Energy Fortnightly News

October 15 - 31, 2025

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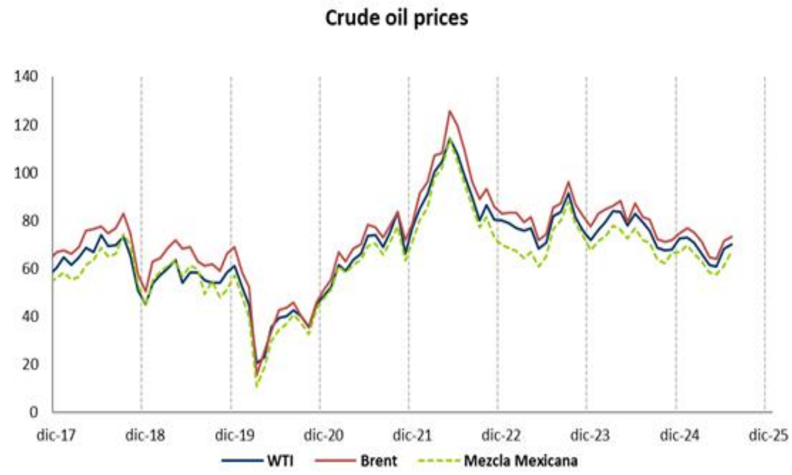
Fortnightly review

* 3/11/2025

MME US/BD*	58.17
MME US/BD* PEF SHCP	58.3
Dif. MME AVG. 2025 vs. MME PEF SHCP	4.23
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*	18.48



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

Oil & Gas - Mexico

Mexico's Pemex pumps less, refines more in third quarter – *Reuters*

Pemex pumped less crude while scaling up its processing in the third quarter, as it reported a smaller net loss than in the same quarter a year ago. Pemex and its partners pumped an average of 1.66 MMbpd of crude oil and condensates during the third quarter of this year, down 6.7% from the same period of 2024. With many fields declining rapidly - especially former star producers in the Gulf of Mexico - and many new discoveries not living up to expectations, the behemoth has struggled to meet the government's ambitious production goal of 1.8 million bpd. Pemex meanwhile processed an average of 1.01 million bpd in the quarter, 4.8% more than in the same quarter last year.

CEO Victor Rodriguez told investors that the company's current plan seeks to increase production with the help of private companies, adding that some 40 companies had expressed interest. Pemex reported that it had selected ten such projects and was evaluating another 11 for these so-called mixed contracts. Much of what the company can realistically do - squeezing more barrels from mature fields and exploring new possibilities - hinges on financial resources.

Pemex reported a net loss of 61.25 billion pesos ($3.34 billion) for the quarter, from a loss of 161.34 bn pesos a year ago, while revenues in the quarter fell about 11% from a year ago to reach 378.9 bn pesos. It also booked a foreign exchange gain of 33.4 bn pesos during the quarter, driven by the depreciation of the dollar against the peso. In the filing, Pemex said its financial debt totaled $100.3 bn at the end of the quarter, despite efforts from the government to bring it down. Its debt with suppliers and contractors stood at $28.13 billion.

Weatherford cautiously optimistic on Mexico after Pemex payment – *Bnamericas*

Weatherford said it has received a payment from Pemex and that operating conditions in the country are stabilizing. “We believe we are now at a point of relative stability with cautious optimism for slight improvements into 2026,” CEO Girish Saligram told a third-quarter earnings call.

Pemex, the world’s most indebted oil firm, accounts for about 10% of Weatherford's annual revenue. As part of a government rescue package in August, Mexican development banks established a 250-billion-peso (US$13.6bn) fund to pay Pemex’s suppliers. Houston-based Weatherford said it received a payment from Pemex in early October, its first since early 2025.

Saligram added that the company’s Mexican revenues increased sequentially in the last two quarters. “That gives us a little bit of cause for optimism,” he said. “We are pretty comfortable and confident that we have reached a point of stability.” “It has taken a while, but everything has now gotten into place. The payment mechanisms are starting to come through. I think we are getting back to a period of stability.”

