

Lewis Energy awarded Mexican gas block

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San Antonio-based Lewis Energy Group will become the first U.S. company to produce natural gas for Mexican state oil monopoly Petroleos Mexicanos, just across the border from its home turf.

Lewis said Friday that it had bid \$343.6 million for a 20-year contract to develop the Olmos block in the Burgos basin of northeastern Mexico.

Lewis plans to produce 40 million cubic feet a day of gas at Olmos, the fifth block awarded by Petroleos Mexicanos, or Pemex, under its multiple service contracts program.

"This represents an opportunity to share the technologies we have developed within the Lewis Energy Group with Pemex on the exploration and development of the Burgos Basin, which is strategic for development of Mexico's gas reserves," Lewis said in a statement.

Lewis described the contract as a "significant growth opportunity," as the company continues to look abroad to expand its exploration and production portfolio.

Pemex now has commitments to produce 440 million cubic feet a day, with investment of \$4.4 billion over the life of the multiple service contracts.

Two large blocks, which sought combined investment of \$5.6 billion, received no bids and will be modified in the coming months. Pemex may tender the blocks again, or assign them directly.

Pemex hopes that the current round of contracts will contribute 1 billion cubic feet a day to its gas production by 2006, doubling the output at Burgos.

By then, Pemex aims to be producing close to 7 billion cubic feet a day of natural gas, up from 4.5 billion at present.