

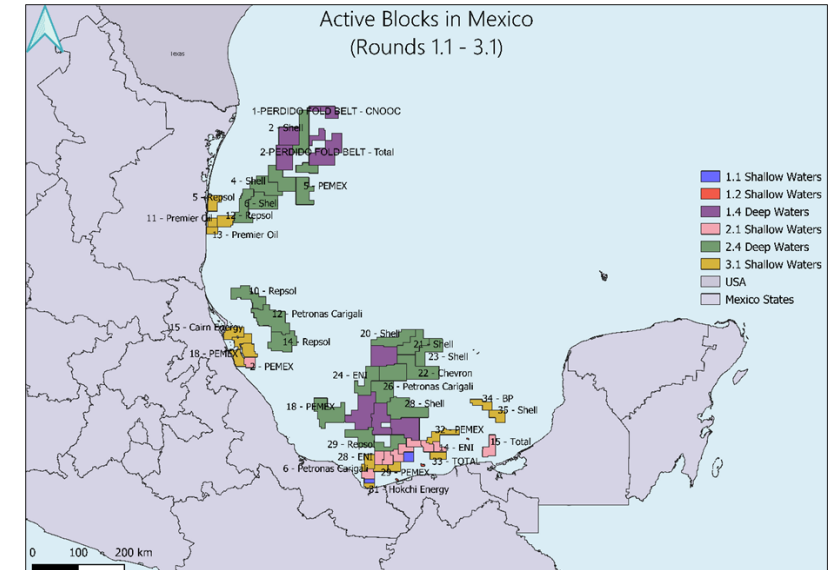
# Opportunities in the Mexican oil and gas offshore market

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2021



# Introduction

- GENERAL MARKET UPDATE
  - Policy
  - Activity levels
- PEMEX:
  - Operation Overview
  - Financials
  - 2021-2022 Forecast
- PRIVATE OPERATORS
  - Outlook Summary
  - Key Projects





## General Overview

- Starting 3<sup>rd</sup> year of President López Obrador
- 2021 is a mid-term election year and opposition is teaming up in alliances to strip the party in government of their majority
- Covid crisis has not been well managed by international standards
  - High level of infections
  - Low level of testing
  - Low vaccination rollout
- Financial impact of Covid in economy will show it's full strength later in the year.
- Exchange rate stable, expected 2021 growth 3%
- Export sector should support growth while internal economy remains weak

## Energy Overview

- No change in stance to strengthen PEMEX and CFE
- No change in new rounds or PEMEX partnerships
- Focus seems more on the electrical side than Oil & Gas
- Respect for current contracts remains as is

# Activity Forecast for 2021-2024 IOCs & Independents

- Information for 2022 is still scarce and should increase visibility as the year progresses.
- Operators likely to have more activity: Fieldwood, Repsol, Murphy, Shell, ENI, Talos.

OPERATOR	Blocks Operated		Wells						TOTAL WELLS
	Shallow Waters	Deep Waters	2020	REAL	2021	2022	2023	2024	
BHP Billiton	0	1	0	0	0				0
British Petroleum	1	1	0	0	2				2
Cairn Energy	2	0	0	0	0				0
Chevron	0	2	0	0	1				1
CNOOC	0	2	2	2	2				4
Eni	5	1	6	5	11	7	6	6	35
Equinor	0	1	0	0	1				1
Fieldwood	1	0	2	2	5	1	4	0	12
Hokchi	2	0	3	2	7	3			12
Lukoil	1	0	1	0	1				1
Murphy Oil Corp	0	1	2	0	1	1			2
Pemex	5	2	0	0	3		1		4
Petronas	1	4	1	1	4				5
Premier Oil	2	0	0	0	0				0
Repsol	3	3	3	3	1				4
Shell	1	9	6	4	10	1			15
Talos Energy	1	0	0	0	0			8	8
Total	1	1	0	0	0	1			1
Wintershall DEA	3	0	0	0	1	3	1		5
<b>TOTAL</b>	<b>29</b>	<b>28</b>	<b>26</b>	<b>19</b>	<b>50</b>	<b>17</b>	<b>12</b>	<b>14</b>	<b>112</b>

