

Mexico Energy Chatter

June 24, 2026

Pemex and Petrobras: Symbolism or Substance?

After months of courtship, Pemex and Petrobras have taken the next step: a Memorandum of Understanding signed on 23 June in Rio de Janeiro. The MOU does not (yet) commit either side to anything.

Pemex CEO Juan Carlos Carpio travelled to Brazil to sign the MOU, which according to a company press release establishes a framework for strategic and technical cooperation across three main areas:

- **Exploration & Production:** joint evaluation of mature field revitalisation, seismic reprocessing, and deepwater/ultra-deepwater exploration in the Gulf of Mexico, including heavy and extra-heavy oil, pre-salt potential, and new discoveries. Petrobras's offshore expertise is explicitly cited as a key asset.
- **Industrial Processes:** cooperation in refining, petrochemicals, fertilisers, gas processing and liquids recovery, energy efficiency, emissions reduction, carbon capture, and lower-carbon fuels production.
- **Regulatory & Institutional Exchange:** sharing of experience on sector governance frameworks in both countries.

The MOU runs for two years with possibility of renewal, but carries no binding investment commitment and creates no joint venture, consortium, or partnership. Any specific opportunities identified will require separate negotiation and viability analysis, subject to each company's internal governance and approvals.

A central ambition behind the deal is Petrobras's pre-salt deepwater technology. Petrobras CEO Magda Chambriard, speaking at the signing in Rio, pushed back against the assumption that Mexico's Gulf waters hold little oil: it is not credible, she argued, that all the petroleum in the region chose to concentrate on the American side, which received far more investment over many decades. The companies will specifically investigate whether a pre-salt layer exists on the Mexican side of the Gulf; in Brazil, the major pre-salt fields brought online in the 2010s now deliver around 80% of national production.

The asymmetry between the two partners is stark. In 2016 the two companies were near-twins in scale: Pemex pumped roughly 2.15 million barrels per day and Petrobras around 2.1–2.3 million, each a national champion of comparable heft. What has happened since is a near-perfect divergence.

Petrobras (the majority owned by the state, but a minority stake listed and subject to the discipline of the stock market) now produces around 2.7 million barrels per day, has pre-salt deepwater operations regarded as among the most efficient in the world, and has approved an investment plan of over \$100 billion through 2030 — more than \$69 billion of it earmarked for exploration and production. Petrobras is also actively seeking international upstream opportunities to extend Brazil's oil boom and secure reserves for the decades ahead.

Pemex (fully owned by the state and subject to a combination of federal budget constraints and political and social objectives), by contrast, has seen its production slide to about 1.6mn barrels a day. While it holds geological potential and has received tens of billions of dollars in state support to shore up its finances, it still lacks the capital, technical expertise, and execution capacity to develop complex large-scale projects, grappling with roughly \$80 billion in debt, a loss-making refining business, and declining output from its key offshore assets. Cantarell, once the world's second-largest oilfield with peak output above 2 million barrels per day, has largely dried up; production at Ku-Maloob-Zap is also declining; and the 750-million-barrel Zama field, under development with Wintershall Dea and Harbour Energy, has yet to come online. The Mexican side of the Gulf — unlike the US side, which produces around 2 million barrels per day from deepwater — has for now no commercial deepwater output at all.

The critical unanswered question is financing. Consultancy Paramos Energy founder John Padilla put it bluntly, quoted by Bloomberg: wildcat offshore exploration typically requires tens of millions to hundreds of millions of dollars per well, and Pemex is unlikely to provide the risk capital. Petrobras's own track record in Latin American expansion also bears watching: it had gas assets expropriated in Bolivia and eventually exited Venezuela as the investment climate deteriorated. Details of how exploration risk will be allocated between the two companies remain unresolved.

The deal also carries an explicit geopolitical dimension: Presidents Lula and Sheinbaum have been actively tightening ties as a counterweight to what both governments view as the Trump administration's growing interference in the region, and rightward shift in the region (most recently in Peru and Colombia). The MOU is partly an expression of that alignment — a statement of South–South solidarity at a moment when Washington is weaponising energy across the region: blockading Cuba's access to fuel, directly supervising Venezuela's hydrocarbon revenues, and (on the day the MOU was signed) delivering an ExxonMobil victory at the Supreme Court allowing it to pursue compensation from a Cuban state entity for property seized during Castro's nationalisation.

