MIRANDA INTELLIGENCE

Mexico Energy Chatter

October 29, 2025

Pemex CEO shifts tone amid losses

This week, Pemex reported another quarter of heavy losses, with CEO Víctor Rodríguez Padilla speaking for the first time on an earnings call since taking the post a year ago. He sounded confident that the company is on the path to turn around what he called the "cursed inheritance" from the administrations of Felipe Calderón and Enrique Peña Nieto. "It was truly a very difficult period," Rodríguez said last Friday, addressing the lower chamber, referring to how Pemex's financial debt ballooned during the 12 years prior to former President Andrés Manuel López Obrador's term.

Political rhetoric aside, Pemex's leadership is showing a noticeably more pragmatic stance toward private-sector participation than under former CEO Octavio Romero Oropeza. "We need the private sector to help us," Rodríguez told lawmakers. Industry sources acknowledge the change in tone, but say that project negotiations with the state-owned firm remain largely stalled. Pemex has yet to sign new mixed contracts with private partners, despite plans to use them to attract fresh capital and revive idle fields. Such contracts could add 80,000 bpd, according to upstream chief Ángel Cid, helping offset declines of roughly 30,000 bpd at mature fields and supporting the 1.8 m bpd production goal.

However, output continues to slide. Crude production fell 6.6% YoY in Q3 25, while revenue dropped 11.1% YoY. With capital spending expected to remain flat in 2026 and limited external financing, production is likely to keep contracting. Pemex said it has answered more than 5,000 questions from over 40 companies interested in partnerships, but management remains constrained by the new energy-sector legal framework.

Highlights (and lowlights) from Pemex's quarterly results

- Pemex reported a Q3 net loss of MXN 61.25 bn (US$3.33 bn), reversing a nearly MXN 60 bn (USD 3.26bn) profit from Q2; on the bright side, the company's loss was smaller than the MXN 161.3 bn (US$8.77 bn) deficit reported a year earlier, helped by lower sales costs, reduced asset impairments, and FX gains. Total revenue fell 11.1% YoY to MXN 378.9 bn (US$20.59 bn) due to lower export volumes, weaker international prices, and reduced domestic sales. Financial debt rose to US$100.3 bn (from US$98.8 bn in Q2), while accounts payable to suppliers reached US$28 bn. Pemex received MXN 380.1 bn (US$20.65 bn) in government support through September. Liquid hydrocarbon output fell 6.7% YoY to 1.65m bpd, reflecting continued decline at mature fields and infrastructure delays, while crude processing rose 4.8% to 1.01m bpd, boosted by two operating trains at the Olmeca refinery. Natural gas production slipped less than 1% to 3.73bn cubic feet per day.
- Pemex expects to sign the first 10 mixed oil exploration and production contracts by the end of this year, CEO Víctor Rodríguez Padilla said. During the third quarter of the year, Pemex received 10 assignment titles for mixed contracts covering onshore, shallow-water, and deepwater areas, launching the selection process in which around 40 companies have expressed interest. Rodríguez said Pemex has adjusted the contract model and plans to finalize agreements before year-end.

- Rodríguez also said the company has MXN 250 bn (US$13.58 bn) available to pay suppliers, which will be disbursed through several installments until February 2026. By September, Pemex had already paid MXN 300bn (US$16.29 bn), cutting its supplier debt in half, and recently made a pilot payment followed by a first installment of about MXN 26bn (US$1.41 bn) under the new Banobras-led mechanism. Additional payments of MXN 30–40bn (US$1.63–2.17 bn) each are scheduled in the coming months, including MXN 116 bn (US$6.30 bn) in December, with further disbursements planned for January and February. Rodríguez said the delay in the payment program stemmed from coordination with state governments, such as Campeche's, and that Pemex is urging large contractors to pass on payments to smaller suppliers. He added that the goal is to settle all outstanding debts by 2026 to restart regular contractor payments under new agreements.
- Pemex said it earned about US$150 mn from its crude oil hedging program after last month's price drop. Since 2017, the company has run its own oil production hedges, separate from the Finance Ministry's secret sovereign program, to guard against price volatility even as many peers have abandoned such strategies. In 2025, Pemex hedged around 38% of its output, using put spreads: buying options that gain value when prices fall below a set level while selling others about US$5 lower to offset costs.
- Pemex has recovered 2.32 mn liters of hydrocarbons from 10 strategic points along the Pantepec River and its tributaries as part of response efforts to a leak in its 30-inch Poza Rica–Madero pipeline in Álamo Temapache, Veracruz. The company said 755 workers from Pemex, the Navy (Semar), the Energy and Environment Safety Agency (ASEA), and the Veracruz government are jointly working on the cleanup.

