Energy Fortnightly News

October 1 - 15, 2025

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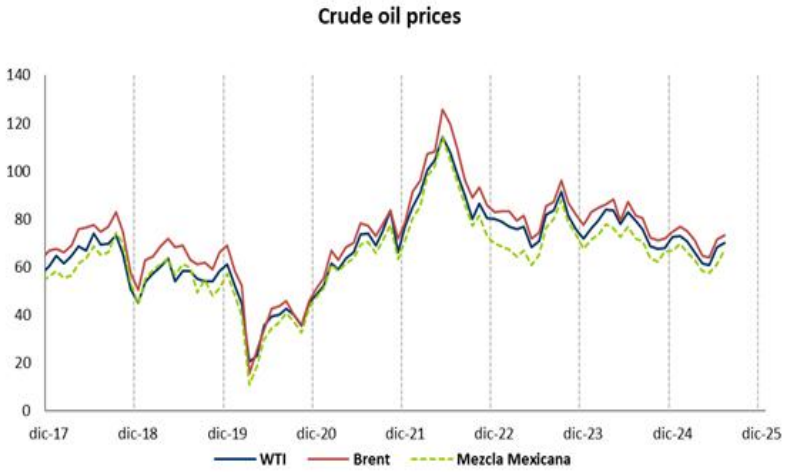
Fortnightly review

** 14/10/2025*

*MME US/BD**	*55.73*
MME US/BD PEF SHCP*	*58.40*
Dif. MME AVG. 2025 vs. MME PEF SHCP	*4.84*
NG price HH US/MMBTU*	*3.01*
Mx crude production MMbd – August	*1.37*
Mx NG production MMpcd – August	*4,608*
US crude production MMbd - July	*13.64*
*FX Rate**	*18.52*



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

Oil & Gas - Mexico

Grupo Carso agrees with Pemex to drill up to 32 wells in Ixachi field, Mexico – *Offshore Technology*

Gupo Carso, controlled by billionaire Carlos Slim, has signed an agreement with Pemex, worth $1.99bn (36.5bn pesos). The agreement aims to fund the drilling of up to 32 onshore wells in the Ixachi field, a major natural gas site in Veracruz. Under the deal, Pemex will make monthly payments for each completed well, starting in January 2027, stated Grupo Carso. The project aims to drill and complete the wells over a period of three years, significantly boosting oil and gas production.

Grupo Carso reported in a filing that the 28 wells drilled in the field are currently producing 93,000 barrels of oil and 715 million cubic feet of gas each day. In March, Reuters reported that Pemex was in discussions with Carlos Slim to fund development projects at two key oil and natural gas fields in Mexico.

Pemex was negotiating a joint operating agreement with its partners in the Zama offshore field, with Slim providing the necessary investment for the state-owned company's required contribution. The transaction, valued at $82.7m, included a cash payment of $49.7m at closing and $33m upon first commercial production from the Zama field. Additionally, in December last year, Talos Energy sold an additional 30.1% stake in its Mexican subsidiary, Talos Mexico, to Zamajal, 90% owned by Grupo Carso and 10% by Control Empresarial de Capitales.

Pemex overhauling multiple units at Deer Park, Texas, refinery – *Reuters*

Pemex completed the shutdown of multiple units at its 312,500-bpd Deer Park, Texas, refinery to begin a multi-unit overhaul. The refinery's 270,000-bpd DU-2 crude distillation unit (CDU), the larger of two at the refinery, is shut for the planned overhaul that will last about 60 days. Pemex calls the overhaul "the Big Block Turnaround" because it involves the large CDU and the 70,000-bpd fluid catalytic cracking unit (FCCU), 70,000-bpd diesel-producing hydrocracking unit (HCU) and 92,000-bpd coker along with other units.

DU-2 is the larger of two CDUs breaking down crude oil into feedstocks for all other units at the refinery. The small CDU, the 70,000-bpd DU-1, will remain in operation while DU-2 is down for the overhaul. The FCCU, HCU and coker are all supplied with feedstock by DU-2. FCCUs use a catalyst under high heat and pressure to convert gas oil into unfinished gasoline. HCUs use a catalyst under high heat and pressure in the presence of hydrogen to convert gas oil into gasoline. Cokers break down gunky, tar-like residual crude oil into either motor fuel feedstocks or petroleum coke, which can substitute for coal.

