

**MEXICO ENERGY INTELLIGENCE™**  
**ANNUAL ANNOTATED TITLE CATALOG**  
**2021**

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## January

**FRI, JAN 8**                      **OUTLOOK FOR OIL LEASE AUCTIONS, 2020-24**

File <b>924</b>	This report examines the 5-year plan issued by the Energy Ministry (SENER) for the period 2020-24 a document required by law. As in other jurisdictions (including the United States), such a plan is not required to have an executable schedule of lease sales. The plan reviewed in this report identifies basins and their blocks that are eligible for a lease sale. Tables 1-3 provide a list of deepwater blocks in the areas of Perdido, Mexican Ridges and Salina Basin, noting that the average size of the block is double that indicated in the plan issued in 2017. The plan is silent about revisions to terms of future lease sales. We ask about the likely response to international bidders were acreage to be offered in a new bid round.	1
Pages 19		
Topic 513		
409		

**TUE, JAN 12**                      **OVERCOMING THE AMERICAN ACCENT IN SPANISH (PART 2)**

File <b>100153.2</b>	This report was first issued on Dec. 26, 2012, during the first month of the administration of Enrique Peña Nieto when it was foreseen that with an energy reform there would be a renewed interest in gaining bilingual proficiency in Spanish. The insight in the report is that it is difficult to “hear” Spanish exactly as it is spoken by a native speaker because of the filters (the expectations) of our native language. What is helpful is an appreciation of how linguists map the route and traps (vowels and consonants) between thought and speech. A study of this report is guaranteed to improve the student’s aural and spoken proficiency in Spanish.	2
Pages 14		
Topic 505		
506		
507		

**SUN, JAN 17**                      **PUBLIC OFFICIALS IN THE CROSSHAIRS (PART II): GENERAL CIENFUEGOS IS EXONERATED**

File <b>925</b>	In a prior report (MEI 921), dated Nov. 25, 2020, we discussed the uneven treatment before the law of two public servants, one of whom was Gen. Salvador Cienfuegos (Ret). We quoted AMLO as saying, in reference to the general, “We will not invent crimes.” On January 15, he disparaged and dismissed the findings by the U.S. Drug Enforcement Agency (DEA) that had implicated the general in drug-related crimes. In parallel, the Foreign Ministry made public confidential case files. These actions send a message of confrontation with the incoming U.S. Biden administration.	3
Pages 7		
Topic 214		

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MEXICO ENERGY INTELLIGENCE™ is a digital publication based in Houston since 1996 and published by market analyst and historian George Baker. Synthesizing long-form journalism, social science and legal scholarship, we analyze developments in law, regulation, policy, and institutional governance in Mexico's energy sector from the perspective of regulated market solutions. In parallel, we promote English-Spanish bilingual proficiency as a contribution to market efficiency. In 2015, we donated our collection of books and papers related to Mexico's energy sector (175 linear feet) to the Special Collections Library of the University of Houston.

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# MEXICO ENERGY INTELLIGENCE™

## ANNUAL ANNOTATED TITLE CATALOG

2021

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### THU, JAN 21

#### STORY-BLOCKS OF MEXICO'S ENERGY SECTOR: TOPICS FOR COMMERCIAL AND POLICY REPORTING

File **10076** This report offers a numerical classification scheme for the diverse topics pertaining to Mexico's energy sector, drawing on the archives of Mexico Energy Intelligence™ (MEI) and the suggestions of advisors who identified topics that are certain to be pertinent in the future. The topics are classified in ten series; the numbered topics within each series are ordered alphabetically. The numerical codes will enable readers of the MEI report catalog to find reports using the search function in Acrobat. A future, interactive version of the catalog will enable the reader to generate a bibliography of pertinent reports. An example of a title list is given of #426 (Unitization). 4

Pages 6

Topic 907

### FRI, JAN 22

#### COMMENT: THE ENERGY ORTHODOXY OF LÓPEZ OBRADOR

File **012221** Argues that President López Obrador is an orthodox energy politician, continuing the tradition since 1938 that the State is Mexico's energy quartermaster. Published in *The Houston Chronicle*, January 22, 2021. 5

Pages 1

Topic 901

### SAT, JAN 23

#### REVISITING THE TABLED AGENDA FROM 2008 OF DEEPWATER TECHNOLOGY (REV. 1): EIGHT YEARS FOR PEMEX TO HAVE A PARTNER

Updated 1/22/2021

File **1000001.1** This report calls attention to a nearly-forgotten government TV spot from 2008 that advocated a policy that would lead to Mexico's acquiring deepwater technology for its buried "treasure." The link to two versions of this TV spot are available on YouTube is provided. The government did not then propose any terms and conditions for the acquiring of such technology; in 2013 it was clear that the government would put an offer on the table for Pemex to acquire a partner with deepwater experience. The offer would be a joint venture in Trion, the derisked Pemex block in the Perdido Basin. Thirteen years after the call for Mexico to unearth its treasure in deepwater reservoirs, the first barrel is still several years in the future. 6

