

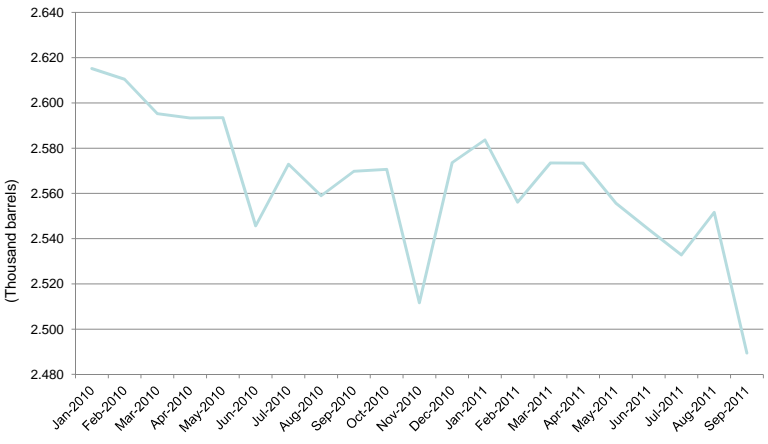


Mexico's Oil E&P Trends

By **Luis Miguel labardini**
 Marcos y Asociados
 Infraestructura y Energía

Houston, Texas
 December, 2011

I. National Production




Month	Production (Thousand barrels)
Jan-2010	2.615
Feb-2010	2.610
Mar-2010	2.595
Apr-2010	2.595
May-2010	2.595
Jun-2010	2.545
Jul-2010	2.570
Aug-2010	2.560
Sep-2010	2.565
Oct-2010	2.565
Nov-2010	2.515
Dec-2010	2.570
Jan-2011	2.585
Feb-2011	2.555
Mar-2011	2.570
Apr-2011	2.570
May-2011	2.555
Jun-2011	2.545
Jul-2011	2.535
Aug-2011	2.550
Sep-2011	2.490

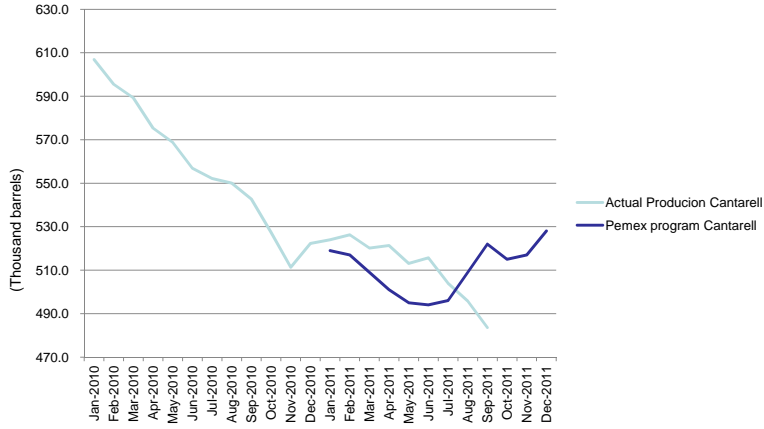
Source: Pemex & CNH, unless indicated otherwise

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

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II. Cantarell Actual vs. Program



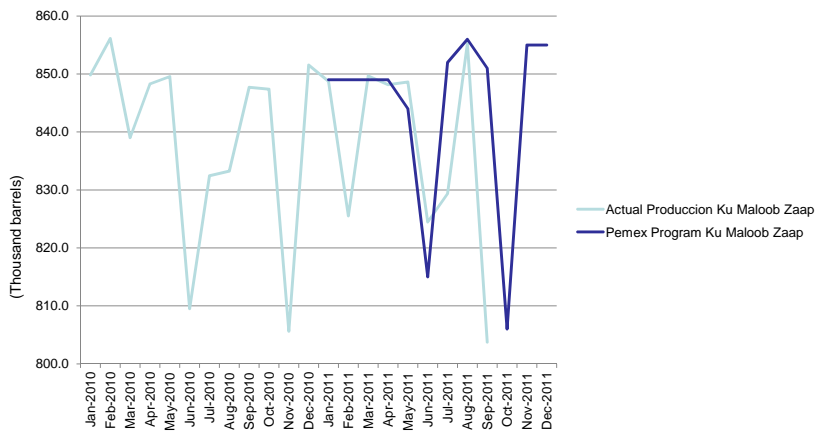
One mammoth is dying, with a possible further decline of 200,000 bpd in 2012-2013

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III. Ku Maloob Zaap Actual vs. Program.



