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## Living with Oil: Promises, Peaks, and Declines on Mexico's Gulf Coast, by Lisa Breglia

McKenzie Colin

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## BOOK REVIEWS

*Living with Oil: Promises, Peaks, and Declines on Mexico's Gulf Coast* by Lisa Breglia (Univ. of Texas; 263 pages; 2013)

*Narco* control of corridors stretching from Chihuahua to Guerrero, together with endemic corruption, effectuates a certain dual-sovereignty<sup>1</sup> and weakens the social contract in Mexico. This compromised sovereignty is compounded by the fiscal ramifications of a nearly ten-fold production decline in Pemex's bellwether Cantarell field<sup>2</sup>—at peak, it contributed 40 percent of government revenue. And, historically, the looming presence of the United States and foreign capital<sup>3</sup> has contributed to alternating currents of nationalism and liberalization, with concomitant adjustments in relative levels of nation-state authority.

Those interested in these dynamic institutional forces will take interest in *Living with Oil*. The coupled anthropologic and political-economic lessons to be drawn from Lisa Breglia's truly interdisciplinary work facilitate needed historical and jurisprudential perspective on resource extraction *assemblages* and their implications for the Mexican energy reforms. In *Living with Oil*, Breglia explores the "to-and-fro tensions between state and private interests and concomitant resource peaks and declines." Her analysis is regionally grounded in and around Campeche, on Mexico's southeastern Gulf Coast. There intensive commercial extraction of *palo de tinte* (a tree which yields a prized dye) and *chicle* (a key ingredient in Wrigley's original chewing gum), and, more recently, shrimp, has hollowed out coastal frontline communities both developmentally and environmentally from colonial times. Breglia's case study of Pemex's Cantarell operations reveals the latest in a hauntingly similarly pattern: even at peak production in 2003, Mexico did not convert hydrocarbon resources into sustainable benefits to affected frontline communities.

In this way, *Living with Oil's* makes its most significant contribution in Part II, "The *Pesquera* and the *Petrolera*," where Breglia presents her ethnographies of fishing and oil in and around Campeche's highly bio-diverse Laguna de Términos,

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1. See, e.g., George W. Grayson, *La Familia Drug Cartel: Implications for U.S.-Mexico Security*, THE ARMY WAR COLL., STRATEGIC STUDIES INST. (Dec. 2010), <http://www.strategicstudiesinstitute.army.mil/pubs/summary.cfm?q=1033> (citing CRANE BRINTON, *THE ANATOMY OF REVOLUTION* (1938)).

2. For context, note well: at its peak production of 2.1 million barrels of crude oil per day (mn. bbls/d), bellwether Cantarell was one of the five biggest, "super-giant" oil fields in the world. See, e.g., Matthew R. Simmons, *The World's Giant Oilfields: How Many Exist? How Much Do They Produce? How Fast are they Declining?* Colo. School of Mines, M. King Hubbert Ctr. for Petroleum Supply Studies Newsletter #2002/1 at 1, 3–4 (Jan. 2002), [http://hubbert.mines.edu/news/Simmons\\_02-1.pdf](http://hubbert.mines.edu/news/Simmons_02-1.pdf). Excluding Saudi Arabia's Ghawar field (field-by-field production figures are considered a state secret), these super-giants (each producing over 1 mn. bbls/d) together represented a full one-eighth of world crude production. *Id.* Of the group, Cantarell was the most recent discovery (in 1976) and the last to ever join this club. *Id.*

3. Widely attributed to former president Porfirio Díaz, the popular saying, "¡Pobre México! ¡Tan lejos de Dios y tan cerca de los Estados Unidos!" ("Poor Mexico! So far from God and so close to the United States") neatly captures the complex implications of this unique geopolitical relationship.

where despite its federally-protected status, “federal authority doesn’t exist.”<sup>4</sup> There, just after commercial shrimping left artisanal fishing severely compromised in the mid-twentieth century, production of the other marine patrimony, Cantarell oil, was ramping up a few dozen miles away. In both cases Breglia examines the “lived experiences” and effects of these commodities cycles, showing in granular detail how producers, Campeche state, and municipalities failed to effectively capture resource rents. In what feels like the scholarly soul of the book, this section teaches that top-down decision-making and concomitant failure to pay attention to local conditions (as in Pemex’s plainly unsustainable, in-kind compensation programs)<sup>5</sup> are indicative of a larger sphere of “contested equivalences”<sup>6</sup> surrounding mining and minerals development. This sphere, in turn, reveals a variety of feedback loops that must be taken into account for sound natural resource, business,<sup>7</sup> and even national security<sup>8</sup> decision-making.

