



DEER PARK REFINERY

Year	Topic	File #	Pages	Chart	
2022					
1	Jan 27	Deer Park refinery handover, January 19-21, 2022: What was conveyed and what was retained?	945	10	1
<p>This report examines the succession of events associated with the handover of Shell's controlling shares of the Deer Park refinery to Pemex. Table 1 examines the financial aspects of the deal. The welcoming video of Jan. 19th conveyed the message to employees that their real boss is the President of Mexico. The documents ceremoniously signed and exchanged on Jan. 20 likely concerned the Transitional Service Agreement by which Shell would continue to administer the refinery for the remainder of 2022. The video shown on Jan. 21 made it clear that the President was behind the purchase.</p>					
2	Jan 17	Comment: Energy transition comes to Deer Park	011722	1	0
<p>Commentary regarding the problematic issues associated with the sale of Shell's interest in the Deer Park refinery to Pemex, published in the "TexasInc" section of <i>The Houston Chronicle</i>. "Pemex cannot operate as a market-driven business when its de facto, activist chair is the president of Mexico." For this reason alone Pemex cannot be a reliable business owner in Deer Park.</p>					
3	Jan 07	Deer Park refinery sale survives court challenge	100260	10	5
<p>This 4-page report is a critique of the 90-minute court hearing that was held on January 6, 2022, in federal court in Houston to consider a petition for a Temporary Restraining Order (TRO) against the sale of the Deer Park refinery by Shell to P.M.I. (a Pemex affiliate). Judge Lee Rosenthal denied the TRO and the request for expedited discovery, but she invited plaintiff attorney Mark Lavery to submit additional arguments as to why the petition should not be dismissed.</p>					

2021					
4	Dec 30	Pemex Deer Park: Is there resistance after CFIUS?	10085	14	3
<p>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..</p>					



Additional reading

Year	Topic	File #	Pages	Chart	
5	Dec 23	La cara oscura de Deer Park [The Dark Face of Deer Park]	122321	1	0
		<p>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.</p>			
6	Nov 22	Hard questions at Deer Park go unanswered	112221	1	
		<p>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.</p>			
7	Nov 17	PMI as General Manager of Deer Park: Who's responsible for the cost of an accident?	941	4	2
		<p>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.</p>			
8	Oct 31	Elephants in the Deer Park Oil Patch; Texas history and English proficiency	100259	6	1
		<p>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.</p>			
9	Oct 29	Letter by George Baker to the Editor of The Wall Street Journal re Zama and Deer Park	102921	1	
		<p>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.</p>			
10	Oct 27	Shell's Sale of Deer Park Refinery: Status Report: No reason for concern: Shell General Manager	100258	5	0
		<p>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.</p>			



Additional reading

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11 Oct 10	Cronyism in Pemex Deer Park	100256	4	0
	<p>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.</p>			
12 Oct 07 Updated 10/11/2021	The Mexican case against Deer Park (Part III): Opportunity Cost of Not First Restoring Pemex's Six Refineries	10084	20	9
	<p>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 and corrective actions are identified.</p>			
13 Sep 02	The Mexican Case Against Deer Park (Part II): Sends the wrong economic message	10083	11	1
	<p>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.</p>			
14 Aug 12 Updated 8/24/2021	The Mexican Case against the Deer Park Refinery: Excessive financial, managerial and reputational risks	10082	20	4
	<p>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.</p>			
15 Aug 09	Pemex's Safety Statistics, 2000-2020: Conundrums in Mexico and Deer Park	100254	4	3
	<p>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.</p>			



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16	Aug 04	Decommissioning the Deer Park Refinery Complex	100253	3	2
	<p>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.</p>				
17	Jul 20	Should Pemex sell its interest in the Deer Park Refinery: Expectations unmet	849.1	8	1
	<p>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.</p>				
18	Jun 28	Energy and the Public Interest in Houston & Mexico: Deer Park and Zama	939	18	2
	<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>				
19	Jun 21	Comment: Pemex's takeover of Deer Park Refinery: A view from 2023	062021	1	
	<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>				
20	Jun 07	Mexico's Pemex Eyes Takeover of Deer Park Refinery	060721	1	
	<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>				
21	May 31	Presidential Buyout of Deer Park Refinery: Risks exceed benefits	10080	10	1
	<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>				



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22	May 30	Comment: Risks outweigh rewards in AMLO's Deer Park purchase	053021	1	
<p>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.</p>					
23		National Security and the Deer Park Refinery: Security Concerns for both U.S. and Mexico	10081	12	1
<p>This report examines the American and Mexican cases against the purchase by Pemex of the controlling interest in the Deer Park refinery. Fig. 1 shows the profits and losses of the refinery from 2010 to 2021 (July).</p>					