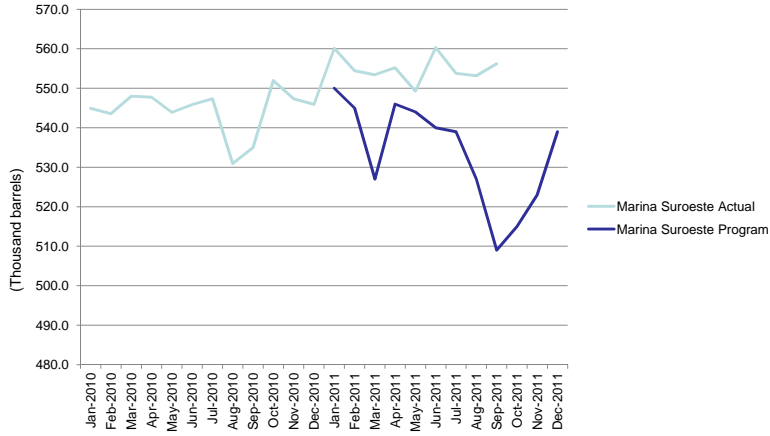
The other mammoth is volatile and will soon start declining

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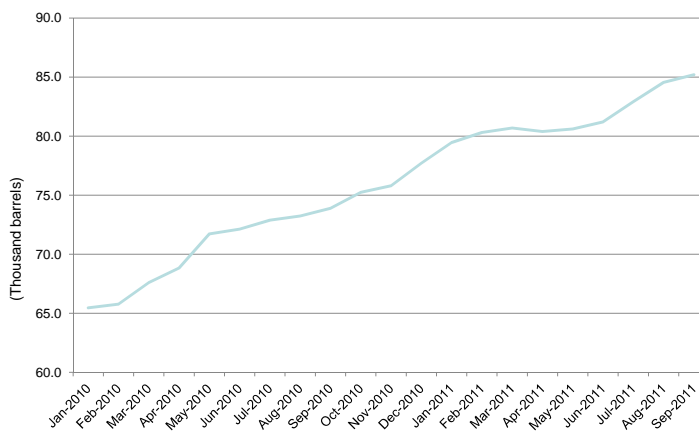
IV. Marina Suroeste Actual vs. Program



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



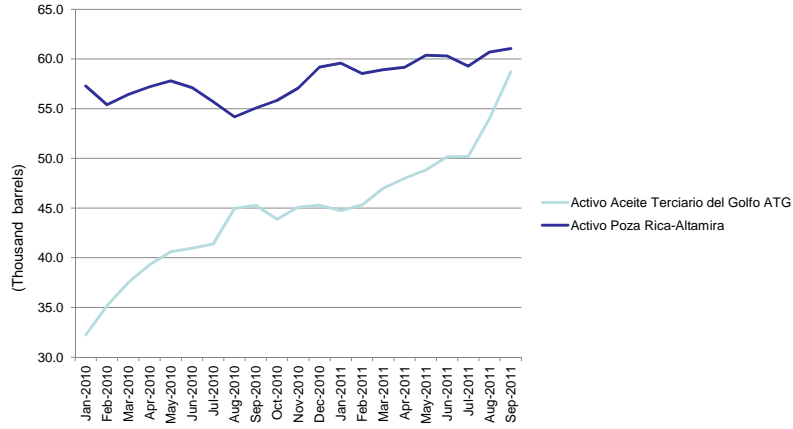
V. Cinco Presidentes Field



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.

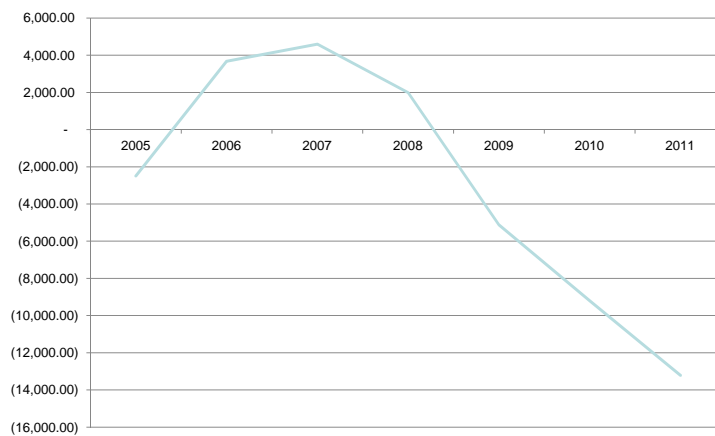
Most other fields are declining.

