

Pemex awards Lewis Energy contract to test fracking technology in Mexico

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Mexico's national oil company, Petróleos Mexicanos, has awarded Lewis Energy Group a contract to test the San Antonio-based company's hydraulic fracturing technology in that country.

Officials with Pemex and Lewis Energy signed a contract Monday to develop exploration wells that will use fracking to target natural gas in the Olmos geological formation in the Mexican state of Coahuila.

The deal is being touted as the first integrated exploration and extraction contract signed under Mexico's energy reforms, which have opened its energy sector to foreign private investment and competition.

With the sites south of Eagle Pass, the deal between Pemex and Lewis Energy is expected to represent \$617 million of investment and yield more than 117 million cubic feet of natural gas by 2021.

Although it is estimated to have large natural gas reserves in its shale basins, Mexico does not produce enough gas to meet growing demand from power plants, manufacturers and other customers. Multiple cross-border natural gas pipelines are being built in Texas, and Mexico is hoping that contracts like the one between Pemex and Lewis Energy will boost domestic production.

The Olmos geological formation seems to fit those goals. Stretching from Atascosa and McMullen counties in the east to Muzquiz and Sabinas, Coahuila, in the west, the natural gas-rich sandstone formation is found three layers above the Eagle Ford Shale.

Lewis Energy is the top driller of the Olmos geological formation in Texas, Railroad Commission of Texas data shows. The company has received nearly 1,100 drilling permits for wells targeting the Olmos since 1986.

Producing 128,000 barrels of oil and 819 million cubic feet of natural gas in 2017, Lewis Energy is ranked as the third-largest natural gas producer in Texas.

Lewis Energy is no stranger to drilling for oil and natural gas in Latin America. The company has operations and other contracts in Colombia and Mexico.

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