MIRANDA INTELLIGENCE

Mexico Energy Chatter

August 6, 2025

If at first you don't succeed, try another strategic Pemex plan

Officials at the Energy Ministry (Sener) presented the Sheinbaum's administration new strategic plan for Pemex, the world's most indebted oil company, as the government seeks to stabilize its finances so that it can be self-sustainable by 2027. Previewing the plan during her morning press conference, the president said she was 'very proud' of this new plan, and in the meantime, pledged continued support for the company. Long-time Pemex observers might be excused for not sharing the president's enthusiasm: similar promises have been made in the past but not fulfilled. Let us hope for Mexico's sake this time is different.

It was Sheinbaum's political mentor and predecessor Andrés Manuel López Obrador who in 2019 said Pemex would be "on its own" by 2021. Reality, including COVID-19, then got in the way, with Pemex soon foregoing the ambitious goal of raising crude production to near 2.6 mn barrels per day (bpd) by 2024. In the meantime, his administration invested billions into projects like the Dos Bocas refinery, which has yet to become fully operational and presumably is hugely loss-making. Production floundered, and Pemex's debt continued to climb higher.

For now, the administration plans to tap an MXN 250 bn (~US$13.35 bn) trust-like vehicle, funded by development and commercial banks, that would help the company transition off from federal aid. The government expects the company's debt load to reach US$88.8 bn by year end, and US$77.3 bn by 2030.

Pemex will focus on increasing crude production to close to 1.8 mn bpd, contributing between 93% to 95% of the national consumption. The company is betting on developing shallow-water field Zama and ultra-deep field Trion, both jointly owned with private-sector companies, although those projects could start adding some production between late 2028 and 2030. New opportunities to partner up with Pemex should add 327,000 bdp by 2030, however, around 99,000 bpd would come from developing oil-cluster Kayab-Pit-Utsil, a challenging project as it contains ultra-heavy oil reserves, something that Pemex has never done before. Finding the right private-sector partner will be crucial.

Looking further ahead, the 2025-2035 plan calls for Pemex to keep exploring opportunities to develop unconventional resources, especially in natural gas in the north. The company wants to increase its refining and petrochemical capacities, build 2.75 GW in cogeneration plants, and develop natural gas pipelines in the south.

Markets had a muted initial reaction, with Bloomberg noting 2050 bonds slipped half a cent, though the company's debt is among the best performing in emerging markets, with a 15% return this year, helped by last month's P-Caps announcement.

Adiós, Iberdrola, good luck, Cox Energy

In a matter of just a few days, Iberdrola's rumored exit from the Mexican market was confirmed, as the company announced it would sell its remaining assets in the country for US$4.2 bn including debt to joint Spanish-Mexico company Cox Energy (listed in Madrid and Mexico,

market value around US$300 mn). This sale followed the 2023 agreement to sell 13 combined-cycle plants and one wind farm to a government-backed trust.

Prior to that deal, Iberdrola was the largest competitor to the CFE in the electricity wholesale market, supplying energy to large consumers, though still only accounting for about 25% of the energy to the top 500 clients. This, however, was enough for the company to become one of the favorite villains of former President López Obrador. AMLO frequently highlighted that former President Calderon became a board member at the Spanish giant after leaving office.

AMLO's administration took multiple actions against Iberdrola and other Independent Private Producers (IPPs). The government ordered the disconnection of one of its power plants in Monterrey in 2021, followed by several Iberdrola plants being blocked from grid access, denied permits for new construction, and restrictions on adding partners. The now-defunct energy regulator fined the company MXN 9 bn (~US$479 mn)—the highest penalty in its history—for alleged violations of power market rules. Iberdrola's fought the government in court, winning several *amparos* and lawsuits, but the blockade persisted.

The acquisition by Cox Energy includes 15 fully operational power plants with over 2,600 MW of installed capacity, comprising 1,368 MW from combined-cycle and cogeneration assets, and 1,232 MW from renewable sources like wind and solar. Also included is a generation project pipeline of over 12 GW, and the country's largest supplier of electricity to qualified users, with over 20 TWh distributed to more than 500 major clients.

