



Mexico's Hydrocarbons Outlook

PEMEX's strategic plans and implementation
of the reform measures

May 12, 2010

Content

Energy Reform

Strategic Initiatives

Goals 2012

Energy reform

Pemex Value Creation

Corporate Governance

- Board with participation of professional members
- Incorporation of best corporate practices

Special contracting regime

- Flexible procurement and contracting
- Contracts with performance incentives
- Schemes to develop and support suppliers and contractors in order to increase national content

Financial flexibility

- Own financial program (without affecting own free cash flows)
- Financing from external sources
- Citizen bonds
- Differentiated fiscal regime

Content

Energy Reform

Strategic Initiatives

Goals 2012

Pemex E&P has redefined its strategic goals

Production & reserves

- Have yearly increases of crude oil production 2010-2012
- Reach a replacement rate of 100 percent of proved reserves in 2012
- Improve recovery ratios / reduce declination curve
- Develop mature fields
- Complete field laboratories and define Chicontepec under new development strategies
- Develop new fields in shallow water / heavy oil

Competitiveness

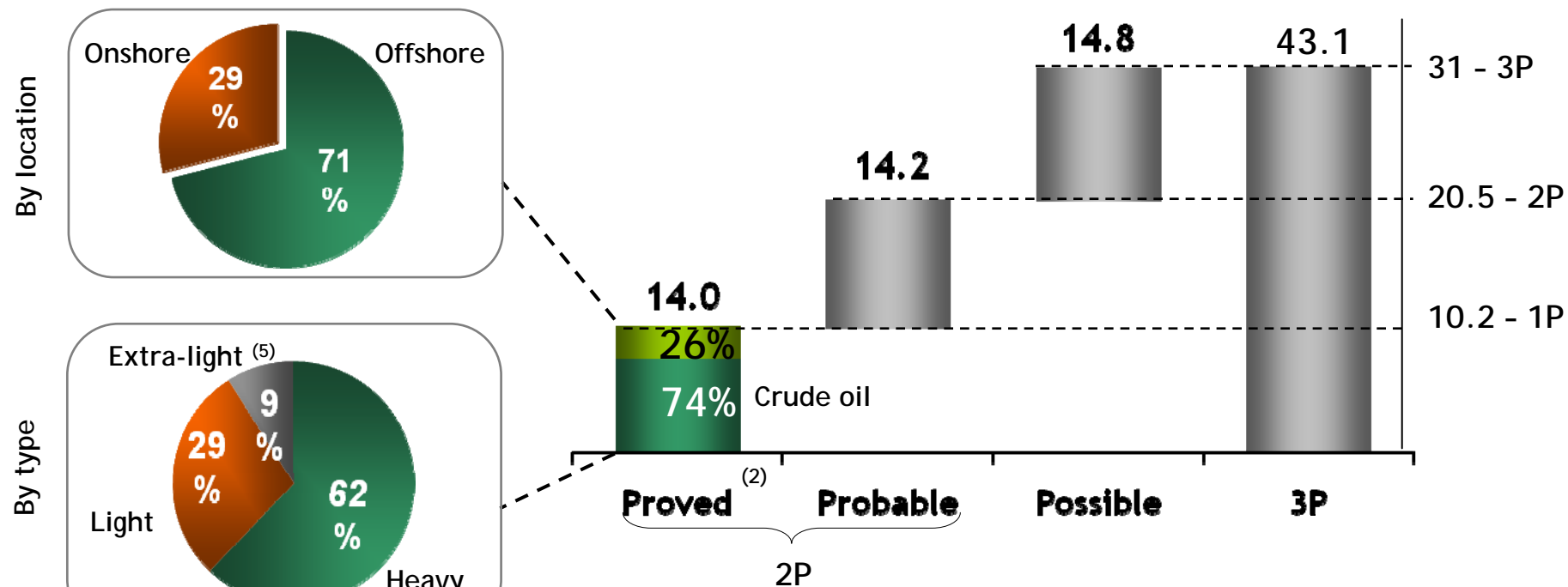
- Reduce gas flaring to international standards
- Incentivized contracts (blocks in mature fields, Chicontepec and Deep water)
- Maintain competitive levels on discovery and development costs, as well as production costs

Crude Oil & Natural Gas Reserves ⁽¹⁾

As of January 1, 2010

Billion barrels of oil equivalent

Reserves Life (years) ⁽³⁾



• Reserves are certified by third parties since 1998. ⁽⁴⁾

(1) Figures may not total due to rounding.

(2) In accordance with the definition of proved reserves under Rule 4.10 (a) of Regulation S-X under the U.S. Securities Act of 1933.

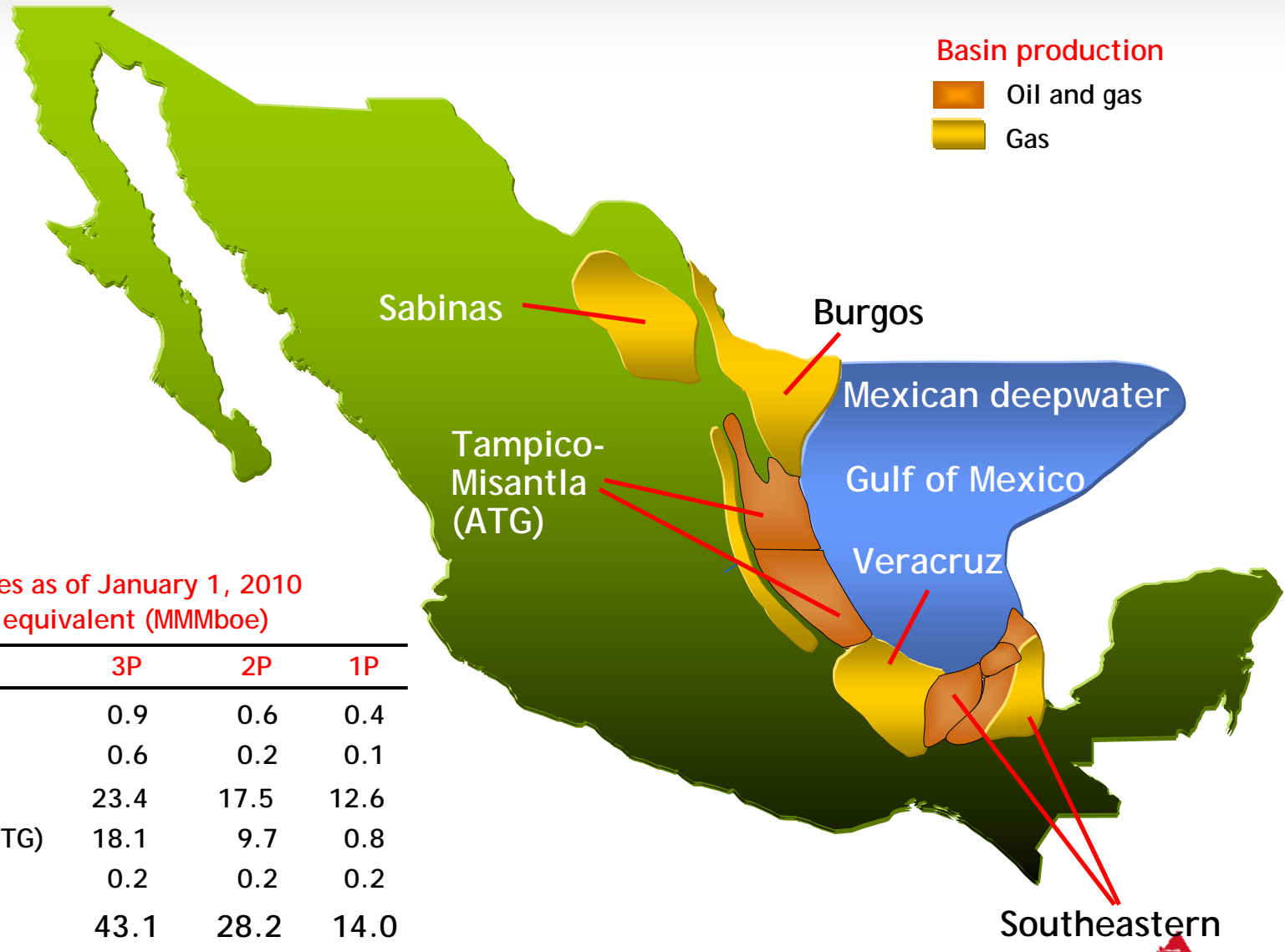
(3) Reserves as of January 1, 2010, and average production 2009 (1.378 MMMboe).

