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Report Suggests Mexican Crude Oil Reserves Have Fallen To 44 Billion Barrels

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According to a recent report published by British Petroleum (BP), Mexico's known crude oil reserves have declined to 44 billion barrels, compared with 51 billion barrels a few years ago, due to budget restrictions for exploration activities and for new investments in production. According to BP, the state-run oil company PEMEX earmarks about US$1.7 billion for both functions, an amount which is insufficient even to maintain net reserves at the current level of 44 billion barrels. Even though PEMEX has contracted with some foreign companies to conduct exploration and drilling, such as Houston-based Triton, the report said there are still too many restrictions on foreign participation to discourage significant activities by multinational oil companies in PEMEX operations. The BP report also indicated that the government continues to rely too heavily on revenues generated from oil exports. Because of low prices on the international market, these revenues are down, which in turn has led to a drop in the amount of funds invested in the Mexican oil industry. The issue has gained the attention of the Salinas administration, which is attempting to find ways to solve the problem without violating constitutional provisions requiring domestic ownership in the petroleum industry. According to El Financiero International weekly business newspaper, members of Salinas's economic cabinet are considering a proposal that would create more opportunities for exploration, drilling, refining, and imports for both domestic and foreign private investors, while keeping outright ownership of Mexico's petroleum resources in the hands of the state. The plan is reportedly being promoted heavily by Trade Secretary Jaime Serra Puche and Finance Secretary Pedro Aspe, but is opposed by PEMEX officials. Meanwhile, the opposition Democratic Revolution Party (PRD) has recently reiterated its vocal opposition to even the limited opening of the oil industry to the private sector. In fact, in an Oct. 27 interview on the Televisa network, PRD presidential candidate Cuauhtemoc Cardenas suggested that Mexico should eliminate oil exports in order to protect the country's reserves. Cardenas said this measure would ensure that Mexico has enough supplies if global energy reserves eventually become tight. Cardenas is the son of former president Lazaro Cardenas, who nationalized the Mexican petroleum industry in 1936. (Sources: El Financiero International, 10/04/93, 10/18/93; Agence France-Presse, 10/27/93)

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