Some analysts have framed the deal as a noteworthy (if quiet) ideological shift on the domestic front. The agreement opens the door to external partnership in areas where Pemex lacks sufficient resources or technical capacity, which *obradorismo* had resisted for years. For Sheinbaum, partnering with a Latin American state oil company substantially reduces the

political cost that a similar alliance with ExxonMobil, Chevron, or Shell would carry; it need not be framed as an energy opening or structural reform, even if it amounts to one in practice. Estimates based on comparable projects suggest that, if the collaboration evolves into genuine co-investment and shared field development, it could add 50,000 to 100,000 barrels per day within a few years — though that outcome depends entirely on how far the Mexican government is willing to go beyond symbolic cooperation.

This is not the first such agreement between the two companies. Similar MOUs were signed in the early 2000s, when Petrobras actually sought Pemex's deepwater expertise following the Cantarell discovery, but prior experience suggests implementation is consistently hampered by contractual, technological, and legislative hurdles.

Further there is the question of Brazil's October Presidential elections. Polymarket currently has Lula as strong favorite to win (57% chances, versus 23% for Flavio Bolsonaro and 13% for Renan Santos), but any change in the government in Brazil could undermine the MOU before it gets started. It's hard to see a rightwing government in Brazil wanting to deal with Pemex over other opportunities at home and abroad.

Meanwhile, it is worth noting what Pemex is not announcing: halfway through 2026, there is still no news of a second round of bids on mixed contracts with private partners. The first round — inherited from the López Obrador counter-reform — yielded around ten contracts in mature, low-reserve fields. Reported progress on those initial contracts is minimal and no timeline for a second tender has been established.

In comparison, the electricity sector has been more active and encouraging. CFE's mixed-investment tender process has drawn some criticism, but projects appear to be advancing under more attractive rules, partly because the Energy Ministry's electricity team was apparently more receptive to private-sector input.

Fuel Subsidies Subside

Mexico's Finance Ministry (SHCP) has reduced the fiscal stimulus on regular petrol and diesel for the week of 20–26 June, taking advantage of falling international crude prices to pare back support that has already been under pressure from ratings agencies — and whose fiscal cost is painful for the public purse.

The subsidy on Magna (regular) petrol was cut from 15.22% to 9.89%, meaning consumers now pay 6.03 pesos per litre in IEPS excise tax. The diesel subsidy was reduced more sharply, from 39.10% to 20.89%, leaving haulers and heavy transport operators paying 5.82 pesos per litre. Premium petrol remains entirely without subsidy for the third consecutive week.

The reductions follow a preliminary US–Iran peace agreement that allowed free passage through the Strait of Hormuz, easing geopolitical risk premiums in oil markets. WTI fell nearly 10% over the week, from \$84.88 to \$76.54 per barrel, while Brent dropped 7.7% to \$80.57. The Mexican crude mix has fallen 33.1% from its recent peak, though pump prices will not follow at the same pace — they are also shaped by the IEPS rate itself, the exchange rate, logistics, refining costs, and the fact that Mexico imports a significant share of the fuel it consumes.

The scale of the fiscal exposure earlier in the year was considerable. Subsidies began on 14 March for diesel and 21 March for Magna and Premium, with at least 20 billion pesos in foregone IEPS revenue accumulated in the first five weeks alone. At its peak, Sheinbaum acknowledged the subsidies were costing the public purse around 5 billion pesos per week, or 2.5 billion net of the compensating effect of higher crude revenues on the Mexican oil mix. Analysts projected significantly larger annual totals: the IMEF put the figure at 156 billion pesos for a six-month conflict and over 220 billion if subsidies persisted through year-end, against a full-year IEPS revenue budget of 432.5 billion pesos.

The domestic constraint was equally stark. IMEF's national economic studies committee warned that the deficit could approach 5% of GDP (well above the internationally accepted 3.0–3.5% benchmark) since the government has little room to cut spending: social programmes carry constitutional protection, pensions and debt service are legal commitments, leaving infrastructure and public investment as the most likely targets for any adjustment.