(4) Independent engineering firms that audit reserves are DeGolyer and MacNaughton, Netherland, Sewell International, and Ryder Scott Company.

(5) Heavy crude oil < 27° API; Extra-light crude oil > 38° API.



Distribution of Reserves by Basin



Hydrocarbon reserves as of January 1, 2010
Billion barrels of oil equivalent (MMMboe)

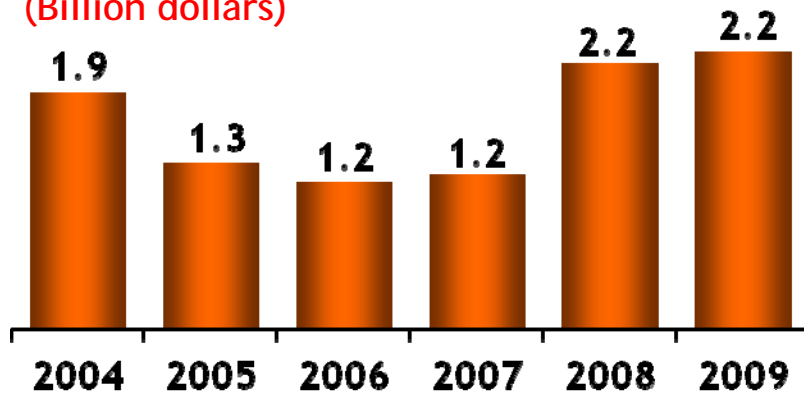
Basin	3P	2P	1P
Burgos and Sabinas	0.9	0.6	0.4
Mexican deepwater	0.6	0.2	0.1
Southeastern	23.4	17.5	12.6
Tampico-Misantla (ATG)	18.1	9.7	0.8
Veracruz	0.2	0.2	0.2
Total	43.1	28.2	14.0

Figures may not total due to rounding

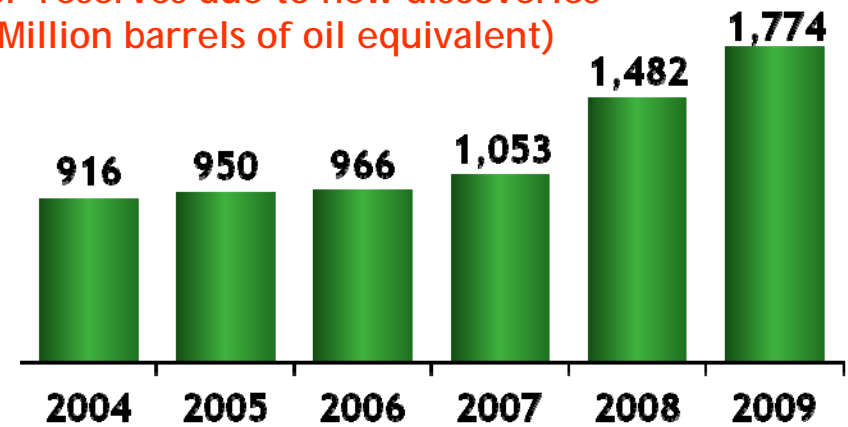
Exploration Results

- Results of the exploration strategy start to crystallize. The replacement rate of reserves has improved steadily for proved and total (3P) reserves. The goal is to reach, by 2012, a 100% replacement rate for 1P reserves.
- During 2009, 3P replacement rate were 128% of production, and the replacement rate of proved (1P) reserves was 77%⁽²⁾.

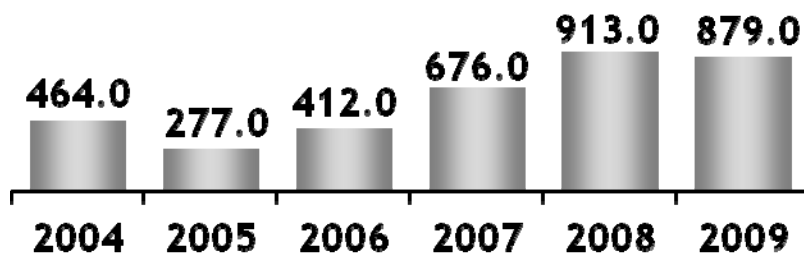
Investment in exploration
(Billion dollars)



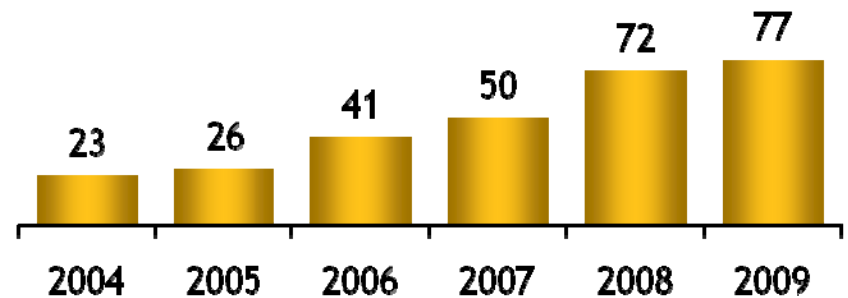
3P reserves due to new discoveries
(Million barrels of oil equivalent)



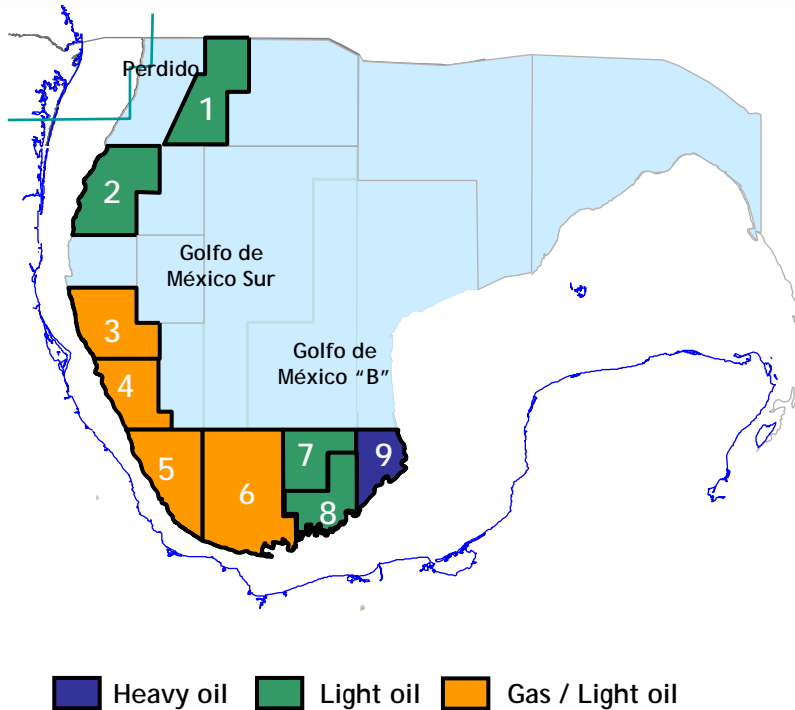
2P Discoveries⁽¹⁾
(Million barrels of crude oil equivalent)



Replacement rate of proved reserves
(Million barrels of crude oil equivalent)