Mexico's Pemex and powerful union agree to 4.5% pay increase – *Reuters*

Pemex said it had agreed with the powerful STPRM oil workers union on a 4.5% salary increase as part of the revision of the 2025-2027 collective bargaining agreement.
Pemex did not specify the duration of the salary increase, but a document from the Union of Oil Workers of the Mexican Republic (STPRM), which represents its approximately 90,000 union members, specified that it would be for one year. The revision of the collective bargaining agreement also included adjustments to benefits, and that both these and the salary increase would be retroactive to August 1.

Mexico restricts cost recovery for Pemex partners – *Bnamericas*

Mexico’s finance ministry published further details about the costs that oil and gas companies can recoup from new upstream partnerships with state oil company Pemex. Introduced in a March 2025 reform to the country’s hydrocarbons law, so-called mixed contracts allow private operators to take stakes of up to 60% in fields alongside Pemex, which must hold at least 40%. The scheme is designed to help heavily indebted Pemex access expertise and capital from the private sector. The law specifies that companies in mixed contracts can only allocate 30% of field income to recover their costs, unless the energy ministry grants special approval to raise the limit to 40%.

In guidelines published in the official government bulletin, the finance ministry said that “irreducible costs” cannot be considered when calculating cost recovery. According to the guidelines, irreducible costs are those that Pemex “considers necessary for the minimum operation of petroleum activities.”

Oil and gas lawyer Manuel Cervantes, of MCM Abogados, said in a social media post that the introduction of this concept “opens up a significant area of risk in the financial structuring and evaluation of projects under this new contractual model.” “It is concerning that the Mexican government has maintained elements that suggest a rigid application more typical of a tax regime than of an investment scheme with private participation, which could affect the flexibility and attractiveness of the projects.”

Pemex extends contracts for three Borr Drilling rigs worth $213 million – *Borr Drilling Press Release*

Borr Drilling announced contract extensions for three of its premium jack-up rigs and provided an update on collections in Mexico. The rigs Galar and Gersemi have each been awarded two-year firm contract extensions that will commence in direct continuation of their existing contracts in Mexico. The extensions also include two one-year unpriced options and improved commercial and payment terms. In addition, the rig Njord has received a contract extension through April 2026.

The contract value of the extensions is approximately $213 million, excluding options. The Company remains in active discussions with its customer in Mexico regarding long-term extensions for contracts that expire in the second quarter of 2026. Additionally, the Company recently received payments of approximately $19 million for its operations with Pemex. These collections, coupled with recent initiatives in Mexico to strengthen Pemex finances, support the Company's confidence in the continued normalization of payment activity moving forward.

How a 'dark fleet' of tankers helped a Mexican cartel build a fuel-smuggling empire – *Reuters*

On the afternoon of March 8, a petroleum tanker named Torm Agnes entered the Port of Ensenada on Mexico's Pacific coast carrying almost 120,000 barrels of diesel. Such a vessel was a rare sight in that port, which mainly hosts cruise liners, luxury yachts and container ships. Ensenada lacks the infrastructure needed to unload cargos of flammable hydrocarbons safely – making what happened later that day odder still.

Waves of fuel-hauling trucks rolled up to the dock to cart away much of the Torm Agnes' load. Workers scurried about filling the vehicles' cavernous tanks, up to six at a time, using hoses springing from a larger hosepipe affixed to the vessel. The operation, while risky, ran like clockwork, according to an eyewitness and a photo and video from the scene shared with Reuters. "They had a team, they were very thorough on what to do, and they were very fast," the person said. "They worked insane hours, like through the night."

The audacious maneuver was the work of cartel-linked smugglers, according to three Mexican security sources and three people familiar with the operation – part of a wave of bootleggers upending Mexico's fuel market with a flood of cut-rate fuel procured mainly from the United States that's disguised in customs declarations as something else.