Pages 2

Topic 404

### MON, JAN 25

#### THE ENERGY ORTHODOXY OF LÓPEZ OBRADOR: THE WRONG SIDE OF HISTORY

File **100251** This report extends the arguments published in *The Houston Chronicle* on January 22, 2021. Investors have always been mistaken in supposing that the government intended to allow them space to compete with the state enterprises and the logistics affiliates, PMI COMERCIO INTERNACIONAL and CFE INTERNATIONAL. Since 1940, the role of private investors has been to supplement--not complement--the energy provisioning by the State. 7

Pages 2

Topic 201

### TUE, JAN 26

#### U.S. CONCERNS ABOUT AMLO ENERGY POLICIES: POLITICAL SENSITIVITY EXCLUDES THE UPSTREAM

File **926** This report provides a content analysis of topics mentioned in three public letters by American institutions that express concerns about reports of regulatory discrimination in Mexico's energy sector in the electric, midstream and downstream market segments. We note that common to all three is the absence of any reference to regulatory mistreatment in the upstream. 8

Pages 11

Topic 013

ANNUAL ANNOTATED TITLE CATALOG

2021

**February**

**THU, FEB 4**

**MEXICO'S ENERGY SECTOR IN 2020 (PART I): A YEAR OF UNCERTAINTY**

File **927**  
 Pages 18  
 Topic 907  
 201  
 202

This report seeks perspective on the events and trends in Mexico's energy sector in 2020. Of trends, the government continues its maneuvering to restore the pre-1992 model of complete executive authority in the energy sector. Toward the end of the year, the president floated the idea of demoting the CNH and CRE from their current status as regulators to advisory bodies within the Energy Ministry. Outside of Mexico, these policies would come under criticism throughout the year. The report includes a title list of reports in 2020 in ascending chronological order.

9

**SAT, FEB 6**

**MEXICO'S ENERGY SECTOR IN 2020 (PART II): NEWS SCOOPS AND DISCERNMENT**

File **928**  
 Pages 17  
 Topic 907

This report reviews our research and reporting in 2020 that identified situations with the potential to explode the expectations and business and policy interests of stakeholders in Mexico oil industry, particularly regarding offshore matters. We label these situations "improvised explosive devices" (IEDs), borrowing the term from military operations in Afghanistan. An example (which re reported in July) is our discovery that the coordinates of Blocks 2 and 7 of Round 1.1 were mislabeled, meaning that, by the terms of the contract, those blocks do not exist. Appended to the report is a title list of our reports, articles and interviews in 2020, sorted by topic. The category with the most reports is "Investment Risk Analysis."

10

**SAT, FEB 13**

**THE DOCTRINE OF INCREMENTAL SOVEREIGNTY: FROM LÓPEZ MATEOS TO LÓPEZ PORTILLO**

File **100252**  
 Pages 8  
 Topic 201

In seeking a closer look at the text of the letter read aloud by President López Obrador on February 9, 2021, identified as having been written in 1960 by President Adolfo López Mateos, we discovered that there are two letters posted online that have that date: one is the text of a speech, the other a letter to the Nation. The latter refers darkly to "bad Mexicans" who would turn over Mexico's oil and energy resources to foreign investors. In the end, we wonder if either version is authentic. Appended to the report are our English translations of both documents.

11

**WED, FEB 17**

**MEXICO'S ENERGY SECTOR IN 2020 (PART III): THE ANNOTATED TITLE CATALOG**

File **929**  
 Pages 21  
 Topic 907

For Mexico's energy sector, we label 2020 as "the Year of the Great Resetting," alluding to the resetting of expectations by the authorities and private investors in ways that increased divergence. Investors in renewables saw attitudes shift away from the official embrace of the previous administration. In August, the public became aware of a meeting held on July 22 during which a new energy agenda was set forth.

12

ANNUAL ANNOTATED TITLE CATALOG

2021

SUN, FEB 21

NATURAL GAS CHALLENGES IN MEXICO: THE HIGH COST OF 25 YEARS OF AMBIVALENCE

File 1000105  
Pages 15  
Topic 101

This report was prepared in response to the power outages in Texas and northern Mexico during the period February 15-19, 2021. Government authorities in Texas blame the over-reliance on intermittent (renewable) power generation and the lack of regulatory oversight of regarding maintenance and preparation for extreme weather conditions. In this report, we examine policy inflection points at which market solutions to supply, pricing and governance were set aside in favor of a national energy philosophy that posits the State as the central economic actor responsible for the supply of energy products, to include electricity and natural gas.

13

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March

MON, MAR 1

THE FUEL OIL SURPLUS IN MEXICO: A TOXIC DRIVER OF AMLO'S ELECTRICITY BILL

File 930  
Pages 6  
Topic 206  
730

This report was prepared in anticipation of testimony with members of the Mexican Senate that had been scheduled for March 2 (but which was subsequently canceled when President López Obrador asked that a vote be taken on March 2). The report, which draws on data made public by Pemex in its 4Q 2020 Earnings Report on Feb. 26, 2021, notes that fuel oil from Pemex refineries rose by nearly 50% compared to the same period of 2019. The renewed use of fuel in power generation will have a negative impact on public morbidity and the economy.

