Mexico Energy Chatter

August 5, 2026

Pemex's Q2: Stronger Numbers, Same Reticence

Pemex reported strong second-quarter results on 31st July, driven by higher oil prices but also by better production numbers, with figures that mark a break from recent performance. Sales revenue came to 510.4 billion pesos, up 30.3% year-on-year and the highest level in 14 quarters. Operating profit reached 85.5 billion pesos, reversing the 11.1 billion peso loss recorded in the second quarter of 2025. Net profit stood at 18.0 billion pesos, a sharp turnaround from the 45.993 billion peso net loss booked just the previous quarter.

While the better financial numbers are welcome, the ESG numbers did not appear so encouraging. Sulphur oxide emissions rose 12.4% year-on-year to 349,800 tonnes, driven mainly by higher sulphur content in processed gas; the company itself acknowledges that any reduction will have to wait until the sulphur recovery plants come into operation towards the end of 2026. Even more striking, the volume of hydrocarbon gas sent to the atmosphere, known as flaring, nearly doubled, rising from 391 to 778 million cubic feet per day (+99%), reflecting infrastructure limitations in handling gas from fields such as Ixachi, as well as process constraints at Cactus and Nuevo Pemex linked to high hydrogen sulphide content.

On the social front, safety indicators worsened: the cumulative frequency index rose to 0.43 accidents per million person-hours worked (+48% year-on-year), while the severity index climbed to 34 lost days (+62%). During the quarter, 32 workers were injured and four died, across Exploration and Production, Industrial Processes and Logistics. In addition, there were two incidents classified as Tier 1: the cooling tower fire at the Salina Cruz refinery on 11th May and the sour gas leak on the Agave pipeline at the Bakté field on 18th June. The root cause of both incidents is still under investigation.

Hydrocarbon output improved, up 4.6% year-on-year, thanks to the Ixachi field (one of the sources of the rise in wasted gas) along with Bakté, Itta, Koban and Maloob. Petrol sales continued to climb, up 11.4% year-on-year, while diesel sales rose 19.1%, boosted by higher pump prices. The rise in fuel sales is helped by the reduction in IEPS tax to offset higher pre-tax prices, a tax paid by the federal government. (So Pemex fuel numbers are inflated by worse numbers ceteris paribus at the federal level, as we have covered in previous editions).

Despite the good news on the higher crude prices and a refining business that has finally managed to process more than one million barrels a day for the first time in almost two decades, analysts from the major banks covering Pemex debt received limited response to their questions on how the company plans to face debt maturities in 2026 and 2027. Pemex is for sure a fan of Falstaff’s maxim of ‘’The better part of valour is discretion; in the which better part I have saved my life.’’

(On the subject of discretion or limited communication, Pemex tends to be among the last companies in Mexico to present quarterly results, and it releases its reports some minutes before its earnings call with analysts, which is split into separate Spanish- and English-language conferences. The company customarily shares little additional data beyond the financial report during the call itself, focusing instead on relaying figures about the past three months in its prepared remarks and only a brief time for questions afterwards.)

The substantial government support extended to Pemex to help it pay down both financial and supplier debt continues to have a positive effect, (at a fiscal cost to UMS in 2025 and previously), allowing its debt balance and interest costs to shrink each quarter. Financial debt stood at USD 77.5 billion as of 30th June, a reduction of 9.1% versus the close of 2025, with short-term debt carrying less weight within the total. The corresponding reduction in Pemex's interest payments (and reduction in investment) compared to last year helped Mexico government report better than expected consolidated (ie, including Pemex, CFE etc) fiscal numbers for 2Q26, despite the decline in federal oil IEPS revenues.

Krem-1: Five Months On, Pemex Seals the Well

Pemex confirmed on 2nd August the closure of the Krem-1 exploratory well in Las Choapas, Veracruz. The well "no longer shows any surface flow," according to the official statement. This brings to an end the most critical phase of an emergency that began on 5th March with an explosion, followed by a fire that burned out of control for almost five months.

