MIRANDA INTELLIGENCE

Mexico Energy Chatter

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Mexico and Pemex tie their fortunes closer: further thoughts on Pemex's strategic plan

Mexico's new plan to rescue Pemex was received by rating agencies Fitch and Moody's positively, including a two-notch upgrade by the former and a change in outlook from the latter. The government highlighted both agencies' reactions, perhaps forgetting AMLO's disdain for both agencies when they cut Pemex's rating. Politics aside, the agencies praised not only the huge influx of new money (what debt holders care about), but the coordination between Pemex and the Energy and Finance ministries to make this happen.

"The review is in response to PEMEX's Strategic Plan 2025-2035 announced earlier this month by PEMEX and the Government of Mexico (Baa2 negative), and further information released regarding the financial strategic plan for PEMEX to reduce financial debt levels and catch up with the payment of accounts payable", analysts at Moody's wrote.

Moody's still places Pemex five notches below investment grade, while Fitch's upgrade kept the company within speculative territory. However, both agencies see stronger government support for Pemex, which is driving the recent optimism around the troubled oil operator. That "troubled" label, however, remains, and the plan presented earlier this month did not alter the agencies' view that Pemex, on its own, would be adrift.

"We continue to expect that the company will face a cash shortage relative to its cash needs over the next 12 months (…) Therefore, in our view, it remains dependent on sovereign support," S&P said in a note last month after the government announced its intention to raise US$12 bn through pre-capitalized notes. S&P remains the only one of the big three agencies to keep Pemex at investment grade, largely because of the strong link it sees between the company and the state.

Pemex appears willing to reopen discussion on developing Mexico's shale basins in the north, though it avoids saying the "f-word": fracking. Industry players now prefer calling it hydraulic fracturing, which unlocked a new energy era in the U.S. two decades ago and has fueled both the U.S. and Mexico into the 21st century. Fracking remains dogged by environmental concerns, a debate that remains active. López Obrador banned the practice outright, and Sheinbaum continues to carry that restriction. On Monday's press conference, she stated that Mexico would focus on regaining its natural gas sovereignty by developing conventional sources, or perhaps even biomass – but not fracking. Evidently, Mexico's regulatory framework is far from conducive to shale development, unlike the US or even Argentina, which is now proving successful under its own model.

Pemex CEO Víctor Rodríguez also stressed during the Senate's National Energy Forum that while the 2025–2035 Strategic Plan calls for boosting gas production and exploring unconventional resources, the company will not apply hydraulic fracturing. Going into details, he argued that Mexico must reduce its reliance on imported gas but emphasized that the focus will remain on the Southeast basins. Rodríguez acknowledged that conventional reservoirs

are declining, and new finds are small, adding that Pemex is still evaluating the potential output and revenue from unconventional fields.

So far Pemex's new plan – beyond the very welcome infusion of new money to pay off upcoming debt maturities - has so far failed to excite industry players. The company aims to sign 21 mixed contracts with private-sector partners to develop areas ranging from deepwater blocks to offshore natural gas and mature fields. Yet the assets are familiar to Pemex watchers, each carrying a history of stalled development due to lack of expertise and budget. The Pit-Kayab-Utsil cluster, rich in hydrocarbons, has long been in Pemex's project pipeline, but requires vast capital and technical know-how to exploit its ultra-heavy offshore oil. Ultra-deepwater finds such as Maximino, Nobilis, Exploratus, Cratos, and Doctus — discovered more than a decade ago during Pemex's first push into the Gulf of Mexico — are also on the revival list, though they need further exploration, a development plan, and new infrastructure in a mostly untouched area. On top of all of this, and as has been discussed in previous editions of this newsletter, the terms set forth in the contracts under the new framework have not attracted much interest from potential private partners.

Thus, without a material operating improvement by Pemex's part within the next two years, the next step could be a downgrade of Mexico's *sovereign rating* and/or development bank rating as Pemex becomes a greater drag on both. Put another way: without a significant change in behavior, the parents risk having to pay for their child's continued misadventures. In fact, Moody's warned that the new strategic plan will significantly raise the credit exposure and oil-related risks of development banks Nafin and Bancomext. As of June 2025, Pemex accounted for 24% of Nafin's and 8% of Bancomext's tangible common equity, with direct exposure among development banks more than triple that of commercial lenders. If fully executed, the new MXN 250 bn facility could represent about 70% of development banks' tangible common equity and roughly 10% of commercial banks', the agency said.