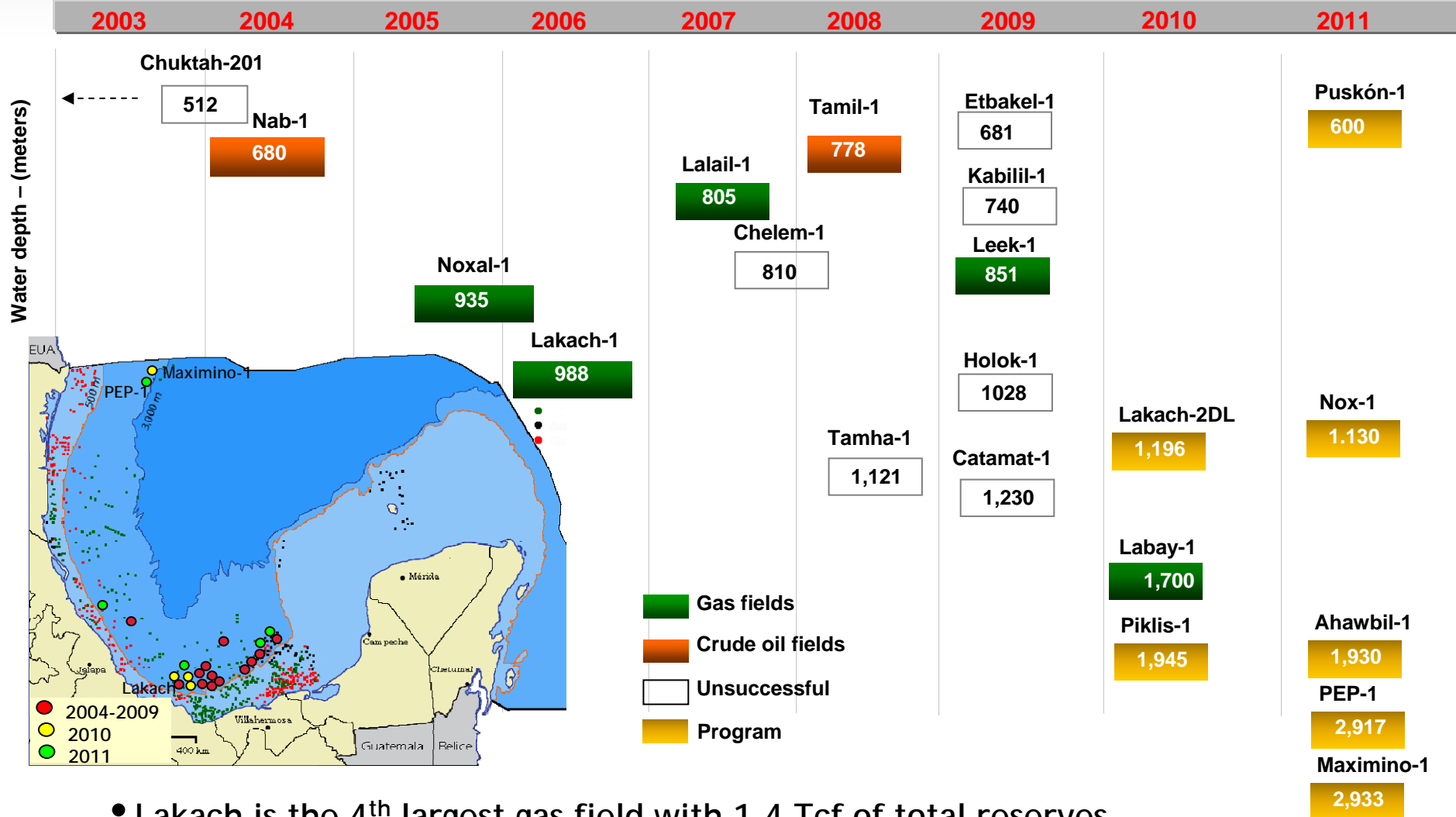
Upstream Exploration Strategy: Deepwater (1/2)



Area	Risk	Water depth (m)	Prospective resources (MMboe)
1. Perdido folded belt	Low-Moderate	>2000	100-600
2. Oreos	Moderate-High	800-2000	40-130
3. Nancan	High	500-2500	35-290
4. Jaca-Patini	Moderate-High	1000-1500	90-260
5. Lipax	Moderate	950-2000	50-200
6. Holok	Low-moderate (Western)	1500-2000	100-480
	High-moderate (Eastern)	600-1100	65-300
7. Temoa	High	850-1950	20-270
8. Han	High	450-2250	80-350
9. Nox-Hux	Moderate	650-1850	90-250

- Nine areas were defined as the most relevant for Mexican deep water, considering economic value, prospective size, hydrocarbon type, geological risk, closeness to production facilities and environmental restrictions, as the most relevant criteria.

Upstream Exploration Strategy: Deepwater (2/2)

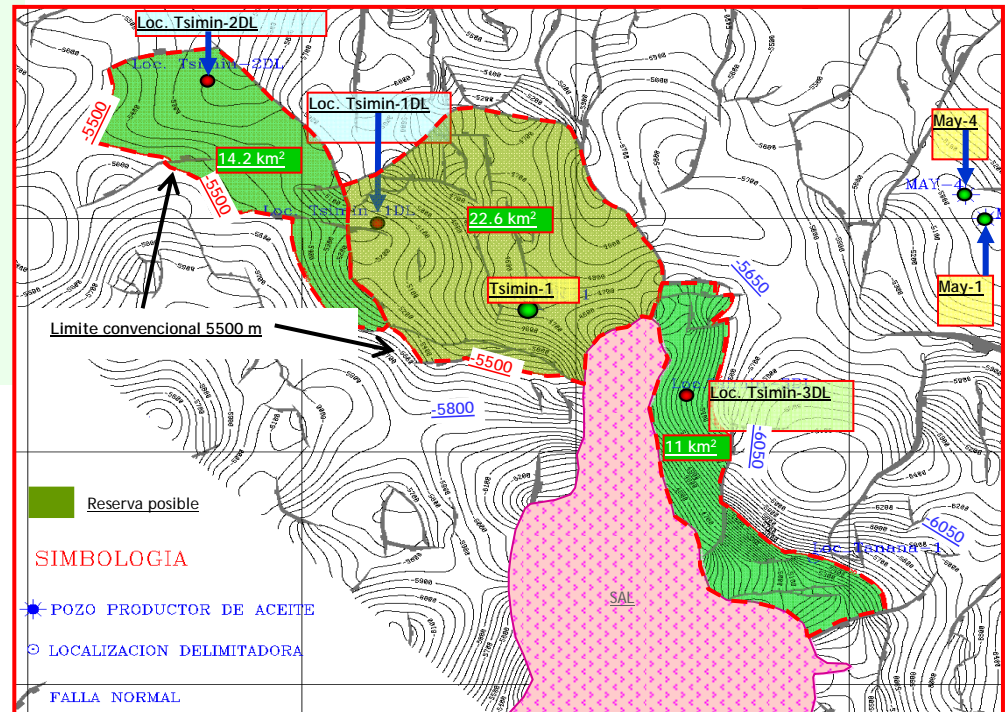
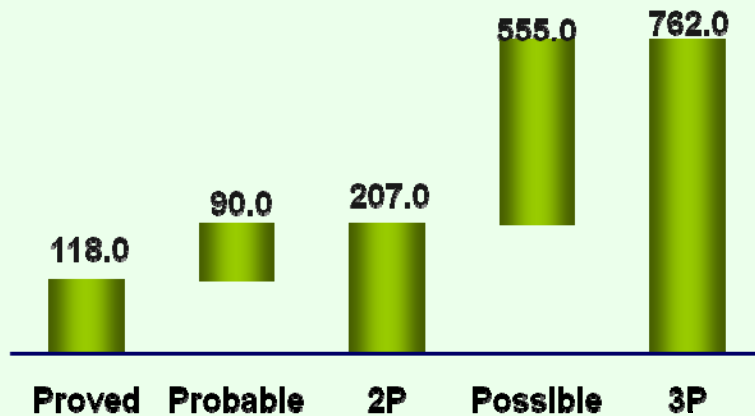


- Lakach is the 4th largest gas field with 1.4 Tcf of total reserves.
- Reserves are being evaluated in: Labay-1.