A researcher cited by Reuters estimated that the well burned approximately 300 million cubic metres of natural gas between March and July. Pemex said the closure was made possible after the installation of a system of valves and piping to halt the flow, followed by permanent plugging works. Pemex had announced the final phase of the works on 17th–18th July, when it confirmed that equipment was already on site.

The exploratory well had been intended to add 51 million barrels of crude oil equivalent, but that volume is now lost, as the well had to be plugged prematurely owing to this failure. The environmental and social costs, meanwhile, are also being documented: communities have reported stream contamination, livestock deaths, respiratory illnesses and crop destruction during the months-long emergency. Pemex says it is maintaining medical brigades in more than 45 communities, running a damage-mapping programme with case-by-case files, and has announced a project to pave 26 km of the road connecting the Río Playas and El Remolino ejidos with asphalt.

The Krem-1 saga highlights several of Pemex's recurring problems: an exploratory well that spun out of control, a delayed institutional response, missed closure deadlines (former director-general Rodríguez Padilla had set 20th June as the deadline), and fallout that now enters its most difficult phase: remediation, compensation and accountability.

CFE: Net Profits Down, Operating Profits Up

CFE reported net profit of 47.6 billion pesos for the second quarter, down 30.7% year-on-year. The decline, however, does not reflect operational deterioration: operating profit actually grew 15.2%, helped by an 8.4% drop in cost of sales on the back of lower natural gas prices. The gap lies instead in foreign-exchange gains, which collapsed from 57.7 billion pesos to 21.3 billion pesos, dragging net financial expenses up 57.4% to 17.1 billion pesos.

Total revenue fell 2.2% (from 339.7 to 332.2 billion pesos), driven by lower third-party sales and fuel-transport income amid softer natural gas prices. Electricity sales remained flat at 245 billion pesos and continue to account for the bulk of revenue (73.6%), followed by federal subsidy transfers for electricity tariffs (15.9%, or 52.7 billion pesos, up 3.5%).

On the balance sheet, net equity rose 41.6% (from 643 to 911 billion pesos), driven by a 12.9% increase in assets that outpaced liability growth of 3.7%. Labour liabilities, meanwhile, climbed 25.3% to 554.2 billion pesos, now representing 26.7% of CFE's total liabilities.

Financial debt was reduced by 1% to 481.4 billion pesos, though the composition shifted: short-term debt fell 38.5% while long-term debt rose 14.1%, easing immediate liquidity pressure but pushing obligations further into the future. Some 82.1% of total debt is now long-term.

On the ratings front, CFE retains investment-grade status across all three major agencies, though with a weaker trajectory: Moody's downgraded the utility from Baa2 to Baa3, while S&P revised its outlook to negative (holding the rating at BBB). Fitch kept both its BBB- rating and stable outlook unchanged. Accrued interest reached 27.1 billion pesos, the second-highest level since 2018.

Separately, on 26th July, Moody's Local México ratified CFE's top-tier local ratings: AAA.mx for long-term debt (unsecured, with no specific asset backing it) and ML A-1.mx for its short-term stock certificates programme, worth up to 25 billion pesos over five years. These are the highest possible marks on that local scale, and the ratification, rather than a downgrade, reflects an improving trajectory in this assessment.

The Moody's Local decision was underpinned by first-quarter 2026 results, which showed a sharper improvement than the year-to-June figures: operating profit rose over 130% year-on-year in Q1, EBITDA increased 52%, and interest coverage improved from 1.0x to 2.5x, alongside reduced leverage. CFE also reported cash and equivalents exceeding 136 billion pesos, which the agency cited as support for day-to-day operations, obligation compliance and its investment programme.

Moody's Local also weighed CFE's structural position: the utility generates roughly 72% of Mexico's electricity, serves more than 50 million users (99.8% of the population), and holds exclusive operation of the transmission and distribution networks.

