Mexico's Natural Gas Market

Mexico City
June 16th, 2020

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Agenda

- The importance of Mexico as a market for U.S. natural gas
- Supply-demand balance of natural gas in Mexico
- Mexican midstream infraestructure build-out
- Economic outlook

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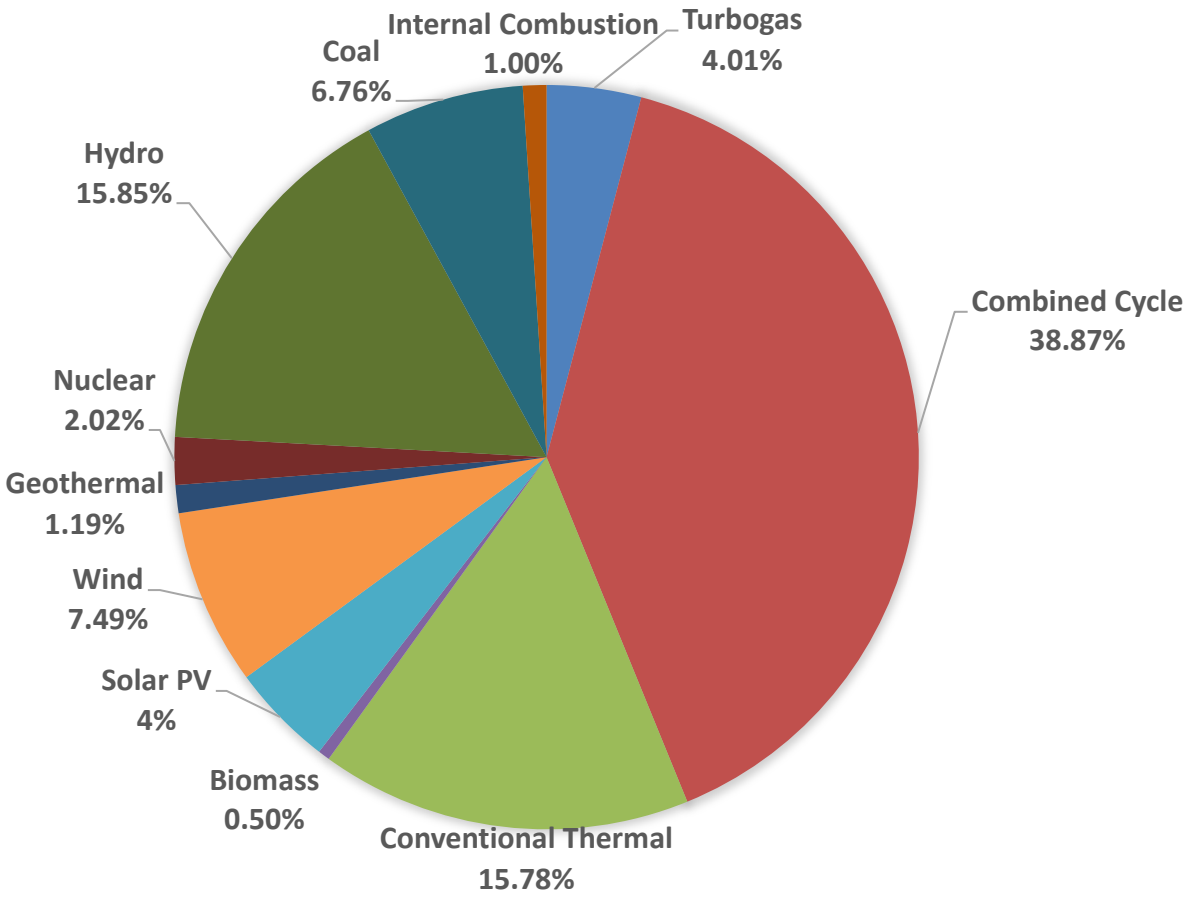
MEXICO'S INSTALLED CAPACITY BY TECHNOLOGY AS OF DECEMBER 31, 2019
79,599 MW



