



## Pemex starts works to upgrade fuel distribution, improve its fuel products

**Mexican state oil company Pemex has started upgrade works in its biggest refinery located in central Mexico. The works will help hike gasoline and diesel production as well as add a new fuel distribution terminal worth by itself US\$1.2 billion. All fuel stations in Mexico currently operate under the Pemex brand.**

Works in the refinery of Tula, located in the central state of Hidalgo, will add up to US\$4.6 billion, a statement released by the company in early December said. That total includes US\$1.2 billion just for the construction of a new terminal for fuel storage and distribution at Tula, which lies in central Mexico relatively close to the country's capital.

During the inauguration of the works in early December, the general director of Pemex, Emilio Lozoya, said that the total to be invested by Pemex in coming years in several projects to upgrade the refineries of Tula, Salamanca and Salina Cruz, which includes work to lower sulphur contents in gasoline and diesel produced by Pemex, will reach up to US\$20 billion.

The Tula project, the first upgrade being started, will help expand gasoline and diesel production capacity by 65%, he said, according to a Pemex press release. Works at Tula are aimed to increase production of gasoline and diesel and reduce that of fuel oil through a coker plant installation.

ICA Fluor, a construction company, separately published a statement in the Mexican stock exchange in early December to inform that it is building a coker plant for Pemex at Tula with a US\$1.3 billion investment and that it will be ready by 2018.

The works are part of efforts by Pemex to become more competitive ahead of the opening of the country to competition against fuel retail companies in coming years. Currently all gasoline and diesel stations in Mexico operate under the Pemex brand.

According to the company's web page, Pemex operates six refineries. The other three are named Cadereyta, Madero and Minatitlan. According to the most recent data available in the company's English web page, corresponding to the end of 2007, all six refineries together were processing 1.27 million barrels per day of crude oil and Tula was the biggest while Madero was the smallest.