CFE's director-general, Emilia Calleja, framed the ratification as a confidence signal on the company's financial and operational strength, pointing to a strategy centred on liquidity management, timely debt refinancing, liability management and cost control, alongside process digitalisation, stronger collections, and efforts to cut technical and non-technical losses. She also noted CFE's use of hedging instruments covering up to 64.5% of its annual daily natural gas consumption, aimed at cushioning the impact of extraordinary swings in energy markets.

According to an analysis by IMCO, CFE has posted improving operational indicators for nine consecutive quarters, though, as this quarter illustrates, that trend has not always translated into steadier bottom-line results, given the utility's exposure to exchange-rate volatility.

CFE, Cubico and the Mixed Investment Frontier

CFE and British renewable energy investor Cubico Sustainable Investments have formalised a Joint Venture Agreement to develop 578 MWac of renewable generation capacity in Mexico, under CFE's Mixed Investment Scheme, with an accompanying investment of approximately USD 1 billion and a 25-year collaboration framework.

The agreement covers five projects awarded to Cubico under the scheme, together with 175.7 MW of battery storage capacity (three-hour duration, equivalent to more than 500 MWh). The projects will be located in Tamaulipas, Nuevo León, Campeche and the Yucatán Peninsula, regions Cubico points to as experiencing rising electricity demand from industry, businesses and communities. Construction of the first project, Altamira Solar in Tamaulipas, is due to begin in December 2026, with the remaining four projects following in the second quarter of 2027.

This is the first official confirmation of contract awards under CFE's mixed-investment tender, whose results were announced on 5th June and were covered in a previous edition: 7,411 MW awarded across 37 solar and wind projects, the most significant mobilisation of private capital in Mexico's electricity sector since the 2016–2018 clean energy auctions, and the first deployment under the 2025 energy reform's public-private framework, which requires a minimum 54% state ownership stake. Of the capacity awarded, roughly 6,710 MW went to photovoltaic projects and around 700 MW to wind, with the Yucatán Peninsula and the Northeast together accounting for 20 of the 37 selected projects. Cubico México was named among the developers with the greatest presence in that initial round, with four projects; the fifth project in the joint venture agreement appears to have been added between the June award and the 3rd August signing.

London-headquartered Cubico is owned by two of Canada's largest pension funds, Ontario Teachers' Pension Plan and PSP Investments. The company already operates around 600 MW of renewable capacity in Mexico, within a global portfolio exceeding 3.6 GW across Europe, the Americas and Australia.

Trión Advances

Development of Trión, the first Mexican ultra-deepwater oil project to reach the construction stage in the Gulf of Mexico, accelerated during the second quarter of 2026, reaching 64% completion while remaining on schedule for first hydrocarbon production in 2028. The project is operated by Australia's Woodside Energy, which holds a 60% operating stake, in partnership with Pemex (40%), marking Mexico's first commercially viable ultra-deepwater development after more than a decade of delays.

According to Woodside's Q2 financial report, three of the 24 planned wells have been completed since drilling commenced in March, with progress also continuing on the installation of the upper modules of the Floating Production Unit (FPU) onto the vessel's hull, while fabrication of structural blocks for the Floating Storage and Offloading (FSO) unit advanced in dry dock. During the quarter, subsea production equipment also began arriving in Mexico ahead of offshore installation, while integration and pre-commissioning work commenced on the FPU. Woodside invested USD 275 million in the project between April and June, bringing first-half capital expenditure to USD 446 million, while continuing to describe the development as on budget and on schedule.

Woodside remains the principal commercial and technical driver of the project. Since acquiring BHP Petroleum's portfolio in 2022, the company has assumed responsibility for engineering, project execution and financing, following the final investment decision (FID) taken in 2023. Under the original development plan, Woodside committed approximately USD 4.8 billion of the project's initial USD 7.2 billion development budget, including a capital carry for Pemex, although broader Mexican government estimates place total lifetime investment associated with Trión at approximately USD 10.4 billion, making it the third-largest investment project registered on the Economy Ministry's Data México platform for the 2023–2052 period.