One relevant result in shallow waters is the Tsimin field

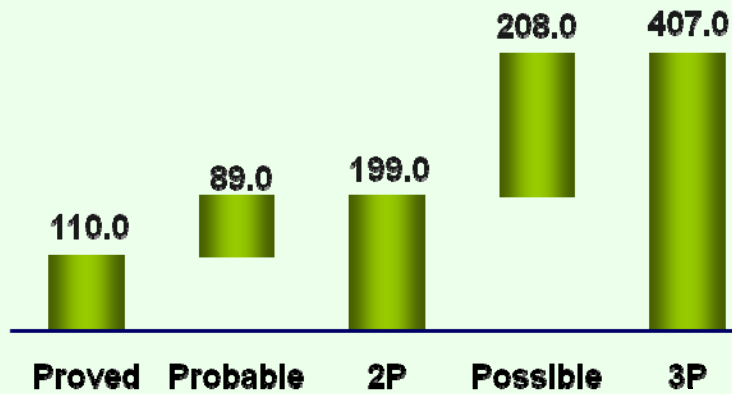
Total reserves
mmboe



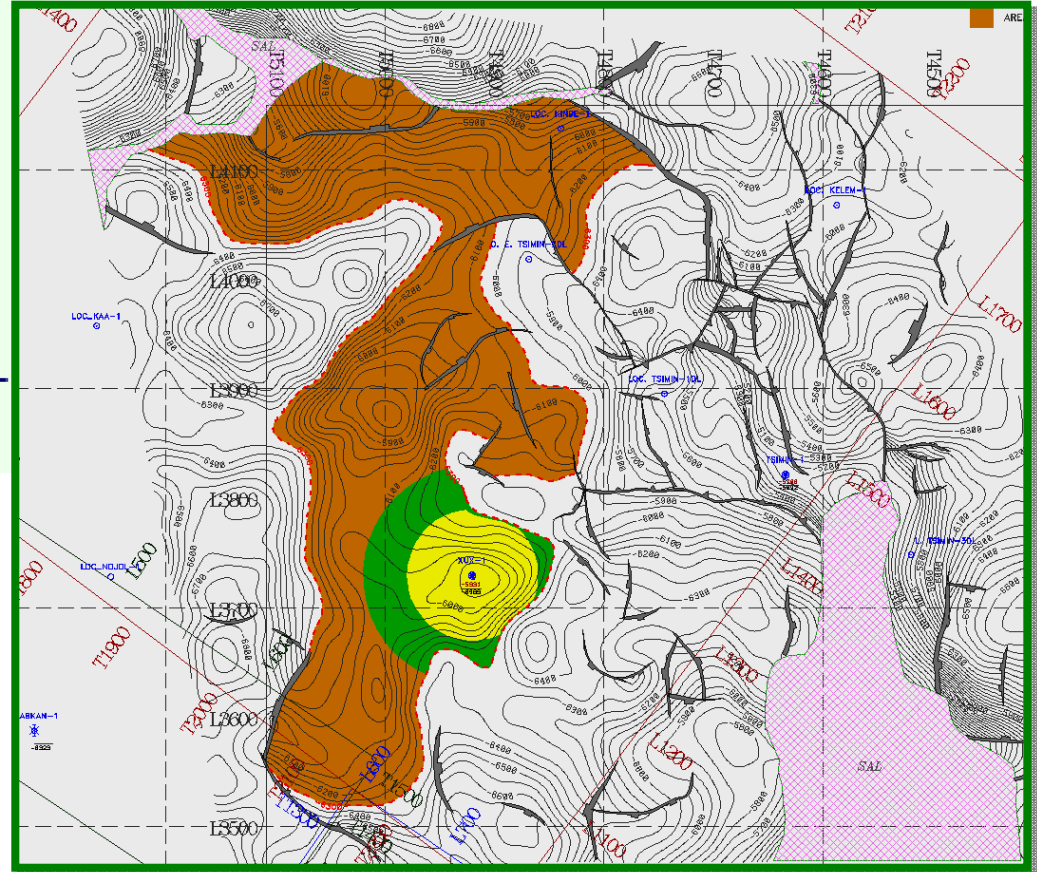
- Total oil in place 1,500 mmboe
- The reservoir rock is a breccia, and the hydrocarbon is gas and condensate
- The age is Cretaceous, and the folding obeys a salt tectonics
- A delineation program is in progress

The Xux field is another world class discovery in shallow waters too

Total reserves
mmboe

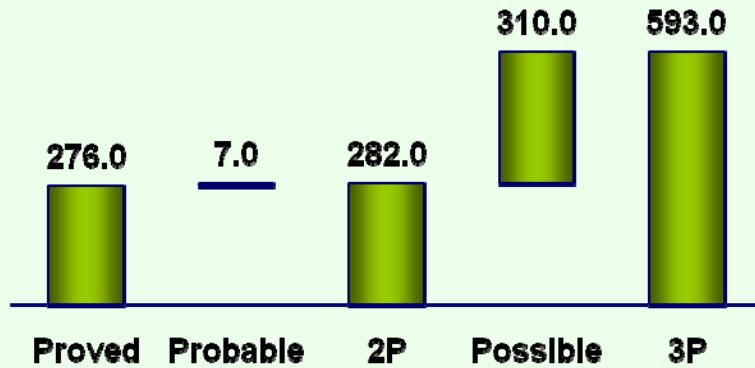


- Total oil in place 850 mmboe
- Xux is a light oil field of the Upper Jurassic
- The reservoir rock is a oolite bank
- This new play is under evaluation, and a delineation well is in planning