Pemex turning into one of Mexican gov's heaviest financial burdens – *Bloomberg*

Pemex has gone from the nation’s golden goose to a major albatross. After years of pumping cash into Mexico’s coffers, Pemex is on course to post its largest fiscal deficit to the government in its 87-year history: a shortfall that analysts peg at roughly $31 billion, thanks to dwindling revenue and massive bailouts aimed at helping the company cope with a $100 billion debt load.

It’s a remarkable turning point for a state-controlled behemoth that for years was Mexico’s largest single source of revenue, at times accounting for nearly half the nation’s income. The fact that Pemex is now one of its largest expenses turns the old adage that “Mexico’s oil belongs to Mexicans” on its head, said Jorge Cano, an analyst at consultancy Mexico Evalua. “Now, effectively, Pemex will stop contributing anything to public finances,” Cano said. “And yes, taxpayers will have to pay more to subsidize Pemex.”

Pemex’s deficit is not just the result of new government support. The company’s oil revenues have dwindled as production from slumped to nearly half its peak of two decades ago. And tax-law changes in recent years also mean that Pemex pays a much smaller portion of sales revenue to the government, widening its overall deficit.

Of course, government support for Pemex is nothing new. Former President AMLO showered Pemex with some $80 billion via capital injections and tax breaks over the course of his term. Now, President Claudia Sheinbaum is amping up assistance, raising $12 billion from its so-called P-Cap deal, $13 billion from local development banks, and $14 billion from sovereign issuance that will fund a buyback operation ending later this month. The government will also transfer to Pemex more than $14 billion for debt payments and other expenses in 2026.

Throughout its history, the national oil company had consistently been the single largest source of government revenues. That began to change under President Enrique Pena Nieto’s energy reform, and later under AMLO, who slashed Pemex’s so-called “DUC” tax duties from 65% in when he took office to 30% by the time he left last year. Sheinbaum has since scrapped the DUC system in favor of a more simplified tax regime. Pemex now pays about 30% tax on oil revenues, and a 11.67% tax on natural gas.

And although Pemex has long been a drag on Mexico's balance sheet, never has it been a liability on such a large scale. Pemex posted net deficits to Mexico in 2021 and 2024, following large support packages under AMLO, according to IPD Latin America, an energy consultancy.

The effect of the support on Mexico's sovereign rating is less clear. While Fitch Ratings Inc. and Moody's Ratings recently upgraded Pemex credit profile, Fitch sees Mexico's debt-to-GDP ratio rising above 57% next year — up from about 45% in 2023 — as the company's debt burden begins to migrate to the sovereign's balance sheet, analysts wrote in a note. "It's a big problem from a sovereign perspective," said John Padilla, IPD's managing director. "A $20 billion yearly deficit for the government probably doesn't move the needle on its own, but if the economy continues to not grow, it could eventually put Mexico's credit rating in jeopardy."

Pemex's methane emissions draw fire – *Bnamericas*

The head of Mexico's senate has taken aim at the methane emissions of state oil company Pemex. Laura Itzel Castillo, a member of President Claudia Sheinbaum's Morena coalition, said Mexico needs to cut its methane emissions by 30–40% by 2030 to comply with its international climate change commitments. Pemex aims to reduce methane emissions by 30% by 2030, from a 2020 baseline. It is one of the few major oil companies that has not joined the UN's Oil and Gas Methane Partnership 2.0, whose members aim to reduce emissions by 60–75% by 2030 from 2015 levels.

Mexico is the world's 10th-largest producer of methane. Mexico must improve monitoring across the energy industry, from the extraction of hydrocarbons to their transportation, storage and distribution.

To reduce emissions, the country will need to adopt technologies and develop "appropriate policies" for the sectors which generate most emissions, including the oil and gas sector. Flaring and venting of natural gas by oil companies are the main contributors to methane emissions, according to the senator. Pemex's flaring volumes have surged this year. In 2Q25, the company flared 391 million cubic feet per day (Mf³/d) of natural gas, up 37% from 285Mf³/d in 2Q24. Methane emissions reached 211,000t, a 42.5% increase. Pemex attributed the rise mainly to equipment failure at a gas processing plant.