Thanks to this deal, Cox will complete its strategic plan three years ahead of schedule (initially projected for 2025–2028). Pro forma financials for 2025 estimate revenues of approximately €3 billion and EBITDA of €750 million, more than tripling its scale. The purchase price implies a 6.5x multiple over estimated 2025 EBITDA, indicating both the scale of the transaction and the anticipated cash-flow generation.

Cox plans to invest over US$10.7 billion in Mexico between 2025 and 2030. This figure includes not only the Iberdrola acquisition but also US$4 billion in new energy assets, up to US$1.5 billion in water concessions, and the development of a new business hub centered on Mexican welfare initiatives. The strategy also involves co-investment opportunities with CFE in new generation projects.

Pemex impact on international suppliers, 2Q25 edition

— Weatherford sees signs of stabilization in Mexico's upstream sector, although it still expects a steep drop in 2025 revenue. "In Latin America, our view on Mexico has not changed — we still expect it to be down about 60% this year," said chief executive Girish Saligram during the company's second-quarter earnings call. "However, we believe activity has now stabilized, and we have rightsized our cost structure in the country." Weatherford continues to work with Pemex, hoping for a rebound in the second half of the year. "We do not see a significant inflection between now and year-end," Saligram said. "There is always variation from one well shifting between months or quarters, but we are hopeful for improvement — though timing remains unclear." The company has received only "minimal" payments from delayed invoices in Mexico. Any improvement on that front would support cash flow and working capital in the second half, Saligram added. "We do not expect 2025 to be any different, but there is

a significant expectation of payments from Mexico — we just do not have precise visibility," said Saligram.

— Halliburton reported signs of improvement in Mexico during the second quarter, though conditions remain unstable, company executives said. "The issues in Mexico, in my view, are not settled, and so I think we see starts and stops in Mexico," chief executive Jeffrey Miller said. Latin America revenue rose by 9% compared with the same period of 2024, driven by stronger activity across multiple service lines in Mexico and Brazil and more well intervention work in Argentina. But most of the growth came from markets outside Mexico, where operations remained inconsistent, the company said. "I think we are going to see declining rates at a pace that creates pressure to reactivate business there," Miller said. "Oil and gas is obviously critical to Mexico's economy, and that will drive recovery."
— Baker Hughes continues to face low upstream activity in Mexico but has found growth opportunities by addressing crude quality issues. In late 2024 and early 2025, Pemex faced crude quality issues — particularly high salt and water content — that disrupted refining and export operations, according to market sources. Pemex recently acknowledged that its 340,000 b/d Olmeca refinery in Dos Bocas was shut for about three months because of such crude quality issues. Baker Hughes chief financial Ahmed Moghal said during the company's second-quarter earnings call that Mexico helped drive growth in its Latin American operations, where "upstream activity remains subdued" but there was "strong growth in chemicals as refineries work to address rising crude quality challenges."
— Pemex's drilling activity fell to a new low in the second quarter, weighing on revenues for SLB, company executives said. "As we have commented before, internationally, the Mexico market has seen a significant reduction in activity because of restructuring, reaching a new bottom in terms of activity," CEO Olivier Le Peuch said during the company's second-quarter earnings call. Le Peuch said SLB is still waiting for Pemex and the Mexican government to outline a recovery plan for the struggling upstream sector. "We are just waiting now to see what are the next steps that could help unlock the value of the asset in Mexico and the dynamic of Pemex to rebound from this," he said. "We stand ready."

In other energy news…

— Mexican conglomerate Grupo Mexico has stopped providing drilling services to Pemex because of persistent delays in payments. The company's transport division reported an 8% year-on-year profit decline in the second quarter, weighed down by the suspension of four jack-up rigs — Chihuahua, Zacatecas, Campeche and Tabasco — under Pemex contract. "In the case of these four jack-up rigs, given Pemex's current situation and the lack of payments to suppliers, it is more favorable for us to keep them under temporary shutdown than operating them", Grupo Mexico said in its earnings report.
— Mexico's government raised US$12 bn through pre-capitalized structured notes due in 2030, more than initially anticipated. The deal will help cover Pemex's debt service and amortizations in 2025 and 2026, according to the Finance Ministry. The pre-capitalized structured notes could offer Pemex cheaper funding thanks to sovereign backing.