The Mexican crooks didn't act alone. A Houston company named Ikon Midstream played a key role in the multi-million-dollar Ensenada operation, Reuters has found. It purchased the diesel in Canada, claimed in paperwork it was lubricants, and chartered the tanker to deliver it to a customer that Mexican authorities allege is a front for one of the country's largest and most violent cartels.
Ikon Midstream and its executive director, Rhett Kenagy, did not respond to multiple requests for comment. Attorney Joseph O. Slovacek, who represents the company and Kenagy, told Reuters in an October 18 email to stop contacting his clients. "No one will speak to your reporter!" Slovacek said. The Port of Ensenada did not respond to a request for comment. Denmark-based Torm, which manages one of the world's largest fleets of tankers, including Torm Agnes, said it stopped doing business with Ikon Midstream just weeks after the Ensenada incident.

Narcotics remain the principal money-maker for Mexico's cartels. But illegal fuel and stolen crude oil have become the largest non-drug revenue source for these criminals, the U.S. Treasury Department says. Narcos have built this lucrative sideline by effectively embedding themselves inside North America's vast energy sector and mastering the logistics of moving petroleum products by truck, rail and most recently tanker. Some U.S. officials have taken to calling the tankers carrying illegal fuel a new "dark fleet," a term more often associated with illicit shipping of Russian or Iranian crude oil designed to evade sanctions.

Fuel smuggling has grown so fast that bootleg imports now account for as much as one third of Mexico's diesel and gasoline market, swiping profits from some of the biggest names in the oil industry. Illegal fuel entering the country is now valued at more than $20 billion a year, according to one of the people who helped Mexico's treasury calculate the size of the illicit trade.

To uncover the inner workings of fuel smuggling into Mexico, Reuters spoke to more than 50 people with knowledge of the racket. They include five people who have had dealings in illicit cargos, Mexican and U.S. law enforcement officials, current and former oil industry executives in both countries, as well as energy traders and compliance specialists. Many of these people spoke on condition of anonymity out of fear for their safety. Reuters is the first to publish a full account of Torm Agnes' journey, from loading in Canada to discharging at Ensenada and at another Mexican port from which it beat a hasty retreat. The account is based on information from seven people, all of whom either were involved in the logistics of moving the cargo or are investigating the journey's fallout, as well as tanker-tracking data and satellite images, internal shipping documents, customs data and port records.

Through those documents and sources, Reuters pieced together in previously unreported detail how the alleged scheme works and how it exploits loopholes in the vast and complex U.S. energy sector, touching a host of entities including oil majors, shipping companies and government agencies.

The fuel smuggling scheme largely boils down to a lucrative tax dodge. Mexico slaps a levy known as IEPS on a wide variety of goods, including imported diesel and gasoline. Mexico is a major crude oil producer, but it imports these fuels because its aging refineries can't meet local demand. Crooks evade the tax, charged by the liter and often costing upwards of 50% of the cargo's value, by declaring the foreign fuel to be some other type of petroleum product that's exempt from the duty.
The cartels have infiltrated many legitimate businesses along the border and further north.

U.S. and Mexican officials say smugglers typically utilize shell companies and falsified cargo documents to cover their tracks, and they pay bribes to corrupt port and customs officials to get their shipments through. They also unload in a hurry in dicey locations, bypassing Mexico's nearly two dozen marine terminals set up for safe discharge of fuels, authorities and industry experts say. This allows smugglers to get the illicit cargo to their customers quickly, with minimal oversight and regulations. Bootleg diesel is then sold at a discount in the Mexican market to thousands of unlicensed diesel stations, factories and mines. The smuggled gasoline goes mainly to unbranded filling stations. Cartels also steal fuel and crude oil outright from Pemex and sell some of it in the United States, helped by crooked importers that are undercutting American producers, the U.S. Treasury Department says.

