

Mexico's Update

OIL AND GAS SECURITY

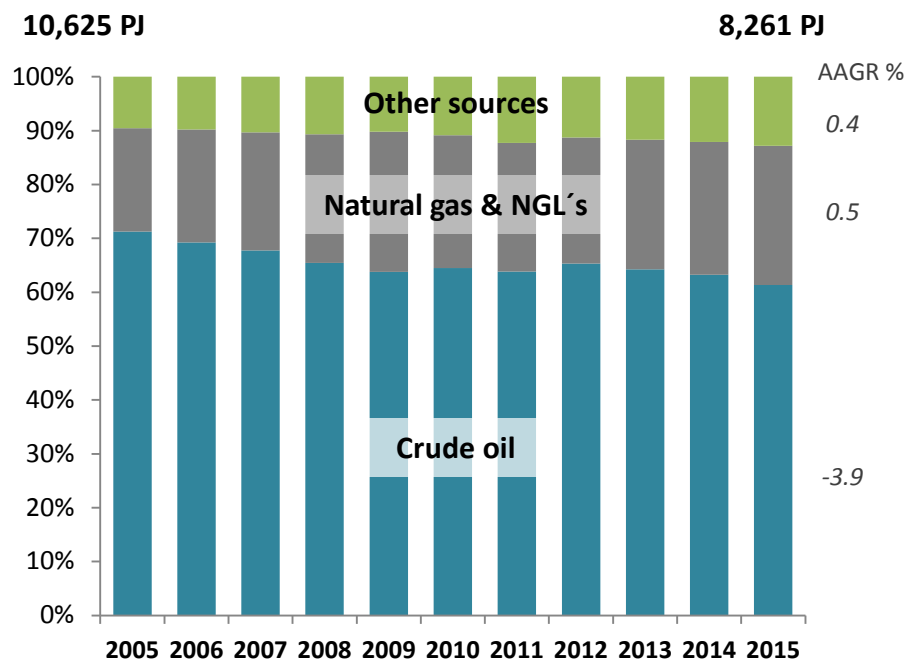


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Ministry of Energy
Undersecretary of Hydrocarbons

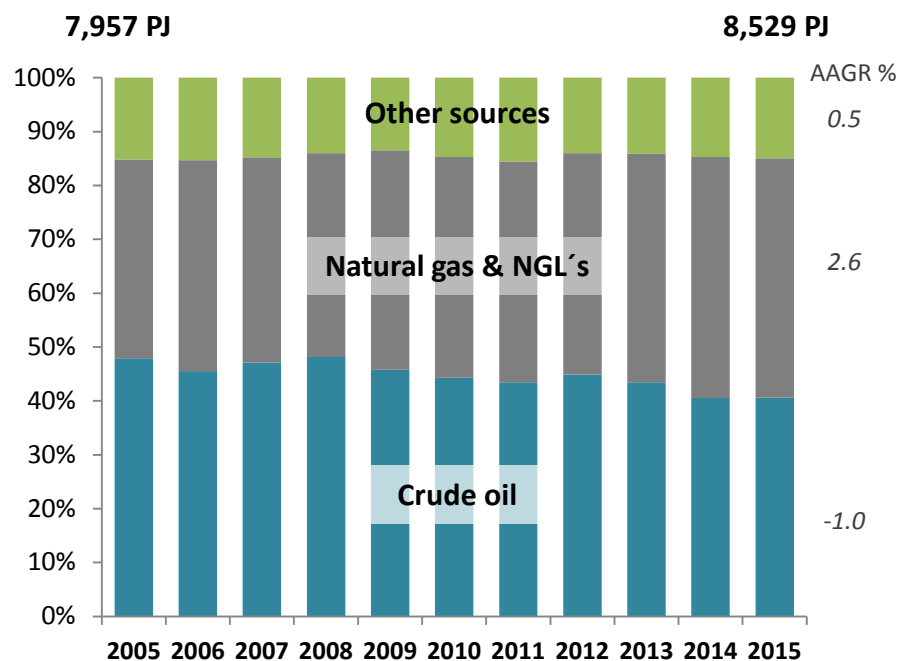
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Oil and Gas Supply and Demand Situation