Broker analysis continues to characterise Trión as one of Woodside's highest-quality oil growth projects. Analysts note that the development offers attractive long-term economics, with company guidance indicating project breakeven below USD 50 per barrel Brent, while expected returns improve further excluding the Pemex capital carry. Once operational, Trión is expected to become a meaningful contributor to Woodside's international production portfolio, diversifying the company beyond its traditional Australian LNG business and strengthening its position in high-margin deepwater oil production.

The 24-well drilling programme comprises 12 producer wells, 10 water injectors and two gas injectors, connected through subsea infrastructure (SURF) to the floating production and storage facilities. The FPU has been designed with nominal processing capacity of 100,000 barrels per day, with associated gas transported through the South Texas–Tuxpan pipeline. Woodside expects the majority of recoverable resources to be produced during the project's first decade of operation, accelerating cash generation while reducing long-term development risk.

Trión was originally discovered by Pemex in 2012, but remained undeveloped for years owing to the technical complexity of operating in water depths exceeding 2,500 metres, together with Pemex's financial constraints. Development gained momentum following Woodside's acquisition of BHP Petroleum's assets in 2022 and the project's sanction in 2023, while the drilling campaign officially began this March during a ceremony attended by SENER, Pemex, Tamaulipas state authorities and Woodside executives.

The field contains an estimated 479 million barrels of oil equivalent (gross 2C contingent resources) and is expected to produce up to 100,000 barrels of oil per day at plateau, a significant addition compared with Mexico's current private-sector crude production of roughly 110,000 barrels per day, of which Italy's Eni contributes approximately 90,000 barrels per day. Trión lies approximately 180 kilometres off the Tamaulipas coast, in water depths of around 2,550 metres, covering 1,285 square kilometres, and is expected to produce light crude together with associated natural gas.

The Trión ramp-up coincides with a broader, albeit gradual, recovery in Mexican drilling activity. Grupo México subsidiary Perforadora Pemsa reported in its Q2 results that two of its four drilling rigs, located in Chihuahua and Zacatecas, resumed operations on 3 June after remaining suspended since December 2024 because of Pemex's arrears with suppliers and contractors, while two additional rigs in Campeche and Tabasco are expected to return to service during August. Pemsa had previously reported a 70% decline in cumulative sales (to USD 53.4 million) and a 93% fall in EBITDA (to USD 6.8 million) during October 2025, reflecting the prolonged rig suspensions and lower contracted day rates.

Next Energy Investigation Expands

Mexico's Attorney General's Office (FGR) has formally charged five former Aguascalientes municipal officials over the 2019 contract with Next Energy, a private Mexican energy firm whose distributed-generation contracts with government bodies have drawn scrutiny in several states. The charges widen a corruption investigation that has already touched state-level officials and puts subnational clean-energy procurement schemes under closer examination.

The accused, all serving under then-mayor and current governor Teresa Jiménez (PAN), are former finance secretary Alfredo Martín Cervantes García, former public services secretary Rodolfo Téllez Moreno, former municipal secretary Jaime Gerardo Beltrán Martínez, former síndico procurador Luis Alberto Rivera Vargas, and Mónica Marcela Díaz Aranda, who headed the municipal administration office. They face charges of unlawful use of powers and authority under articles 217 and 217 Bis of the Federal Criminal Code, brought by the Specialised Anti-Corruption Prosecutor's Office (FEMCC), which is investigating alleged misuse of federal funds. Beltrán Martínez, elected as a judge in the 2024 judicial elections, has separately sought an injunction against the case notification, citing judicial immunity.

The contract, structured as a public-private partnership, was meant to fund a solar generation facility that would supply the municipality with power while Next Energy commercialised the surplus. The municipality committed to paying 949 million pesos (USD 54.5 million) over 30 years, though the real contracted amount reportedly reached 7.854 billion pesos (USD 451 million), funded through a mixed federal-state scheme channelled via a trust at Banca Afirme, using 26% of the municipality's federal transfers. Federal Superior Audit Office (ASF) findings indicate payments to Next Energy began in March 2019, at contract signing, rather than in 2020 as the contract's own term stipulated, and that municipal authorities authorised advance payments exceeding 6 billion pesos before any services had been rendered.

