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Mexico's Pemex Plans Record \$25.3 Billion Investment in 2013

By ANTHONY HARRUP

MEXICO CITY--Mexico's state oil monopoly Petroleos Mexicanos plans to invest a record \$25.3 billion this year, of which the lion's share will go into upstream activities as the company works to maintain or raise oil and gas output, officials said Thursday.

Chief Financial Officer Mario Beauregard said in a conference call with analysts that 79% of the total is earmarked for exploration and production, 17% for refining, and the rest for gas processing and petrochemicals.

Pemex had record sales of \$126.6 billion in 2012, up from \$111.4 billion in 2011, as double-digit growth in domestic sales offset practically flat export sales.

Pemex also paid a record \$69.4 billion to the federal government in taxes and duties, leaving it with a net profit of just under \$400 million. Oil and related taxes and royalties make up about a third of Mexico's federal budgets, and Pemex occasionally reports quarterly net losses.

The administration of President Enrique Pena Nieto is planning to overhaul the country's restrictive energy laws to allow for greater private investment in the state-run oil industry, and is expected to present proposals to Congress in the second half of the year. Mr. Beauregard said reform discussions are under way but declined to comment further.

Carlos Morales, who heads Pemex's production and exploration division, said that \$3 billion of the planned investment this year will be for exploration. With the decline of some of the company's most productive fields in the shallow waters of the southern Gulf of Mexico, Pemex is seeking oil from more complex reserves, such as the onshore Chicontepec basin and in deep waters of the Gulf.

Crude oil production averaged 2.55 million barrels a day in 2012, practically unchanged from the previous year.

Pemex's financing program for 2013 includes the issuance of close to \$10 billion in debt, including foreign bond sales, local bond sales, and loans from export credit agencies. The company faces payments of about \$6.4 billion for net indebtedness of \$3.3 billion.

Pemex's net debt of around \$51.3 billion at the end of 2012 was virtually unchanged from a year earlier, but debt as a percentage of revenue has fallen for the past three years, Mr. Beauregard said.

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