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# Petróleos Mexicanos

MEXICAN COMPANY

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**Alternative Titles:** Mexican Petroleum Co., Pemex

**Petróleos Mexicanos**, byname **Pemex**, state-owned Mexican [company](#), a producer, refiner, and distributor of [crude oil](#), [natural gas](#), and [petroleum](#) products. It is one of the largest petroleum companies in the world. It is also a major source of revenue for Mexico's federal government, contributing as much as one-third of the national budget. Its headquarters are in [Mexico City](#).

Commercial production of crude oil in Mexico began in 1901 at Ebano, near [Tampico](#), and during the first quarter of the 20th century Mexico produced nearly one-fourth of the world's oil annually. Virtually all of the production was in the hands of U.S.- and British-owned companies. However, during the 1930s the development of huge oil fields in Texas and the [Middle East](#), combined with the rapid exhaustion of some of Mexico's oil reservoirs, diminished Mexico's share of world production. After decades of tension between a series of Mexican governments and the oil companies, President [Lázaro Cárdenas](#) expropriated all foreign oil interests on March 18, 1938, and set up Pemex to manage the consolidated industry. Policy was to be guided by a rigorous enforcement of the federal constitution of 1917, which declared that all mineral resources below the surface of Mexico's soil belonged to

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the exploitation of huge newly discovered oil reserves in [Tabasco](#) and [Chiapas](#) states and offshore in the [Bay of Campeche](#) of the Gulf of Mexico. The government's ambitious expansion of Pemex's extraction and processing capabilities led to the tripling of Mexico's crude oil production in the years from 1976 to 1982. Mexico became self-sufficient in crude oil, and Pemex became a major world exporter of [fossil fuel](#). However, in the early 21st century the big Campeche oil fields went into precipitous decline, and Pemex, with much of its revenues diverted to the federal budget, lacked the funds to invest in successful exploration of new reserves. It also lacked the technical expertise to drill in deep water far offshore in the [Gulf of Mexico](#), where geologic surveys indicated large reserves lay, and was prevented by the constitution from granting production rights to foreign companies that had the means to do so. From 2004 to 2010 crude oil production dropped by almost one-third, from some 3.5 million barrels per day to approximately 2.5 million barrels per day. Declining production translated into declining revenue for Pemex, which in turn translated into declining revenue for government programs.



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In 2008 the Mexican Congress passed a series of energy reforms that included provisions to allow Pemex to contract work to foreign and private companies for a fee. Other reforms attempted to depoliticize the state's supervision of Pemex by requiring more transparent accounting and the appointment of petroleum professionals to various governing committees. These reforms were highly controversial, as they seemed to threaten [public ownership](#) of Mexico's petroleum. In the end, however, they were modest enough to create doubt that foreign companies would be worthwhile to sign contracts with Pemex.

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Pemex continues to be Mexico's sole legal petroleum company, granted a monopoly on all oil and gas exploration, [production](#), [refining](#), transportation, storage, and distribution. Because of its modest refining capabilities, most of Mexico's refined products are imported from U.S. and other refineries that process Mexican oil. Pemex also produces basic [petrochemical](#) feedstocks from its oil and gas.

*This article was most recently revised and updated by [Robert Curley](#), Senior Editor.*

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## Petróleos Mexicanos

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#### DATE

March 18, 1938 - present

#### HEADQUARTERS

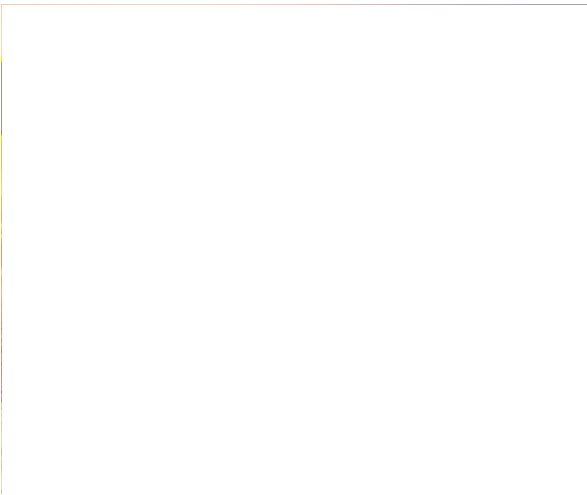
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