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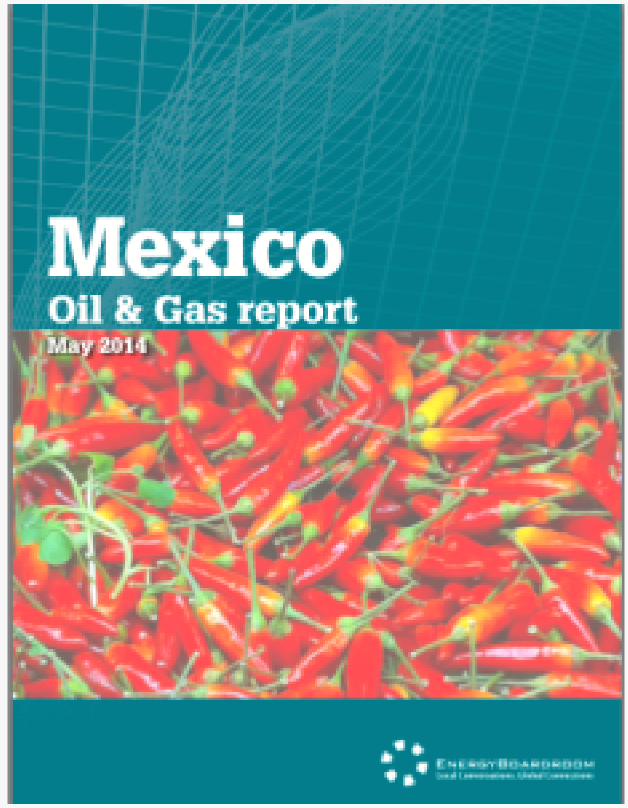
Energyboardroom.com Releases New Mexico Oil and Gas Report

LONDON, UNITED KINGDOM, May 28, 2014 /EINPresswire.com/ -- The new report from EnergyBoardroom on the Mexican oil and gas sector, available today for free download, focuses on the shifting energy dynamic between Mexico and its North American neighbors, and asks what this will bring to the future of the country's oil and gas sector. It also explores the practicalities of the new energy reform, looking at what has changed in real terms for investors.



Despite Mexico's questionable history with reforms, industry leaders have expressed great optimism, and in some cases even disbelief, with regards to the extent and depth of the governments renewed attempt to reform the sector. Ainda's strategic partner, Luis Vielma of CBM Exploration and Production Engineering says: "if someone were to tell me that the congress would approve the deep and multidimensional energy reforms that they did with such swiftness and few alterations on December 16th, I would have struggled to believe them."

For many, "2014 will be more about strategic analyses of the reforms and understanding the new changes and legal frameworks they introduce," believes Nicolas Borda, partner and energy specialist at Greenberg Traurig.

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>
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Mexicans today have two major challenges with respect to oil and gas industry. First is securing a steady flow of affordable power to enable greater industrial and national developments. Average electricity prices in Mexico are 25 percent higher than those in the US, placing a high burden on consumers and the government, as well as the country's manufacturing base. Second is Pemex's inability to tap into individual companies' experience, technology and the risk, leading to production decline despite increased investments in E&P: having pumped an average of 2.523 million barrels a day in 2013, Mexico and Pemex have faced nine consecutive years of production declines.

Over the past few years, a new energy dynamic has emerged between the United States and Mexico.

Unable to match domestic consumption with production, Mexico has grown increasingly reliant on imported natural gas: according to a report from Barclays Capital, US natural gas exports to Mexico will more than double in three years, from an average of 2 Bcf/d in 2013 to 4.5 Bcf/d in 2016.

Mexico's energy reforms therefore seek to address these challenges in a number of ways. Although wide in scope, the reforms broadly seek to increase investment and employment, as well as strengthening Pemex by granting it greater freedom in its decisions toward partnerships, modernization and better results. Moreover, the energy reforms will help to strengthen the stewardship of the state as the owner of oil and gas resources and as regulator of the industry, and ultimately to generate greater economic and social wealth through lower energy prices and increased investment.

In 2008, then-President Felipe Calderón sought to reform the country's energy sector, the first attempt to do so since the sector's nationalization in 1938. Seeking to reverse the country's fortunes, Calderón's government passed the reforms which aimed to achieve the same goals as the current energy reforms, but to the disappointment of most stakeholders, the implementation of the 2008 reforms was largely unsuccessful "due to political reasons," according to Jose Rinkenbach at Ainda Consultores, who was involved in the design of the bill's key elements.

Featuring:
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