

Gas Production

Mexico had proven natural gas reserves of 68.4 trillion cubic feet at the beginning of 1995. This is comparable to Canadian reserves and the second largest in Latin America after those of Venezuela. Output in 1994 was 3.6 billion cubic feet per day, about the same as the year before. Almost 86 percent of this production was associated gas.

PEMEX REFINACIÓN

PEMEX Refinación is responsible for the manufacture of refined petroleum products and of basic petroleum derivatives. It is also responsible for the distribution of petroleum products, including the *Petróleos Mexicanos (PEMEX)*, the national oil company, national chain of gas stations. It operates a network of oil pipelines.

Roughly half of the nation's crude oil output is refined into finished products and sold domestically. In 1993 *PEMEX* had a capacity for 1.5 million barrels of crude components made by atmospheric distillation, plus 1.4 million barrels of refined products.

In 1994, this subsidiary had an operating loss of N \$1.7 billion pesos. The loss is attributed to low prices for refined products combined with the company's inability to meet domestic demands for some products, especially unleaded gasoline. Domestic prices are set by the government.

Until recently, *PEMEX* operated seven refineries, but the Azcapotzalco refinery in Mexico City was shut down in 1991 to reduce air pollution. The output of this plant will be replaced by a new refinery to be built by a Japanese consortium at Salina Cruz, Oaxaca. It will process heavy Maya crude exclusively which will allow other facilities to focus on other grades. *PEMEX Refinación* has been

PEMEX Pipelines, January 1995

Type	Number	Kilometres
Gas	108	12,582
Crude oil	55	5,649
Refined products	144	11,755
Petrochemicals	88	1,569
Fuel oil	30	247
Collection	-	28,651
Total	425	60,453

Source: United States Department of Commerce, 1994.

spending heavily on projects to reduce the sulphur content in its fuel products.

PEMEX Refinación has announced plans for major expansions of its plants at Salina Cruz and Tula. The refinery at Salina Cruz has received significant investment recently to increase production of unleaded gasoline and MTBE.

Since April 1994, *PEMEX* and Shell jointly operate a refinery in Deer Park, Texas that refines heavy Maya crude and returns half the product to Mexico in the form of unleaded gasoline.

Transportation and Distribution

PEMEX Refinación is also responsible for the transportation and distribution of both crude oil and refined products. The company has a fleet of 35 tanker ships, with a capacity of 7.5 million barrels. In 1994, *PEMEX* was seeking to lease two more tankers. *PEMEX* also operates more than five thousand tank trucks and almost 900 train tank cars.

Most of Mexico's oil is moved by pipeline. *PEMEX* operates more than 60,000 kilometres of pipelines. Gas pipelines are operated by the *Subdirección de Ductos de PEMEX Gas y Petroquímica Básica*, and oil pipelines are handled by the *Subdirección de Distribución of PEMEX Refinación*.

In 1994, three new pipelines were built: Salamanca-Guadalajara, Salamanca-Tula, and Ciudad Juárez-El Paso. Several more pipeline projects are planned for the near future.

Storage

PEMEX has recently been constructing salt caverns for oil storage. In December 1993, *PEMEX Refinación* issued requests for bids for the private sector to construct four storage and distribution terminals for petroleum products. *PEMEX* would lease the terminals for 15 years, with a 10 year renewal or purchase option.

PEMEX GAS Y PETROQUÍMICA BÁSICA

PEMEX Gas y Petroquímica Básica is responsible for the processing and distribution of natural gas, gas liquids and sulfur, as well as basic petrochemicals. It also operates the gas pipelines of *Petróleos Mexicanos (PEMEX)*, the national oil company. During 1994, this subsidiary increased profits before taxes to N \$1.4 billion pesos, a substantial increase from the year before. Company officials attribute the improvement to a large rise in sales to the public. The proportion of sales to other *PEMEX* subsidiaries fell from 51 percent in 1993 to 40 percent in 1994.