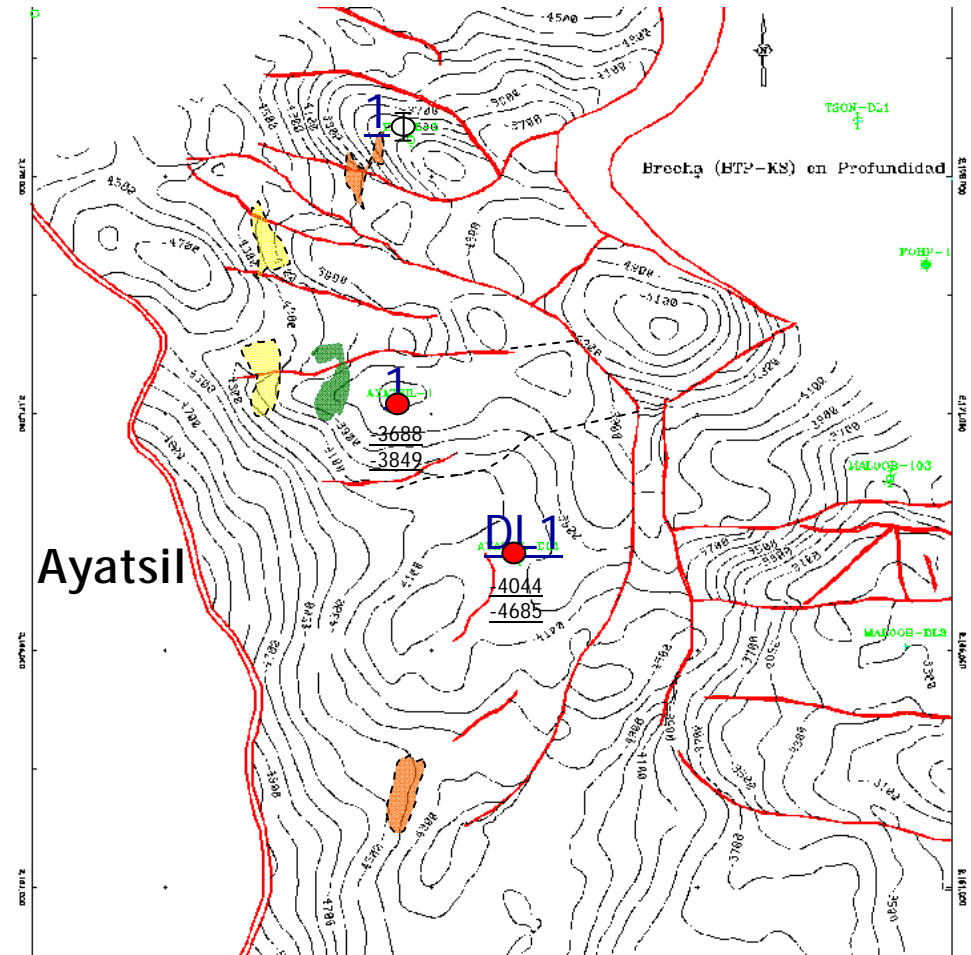


Another important discovery is Ayatsil: a giant extra heavy oil reservoir

Total reserves
mmboe

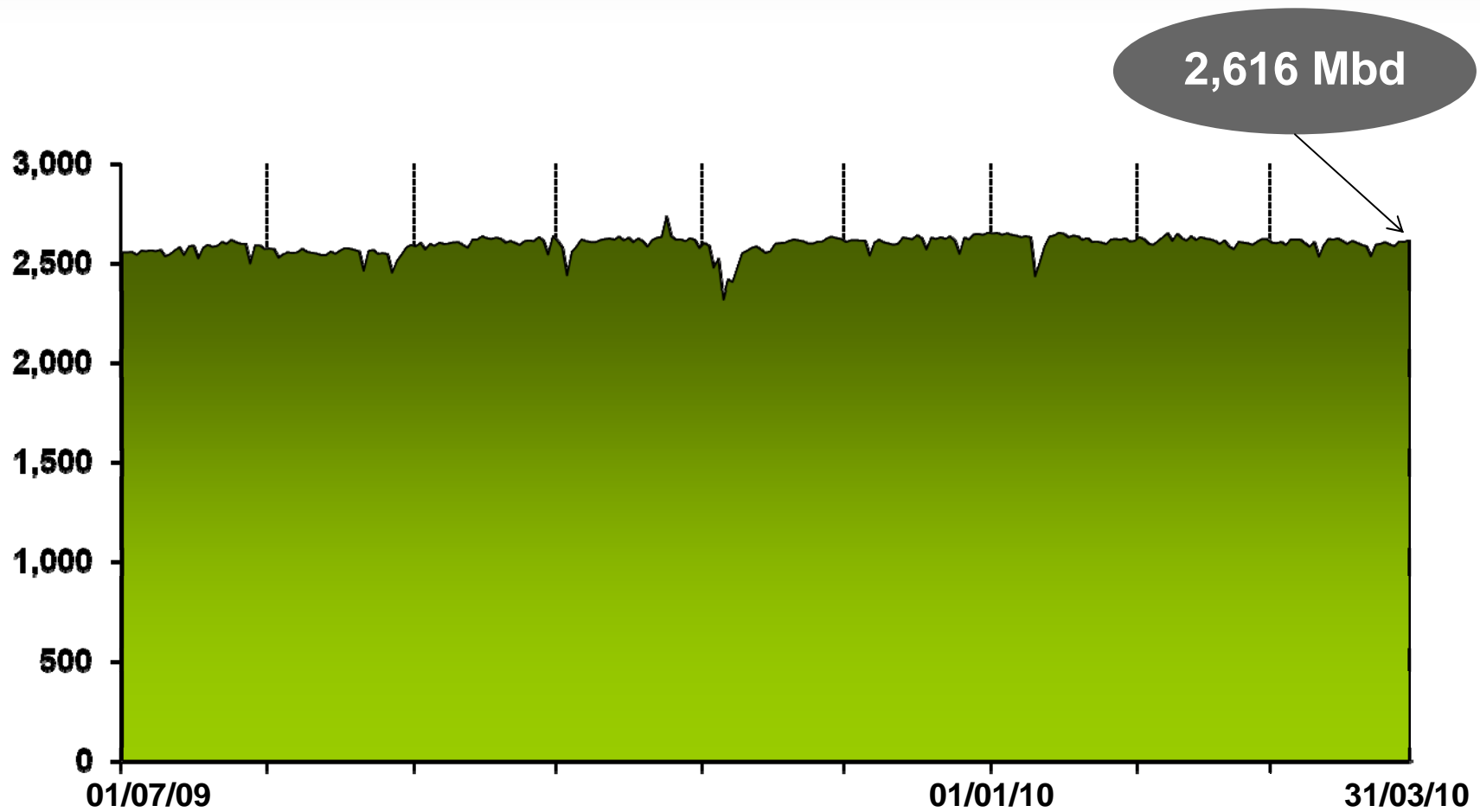


- Total oil in place 3,200 mmboe
- Ayatsil is an extra-heavy oil field from the Upper Cretaceous
- Its development is key for the full development of heavy oil fields in the area such as Tekel, Pit and Baksha
- Also, Ayatsil is nearby to Ku-Malooob-Zaap, and therefore development cost will take advantage of that



Daily crude production (MB)

July 2009 - March 2010

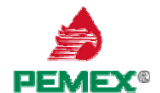
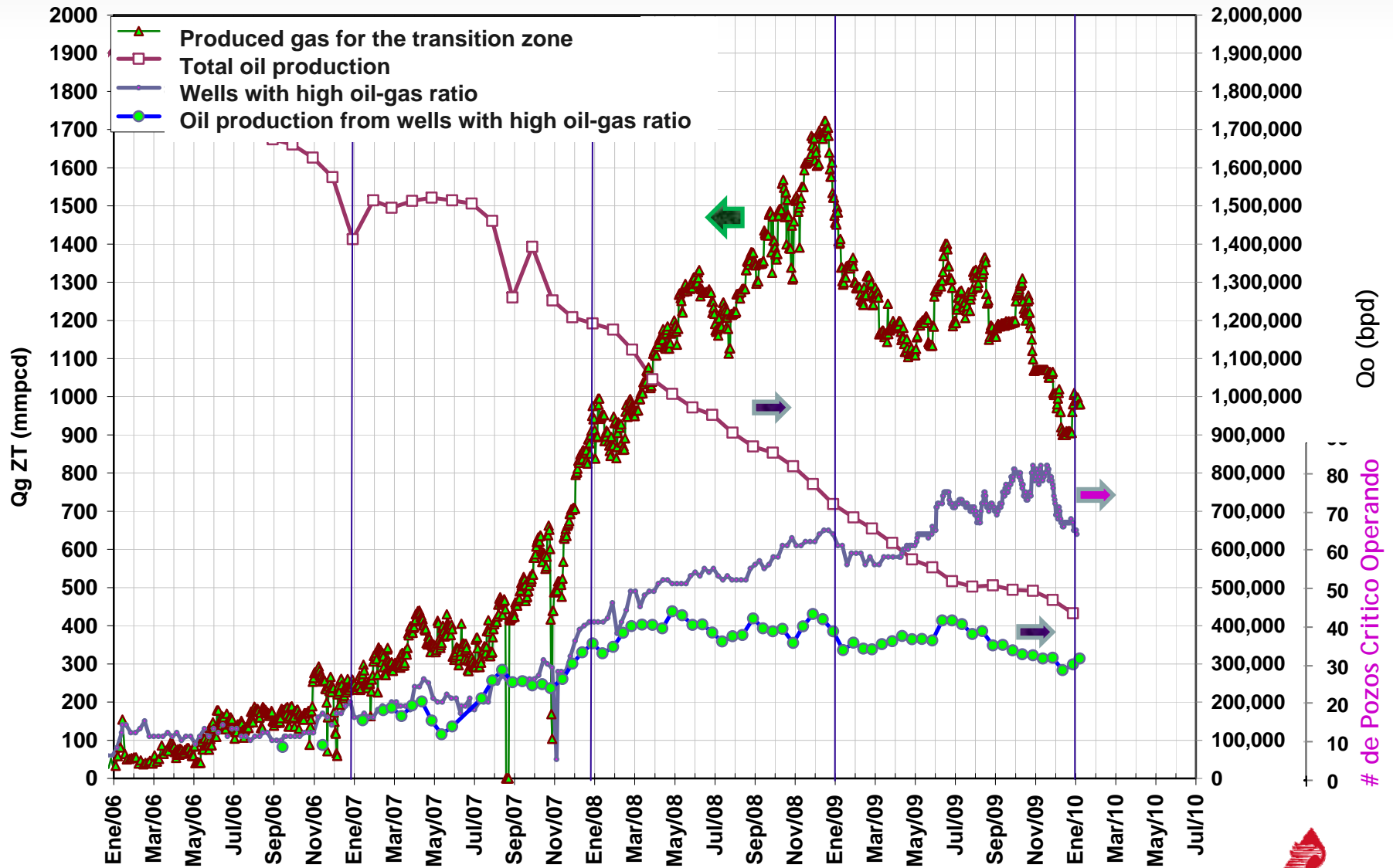