Pump prices remain subject to a voluntary cap agreed between the government and petrol station operators (24 pesos per litre for Magna and 27 pesos for diesel) though the latter cap was contentious, with the sector initially rejecting the government's proposed ceiling on the grounds that it would generate net losses.

The easing of geopolitical pressure from the (partial) Hormuz reopening has given Hacienda a degree of breathing room. But the episode laid bare the structural fragility of a fiscal model that depends simultaneously on IEPS revenues, Pemex support, and the ability to sustain pump price caps — three commitments that pull in different directions whenever oil markets move sharply.

Sheinbaum Pledges Near-Universal Electrification by 2028

President Claudia Sheinbaum announced the Programa de Justicia Energética on 17 June, setting a target of 99.99% national electricity coverage by 2028. The programme earmarks 21.377 billion pesos for 45,182 electrification works projected to benefit 739,785 people. The announcement was framed explicitly as a social justice measure, with Energy Secretary Luz Elena González Escobar stating that access to electricity is now recognised as a right under the

2024 energy sector reform — the first time the concept of *justicia energética* has been incorporated in Mexican energy legislation.

CFE director general Emilia Calleja Alor confirmed that 8,247 localities remain without electricity service and will be connected through a phased plan. In the current administration to date, 17,016 electrification works have already been carried out — compared with 12,630 in 2006–2012, 14,505 in 2012–2018, and 21,645 during the López Obrador *sexenio*. In areas where extending the conventional grid is impractical (including parts of Durango and Chihuahua) photovoltaic systems will be installed. Among the specific 2026 plans announced, the Plan de Justicia de la Sierra Tarahumara allocates 670 million pesos to 918 works benefiting 8,795 people, while the Plan Michoacán covers 765 works for 18,890 beneficiaries, and the pueblos originarios programme adds a further 1,520 works benefiting 39,000 people.

The electrification push sits within a broader CFE capacity expansion. On 21 June, Sheinbaum inaugurated the Central Ciclo Combinado González Ortega in Mexicali, Baja California — a combined-cycle gas plant contributing 653 MW to the national grid and capable of generating over 5,000 gigawatt-hours per year. The plant forms part of a *sexenio* target to add 32,000 MW of new capacity in total, of which 22,000 MW will be renewable, and to raise CFE's share of national electricity generation from 54% to 60%.

The 1.5 percentage points separating current coverage (98.5%) from the 99.99% target represent the most geographically remote and logistically difficult communities to connect, making cost per beneficiary considerably higher than in historical electrification efforts — though the government has not published a breakdown on that basis.

Pemex Protests

A joint statement from five federal bodies — SENER, Pemex, the CNE, Profeco and ASEA — has pushed back against allegations of a coordinated cover-up of fuel shortages, calling the claims "completely false." The statement asserts that regulatory inspections of petrol stations are carried out in strict compliance with applicable rules and within each agency's legal mandate, with the purpose of ensuring consumers receive legal, quality-compliant fuel in safe conditions. As evidence of supply normality, it cites a 9% year-on-year increase in Pemex's combined petrol and diesel sales between January and May 2026.

The rebuttal responds directly to reporting by anti-4T journalist Carlos Loret de Mola which alleged that Pemex and federal agencies have been engineering spurious temporary closures of independent petrol stations to conceal an inability to supply them — effectively using inspections as a pressure valve to buy two or three days in which to accumulate sufficient fuel. Loret de Mola reported that the tactic was rapidly identified by petrol station operators, who

noted an unusual multiplication of closures on implausible pretexts and flagged that Pemex-branded stations were never subjected to the same treatment.

Industry body Onexpo has sought to occupy a middle ground. Its national president, Enrique Félix Robelo, stopped short of confirming a shortage, but acknowledged that delivery delays have been occurring across various regions — attributing them to a structural shift in supply chains: as international oil prices fell following the Strait of Hormuz reopening, private fuel importers pulled back, pushing more petrol stations to rely on Pemex for their supply and placing greater pressure on Pemex's logistics capacity. "What we have received in terms of information are delays in deliveries, not so much shortages," Robelo said at an industry event on 23 June, while adding that Pemex retains the capacity to meet national demand. The characterisation — logistical stress rather than supply failure — falls notably short of the government's categorical denial.