14

WED, MAR 3

ELECTRICITY PUTSCH IN MEXICO: AMENDED LAW SAID TO VIOLATE USMCA

File 932  
Pages 7  
Topic 408

The Mexican Senate approved, without change, the government's bill to amend the terms of the Electric Industry Law. Where the government praised the law for returning the dispatching and generation of electric power back to state control, private investors, trade associations and advocacy groups criticized the measure on legal and environmental grounds. Mexico's Economic Competitiveness Institute (IMCO) warned on February 2 that the amendments would be in violation of the U.S.-Mexico-Canada Trade Agreement of 2020.

15

THU, MAR 4

COMPETITIVENESS OF MEXICO'S ENERGY SECTOR: CONCERNS VOICED BY IMCO IN 2009 AND 2021

File 1000106  
Pages 2  
Topic 002  
408

In 2009, in evaluating the effects of the Financial Crisis of 2008, the Mexican Competitiveness Institute (IMCO) issued a volume entitled "Mexico Facing the Crisis that Changed the World." The title would fit the situation of Mexico in 2021. The crisis of 2021 has several components: the global pandemic that interrupted national and international commerce, depressing demand and employment while stressing the capacity of the public health system. A second component is the reorientation of energy policy toward a state-centric model and away from the hybrid state-private model of the Energy Reform of 2014. The president's edits to the Federal Electricity Law are examples of the pivot.

16

ANNUAL ANNOTATED TITLE CATALOG

2021

<b>MON, MAR 8</b>	<b>PUBLIC HEALTH OUTLOOK UNDER MEXICO'S ELECTRICITY LAW</b>	
File <b>933</b> Pages 3 Topic 012 206	Figure 1 of this report suggests that the amended electricity law will result in greater incidents of morbidity in the general population, especially respiratory illnesses. The law changes the electricity dispatching rules to favor state-owned CFE over privately-owned generators that use combined cycle, wind and solar technologies. CFE would use high-sulfur diesel and residual (or bunker) fuel, the export market of which was restricted by the International Maritime Organization which limited fossil fuel on commercial vessels to 0.5% sulfur. Pemex's sulfur content of heavy distillates is reported as upward of 2.5%. To assess the full public-health impact of the law, research would be needed to estimate the co-product of contaminants associated with CFE generation.	17
<b>TUE, MAR 9</b>	<b>INTERNATIONAL WOMEN'S DAY 2021: FOR WOMEN, WHAT HAS CHANGED IN MEXICO'S ENERGY SPACE SINCE 2018?</b>	
File <b>100138.2</b> Pages 7 Topic	International Women's Day was celebrated by President López Obrador during his morning press briefing, while, outside the National Palace, a crowd that would exceed 20,000 women was beginning to form outside, facing 3-meter barriers that had been put in place by the city government. Table 1 of this report provides a representative list of names of women in executive, managerial and technical positions in Mexico's energy space in the public and private sectors, both in Mexico and abroad. Only ASEA has gender parity as a recruitment goal.	18
<b>SUN, MAR 14</b>	<b>AMLO SPURNS INJUNCTION AGAINST ELECTRICITY LAW: THE PRESIDENT EXECUTES A VERÓNICA</b>	
File <b>934</b> Pages 7 Topic 201 408	In his press conference of March 12th, President López Obrador, in response to a question about the recent court injunction against his electricity law, lashed out against the unpatriotic framers of the Energy Reform and foreign investors who had "leonine" contracts. He asked that the judicial conduct of the district judge be reviewed for possible misconduct. This statement provoked a defense of the independence of the judiciary from the president of the Supreme Court. The report discerns that in taking his defense of the electricity law to the Supreme Court he will ask the judges to act as patriots on behalf of the national interest.	19
<b>MON, MAR 15</b>	<b>WHY MILLIONS OF RESIDENTS IN NORTH-CENTRAL MEXICO WERE FREEZING ON FEBRUARY 15</b>	
File <b>031521</b> Pages 1 Topic 408 110	Commentary in the <i>Houston Chronicle</i> by George Baker about how the lack of gas storage in Mexico make residents vulnerable to disruptions in Texas gas supply.	20
<b>MON, MAR 29</b>	<b>MEXICAN JUDGES IN THE SPOTLIGHT: FROM DISTRICT JUDGE TO CHIEF JUSTICE</b>	
File <b>10072</b> Pages 5 Topic 208 201	This report surveys the problematic situation of federal judges in Mexico. The report discusses the controversy about the ruling of Judge Juan Pablo Gómez Fierro that provided temporary injunctive relief against the modified electricity law that was promulgated on March 9, 2021.	21

ANNUAL ANNOTATED TITLE CATALOG

2021

**WED, MAR 31**      **WHY AMLO WILL PREVAIL AT THE SUPREME COURT**

File **10074**      This report asks about the discernment of the Supreme Court when presented by [22](#)  
 Pages 2      challenges to the Electricity Law of 2021 that was promulgated March 9 (and later  
 Topic      suspended by district courts for alleged constitutional irregularities). By our analysis, the  
                  text of Articles 25 and 28 does not provide a basis for establishing rules for a level,  
                  competitive playing field between the Federal Electricity Company (CFE) and private  
                  investors. If our analysis is correct, the Court will reject the challenges by investors.

