MEI Market Note No. 183
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Awards of Pemex's 2013-14 Mega-Tender

The lowest bid wins only sometimes

THE AWARDS OF PEMEX'S MEGA-TENDER for hundreds of onshore wells had surprises: It was expected that Schlumberger would be awarded at least three blocks—less on account of its having submitted the lowest bid than because of its prominence in Pemex's ecosystem of oilfield service companies. There were similar, if lesser, expectations regarding Halliburton and Weatherford.

It was not expected that some of the awards would go to second-tier companies whose bids, in two cases, were fifth from the lowest (Table 16).

Table 16

Analysis of original bids of awarded consortia

Amounts in millions $US

Package	Bidder	Amt	Index score Lowest = 100	Rank Lowest = 1	Z score Mean = 0
3	**SLB (1)**	389.2	100	1	-1.86
4	**WFD**	415.7	129	2	-1.05
5	**DMF**	388.9	136	5	-0.89
6	**SLB (2)**	634.6	100	1	-0.86
7	**Cosafi**	454.0	118	5	-0.65
8	**Perfolat**	263.3	104	2	-1.04
9	**HAL**	838.0	100	1	-0.85
10	**SLB (2)**	452.8	102	2	-0.75

Data: Tables 3-10
Chart: MEI
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Market Note 182 was concerned as much about the procurement process in Pemex as about this particular public tender; and we now draw on that earlier discussion.

In present report, we examine the financial parameters of the awards, noting that Pemex assigns a budgetary range for each block, specifying the maximum and minimum (Table 14). Knowing the maximum and minimum number of wells for each block (Table A), it is possible to get an idea of the average well cost for each block and each of the three regions (Table 15). We also look more closely at the original bids of the winning consortia, noting that some companies created multiple bidding consortia by changing their partners. We ask, How could fifth-placed companies win?

Contents

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