

Pemex Considering Sale of Refineries to Private Investors

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PRACTICES Downstream, Mexico, Asia, Energy, Power and Natural Resources, Mexico Energy Reform

Pemex is considering offering to the private sector up to six of its refineries to obtain some liquidity for its financial restructuring. As announced by Pemex's CEO, José Antonio González Anaya, estimated individual transaction values may range from US\$500 million to US\$1.5 billion per refinery. The six refineries are currently operating at a collective, estimated annual loss of MX\$100 billion (approximately US\$5.8 billion). Pemex is considering various structures for these transactions, including straight sale, sale-leaseback arrangements with private equity funds, and joint ventures. Pemex's divestiture of these refineries would create an opportunity for upstream and midstream private sector participants vertically to integrate their operations in Mexico.

The Mexican Energy Reform of 2013-2014 now allows the private sector, including foreign companies, to engage in the full spectrum of midstream and downstream activities in Mexico previously reserved exclusively for the national government and its agencies, such as Pemex. With the applicable governmental permits, those activities include refining, processing, distribution, marketing, and sale of hydrocarbons and refined or processed products in Mexico, and related activities such as transportation, storage, compression and decompression, liquefaction and re-gasification.

If you have any questions, please contact one of the lawyers listed below.