

## Lopez Obrador Says Mexico to Build an \$8 Billion Refinery

By Amy Stillman and Jose Enrique Arriola  
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Andres Manuel Lopez Obrador Photographer: Cesar Rodriguez/Bloomberg

Mexico plans to start awarding the construction of its seventh refinery as soon as March 2019, President Andres Manuel Lopez Obrador said Sunday at an event at the Dos Bocas port in Tabasco, even as the nation's refining system is operating at its lowest levels in three decades.

Unveiling a plan for the nation's refining system, Lopez Obrador said Mexico will invest \$8 billion in the new processing facility at Dos Bocas. "We are going to start the bidding process for the refinery by March at latest," he said to a cheering crowd in the sun-drenched town in the Gulf of Mexico, reiterating his intentions to boost fuel self-sufficiency and end long-term declines in oil output. Mexico's oil production, on track for its 14th consecutive yearly decline, will rise "realistically" to 2.4 million barrels a day by 2024, he said.

Lopez Obrador said a lot of 566 hectares of federal land is ready for the new plant, which will have crude processing capacity of 340,000 barrels a day, making it Mexico's biggest refinery. It will include 17 processing plants, and 93 storage tanks or facilities, and link up to the Dos Bocas maritime terminal. A pipeline will be built connecting the refinery to the port.

Mexico's president, known as AMLO, isn't done. On Monday, he [said](#) he'll reveal Saturday plans to increase oil production, during a trip to the southeastern state of Campeche. AMLO last week called for a [hiatus](#) on oil auctions until foreign companies show results from the previously awarded contracts.

Companies such as Ica Fluor, a joint venture between Mexico's Empresas ICA SAB and Fluor Corp. in the U.S., and U.S.-based Bechtel Group Inc., have previously expressed interest in participating in the public tender for the refinery project. Lopez Obrador didn't say if the state-owned oil company, [Petroleos Mexicanos](#), will operate the new facility.

"In three years we will be producing the gasoline that we consume in the country, so that now we can lower the prices of the fuel," he said.

Lopez Obrador also said the government will increase Pemex's budget by 75 billion pesos for 2019 so the company will be able to invest in a series of new projects to improve its operations. He reiterated his government will submit the 2019 budget to the Congress on December 15 and said the nation won't use the oil contingency fund to finance the new oil policy.

#### Refinery work

Lopez Obrador said Pemex will overhaul its six refineries and bring gasoline production up to 600,000 barrels a day by mid-2020, according to an emailed statement from the energy ministry. In October, Pemex produced 171,700 barrels a day of gasoline.

The Salamanca refinery will undergo work to bring capacity to 75 percent by the end of next year. Pemex will replace an FCC unit and rehabilitate the Mina 1 unit at the Minatitlan refinery to increase capacity by mid-2019. The Madero plant, which has undergone an intensive maintenance cycle this year, will start operating again in January.

Cadereyta and Salina Cruz will require extensive maintenance, with the latter expected to reach 70 percent of capacity in December next year. At Tula, where a joint-venture for a coker unit has yet to be finalized, the government will restart the H-Oil unit.

— *With assistance by Cyntia Aurora Barrera Diaz*

(Updates with Lopez Obrador comment on increasing oil output in fourth paragraph.)

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