BritCham's Energy Day 2025: Pemex Strategic Plan

Top officials from a state-owned energy company spoke at the Energy Day 2025, hosted by the British Chamber of Commerce in Mexico, discussing the company's newly unveiled 2025–2035 Strategic Plan. Below we present the key points from the presentation. We have not identified names as following agreed Chatham House rules, although were 150+ people present.

According to management, the plan sets a clear direction for the state-owned energy company: consolidate sovereignty, ensure stability, and renew its role as the anchor of Mexico's energy future. Far from chasing global dominance, the plan repositions Pemex as a public policy instrument, its mission defined as guaranteeing domestic energy supply and enabling a gradual, equitable energy transition.

The vision underscores stability through self-reliance, fiscal discipline, and environmental responsibility. After years marked by debt and underinvestment, the company is shifting to modernization: technically, financially, and institutionally.

Strategic Realignment

Pemex's strategy rests on five pillars: economic diversification, fiscal discipline, energy sovereignty, environmental justice, and governance reform. It aims to reduce operating costs, strengthen transparency, and reinforce coordination with the Ministries of Finance and Energy. The company describes itself not as a competitor in world markets, but as an integrated national platform serving public policy.

In practice, this means tightening oversight and seeking growth across upstream, refining, petrochemicals, logistics, and power. Sustainability goals are explicit: emission cuts, water reuse, and methane reduction, positioned as ethical imperatives rather than regulatory compliance.

Operating Framework

The plan institutionalizes collaboration across three fronts: labor unions and employees, federal authorities, and industry partners. Pemex remains dominant in Mexico's energy landscape, though its new structure encourages cross-sector cooperation rather than monopoly behavior.

Production and Exploration Drive

Pemex expects to maintain a production baseline of 1.8 million barrels per day, with refining capacity approaching 1.06 million bpd. The focus is not expansion for its own sake but maximizing domestic value, particularly through refinery upgrades, enhanced recovery from mature fields, and joint ventures for new discoveries.

The Burgos Basin and similar regions will see renewed exploration, including unconventional development and advanced mapping technologies. Through CNH contracts, Pemex will expand mixed and service-based partnerships, inviting independent firms to propose and participate in joint operations.

Gas Security in Focus

Mexico's dependence on U.S. natural gas (over 90% of supply) remains a strategic concern. The new plan calls for intensified domestic exploration, aiming to lift output from approximately 600 to 1,000 million cubic feet per day. Resilience, not isolation, is the goal: Pemex seeks diversified gas sourcing and infrastructure investment to mitigate external disruptions.

Refining, Integration, and Efficiency

Refinery modernization anchors Pemex's path to fuel self-sufficiency by 2026–27. Overhauls at Madero, Salamanca, and Tula complement the integration of Dos Bocas and Deer Park operations. The target is clear: produce cleaner, ultra-low-sulfur fuels while reducing fuel-oil output.

A nationwide logistics and infrastructure plan accompanies this effort. Pipelines, storage, and ports will undergo safety and digital upgrades to strengthen traceability and reduce losses from fuel theft.

Petrochemicals, Power, and Innovation

Pemex plans to revive petrochemical chains (methanol, ammonia, and polyethylene) through new investments and feedstock partnerships. Ammonia and urea plants in Coatzacoalcos are earmarked as priority projects amid solid demand from local industry.

