

ANNUAL CATALOG

MEXICO'S ENERGY SECTOR Commercial and Policy Outlook Reports

2011

WED, JAN 5

Deepwater Horizon Redux

File **100112**
Pages 5
Charts 0

This report examines new and persistent questions about the Macondo accident. One question concerns the role of the onshore control centers staffed separately by BP and Transocean.

1

TUE, JAN 11

Recruitment for Top Government Jobs in Mexico: Conversations with Dr. Dagobert Brito, Architect of Netback Gas Pricing

File **100075**
Pages 9
Charts 1
Updated 1/16/2011

This market note summarizes conversations with Dr. Bob Brito of Rice University about the recruitment process in Mexico for top jobs in government. In Dr. Brito's view, the Mexican system is as efficient as that of France. The "Brito Profile" for success in the public sector is a) proficiency in English and b) a graduate degree from a prestigious university abroad. The report extends this analysis to include other factors that bear on senior government appointments, and notes how the PAN have changed the weights given to these variables.

2

FRI, JAN 14

Deepwater Safety for Pemex: Guidelines of the Hydrocarbon Commission

File **100074**
Pages 5
Charts 2

On Jan. 11, 2011, Mexico's National Hydrocarbons Commission (CNH) published its Resolution No. 12.001/10, which covers the safety precautions, standards and training that Pemex should develop for its deepwater operations. The guidelines reflect a close study of the situation at the BP Macondo well in relation to the blowout in 2010. This report comments on the strengths and weaknesses of these guidelines.

3

THU, JAN 20

Ernesto Cordero for President? (and Energy Requiem for Georgina Kessel)

File **100076**
Pages 8
Charts 1

This report asks if the cabinet changes ordered by President Calderón on Jan. 7, 2011, portend the eventual PAN presidential candidacy of Ernesto Cordero, the finance minister. The report in greater length reports on the unexpected departure of Dr. Georgina Kessel from the Energy Ministry. The report provides an assessment of her legacy the energy sector, going back to 1994. Of the many key developments in the oil sector since 2006, what credit should Dr. Kessel receive for policy leadership?

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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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TUE, JAN 25

Mexico's National Energy Council: Citizen Input vs. Policy Leadership

File 100007
Pages 6
Charts 2

This report expands the scope of an earlier report published in May 2009, which focused on the qualifications of members of the National Energy Council. The revised report raises questions about the need for, and nature of, the advice that could be given to the Energy Ministry from this and another advisory body, the Consultative Forum, that were created by the Energy Reform of 2008. The Forum seeks "citizen input." Can such advice, if given, substitute for policy leadership?

5

SUN, JAN 30

The National Hydrocarbon Commission in 2015: A Scenario Analysis

File 100077
Pages 9
Charts 2
Updated 3/6/2015

Mexico's National Hydrocarbons Commission (CNH) was established by law as part of the Energy Reform package of 2008. Its function was defined as an adjunct, advisory body attached to the Energy Ministry. This report inquires, via scenario analysis, into the future of this agency. Will it become a true regulator, and, in this capacity, administer any public tenders involving access to petroleum deposits? Will it be come marginalized from policy decision-making? Or, will the status quo of 2011 continue in 2015?

6

MON, JAN 31

Pemex's Integrated EP Contracts: Highlights of the AIPN Conference

File 100078
Pages 5
Charts 2
Updated 2/3/2011

On January 27, 2011, at a sold-out, all-day seminar held in Houston, the law, economics and regulations of Pemex's new "Integrated EP Contract" were put under a microscope by lawyers, consultants and contractors-as well as by Pemex and Mexico's National Hydrocarbons Commission. This report identifies concerns expressed during the seminar as well as in post-session discussions at two nearby bars.

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SUN, FEB 13

The Aristegui Affaire (Part II)

File 100039.1
Pages 2
Charts 1
Updated 6/19/2017

This report is an update to an earlier report (MEI Market Note 39), on the state of investigative journalism in Mexico. The update concerns the firing of the prominent radio journalist Carmen Aristegui on Feb. 7, 2011, for an alleged breach of ethics in relation to her support of a demand by the Worker's Party (PT) that President Calderón disclose if he has an alcohol-dependency issue.