At the state level, the Aguascalientes state prosecutor's office, under Jiménez's own administration, has pursued a separate line of investigation focused on Next Energy owner Eugenio Maíz Domene, who has been in state custody since December 2025 on fraud, bribery and embezzlement charges. No state-level investigation has implicated the governor.

On 21st July, Maíz submitted a handwritten letter to the presiding judge stating he feared for his safety and that of his family, extending that concern to his wife, children, parents, siblings, nieces and nephews, and anyone close to his household. He held Governor Jiménez, her husband Luis Alberto Villarreal García, state prosecutor Manuel Alonso, deputy prosecutors, public prosecutors, local judges, state police, and others he said were involved in the proceedings against him responsible for any harm that might come to him, describing the case files as "fabricated" and asking that those responsible for compiling them face justice.

The case is not contained to Aguascalientes: Next Energy contracts of a similar structure were also signed in Baja California (under then-governor Jaime Bonilla, Morena) and Monterrey (under then-mayor Adrián de la Garza, PRI, now state prosecutor). Baja California in particular has become a flashpoint, entangled with other scandals involving current governor Marina del Pilar Ávila (who cancelled her predecessor Bonilla's contract with Next Energy) and ex-governor Ernesto Ruffo, who has been detained on separate fuel smuggling (huachicol fiscal) allegations.

Chatter Box

Fewer Outages, But the Grid Remains the Test. CFE says power interruptions fell 39% in the first half of 2026 compared with the same period in 2024, with director-general Emilia Calleja attributing the improvement to expanded maintenance, automation and modernisation of transmission and distribution networks. The utility is putting significant money behind that effort: its updated investment horizon points to roughly USD 30 billion until 2030, while 58 grid projects covering 138 transmission lines and 249 substations are planned as part of the expansion. Calleja has increasingly framed "modern, robust and intelligent" networks as essential not only for restoring service more quickly, but also for integrating new generation and responding to extreme weather.

The 39% headline is encouraging, but it comes with an important caveat: CFE compared 2026 with 2024 rather than 2025 and has not published the absolute number of interruptions or updated national SAIDI and SAIFI indicators alongside the announcement. That makes it difficult to determine whether outages are also becoming shorter and affecting fewer customers. Still, the shift in emphasis is significant. As industrial investment, data centres, electrification and renewable generation add pressure to the system, Mexico's electricity challenge is less about simply adding megawatts and more about ensuring the grid can actually move them reliably to where they are needed.

BlackRock Seeks More Mexico Power, Even Though Has Been Seller. BlackRock and its newly acquired infrastructure private equity subsidiary Global Infrastructure Partners (GIP) managed to present the Saavi transaction as evidence of growing appetite for further Mexican energy and infrastructure investment, even though the transaction itself represents a partial cash out and a loss of control. Via a story in Bloomberg, the company said ''GIP is retaining a 30% interest in Saavi, which BlackRock and Grupo Mexico plan to transform into a larger regional player, the people said. The move to keep a stake in Saavi rather than exiting altogether signals BlackRock’s desire to expand long-term investments in Mexico, people familiar with the company’s strategy said’’.

The reality is slightly less expansionary: the deal is, at least in part, a monetisation of an existing investment, with BlackRock/GIP reducing its ownership of energy assets in Mexico for now, and a transfer of control from its infrastructure fund to Mexico’s largest company by market value.

Through GIP, BlackRock agreed to contribute 100% of Saavi Energía to a new company combining Saavi with Grupo México’s electricity assets. In exchange, GIP will hold 30% of the enlarged business, while Grupo México will control 70% and contribute approximately USD 880 million in cash from its own resources. Economically, however, the structure allows BlackRock/GIP to reduce and partially cash out its exposure to Saavi while preserving upside through a significant minority interest, and getting a well-connected Mexican company to manage the business and risk.

