

## ANNUAL CATALOG

### MEXICO'S ENERGY SECTOR Commercial and Policy Outlook Reports

2010

<b>SUN, JAN 10</b>	<b>Pemex Special Procurement Rules</b>	
File	<b>100023</b>	This report gives a preliminary assessment of the new procurement rules (known as DAC, the Spanish acronym) that were issued January 6, 2010, and that permit Pemex to devise contract models outside the terms of the Public Works Law. 1
Pages	2	
Charts	1	
<b>SUN, JAN 31</b>	<b>Mexico energy brass meet prospective deepwater operators in Davos</b>	
File	<b>100025</b>	This report comments on the meeting in Davos of top Mexican officials and the heads of major oil companies. In Mexico, an often-heard speculation is that in any winning consortium for deepwater projects one of the members will need to be either Statoil or Petrobras, as both are National Oil Companies with a majority state ownership. 2
Pages	1	
Charts	0	
<b>MON, FEB 1</b>	<b>Pemex vs. Global Practices</b>	
File	<b>100026</b>	How to understand Pemex's position in the global oil industry? Paradoxically, little is to be learned by analyzing Pemex in Mexican terms. Most of Pemex's limitations may be understood only by reference to global norms that are not being followed in Mexico. This report notes eleven areas where Pemex operates at a disadvantage compared to IOCs and market-driven NOCs and three areas where Pemex is changing. 3
Pages	2	
Charts	0	
<b>FRI, FEB 26</b>	<b>Extra-Judicial Fixes to Procurement Guidelines</b>	
File	<b>100024</b>	This report comments on the back-room negotiations between the PT (Labor Party), PRI and PAN in relation to the Pemex procurement rules that had been issued January 6, 2010, the constitutionality of which had been questioned by the PT. 4
Pages	2	
Charts	0	
<b>SAT, FEB 27</b>	<b>Pemex vs. Mexican History: A Revisionist Approach to Reconciling the Oil Narrative with Global Practice</b>	
File	<b>100027</b>	The general argument is that Mexico is trapped in its orthodox petroleum narrative. The report includes a 3-page revisionist approach to Mexican history in which the Oil Narrative emerges in a form that permits the adoption of global standards for upstream investments. 5
Pages	1	
Charts	3	
Updated	9/18/2010	

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MEXICO ENERGY MEXICO ENERGY INTELLIGENCE™ (ISSN 2380-6400) is a digital publication based in Houston since 1996 and edited by market analyst and historian George Baker, Ph.D. We synthesize business journalism and academic scholarship, analyzing law, regulation, policy, and institutional governance in Mexico's energy sector *from the perspective of regulated market solutions*. Subscribers are energy companies, regulators, trade associations, law firms and university libraries. Reports are distributed principally by paid subscription.

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**WED, MAR 3**

## **Pemex's 4th Quarter 2009 Conference Call**

File **100028**  
Pages 1  
Charts 2

This report comments on the topics covered and omitted from Pemex's 4th Quarter Earnings Report in a conference call to portfolio investors. Attention is given to the so-called "Field Labs" in Chicontepec that Pemex is awarding to major service companies on a sole-source basis.

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**THU, MAR 4**

## **Energy and Drugs**

File **100029**  
Pages 1  
Charts 1

This report inquires into the relationship between illegal drugs and the energy market in Mexico. It is observed that in order to launder money efficiently, drug cartels need cash-based businesses to give the appearance of a legitimate business reason for depositing, daily, large amounts of cash. For this reason, cash-based business such as LPG distribution, gasoline franchises, hotels and massage parlours are ideal businesses for drug cartels. The strong LPG opposition to the expansion of NG should be seen in this light.

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**FRI, MAR 5**

## **Questioned Pemex Appointments: Criticism in the Senate**

File **100030**  
Pages 1  
Charts 0

This report comments on the practice of high-level appointments in Pemex of politicians and the politically-connected who have no prior experience in the oil industry. On March 2, 2010, this common practice was sharply criticized by Sen. Francisco Labastida in relation to the appointment of three officials: Carlos Treviño, Jordy Herrera and Mario Avila.

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**TUE, MAR 9**

## **Educating the press regarding Mexican oil and gas**

File **100031**  
Pages 1  
Charts 0

This report examines the themes that circulate in stories in the Mexican and international press in March, Mexico's "Oil Month." The themes of a story published in *The New York Times* of March 9, 2010, is taken as an example of how the traditional oil narrative gets replayed. The press fails to report on the steps taken to close the gaps between Pemex and global practices.