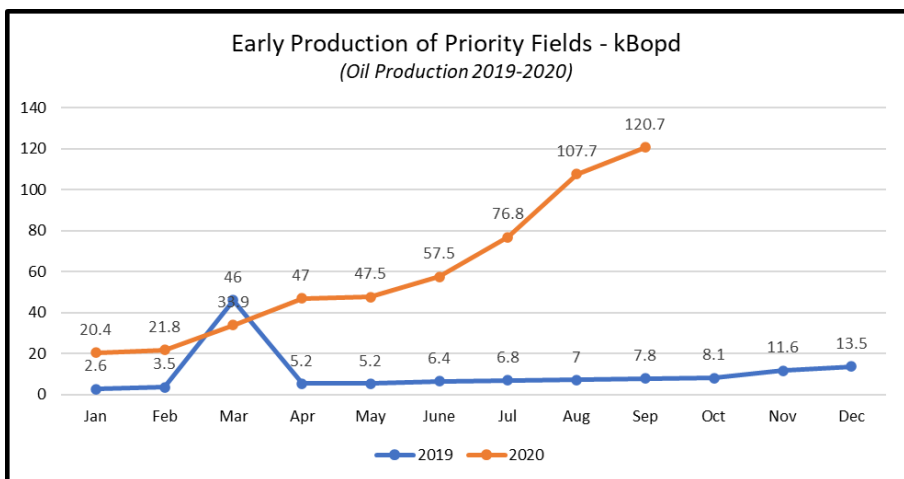
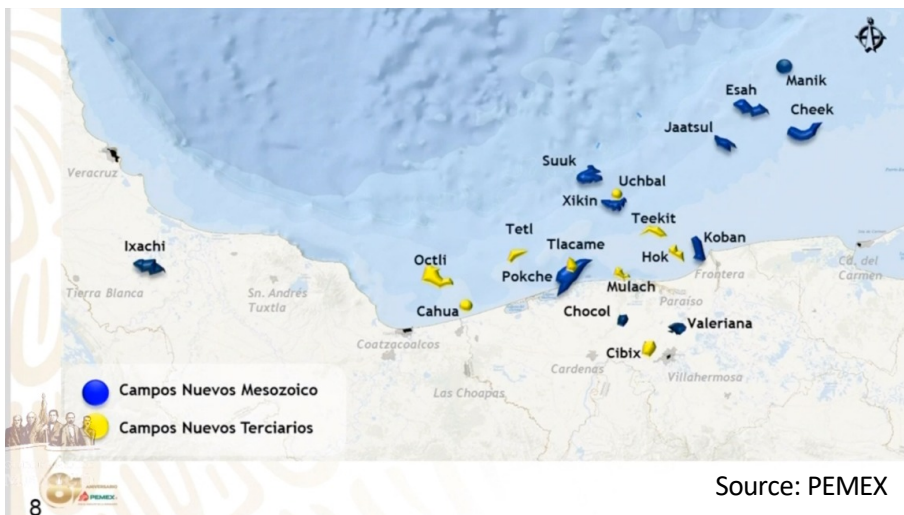
# Activity Forecast for 2021-2024 PEMEX

- Information valid for known fields (mostly original Priority Fields)
- Exploration drilling is not that visible but is partially included in activity shown here
- Long term forecasts for PEMEX are hard to do as they tend to keep information behind closed doors and then shuffle rigs according to changing priorities.

