



## U.S. Embassy—Mexico City Oil and Gas Factsheet

### Important Facts:

- Mexico is a major non-OPEC oil producer (9<sup>th</sup> in the world) and among the largest sources of U.S. oil imports (3<sup>rd</sup>). In 2012, the United States imported 975,000 bbl/d of crude oil from Mexico, behind Canada and Saudi Arabia.
- The United States is Mexico's #1 supplier of gasoline and natural gas.
- Mexico's Congress has approved an energy reform that ends the monopoly of Petróleos Mexicanos (Pemex), the state-owned oil and gas company, and allows private companies to explore and drill oil and natural gas.
- With the recently approved energy reform, Pemex, which by law has been responsible for all domestic hydrocarbon exploration and production, will be restructured in order to compete and partner with private companies.

*Mexico is one of the top ten largest oil producers in the world, but its position as a net oil exporter to the United States has declined in recent years.*

Mexico is an important partner in the U.S. energy trade. The energy relationship between Mexico and the United States is key for both countries' economies. Mexico is the United States' third-largest oil supplier and Mexico is a net importer of natural gas, mostly via pipelines from the United States. Mexico also imports over 40% of its gasoline from the United States.

Mexico is a large but declining net crude exporter and is a net importer of refined petroleum products. [Pemex](#) cites 13.9 billion barrels of proven oil reserves, while the [Oil & Gas Journal](#) notes Mexico had 10.3 billion barrels of proven oil reserves at the end of 2012.

Country	Production (Thousand Barrels per Day)
Saudi Arabia	11,726
United States	11,120
Russia	10,397
China	4,416
Canada	3,869
Iran	3,538
United Arab Emirates	3,213
Iraq	2,987
Mexico	2,936
Kuwait	2,797

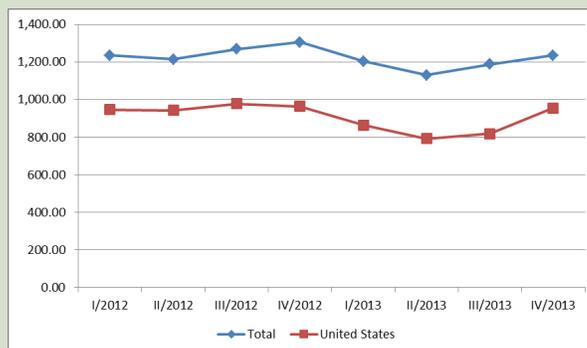
Source: [EIA](#)  
(Thousand Barrels per Day)

### U.S. Crude Oil Imports, 2011-2012

Country	2011	2012
Canada	811,964	887,674
Saudi Arabia	498,109	432,972
Mexico	402,052	356,715
Venezuela	316,839	333,972
Iraq	167,652	174,080

(Thousand Barrels)  
Source: [EIA](#)

### Mexico's Crude Oil Exports, 2012-2013



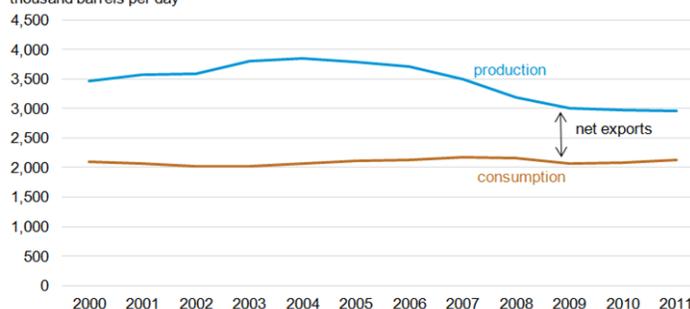
Source: [SIE](#)

## Congress approves Energy Reform

- The energy reform includes the modernization of Pemex through restructuring and more autonomy.
- Mexico will maintain ownership of all hydrocarbons, but several new types of contracts are introduced to create flexibility that will allow private sector participation.

Mexican oil production has fallen by about 24% since 2004 due to under-investment and natural production declines from offshore fields ([EIA](#)). Earnings from the oil industry (including taxes and direct payments from Pemex) accounted for 34% of total government revenues in 2012. Declines in oil production have a direct impact upon the country's economic output and the government's fiscal health, particularly as refined product consumption and import needs grow. In response to this situation, Congress passed a constitutional reform, which aims to increase production by allowing private businesses to drill for oil and natural gas in partnership with the parastatal company, Pemex, or on their own.