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**SUN, MAR 21**

## **Legal Structure of the Mexican Energy Sector: Demystified**

File **100033**  
Pages 2  
Charts 2

This report provides a simplified (and demystified) description of public administration in the energy sector. The goal is quickly arrive at vantage point from which the legal and institutional landscape in which the upcoming public tenders for Pemex's performance contracts may be seen.

10

**WED, MAR 24**

## **Glitches in the Mexican Oil Sector: An Introduction**

File **100034**  
Pages  
Charts  
Updated 8/12/2010

In this report, glitches of three kinds are identified: gaps, ambiguities and inconsistencies. They are found at all levels of government and all levels of law: constitution, law, regulations, statutes and administrative dispositions. Such glitches negatively impact the efficient operation of the petroleum value chain, from exploration to regulation.

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**FRI, MAR 26**

## **Petroleum Day 2010**

File **100035**  
Pages 1  
Charts 0

This report comments on the protocol of addresses by officials at the March 18th Petroleum Day ceremony in Mexico, going back to 1995. The speeches of March 18, 2010, took place at the Pemex refinery in Tula, in the State of Hidalgo, where a major refinery upgrade is planned. This report also comments on the topics that were not mentioned by the speakers.

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**WED, MAR 31**

## **Pemex's Performance Contracts: What Story Can Pemex Sell?**

File **100036**  
Pages 1  
Charts 15

This report consists of an introductory page in PowerPoint and 15 pages of a hypothetical Pemex slide presentation the purpose of which would be to "sell" the Pemex story about the upcoming performance contracts.

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**THU, APR 8**

## **Sustainable upstream development: Missed Opportunity for Reform**

File **100038**  
Pages 2  
Charts 1

This report examines the Oil Reform of 2008 from the perspective of sustainable upstream development. In this regard, the Reform is seen as a missed opportunity, in that it failed to empower Pemex with the legal mandate to be a minority partner in joint ventures, instead requiring Pemex to serve as a contract administrator.

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**TUE, APR 27**

## **Rumaila and Chicontepec: Two Versions of a TSA**

File **100040**  
Pages 3  
Charts 2

This report examines the similarities and differences between the contract by the BP-led consortium in Iraq in the Rumaila field and the contractual model under development by Pemex for Chicontepec.

15

**THU, APR 29**

## **Toward a Hybrid Oil Fiscal System in Mexico**

File **755**  
Pages 7  
Charts 8  
Updated 5/25/2010

This report examines the Pemex upstream outsourcing since 2003 for oil and gas production, starting with the Multiple Service Contract of 2003-05. The report discusses three common legal models that contributed to the Pemex hybrid: Farm-out, Production Sharing Contract (PSC) and Incremental Oil Contract. The report concludes that the farm-out model is the closest to Pemex's hybrid contract, as it confers on the contractor a legal, revenue interest in production.

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**FRI, APR 30**

## **Oil spills in the Gulf of Mexico, 1979 vs. 2010**

File **100041**  
Pages 1  
Charts 0

This report contrasts the public response in Mexico to the Ixtoc-I well blowout in 1979 to that of the American response to the blowout at BP's Macondo Prospect in 2010. It is noted that the U.S. public is largely indifferent to the nationality of the oil company that operates in the Gulf of Mexico. In the U.S. media BP was "an oil firm based in London" and Transocean was a "Swiss company." In Mexico, there is a sharp line drawn that separates Pemex from "foreign" oil and service companies.

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WED, MAY 5

## Oil Spill Costs, Benefits and Lessons

File 100042  
Pages 1  
Charts 0

Written just three weeks after the well blowout at BP-Macondo, this commentary asks about the benefits to be derived from an oil spill, including, in Mexico's case, a rethinking of the country's inward-looking Oil Narrative.

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WED, MAY 19

## Macondo Lessons for Mexico and Cuba

File 100043  
Pages 2  
Charts 0

The lessons that should be derived from the yet-uncontrolled oil spill at BP's Macondo Prospect have importance for Mexico and Cuba as much as for the United States. All three countries share the waters of the Gulf of Mexico, and all are affected by any damage to their shared marine environment. The report asks about the institutional and commercial safeguards needed to prevent the repetition of an accident of this scale.