On power generation, Pemex remains Mexico's second-largest producer behind CFE. The company aims to expand cogeneration and self-supply capacity, transforming refinery by-products into electricity to improve efficiency and cut emissions.

Innovation runs through the plan: data analytics, advanced seismic imaging, drone surveys, and enhanced recovery technologies are being piloted across fields. External collaborators are invited to co-develop exploration and industrial processes in an open partnership model.

Financial and Institutional Discipline

Pemex's finances remain under strain, but progress is visible. Coordination with the Finance Ministry has reduced supplier debts by MXN 250 billion, with efforts to settle remaining obligations. The company commits to avoiding operational borrowing and concentrating capital on high-return projects.

Institutionally, Pemex is being restructured to reflect its constitutional status as a public entity, not a market-competitive SOE. The reorganization links technical performance to public-policy goals, embedding governance improvements and compliance mechanisms across divisions.

Human Capital and Partnerships

Executives highlight the workforce's resilience as a cornerstone of the transformation. Renewed safety programs, worker training, and fairer supplier relations underpin this human capital strategy. Cooperative engagement with communities and contractors will be central to reconstructing trust across the Pemex ecosystem.

Political Alignment and Future Outlook

The plan complements President Sheinbaum's energy agenda: self-sufficiency, sustainability, and technological sovereignty. It depicts Pemex as the energy backbone of Mexico's next development cycle: a public entity balancing independence with modernization.

Still, the path ahead is not without risk. Financial fragility, heavy infrastructure needs, dependency on U.S. gas, and hurdles in attracting private investors persist. Yet opportunities loom in growing domestic demand, regional integration under USMCA, and public-private synergies within exploration and logistics.

Closing Message

Framed as both a technical and moral mission, the Pemex Strategic Plan 2025–2035 aspires to redefine the company as a resilient, efficient, and sustainable institution: publicly owned, professionally managed, and aligned with Mexico's sovereign interests. The decade ahead will test whether discipline, innovation, and collaboration can translate aspiration into durable national energy independence.

BritCham's Energy Day 2025: Industry Perspectives on Pemex's Plan

Following the company's presentation, a panel of senior energy players discussed their views on the plan, which they described as ambitious, directional, and politically foundational for Mexico's next decade in energy. (Please note, as the event followed Chatham House rules, remarks cannot be attributed to specific participants.)

The targets are bold: 1.8 million barrels per day of crude and roughly 5 billion cubic feet of natural gas per day. Reaching these levels by 2027, the first critical milestone, will stretch operational capacity and financing, participants agreed, but the consensus was that the trajectory is achievable with policy clarity, private-sector cooperation, and coordinated inter-agency execution. The plan, they noted, is more than corporate; it is national: defining Pemex as the strategic operator of Mexico's energy sovereignty, yet dependent on partnership to deliver.

Realism vs. Ambition

Panelists called the blueprint both credible and contingent. Mexico's production reality, where more than 80% of crude output comes from mature, declining fields, creates a tension between ambition and depletion.

The plan's tactics mirror global best practice: revive mature assets via service models, consolidate new discoveries such as SAMA, push long-delayed projects like Trion toward startup before decade's end, and pursue near-field opportunities to offset decline. Still, execution hinges on matching these goals with regulatory agility. The legal scaffolding exists, participants stressed, but flexibility in interpretation and application will separate promises from progress.

Mixed Contracts and Market Response

Much of the discussion revolved around mixed contracts, the administration's flagship mechanism for shared participation. Pemex retains control of the acreage while private operators shoulder the investment, recouping costs under defined caps and revenue-sharing terms.

Panelists acknowledged familiar international elements, but pointed to rigidity in cost recovery limits, uniform conditions across diverse basins, and unclear commercialization rights. The model's viability, they said, will only be proven if tenders attract sufficient bidders. Adjustments to cost recovery terms, export provisions, and arbitration frameworks could make the system more competitive for international capital, especially in complex plays.

