



# THE NEW MEXICAN PETROLEUM SECTOR

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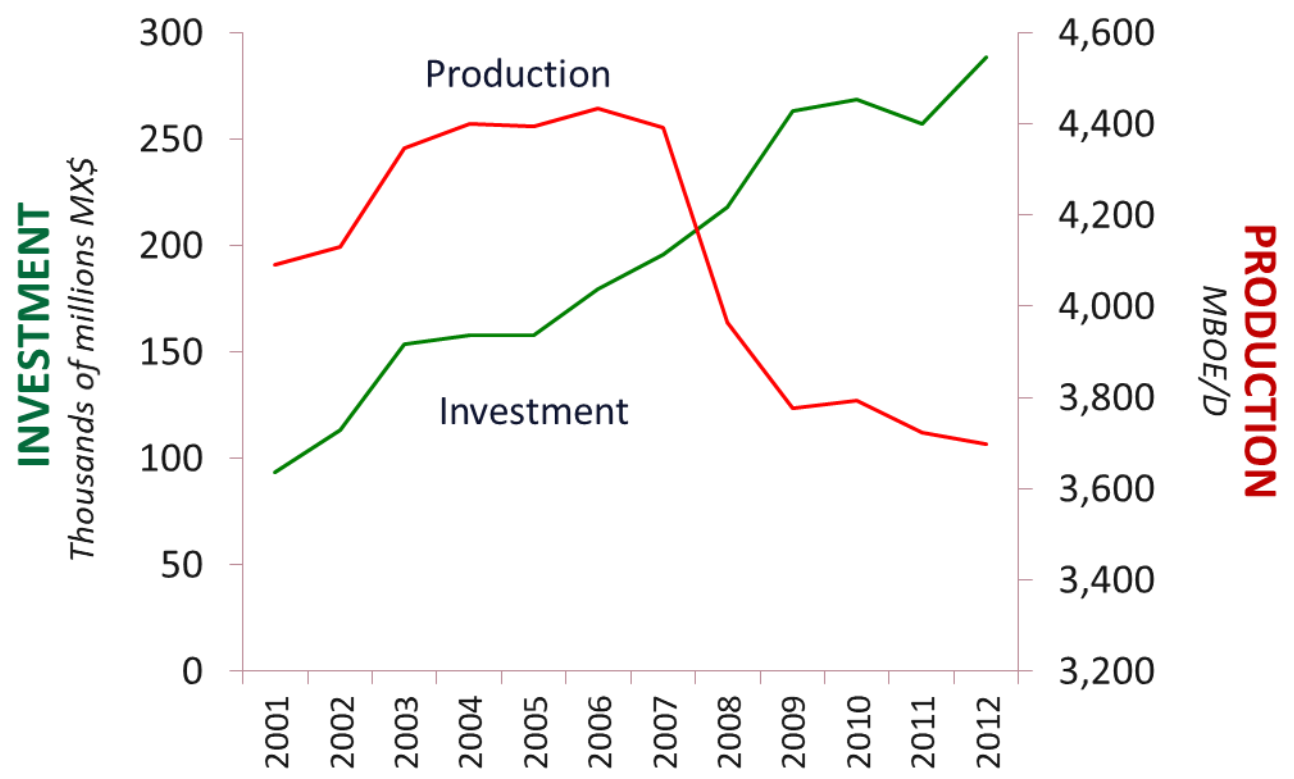
Commissioner



In 2013, Mexico's energy sector faced growing structural problems:

- Decrease in production
- Decrease in hydrocarbon reserves
- Need for increasing investments
- A deteriorating energy balance

Investment and production in PEMEX



# Constitution of the United Mexican States...

## changes in articles 25, 27 and 28

### **Article 25.-**

Creates state-owned production companies.

### **Article 27.-**

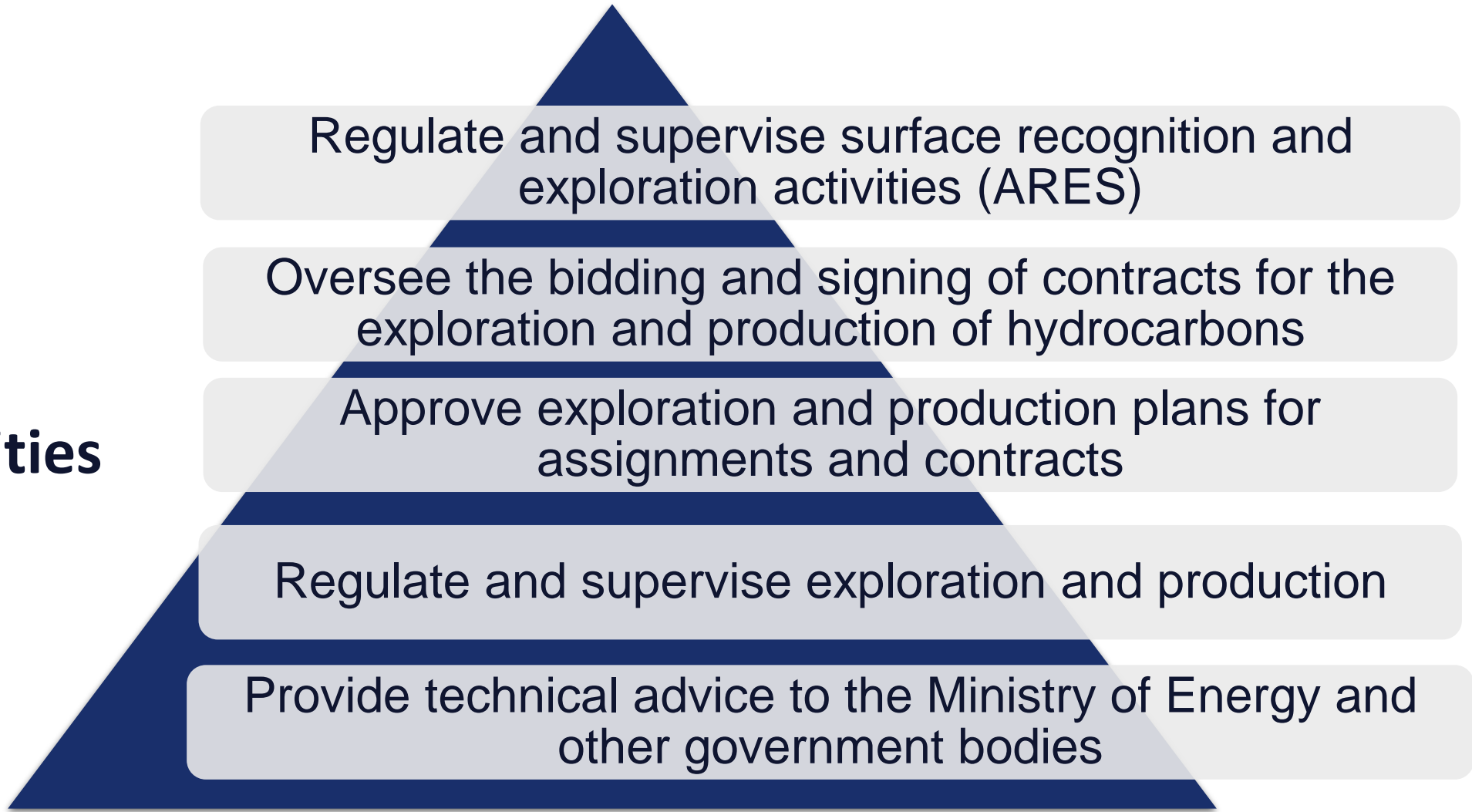
States that oil and other hydrocarbon exploration and extraction activities can be carried out through assignments to state-owned production companies or through contracts with such companies or to private companies, in the terms of the governing law.