In April, Pemex signed a letter of commitment to the World Bank's Global Flaring and Methane Reduction partnership. Pemex CEO Víctor Rodríguez Padilla said the debt-laden company would invest over US$2bn to eliminate routine flaring by 2030.

Pemex's Dos Bocas turns into Mexico's refinery nightmare – *Oil Price*

Mexico's $20 billion Olmeca refinery was built to be the centerpiece of the country's drive for energy independence, but three years after its launch, the flagship project is struggling to deliver. Designed to process the country's heavy Maya crude and reduce reliance on fuel imports, the refinery has faced repeated outages, logistical bottlenecks, and underwhelming output. Instead of easing Pemex's financial burden, it risks deepening the company's dependence on government support and turning into a costly liability.

Owned and operated by Pemex the refinery was presented as a cornerstone of national energy sovereignty. Announced with great fanfare in 2022, it marked Mexico's first new refinery in four decades. With a nameplate capacity of 340,000 b/d making it the largest of Pemex's 8 refinery plants, Dos Bocas was built specifically to process Maya, the country's sulfur-rich heavy crude (20-21 degrees API). For President Andrés Manuel López Obrador and his successor Claudia Sheinbaum, it has been more than an industrial asset: it was a political emblem and a strategic bet on Pemex's future.

Yet the reality of operating Mexico's largest refinery has been a bumpy road so far. Despite an intended gasoline output capacity of 170,000 b/d, the facility has never approached that level. Its highest production in June 2025 reached just under 79,000 b/d before falling to 41,000 b/d in August, barely a quarter of its designed gasoline production capacity. The refinery has struggled with repeated interruptions, including a three-month shutdown in late 2024 when crude supplies failed quality standards due to water and salt contamination. In April 2025, a malfunction during electrical load balancing triggered a cascade of equipment failures that required more than a week to restart operations. In August, heavy rains led to power outages that disabled a key gasoline unit for several weeks, forcing Pemex to divert three tankers of Maya crude to its Deer Park refinery in Texas.

Such disruptions reflect a broader structural problem. Southeastern Mexico's power grid is prone to instability, with long transmission corridors, limited redundancy, and high exposure to severe weather. Outages throughout the Yucatan Peninsula in May 2024 and September 2025 underscored the fragility of the system, leaving facilities such as Dos Bocas vulnerable to cascading failures. For a refinery of this scale, the lack of reliable power supply represents a critical operational risk.

The refinery's performance record reveals a telling paradox. At its peak in June 2025, Dos Bocas processed roughly 190,000 b/d of crude oil. Since each of its two distillation columns has a design capacity of 170,000 b/d, this suggests that both units were already in operation if Pemex's numbers are accurate. Technically, the refinery has shown it can run both columns, but the achievement was fleeting. Problems with unstable electricity supply and inconsistent crude quality prevent it from sustaining the necessary throughput. In practice, the facility has been unable to keep its units running steadily enough to match its theoretical capacity.

The consequences are visible in Mexico's fuel import data. Far from reducing the country's reliance on foreign gasoline, disruptions at Dos Bocas have coincided with an increase in purchases from abroad. Imports surged to 388,000 b/d in September, the highest level of the year and well above the 325,000 b/d average for 2025 to date. For a project intended to safeguard Mexico from volatility in global fuel markets, the outcome so far has been the opposite: the refinery's instability has amplified dependence on imports rather than reducing it.

Logistics add further constraints. The refinery is not connected to the national pipeline network or main road corridors, forcing Pemex to rely on trucking and coastal shipping. Authorities have announced plans for a rail link connecting Dos Bocas to the Maya Train. The project of a railroad connection to the Maya Train was initially set for completion in 2026, but construction works have not begun, and progress has yet to materialize. In the meantime, the refinery has relied on sporadic domestic shipments of diesel and gasoline starting from March 2025 (mainly to the Tuxpan terminal), and has only recently entered international markets, sending a 300,000-barrel cargo of diesel to the US (Florida) and Puerto Rico in March.

The economics of regional crude refining complicate matters further. Heavy Latin American grades have tightened in supply, with Venezuelan volumes absent, and U.S. refiners competing aggressively for any heavies still available. Differentials of Maya have been consistently rising between January and August 2025, making crude exports particularly lucrative. Pemex, however, has cut shipments abroad by more than 20% year-on-year, down to 620,000 b/d in August. The move was justified as a deliberate strategy to secure feedstock for domestic refining, especially for Dos Bocas.