Mexico's oil production and consumption, 2000-2011



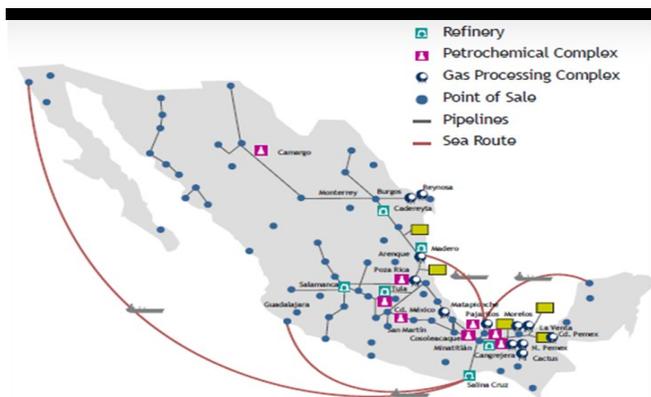
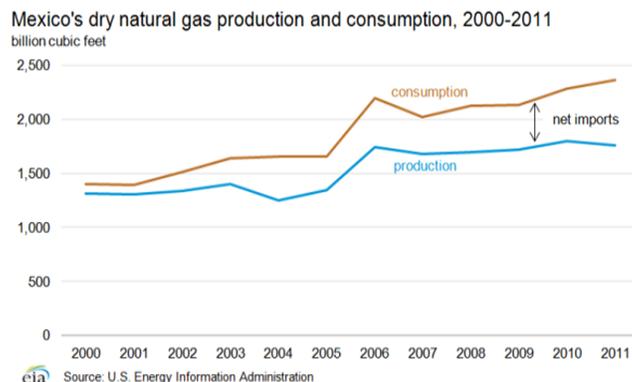
Source: U.S. Energy Information Administration, *International Energy Statistics*

**Mexico is a net importer of natural gas, mostly via pipelines from the U.S., and its natural gas demand is rising due to greater use of the fuel for power generation.**

According to the Oil and Gas Journal, Mexico had 17.2 trillion cubic feet (Tcf) of proven natural gas reserves as of the end of 2012. The southern region of the country contains the largest share of proven reserves. However, the northern region will likely be the center of future reserves growth, as it contains almost ten times as much probable and possible natural gas reserves as the southern region.

**Challenges:**

- Most of Mexico's electricity generation comes from conventional thermal plants, the fuel source for which is increasingly natural gas;
- Limited gas pipelines, though Mexico is building two major cross-border pipelines and increasing compression to increase natural gas imports by about 3 billion cubic feet by 2016;
- The current focus is to produce more oil than natural gas due to low natural gas prices.

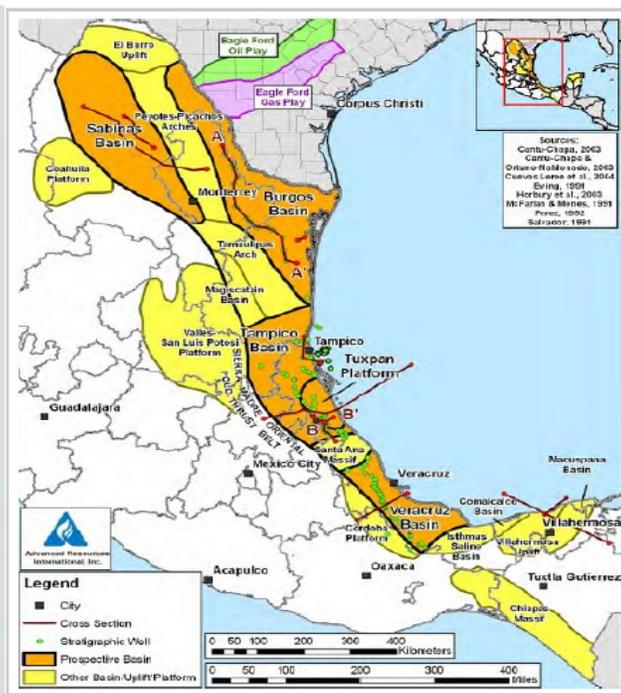


**Mexico has one of the world's largest shale gas resource basins, which could support increased levels of natural gas reserves and production.**

According to an initial EIA assessment of world shale gas resources, Mexico has an estimated 545 Tcf of technically recoverable shale gas resources—the sixth largest of any country examined in the study (see chart, [EIA](#)).

**Recent events:**

- SENER invested over USD240 million to determine potential shale gas reserves.
- With the implementation of the energy reform, new acreage will be identified and put up for bid by SENER and CNH for private participation. This will presumably include development of shale gas and non-associated liquids, such as shale oil. However, it remains to be seen if the contracts offered will be competitive enough to lure in private investment.



**Trans-boundary Agreement on Hydrocarbons in the Gulf of Mexico**

The Agreement recently received U.S. Congressional approval. Implementation of the Agreement will enhance the bilateral relationship by enabling joint exploration of the boundary area and facilitating commercial cooperation between U.S. companies and Pemex. It will also strengthen collaboration between our environment and safety regulatory bodies.