**April**

**FRI, APR 2**      **AMLO'S 10 OIL COMMANDMENTS TO VEX TEXAS COMMERCE**

File **04022021**      In this commentary that was published in the *Houston Chronicle* on April 2, George [23](#)  
 Pages 1      Baker, critiques the remarks of President López Obrador at the annual commemoration  
 Topic 201      of the Oil Expropriation on March 18th. .

**MON, APR 5**      **DISCRETIONAL AUTHORITY IN MEXICO'S ENERGY SECTOR: PEÑA NIETO VS. AMLO**

File **936**      This report quantifies (using imaginary values) the exercise in the Mexican energy sector, [24](#)  
 Pages 11      by institution, of discretionary authority during the Peña Nieto and López Obrador  
 Topic 201      administrations. It is observed, for example, that President Peña mainly stood on the  
                  211      sidelines of the Energy Reform of 2013-14, while his successor is deeply and daily  
                  involved in the policies of the state energy companies and the energy regulators.

**TUE, APR 13**      **CHRONOLOGY OF UNITIZATION IN MEXICO: 2000-2021**

Updated 9/20/2021

File **100249.2**      This report updates our chronological table on the history of unitization in Mexico since [25](#)  
 Pages 9      2000 to include the inflection point of March 25th, which ended a period of thirty (30)  
 Topic 425      months of negotiations with Pemex regarding the Zama Discovery by a consortium led by  
                  428      Talos Energy in 2017. The determination of relative ownership and the terms of a joint  
                  operating agreement are to be determined by an interest-conflicted Energy Ministry,  
                  whose head is also the chairperson of Pemex. Dates sorted in reverse order.

**May**

**MON, MAY 3**      **RETHINKING MEXICO'S OIL AND GAS POTENTIAL: A COUNTERNARRATIVE**

File **10077**      This report offers a systematic counternarrative to the one promoted by federal [26](#)  
 Pages 27      authorities in Mexico regarding the legal history and potential of Mexico's oil industry.  
 Topic 609      Table 1 is a chronology of inflection points in upstream and midstream law and policy  
                  policy. The report, which characterizes "Cardenismo" as a civil religion, explains why  
                  1958 is more important than 1938 in Mexico's oil history.

ANNUAL ANNOTATED TITLE CATALOG

2021

<b>FRI, MAY 14</b>	<b>API QUESTIONS FAIRNESS IN MEXICO'S FUELS MARKET: URGES TOP BIDEN TRADE OFFICIALS TO SPEAK OUT</b>	
File <b>937</b>	This report critiques the letter of the American Petroleum Institute (API) to senior members of the Biden administration regarding regulatory discrimination of its members in Mexico. The letter is a partial rewrite of a letter dated June 11, 2020, but giving attention to the amendments to the electricity and hydrocarbon laws that were promulgated in 2021. Appended to the report is the letter (Annex A) with the text of repeated or paraphrased text from 2020 highlighted in yellow. Also appended is a list (Annex B) of the referenced articles of the USMCA that are said to be in violation by the policies of President López Obrador.	<b>27</b>
Pages 15		
Topic 105		
<b>FRI, MAY 21</b>	<b>RETHINKING MEXICO'S OIL &amp; GAS POTENTIAL (PART II): INSTITUTIONAL ARCHITECTURE</b>	
File <b>10078</b>	This report identifies eleven public institutions that should be eliminated, downsized or restructured in order to realize Mexico's full oil and gas potential. Of those to be eliminated, the Energy Ministry (SENER), CENAGAS (Natural gas pipeline regulator) and IMP (Oil technology center) stand out.	<b>28</b>
Pages 8		
Topic 509		
File <b>052121</b>	Published in <i>The Houston Chronicle</i> , this article notes that whereas the American Petroleum Institute (API) is publicly on record as objecting to the regulatory mistreatment of its members with assets in Mexico, it is silent on the cognate mistreatment of upstream investors.	<b>29</b>
Pages		
Topic 105		
<b>TUE, MAY 25</b>	<b>ZAMA INTERIM UNITIZATION REPORT: SIMULATIONS AND OUTLOOK</b>	
File <b>938</b>	This report takes note of the interim unitization report issued by Talos Energy in a press release dated May 22, 2021, also our commentary published in <i>The Houston Chronicle</i> on the same date. Talos's CEO Tim Duncan informs the public of its strategy to obtain full recognition of its claims in the Zama reservoir by future redeterminations and of its intent to become the operator of the field. In our report, identify the challenges associated with redetermination. We ask about the support that Talos may receive from industry and the Biden administration. Table 1 is a two-page chronology of marker events since 2015 that are associated with the Zama reservoir.	<b>30</b>
Pages 10		
Topic 425		
426		
<b>SUN, MAY 30</b>	<b>COMMENT: RISKS OUTWEIGH REWARDS IN AMLO'S DEER PARK PURCHASE</b>	
File <b>053021</b>	Published in <i>The Houston Chronicle</i> , this article concludes that Pemex is unprepared to take operational control of the Deer Park refinery, potentially increasing the risks of industrial accidents and environmental degradation.	<b>31</b>
Pages		
Topic 111		

