I. National Production

Mexico’s declining production relies on two mammoths and a few small elephants.

Source: Pemex & CNH, unless indicated otherwise.
II. Cantarell  Actual vs. Program

One mammoth is dying, with a possible further decline of 200,000 bpd in 2012-2013

III. Ku Maloob Zaap Actual vs. Program.

The other mammoth is volatile and will soon start declining
IV. Marina Suroeste Actual vs. Program

Litoral de Tabasco is making up for up to 20,000 bpd

V. Cinco Presidentes Field

The Tertiary Field is providing an additional 20,000 bpd
VI. ATG & Poza Rica

Completing Chicontepec existing wells has paid off with 30,000 bpd. Most other fields are declining.

VII. Pemex Equity (USMM)

Pemex financials are deteriorating. Negative equity is close to US 14 billion.
VIII. Pemex Debt Assets Ratio

Liabilities are greater than assets

IX. Exports of Crude Oil & Imports of Oil Products

The trade gap is closing
X. Mexico Crude Oil Net Exports

Trend points to a further reduction in net exports
Source: EIA and Marcos y Asociados

XI. Pemex Share of Total Government Revenues

Pemex provides 35% of Government Revenues.
A 200,000 bpd decline, would result in a 10% fall in available income
XII. Pemex’s Trade Balance

Not reflecting the spike in price, due to decreasing exports
From 1.8 MBD in 2006 to 1.3 MBD in 2011

XIII: Deep Water and Mature Fields

• Between 2004 and 2010, Pemex has drilled 15 deep water wells, increasing total reserves of crude oil by only 280 million barrels.

• Pemex is drilling 5 wells in 2011 and 6 wells in 2012.

• There are 40 mature fields with total crude oil reserves of 420 million barrels that could be handled by operators under long-term incentive contracts. Three blocks with current production of 13,610 bpd have already been awarded.
XIV. Recent Discoveries

- The most significant discovery in recent years is the shallow water, heavy crude complex called Ayatsil-Tekel-Pit-Kayab, with 1,623 million barrels of total reserves.

- In 2011, two light crude fields have been discovered: Kinbe, with initial production of 4,800 bpd; and Pareto, with initial production of 4,000 bpd.

XV. Risks

- Faster producion declines
- Fall in the price of the Mexican basket
- A combination of both

Resulting in:
- Mexico becoming a net importer of crude oil
- Negative balance of payments for Mexico
- Higher impact on government revenues
- Lower transfers to state governments, and increasing indebtedness at the state level