Different actions have been taken for decline rate management for Cantarell



- Production maintenance due to optimized major workovers, and new wells
- Pressure increase in the gas cap through gas injection in order to maintain pressure in the oil column
- Voidage control to favor gravity drainage, and in consequence, achieving a quasi constant oil thickness
- Productivity has remained stable since July 2009, and greenhouse gas emissions are decreasing

Cantarell reservoir management implies handling of high oil-gas ratio



Upstream Production Strategy: ATG (Chicontepec)

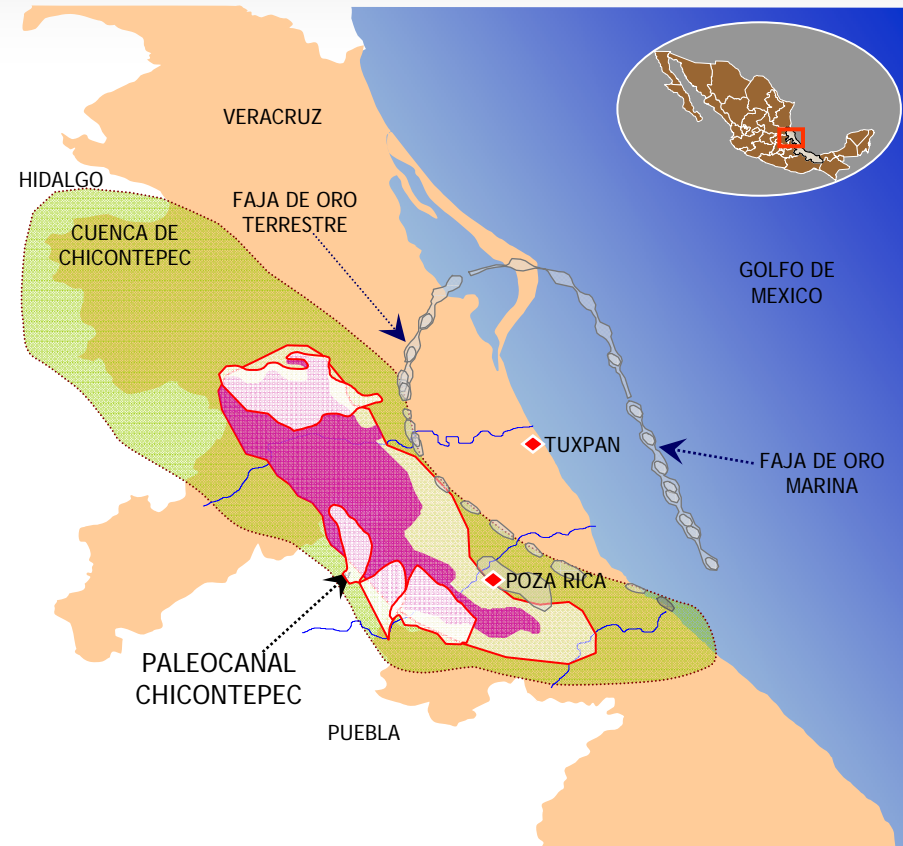
Characteristics

- Area: 3,731 km²
- Comprised by 29 fields
- Oil gravity: 18-45° API
- Reserves (MMMboe)⁽¹⁾
 - 1P: 0.8
 - 2P: 9.7
 - 3P: 18.1

Current structure⁽¹⁾

- Operating wells: 1,070
- Drilling rigs: 78
- Oil production: 29 Mbd
- However, the current cumulative production represents only one percent of its total reserves
- A complex reservoir geology coupled with low permeability impacts well productivity
- Therefore, its exploitation demands an evolving strategy based on rapid assimilation of new technologies, and good practices to operate

(1) As of Dec. 31, 2009.

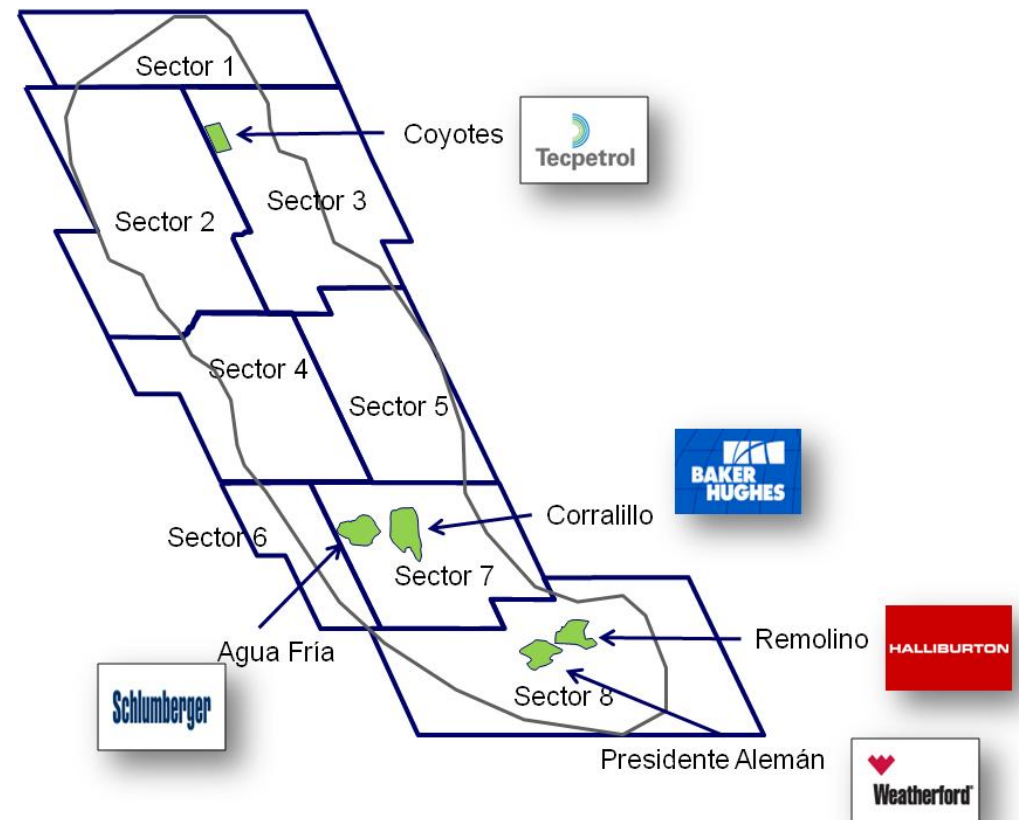


Technology innovation and definition of better exploitation approaches can be capture through the concept of fields labs