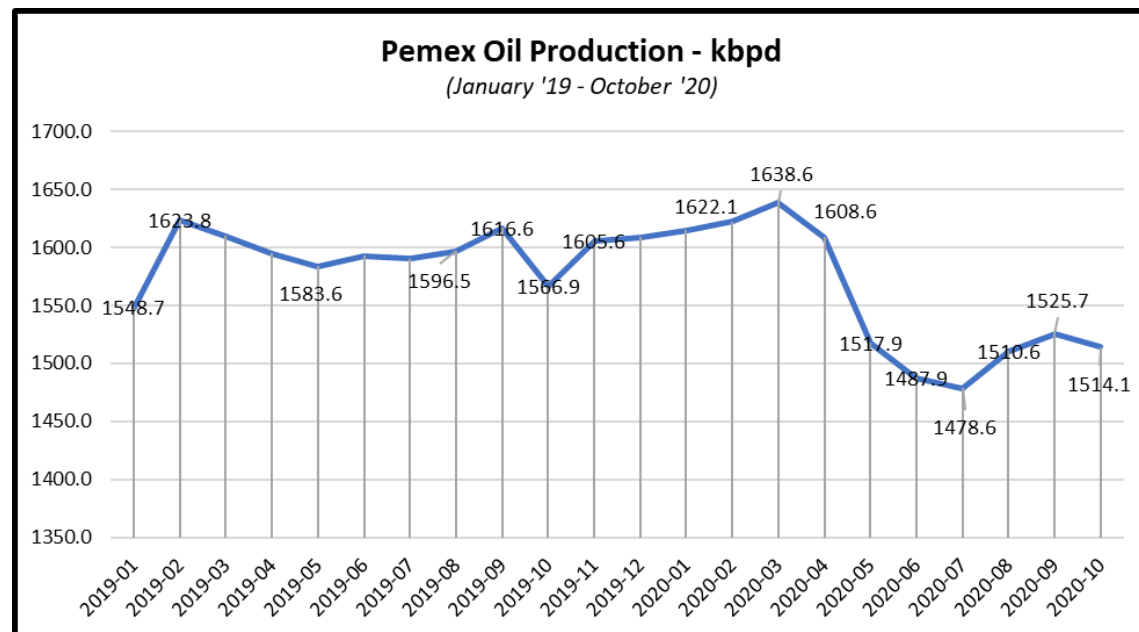
Fields	Drilling activities			Total
	2020	2021	2022	
Cahua	2	2	0	2
Cheek	2	0	0	2
Hok	3	0	0	3
Koban	1	3	0	4
Manik	2	0	0	2
Mulach	4	1	0	5
Octli	3	2	0	5
Suuk	1	2	0	3
Tetl	2	2	0	4
Tlacame	4	1	0	5
Uchbal	2	2	0	4
Xikin	2	2	1	5
Amatl	0	2	0	2
Camatl	0	3	0	3
Chi	0	3	0	3
Holboton	0	2	0	2
Ichilan	0	2	0	2
Itta	2	5	0	7
Pokche	2	5	2	9
Sasan	0	2	2	4
Siyan	0	2	2	4
Teca	1	6	1	8
Tema	0	2	0	2
Tlamatini	2	4	0	6
Xolotl	1	1	0	2
Total	35	53	10	98

# Pemex

## Original Priority Fields



## Total PEMEX production data 2020



- Estimated production at end of 2020 from Priority Fields: 150kboe
- Total production kept stable for most of 2020
- Decline in 04/05 2020 due to OPEC+ production cuts agreement
- Mature fields declining fast: Ku-Maloob-Zaap, Cantarell
- New production barely keeping pace
- Reserve restitution maintaining recoverable reserves steady

# Pemex 2020 Financial Results

<i>Financial Results 2020</i>	Q1	Q2	Q3
Sales	284.1	181	239
Cost of Sales	243	153	189
Reversals	-26.3	18	-8
Gross Profit	67.3	10	58
Management and distribution expenses	38.2	43	36
Operating Profit/(loss)	30.2	-30	24
Financial (cost)/income	-62.8	40	16
Exchange rate (loss)/profit	-469.2	50	36
Taxes, rights and others	60.4	24	42
Net Profit	-562.2	-44	1

Source: PEMEX

- EBITDA still at 23%
- Most losses are due to exchange rate and high taxation.
- High Tax burden – negotiations ongoing in Government to reduce this
- Debt increased slightly in 2020 after a small decrease in 2019
- Supplier payables still large and liquidity limited to correct in the short term





# Activity Focus 2021

## Funding by project 2021:

• Ku-Maloob-Zaap (mature):	\$2.568 Billion US dollars
• <i>Ixachi (land):</i>	<i>\$1.541 Billion US dollars</i>
• <i>+50 wells</i>	
• Priority Projects:	\$1.337 Billion US dollars
• Exploration:	\$967 Million US dollars
• Cantarell (mature):	\$793 Million US dollars
• Uchukil:	\$717 Million US dollars
• Yaxché (development):	\$581 Million US dollars
• Ek-Balam (contract):	\$442 Million US dollars
• Campeche Oriente:	\$156 Million US dollars

## Strategy going forward

- sustaining production in mature fields
- maximize output from strategic fields
- increase exploration
- Develop known basins
- (Ixachi – biggest target to focus on- land reservoir)

