

EVALUATING NEW BUSINESS OPPORTUNITIES IN E&P MEXICO

Colin Stabler
Consultant Petroleum Geologist
Retired, Shell

MEXICO

**Land of Opportunity
or disappointment**

How do you find out at minimum expense?

PETROLEUM INDUSTRY

Mexican Constitution reserves all operations exclusively to Pemex

So Pemex is the ultimate customer

PEMEX

Can contract out for services, but
can only pay for these services in
cash

So service companies IN,
Major oil companies OUT

WAYS OF BEING AWARDED CONTRACTS

Tenders

Assignments

Partnerships

Strategic Alliances

Public Tenders

governed by the public works and
acquisitions laws

Best if prior knowledge and contacts

Strict schedule of events

Rigorous conditions to participate

No errors allowed

No changes to bid

Awarded on lowest cost basis, not quality

Cost must be within Pemex budget estimate

Need a Mexican lawyer

Assignments

Need to demonstrate sole source

Or Strategic need

Or Emergency

Need to help Pemex justify your product

Partnerships

Schlumberger = Comesa

Strategic Alliances

Instituto Mexicano de Petroleo

La Salle

UNAM

UNACAR

others

EXECUTION OF CONTRACT

- Close supervision by Pemex
- Many different kinds of permits required
- Need close control of \$\$ and personnel
- Pemex needs to sign off on completion
- Payment can be delayed
- Legal recourse not really an option

TYPES OF CONTRACTS

Service contract for a single service

Multiple Service Contract: serves as a proxy operator, only in Burgos Basin

Combined Service Contract: a number of related services

Doing business with Pemex E&P

Need to work at multiple levels

Need to visit various locations

Need to make many visits

Need to open conversation in Spanish

Need to find a champion

Need to respond immediately when called upon

Pemex E&P geography

Head Office:	Mexico City & Villahermosa
North Region:	Poza Rica
South Region:	Villahermosa
Offshore Regions:	Cd. Del Carmen and Dos Bocas

What does client need?

Northern Region:

Burgos = gas in sand fields

Tampico/Veracruz W = mature carbonate fields

Chicontepec = oil in tight sandstones fields

Veracruz E = gas in sand fields

Southern Region:

Reforma = mature carbonate fields

Coatzacoalcos = oil in sand fields

Macuspana = gas in sand fields

Offshore Regions:

mainly oil in carbonate fields

Rest of offshore shelf:

exploring for gas in sands

Deepwater:

just starting to drill a few wildcats

Note: All carbonate reservoirs are Mesozoic
All sand reservoirs are Tertiary

Opportunities

Pemex has many needs

Personnel open to ideas

Accessible to visit

You have strengths to fill
the gaps

Threats

many suppliers

end of term

far away

Service companies

well established

your costs are high

Pemex not the only customer

Schlumberger

Halliburton

Repsol, Petrobras, Diavaz,
Teikoku, Tecpetrol/Techint,
Lewis

Universities

TIPS

Do not bribe

Take out to lunch

Establish friendships

Give gifts to friendly contacts

Use phone for arrangements, not decisions

Be patient

Tips

Use Embassy contacts

Decide new venture strategy

Set up office with Mexican rep.

Engage Mexican Lawyer

Decide when to back out

Celebrate success