ANNUAL ANNOTATED TITLE CATALOG

2021

MON, MAY 31

PRESIDENTIAL BUYOUT OF DEER PARK REFINERY: RISKS EXCEED BENEFITS

<p>File <b>10080</b> Pages 10 Topic 104 201 111</p>	<p>This report reviews the proposed buyout of the half-interest by Shell Oil Company in the refinery located in Deer Park, Texas. Without Shell's experienced managers and refining and marketing algorithms, the business model of the refinery will fail. Complete control would allow Pemex to fill 340,000 b/d with Maya-grade crude, but at the loss of profit margins. Likewise with marketing, Pemex could send all motor fuel to Mexico, but at the expense of higher-profit markets. Pemex's recent record of 40% refinery utilization does not bode well for managing Deer Park's 80% average. Industrial and environmental safety risk for Houston would increase under Pemex control.</p>	<p>32</p>
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June

MON, JUN 7

MEXICO'S PEMEX EYES TAKEOVER OF DEER PARK REFINERY

<p>File <b>060721</b> Pages 1 Topic 111 901</p>	<p>The company previously operated the facility in a 50/50 partnership with Shell, but taking it over may be costly for Pemex. - Podcast interview with George Baker on NPR's Texas Standard.</p>	<p>33</p>
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MON, JUN 21

COMMENT: PEMEX'S TAKEOVER OF DEER PARK REFINERY: A VIEW FROM 2023

<p>File <b>062021</b> Pages 1 Topic 111 901</p>	<p>Published in <i>The Houston Chronicle</i>, this article identifies the challenges ahead for Pemex in becoming the operator of the refinery at Deer Park, Texas. The Committee on Foreign Investment in the United States (CFIUS) is urged to give extra scrutiny to the proposed transaction.</p>	<p>34</p>
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MON, JUN 28

ENERGY AND THE PUBLIC INTEREST IN HOUSTON & MEXICO: DEER PARK AND ZAMA

<p>File <b>939</b> Pages 18 Topic 111 425 426</p>	<p>This report asks about the nature of the public interest in the energy sector. It identifies concerns about how the public interest is overseen and affected by public and private institutions in energy markets in the United States and Mexico, taking as examples Pemex's proposed operatorship of the refinery in Deer Park, Texas, and the suspended development of the offshore Zama reservoir in Mexico.</p>	<p>35</p>
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FRI, JUN 3

APPLYING GROWTH THEORY TO PERDIDO'S OUTLOOK: HOW A MACROECONOMIC THEORY CAN BE PREDICTIVE OF THE PERDIDO AREA

<p>File <b>923</b> Pages 22 Topic 404</p>	<p>This report continues on a subject that we first discussed in 2004, <i>Pemex's future production in deep water: What is Plan B?</i> Seventeen years later, without the first barrel of oil from a deepwater reservoir, we approach the subject from an angle informed by the neo-classical growth model of macroeconomics. The idea is to predict economic development as a function of technology as multiplied by a country's natural resource endowment, physical capital, human capital and institutions. For data, about institutions, we adapt the scores developed by the Heritage Foundation in its Report on Economic Freedom.</p>	<p>36</p>
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ANNUAL ANNOTATED TITLE CATALOG

2021

July

**THU, JUL 8 ANALYSIS: HOW HOUSTON'S TALOS ENERGY IS GETTING SQUEEZED OUT OF ITS OIL DISCOVERY**

File **070821** The decision by the ministry, if allowed to stand, would adversely affect the outlook for offshore workers and contractors in greater Houston and the entire Gulf Coast. Hundreds of jobs and most of a billion dollars of concrete, steel and expertise are likely to be lost. For Talos, Zama—once its brightest star in Mexico—could become a stranded asset. Article by George Baker, published in *The Houston Chronicle*, July 8, 2021. **37**

Pages 1

Topic 425

**FRI, JUL 9 TALOS'S LEGAL AND STRATEGIC OPTIONS TO SECURE ROLE AS ZAMA OPERATOR**

File **940** This report explains how defects in the upstream model in the Energy Reform led to the current situation of Talos Energy, Inc., and its partners in relation to the operatorship of their Zama discovery of 2017. The report identifies actions that Talos could adopt were it to seek a recognition of its rights by Mexican courts. **38**