# IOC's and Independents

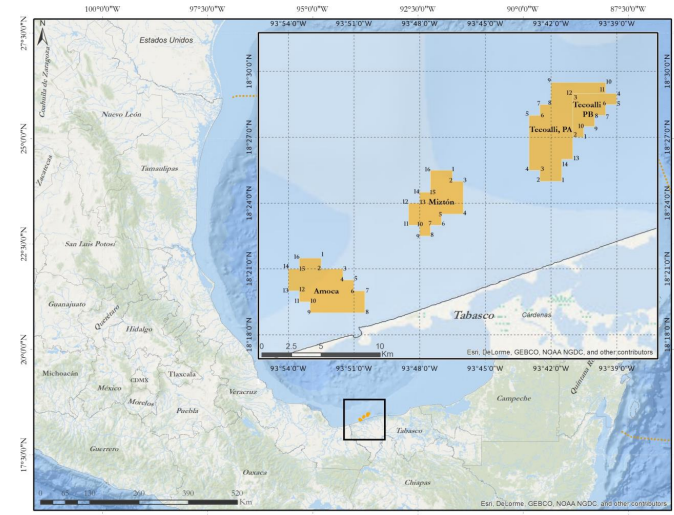


- Round 1.2, Area 1
- Field: Amoca, Miztón, Teocalli (2.1BBoe)
- Shallow water (29m avg.)
- Fields will have 32 wells
- 2 development phases

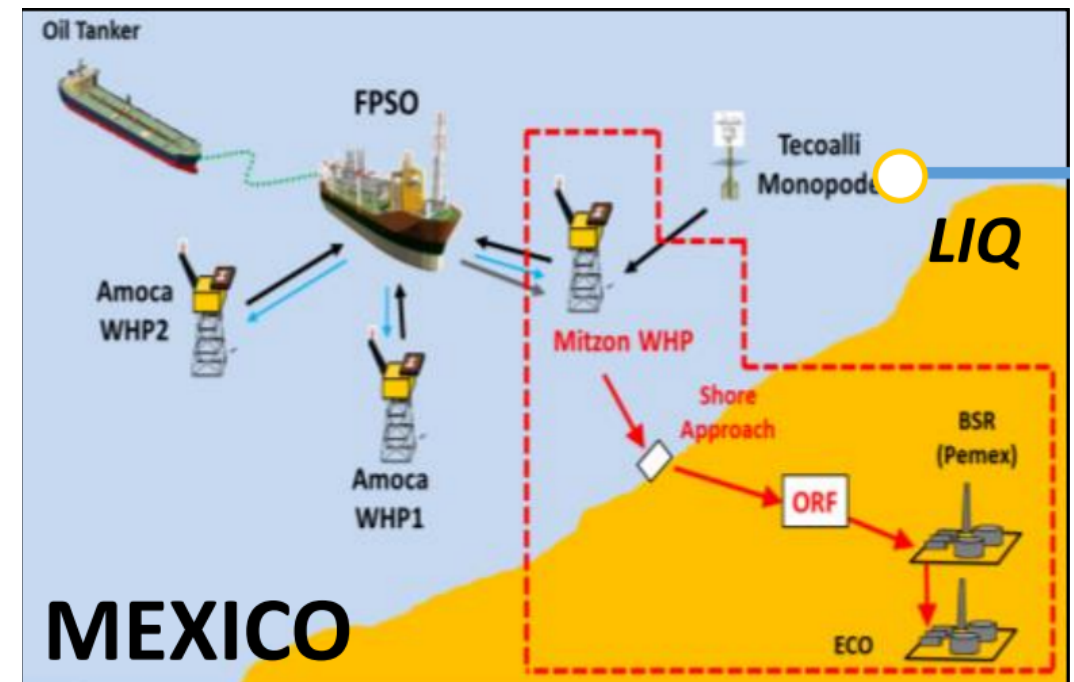
- Phase 1 to be completed in 2021:

- Miztón WHP installed
- Amoca WHP1 completing installation
- FPSO in process
  - Hull and modules delivered in Singapore
  - Installation ongoing, transit to Mexico Q1/Q2
- 9 wells to be drilled (8 already completed)

- Phase 2 to include Amoca WHP2 and Teocalli monopod.
- Full field development expected in 2024
- Production peak at 100k bpd