Yet this narrative masks a more structural problem: Mexico's crude output has been in steep decline. Pemex's production has fallen from 2.25 million b/d in August 2015 to just 1.37 million b/d by August 2025. The drop reflects both the natural exhaustion of mature oilfields and the national oil company's limited investment in exploration and new developments. Compounding the issue, the quality of crude itself has deteriorated. Water and salt contamination in Maya crude has already disrupted operations, most visibly in the late 2024 shutdown at Dos Bocas. These factors limit not only the ability to export but also the reliability of supplies for Mexico's refineries, undercutting the government's stated goal of self-sufficiency.

For Sheinbaum's administration, the refinery embodies both ambition and exposure. Success would represent a long-sought step toward self-sufficiency in refined products, reinforcing the political case for Mexico's resource nationalism. Failure would underline the structural weaknesses of the country's energy sector, leaving Pemex more financially fragile and dependent on state support. As it stands, Dos Bocas remains less a triumph of sovereignty than a reminder of how infrastructure ambitions can falter against technical fragility, logistical gaps, and the hard economics of global oil markets.

Power/Renewable Energy – Mexico

Mexico's new power rules bring some clarity — and more delays – *Bnamericas*

Participants in Mexico's electricity sector have given a cautious response to the government's latest regulation for the industry, welcoming increased clarity for investors but expressing frustration at the slow pace of progress. Published in the government bulletin, the regulation for the electricity sector law provides greater certainty in some areas but delays decisions on other key issues.

"The regulation sends lots of crucial aspects to guidelines and administrative frameworks still to be developed," Claudio Rodriguez, co-head of the Latin American practice group at law firm DWF, told BNamericas. "That means there will be more waiting ahead."
"The regulation begins to define and specify how the entire process of obtaining permits for self-consumption will work, but there is still another step to take."

Originally due to be published by mid-September, the regulation gives industry regulator CNE 150 days to establish an independent monitor for the wholesale electricity market. CNE also has 180 days to publish new rules for energy storage systems such as batteries. A separate regulation for energy planning and transition gives CNE the same timeframe of 180 days to overhaul Mexico's system for clean energy certificates, which are a key source of funding for renewable energy developers.

The electricity regulation published is the latest in a series of constitutional and legal reforms to the energy sector introduced by President Claudia Sheinbaum since she took office in October 2024. Sheinbaum's reforms aim to strengthen the role of state-owned utility CFE and national oil company Pemex, while allowing limited private participation.

In the electricity market, Sheinbaum has capped the private sector's share of power generation at 46%, meaning at least 54% must be generated by the state. The new electricity regulation confirms that while the energy ministry must incorporate this requirement into its development plan, electricity in the wholesale market will continue to be dispatched by merit.

The energy ministry, CNE and transmission system operator Cenace must now update the rules for the operation of the electricity market to reflect the new regulation and adapt the rules for battery storage.

Daikin boosts solar power in Mexico with new 1.2MW project – *Mexico Business News*

Daikin Manufacturing, a subsidiary of Japan's Daikin Industries, has completed a 1.2MW rooftop solar project at its San Luis Potosi manufacturing facilities in partnership with ForeFront Power. The new installation, located atop two of Daikin's newest plants in the Millennium Industrial Park, marks a significant step toward the company's global carbon neutrality goals under its Environmental Vision 2050.

Each rooftop system has a capacity of 624kW direct current, combining for a total of 1.25MW DC. Together, the panels are expected to generate around 1.18 million kWh of clean electricity annually, enough to power more than 160 homes, and will reduce CO_2 emissions by nearly 900t per year.

The initiative builds on a previous 500kW solar project at Daikin's earlier San Luis Potosi facilities. ForeFront Power conducted a full assessment of the company's four local production sites and developed the new rooftop systems to further Daikin's sustainability strategy. Delivered at no upfront cost to DMMX, the project operates under a 10-year Power Purchase Agreement (PPA) in which ForeFront Power owns and maintains the system, while Daikin buys electricity at a fixed, lower rate than the grid.

Oil & Gas - LATAM

Petrobras awards Halliburton deepwater contracts in Brazil – *Halliburton Press Release*

Petrobras awarded multiple contracts to Halliburton to provide vessel stimulation, intelligent completions and safety valves in Brazil's deepwater fields after a competitive process. The contracts are expected to begin in 2026.

