

Mexico 'planning 2nd onshore auction'

By Adam Critchley - Tuesday, May 24, 2016

Mexico could announce a second auction for onshore oil and gas licenses within weeks, according to Mexican-Canadian joint venture Tonalli Energia.

In an [interview with BNamericas](#), Tonalli director Steven Hanson said the company was looking to add to the [Tecolutla block](#) it secured in last December's first onshore auction.

"We've heard from our sources that a second onshore auction could be announced as early as July," Hanson said.

"We believe there's the potential for another onshore auction but with a larger number of blocks, and we'll certainly be a participant."

[Mexico's first onshore auction](#) offered 25 blocks in the states of Chiapas, Nuevo León, Tabasco, Tamaulipas and Veracruz, 20 of which were won by local firms. The fields auctioned will bring peak crude oil production of 77,000b/d and investment of around US\$1.1bn, according to the energy ministry ([Sener](#)).

"I'm not surprised there are Mexican businesses that want to continue to build in the energy business, companies that have had a relationship with [Pemex](#)," said Hanson, who is also president of International Frontier Resources, the Canadian energy company that in 2015 [created Tonalli](#) with Mexican petrochemicals firm [Idesa](#).

"We think the oil and gas industry will get bigger, and not just for foreign firms, but for local ones too," Hanson said.

He added that Tonalli will also participate in future auctions for unconventional fields.

"We're not going to stop at Tecolutla, we're going to aggressively pursue other blocks in future rounds and target the service companies that are migrating contracts with Pemex, and we believe we have a first-mover advantage and will attract attention and become a leading player in the Mexican energy sector," he said.

He added that the energy reform has created a big opportunity for oil companies to pursue contracts in Mexico.

"Pemex needs foreign investment and foreign expertise, new techniques and applications. By attracting some of the best minds in the world, that is a huge opportunity to partner with Mexico and apply that know-how to Mexican fields.

"We've been supplied with great data, and we see a great opportunity to drill new wells and use advanced recovery techniques and improve production. We think the block has a good location and is a good building block for us to grow our business," he said.

Mexico is due to hold its next oil and gas auction, [for deepwater fields](#), on December 5.

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