In other energy news…

- The US Department of Justice has charged two Mexican executives living in Texas with paying the relatively small amount of US$150,000 in bribes to Pemex officials between 2019 and 2021 to secure by Pemex standards small contracts of a few million dollars. According to the indictment filed in the Southern District of Texas, Alexandro Rovirosa, CEO of Roma Energy Holdings, and Mario Alberto Ávila Lizárraga, a former Pemex executive and one-time gubernatorial candidate in Campeche, offered cash, Louis Vuitton handbags and Hublot watches to three Pemex officials, obtaining contracts worth US$2.5 mn. The case, brought under the Foreign Corrupt Practices Act, could expose Pemex to fines of up to US$25 mn. US prosecutors also linked Rovirosa to drug cartels. After being arrested August 10 in The Woodlands, near Houston, Rovirosa pled not guilty; he was released on a US$ 1mn bail. Ávila remains at large and is accused of acting as the link between Rovirosa and Pemex executives during the AMLO administration.
- On August 12, US authorities detained former Pemex CEO Carlos Treviño Medina in Dallas, Texas, in connection with the Odebrecht–Etileno XXI case. Immigration and Customs Enforcement (ICE) agents took Treviño into custody and transferred him to a detention center, where he now faces deportation proceedings. His lawyer, Oscar

Zamudio, warned that Treviño could be used as a “bargaining chip” between the two governments and argued the detention was unlawful, citing his client’s pending political asylum claim, legal US residency status, and the absence of an active Interpol red notice or extradition request. Treviño, who has lived in Texas for four years working at an accounting firm, has been considered a fugitive in Mexico since 2021, when a judge issued an arrest warrant for organized crime and money laundering. The accusations stem from a 2020 complaint by his predecessor at Pemex, Emilio Lozoya, who alleged Treviño received a MXN 4 mn bribe in 2014 tied to the Odebrecht-linked Etileno XXI plant contract.

— Pemex is preparing to launch a major overhaul of its 312,500 b/d Deer Park refinery in Texas, with work set to begin in early October. The project will shut down the facility’s largest crude distillation unit, the 270,000 bpd DU-2, for about 60 days, halting feedstock supply to the 70,000 bpd fluid catalytic cracker, 70,000 bpd hydrocracker and 92,000 bpd coker. The smaller 70,000 bpd DU-1 crude unit is expected to remain in service during the maintenance.

— Alberta Premier Danielle Smith visited Mexico seeking to rebuild ties and promote energy projects, highlighting that Canada can now ship oil and gas directly to Mexico through new Pacific export facilities. Smith said the move comes as US relations face strains, making closer bilateral cooperation more attractive. With the expanded Trans Mountain pipeline and LNG exports from British Columbia, Smith argued Alberta can now supply Mexico with heavy crude for diesel and jet fuel, as well as natural gas to help diversify its imports, of which about 70% currently come from the US.

— Alonso Ancira, former chairman of steelmaker AHMSA, is seeking MXN 305 mn in severance from the bankrupt company, despite owing Pemex US$112 mn from the controversial Agronitrogenados plant sale. Ancira resigned after AHMSA’s collapse but now appears in the company’s bankruptcy filings as a “labor liability” claimant, alongside his brother Jorge Alberto, who seeks MXN 273 mn, and ex–vice chairman Xavier Autrey Maza, who requests MXN 324 mn. The demands have angered former workers still owed wages and benefits, who remain listed as active employees without severance. Judge Ruth Huerta, overseeing AHMSA’s bankruptcy, ruled that former board members are not entitled to priority payments. Ancira had previously agreed to repay Pemex US$216 mn to avoid prison but has returned only US$104 mn. The court has valued AHMSA’s assets at US$1.33bn, and labor liabilities of about US$179 mn.