On margins, Robelo noted that the commercial environment remains squeezed, particularly for diesel operators, with gross margins of around 1.50 pesos per litre for diesel and 2.00–2.30 pesos for Magna before deducting operating costs. The diesel price cap — one trigger of the original sector dispute — was described as a temporary measure, with SENER expected to convene fresh dialogue sessions to assess whether it should continue. Profeco data presented at the same event show around 78% of stations currently complying with the agreed diesel ceiling, with non-compliance concentrated in regions where logistics costs are highest.

The broader context is of course of concern, even if the Loret de Mola accusations are unfounded. Mexico's fuel reserves stand at roughly three days — below the 18-day minimum and short of the 90-day OECD benchmark — while crude output of approximately 1.3 million barrels per day is half the 2.6 million promised under López Obrador. Dos Bocas refinery output has posted significant monthly declines.

Seven Years Later: A Solar Setback in Yucatán

Two solar megaprojects planned for the Yucatán have been definitively cancelled following a seven-year legal battle, in a ruling that environmental lawyers say sets a significant national precedent for indigenous rights in the energy transition.

The projects — Ticul A and Ticul B, developed by Vega Solar 1 SAPI de CV and Vega Solar 2 SAPI de CV — would have installed over 1.18 million photovoltaic panels with a combined capacity of approximately 310.5 MW across the municipalities of Muna, Sacalum and Ticul in Yucatán, occupying 767 hectares of land under both private and social property regimes and requiring the clearance of 603 hectares of jungle under a 40-year operating permit.

The communities of San José Tipcéh and Planchac filed suit in 2019. In 2023, a collegiate tribunal granted a definitive suspension of the project permits. In November 2025, a final ruling ordered the environmental authority to revoke the authorisations entirely. On 14 April 2026, Semarnat's Dirección General de Impacto y Riesgo Ambiental formally issued administrative resolutions nullifying both the Environmental Impact Authorisations and the Land Use Change permits for both projects.

A central legal argument was procedural: the Environmental Impact Assessments for the two projects were conducted separately, fragmenting the combined environmental, social, and cultural impacts of what were effectively a single development. The catalogue of identified harms included ecosystem fragmentation, damage to protected flora and fauna, disruption to pollination by bees and bats, impaired aquifer recharge, increased hurricane risk, local temperature increases, generation of hazardous waste, restrictions on territorial access, and loss of cultural heritage for Maya communities.

The Centro Mexicano de Derecho Ambiental (CEMDA), which provided legal representation throughout, described the outcome as an affirmation of communities' rights to a healthy environment, territorial respect, and meaningful participation in decisions affecting their lands. CEMDA stated the case sets a national precedent requiring both private developers and authorities to pursue a just energy transition that genuinely respects the collective rights of indigenous and local communities.

The ruling arrives at a moment of tension in Mexico's renewables expansion. The government's 32,000 MW capacity target and CFE's recently awarded mixed-investment tender have revived large-scale private solar and wind development — but the Ticul case illustrates that inadequate community consultation and fragmented impact assessment remain grounds for cancellation, regardless of a project's clean energy credentials. Developers now have a clearer legal marker: prior, informed, and genuine community consent is not optional.

Dollars for Decarbonisation

The Climate Investment Funds (CIF) has approved investment plans for industrial decarbonisation in Mexico and Brazil, with each country receiving \$250 million in catalytic funding designed to unlock considerably larger volumes of co-financing. Together, the two plans are expected to trigger more than \$5 billion in total, with the private sector contributing \$2.56 billion and the balance coming from multilateral development banks.

The two countries are the first to have investment plans endorsed under the multilateral CIF's broader Industry Decarbonisation Programme, which will cover seven inaugural nations. Industry currently accounts for 11% of Brazil's greenhouse gas emissions and 18% of Mexico's.

The programme is structured to prioritise private capital: the design features an unprecedented 50–100% private sector carve-out at project level.