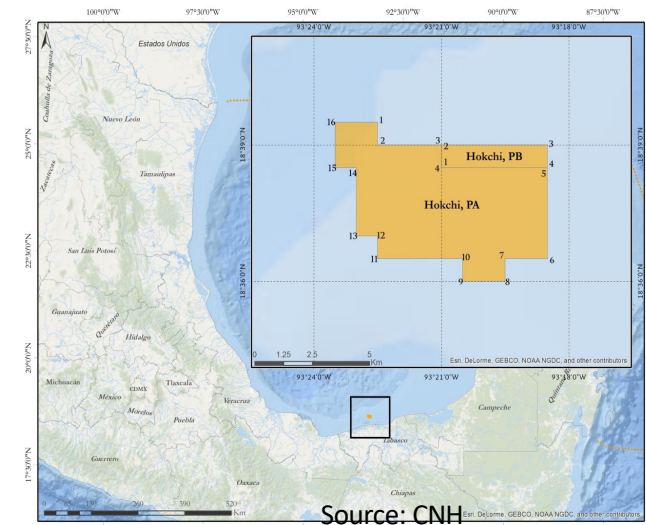
Source: CNH





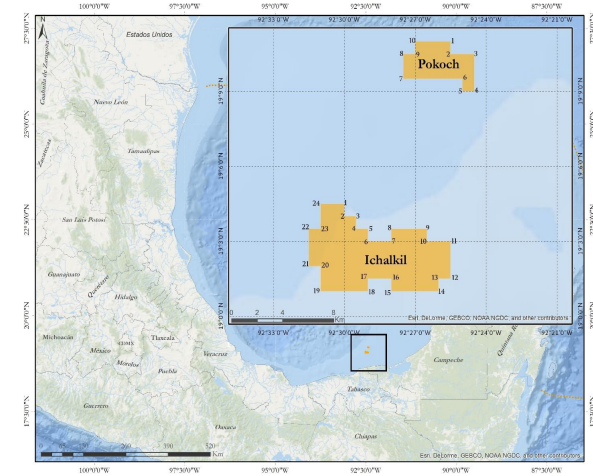
- Round 1.2, Area 2
- Field: Hokchi (187MBoe)
- Water Depth: 28m
- 2 platforms (HCP & HSP)
- Pipelines to shore

- Total recoverable reserves:
  - 147.8 million barrels of oil
  - 45.4 trillion cubic feet of gas
- 7 Production wells and 8 Injection wells
- Main Contractors: Sapura and Commsa yard.
- HSP in production since mid 2020 (1.8k bpd)
- HCP installed and commissioned Q1 2021
  - 4500T deck installation by McDermott DB50
- Max expected production from field: 29k bpd



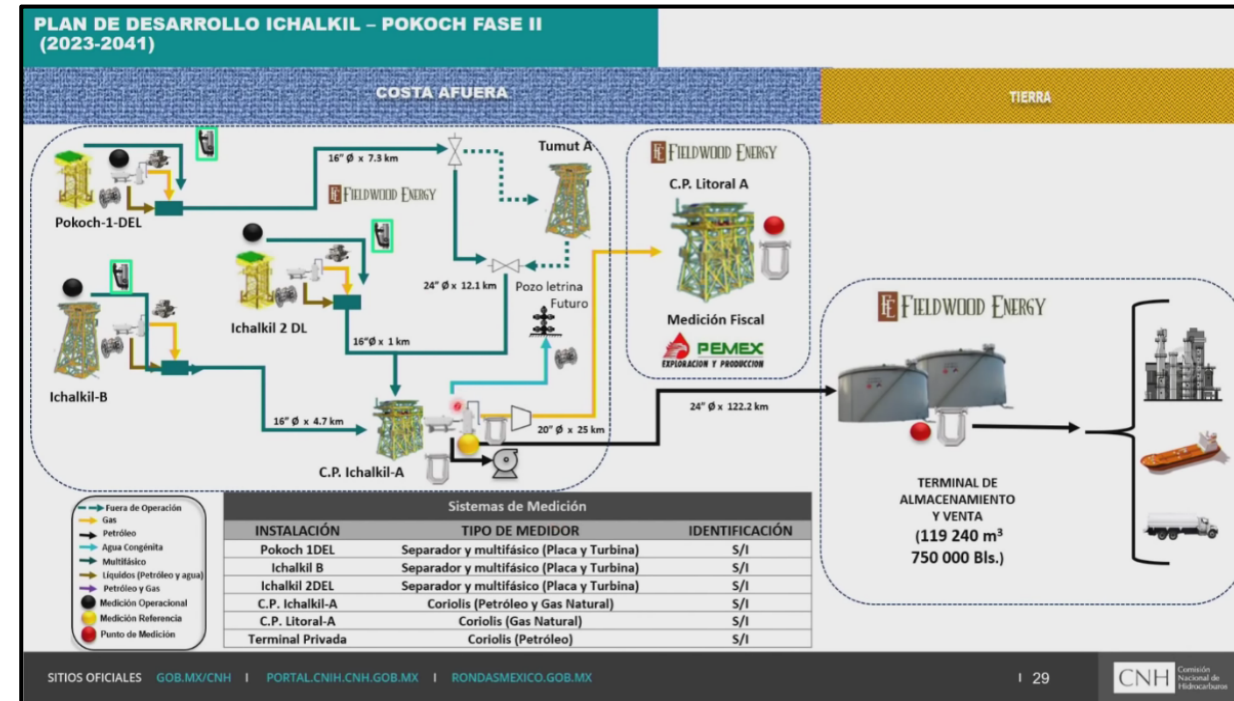


- Round 1., Area 4.
- Field: Ichalkil & Pokoch (563MBoe)
- Water Depth: 45m
- 4 platforms
- 21 production wells