8

THU, FEB 24

Power Lunches in Mexico: ¿Con Quién Comiste?

File 100080
Pages 3
Charts 0

This report, originally published in 1998 (MEI 282) when the PRI was still in power, discusses the unwritten rules of power-positioning during business lunches in Mexico. Mexicans have techniques for finding out how close someone is to centers of power in national political life. The process is called "Social Arm- Wrestling: each contender will know who is the closest to Power. Such arm-wrestling will gain importance as the power-contenders for the 2012 presidential elections emerge.

9

FRI, FEB 25

PEMEX Contract Discretionality: An Inconvenient Translation

File 100081
Pages 7
Charts 2

This report examines the use of *conveniente* and *inconveniente*, words that--despite the obvious English cognates--do not generally translate as "convenient" and "inconvenient." In a recent seminar, many in the audience were disoriented by the provision in the Pemex Specimen Contract of November 24, 2010, that permits Pemex to cancel a contract if a project becomes "inconvenient or unprofitable." The report provides context-sensitive translations for each occurrence of this slippery term.

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TUE, MAR 1

Pemex 4Q 2010 Earnings Report

File **100082**
Pages 1
Charts 2

This report comments on the highlights of the Pemex 4Q 2010 Earnings Report, as delivered by webcast on March 1. The report also notes topics that were omitted from the report, such as the status of the new Tula refinery. Table 1 summarizes the principal statistical comparisons that were provided in the Pemex slides.

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THU, MAR 17

Pemex's Upstream Roadshow - Houston

File **765**
Pages 10
Charts 5

This report comments on the full-day seminar on March 8, 2011, at which speakers set forth the context and the logic of Pemex's auction of three onshore blocks in the State of Tabasco. A press breakfast was held with senior Pemex executives for reporters and editors from oil industry media, including OGJ, Oil & Gas Investor and Dow Jones. The report comments on the several presentations by Pemex executives and a SENER speaker, noting also perceptions by prospective bidders.

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WED, MAR 30

Pemex's Hydrocarbon Reserve Conference Call for 2010

File **100083**
Pages 1
Charts 2

This report comments on Pemex's 2010 reserves, and the conference call on March 30, and examines the composition of the addition to 1P reserves in 2010, and determines that only 16.7% may be attributed to independent commercial discoveries, while the remaining additions are from developments, revisions and delineations. Reference is made MEI Report No. 742, which examines the organization of exploration inside Pemex.

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MON, APR 25

Outlook for Mexican Oil and Gas: Policy, Commerce and Corporate Governance

File **1042511**
Pages 18
Charts 1
Updated 11/14/2014

This overview of the evolution of oil policy in Mexico was presented at the New York Energy Forum on April 25, 2011. It comments on the cultural and political underpinnings of energy policy in Mexico. The Energy Forum was a sponsor of the Mexican government's roadshow 3 1/2 years later when many of the points of criticism had been addressed by the 2014 Reform: [https://www.nyenergyforum.org/resources/documents/G_Baker_NY_Energy_Forum_Outlook_for_Mexican_Oil_and_Gas\[1\].pdf](https://www.nyenergyforum.org/resources/documents/G_Baker_NY_Energy_Forum_Outlook_for_Mexican_Oil_and_Gas[1].pdf)

14

THU, APR 28

Outlook for Natural Gas Pipeline Capacity: Who regulates the Pemex-CFE duopoly?

File **100085**
Pages 5
Charts 0
Updated 5/12/2011

Mexican power and gas customers are becoming increasingly vulnerable to brown-outs and supply shortages that are both attributable to the lack of available capacity in Mexico's two natural gas pipeline systems: those of Pemex and CFE. Immediate public policy action is needed to integrate the two existing systems and to incentivize the construction of new pipeline capacity.

15

SUN, MAY 1

Mexico Comes Calling: A new Pemex contract model is designed to increase the role of operating companies

File **50111**
Pages 3
Charts 1

This article is an introduction to the new Pemex contract model and the "computational gymnastics" of the compensation formulas. A quantitative example is given that shows the results of these formulas, assuming given volumes, oil price and API, sorting for the fiscal effect on marginal vs. standard oilfields. OIL & GAS INVESTOR (May 2011).