The combined company will operate 14 power plants with 4,510 MW of installed capacity and could have a development pipeline approaching a further 5,000 MW. Saavi contributes most of the operating capacity, at roughly 3.7 GW, while Grupo México contributes its generation assets and the cash injection. GIP originally acquired Saavi from Actis in 2021, before BlackRock completed its acquisition of GIP in 2024. The transaction therefore gives BlackRock a route to crystallise part of the value accumulated in Saavi, transfer control to Grupo México and retain exposure to future growth for a bigger platform without continuing to own and finance the platform on its own. Nothing wrong with that.

Mining's New Voice. Raúl García Reimbert has taken over as national president of the Asociación de Ingenieros de Minas, Metalurgistas y Geólogos de México (AIMMGM) for 2026–2028, putting the loss of jobs, particularly in exploration, near the top of his agenda. García Reimbert is calling for policies that revive investment and operational continuity while strengthening innovation, training, responsible mining, community relations and security coordination. His arrival comes as the industry continues to complain of permitting delays, limited exploration opportunities and regulatory uncertainty, despite Camimex forecasting around USD 6.4 billion in mining investment this year. As a professional rather than corporate association, the AIMMGM will not set the industry's lobbying agenda alone, but García Reimbert's early priorities reflect the broader challenge: getting exploration moving again without reopening every battle surrounding the 2023 mining reform.

LitioMx Has a Plan. Now It Needs the Money. LitioMx has published its 2026–2030 institutional programme, laying out its most detailed roadmap yet for turning Mexico's state-controlled lithium ambitions into an industrial chain. The strategy ranges from improving geological knowledge and developing battery materials to building a small-scale battery-pack plant, studying stationary storage with CFE and developing a dedicated regulatory framework. Among its targets, LitioMx wants its lithium-resource knowledge index to rise from a 30% baseline in 2025 to 100% by 2030, while battery-material technology would advance progressively to pilot or pre-industrial validation. The battery-pack project is similarly supposed to move from planning and feasibility work towards completion by the end of the decade.

The problem is that the programme still contains no multi-year investment budget, certified commercial lithium reserve, final investment decision or date for commercial production. Several targets are explicitly conditional on annual budget availability, while the technical challenge of recovering Sonora's lithium from sedimentary deposits remains unresolved. LitioMx can work with universities, CFE, automakers and technology providers, and private companies can participate in industrial parts of the value chain, but extraction itself remains reserved to the state. The plan gives Mexico's lithium policy a roadmap, but requires budgets, geology and technology to catch up with the ambition.

Implications of Vulcan ruling. Energy and lithium investors already in disputes with Mexico may be concerned by the Vulcan Materials arbitration, which went decisively in favour of the Mexican state. The case centred on Vulcan’s Mexican subsidiary, Calica, which operated a limestone quarry near Playa del Carmen before authorities progressively restricted and then closed its operations between 2018 and 2022, citing environmental damage. Mexico later designated the surrounding area as a protected natural zone.

Vulcan argued before the World Bank's ICSID tribunal that the measures amounted to indirect expropriation under NAFTA (predeccesor to USMCA). On 27 July, however, the tribunal rejected almost all of the company's claims, finding a violation only in relation to the initial January 2018 closure. Mexico's Economy Ministry said the award represented less than 1% of the roughly USD 1.5–1.7 billion sought, with officials indicating compensation of approximately USD 15 million. Vulcan described the damages as insignificant, while the full award remained confidential.

This case was lost even though it brought under more investor friendly NAFTA's legacy investment protections, rather than the current USMCA framework, given the investments predate USMCA. That said, under USMCA, US investors involved in certain covered government contracts, including oil and gas, power generation and other specified infrastructure sectors, still retain access to broader investor-state protections resembling those previously available under NAFTA. However, those enhanced protections do not automatically apply to every energy or mining investment; eligibility depends on the investor, sector and contractual structure.