### **Article 28.-**

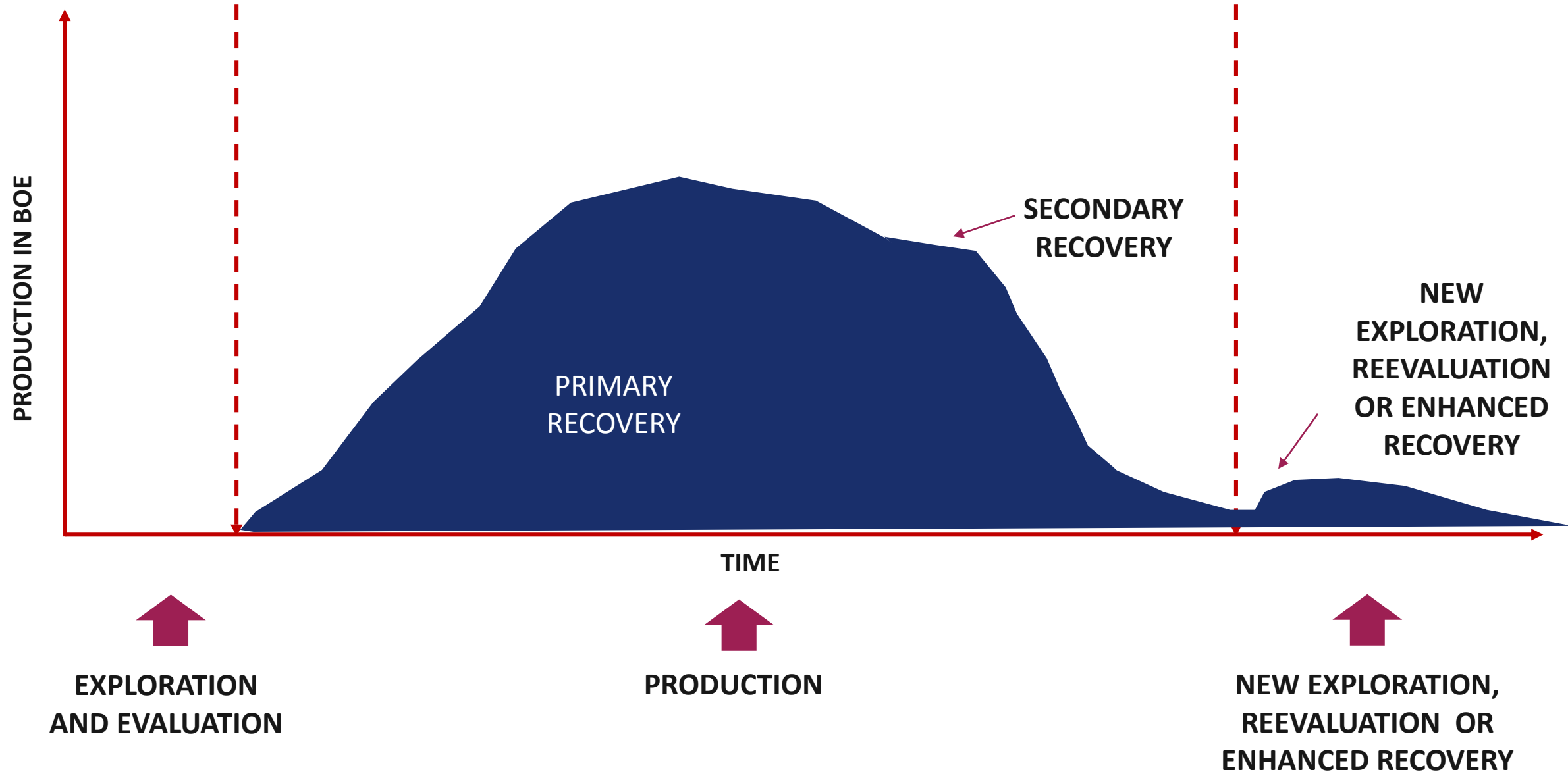
States that the government will have coordinated regulatory bodies for energy: The National Hydrocarbons Commission (upstream) and The Energy Regulatory Commission (middle and downstream), in the terms of the governing law.

