



# Mexican Gulf of Mexico

*Plans and Challenges*



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**PEMEX**



## Forward-looking statement

- This presentation contains forward-looking statements. We may also make written or oral forward-looking statements in our periodic reports to the National Banking and Securities Commission (CNBV) and the U.S. Securities and Exchange Commission (SEC), in our annual report, in our proxy statements, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties.
- We may include forward-looking statements that address, among other things, our:
  - drilling and exploration activities;
  - import and export activities;
  - projected and targeted capital expenditures and other costs, commitments and revenues; liquidity, etc.
- Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond our control. These factors include, but are not limited to:
  - changes in international crude oil and natural gas prices;
  - effects on us from competition;
  - limitations on our access to sources of financing on competitive terms;
  - significant economic or political developments in Mexico;
  - developments affecting the energy sector; and
  - changes in our regulatory environment.
- Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.
- These risks and uncertainties are more fully detailed in PEMEX's most recent PEMEX prospectus filed with the CNBV and available through the Mexican Stock Exchange ([www.bmv.com.mx](http://www.bmv.com.mx)) and the Form 20-F filing, as amended, with the SEC ([www.sec.gov](http://www.sec.gov)). These factors could cause actual results to differ materially from those contained in any forward-looking statement.

### International Ranking

- 3<sup>rd</sup> in oil production (1<sup>st</sup> in offshore production)
- 11<sup>th</sup> in oil reserves
- 14<sup>th</sup> in gas production
- 13<sup>th</sup> in refining capacity
- 33<sup>th</sup> in gas reserves
- 63<sup>th</sup> in petrochemicals sales

### Operational Statistics

Production	2006	2007
▪ Oil (MMBD)	3.2	3.1
▪ Gas (BCFD)	5.4	6.0
▪ Crude oil refined (MMBD)	1.3	1.3
▪ Petrochemicals (MMTA)	10.8	11.9
<b>Domestic sales</b>		
▪ Transportation fuels (MMBD)	1.1	1.2
▪ Natural gas (BCFD)	3.0	3.1
<b>Oil exports (MMBD)</b>		
▪ Oil exports (MMBD)	1.8	1.7
<b>Employees (thousands)</b>		
▪ Employees (thousands)	141	145

Pemex is the eleventh oil and gas company worldwide<sup>1</sup>, and represents a key development factor for the Mexican economy.

1. According to rankings by Petroleum Intelligence Weekly, December 2007

### 1. Declining production

- Oil production decreased from 3.4 MMbd in 2004 vs. 2.8 MMbd<sup>1</sup> in 2008
- 50% of total production came from one single offshore field in 2007
- 92% of production comes from mature and declining fields

### 2. Increasing production costs

- Production cost rose by nearly 40% from 2000 to 2007
- Increase in consumption levels and prices of gas lift
- Limited access to new technologies through joint ventures to exploit mature fields

### 3. Low replacement rate

- 3P reserves have declined from 56 to 44.5 billions barrels of crude oil equivalent (2000-2007)
- In 2007 replacement ratio was 50%, the highest in the last 15 years
- Proved reserves / production ratio has declined from 13.3 years to 9.2 years (2002 2007)

1. Estimated. Source Pemex Exploración y Producción

### 1. Special tax credits for deepwater development

#### Cost cap 2009+

- Oil: 6.5 US\$/bl → 16.5 US\$/bl
- Gas: 2.7 US\$/mcf → 4.0 US\$/mcf

### 2. Incentive based contracts

#### Flexible compensation schemes

- Promote scale economies due to shorter execution times for investment projects
- Benefits from new technology adoption

### 3. Corporate governance

#### New roles for the Board of Directors

- Board's resolutions will need favorable vote of at least two independent members
- 7 new committees will support the functions of the Board of Directors



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### 1. Increase the replacement rate

- Achieve 100% replacement ratio by 2012
- Increase coverage of seismic acquisition and interpretation
- Expand exploratory projects



### 2. Speed deepwater production

- **2013**: the first molecule of gas produced
- **2014**: the first barrel of oil produced
- **2018**: 100 MBD  
500 MMCFD



