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Energy Briefs: Mexico to Buy Electricity from Texas; PEMEX Oil Exports Increase

by LADB Staff

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Energy Secretariat reveals plan to buy electricity from Texas

In early February, Energy Secretary Jesus Reyes Heroles announced efforts by Mexico to acquire a share in one or several electricity-generating plants in Texas as a way to supply electrical power to Mexican communities near the US- Mexico border. In an interview with US and Mexican reporters in Houston, Reyes Heroles said the Energy Secretariat (SE) began pursuing this plan with Texas Gov. George W. Bush and other state officials in mid-1996.

According to Reyes Heroles, Gov. Bush and energy company executives in Texas have expressed interest in the plan, since the state has constructed too many power plants and has surplus capacity in electricity generation. On the other hand, he said, movement on the proposal has been delayed by "misunderstandings" regarding the role of the Mexican government in the energy sector. "Without this obstacle, we could have already formed more joint ventures in energy generation," he said.

The SE official said purchasing electrical power from plants in Texas is less costly than constructing several new power plants in Mexico's northern states. "This plan makes a lot of sense from an economic standpoint," said Reyes Heroles. Government announces final bidders to build gas pipeline In mid-February, the SE released the final list of bidders who will compete for a concession to construct a natural-gas pipeline that will run from Tabasco state to the Yucatan. The SE is expected to announce the concession at the end of March. The five consortia who submitted formal bids include several joint ventures between Mexican companies and foreign partners from the US, Japan, and Italy.

The five bidders are: Gasoductos Enron de Yucatan; Nova Corp.-Williams Co. and Perez Compano Internacional; Gutsa Construcciones-Transcanada Pipelines and Merida Pipeline Co.; EPIC Yucatan (El Paso Energy Group), Constructora ICA, and SNAM; and Bufete Industrial Construcciones-Shell Oil Co. and Mitsui & Co. Ltd.

According to the SE, the winning bidder is expected to invest at least US\$300 million in construction of the 700-km pipeline, which will connect the natural-gas refinery at Ciudad Pemex, Tabasco state, with the Merida III thermoelectric plant in Valladolid, Yucatan state. The Merida III plant is scheduled to become fully operational by the year 2000. The concession to construct and operate the plant was awarded to a US-Mexican-Japanese consortium in late January (see SourceMex, 01/29/97).

PEMEX reports a rise in crude-oil exports and output in 1996

According to the state-run oil company PEMEX, Mexico's crude-oil exports to clients in the Americas, Asia, and Europe averaged 1.544 million barrels per day during 1996. In a press conference to release the report, PEMEX director Adrian Lajous Vargas said last year's exports were

about 241,000 bpd higher than those for 1995. Lajous said the increased exports, along with a rise in the global price of oil, helped PEMEX increase revenues significantly from 1995.

Mexican crude oil sold on average at US\$18.94 per barrel, which boosted revenues from crude-oil exports to about US\$10.7 billion in 1996. According to Lajous, crude-oil production rose to a record 2.9 million bpd last year, an increase of 9.2% from 1995. Lajous estimated that crude-oil output for 1997 will surpass 3 million bpd, based on continuing productivity of offshore wells, which accounted for 75% of the total output last year.

Finally, the report said PEMEX gasoline stations sold an average of 480,600 bpd of gasoline during 1996, an increase of 0.3% relative to 1995. Of the total, 291,800 bpd involved sales of the unleaded grades such as Magna and PEMEX premium. Sales of the nova grade, which is being phased out, averaged about 188,800 bpd. (Sources: Reuter, The News, La Jornada, 02/12/97; El Economista, 02/07/97, 02/13/97; Excelsior, 02/12/97, 02/13/97; Novedades, 02/12/97, 02/14/97; El Financiero International, 02/17/97; El Universal, 02/07/97, 02/13/97, 02/17/97, 02/18/97)

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