Source: CNH

- Phase 1 should be completed during Q2 this year
  - Platforms and pipelines are being installed
  - Tumut platform is currently undergoing modifications
  - Remaining wells to be drilled - 7
- Main Contractors: SS7 pipelines, Brownfield Diavaz, platform installation McDermott DB50.
- Production start expected by may: up to 15k bopd
- Expected production at end of 2021: 40k to 50k bopd
- Phase 2 should start in 2023, as wells related to phase 2 development are scheduled for 2025
- Phase 2:
  - 2 platforms
  - 4 pipelines (on 122km pipeline to shore)
  - 12 wells

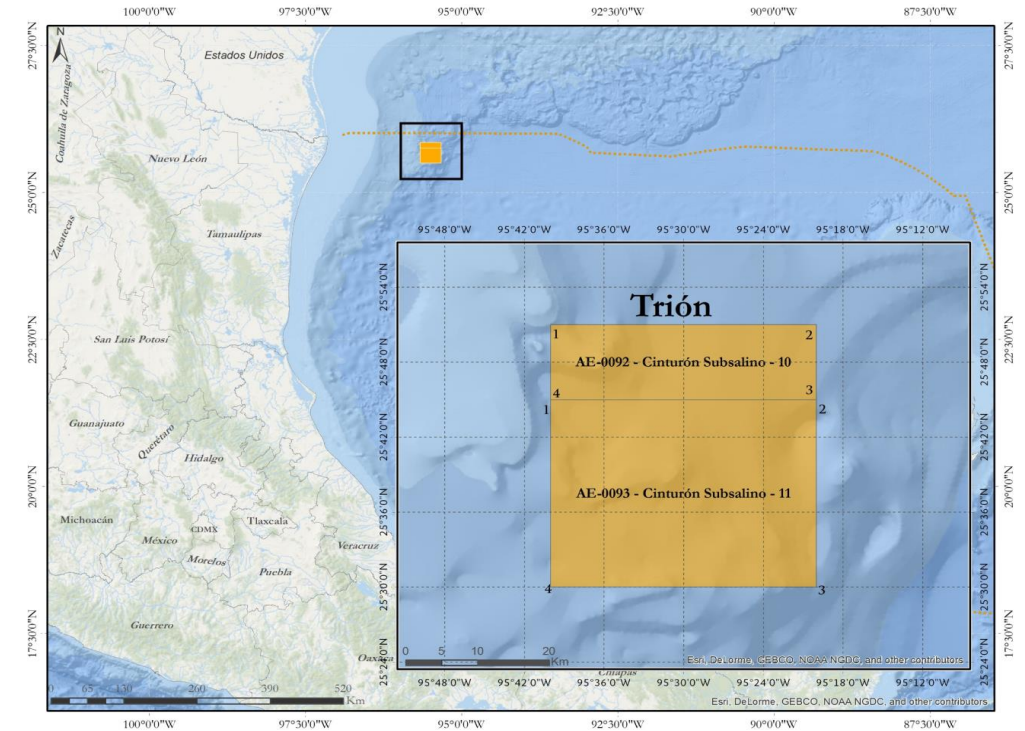






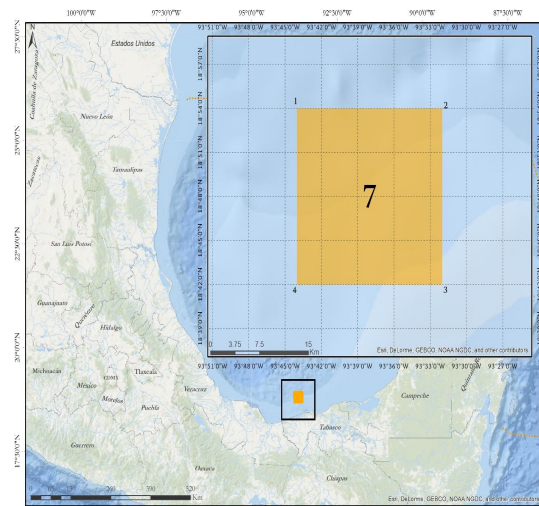
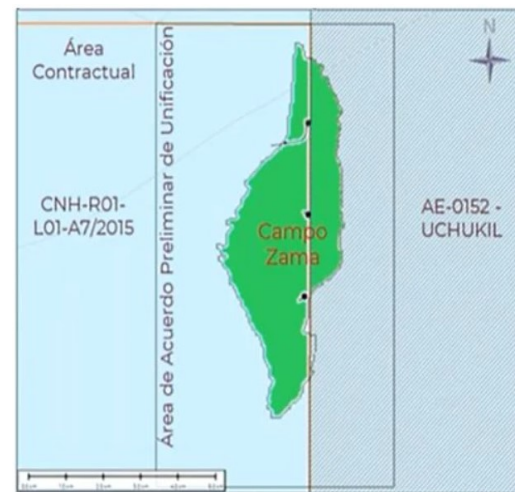
- Field: Trion (485MBoe)
- Partner with Pemex