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THU, MAY 12

Risk vs. Uncertainty at BP-Macondo

File **100086**
Pages 4
Charts 0
Updated 5/15/2011

This report recounts a conversation at OTC 2011 with a forensic engineer under contract with Anadarko about the BP-Macondo accident. The title of this report relates to an OTC panel in which a speaker the distinction between risk and uncertainty, as developed by economist Frank Knight in 1921.

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WED, MAY 18

President Calderon's Bloomberg TV Interview in New York: Does Petrobras offer any lessons for Mexico or Pemex?

File **100087**
Pages 8
Charts 0

In an unstructured TV interview with Bloomberg News on May 10th, President Calderon said that he would propose new legislation designed to make Pemex "more like" Statoil or Petrobras, and that there was the possibility of selling bonds to Mexicans. The history of Brazil and Petrobras reveals a very different historical and policy evolution. The report concludes that there are no lessons from Brazil or Petrobras that can realistically be applied in Mexico during the remainder of the Calderón administration.

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MON, MAY 30

Credit and Blame at BP-Macondo

File **100088**
Pages 12
Charts 8
Updated 6/6/2011

This report, based on a close reading of much of the public record, complemented by industry interviews, seeks a balanced assessment of credit and blame in regard to the series of accidents at the BP-Macondo well on April 20, 2010. Blame and credit is assigned to industry and government actors for their roles before and after the blowout. The report seeks to apply lessons learned to Mexico's deepwater aspirations.

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MON, JUN 13

Pemex's Oil & Gas Statistics: A Critique

File **100091**
Pages 6
Charts 4

Pemex routinely publishes production and reserve statistics for the government and the general public, but these data are sterilized to remove most of their business or policy value. One issue is the legal (and statistical) fiction that Pemex is the sole operator in Mexico; hence, the gas output of operators under the MSCs is not reported to the public separately. This issue will become larger with the new Incentive Contracts. Tables in the report convert annual and monthly data to index values. Table 1 covers 2004 (Pemex's peak year) and 2010, and Table 2 covers monthly data for 2010 and 2011.

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MON, JUN 27

Public Oversight of Oilfield Services, Pipeline and EPC Procurement

File **100092**
Pages 12
Charts 0

This report examines the ways in which companies and governments seek to procure goods, services and investments--and the ways in which things can go wrong. Drawing on examples as diverse as the BP-Macondo accident and Pemex refinery upgrades, the report seeks to discover lessons and caveats that apply to public and private procurement in Mexico and elsewhere. The report comments on the procurement programs of Pemex E&P, and asks if the rules are suitable to upgrades to refineries.

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FRI, JUL 1

BP's Lessons from BP-Macondo

File **100093**
Pages 4
Charts 0
Updated 7/2/2011

On June 30, 2011, at a workshop sponsored by the OCS Advisory Board BP's exploration manager for the Gulf of Mexico set forth the principal lessons from the accident at the Macondo well on April 20, 2010. The lessons were grouped in five categories: 1) Prevention, Drilling and Equipment Monitoring 2) Containment, 3) Relief Wells, 4) Spill Response and 5) Crisis Management. The report notes such future-oriented goals do not address changes ahead in the contractual relationships between contractors and the oil company and among oil companies themselves.

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THU, JUL 21

The FPCA Risk in Mexico

File **100094**
Pages 13
Charts 3

This report seeks to identify features of the Mexican operating environment that tend to put individuals and corporations at risk for non-compliance of the Foreign Corrupt Practices Act of 1977. The report identifies eight (8) situations in Mexico where a company subject to FCPA rules may either be a victim of corruption or find himself in circumstances that could compromise his FCPA compliance standards and protocols. The history of Metalclad, Marathon Oil and Sempra Energy illustrate these situations.