Grupo Carso advances Centauro del Norte pipeline in Mexico – *Bnamericas*

Grupo Carso, the industrial conglomerate owned by Mexican business mogul Carlos Slim, has begun construction of a tranche of a natural gas pipeline in northwestern Mexico. In its third-quarter earnings report published on October 27, the company said it started work in the period on the 76km northern section of the Centauro del Norte project. The pipeline will span 442km in total, running from Mexicali in Baja California state to San Luis Río Colorado in Sonora state.

The US$48mn pipeline will supply natural gas to combined-cycle gas turbine plants under construction by state utility CFE, which is a shareholder in the project. Centauro del Norte will connect to other pipeline networks that transport natural gas from the US to Mexico. Construction of the pipeline is 20% complete.

Mexico invites energy investment as data centers surge – *Mexico Business News*

Minister of Energy Luz Elena González, has invited investors and private sector groups to collaborate with the Mexican government to finalize electricity generation investments in priority areas of the country. These actions are intended to contribute to Plan México, the National Development Plan, and the country’s energy transition goals.

SENER's new call for proposals establishes a mechanism for the priority processing of permit applications for strategic electric power plants. The process brings order to the application procedure, speeds up the attention given to requests, and groups projects by region. This is expected to optimize reinforcement works and provide financial viability for project development.

The projects outlined in the call are projected to add more than 6,000MW of capacity, representing an investment of approximately US $7.14 billion. Of this capacity, 3,790MW will correspond to photovoltaic solar energy generation and 2,100MW to wind energy. The initiative aligns with the country's planning needs through 2030 to meet the energy transition goal of at least 38% of electricity generation from renewable sources. SENER stated that it requires private sector support to meet this goal. SENER reported that the coordinated approach will provide resolutions and evaluations in a short timeframe, as all authorities are aligned with transparency and the nation's interest.

The call prioritizes applications based on technical and geographical criteria that support the strengthening of the National Electric System (SEN) in priority areas. Priority will be given to projects that provide reliability, continuity, quality, and security to the SEN, promote energy justice, and incorporate innovation and technological development.

Benefits of this scheme include reduced processing times, such as cutting the period from application entry at CENACE to the interconnection contract from six to eight months down to three. Additionally, a single entry and exit point for applications will be facilitated through the National Energy Commission. The process also incorporates sustainability criteria in collaboration with the Ministry of the Environment.

The call for proposals is limited to generation permits for the national electric market and does not include permits for distributed generation for self-consumption, cogeneration, or new mixed-scheme participation. González stated that transparency and clear regulations are essential for building confidence and encouraging investment. She also highlighted a transformation in the electric sector led by President Claudia Sheinbaum over the last year, which has resulted in a new operational model and regulatory framework.

Oil & Gas - LATAM

SLB sees a stable offshore market in Brazil, bets on Argentina – *Bnamericas*

The pre-salt and Equatorial Margin areas should keep the well and subsea markets stable in Brazil, according to Thomas Filiponi, general director of SLB in the country.

Meanwhile, the multinational remains confident about Argentina, where, regardless of political issues, "the investment will happen," the executive told BNamericas.

BNamericas: How do you see the wells and subsea market in Brazil?
Filiponi: We've been in Brazil for 80 years, so we've seen a lot happen in the country, from very high points to situations where activity has fallen considerably. And we've always found a way to bring entrepreneurship and innovation to stay in the market. The offshore market in Brazil, especially with the pre-salt reserves and now with the Equatorial Margin, is a long-term market, with investments made to last for decades. It is, of course, a market that is also suffering somewhat from the recent drop in oil prices, but it is resilient and standardized in the number of activities.

BNamericas: Are suppliers already feeling pressure from operators to revise prices in light of the drop in oil prices?
Filiponi: There is positive, constructive pressure from the operators, but it's in the pursuit of efficiency. Not really in the pursuit of price reduction, but looking at improving efficiency, contractual performance, and scenarios. And when this type of discussion takes place, there is always an opportunity to improve operational models and contract terms and conditions. We believe that, in 2026, Brazil, both in terms of wells and subsea equipment, will be a "balanced" market: there will be neither significant gains nor increases in activity, nor a reduction.