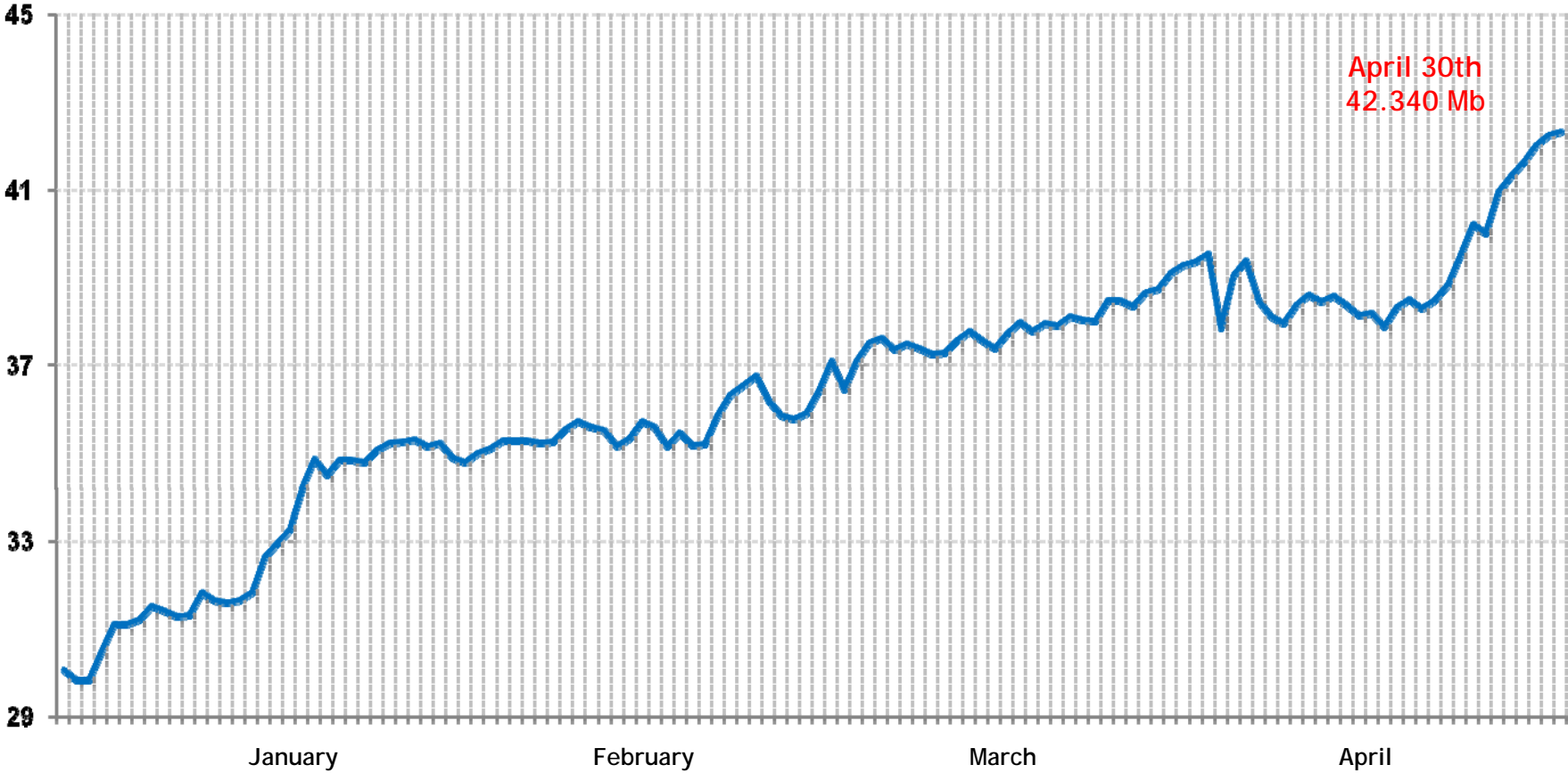
Field labs goals

- Focus investments in value creation
- Increase wells productivity through the implementation of best practices
- Inclusion of technical solutions to challenging activities
- Redesign wells and infrastructure works to the conditions of the field
- Improve contractual conditions with contractors to reduce costs
- Develop a business models according to the characteristics of Chicontepec, incorporating third parties

Allocation of 10km² per contractor to develop 5 areas



Recent Chicontepec performance is encouraging, but still productivity per well remains our target



Mature fields represent an opportunity to generate value through to the new Pemex legal framework

Current situation	Opportunities	Solutions
<ul style="list-style-type: none">▪ PEP has identified an important number of marginal fields which have not been developed because of low profitability as compared to other Pemex portfolio projects▪ There are more than 100 fields under these circumstances▪ These fields require improvement of recovery factors and capital	<ul style="list-style-type: none">▪ Remaining reserves are considerable, and a large numbers of new wells and workovers have been identified▪ Production costs can be optimized by increasing production, and decline rate reduction▪ Early identification of incremental production of 75MBD	<ul style="list-style-type: none">▪ Implementation of new contracts in exploration and exploitation based on current regulations for:<ul style="list-style-type: none">▪ Increase execution capacity▪ Implement technology that has no been applied in these fields▪ Production cost reduction▪ Apply best practices

Downstream – Refining performance

Indicator	Pemex 2008	Benchmark	Gap
Energy Intensity Index	134.6	95.1 ^{1/}	140 %
Distillate yield (%)	66.9	75.3 ^{1/}	-8.4 %
Unplanned downtime (%)	3.1	1.0	310 %

1/ Source: Solomon 2008, average RSC III.

2/ USA average gross margin in 2008

Refining Strategies

Increase reliability and profitability

- Maintenance and reliability improvement
- Yield improvement of gasoline and middle distillates
- Integrated optimization of the SNR (National Refining System)

Deep conversion projects at Minatitlan, Salamanca & Tula

- Minatitlan to start 4Q, 2010
- Salamanca to start on 2014
- Tula project to be merged with new capacity project.
- Salina Cruz scope and startup date to be defined

New refined products supply

- Tula project to start operation 2015
- New supply projects under study

Fuels quality NOM-086

- Compliance of law via imports and local production
- Third and last public bid for gasoline to be assigned in Dec 2009
- First public bid for diesel to be assigned on Jan 2010 (Cadereyta); remaining bids to be assigned in 2011

Increase imports capacity and strengthen storage and distribution

- New pipeline (Tuxpan-México) to start operations in 2Q, 2010
- Relocation of terminals
- Redefinition of inventory requirements
- Turnaround maintenance in marine terminals



Natural Gas and Petrochemicals Strategies

Natural Gas

- Increase process infrastructure according to primary production (sweetening, NGL recovery, liquid fractionation, and sulphur recovery).
- Capture the benefit associated with rich gas production (non associated) in the Northern Region
- Increase transport capacity as required by production and demand
- Encourage private sector participation in transport and storage
- Diversify supply sources and analyze participation in LNG projects

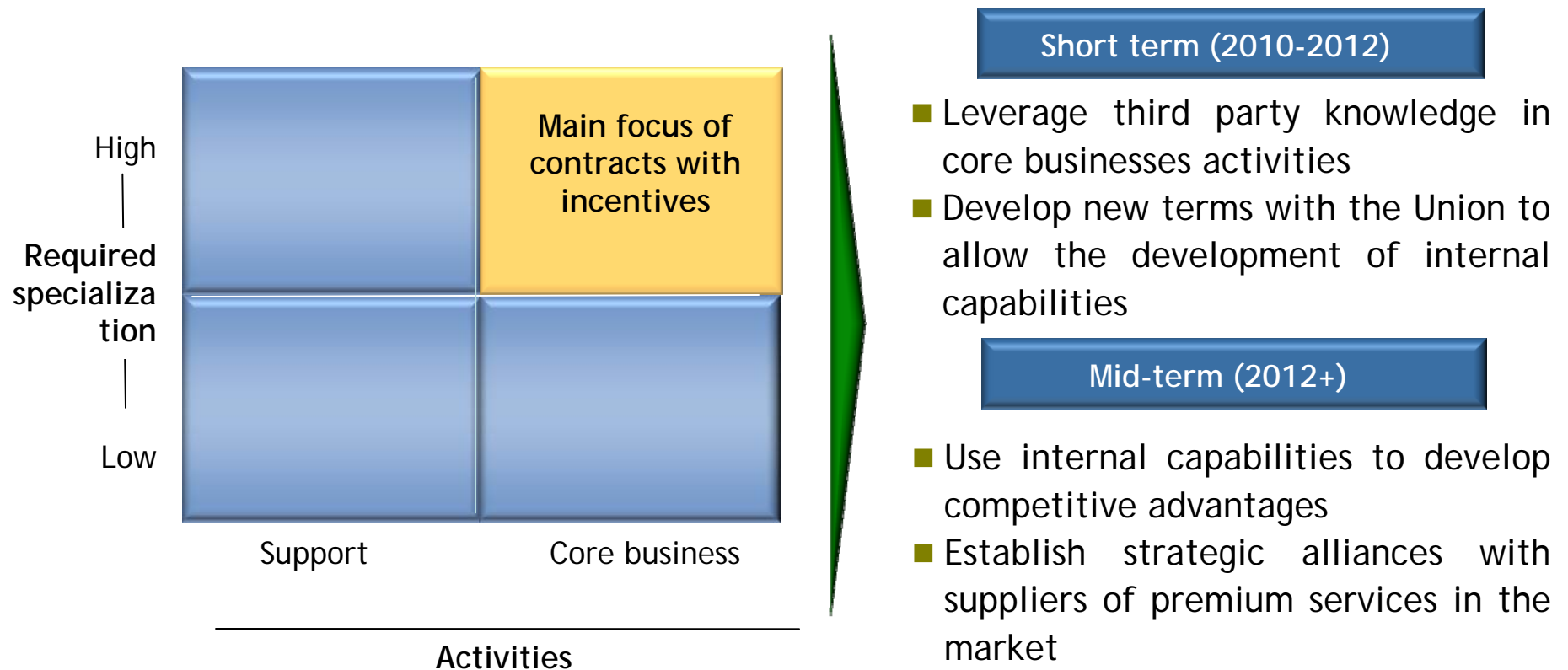
Petrochemicals

- Focus on most profitable chains and retrieve from non profitable ones:
 - Encourage participation of private sector to develop new projects and capture business opportunities in selected chains
 - Increase efficiency and debottlenecking of profitable chains
 - Divest nonprofitable and marginal chains