23

SUN, AUG 21

Pemex's Mature Fields Awards

File **100096**
Pages 12
Charts 5
Updated 12/21/2011

The work of over a year by Pemex's Office of New Ventures produced a measure of success on August 18, 2011, when 11 companies presented bids to redevelop 3 blocks under the terms of a new, and untested, commercial model that provides payment to contractors on the basis of a fee/barrel. This report identifies the legal and institutional drivers at work behind the protocol; it also asks about the disadvantages to Pemex of a "lowest-price" approach to selecting EP contractors. Can the model be used outside of PEP?

24

THU, AUG 25

Bicultural Glimpses: The Gentle art of cotorro; Corporate Culture in Houston; Mexico's Invisible Exports

File **100098**
Pages 2
Charts 1

This 1 1/2-page report comments on an at-home reception for the speakers of the Unconventional Gas Seminar that was held in Houston on August 23, 2011. The report comments on the "un-Mexican" corporate culture in the oil industry in Houston, and adds an observation of former Mexican Consul-General Rodulfo Figueroa about why Hispanics are not seen on street corners in Houston asking for money.

25

File **100097**
Pages 6
Charts 3
Updated 9/10/2011

This report reviews the seminar on shale gas in Mexico that was held in Houston on Aug. 23, 2011, at which Dr. Luis Ramos gave the first public presentation by Pemex on this topic. Pemex estimates that in the aggregate there are over 600 Tcf of recoverable natural gas in shale formations. The report also takes note of the study by the Baker Institute at Rice University which provides cost estimates for several shale formations.

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TUE, SEP 6

Pemex Protocols for Bidding and Awarding Incentive Contracts

File **100099**
Pages 12
Charts 1
Updated 9/18/2011

This report identifies the concerns expressed by bidders and observers of the first round of incentive contracts and restates them as suggestions for improvement for the next round. The concerns deal with the bidding criteria, the selection of qualified bidders, the use of maximum and minimum bids, tie-breaking rules, Pemex equity participation, and the protocol for making the awards.

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TUE, SEP 27

Energy Day 2011: The Redacted Public Record

File **100101**
Pages 13
Charts 3
Updated 9/30/2011

Within the limitations imposed by the conference organizers that require the confidentiality of comments by speakers, this report provides insights into the discussions that took place during ENERGY DAY 2011, the annual conference on oil and gas policy that is sponsored by the British Chamber of Commerce of Mexico. The report enquires into the global and local trends that were in the background to each of the panels. A redacted copy of the original report is available.

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WED, OCT 5

Business Intelligence Gathering in Mexico: Looking into Hearts as Well as Into Minds

File **100102**
Pages 7
Charts 2

This report was prepared to help readers calibrate expectations regarding the fall cycle of Mexico energy conferences. There is a long list of energy topics about which speakers from the public and private sectors could address in conferences (Table 1), but the political sensitivity of the topics means that few hints, if any, of a change of heart are likely to be given by government speakers who themselves may reasonably expect to be out of a job in 12-15 months, if not sooner when the next presidential administration starts the appointment process all over again. Table 2 lists attributes of seven conferences scheduled for the fall 2011.

29

MON, OCT 10

The Political Science of Industrial Safety

File **100103**
Pages 6
Charts 3

This report seeks to abstract from the events that took place on Deepwater Horizon on April 20, 2010, in order to gain a picture of the inevitable changes ahead in law and regulation that will create a new regime in which both contractors and well owners will be jointly liability for accident prevention and accountability.

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TUE, OCT 11

Outlook for Pemex Incentive Contracts: Press Q&A

File **100104**
Pages 3
Charts 0

This report provides a summary of the questions and answers posed by a journalist from EL NORTE in a telephone interview with George Baker on October 11, 2011, the day the sanctions concerning Pemex officials in the Office of New Ventures became public. One of the questions concerns the likelihood of delays in the initiation of the Second Round of Incentive Contracts. The reply given was that there would likely be delays owing to the additional time that Pemex would need to absorb the lessons from the first round.