As Breglia moves on from the *pesquera* and *petrolera* framework to Gulf oil, she emphasizes a tension underlying the current rationale of the necessity of involving foreign technology and capital to counter the downside of peak oil in Mexico. Since the 1938 nationalization of hydrocarbons,<sup>9</sup> Mexico has consistently maintained *de jure* sovereignty over its hydrocarbons. However, beyond its wildly

4. LISA BREGLIA, *LIVING WITH OIL: PROMISES, PEAKS, AND DECLINES ON MEXICO’S GULF COAST* 13 (2013).

5. For example, the donation of asphalt, an unrefined crude oil byproduct, for construction of roads that improved access to Pemex’s own facilities. *See also id.* at 188–89 (asserting that Pemex’s “culture of compensation” defines benefits for oil-affected regions, including Laguna de Términos, in wholly economic terms).

6. *Cf.* FABIANA LI, *UNEARTHING CONFLICT: CORPORATE MINING, ACTIVISM, AND EXPERTISE IN PERU* (2015) (arguing that the concept of equivalences—*i.e.*, “methods by which to quantify and compare things such as pollution”—are central to explaining, and understanding, resource conflicts).

7. For a case regarding the business costs of not squarely addressing social and environmental concerns, *see, e.g.*, Jonathan Stempel, *Barrick Gold Must Face U.S. Lawsuit over Mothballed Mine*, REUTERS (Apr. 1, 2014), <http://www.reuters.com/article/2015/04/01/barrick-gold-lawsuit-idUSL2N0WY27F20150401#LePIAPR4VxOvBTA2.97> (noting, in part, Barrick’s \$5 billion loss on its halted Pascua-Lama mine in Chile due to environmental issues surrounding glaciers and pollution).

8. Insofar as many view the failure of a timely transition to renewables and failure to mitigate climate change natural security threat. *See, e.g.*, THE WHITE HOUSE, *THE NAT’L SECURITY IMPLICATIONS OF A CHANGING CLIMATE: FINDINGS FROM SELECT FED. REPORTS* (May 2015), [https://www.whitehouse.gov/sites/default/files/docs/National\\_Security\\_Implications\\_of\\_Changing\\_Climate\\_Final\\_051915.pdf](https://www.whitehouse.gov/sites/default/files/docs/National_Security_Implications_of_Changing_Climate_Final_051915.pdf).

9. This remains a touchstone moment of national pride and unity.

With the expropriation of foreign oil properties, a wave of delirious enthusiasm swept over Mexico. . . . Old inhabitants said there had never been such manifestations of the unity of the Mexican people in the history of Mexico as followed the appeals to the people to uphold the Constitution and the sovereignty of Mexico. It was shared by people who lost sight of oil in their belief that Mexicans must present a united and solid front.

successfully development of shallow-water Cantarell,<sup>10</sup> Pemex has proved unable to develop unconventional energy resources which dominate the twenty-first century oil landscape. Energy reform aside, Mexico has largely papered over oil-related revenue decline with increasing debt.<sup>11</sup> In this context, Breglia poses the question: can Mexico manage its remaining reserves (by law, national patrimony) to ensure citizen welfare? *Living with Oil* also raises the question: can it do it any better with “unconventional” help<sup>12</sup> from the likes of Schlumberger and Exxon?

While *Living with Oil* was published in 2013, before the constitutional changes and secondary implementing law which comprise Mexican energy reform, Breglia’s judicious analysis of the forerunners to this reform, including 2008 reforms, remains relevant. Even as the 2013 constitutional reforms proved more liberal than those originally proposed by Enrique Peña Nieto and the PRI, they represent the latest in a series of progressive, pseudo-privatization efforts. So while oil is still symbolically important and politicians are therefore wary to explicitly refer to privatization, Mexico has already effectuated the “clear fissure between *de jure* constitutional resource sovereignty and *de facto* private-sector participation in the everyday activities of the oil industry.” As Breglia notes, while NAFTA did not directly address energy liberalization, it was a “crucial hinge for liberalization of hydrocarbon sector” in that it “establish[ed] a safe environment for Pemex’s creditworthiness and foreign investment and an atmosphere conducive to the entrance of foreign multinationals in Mexico’s oil-fields.”<sup>13</sup>

Nonetheless, it is clear from *Living with Oil* that, despite the enmeshed issues of economic liberalization and resource sovereignty, there is common ground between Mexico’s left and right on the need to modernize Pemex. This suggests that Pemex, reformulated under recent reforms as a “state-owned public enterprise,” could make contributions to national development.<sup>14</sup> As the energy reform contours are mapped, critical questions remain: How can Mexico leverage its enduring sovereignty instinct toward a sustainable, inclusive, post-carbon economy and away from the “two Mexicos”<sup>15</sup> paradigm? Will the “offshoring” of Mexico’s energy resources, which brings new structural components to the resource extraction assemblage, also comprise improved tools to provide for citizen welfare?