### 3. ATTRIBUTIONS OF THE NATIONAL HYCROCARBONS COMMISSION (CNH)

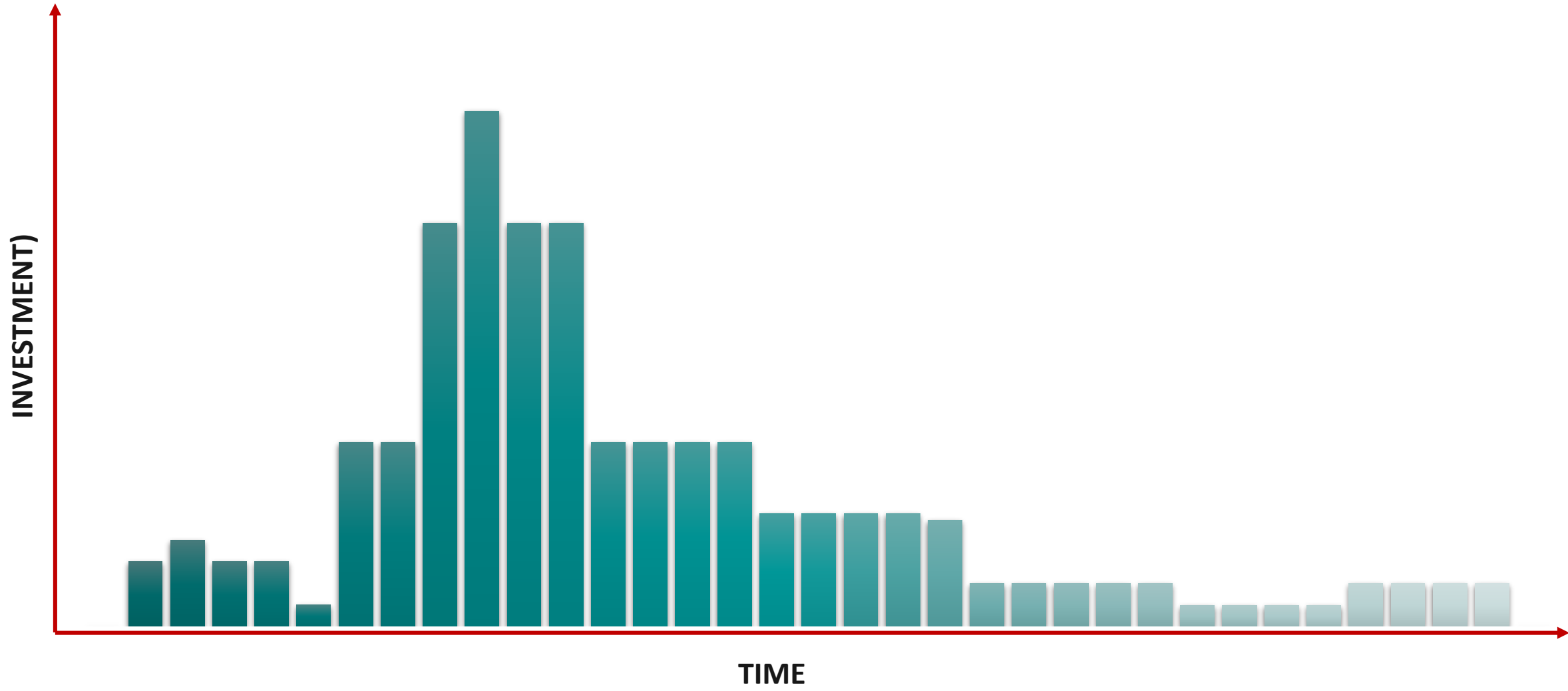
## CNH responsibilities



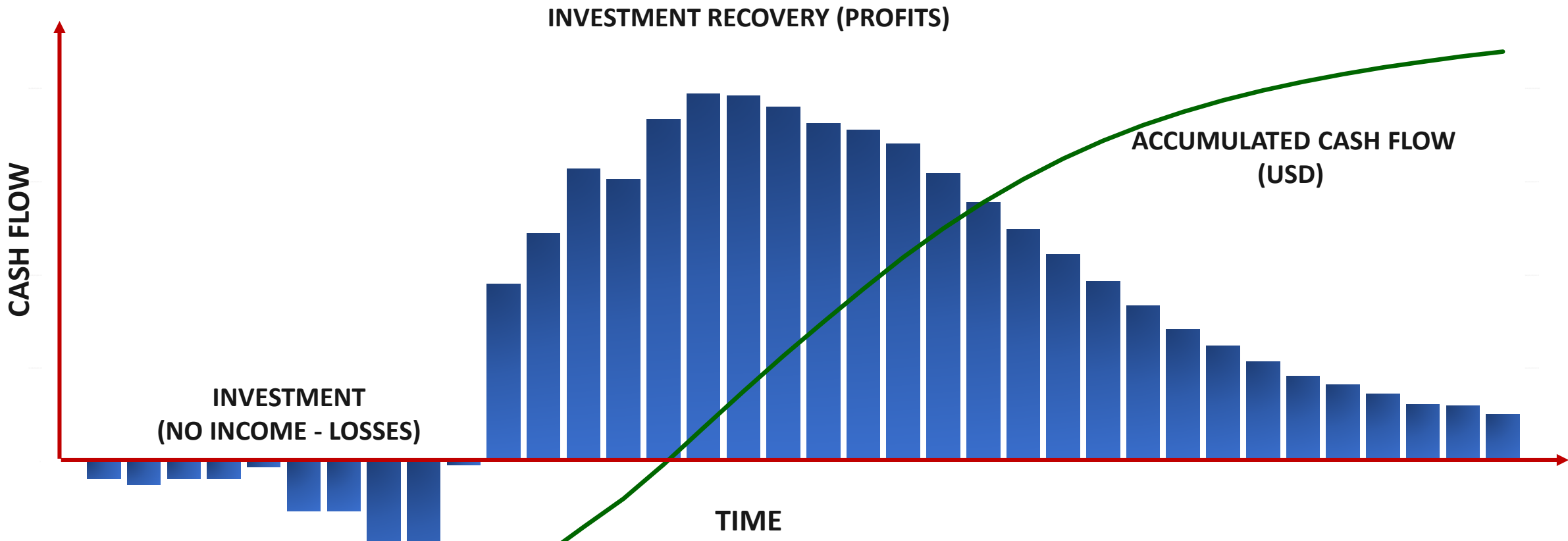
# 4. LIFE CYCLE OF A PETROLEUM E&P PROJECT: PRODUCTION



# 4. LIFE CYCLE