Source: SENER

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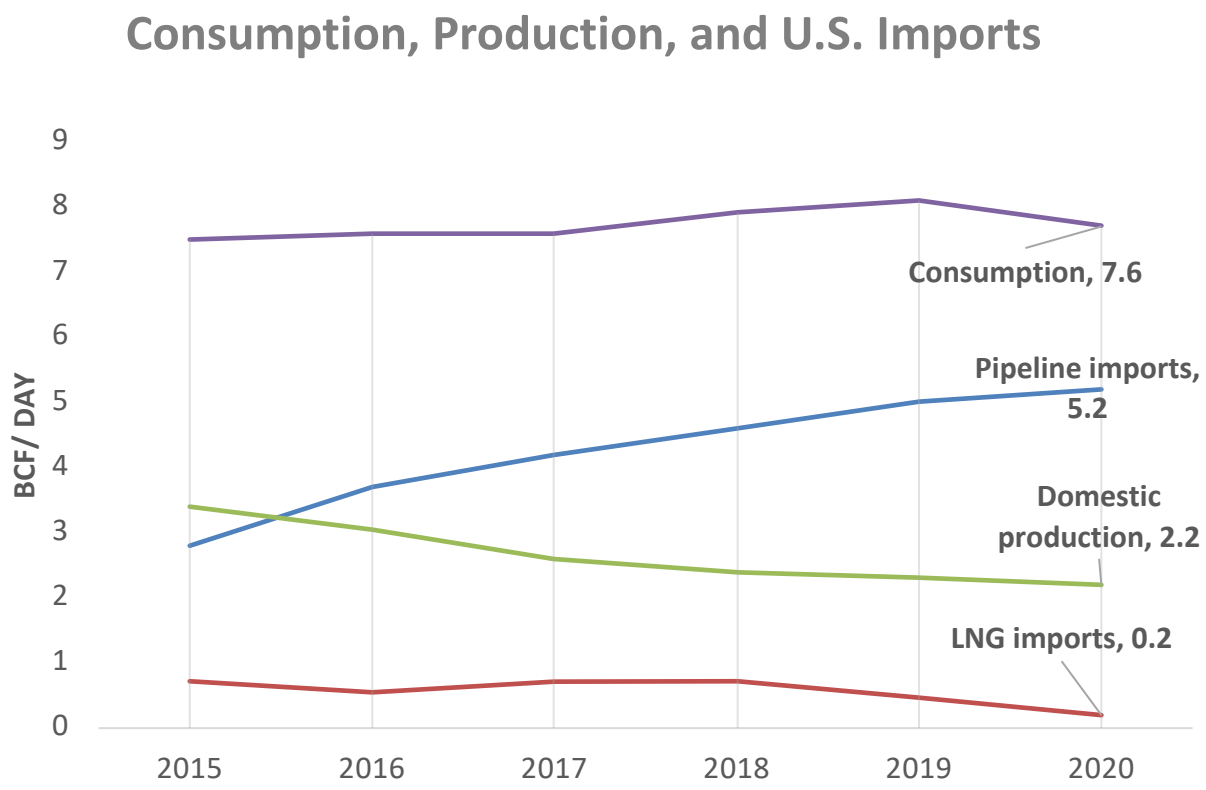
Supply-demand balance of natural gas in Mexico



- U.S. pipeline imports account for 62% of Mexican gas supply.
- Pipeline imports have been displacing the need for LNG imports, which account for 3% of mexican gas supply.
- Natural gas consumption has fallen 463 mmpcd compared to January levels as a result of COVID-19.