In the Búzios field, Halliburton will deploy its SmartWell completion technology to enable real-time reservoir management. For the Séepia and Atapu fields, Halliburton will provide EcoStar electric tubing retrievable safety valves (eTRSV) to improve the safety and efficiency. Additionally, Halliburton's Stim Star Brasil will deliver stimulation services that focus on reservoir productivity and improve asset performance.

These contracts are expected to begin in 2026 and highlight Halliburton's expertise in completions and its focus on delivering comprehensive solutions tailored for challenging offshore operations. Through its long-standing collaboration with Petrobras, Halliburton plays an important role in the advancement of Brazil's offshore oil and gas industry and contributes to the nation's economy.

Brazil's round zero offshore fields will require US$17bn in investments by 2029 – *Bnamericas*

Oil and gas fields from Brazil's Round Zero that had their concession contracts extended will require 93.8 billion reais (US$17 billion) in investments by 2029. The figure does not include investments in decommissioning offshore facilities.

Held in 1998, following the end of Petrobras ' monopoly in the oil and gas sector, the Round Zero ratified the state-owned company's rights to the fields where it had already produced before the market opened, through concession contracts. Since then, part of these assets have been transferred to other companies, which have taken over operations.

According to data from the regulatory agency, 27 offshore fields from that round had contracts renewed, with expected expiration dates ranging from 2030 to 2060. Trident Energy operates ten of these fields, followed by Petrobras (nine), Perenco (three) and 3R Potiguar (Brava Energia), BW Energy, Origem Energia Alagoas, PRIO and SPE Tieta, with one field each.

The assets are concentrated in the Campos basin (24). Another three are located in the Alagoas, Potiguar and Sergipe basins.

Field	Basin	Operator	Production expiration date
Badejo	Campos	Trident Energy Do Brasil Ltda.	12/31/2048
Barracuda	Campos	Petróleo Brasileiro S.A. - Petrobras	8/5/2052
Bicudo	Campos	Trident Energy Do Brasil Ltda.	12/31/2043
Bonito	Campos	Trident Energy Do Brasil Ltda.	12/31/2044
Carapeba	Campos	Perenco Petróleo E Gás Do Brasil Ltda.	12/31/2040
Caratinga	Campos	Petróleo Brasileiro S.A. - Petrobras	8/5/2052
Enchova	Campos	Trident Energy Do Brasil Ltda.	12/31/2044
Enchova oeste	Campos	Trident Energy Do Brasil Ltda.	12/31/2044
Espadarte	Campos	Petróleo Brasileiro S.A. - Petrobras	12/31/2039
Frade	Campos	Petro Rio Jaguar Petróleo Sa.	12/31/2041
Jubarte	Campos	Petróleo Brasileiro S.A. - Petrobras	12/11/2056
Linguado	Campos	Trident Energy Do Brasil Ltda.	12/31/2048
Marimbá	Campos	Trident Energy Do Brasil Ltda.	12/31/2047
Marlim	Campos	Petróleo Brasileiro S.A. - Petrobras	12/31/2048
Marlim leste	Campos	Petróleo Brasileiro S.A. - Petrobras	8/5/2052
Marlim sul	Campos	Petróleo Brasileiro S.A. - Petrobras	8/5/2052
Maromba	Campos	Bw Energy Peixe Ltda.	8/5/2060
Pampo	Campos	Trident Energy Do Brasil Ltda.	12/31/2043
Pargo	Campos	Perenco Petróleo E Gás Do Brasil Ltda.	12/31/2040
Paru	Alagoas	Origem Energia Alagoas S.A.	12/31/2039
Piraúna	Campos	Trident Energy Do Brasil Ltda.	12/31/2042
Roncador	Campos	Petróleo Brasileiro S.A. - Petrobras	8/5/2052
Tartaruga	Sergipe	Spe Tiêta Ltda.	12/31/2040
Trilha	Campos	Trident Energy Do Brasil Ltda.	12/31/2044
Ubarana	Potiguar	3r Potiguar S.A.	12/31/2030
Vermelho	Campos	Perenco Petróleo E Gás Do Brasil Ltda.	12/31/2040
Voador	Campos	Petróleo Brasileiro S.A. - Petrobras	12/31/2048

Source: ANP

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