- Perdido Deep Water region
- Water Depth 2090 m-2570 m
- First oil expected 2025 earliest

- McDermott awarded Pre-FEED extension phase for FPU
  - Work in coordination with Houston Offshore Engineering and Wood
- DORIS awarded execution for engineering of SURF and export pipelines
- 3 companies selected in 2020 for early engineering studies for FSO
  - Alterra Infrastructure
  - BW Offshore
  - SBM Offshore
- According to last quarterly report, FID range goes from Q4 2022 to Q2 2023
- Expected first oil in 2026.



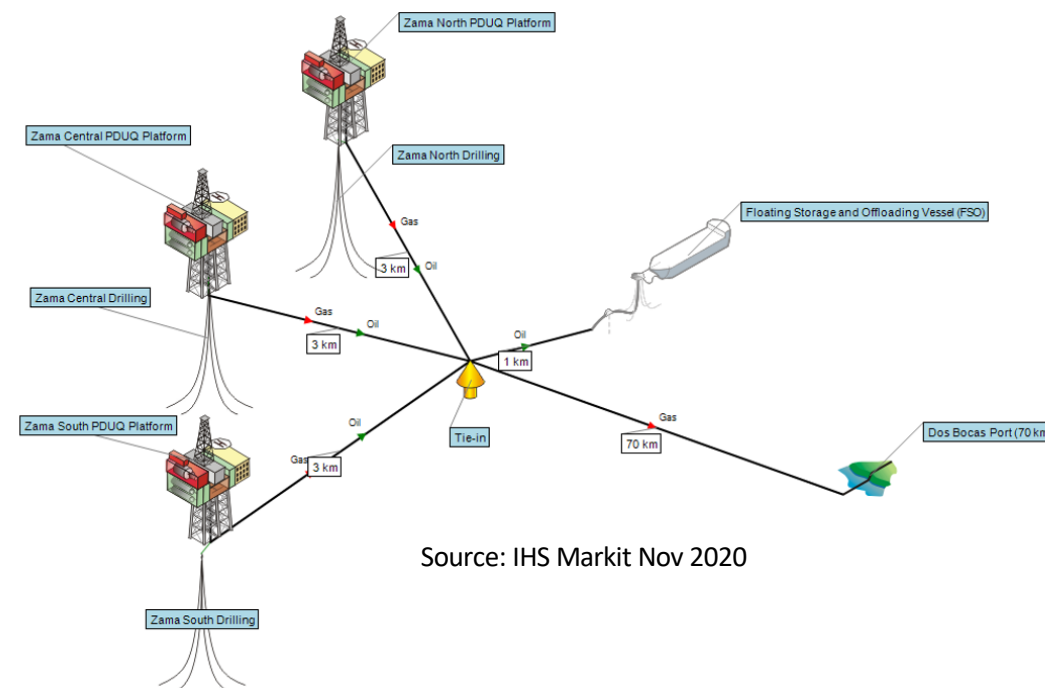
Source: CNH

- Round 1.1, Block 7.
- Field: Zama
- Estimated Reserves: 1.4 to 2 Billion bbls (600M to 1.2B Boe recoverable)
- Type: 28-30 deg API
- Water Depth: up to 170m