*Living with Oil* ends on a strong note by attempting to answer these difficult questions.<sup>16</sup> In the closing Part III, “Post-Peak Politics: Energy Reform and the Race

10. As Breglia reports, Pemex cannot be wholly credited with the supergiant’s discovery: the eponymous fisherman, Rudesindo Cantarell, convinced the government to investigate the oil slick he discovered. BREGLIA, *supra* note 4, at 33–34.

11. Gregor MacDonald, *Should Mexico Stop Exporting Oil?*, GREGOR.US (June 23, 2009), <http://gregor.us/oil/should-mexico-stop-exporting-oil/>.

12. That is, for deep-water or shale plays.

13. BREGLIA, *supra* note 4, at 199.

14. As through the newly established Pemex- supported sovereign wealth fund. See generally Paul A. Sánchez Campos, *Whatever Happened to the Mexican Oil Bonanza? The Challenges of Mexico’s New Oil Fund*, 56 NAT. RESOURCES J. 291 (2016).

15. See, e.g., *The two Mexicos*, THE ECONOMIST (Sept. 19, 2015) (noting that Mexico, “[w]ith its combination of modernity and poverty, provides lessons for all emerging markets”).

16. This effort gains credibility through the “heavy-lifting” of her earlier frontlines- and political-economy focused ethnographies and histories. Breglia grounds the critical implications of these important, yet macro- frames of analysis with geographic—or policy—frontline realities.

to Claim the Gulf of Mexico,” Breglia analyzes the dual frontiers of domestic energy reform and international law regarding prospective development of deepwater, transboundary oil and gas reserves in the Gulf. The primary lesson from Breglia’s exploration of these two “places of exception” is that, given the exigencies of the post-Cantarell tranche of energy resources,<sup>17</sup> the resulting tilt to increasingly complex legal<sup>18</sup> and technological<sup>19</sup> systems has important ramifications in the sovereignty domain. First, even as resources are “marshalled . . . simply to maintain current systems,”<sup>20</sup> the contested space<sup>21</sup> of offshore development has a deterritorializing effect.<sup>22</sup> Second, despite the environmental risks of developing deepwater resources made clear by the Deepwater Horizon spill, federal authority in this contested space is necessarily limited. Lastly, development of unconventional resources remains an unsure bet, as initial onshore energy liberalization efforts designed to stimulate unconventional resources in the Chicontepec basin have shown.<sup>23</sup>

Given the complex contours that surround unconventional oil and gas development and the recent energy reforms in Mexico, Breglia does well to close *Living with Oil* by exploring alternative, sustainable futures near the Campeche frontline. Despite contrasting the positive externalities of these differing types of development on the Gulf Coast and in Campeche’s interior (*i.e.*, eco-tourism), Breglia missed an opportunity in not conducting one last “glocal” (*i.e.*, coupled global/local) analysis of the sort that made the rest of the book so compelling. Still,

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17. Alternatively, as some have articulated, a “terminal phase of development.” See Gregor MacDonald, *Returning to Simplicity (Whether We Want To or Not)*, FINANCIAL SENSE (Jan. 19, 2012), <http://www.financialsense.com/contributors/gregor-macdonald/2012/01/19/returning-to-simplicity>).

18. For instance, negotiating access to transboundary, deepwater hydrocarbon resources through complex bilateral treaties (including—unique in the case of transboundary reservoirs—unitization-like provisions). As lawyer, energy analyst, and former military intelligence officer Jeff Vail has noted, Mexico’s “ability to actually attract this investment will, I think, be determined by the Mexican state’s ability to cordon off certain geographic areas and legal relationships to make these investments secure and stable in the eyes of foreigners.” Jeff Vail, THE OIL DRUM (Mar. 8, 2009), <http://www.theoil Drum.com/node/5172>.

19. For example, deep-water drilling and attendant technology and expert services of oilfield service companies like Schlumberger, Halliburton and Baker Hughes.

20. See MacDonald, *supra* note 17.

21. Cf. BREGLIA, *supra* note 4, at 236–45, 257–58 (involving a “fraught and contested process of political and economic negotiation” that implicates the intertwined issues of resource nationalism and foreign capital and technology, as well as concomitant “national and transnational politics”).