Source: SENER

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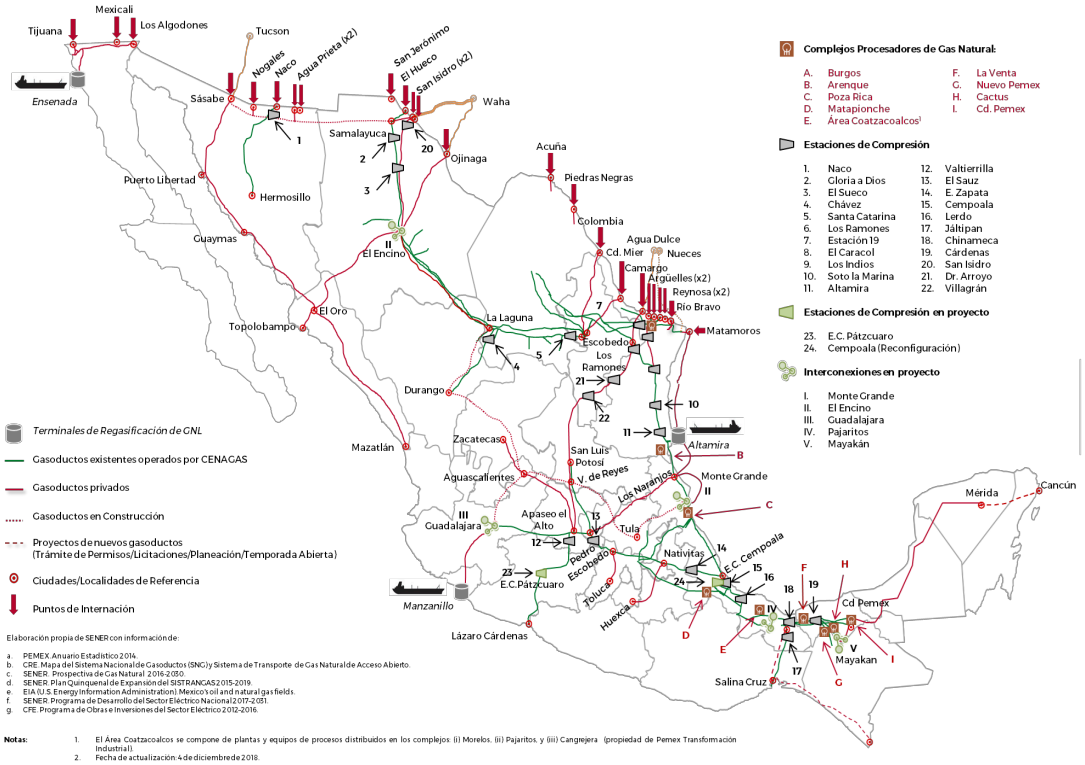
Mexican Midstream Infraestructure Build-out

Natural Gas Infraestructure, 2020



Project Name	Status	Capacity (MMcf/d)	In-Service Date
Sur de Texas - Tuxpan	Complete	2,600	Sep- 19
La Laguna - Aguascalientes	Complete	1,189	Dec- 19
VDR- Ags - Guad	Complete	886	Mar- 20
Sierrita Lateral Expansion	Complete	230	Apr- 20
Cempoala Phase II	Under Construction	550	Apr- 20
Cuxtal I	Under Construction	240	Aug- 20
Samalayuca - Sasabe	Under Construction	472	Sep- 20
Tula - Villa de Reyes	Under Construction	886	Dec- 20
Zapotlanejo Pipeline	Under Construction	420	Mar- 20
Tuxpan - Tula	Halted	886	Jan- 23
Proyecto Integral Morelos	Halted	320	TBD
Guaymas - El Oro	Damaged	510	TBD
Cuxtal II	Planned	240	Mar- 22
Cuxtal III	Planned	260	Sep- 22
El Encino Interconnect	Proposed	70	TBD
Juarez Loop	Proposed	35	2020
Reynosa Loop	Proposed	350 - 650	2021
Jaf Storage Field	Proposed	10 Bcf	2024
Monterrey Hub Expansion	Proposed	200	TBD

