

PETROLEUM IN MEXICO 2001

1. PEMEX EN MEXICO

Mexico is one of the countries with the greatest hydrocarbon production among tropical countries and the second in Latin America. Petroleum activity is a state monopoly, although there is study of ways to open possibilities for investment in exploration and exploitation of petroleum to the international private sector.

There is study of the models used in Venezuela and Brazil, as well as in the Middle East. Among the plans of study is the creation of an energy regulative agency such as exists in Brazil.

Pemex, the state petroleum enterprise, is Mexico's largest company and one of the ten largest in the world in terms of income assets. With its basis in the level of reserves and its capacity for extraction and refining it is among the five most important petroleum companies in the world.

The activities of Pemex comprise the exploration and exploitation of hydrocarbons, including the production, storage, distribution and commercialization of petroleum products and petrochemicals. In virtue of conformity with Mexican legislation, as these activities correspond exclusively to the state, Pemex is a decentralized public body.

Pemex conducts its operations through a corporate entity and four subsidiary bodies: Pemex exploitation and production has in its charge the exploration for and exploitation of petroleum and natural gas. Pemex refining produces, distributes and commercializes combustibles and other petroleum products. Pemex gas and basic petrochemicals processes natural gas and natural gas liquids; distributes and commercializes natural gas and gas liquated from petroleum; and produces and commercializes basic petrochemical products.

With the formal initiation of operations, beginning on 2 June, of the first module of four that form a nitrogen producing plant located on the Atasta peninsula, Campeche, Pemex exploration and production will fortify the productive capacity of Cantarell, the most important Mexican oil field, asserted engineer José Antonio Ceballos Soberanis, director general of Pemex exploration and production.

The normal operation of the first module of the nitrogen plant will allow Pemex exploration and production to inject a daily average of 300 million cubic feet of

nitrogen. It is specified that the injection of nitrogen will take place by means of a platform situated next to the Akal C complex by five shafts through which two 36-inch diameter ducts will conduct the nitrogen from the separation and compression plant. The three remaining modules that comprise the plant will begin operation during the months of June and July of this year.

Through international public bidding, private businesses were convened to present proposals for the provision of one thousand two hundred million cubic feet daily of this gas, that would be contracted for the next 15 years. The winner of the contest was the integrated consortium of the companies Boc Holdings of Great Britain, Westcoast Energy of Canada, Marubeni Corporation of Japan, Linde of Germany, and Ica-fluor Daniel of Mexico and the United States, that initiated the construction of a nitrogen production plant on 30 hectares of property located on the peninsula of Atasta, Campeche.

The nitrogen will be sent to the Cantrell field, situated on Campeche Sound, through two nitrogen ducts more than 80 kilometers in length, one constructed by Pemex exploration and production.

Pemex Gas and Basic Petrochemicals initiated the Reynosa integrated project that includes the construction of two cryogenic plants of 200 million cubic feet of natural gas each per day, and a storage and distribution terminal with a capacity of 50 thousand barrels in the Burgos basin, to produce 11 thousand barrels daily of liquefied gas from petroleum, eight thousand three hundred barrels per day of gasoline and 380 million cubic feet daily of natural gas for domestic and industrial use.

To realize this project, Pemex gas and basic petrochemicals called for international public bidding requiring the consideration of a national content of at least 35 percent of capital goods.

According to the execution program, it is estimated that the project will begin in November of this year, the operation of the first plant in December of the year 2001 and the second during the third trimester of 2002.

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