Contracts with incentives: Pemex's role

- In the short term, Pemex's must leverage the use of contracts with incentives to develop internal capabilities in core businesses

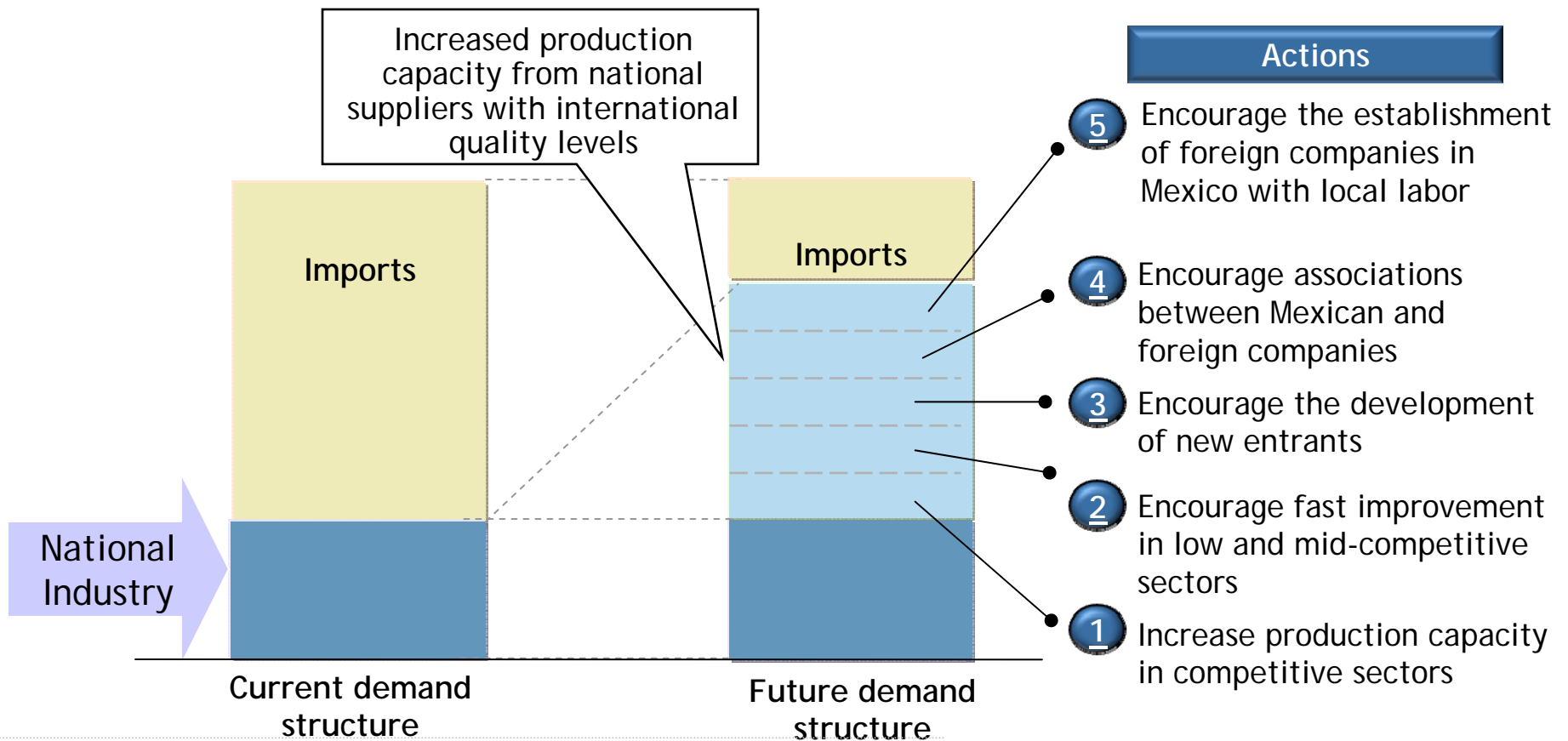
Pemex's role in the implementation of contracts with incentives



Actions to increase national content

Procurement of goods and services (structure of demand)

- The strategy to develop national suppliers must increase Mexico's production capacity to provide goods and services



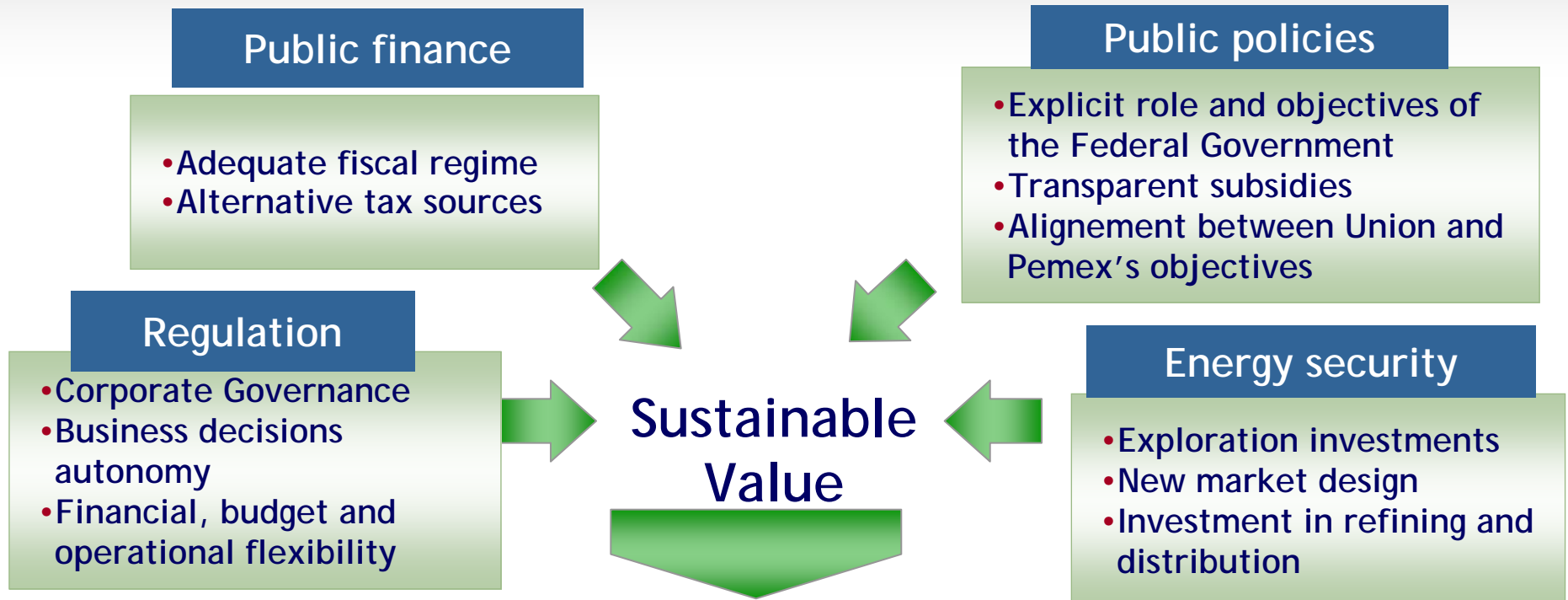
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Strategic Initiatives

Goals 2012

Pemex sustainability



PEMEX long term sustainability

- Value creation and growth
- Strategic focus and process orientation
- Operational excellence
- Superior project execution
- Infrastructure modernization
- Procurement flexibility
- Environmental protection & social responsibility
- Industrial Safety
- Flexible labor relationship
- Development of human resources and research and development capabilities