

5-24-1995

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Recommended Citation

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Pemex, Shell Inaugurate Joint Refinery in Texas

by LADB Staff

Category/Department: Mexico

Published: 1995-05-24

In late April, the state-run oil company Pemex and Shell Oil Co., a US subsidiary of Royal Dutch Shell, inaugurated a new refinery in Deer Park, Texas, a suburb of Houston. The opening of the facility follows an agreement reached between Pemex and Shell in February 1993 to invest US\$1 billion to expand and upgrade the refinery to produce unleaded gasoline (see SourceMex, 10/13/93). Under the accord, Pemex will supply much of the heavy crude oil (Maya) processed at the plant, and in turn receive about 50,000 bpd in refined unleaded gasoline out of the plant's daily output of 100,000 barrels. Pemex officials said the partnership has proven very beneficial to the state-run oil company, since Shell offers some of the most advanced technology in processing of heavy crude (Maya).

The officials said the location of the plant is also beneficial for Pemex, since the company can easily ship refined unleaded gasoline from the Texas plant to the port of Veracruz or other facilities on the Gulf of Mexico. The Pemex-Shell partnership is one of many possible joint ventures between US and Mexican companies in the energy sector. Investments could eventually include such areas as management of petrochemical plants, storage and distribution of natural gas, and electricity generation. In an interview with Mexico's official news agency Notimex, Shell president Phil Carroll said his company is interested in bidding for petrochemical facilities once the Mexican government announces privatization terms. "Pemex has proven to be an excellent partner, and we would certainly be interested in another opportunity to enter into a co-investment project," said Carroll. (Sources: Notimex, 04/20/95, 04/21/95, 05/21/95; La Jornada, 04/25/95)

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