Pages 20

Topic

**WED, JUL 14 CHRONOLOGY OF UNITIZATION IN MEXICO (REV. 3): PEMEX TO OPERATE ZAMA**

File **100249.3** This report updates our chronology of unitization in Mexico up to the public announcement on July 5 by Talos Energy Inc. that it had received a letter from Energy Minister Rocío Nahle in which Talos and Pemex are informed that Pemex has been designated as the operator of the future Zama unit area. **39**

Pages 10

Topic 100249  
100249.2

**TUE, JUL 20 SHOULD PEMEX SELL ITS INTEREST IN THE DEER PARK REFINERY: EXPECTATIONS UNMET**

File **849.1** The attention given since March 2021 to Pemex's proposed purchase of Shell's half-interest in the Deer Park refinery prompts us to reissue our report dated June 5, 2017, in which we explored the case that Pemex should sell its interest in the Deer Park refinery. **40**

Pages 8

Topic 111

August

**WED, AUG 4 DECOMMISSIONING THE DEER PARK REFINERY COMPLEX**

File **100253** This market note reports on interviews with real estate agents, demolition contractors and oil industry sources about the cost components that would be associated with the decommissioning of the Deer Park refinery. The concern that gave rise to this report is the non-public character of the parties that will retain or assume liability for decommissioning and environmental remediation were the proposed sale by Shell Oil Company to a Pemex-affiliated entity be executed. We propose that the buyer post a bond to cover the eventual cost. **41**

Pages 3

Topic 111

ANNUAL ANNOTATED TITLE CATALOG

2021

**MON, AUG 9**

**PEMEX'S SAFETY STATISTICS, 2000-2020: CONUNDRUMS IN MEXICO AND DEER PARK**

File **100254** Pemex's data on the frequency and severity of workplace accidents in the upstream and refining divisions (Table 1) shows that both the frequency and severity of accidents since 2000 have declined sharply. This information bears, indirectly, on the allegations that Pemex's bad safety record make it unsuitable for assuming the operatorship of the Deer Park refinery. **42**

Pages 4

Topic 111

**THU, AUG 12**

**THE MEXICAN CASE AGAINST THE DEER PARK REFINERY: EXCESSIVE FINANCIAL, MANAGERIAL AND REPUTATIONAL RISKS**

Updated 8/24/2021

File **10082** This report discerns that the proposed role for PMI/Pemex as operator of the Deer Park refinery is in the national interest neither of Mexico nor the United States. First issued on August 12, it was expanded and reissued on August 24. The report contains 35 footnotes and a title list of related reports. **43**

Pages 20

Topic 111

**MON, AUG 23**

**THE SECRETS OF SCHWA: RISING "ABOVE" IN ENGLISH PROFICIENCY**

File **1000110** This report continues with our series on bilingual proficiency. We call attention to the two "compressible vowels" in English: the 'a' of "above" and the 'i' of "sit." The 'i' is squeezed out of "business" to give the pronunciation as "biznes." The other compressible vowel is called a "schwa," which may be represented by any of the English vowel letters. When the schwa occurs in the place of the natural stress of a word (usually the penultimate syllable), the stress shifts one syllable to the left. For the non-native speaker of English, the unexpected stressed syllable at, or near, the beginning of a word is likely evidence that a compressible vowel is pushing it left. **44**

Pages 1

Topic 505

**September**

**THU, SEP 2**

**THE MEXICAN CASE AGAINST DEER PARK (PART II): SENDS THE WRONG ECONOMIC MESSAGE**

File **10083** In his 3rd state-of-the-union message on Sept. 1, 2021, President Andrés Manuel López Obrador congratulated himself and his administration for reversing the "privatizing tendencies" of the previous administrations in the oil and electric power industries. Seeking greater energy security, he supported the idea of acquiring from Shell Oil Company its controlling interest in the Deer Park refinery (DPR). In his address, he treated the purchase as a completed transaction. Absent official notification from the U.S. national security authority (CFIUS), however, we regard the sale as pending. This report identifies concerns of observers in Mexico and the United States who, for very different reasons, regard the purchase of DPR as unwise. **45**

Pages 11

Topic 111

**FRI, SEP 17**

**SHOULD TALOS SEEK INJUNCTIVE RELIEF IN THE COURTS? TALOS: NOT YET**

File **100255** On July 2, 2021, Mexico's energy minister, Rocío Nahle, **46**

Pages 11

Topic

ANNUAL ANNOTATED TITLE CATALOG

2021

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**MON, SEP 20**

**COMMENT: TALOS ENERGY'S JOURNEY FROM COMMERCIAL DISCOVERY TO A COMMERCIAL DISPUTE**

File **092021**  
Pages 1  
Topic 425  
407

This article discusses the state of impasse in Mexico concerning the future development of the Zama reservoir that was discovered by Talos Energy in 2017. In its press release dated Sept. 3, 2021, Talos accused the Energy Ministry of unspecified violations of international treaties. Talos is rightly vexed about the designation of Pemex as the operator of a future Zama Unitized Areas. Article by George Baker, published *The Houston Chronicle*, Sept. 20, 2021.