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VII. Pemex Equity (usMM)



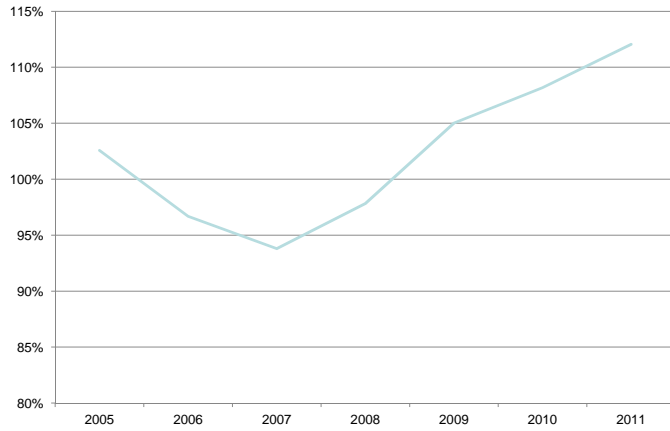
Pemex financials are deteriorating. Negative equity is close To US 14 billion

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VIII. Pemex Debt Assets Ratio



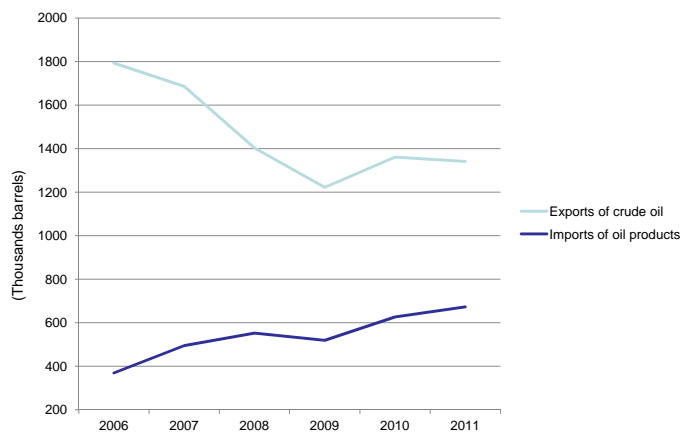
Liabilities are greater than assets

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IX. Exports of Crude Oil & Imports of Oil Products



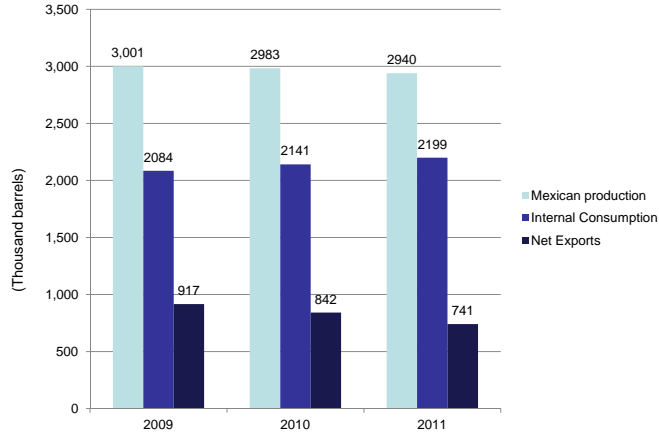
The trade gap is closing

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X. Mexico Crude Oil Net Exports



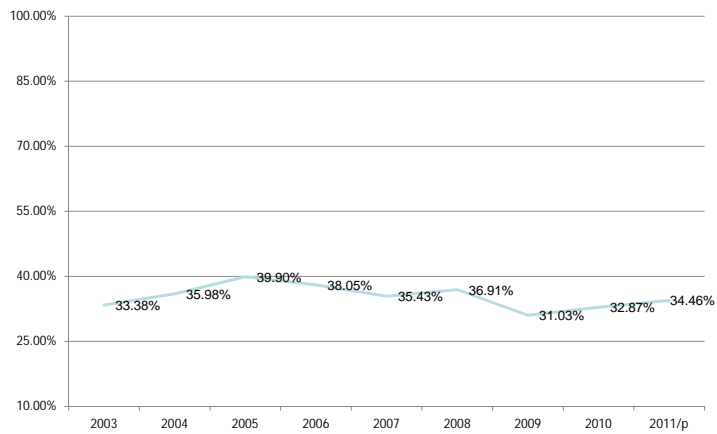
Trend points to a further reduction in net exports
Source: EIA and Marcos y Asociados

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XI. Pemex Share of Total Government Revenues



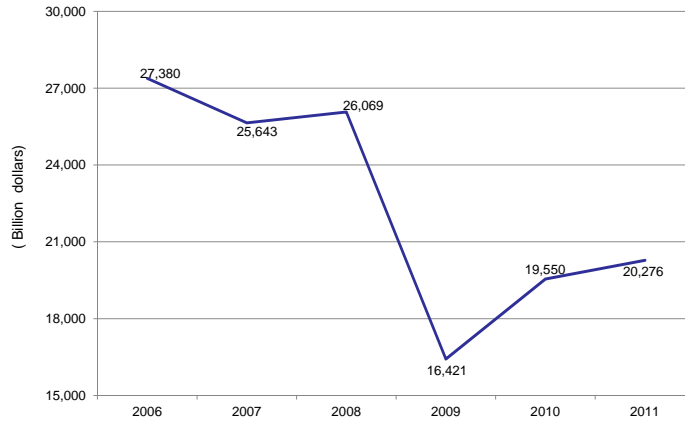
Pemex provides 35% of Government Revenues.
A 200,000 bpd decline, would result in a 10% fall in available income

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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

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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.

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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 production 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