The Mexico and Brazil plans differ in both leverage ratio and sectoral focus. Mexico's \$250 million is expected to mobilise \$1.68 billion in co-financing, including \$1.2 billion from private investors — an overall ratio of almost 1:7 — with the IDB Group and World Bank Group's private and public sector arms as participating institutions. Concessional resources will be deployed through a range of instruments including senior, subordinated and mezzanine debt, and in some cases equity and guarantees. The plan targets four hard-to-abate sub-sectors (iron and steel, aluminium, cement, and chemicals) channelling resources through non-sovereign-guarantee instruments to maximise private capital mobilisation, and aligns with Plan México and Mexico's Sustainable Finance Mobilisation Strategy.

Brazil's plan is expected to catalyse over \$3 billion in co-financing, including \$1.36 billion from the private sector, for an overall ratio exceeding 1:12. It focuses on iron and steel, cement, and chemicals and fertilisers — three sub-sectors accounting for 65% of Brazil's industrial emissions — with investments in low-emissions processes, energy efficiency, and industrial cluster development. Brazil's domestic development bank BNDES will act as a financial intermediary.

The two plans are projected to avoid nearly 2 million tCO₂eq annually. For Mexico, the sectoral overlap with chemicals is notable in the context of the Pemex petrochemicals revival programme — though the CIF plan is oriented towards industrial decarbonisation rather than production expansion, and the two agendas have not been formally linked.

The endorsement is the first concrete multilateral climate finance commitment of this scale directed at Mexico's industrial base under the Sheinbaum administration.

Chatter Box...

The Topolobampo Test: Semarnat confirmed that the Topolobampo ammonia plant will move forward, but under permanent environmental surveillance and mandatory conditions aimed at protecting water, air, mangroves, wildlife and community welfare around the Bay of Ohuira. Environment Secretary Alicia Bárcena's message that “no environmental authorisation is a blank cheque” captures the government's position: the project will not be automatically cancelled, but neither will it be allowed to proceed without stronger oversight and continued engagement with affected communities.

Semarnat's confirmation provides a basic signal of regulatory continuity, yet the conflict shows that environmental permits and social licence can remain politically contested even after a project has advanced. Topolobampo is becoming a precedent for how large petrochemical and

energy-linked projects will be judged in Mexico: not only by permits and capital, but by enforceable conditions, consultation and territorial legitimacy.

A Longer Runway for Self-Supply Migration: SENER published new guidelines for the voluntary and expedited migration of legacy self-supply and cogeneration permits into the electricity figures created under the new Electricity Sector Law. The migration window will run from June 2026 to October 2028, with companies required to register their interest between June 19 and September 18, 2026, and submit formal applications between September 21 and October 16. The process will be handled through a dedicated “Ventanilla de Migraciones” and involves SENER, the CNE, CENACE and CFE.

The measure gives legacy generators and industrial users more time to adjust, but it also forces strategic decisions with immediate economic consequences. Companies that enter the process on time may continue operating under their current framework while migration is processed, while those that do not will be exposed earlier to the new transmission-charge methodology. The broader issue is that the government is not abruptly dismantling the old self-supply regime, but it is clearly steering it toward a more state-administered model. For investors, the signal is pragmatic rather than liberalising: there is a path to regularisation, but under rules, tariffs and renunciations defined by the State.

Sargassum Silver Lining?: Quintana Roo’s plan to turn sargassum into biogas and fertilisers continues moving forward, shifting the issue from coastal clean-up toward circular economy infrastructure. The state government has framed the project around a 38-hectare circular economy hub in Puerto Morelos, with plans to process collected sargassum into clean energy, organic fertiliser and other value-added products. According to sector reporting, the state is also seeking to install a fertiliser plant using the algae, with the latest review of the project reportedly involving Cofepris.

The opportunity is clear: Quintana Roo can potentially convert a recurring environmental and tourism problem into energy, fertiliser, green jobs and even carbon-credit value. But the project’s viability will depend on execution details that are still unresolved, including sanitary approvals, contaminant monitoring, collection logistics, seasonality and the economics of processing biomass at scale. Scientific literature supports the use of sargassum for biogas and biofertiliser, but usually with caveats around salts, heavy metals, low carbon-nitrogen ratios and the need for pre-treatment or co-digestion. The broader shift is political as much as technical: sargassum is no longer being treated only as waste, but as a potential input for regional green industrialisation. Needless to say, there are plenty of skeptics that say the project will never float. Let us hope they are wrong.