The ruling reinforces a broader legal trend: a mining concession does not guarantee a viable path to extraction where environmental considerations intervene. That principle was strengthened on 20 July, when SEMARNAT gave CONANP binding authority over environmental permits affecting Mexico's 232 Protected Natural Areas, following Supreme Court decisions confirming that concessions confer mineral rights, not an automatic right to mine. With more than 700 concessions inside protected areas already returned to the federal government, investors face a clearer—and less comfortable—message: even treaty protection may offer limited recourse when Mexico frames intervention as environmental regulation rather than expropriation.

The USD 300 Billion Fracking Question. Mexico could require roughly USD 300 billion and 20,000 wells over a decade to develop unconventional hydrocarbons at scale, according to former Pemex exploration director Antonio Escalera Alcocer. AMEXHI is already arguing that projects of that magnitude will require private risk capital and a special fiscal regime, with lighter charges during exploration and early production that rise as projects become profitable, as well as adjustments to the 11.63% Derecho Petrolero para el Bienestar currently applied to natural gas. With Sheinbaum's scientific committee still assessing whether and how Mexico should proceed with fracking, the debate is shifting from whether the resource exists to whether Mexico can design contracts, taxes, water rules and permitting capable of making thousands of continuously declining shale wells commercially viable.

Slim's Oil Bet Starts Showing Up in the Numbers. Grupo Carso's hydrocarbons business, centred on Zamajal, reported second-quarter revenue of 3.24 billion pesos, up 581% year-on-year, while EBITDA jumped 547% to 538 million pesos and the operation swung from a 258 million peso operating loss to a 256 million peso profit. The spectacular percentage increase comes from a low and not directly comparable base:

since September 2025, Zamajal has been executing a financed development-services contract with Pemex at the Ixachi gas and condensate field, which is now its principal revenue driver. Alongside growing stakes in Zama and Block 30 and exposure to Ichalkil-Pokoch, the results show Carlos Slim's strategy moving beyond acquiring minority interests towards building a sizeable upstream and oil-services platform, albeit one whose near-term growth remains heavily dependent on Pemex as counterparty.

Reynosa's Not-Quite Refinery. Federal authorities have dismantled a clandestine hydrocarbon storage and processing facility in Reynosa, Tamaulipas, seizing approximately 3.77 million litres of a substance with hydrocarbon characteristics alongside trucks, tankers, pumps, storage tanks and other equipment. Media reports quickly labelled the site a "clandestine refinery," although Sheinbaum cautioned that it was not comparable to a conventional industrial refinery, describing it instead as a smaller illegal processing operation. Reports place the complex on a roughly 41,851-square-metre property and have attributed processing capacity of as much as 14,000 barrels per day to it, although that figure has not been confirmed through a public technical assessment by federal authorities.

The distinction matters because much remains unknown: authorities have yet to establish publicly whether the material was crude, diesel, petrol, naphtha or another mixture, how long the facility operated, where its feedstock came from, or which criminal organisation, if any, controlled it. No arrests were initially reported. But the scale and equipment point to something more sophisticated than a simple illegal pipeline tap. As Mexico's huachicol investigations increasingly uncover networks involving transport, storage, customs and fuel alteration, the Reynosa case reinforces that combating fuel theft now requires following entire industrial and financial supply chains rather than simply guarding Pemex pipelines.

AHMSA Finally Heads Towards the Auction Block. The joint auction of Altos Hornos de México (AHMSA) and Minera del Norte (Minosa) is now scheduled for 25th September, with the bankruptcy court requiring the two companies to be sold as a single productive unit rather than broken into individual mines, plants and equipment. An earlier proposal placed the minimum price at roughly USD 1.33 billion, although that figure has yet to be confirmed in the final corrected terms. The integrated sale is intended to preserve the value of Coahuila's steel-and-mining chain and improve creditor recovery, but any buyer would inherit a far larger challenge than the purchase price alone suggests: restarting idled steelmaking assets will require substantial maintenance, working capital, energy, raw materials and environmental compliance, while AHMSA and Minosa together owe billions of pesos to nearly 14,000 workers.