47

**TUE, SEP 21**

**CHRONOLOGY OF UNITIZATION IN MEXICO: ZAMA, 2012-21**

File **100249.5**  
Pages 11  
Topic 425  
426

This report updates our chronology table to September 3, 2021, when Talos Energy issued a press release about its Zama strategy. Appended is a list of MEI reports related to unitization that go back to the Transborder Hydrocarbon Agreement of 2012.

48

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**October**

**THU, OCT 7**

**THE MEXICAN CASE AGAINST DEER PARK (PART III): OPPORTUNITY COST OF NOT FIRST RESTORING PEMEX'S SIX REFINERIES**

Updated 10/11/2021

File **10084**  
Pages 20  
Topic 111

From a business perspective, for Pemex, it is more important to rescue Pemex's six refineries than to take responsibility for operating Shell's refinery in Deer Park, located in Greater Houston. The sorry history is that from 2008 to 2020 the average refinery efficiency fell by some 60%, implying a loss of daily capacity of 700,000 barrels. If Pemex could restore the capacity of 2008, four times the capacity would have been gained that from the prospective buyout of Shell's controlling interest in the Deer Park Refinery. The report imagines the challenges as the repair of four "flat tires," identified as maintenance, staffing, corruption and leadership. The history of each topic is traced and corrective actions are identified.

49

**SUN, OCT 10**

**CRONYISM IN PEMEX DEER PARK**

File **100256**  
Pages 4  
Topic 111

This report notes that many senior positions in Mexico's energy sector are filled by persons without industry experience or academic training. Pemex Director-General Octavio Romero Oropeza, an agronomist, appointed a former coworker from 2002 to Corporate Director of Planning.

50

ANNUAL ANNOTATED TITLE CATALOG

2021

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<b>TUE, OCT 12</b>	<b>LÓPEZ OBRADOR'S CFE-CENTRIC VISION OF THE ELECTRICITY SECTOR: VIVISECTION OF THE ENERGY REFORMS OF 2013-14</b>	
File <b>100257</b>	Dated Sept. 30, 2021, Mexico's President Andrés Manuel López Obrador sent to the Congress a bill to amend constitutional articles 25, 27 and 28. The amendments are intended to recentralize the electricity industry under the authority of the Federal Electricity Company (CFE). In the process, some of the institutions and attributes created by the Energy Reforms of 1995, 2008 and 2013-14 would disappear. Those reforms were meant to create a space where private investors in power generation, natural gas pipelines and local distribution could prosper. The President sees those reforms as a zero-sum gain: what is gained by private investors implies a loss by the state energy companies. The report provides links to the text of the amendments and a media slide pack.	<b>51</b>
Pages 4		
Topic		
<b>WED, OCT 27</b>	<b>SHELL'S SALE OF DEER PARK REFINERY: STATUS REPORT: NO REASON FOR CONCERN: SHELL GENERAL MANAGER</b>	
File <b>100258</b>	This report is based on notes taken at three Shell community outreach events held on October 19, 25 (Zoom) and 26, 2021. The same presentation was given by Mr. Guy Hackwell, the general manager of the refinery. The distinct questions asked at each event revealed new information.	<b>52</b>
Pages 5		
Topic 111		
<b>FRI, OCT 29</b>	<b>LETTER BY GEORGE BAKER TO THE EDITOR OF THE WALL STREET JOURNAL RE ZAMA AND DEER PARK</b>	
File <b>102921</b>	A response to the column of Mary O'Grady of October 18," Mexico Moves to Seize American Assets." The letter to the Editor began, "Your columnist understates the problem." Two examples are cited: The attempt at the regulatory expropriation of the Zama reservoir, which was discovered by Talos Energy in 2017, and the attempt to acquire an industrial asset on American soil in Deer Park. The proposed transaction is criticized for being one on Shell's side that is motivated by climate-change politics and on Pemex's side by an ideological conviction that increasing the refinery capacity under Pemex's control creates greater energy security for Mexico.	<b>53</b>
Pages 1		
Topic 111		
<b>SUN, OCT 31</b>	<b>ELEPHANTS IN THE DEER PARK OIL PATCH; TEXAS HISTORY AND ENGLISH PROFICIENCY</b>	
File <b>100259</b>	This report examines historical and cultural issues in the background of the prospective transfer of the Shell operatorship of the Deer Park refinery to Pemex. The refinery is within biking distance of the iconic San Jacinto Monument, erected to celebrate the victory of Texan revolutionaries against Mexican General Antonio López de Santa Anna on April 21, 1836. We speculate that there may be a reluctance among residents to turn its premier industrial facility over to the descendants of Santa Anna. Pemex will be challenged to provide executives with the language ability and cultural fluency of the present Shell executive team.	<b>54</b>
Pages 6		
Topic 111 412		