Repeated bailouts have raised concerns about Mexico's sovereign risk. From January 2019 to June 2025, the federal government provided Pemex with MXN 1.48 trillion (~US$78.8bn) in equity, tax breaks and other aid — equivalent to MXN 623.7 mn per day, according to a report from think tank IMCO.

— Pemex confirmed it is preparing terms for its first wave of mixed contracts to partner with private-sector firms in upstream projects, as part of a push to boost crude and natural gas output. The company has identified 11 blocks for development under the new scheme approved by its board, upstream director Ángel Cid said during the company's second-quarter earnings call. He added that 28 companies have expressed interest. Pemex will offer contracts for onshore and offshore fields, including deep-water projects, to companies ranging from integrated to mid-size oil companies and oil service providers that could submit joint offers, Cid said. Contract terms and the rules of the selection process to award these contracts will be announced "soon", he added.

— Mexico’s Sener has approved the first seven areas to partner with Pemex under the new mixed contracts, according to public records. The recently created committee on assignments, contracts, and permits approved Pemex’s request to allow the company to find partners for seven entitlements—one in the exploration phase and six in the development phase—according to data from the energy ministry. The committee approved the request on 22 July 22, and on the same day, hydrocarbon undersecretary José Vidal greenlighted the modifications, which were made public yesterday. Pemex requires confirmation from both the committee and the undersecretary before it can decide how to seek partners to develop entitlements under a mixed contract, as outlined in the hydrocarbons sector law published earlier this year.

— Pemex cut payments to suppliers by nearly half in the second quarter, as the upstream sector continues to suffer severe delays in settling invoices for work performed over the past two years. Pemex paid MXN 77.9 bn (~US$4.2 bn) to suppliers in the second quarter, down from MXN 152 bn in the first quarter, company data show. Total payments in the first half of the year reached MXN 230.1 bn, said CFO Juan Carlos Carpio. Pemex spent MXN 89.4 bn in capex during the first half of the year — MXN 72.1 bn in the first quarter and just MXN 17.3bn in the second quarter. The company has already spent more than 80% of its upstream capex for the year.

— Mexican conglomerate Grupo Carso is interested in partnering with Pemex under the new mixed-contract model but has yet to sign any deal, said chief financial officer Arturo Spinola. "The group is indeed interested in doing more business with Pemex, taking advantage of the mixed contracts that are being analyzed now because, among other things, there are more chances of guaranteeing payments," Spinola said during the company's second-quarter earnings call. Pemex listed Carso as one of the targeted participants for the first wave of mixed contracts, including a potential USD 5bn signing bonus for a 30% stake in the onshore Ixachi field. But Spinola said no contract has been signed and no investment committed. Carso has also faced payment delays. Pemex owes the company over USD 700mn, some dating back two years, Spinola said, and a portion of the debt has not been officially recognized by Pemex. About one-third of Carso's projects are tied to Pemex, mainly through oil services contracts.

— The number of oil and natural gas rigs drilling for Pemex dropped by 54% in June from a year earlier, reflecting the impact of upstream budget cuts that began in late 2024

and continue to weigh on production. Pemex operated 27 rigs in June, down from 56 a year prior, but up 13% from May's 24 rigs, company data show.

— Mexico's crude production from contracts awarded from 2015-2018 fell by 17% in May from a year prior to the lowest in over two years, according to the latest Mexican Petroleum Fund (FMP) data. Crude output from the contracts fell to 156,430 barrels per day (bpd) in May from 208,440 bpd a year earlier, the data show. The figure is the lowest since March 2022, when output hit 152,350 bpd. Output also declined by 13% from April.

— Pemex agreed on a payment plan to settle an international arbitration case filed by Anglo-Argentine company Hokchi, which asked for US$253 mn in compensation for delayed payments on crude and gas sales. Hokchi filed the case in the International Chamber of Commerce in late 2024, accusing Pemex of violating two contracts for selling its crude and gas output in Mexico. On March 7, Pemex and Hokchi reached an agreement for a payment plan and settled the case, according to Pemex's second-quarter earnings report. The state-owned company has already paid US$97.7 mn under this plan and was scheduled to make an additional payment on July 14.