OF A PETROLEUM E&P PROJECT: INVESTMENT

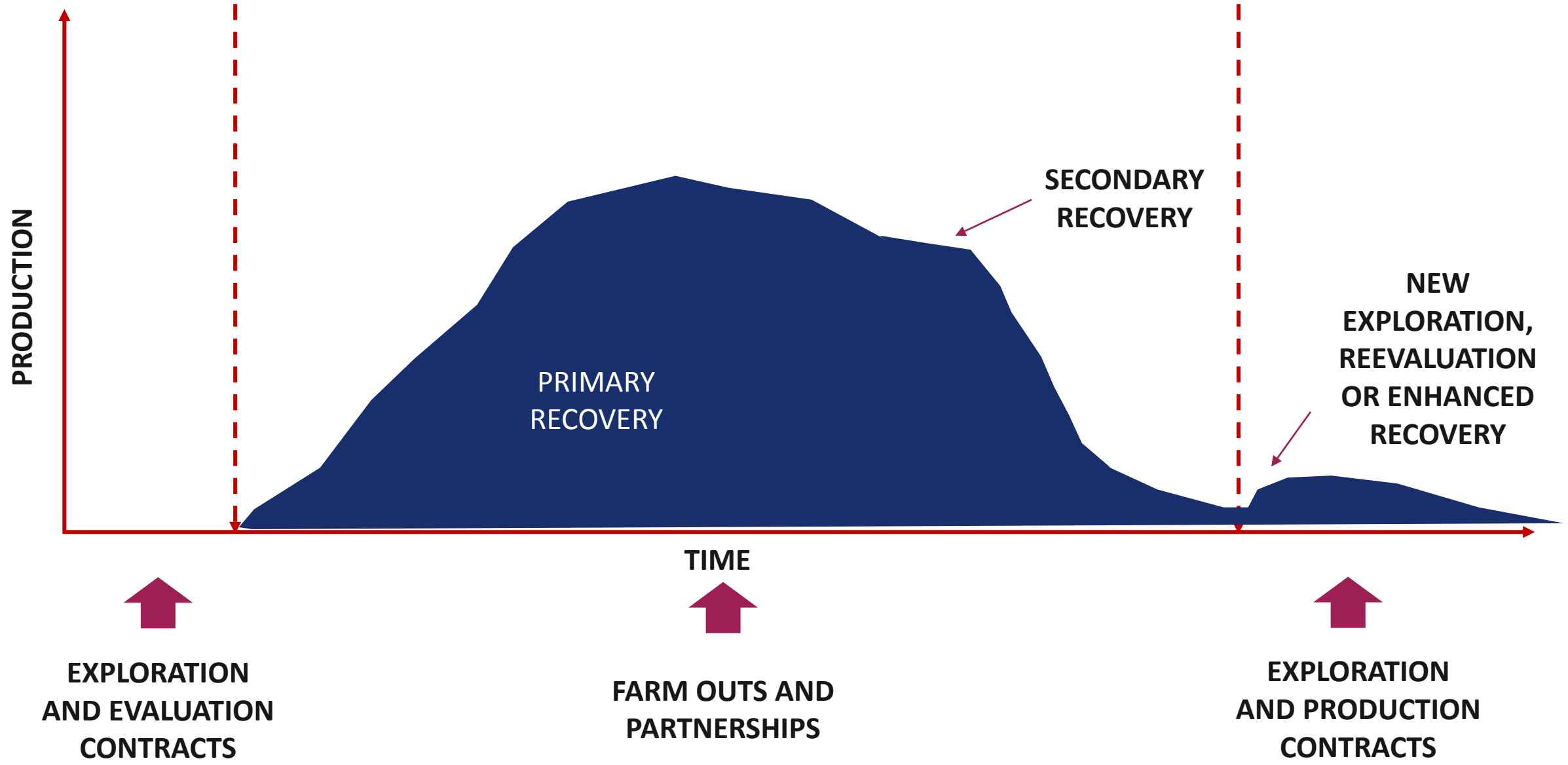


# 4. LIFE CYCLE OF A PETROLEUM E&P PROJECT: CASH FLOW



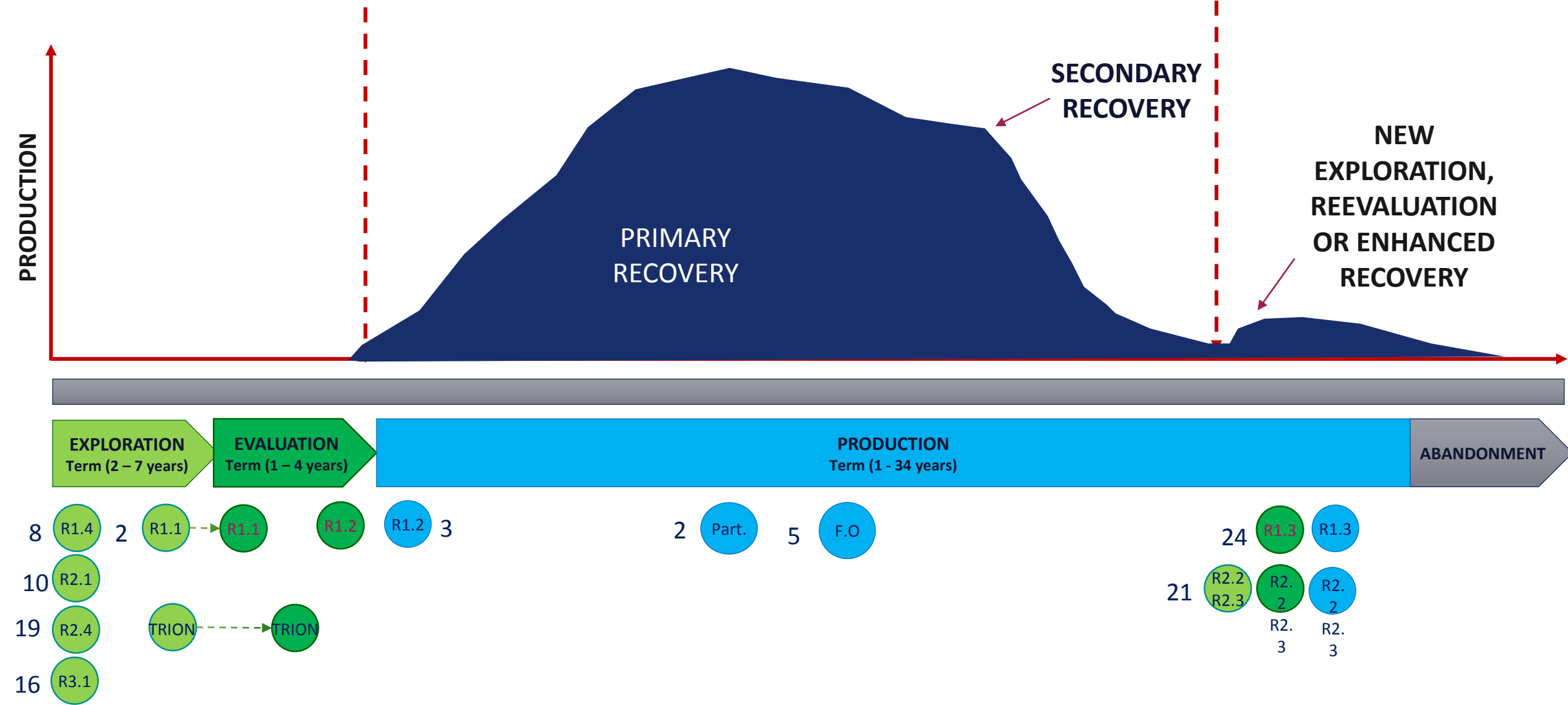


# 5. GENERAL STRATEGY FOR CONTRACTS

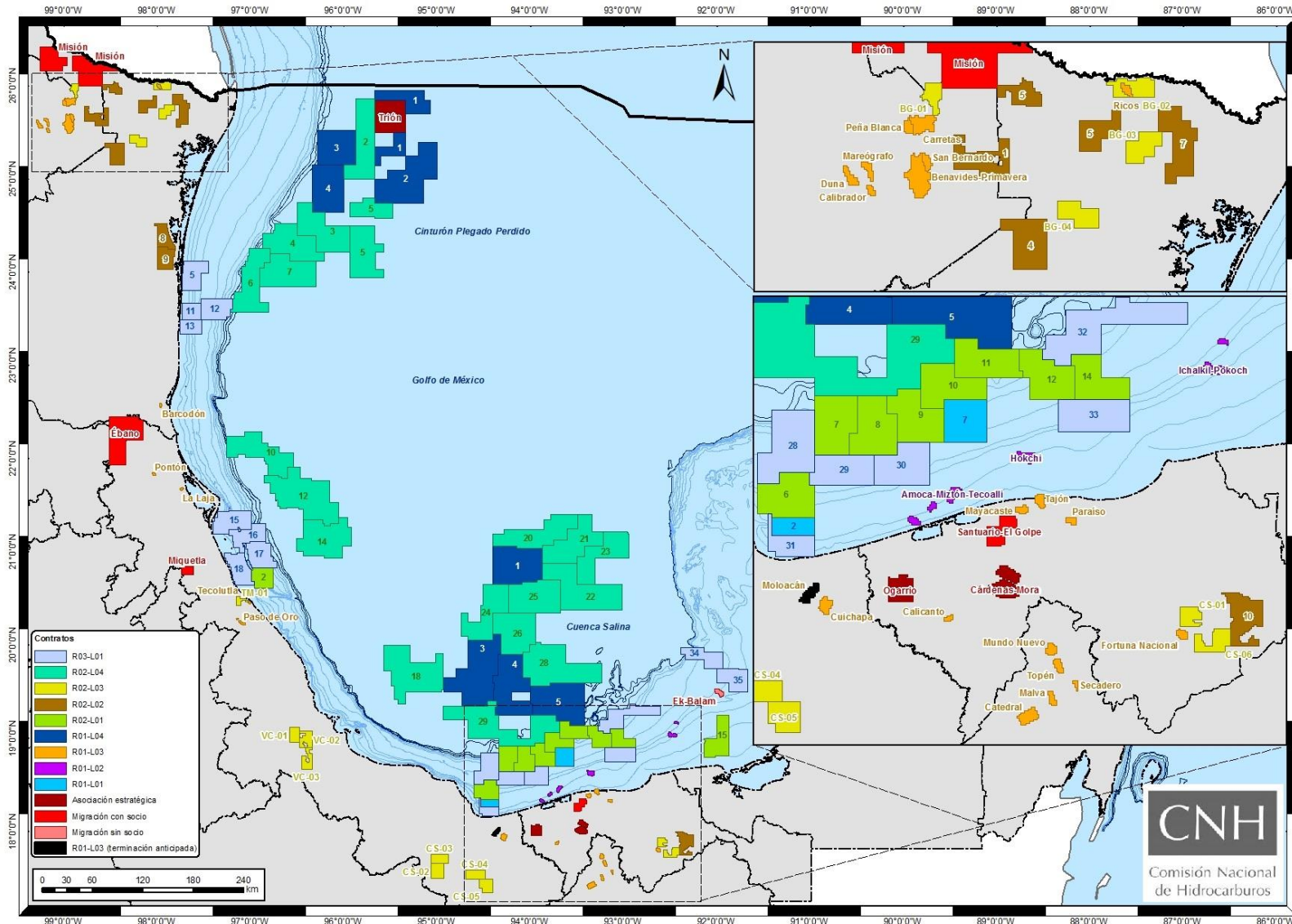




