



UPDATE 1-Repsol shareholders seal Argentina deal but Pemex tensions linger

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(Recasts, adds detail and background, quotes from meeting)

(Reuters) - Shareholders of Spain's Repsol approved the oil major's \$5 billion settlement with [Argentina](#) over the 2012 seizure of YPF at an annual meeting on Friday that also shed light on tensions with Mexico's Pemex.

Mexican state oil firm Pemex is Repsol's third-largest shareholder with 9.3 percent and has one representative on Repsol's board of directors. The Mexican company has publicly clashed with Repsol Chairman Antonio Brufau over his handling of negotiations with [Argentina](#) over YPF.

Aside from approval of the YPF deal, shareholders passed a new bylaw that would make it difficult to split the company into two businesses, upstream and downstream.

Some Spanish media had reported that Pemex was planning on trying to split up the two divisions, thus prompting Repsol's move to pass the new bylaw, but a representative of Pemex at Friday's meeting denied any such intention.

"Contrary to what has been published by some media, I want to say that Pemex has no intention at all of trying to split up Repsol," Julio Francisco Poulat said on behalf of Pemex.

Pemex was part of an effort by another core shareholder to oust Brufau in 2012, which remains a sore point for some of the oil major's other shareholders who asked Pemex to either cooperate or sell their stake.

"Pemex has a right to be on the board with its 9 percent stake but it's like a pimple on the board ... It's not healthy to have someone there who doesn't agree with the management. They need a way out," shareholder Jesus Almeida said to wide applause in the auditorium.

Another shareholder, **Felipe Izquierdo**, asked Brufau: "Have you not learned your lesson?"

Brufau meanwhile tried to diffuse the tensions, asking shareholders to let the board manage its internal problems and try to look towards the future, when Repsol could be making an acquisition with part of the proceeds from its YPF settlement.

"This deal allows us to focus on organic (or self-generated) growth, as we've been doing, and also opens up the possibility of inorganic growth (or acquisitions)," Brufau said.

Repsol has said it is looking for an acquisition to boost its exploration and production [business](#) in North America. (Reporting by Tracy Rucinski; Editing by [Fiona Ortiz](#))