22. Cf. Vail, *supra* note 18 (suggesting nascent indicators of failure of the nation state model, such as drug violence in Mexico); Jeff Vail, *The Problem of Growth and the Decline of the Nation-State* (May 11, 2009), [jeffvail.net](http://jeffvail.net) (arguing, in part, that “overlapping power networks” such as “multinational corporations, trans-national black- and gray-market networks, cross-border cultural affinities and religious identities” characterize the transitions to a post-Cartesian “Market-State”).

23. Breglia notes that, despite contract liberalization during the Fox administration, production has not been boosted at Mexico’s flagging onshore, heavy crude Chicontepec basin which represented, at the time, roughly one-half of Mexico’s proven, non-Cantarell reserves. BREGLIA, *supra* note 4, at 59. That Shell has recently cancelled projects in the Canadian tar-sands and the offshore, arctic Alaska would seem to confirm this uncertainty. See, e.g., Steven Mufson and Chris Mooney, *Large Losses in Tar Sands and the Arctic Drag Down Shell’s Earning*, THE WASH. POST (Oct. 29, 2015), <https://www.washingtonpost.com/news/energy-environment/wp/2015/10/29/royal-dutch-shell-reports-weak-earnings-on-large-arctic-and-tar-sands-losses/>.

Breglia's consistent strength is systems thinking.<sup>24</sup> Such holistic analysis is essential for understanding the risks, opportunities, and implications of the recent Mexican energy reforms—and more broadly, the ongoing energy transition away from oil, coal, natural gas, and renewables.

Lastly, Breglia mined rich and varied materials to produce her engaging work. A reader who is skeptical that a cultural anthropologist might give, say, aspects of finance or petroleum geology short, if any, shrift, will be consistently proven wrong. Beyond her deep ethnographic field and archival research, Breglia exhibits an impressive command of the breadth and depth of the coupled social, environmental, and geopolitical complexities of resource *assemblages*, especially surrounding oil. Citing to array of technical scientific papers,<sup>25</sup> industry publications,<sup>26</sup> government reports and regulations, histories of modern Mexico,<sup>27</sup> and energy and geopolitical analyses,<sup>28</sup> Breglia has done her homework—no small feat for any author attempting a coherent and convincing interdisciplinary work. The upside for the reader is that, independent of industry or political affiliations, *Living with Oil* is consistently objective in advancing a multi-scalar, interdisciplinary, and analytically forceful study of resource cycles in Mexico.

Colin McKenzie

Class of 2017

University of New Mexico School of Law

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24. Ms. Breglia directs the Global Affairs and Interdisciplinary Programs at George Washington University.

25. See, e.g., BREGLIA *supra* note 4, at 43–44 (citing M. King Hubbert, SHELL DEVELOPMENT CO., EXPLORATION & PRODUCTION RESEARCH DIV., PUBL. NO. 95, NUCLEAR ENERGY AND THE FOSSIL FUELS (June 1956), at Figs. 20, 21, *also published in* AMERICAN PETROLEUM INST., DRILLING AND PRODUCTION PRACTICES, Proc. Spring Meet. (1956)).

26. See, e.g., BREGLIA *supra* note 4, at 244 nn.5–6 (citing *Gulf of Mexico Western Gap Division Agreed, Exploration Pending*, OIL & GAS J., July 10, 2000, at 30).

27. See, e.g., BREGLIA *supra* note 4, at 37 n.5, 38, 204 n.4, 211 n.6 (citing LORENZO MEYER, MEXICO AND THE UNITED STATES IN THE OIL CONTROVERSY, 1917–1942 (Muriel Vasconcellos trans., Univ. Tex. Press 1977); 37 n.5, 211 n.6 (citing JONATHAN C. BROWN, OIL & REVOLUTION IN MEXICO (1993)).

28. See, e.g., BREGLIA *supra* note 4, at 279 (referencing analysis by Princeton University Woodrow Wilson International Center scholar José Luis Alberro, *Mexico's Oil: Who Needs It?* in OIL AS A STRATEGIC RESOURCE IN MEXICO? (Luis de la Calle et al. 2007)); 280 (referencing RICE UNIV. BAKER INST., POLICY REPORT NO. 35, THE CHANGING ROLE OF NATIONAL OIL COMPANIES IN INTERNATIONAL ENERGY MARKETS (2007)); 291 (referencing Alan Larson, *The Geopolitics of Oil and Natural Gas*, 9 ECON. PERSPECTIVES, no. 1, 2004, 10–12); 301 (citing MATT SIMMONS, TWILIGHT IN THE DESERT 15 (2005) (The late Mr. Simmons founded Simmons & Company International, the world's first investment banking firm to specialize in the energy sector.)).