University of Texas
Mexico Energy Update

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Energy Reform

- The Mexican Energy Reform took place on December 20, 2013. Articles 25, 27 and 28 were amended and 21 transitory articles included.
- Mexico had a complete opening of the energy industry to private and foreign investment both in the power sector and the oil & gas sector.
- Prior to the Reform, Mexico had a vertically-integrated monopoly in the oil & gas sector. The national oil company, Pemex, was the sole E&P operator. The only E&P contracts were risk service contracts executed by Pemex with payment in cash.
- CFE, the national utility, was divided in many subsidiaries for generation (6), transmission (1), distribution (1), basic services (1) marketing, etc. and several affiliates.
- The Energy Reform can be adjusted but not reversed unless the Constitution is changed by the vote of 2/3 of both Houses of Congress plus the majority of State Legislatures (17).

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Energy Reform

- Pemex now has competition in the upstream, midstream and downstream sectors.
- Private investment in the E&P sector will amount to approx. US$150 billion under the current administration.
- Mexico is currently importing 60% of fuels and natural gas from the U.S.
- Mexico needs urgent additional infrastructure in fuel storage facilities, pipelines, develop unconventional resources, power transmission lines, maritime terminals, underground natural gas storage, etc.
- CNH now executes License Contracts, PSC and Profit Sharing Agreements
- Mexico now has a wholesale electricity market. Cenace has issued 4 long term auctions (LTA). We are currently in the 4th LTA.
- CRE, CNH, Pemex and CFE have more autonomy and are more independent (budget, procurement, governance, etc.)

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Mexico Presidential Elections

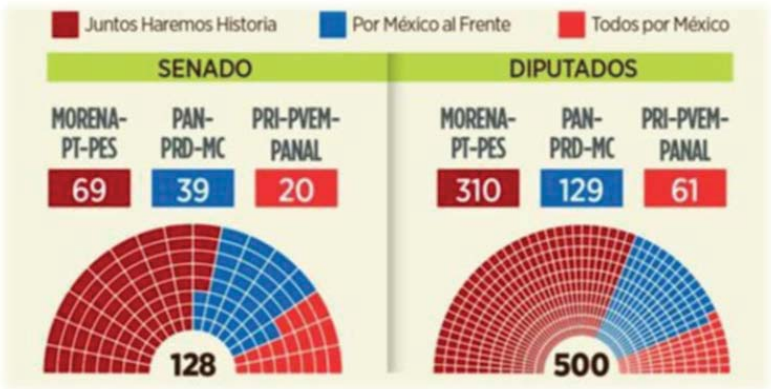
- On July 1, 2018 Mexico held its presidential elections, to elect the Mexican president for the next 6 year term (no reelection), members of the House of Representatives and the Senate as well as certain Governors (including Mexico City) and Mexico City Municipalities (16).
- On August 8, 2018 the National Electoral Institute ("INE") granted Andres Manuel Lopez Obrador ("AMLO") the certificate as President Elect, position that he will assume on December 1st, 2018.
- AMLO obtained 53% of the votes.

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Mexico Presidential Elections

- In the Mexican Congress, Morena obtained the majority of members:



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