as much as 70 to 75% of that network by 2030.

Beyond expansion, the plan aims to strategically target regions where supply gaps or future industrial projects require strengthened access to natural gas. The importance of the plan becomes clear when considering that Mexico currently relies on import for nearly 70% of its natural gas. This reliance, combined with minimal strategic reserves, leaves the country exposed to international market volatility, geopolitical pressures, or cross-border supply disruptions. The plan's expansion seeks to build buffer capacity so the system can absorb shocks without threatening electricity generation, industrial feedstock, or heating for families in colder regions.

By deploying storage and network redundancy, the plan would enable more stable supply for regions currently underserved by pipelines, support new industrial parks, and promote economic development in areas where energy bottlenecks previously deterred investment. CENAGAS has indicated that modernization will also include technological upgrades: investments in supervisory control and data acquisition systems, measurement and control devices, and better flow regulation, all focused on increasing operational efficiency and safety.

Nevertheless, challenges remain. While the plan promises storage and network expansion, financing and coordination will be key. The required investments, from pipeline construction to underground storage development, will demand sustained funding and clear regulatory frameworks that encourage public-private cooperation. Given prior delays in permitting and regulatory bottlenecks for gas projects in Mexico, execution risks cannot be ignored.

If successful, the five-year plan could cement natural gas as a stable pillar in Mexico's energy matrix, support industrial expansion, and provide much-needed resilience to a country still vulnerable to global supply disruptions. But success will depend on execution, financing, and a long-term vision that reconciles energy security with sustainability.

Petrobras finds new oil reserves in Brazil's Campos basin area – *Yahoo Finance*

Petrobras made a significant offshore oil discovery, adding to the country's growing momentum in deepwater exploration. This discovery, located in the Campos Basin off Brazil’s southeastern coast, highlights the company’s continued dominance in offshore oil exploration and its focus on mature deepwater fields. According to World Oil, the company confirmed the find of high-quality post-salt crude at the Sudoeste de Tartaruga Verde block, supporting Brazil’s position as a leader in global oil exploration.

The discovery occurred at well 4-BRSA-1403D-RJS, situated 108 km offshore from the city of Campos dos Goitacazes, within a water depth of 734 meters. This depth indicates that Petrobras has once again succeeded in exploring areas with significant technical challenges, a testament to its expertise in deepwater drilling.

The company confirmed that drilling at the site has now been completed, with the oil-bearing interval verified through a combination of electrical logs, gas readings and fluid sampling. These data will be crucial in assessing the full scope of the discovery and informing the next stages of exploration and development. The Southwest Tartaruga Verde block was acquired in September 2018, in the 5th Production Sharing Round, with the state-owned company Pré-Sal Petróleo S.A. (PPSA) as manager. Petrobras is the operator of the block with a 100% stake. Unlike the pre-salt, which accounts for about 80% of all oil produced in the country, the post-salt reservoirs are so named because the oil found there lies beneath the seabed, before the salt layer, at shallower depths than the pre-salt.

Argentina sets crude oil production record driven by Vaca Muerta shale – *Oil and Gas Journal*

Argentina's crude oil output reached a historic 859,500 b/d in October 2025, primarily fueled by shale development in Neuquén, surpassing the previous record set in 1998. Operational efficiencies and midstream expansions have played key roles in the growth. Argentina's October 2025 crude oil output hit 859,500 b/d, surpassing the 1998 record, mainly due to shale development in Neuquén.

Neuquén’s shale oil production accounts for about 69% of the total, with key fields like Loma Campana and Bandurria Sur leading the growth. Infrastructure improvements, such as the Oldelval pipeline expansion, have alleviated transport bottlenecks, supporting increased output. Diversification across multiple regions, including La Amarga Chica and La Angostura Sur, is broadening Argentina’s operational base and future growth potential.

Petrobras’ five-year investment plan reduced by 2% to $109bn – *Offshore Technology*

Petrobras has announced that its Board of Directors approved its investment plan for the next five years, Business Plan 2026–2030 (BP 2026–30). The investment budget was reduced by 2% to $109bn as the state-owned oil and gas company adjusts to lower international oil prices. Out of the total investment, $91bn will be directed to projects under implementation, including $10bn for projects needing budget confirmation and financing analysis. The remaining $18bn budget is still under analysis “with a lower degree of maturity”. This is the first time Petrobras has reduced its five-year budget since President Luiz Inacio Lula da Silva took office in 2023.