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Pemex Filing Shows Slippage on Climate Targets

Pemex has reported to US regulators a more than 30% jump in greenhouse gas emissions in 2019, as well as an increased rate of flaring.

The report comes after the Mexican state oil company's first full year under the leadership of President Andres Manuel Lopez Obrador, who has kicked off an unrelenting drive to ramp up the country's domestic hydrocarbon and fuels output to promote energy self-sufficiency (OD May26'20).

In its annual report to the US Securities and Exchange Commission, Pemex disclosed 2019 emissions of 48 million tons of carbon dioxide (CO2), a 3% increase from the prior year that the company said came after it implemented an "updated methodology" to increase certainty and adjust to legal requirements.

But the numbers showed a larger shift: The 2018 figure prior to the new methodology was 36.5 million tons, which had been a 5.5% drop from 2017.

"This increase was mainly due to the expansion of our exploration and drilling activities, as well as the operational failures of some compressors, which led to a higher usage of the flaring systems," the company said. Pemex did not respond to requests for additional comment.

Total flaring grew to 4.8% of natural gas production in 2019, up from 3.7% in 2018.

Pemex cited causes including maintenance in a gas sweetening plant at the Akal field as well as failures of gas processing plants at its Ciudad Pemex facility, but said it was carrying out compressor maintenance to address the issue.

Richard Heede, co-founder of the Climate Accountability Institute, which tracks emissions of top global energy companies, told Energy Intelligence that Pemex is among the North American producers lagging behind European peers on climate action (OD Oct.11'19).

"Pemex's significant rise in operational emissions in 2019 points to both a failure to manage the company's environmental responsibilities — but also an opportunity to redouble efforts in coming years," he said. "Pemex's responsibility extends beyond their emissions to produce, refine and deliver carbon fuels to its customers."

Mexico is obligated under the Paris agreement to cut greenhouse gas emissions by 22% by 2030, while its domestic climate change law requires the oil and gas sector to make a cut of 14% by 2030.

But climate has not emerged as a priority for Mexico's current administration, which exercises strong control over the national oil company, said Lisa Viscidi, director of the energy, climate change and extractive industries program at the Inter-American Dialogue.

"If the president sends a message that this isn't important, that is inevitably going to trickle down to the company," she said. "You would expect there to be less pressure on the company to do something, to reduce its emissions."

More information may be forthcoming: Pemex has not released a 2019 sustainability report, which typically provides more detail on emissions sources and goals.

Still, the 2019 annual report departed from recent years in not articulating a specific company target to reduce emissions. In 2018, it aimed to make a cut of 25% by 2021 from 2016 levels.

Pemex did say its 2019-23 business plan aims to reduce environmental impact from industrial activities and make progress on emissions intensity, requiring "a set of projects and initiatives to be developed in the coming years."

Among other things, the company will continue working to improve gas exploitation in shallow waters, most recently with the installation of the Ca-Ku-A1 compression platform to improve operational flexibility. ■

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