MMEX’s Hanks celebrates new state-of-the-art refinery milestones

By DYLAN KRIEGER, Associate Editor

MMEX Resources Corp. initiated discussions to build a state-of-the-art refinery in the Permian Basin in late 2016, and plans for the Pecos County Refinery have progressed rapidly since the project was publicly announced in early March. As of this summer, MMEX President and CEO Jack Hanks is working on finalizing the purchase of the refinery land site, actively pursuing funding opportunities and continuing with the environmental permitting process.

In early June, MMEX announced plans to build a 10,000-bpd crude oil refinery as an initial unit for the larger-scale, 50,000-bpd Pecos County Refinery. This development significantly accelerates the permitting timeline and allows for MMEX to begin construction, bring new jobs to the area and help meet growing industry demand much sooner. MMEX also announced a $3 million equity agreement with Crown Bridge Partners LLC to finance project development costs on an as-needed basis.

“The Permian Basin was recently named by the USGS [United States Geological Survey] as the largest ‘continuous oilfield’ in the United States, and production volume is growing every day,” commented Hanks. “However, there are a very limited number of refineries and pipeline systems in the Permian Basin to support this production growth. It makes a great deal of sense to build a refinery in the Permian Basin and export refined projects to the Western United States, and growing every day,” commented Hanks. “Specifically, the site is strategically located on the Texas Pacifico Railroad and has a close proximity to crude oil production in West Texas, with a steady stream of feedstock supply. 

“Crude oil output from the Permian Basin is only expected to increase, as is the global demand for fuels and other petroleum-based products. The decision to move forward with building a crude oil refinery in the Permian Basin is based on a unique convergence of resources: plenty of feedstock, land availability, infrastructure and market demand.”

MMEX currently plans to leverage existing railway infrastructure via the Texas Pacifico Railroad to export products from the refinery. “But we’re also exploring additional transport options, both to and from the refinery by pipeline,” said Hanks. “On May 4, MMEX executed a letter of intent with a supplier of 50,000-bpd crude oil volumes.”

Other milestones include:
- Feb. 14: Pre-permit meeting held with Texas Commission on Environmental Quality (TCEQ).
- Feb. 20: Pecos County Land Purchase and Sale Agreement executed (500 acres).
- March 29: MMEX announces engagement with KP Engineering, an engineering, procurement and construction (EPC) solutions firm, to engineer, design and construct the Pecos County Refinery.
- April 19: MMEX announces engagement with Trinity Consultants Inc., an international environmental consulting firm that specializes in industrial air quality issues, to prepare and process necessary state and federal environmental permits.
- April 26: Land survey for the Pecos County Refinery site completed.
- May 17: Ribbon-cutting held with Fort Stockton Chamber of Commerce for the new MMEX principal office in Fort Stockton. The office formally opened in late May.
- June 13: MMEX announces $3 million equity agreement with Crown Bridge Partners LLC, as well as plans to build a 10,000-bpd crude distillation unit as an initial unit for the 50,000-bpd Pecos County Refinery project.

Additionally, at press time, MMEX was preparing to close on the land purchase for the Pecos County Refinery.

Working closely with local leaders

As with any major commercial development, construction of the Pecos County Refinery cannot begin until all necessary environmental and construction permits are obtained. All refinery projects require multiple permit applications at the local, state and (for larger refineries) federal levels, which can take several months to complete.

The permitting process for the large-scale, 50,000-bpd refinery was originally projected to be 9-12 months. By beginning with a smaller-scale, 10,000-bpd refinery unit, MMEX expects to be able to obtain full permitting within 45 days after permits are filed this summer. This development, along with the $3 million equity agreement from Crown Bridge Partners, will accelerate the potential for cash flow while developing the large-scale refinery.

“We’re also still in the early stages of the funding process, but I do not consider this to be an insurmountable challenge,” said Hanks. “The MMEX management team has more than 30 years of experience building, financing and managing multimillion-dollar gas processing, pipelines, power plants, refinery, and oil and gas operations in Peru and the United States.”

The MMEX team is regularly meeting with industry associations and their leadership to educate them about the Pecos County Refinery project and the immediate need for increased refinery activity in the Permian Basin and throughout the state of Texas. “MMEX Resources Corp. has maintained close contact with local community leadership in Fort Stockton and Pecos County regarding the plans and progress of the refinery project,” explained Hanks. “We believe that it’s crucial to work closely alongside local community leaders and keep local residents informed throughout all stages of the project. As with each of its previous projects, the MMEX management team has recently opened an office in Fort Stockton to keep the surrounding communities informed throughout the construction phase and once the refinery is fully operational.”

The Pecos County Refinery is anticipated to take approximately 18 months to complete. For the 10,000-bpd initial unit, construction is slated to begin later this year, following the permitting process, and operations are slated to begin in 15-18 months. The 50,000-bpd, larger-scale facility is projected to begin operations in 2019.

The refinery is currently projected to bring approximately 400 jobs during peak construction of the large-scale refinery and create approximately 100 permanent local jobs once the large-scale refinery is fully operational. The construction of the facility will also generate work and revenue for companies related to catering, workforce housing, construction, equipment and more, as well as generate significant tax revenue for the county.

MMEX is actively seeking vendors for all stages of the refinery development process. “As of this summer, MMEX has engaged an industry consultant, environmental consulting firm and EPC firm for the project,” said Hanks. “Companies interested in partnering with MMEX Resources Corp. on the Pecos County Refinery project should email info@MMEXResources.com.

“The response to date regarding plans for the refinery has been incredibly positive. MMEX is regularly receiving inquiries from potential MMEX shareholders, local and industry news publications, and community and industry leaders in the Permian Basin about the Pecos County refinery project and its progress. I encourage everyone to regularly check the Pecos County Refinery ‘project milestones’ page on the MMEX website to stay up to date on the latest developments.”

For more information, visit www.mmexresources.com/project_milestones.php, call (855) 880-0400 or email info@MMEXResources.com.

Jack Hanks founded MMEX’s sister company, Maple Resources Corp., in Dallas in 1986 to invest in oil and gas (O&G) related assets in the U.S. In 1992, he sold substantially all of its existing U.S.-based assets and began to pursue energy projects on an international basis, including O&G opportunities and electric power projects in Peru. Hanks still serves as CEO and chairman of Maple Resources Corp. and also as director of Maple Gas Corp. del Peru. He graduated with a juris doctor degree (1971) and a degree in petroleum land management (1968) from the University of Texas. He resides in Dallas and Austin, Texas.