BNamericas: And looking at other countries in Latin America, what would be the highlights, besides Brazil?
Filiponi: Argentina remains a very promising region. But it's a very different market from Brazil, as it's focused on onshore, large gas fields, with a distinct investment cycle. But it's very important for SLB. Regardless of political issues, we see that the investment will happen. Another area is Ecuador, where we are very well positioned, in addition to Mexico, which has been trying to recover from a reduction in activity.

BNamericas: What are the main contracts that SLB has recently closed in Brazil?
Filiponi: We signed two contracts in the area of well completion totaling 1.5 billion reais, approximately US$300 million to US$400 million, for the Búzios field [operated by Petrobras]. SLB won the last two Petrobras tenders for Búzios and will provide hydraulic and electrical completion equipment that allows for real-time reservoir management and extends its lifespan.

Furthermore, we won two contracts to perform seismic processing in the Jubarte field, in the Campos Basin, and the Tupi field, in Santos. The goal is to improve the visibility that seismic data provides of these reservoirs, comparing their dynamics over time.

BNamericas: Are you working with Petrobras on the Equatorial Margin?
Filiponi: Together with Foresea, which is the drilling rig operator, we mobilized all the equipment a few months ago to the Equatorial Margin. And, with Ibama's approval, we started drilling with SLB's equipment and services.

BNamericas: Petrobras plans to resume drilling in the Potiguar Basin, also on the Equatorial Margin, in 2026.
We have a long-term contract with Petrobras, and we will certainly be drilling that well in Potiguar as well. An exploratory campaign involves drilling several wells, especially in such a large geographical area as the Margem. Petrobras needs to drill at least 15 wells there.

Brazil's Petrobras reports record oil exports in third quarter as output rises – *Reuters*

Petrobras reported record exports of some 814,000 bpd in the third quarter, as production surged and 11 wells started operating. That was a 36% increase in oil exports compared to the same period of last year. China was the destination for 53% of the firm's shipments in the period, up 14 percentage points from a year ago. Asia, excluding China, received 19% of Petrobras' oil exports, a rise of 5 percentage points, while the share that went to the United States and Europe fell by half to 3% and 15%, respectively.

Lower demand from the U.S. as sales increased to India and South Korea factored in the change. Total exports by the Brazilian company, including gas and oil derivatives, reached 1.04 million barrels, up 29% when compared to the July-September period of last year. Petrobras produced 2.52 million bpd of oil in Brazil in the quarter, up about 18%. Beyond the new 11 wells, the firm said the output increase came from a floating production vessel reaching peak production, another increasing capacity and four ramping up. The firm's total oil, gas and gas liquids production stood at 3.14 million boepd, an almost 17% jump year-over-year. Total sales of oil, gas and oil derivatives were up nearly 10% in the period, to 3.26 million bpd.

Petrobras, Equinor win Campos Basin blocks in ANP auction – *Drilling Contractor*

Petrobras acquired two exploration blocks in Brazil’s Campos Basin during the 3rd Cycle of the Permanent Production Sharing Offer, conducted by the National Agency of Petroleum, Natural Gas and Biofuels (ANP) for areas in Brazil's offshore pre-salt region.

The Petrobras-led consortium with Equinor acquired the Jaspe block, offering 32.9% of the profit oil from the block, the highest percentage in the auction. Petrobras alone acquired the Citrino block with a 31.2% offer, while Equinor won the Itaimbezinho block with an offer of 6.9%, the lowest in the auction. Karoon offered to cede 14.1% of production from the Esmeralda block and the CNOOC/Sinopec consortium won the Ametista block with a 9% bid. While three of the five blocks were undisputed, all offered a percentage above the minimum set by ANP.