Source: CNH

- Unitization agreement deadline March 25, 2021
- If Unitization agreement is reached:
  - Approval by CNH – 9 weeks
  - Incorporate agreement to development plans – 4 weeks
  - FID – could be end of 2021 or early 2022
- Preliminary field development strategy
  - 2 to 3 large platforms @200m water depth
  - FSO for oil export
  - Gas Pipeline to shore (70km)
- Yards in Asia called to bid for FSO in November 2020
- Approximately 22 wells to be drilled in the field
- Expected production for Full Field Development: 167k bpd



Source: IHS Markit Nov 2020

# New Discoveries

## Murphy

- Round 1.4, Block 5
- Well: Cholula-1
- WD 700m
- TD 2689m
- Estimated potential reserves 200MBoe

- Cholula-2DEL appraisal well scheduled for 2021
- Additional appraisal well could be drilled afterwards
- Pacific Sharav contracted for multiwell campaign

## ENI

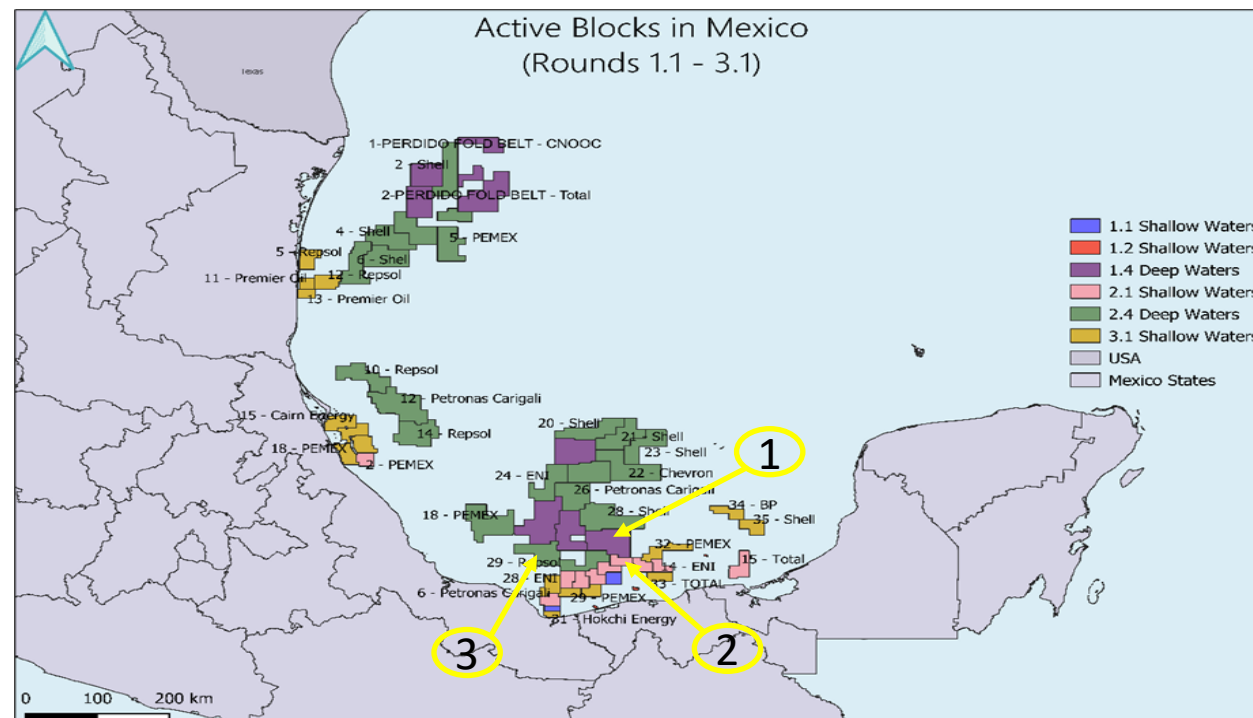
- Round 2.1, Block 10
- Well: Sáasken 1
- WD 338m
- Potential resources 300MBoe

- Two further exploration wells still in schedule to be drilled in the block. Sáasil-1 and Síina-an-1
- No information on schedule for appraisal wells available

## Repsol

- Round 2.4, Block 29
- Wells: Polok-1, Chinwol-1
- WD 600m
- TD 2620 m, 1850m
- Oil bearing formation: 200m, 150m
- Potential Resources: Polok – 193 Mboe with 25° API, Chinwol – 123.4 Mboe with 36° API

- Repsol has secured the Stena IceMax for a drilling campaign 2021
- The drillship will start activity in May and drill a well in block 29



Source: CNH



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Q&A

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