### 3. Improve technological collaboration

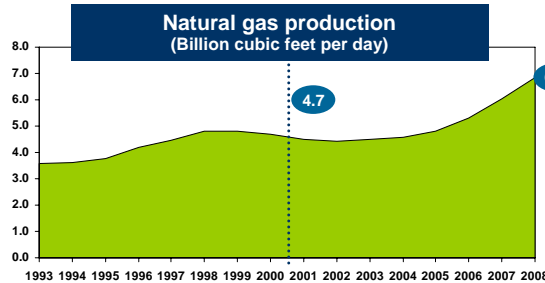
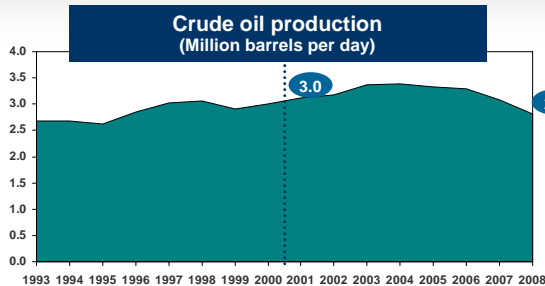
- Establish more technological agreements with majors and non-majors oil companies
- Include technological applications for subsea and pipeline systems
- Promote environment friendly technologies



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## Support charts

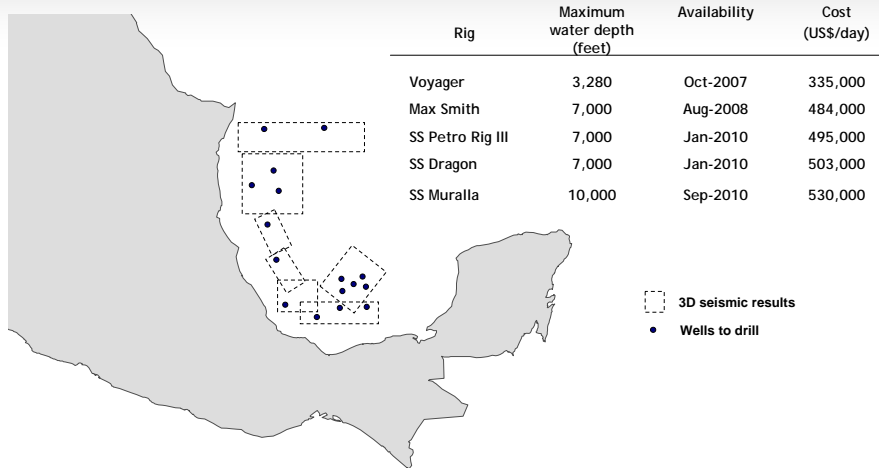
### Crude oil and natural gas production 2000 - 2006



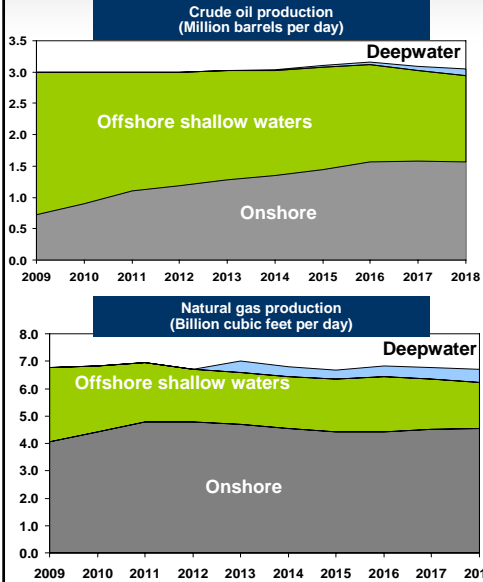
- Pemex oil production rests on one super giant field and four giant fields: Cantarell, Ku-Maloob-Zaap, Bermudez, Abkaun-Pol-Chuc and Tecminoacan
- Since 2005, oil production has steadily declined
- In recent years, natural gas production has increased, but not enough to compensate the fall in oil production

The following committees to give support to the Board of Directors will be created:

1. Audit and Performance Evaluation (verifies fulfillment of goals and objectives)
2. Strategy and Investments
3. Compensation
4. Acquisition, Lease, Works and Services (determines if an exception proceeds in public bidding processes in the oil industry)
5. Environment and Sustainable Development
6. Transparency and Accountability
7. Development and Technological Investigation



Pemex has a program for drilling 28 exploratory wells for deep waters during 2008-2012 period. In order to get the rigs on time Pemex has already contracted with several services companies five deep waters drilling rigs



### Production

- Manage depletion rate of mature fields
- Develop low-permeability fields
- Implement enhanced recovery methods
- Implement best practices in project management

### Exploration

- Maintain a proved reserve life above 9 years and reach replacement rate of 100% by 2012
- Explore deepwater and sub-saline prospects