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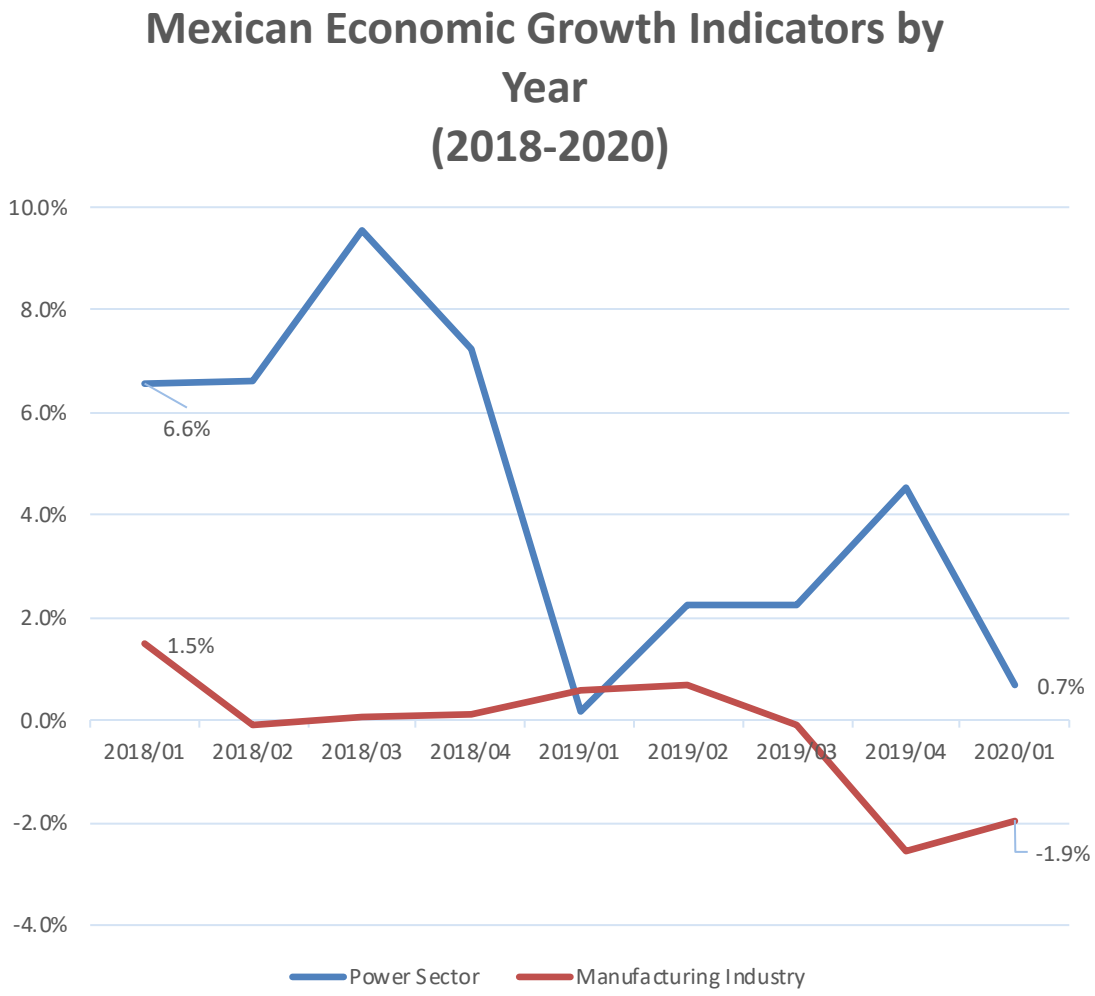
Economic Outlook



- Mexico's economy is estimated to contract by 7.5%, according to the OECD.
- Containment measures, global economic downturn and declines in oil prices, are taking a major toll on the economy.
- Regulatory burden and uncertainty are undermining private investment.

Source: data from México ¿cómo vamos?

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