31

MON, OCT 24

Making Sense of PMI Executive Sanctions

File **100106**
Pages 8
Charts 2
Updated 11/17/2020

This report examines the puzzling turn of events by which the two most well known Pemex executives, Rocío Cárdenas and Sergio Guaso, were relieved of their duties on the same day, along with members of their teams. The focus of the report is on the findings of government auditors who found fault in the pricing of coker naphtha in a series of export sales. The report concludes that the auditors acted without a grounding in the dynamics of commodity markets, and that revisions to the law are needed to protect traders.

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TUE, OCT 25

Global Oil Industry Puzzled by Pemex Exec Sanctions

File **10018** A discussion of the personnel and institutional issues associated with sanctions of executives and managers at Pemex E&P and PMI. **33**
Pages 5
Charts 4

File **10019** Se trata de los efectos colaterales negativos innecesarios a sus respectivas instituciones tanto en el exterior como en el interior del país. En Estados Unidos, los ejecutivos de Pemex con mas renombre son justamente Rocio Cardenas y Sergio Guaso, conocidos por sus habilidades profesionales--amen de su verticalidad.¿Conviene a Pemex, el gobierno de Calderón y por ende el país poner en duda estas calidades en las mentes de los socios comerciales en el extranjero? Claro que no. **34**
Pages 3
Charts 0

SUN, OCT 30

Making Sense of the Sanctions in Pemex E&P

File **100105** This report examines the sanctions imposed on Sergio Guaso and two members of the team that composed the Office of New Ventures in Pemex E&P. In the three weeks following the matter becoming public (on October 11) neither Pemex nor the Government has published any official statement regarding the matter. The report examines the O&M contract issued in 2007 to Houston-based EMS Ltd., which is rumored focus of the auditor's investigation. Tables 1 and 2 are relevant press titles in English translation. **35**
Pages 9
Charts 7

MON, OCT 31

The Oilfield Service Market After Santuario

File **100100** This report argues that the structure of the oilfield services market was significantly altered as a result of the outcome of the bidding for the Santuario Block in Pemex's first round of public tenders. The 9 bids submitted on August 18, 2011, fell into three distinct groups, of which the most competitive was the subset that offered bids that were a technical tie. The report concludes that the bidding protocols and awards protocols were inefficient, with the exception of making the identity of the losers transparent. **36**
Pages 6
Charts 3

TUE, NOV 1

Sanciones que asombran

File **110111** Hay auditorías que contribuyen a la parálisis, no al fortalecimiento, de Pemex. GEORGE BAKER* Quis custodiet ipsos custodes? En la coyuntura de hoy, la pregunta del poeta romano Juvenal puede expresarse así: ¿Quién vigila a los auditores? Las sanciones administrativas en contra de algunos altos funcionarios de Pemex incitan a éste y a otros cuestionamientos. [...] Published in ENERGIA A DEBATE (available online) **37**
Pages 2
Charts 0

TUE, NOV 22

Overcoming the Mexican Accent in English (Part I)

File **100109** This report examines, with the aid of linguistics, the differences in the phonological systems of English and Spanish. By this route the native Spanish speaker comes to see the linguistic baggage that he will automatically want to bring with him as he crosses the border into English. The report describes the most common Mexican accent in English, and offers a long-term vision for achieving English mastery. The report will also be useful for the native English speaker who wants to go beyond basic competency in Spanish. **38**
Pages 23
Charts 6
Updated 3/29/2012

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THU, DEC 1

George Baker: Pemex Needs Real Oil Competition

File 12012011

Pages 1

Charts

Offers a critique of the policy reforms expressed by Enrique Peña Nieto in an exclusive interview with the *Wall Street Journal* (Nov. 28, 2011). Argues oil companies will not redefine “investor” to mean “Pemex contractor,” and that the true starting point for energy reform in Mexico is the overhauling of the country's national petroleum narrative. Published in the Letters to the Editor, Dec. 1, 2011.

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TUE, DEC 13

Mexican Oil in Houston: Seminars and Discussions

File 768

Pages 15

Charts 3

This report provides the highlights of several industry and policy seminars that took place in Houston in the fall of 2011, including one sponsored by the Mexican Association of Chemical Engineers (IMIQ) and another by Pemex Gas (PGPB). Topics discussed in a third event, which took place in early December, concerned principally the outlook for oil production and energy policy.

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