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SAT, MAY 22

## Macondo Blowout: Safety Violations or Negligence?

File 100044  
Pages 2  
Charts 1

Among the many unfolding ramifications of the blowout at BP's Macondo Prospect in Block 252 of the Mississippi Canyon a new legal dispute could arise over the definitions of negligence and prior knowledge. This report examines ambiguities in conventional understandings of these two legal concepts. Much is at stake, as BP's partner Anadarko has refused to pay a proportional share of the Macondo losses, alleging "gross negligence," the meaning of which the courts of law and public opinion will have to decide.

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TUE, MAY 25

## Trade and the Energy Sector: An Evolutionary Perspective

File 100045  
Pages 4  
Charts 0

This report extends the arguments on the importance of trade in human evolution (as published in two articles in *The Wall Street Journal* on May 22-23, 2010). The idea is that trade is about the exchange and circulation of goods, people and trade. There can also be "retrograde" moments in evolution, moments in which trade is suspended--as in Mexico's the expropriation of the oil industry in 1938, which effectively took Mexico out of the "trade routes" of people, ideas and the community of oil companies.

21

FRI, MAY 28

## Rig Governance Model in Doubt

File 100046  
Pages 1  
Charts 2

Most the controversial decisions that were taken by BP on April 18, 19 and 20--some, it is reported, with the concurrence of the MMS--were done with the knowledge--and foreboding-- of senior managers from contractors, including Transocean, the rig owner. This report notes critical moments and decisions in the final phase before the well blow-out on April 20. (The *New York Times* report published on Dec. 26, 2010, is instructive, to be complemented by the several other studies that have been released.)

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THU, JUN 3

## Pemex's 5-year business plan, 2010-2014: What are the Drivers?

File 100047  
Pages 1  
Charts 0

This report asks about Pemex's use of the term "business plan." The reference is to a 500-page, confidential plan for the period 2010-14. The public summary and press release, instead of listing decisions that had been made, listed 23 "challenges" in relation to which *future* decisions would be made. Pemex says nothing about the lines of business that it wishes to enter or leave, the assets which it hopes to acquire or divest, or the commercial relationships that it aspires to change or create, at home or abroad.

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**TUE, JUN 8**

## **The Key Lesson from BP-Macondo: Changing the Culture of Silence**

File **100048**  
Pages 2  
Charts 1  
Updated 6/20/2010

What stands out most from the public record of the days and hours before the blow-out is the passivity of the rig crew, contractors and well owner. Everyone onboard the rig knew that there were serious problems; but no response rose above the level of griping and sarcastic barbs. The key problem, press reports suggest, is that each party took its point of view personally: there was no objective, independent assessment of the danger to which everyone was exposed. This culture of dangerous silence is what, fundamentally, needs to change. Here are two ideas for changing it.

24

**SAT, JUN 12**

## **British Chamber Energy Day 2010: Program Ideas for the Fall Conference**

File **100049**  
Pages 2  
Charts 1

This Market Note proposes ideas for the annual fall seminar that is sponsored by the British-Mexican Chamber of Commerce in Mexico City. As the single, memorable event of the year in the oil industry in which a British firm is involved is the accident at BP's Macondo well in the U.S. Gulf of Mexico, the fall program should focus on safety: One panel by government regulators, a second panel by major oil companies. This recommendation was accepted, in part, by the inclusion of a panel on safety.

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**THU, JUL 22**

## **Staffing the Boards of Directors of Pemex's Operating Units**

File **100051**  
Pages 6  
Charts 1

This market note reviews the committee assignments of the three new outside board members of Pemex subsidiaries that were appointed July 1, 2010. The report gives special attention to the appointment of Jaime Zabudovsky to the Procurement Committee of Pemex E&P; it is this committee that will have to first approve the new upstream contract model. (Includes 5 tables.)

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**FRI, JUL 23**

## **Risk Factors in Pemex Debt**

File **100052**  
Pages 1  
Charts 3

This market note identifies risk factors associated with Pemex debt that are not reported in Pemex's Form 20-F. There are three exhibits from Pemex's filing dated June 29, 2010.

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**FRI, AUG 13**

## **Outlook for Corporate Governance in Pemex**

File **762**  
Pages 9  
Charts 10

This report assesses the outlook for corporate governance in Pemex in the light of the controversial appointments in July 2010 to the boards of directors of the Pemex operating units. The report is also informed by the findings of the OECD report on Pemex corporate governance which were contained in a report released in late June 2010.

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**WED, AUG 25**

## **Outlook for Natural Gas Storage in Mexico**

File **100054**  
Pages 2  
Charts 3

This market note briefly surveys the unmet expectations related to natural gas storage that have been experienced by policymakers and prospective investors in the fifteen years since this industrial activity was opened to private investment as part of the natural gas legislation of the mid-1990s. The project launched in 2005 between CYDSA and SalTec International is given attention.

