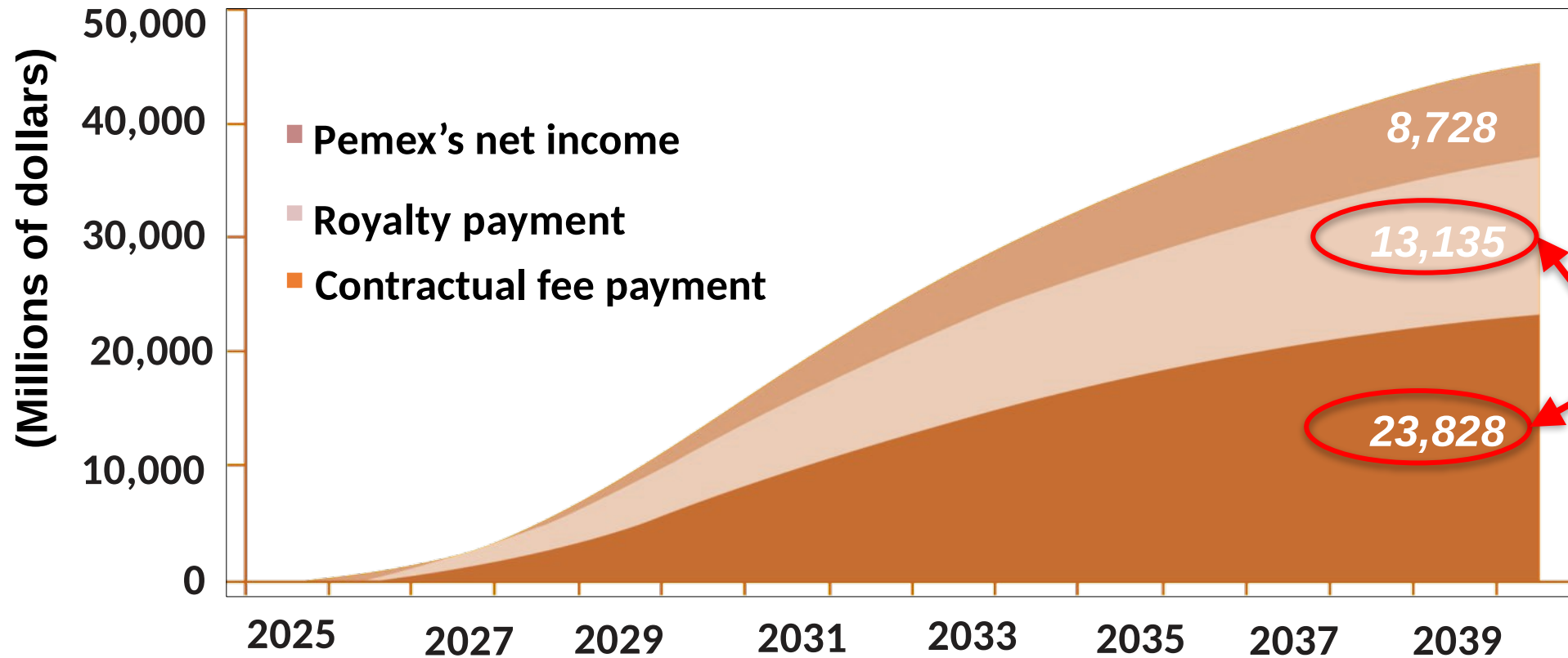


Chart of the Week: **Talos-led estimated revenue from the development of Mexico's Zama field: Proceeds through 2040**



Emily Medina
August 4, 2021
Mexico City, Mexico

Mexico's and PEMEX's estimated revenue from the Talos-led development of Zama: proceeds through 2040



Fondo Mexicano del Petróleo estimates that a Talos-led development of Zama would fund Mexico's Treasury with almost \$37 billion from royalties and contractual fees, a 68% share of total estimated revenues from the project by 2040.

Source: Fondo Mexicano del Petróleo
Mexican Oil Fund for Stabilization & Development

Mexico's and PEMEX's estimated revenue from the Talos-led development of Zama: proceeds through 2040



- From 2013-2018, Mexico instituted a series of reforms to its Energy Sector, easing PEMEX's (Mexico's national oil company) monopolist control over all key aspects of petroleum production and distribution.
- Since the current presidential administration was seated in December 2018, President Lopez Obrador and his government have gradually dismantled the previous administration's energy reforms and privatizations in order to restore PEMEX's market power.
- In 2017, a consortium led by Talos Energy determined that the Gulf of Mexico Zama oil reservoir contains at least 670 million barrels of oil-equivalent (OE), and could be as high as 1.1 billion OE. PEMEX previously held claim to an adjacent area with a portion overlapping the Zama field, but has never drilled the Zama acreage.
- Mexico's Oil Fund for Stabilization and Development estimates that Talos-led development of Zama could generate approximately \$37 billion (68% share of the Zama project's total revenues) by 2040 for the Mexican government. These would be from contractual fees and royalties separate from those going to PEMEX and Talos.
- Despite efforts to establish a joint operating agreement, with Talos claiming to hold 59.6% and PEMEX claiming 50.4%, Mexico's Energy Ministry awarded the Zama operatorship to PEMEX.
- PEMEX's recent project development record is comprised of numerous delays and low recovery factors. Combined with the questionable Zama operating agreement, doubts on the part of independent investors have become more elevated as to the prospects of the viability of this and other Mexican petroleum projects under consideration.
- The expanded version of this slide deck is available at: <https://eprinc.org/chart-of-the-week/>
- For more information on this chart, please contact Emily Medina at (emilym@eprinc.org).