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**November**

ANNUAL ANNOTATED TITLE CATALOG

2021

<b>WED, NOV 10</b>	<b>CONGRESS COMPLAINS OF MEXICO’S ENERGY POLITICES: 40 GOP MEMBERS WANT A RESPONSE TO USMCA VIOLATIONS</b>	
File <b>943</b>	This report examines the letter of 40 Republican (GOP) members of Congress, dated November 3, 2021, addressed to the heads of the departments of State, Commerce and Energy and the Office of the US Trade Representative. The letter complained about the actions of the Mexican government to restrict American investors in Mexico’s energy sector in the fuel and power markets. Annex C is a list of cosigners, with their committee assignments, sorted by state.	<b>55</b>
Pages 11		
Topic 418		
<b>WED, NOV 17</b>	<b>PMI AS GENERAL MANAGER OF DEER PARK: WHO’S RESPONSIBLE FOR THE COST OF AN ACCIDENT?</b>	
File <b>941</b>	This report examines the proposed ownership structure of the Deer Park refinery were control to pass to a twice-removed affiliate of Pemex. The concern is about the financial capability of Pemex’s holding companies to respond to a major industrial accident or environmental incident.	<b>56</b>
Pages 4		
Topic 111		
<b>MON, NOV 22</b>	<b>HARD QUESTIONS AT DEER PARK GO UNANSWERED</b>	
File <b>112221</b>	In a commentary published in the Houston Chronicle on November 22, George Baker identifies public-interest concerns that have not been addressed by the parties to the sale of Shell’s controlling interest in the Deer Park refinery to Pemex. Chief among the concerns is the liability for environmental remediation when the time comes for the decommissioning of the 93-year-old refinery.	<b>57</b>
Pages 1		
Topic 003		
300		
111		
<b>WED, NOV 24</b>	<b>HOW U.S. ELECTED OFFICIALS WORRY ABOUT AMLO’S ENERGY POLICIES: CONTENT ANALYSIS OF FOUR LETTERS BETWEEN OCT. 22, 2020, AND NOV. 17, 2021</b>	
File <b>1000112</b>	This report examines letters addressed to the executive branch during the Trump and Biden administrations that expressed concern about the recent history of regulatory mistreatment of American energy companies in Mexico. Table 1 is a matrix that identifies the themes and topics of the four letters. Annexes A-D provide the scanned images of the letters.	<b>58</b>
Pages 10		
Topic 418		

**December**

<b>THU, DEC 9</b>	<b>BIDEN MUST PUSH BACK ON MEXICAN PRESIDENT AMLO’S ENERGY IMPERIALISM:</b>	
File <b>120821</b>	Published in <i>The Dallas Morning News</i> . References to U.S. public officials who have voiced concerns about Mexico’s energy policies. Sen. Ted Cruz, Gov. Greg Abbott, and GOP House members. Not everything will stay the same under Pemex ownership, as attested by an adage of Texas farmers: “The best fertilizer is the footprint of the owner.” A Mexican analyst responded, “Pemex wears heavy boots.”	<b>59</b>
Pages 1		
Topic 111		
File <b>120921</b>	This essay, published in the <i>Dallas Morning News</i> , argues U.S. should oppose the sale of Shell’s Deer Park refinery to Pemex.	<b>60</b>
Pages 1		
Topic 201		
418		

ANNUAL ANNOTATED TITLE CATALOG

2021

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**MON, DEC 13**

**IS IT TIME TO GET TOUGHER WITH AMLO AS ENERGY POLICIES THREATEN U.S. COMPANIES?**

File **121321**  
Pages 1  
Topic 111

An op-ed in the Houston Chronicle that reviews concerns expressed by US public officials about the conduct of energy policy in Mexico. The article suggests that one way to get the attention of Mexico's president would be to inform him that regulatory approval for the Pemex purchase of the Deer Park refinery had been put on standby.

61

**THU, DEC 23**

**LA CARA OSCURA DE DEER PARK [THE DARK FACE OF DEER PARK]**

File **122321**  
Pages 1  
Topic 111

This opinion piece by George Baker was scheduled to be published on December 9 but was delayed until the 23rd. This opinion piece may be the only one published in Mexico to come out against the acquisition of the refinery by Pemex. The author recommends that Pemex sell its half-interest not buy out Shell's.

62

**THU, DEC 30**

**PEMEX DEER PARK: IS THERE RESISTANCE AFTER CFIUS?**

File **10085**  
Pages 14  
Topic 111

This report reexamines the case against the purchase by Pemex of the controlling interest in the Deer Park refinery, which has been held by Shell Oil Company since 1993. On Dec. 21, the federal agency responsible for reviewing the acquisition by foreign parties of strategic assets in the U.S. (CFIUS by its initials) informed Pemex's lawyer that there were "no unresolved national security concerns," and that "relevant members of Congress" will be advised. Unfortunately, as explained in this report, CFIUS came to the wrong conclusion. Officials in the U.S. Embassy in Mexico, where should have warned CFIUS that Pemex today is an unqualified buyer and that Mexico's president would involve himself in refinery management, thereby creating a national security risk..

63

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