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**SUN, SEP 5**

## **Guadalajara: Graveyard of Modern Energy Policy**

File **100055**  
Pages 3  
Charts 1  
Updated 9/27/2010

This report describes several of the exchanges that took place in Guadalajara during and after a seminar that took place on August 26, 2010, on the subject of energy efficiency. Participating were panelists from CRE and Pemex (Fluvio Ruiz) as well as others from the private sector (including George Baker). The limits to a free discussion were sharply felt by the panelists and audience.

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**WED, SEP 8**

## **Double Discourse in Pemex Governance**

File **100056**  
Pages 11  
Charts 3  
Updated 9/16/2010

This portfolio report contains an 11-page assessment of the primary, secondary and "transcendental" issues facing Pemex governance as of September 1, 2010. The primary issue concerns ultimate accountability for Pemex decisions and the role--if at all--that the Pemex corporate board will have in such decisions. The report examines the controversy surrounding the restructuring of Pemex, and identifies issues that could be taken into account such as the reestablishment of a VP for Exploration in Pemex E&P.

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**WED, SEP 15**

## **Value-creation as a goal shared by Pemex and IOC/NOCs**

File **100057**  
Pages 1  
Charts 0

This report notes that an oil company that is the operator of a field normally receives economic value from a major commercial discovery, such as new lines of credit and greater investor interest. In Mexico, in contrast, there is not yet a way to allow an operator in an upstream service company to receive such benefits from a commercial discovery.

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**WED, OCT 20**

## **The Math, Science and Politics of Pemex Upstream Contracts**

File **100063**  
Pages 9  
Charts 5

This Market Note examines the outlook for Pemex's upstream contracts in the light of the legal terminology of upstream contracts as found in Mexico and other countries. Attention is also given to Pemex's estimate for undiscovered resources in deepwater provinces of the Gulf of Mexico. The report concludes that Pemex and the Government must be more forthcoming about Mexico's resource potential in order to gain support for a deepwater development program in which IOCs would participate.

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**THU, OCT 28**

## **Integrated Trade Systems: Pemex's Strategic Procurement Office**

File **100065**  
Pages 3  
Charts 4  
Updated 4/11/2013

Up to the early 1990s, Pemex had a Purchasing Office in Houston, the location of which, in the 1980s, was on South Gessner Avenue, and, as I recall, there was warehouse space for deliveries. A prospective supplier could easily find "Pemex" or "Petróleos Mexicanos" in the telephone directory or by calling the information operator. All of this changed in the mid-1990s when, following a court-ordered seizure in Houston of the airplane of President Carlos Salinas, the legal residency of all of Pemex's assets in Houston were shifted offshore to tax havens. The procurement office became Integrated Trade Systems.

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**FRI, OCT 29**

## **Pemex's 3Q10 Conference Call**

File **100066**  
Pages 4  
Charts 0

This market note comments on the topics that were mentioned in Pemex's 3rd Quarter conference calls to portfolio investors and others. Pemex reported that Cantarell production had stabilized at exactly (to 3 decimal places) the same level as the year before. The report notes that the topics that received no attention in the conference call were more important than those that were mentioned; among the former are the status of the Tula refinery, future capital needs, citizen bonds and Lakach development plans.

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THU, NOV 4

## The Seven Losses at BP-Macondo

File **100061**  
Pages 5  
Charts 2  
Updated 11/12/2010

The BP Deepwater Horizon Investigation, released September 8, 2010, focused on engineering issues that concerned, principally, the loss of well control, and, secondarily, the loss of the rig itself. Only by implication was the loss of life touched on, and the loss of the oil and collateral losses that came with it were not mentioned in this report. This report identifies the other losses associated with the BP-Macondo accident, and asks, in a preliminary way, about the mechanical and human causes of each.

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SUN, NOV 7

## The Perception of Corruption in Mexico

File **100067**  
Pages 7  
Charts 2  
Updated 5/19/2012

Each year, Transparency International, an NGO with a global reputation and presence, issues its report corruption in the public sector in more than 170 countries. The perception of corruption in the public sector is measured for each country on a 10-point scale, where 0 = Most Corrupt and 10 = Most Honest. Mexico ranked 93 in a list of 176 countries. The present report examines different forms of corruption observed in Mexico.

