

The firm acts as Mexican Counsel to Lenders in US\$2.5 Billion Financing for Mayakan Natural Gas Pipeline “Cuxtal II” Expansion

Category: Banking & Finance

written by Adrián Trejo Santiago | July 30, 2024

The firm acted as Mexican counsel to a syndicate of 13 financial institutions, including Crédit Agricole Corporate and Investment Bank as administrative agent and Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat as Mexican collateral agent, in the US\$2.5 billion senior financing (including a letter of credit facilities) and a US\$100 million VAT facility granted to Energía Mayakan, an affiliate of the ENGIE Group, for the development, construction and operation of the expansion to the existing Mayakan pipeline system for the transportation of natural gas, mainly for CFE. This expansion comprises a new pipeline of ~ 700 kilometers in length to be located in parallel to the existing system, commencing at the natural gas processing center located in Nuevo Pemex in the State of Tabasco and terminating at the new CFE power plants Mérida IV and Valladolid IV in the State of Yucatán.

The firm advice included all matters related to the financing structure and collateral documents, rights of way, project contracts, negotiations with CFE, environmental and regulatory matters, insurance, and tax.

The expansion represents one of the current administration’s most relevant infrastructure projects, allowing CFE to secure transportation of the gas supply for the energy production required in the Yucatán peninsula. The expansion will duplicate the existing pipeline’s capacity to 567 million cubic feet. It will consolidate the interconnection with the marine project Puerta del Sureste, which transports gas from Texas, representing a historic boost to the region’s energy infrastructure while avoiding the emission of 4.6 million tons of CO2 in Yucatán.

The project will directly benefit Chiapas, Campeche, Tabasco, and Yucatán users by lowering electricity tariffs while propelling industrial development.

The firm senior financing team, led by partners Javier Arreola E., Vanessa Franyutti J., and Santiago Medina Z., demonstrated their expertise in this project. They were supported by associates Ana María Alpízar H., Juan José Pastrana M., L. Felipe Santana, Ana Azcoitia R., and Gabriela Zorrilla A. and law-clerks Daniela García R. and Natalia Armendáriz M., all of whom played critical roles in the successful execution of the project.

The firm environmental and regulatory team, led by partner Marcela Ánimas M., associate Carlos J. Porragas L., and law clerk Andrés Montemayor A., played a crucial role in ensuring the project's compliance with environmental and regulatory standards. Their expertise and dedication were instrumental in the successful execution of the project.

The VAT facility lenders were represented by partner Alejandro Rojas V. and associate Fernando Castillo V.

The firm team advice was complemented on insurance matters by partner Luciano Pérez G. and associate Enrique Salcedo R. on tax matters by partner Ana Paula Pardo L.