Gas Security and Strategic Exposure

On natural gas, consensus was clear: the plan correctly frames supply dependence as a national security issue. With Mexico importing more than 7 bcfd from the United States, participants welcomed Pemex's goal to double domestic gas output, lifting it from roughly 0.6 to 1 bcfd in the near term.

They called gas development both a strategic vulnerability and an opportunity. Fast-tracked investment in Veracruz, Burgos, and northern basins, along with processing and transport infrastructure, will be critical. "Industrial competitiveness hinges on reliable gas," one participant remarked, citing the 2021 Texas freeze as a reminder of systemic fragility.

Private Participation: Existing Space, Expanding Role

Roughly one-third of future output could come from partnerships, service models, and third-party operations, an implicit acknowledgement, panelists said, that Pemex cannot carry the burden alone. Contractual flexibility, enforceable payment mechanisms (notably through trust structures or fideicomisos), and predictable governance were identified as essential to unlock private capital.

The tone was pragmatic: ambition will fail without streamlined processes, fair cost recovery, and dependable dispute resolution.

Legal Architecture: Promise and Pressure

There was cautious optimism around new contractual tools, particularly arbitration and dedicated payment trusts to protect contractors. However, panelists warned against one-size-fits-all structures that ignore the cost and complexity of frontier versus shallow-water plays. Key reforms, they said, must come through pragmatic revisions, not constitutional overhauls: an "evolution, not revolution" approach.

Exploration: Data Access as Catalyst

The exploration agenda drew significant attention. The plan's reserve targets (3 billion barrels of liquids and nearly 14 trillion cubic feet of gas) signal that Pemex sees potential, but the private sector

wants proof. Panelists called for transparent data rooms and renewed seismic campaigns, especially in deepwater Gulf areas and underexplored tertiary plays.

SAMA, the recent deepwater find, was described as a benchmark discovery capable of reshaping prospectivity perceptions. Collaborative data-sharing and private-led surveys could reignite exploration appetite.

Mature Fields and the Balancing Act

Mature field optimization remains the immediate production life line. Enhanced recovery, infill drilling, and secondary techniques will sustain output in the short term. Yet, the panel emphasized that long-term stability requires new discoveries. A balanced portfolio of short-term recovery, medium-term near-field development, and long-term deepwater expansion, was viewed as essential to match Pemex's targets with geological reality.

Institutional Coordination and Regulatory Confidence

Beyond geology, the governance structure dominated longer exchanges. Effective coordination among SENER, CNH, and Pemex was described as a prerequisite for functional execution. The problem, one participant quipped, is a "chicken-and-egg dynamic": companies hesitate to propose without clear rules, while regulators await investor proposals before fine-tuning those same rules. The message: stability and regulatory clarity are the real currency of Mexico's upstream.

Competing for Capital

Industry executives underscored the need for competitiveness. Capital is global, and Mexico sits in direct comparison with streamlined jurisdictions offering arbitration security and flexible marketing rights. If mixed contracts adapt swiftly, Mexico could reclaim its position as a serious exploration destination in deepwater and gas-rich basins.

Execution and Infrastructure Gaps

Several voices turned attention from contracts to logistics: vendor solvency, service chain fragility, and slow permits. Infrastructure limitations in transport, storage, and refining capacity could bottleneck production gains. Timely payments via the proposed trust mechanisms and faster licensing were widely described as non-negotiable for investor confidence.

Data Transparency and Targeted Auctions

While Pemex has broad resource leads, the panel's message was concrete: open the data. Structured bid rounds in known prospective zones, particularly around SAMA and northern gas basins, could catalyze early momentum. Allowing flexible bidding around project clusters and offering differentiated terms for complex areas would accelerate investment flow.

Industry's Contract Wishlist

Participants outlined a concise wish list: adaptable cost recovery mechanics, unrestricted marketing after cost recovery, agile decision-making, and internationally grounded arbitration procedures. Above all, payment mechanisms must be automatic and insulated from internal delays, standards that global operators now consider baseline, not optional.