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Between 2015 and 2018

# 112

contracts were signed:

Status

**111** Active  
**1** Ended

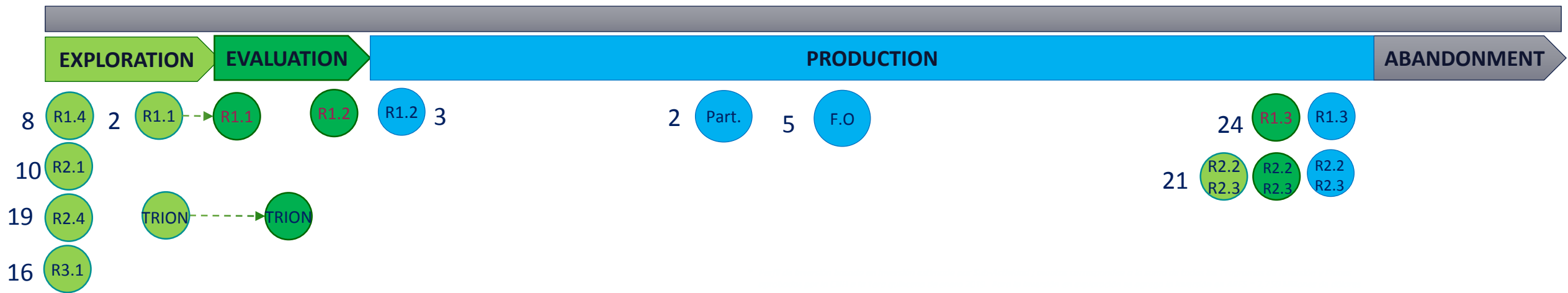
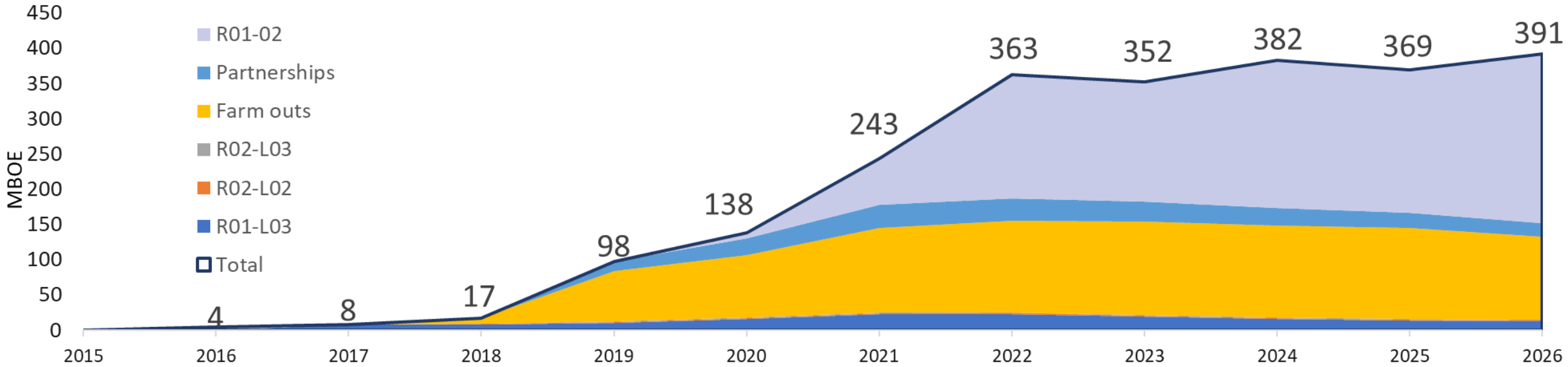
Type

