



Mexico—Perspectives of the Energy Reform, its Interruption, and Active 2019 Exploration Year

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EXTENDED ABSTRACT

The government of President Obrador and his administration ushered in some uncertainty for the oil and gas industry. The new administration does have a sense of urgency regarding the oil and gas industry situation due to the dramatic fall in production and reserves and it has declared a challenging production goal of 2.4 MMbo/d by 2024. The administration will struggle with its production goals without help from the foreign companies and in that regard has promised not to alter any contracts for at least three years. The PEMEX financial situation led to a very low level of exploration and development drilling from approximately 500 wells in 2014 to 100 wells in 2017; however, with the new administration's objective of strengthening the role of PEMEX, it has injected a substantial amount of capital into the company to increase exploration and production activity, planning up to 100 exploration wells and 300 development wells per year. The government will also allow PEMEX to continue its dominant exploration acreage position through the formal decision by SENER in mid-August 2019 to modify 87 PEMEX exploration entitlements that expired on 27 August 2019 and granting 64 new ones with re-configured block areas. On the negative side, the government has suspended all contract bid rounds for at least three years and the only acreage opportunities in Mexico will be via the farm-in route to existing contracts or the forthcoming PEMEX CSIEE Service Contract bid rounds.

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