Collaboration Over Competition

The closing tone was cooperative. The plan, panelists agreed, is directionally correct; implementation will decide the outcome. Mexico's opportunity lies in aligning state goals with private efficiency.

Flexibility, data transparency, and coherence across agencies can translate ambition into barrels and gas molecules.

If Mexico succeeds in marrying policy clarity with institutional discipline, the country could sustain 1.8 million barrels per day, halve gas dependency, and reaffirm Pemex's role: not as a monopolist, but as the central platform of national energy sovereignty under a shared model of risk and return.

In other energy news…

- The Energy Ministry (SENER) formally launched the Development Plan for the Electric Sector (PLADESE) 2025–2039. The document serves as the strategic and binding framework for managing the country's electricity sector over a 15-year horizon, with annual updates. Its goals emphasize reliable, continuous, and accessible supply, energy sovereignty, decarbonization, and social justice. The plan projects the addition of about 73,754 MW in new generation capacity, including significant investments in renewables and modern grid infrastructure, while maintaining the State's leading role, ensuring at least 54% of generation stays under public control annually, and promoting transparent, competitive participation from private actors within state-led development.
- SENER also invited private companies to invest in and develop strategic power plants grouped by region, prioritizing permits for both generation and interconnection to enhance infrastructure efficiency and financial feasibility. The plan envisions over 6,000 MW of new capacity added by 2030—including approximately 3,790 MW from solar and 2,100 MW from wind—representing an estimated investment of $7.14 billion. Strategic projects eligible under this program will benefit from expedited permitting.
- US natural gas pipeline exports to Mexico reached a record high in May, averaging 7.5 bn cubic feet per day, according to a new analysis by the U.S. Energy Information Administration (EIA). The agency said daily exports to Mexico grew 25% between 2019 and 2024 as Mexico's total gas consumption rose from 7.7 bn to 8.6 bn cf/d, driven mainly by power-sector demand. US supplies now cover about 70% of Mexico's natural gas consumption, with 91% of flows coming from Texas through an expanded pipeline network. The EIA noted that growing electricity generation projects by state utility CFE, including combined-cycle plants under construction and bidding, will likely sustain demand. However, the agency warned that bottlenecks in Mexico's domestic infrastructure, including permitting delays, pipeline constraints, and limited storage capacity, could restrict further growth.
- The Mexican federal government has allocated an average of MXN 715.9 mn (US$38.9 mn) per day to Pemex over the past six years to ease its financial burdens, according to the think thank IMCO. Between January 2019 and September 2025, Pemex received MXN 1.76 tn (US$95.6 bn) in capital contributions, tax incentives, and other support — including MXN 1.38 tn (US$74.9 bn) in equity injections, MXN 326 bn (US$17.7 bn) in tax incentives, and MXN 61.7 bn (US$3.35bn) in other assistance. These amounts exclude the gradual reduction of Pemex's shared utility tax (DUC) from 2020 to 2024 and other fiscal relief measures such as the "Oil Duty for Wellbeing." In 2025 alone, Pemex received MXN 380.1 bn (US$20.65 bn) in equity support (279% above the amount approved in the federal budget), on top of MXN 996.2bn (US$54.1 bn) contributed between 2019 and 2024. The government also backed Pemex through US$12 bn in pre-capitalization notes. However, IMCO noted that despite these

extensive measures, improvements have yet to appear in key indicators such as financial debt or overdue payments to contractors and suppliers.

— Grupo Carso is reassessing the viability of the deepwater Lakach gas project with Pemex and conducting new studies to determine its future, the company's CFO Arturo Spínola said during its Q3 earnings call. Carso signed a partnership with Pemex last year to revive the Gulf of Mexico field, which the state firm had previously abandoned twice due to high costs. Spínola said the review focuses on the project's cost-benefit feasibility given the low gas prices compared with the required investment.