**77** License  
**35** Production sharing

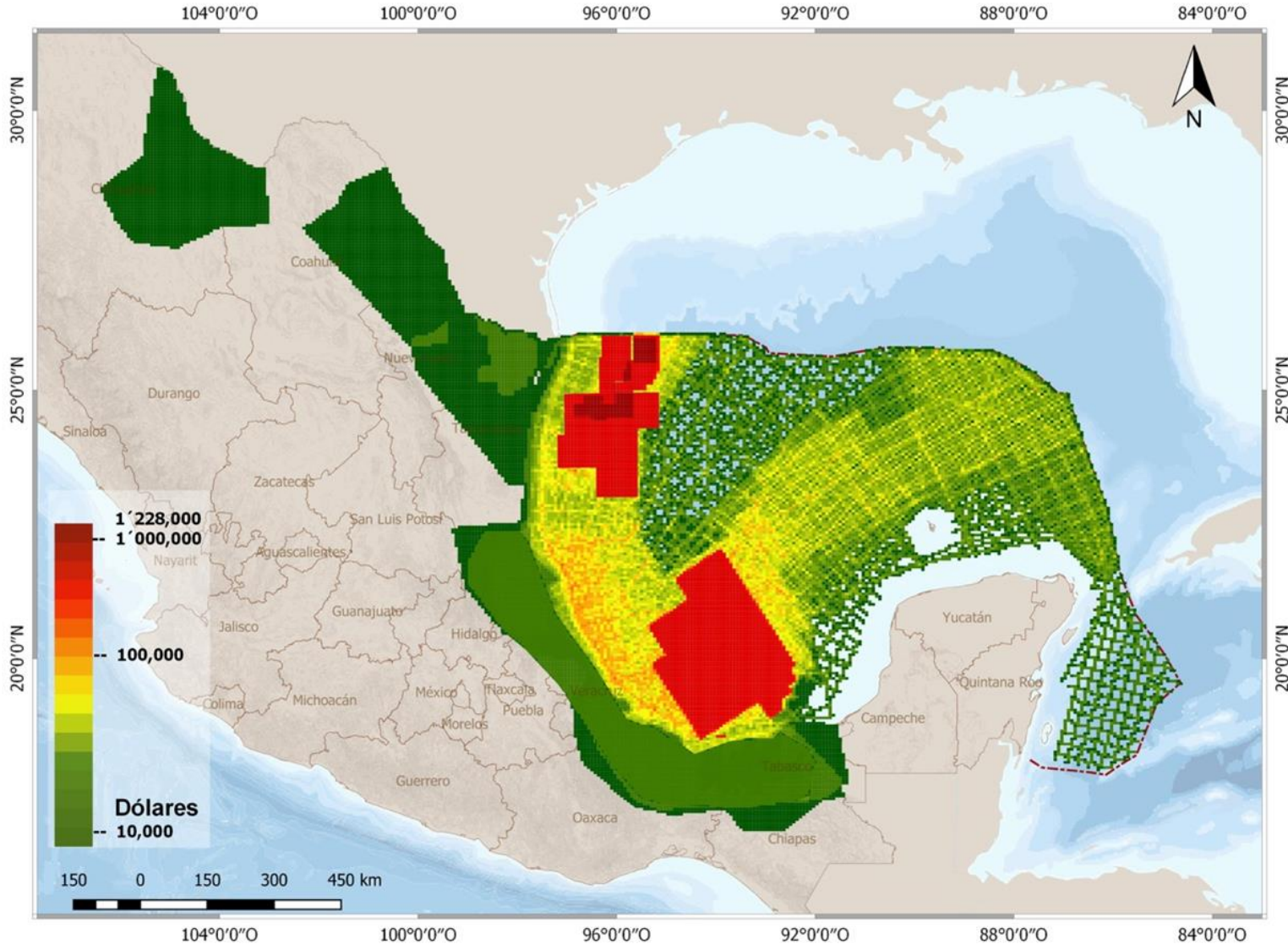
Location

**52** Onshore  
**32** Offshore (Shallow water)  
**28** Offshore (Deep water)

# 5. GENERAL STRATEGY FOR CONTRACTS: PRODUCTION



# 6. ACHIEVEMENTS OF THE ENERGY REFORM: ARES



ARES Investment

**2,750**

million USD

ARES Projects

**52** Projects

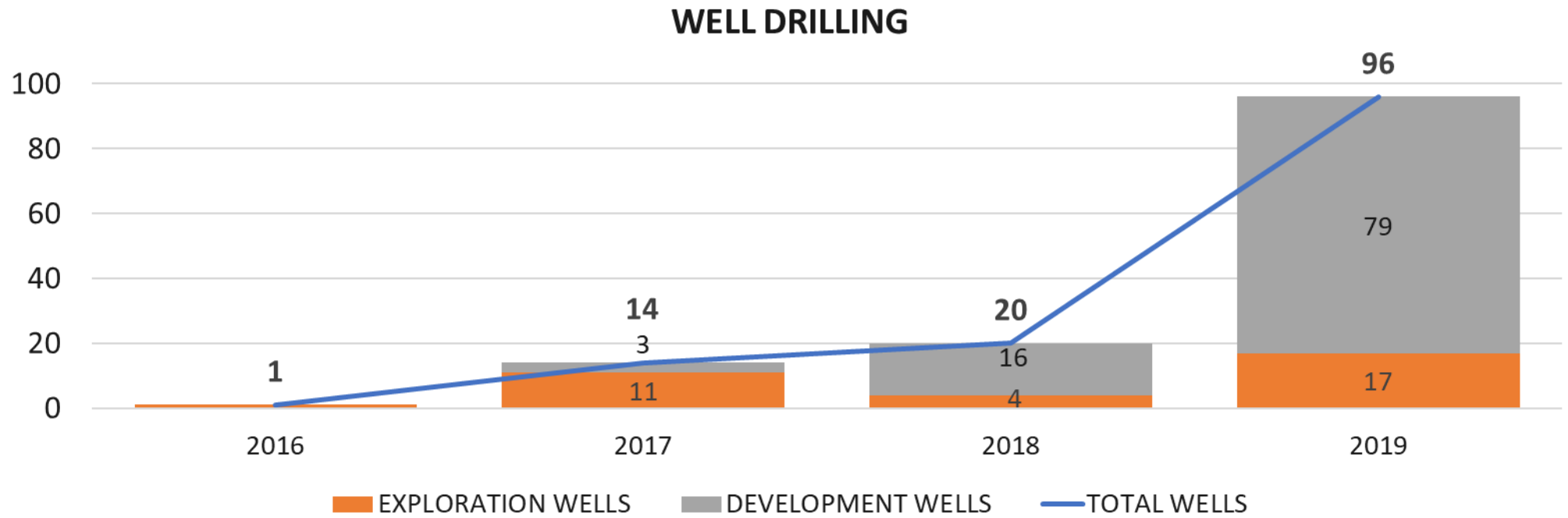
**21** Companies

Income to CNH for participation in sales:

**\$40 million USD**

ARES: Activities of Recognition and Surface Exploration

# 6. ACHIEVEMENTS OF THE REFORM: WELL DRILLING



<b>TOTAL WELLS</b>	1	14	20	96	<b>131</b>
<b>EXPLORATION WELLS</b>	1	11	4	17	<b>33</b>
<b>DEVELOPMENT WELLS</b>	0	3	16	79	<b>98</b>

## 6. ACHIEVEMENTS OF THE REFORM: INCOME TO THE STATE

	<b>2015-2018 Million USD</b>	<b>2019-2024 Million USD</b>
<b>INCOME FROM BIDDING TO FMP</b>	860	-
<b>TRANSFER TO PEMEX</b>	1,671	-
<b>TAXES TO FMP</b>	689	16,809
<b>TOTAL</b>	3,220	16,809



## 6. ACHIEVEMENTS OF THE REFORM: INVESTMENT

<b>PLANS APPROVED TO DATE</b>	<b>TYPE</b>	<b>INVESTMENT Million USD</b>
<b>11</b>	<b>PROVISIONAL</b>	<b>259</b>
<b>28</b>	<b>EXPLORATION</b>	<b>2,514</b>
<b>30</b>	<b>EVALUATION</b>	<b>1,575</b>
<b>21</b>	<b>PRODUCTION</b>	<b>26,623</b>
<b>TOTAL = 90</b>		<b>30,972</b>