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SUN, NOV 21

## Ixtoc-1 vs. Macondo: <http://energiaadebate.com/ixtoc-1-vs-macondo/>

File **112110**  
Pages 1  
Charts 0

Las lecciones que aporta el caso del pozo descontrolado costa fuera de Luisiana son de igual relevancia para México que para Estados Unidos ¿Por qué? Porque los dos países—más Cuba—comparten las aguas del Golfo de México. Al parecer, el gobierno y la sociedad civil de México no lograron sacar lecciones relevantes del derrame de 1979-80 del pozo exploratorio Ixtoc-1 de Petróleos Mexicanos. Published in Energía a Debate (November 21, 2010), and available online.

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SAT, NOV 27

## Pemex's EP Contract: The Voting by the Corporate Board

File **100068**  
Pages 5  
Charts 1

This report draws principally on the documentation related to the voting at the session of November 24, 2010, of the Pemex Board of Directors. At this session the Pemex EP Contract Model received unanimous support save for the one dissenting vote of Rogelio Gasca Neri. This report reviews his legal and economic arguments against approval of the contract model.

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WED, DEC 1

## Pemex's EP Contract Model: Board Objections and Concerns

File **764**  
Pages 9  
Charts 2

This report examines the arguments and concerns of two outside board members, Rogelio Gasca and Fluvio Ruiz, in relation to the voting on November 24, 2010, on the EP Contract Model. Dr. Gasca was alone in voting against approval of the contract model; while Dr. Ruiz voiced concerns about how the model should be implemented. Table 1 compares the concepts of the EP Contract to those of the Multiple Service Contract (MSC).

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File **100039**  
Pages 6  
Charts 1  
Updated 2/15/2011

This report examines the lack of investigative journalism in the mainstream print and electronic media in Mexico. Reporting on the energy sector is carefully circumscribed to conform to current government policy. With few exceptions, the opposition press avoids the expense and risk, legal and otherwise, of investigative journalism, instead relying on contrarian interviews. Update 1 concerns the Aristegui Affaire of February 2011, in which Mexico's most prominent radio journalist was terminated for an alleged breach of ethics.

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**WED, DEC 8**

## **Pemex Regulations vs. the Constitution**

File **100069**  
Pages 8  
Charts 2

The Mexican Supreme Court ruled on December 2 and 7, 2010, that the complaints of unconstitutionality by the Chamber of Deputies in diverse matters relating to Pemex were unfounded. These court rulings seem to give Pemex the legal green light to proceed with a strategy at the heart of the Energy Reform of 2008 to attract operating companies to serve as contractors in diverse areas, including mature fields and deepwater. In this report, we explore the question, Are there still areas where Pemex's program is vulnerable to further legal challenges?

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**THU, DEC 9**

## **Pemex's First Bid Round: Mature Fields**

File **100070**  
Pages 2  
Charts 0

This report, prepared by geologist Colin Stabler, assesses the first three blocks that have been designated by Pemex for its first bid round. The report comments on the upside potential and downside risk associated with each block: Magallanes, Santuario and Carriso.

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**TUE, DEC 21**

## **Juniors in Mexico's Oil Sector: Are They Quick Learners?**

File **100060**  
Pages 7  
Charts 2

This report examines the sociological cohort of the English-speaking graduates of public and private universities outside of Mexico (often with degrees in economics) who come to occupy mid- and senior-level positions in the public sector in Mexico. Table 1 is a list of illustrative names of persons in this cohort, sorted by the career of the parent or ancestor who branded the family name as a member of the ruling class.

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**FRI, DEC 24**

## **The Ambassador and the Petroleum Club**

File **100064**  
Pages 6  
Charts 3

On October 12, 2010, Mexico's ambassador to the United States, Arturo Sarukhan, addressed a luncheon audience of some 280 guests at downtown Petroleum Club of Houston. The ambassador spoke with confidence and wit about the positive and negative aspects of the U.S.-Mexico relationship; contrary to the expectations of the audience, however, he did not speak about oil policy or mention Pemex, except once in the Q&A.

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**WED, DEC 29**

## **Murder She Wrote**

File **100073**  
Pages 7  
Charts 4  
Updated 1/3/2010

This report inquires into two of the 30,000 homicides that have taken place in Mexico during the presidency of Felipe Calderón: Marisela Escobedo, 52, a victim's-rights advocate in Ciudad Juárez, Chihuahua; and Silverio Cavazos, 42, a former governor of the State of Colima. Such inquiries may lead to a better understanding of the nature of violent crime in Mexico and of the administration of criminal justice and of the outlook for public safety.

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