**Total expected investment for all plans for the duration of the contracts = USD \$143,000 million**



# 6. ACHIEVEMENTS OF THE REFORM: PRODUCTION FROM CONTRACTS

CURRENT PRODUCTION FROM CONTRACTS

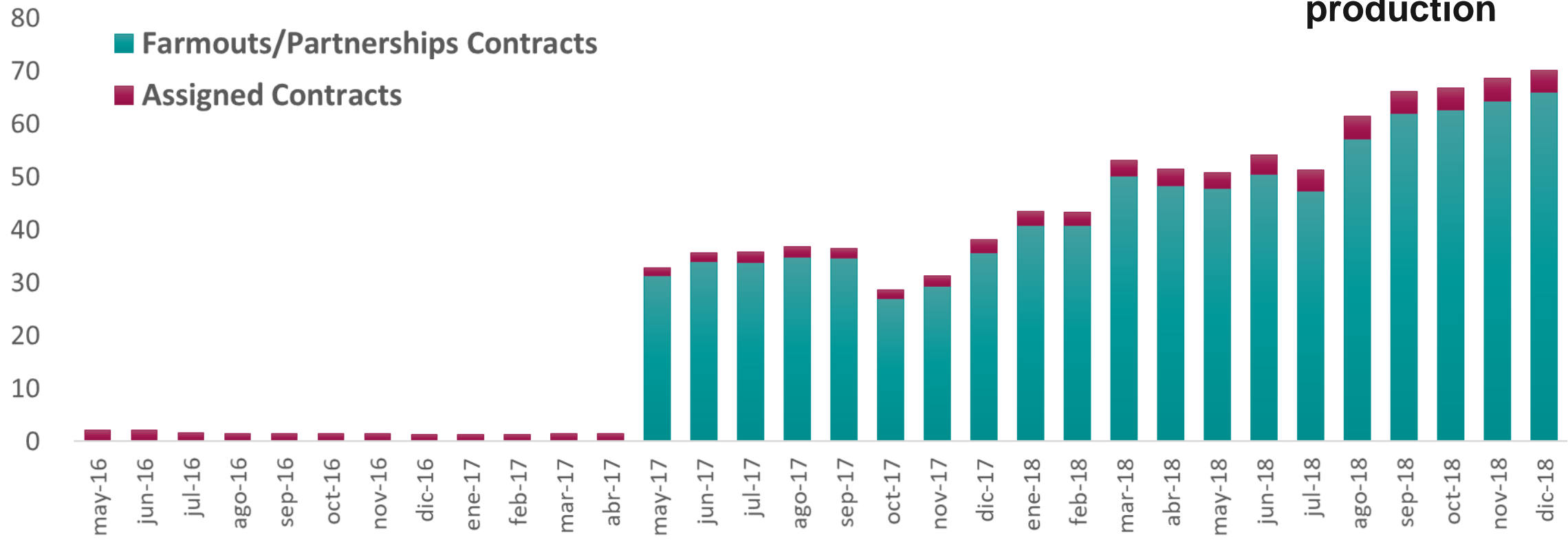
## 70.1

THOUSANDS OF BARRELS PER DAY

**4% of national production**

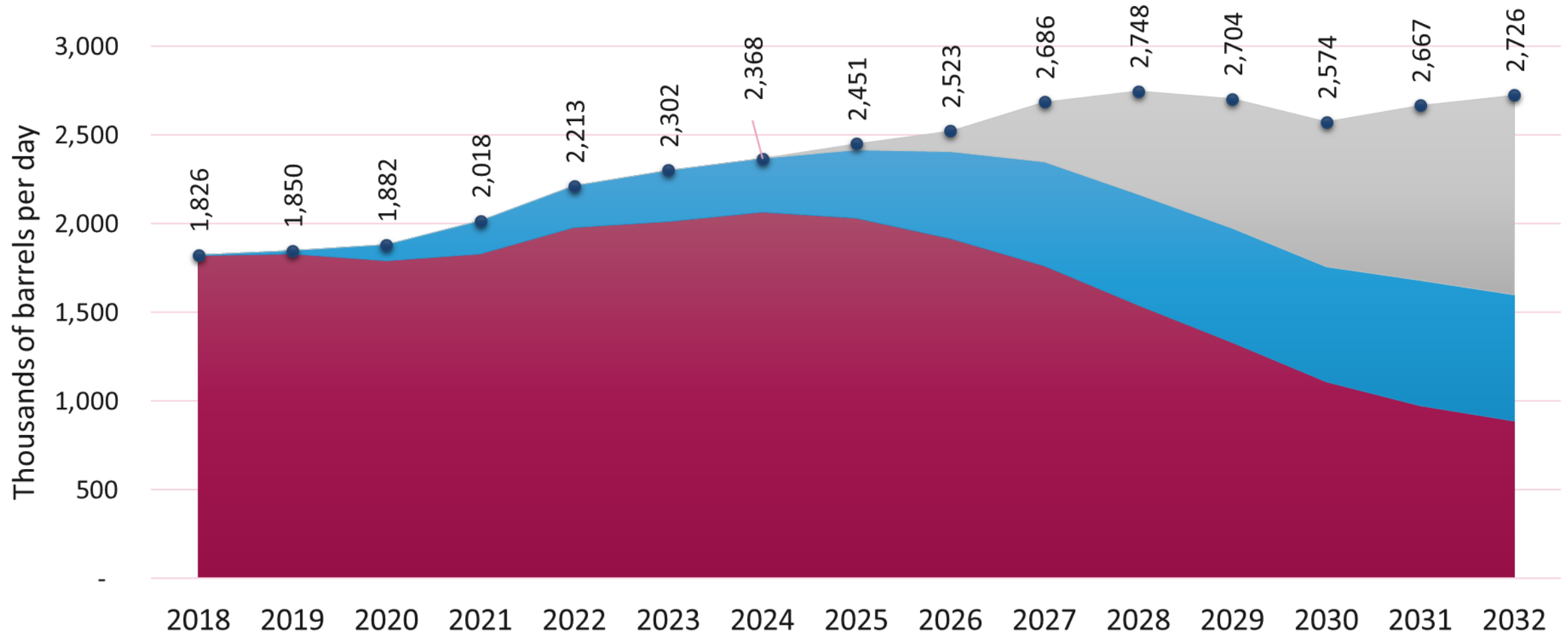


## PETROLEUM PRODUCTION (THOUSANDS OF BARRELS PER DAY)



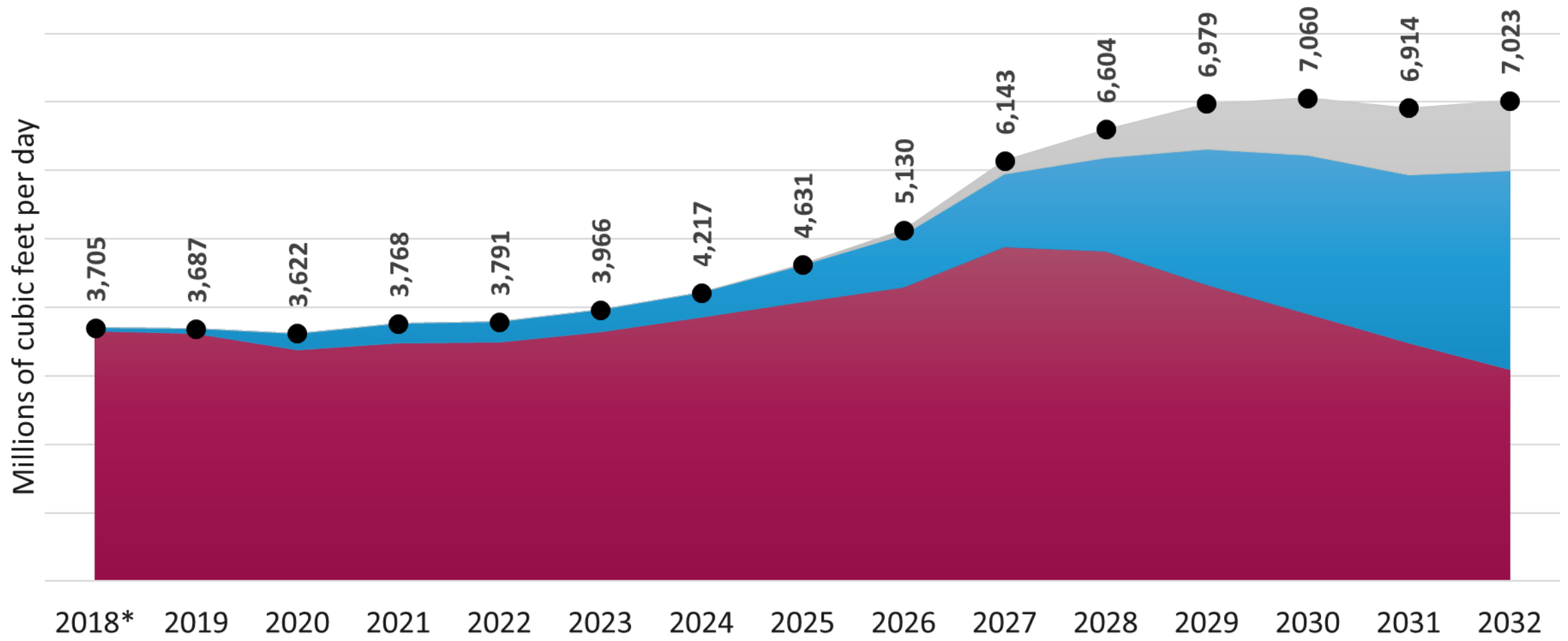
# 7. FORECAST: OIL PRODUCTION

Production of 2,369 mb/d by 2024, with a 13% participation from the contracts already signed.



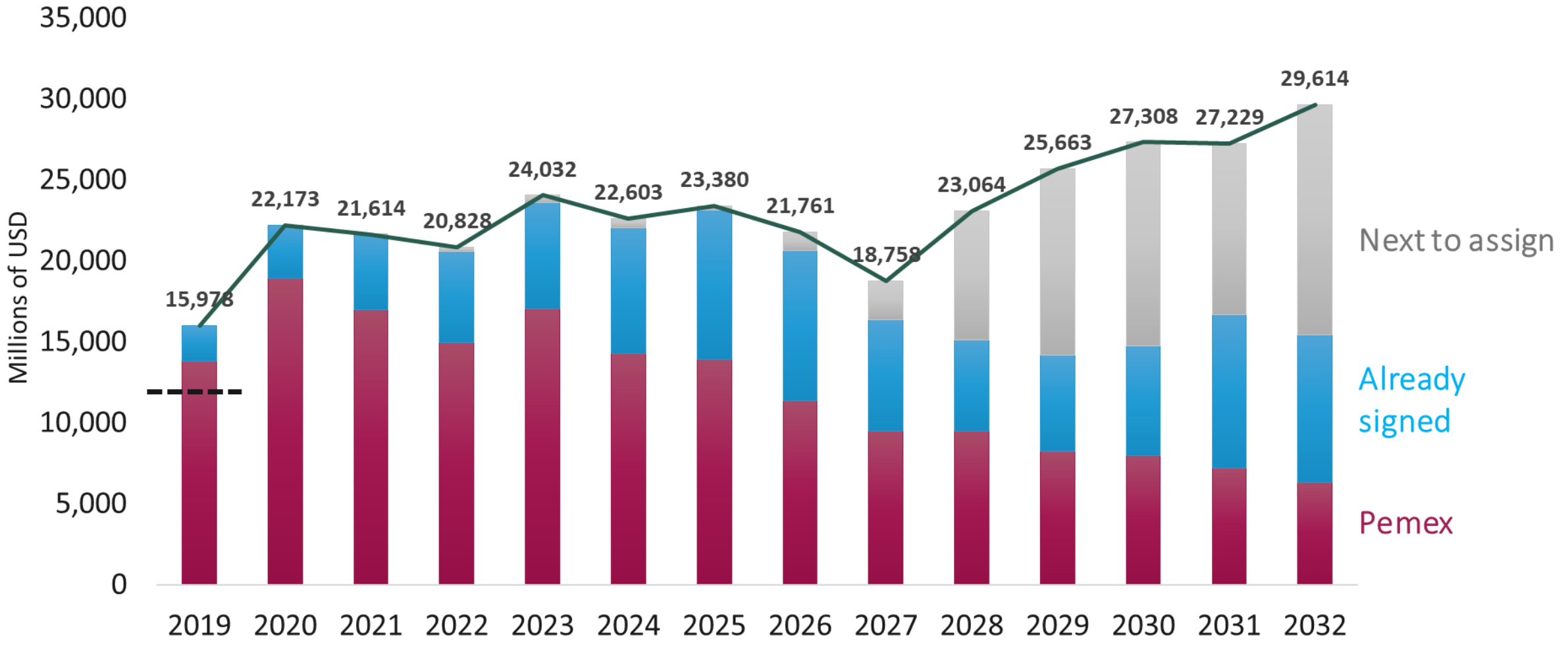
# 7. FORECAST: NATURAL GAS PRODUCTION

Production of 7 bcf/d by 2029, with a 28% participation from the contracts already signed.



# 8. INVESTMENT REQUIREMENT FORECAST

Average investments of 24 billion dollars per year are required for the period 2019-2032.



## Candidate proposals

- **Increase oil and gas production**
  - Increase the country's hydrocarbon production from 1.8 to 2.5 million bbl/d by 2024
  - Honor existing contracts
  - Strengthen PEMEX
  
- **Revitalize refining**
  - Modernize the 6 existing refineries
  - Build a new refinery in Tabasco
  - Lower gasoline prices

## What has been done

- **Increase oil and gas production**
  - PEMEX investment budget has been increased to 10.5 billion dollars in 2019.
  - Twenty new areas have been programmed to start production this year.
  - PEMEX taxes have been lowered.
  - All E&P contracts are progressing according to schedule.
  - There will be no new biddings until 2021.
  
- **Revitalize refining**
  - Money has been budgeted to rehabilitate the six existing refineries.
  - Money has been budgeted to start building a new refinery in Dos Bocas, Tabasco.

In this period of transition:

- The new government has committed to preserving all existing laws and regulations.
- All pre-existing E&P contracts have been reviewed and accepted, so they will continue according to plan.
- The Senate has to appoint new commissioners to fill current vacancies.
- Diverse agreements have been reached to speed up approval processes.





THANK YOU