Primary energy production



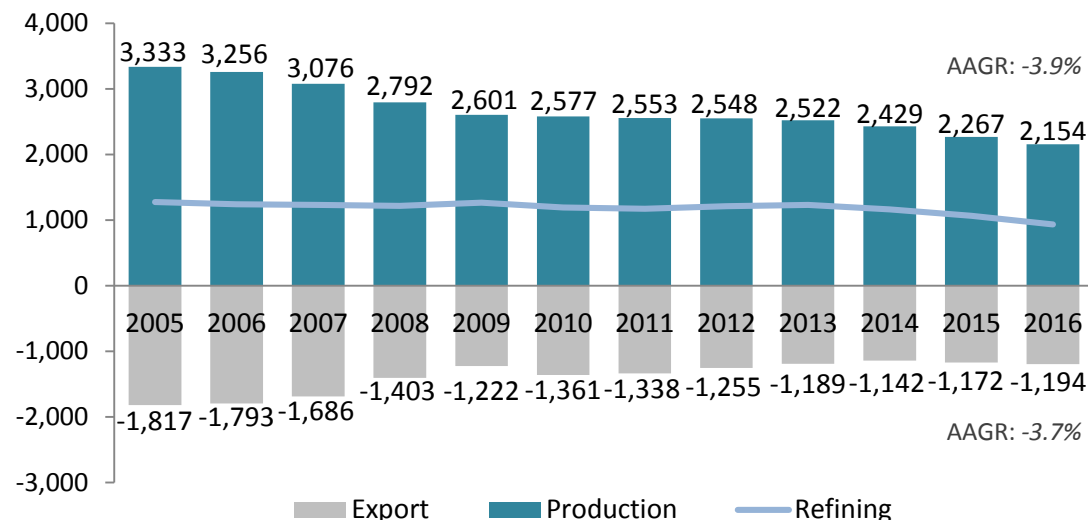
Final energy demand



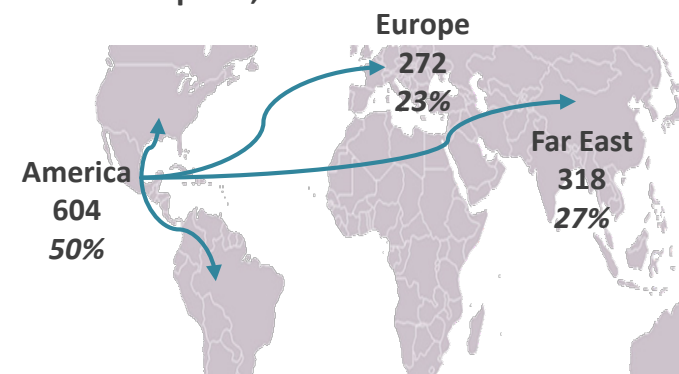
Oil and Gas Supply and Demand Situation

Thousand barrels per day

Crude oil producción, refined products and exports



Crude oil exports, 2016



Production and exports by type of crude oil

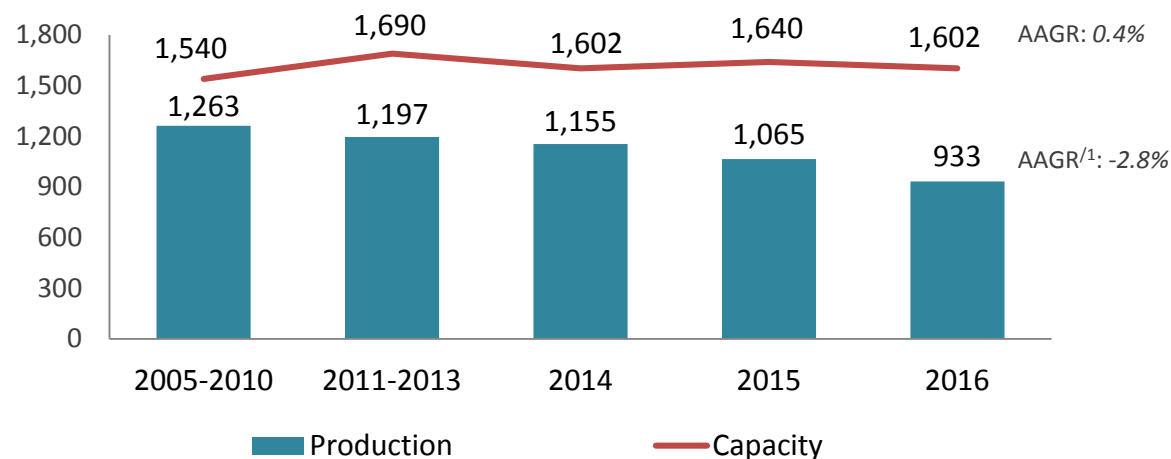
	2005-2010		2011-2015		2016	
Production	Volume	%	Volume	%	Volume	%
Maya (heavy)	1,903	65	1,317	53	1,103	51
Isthmus (light)	815	28	836	34	785	37
Olmecca (extra-light)	221	8	310	13	266	12
Exports						
Maya (heavy)	1,313	85	951	78	934	78
Isthmus (light)	50	3	126	10	153	13
Olmecca (extra-light)	184	12	142	12	108	9

Source: PEMEX.

Oil and Gas Supply and Demand Situation

Thousand barrels per day

Refining capacity and production



/1 Calculated with the annual volume reported to 2005 year: 1,284 TBD.

Oil products* imports %

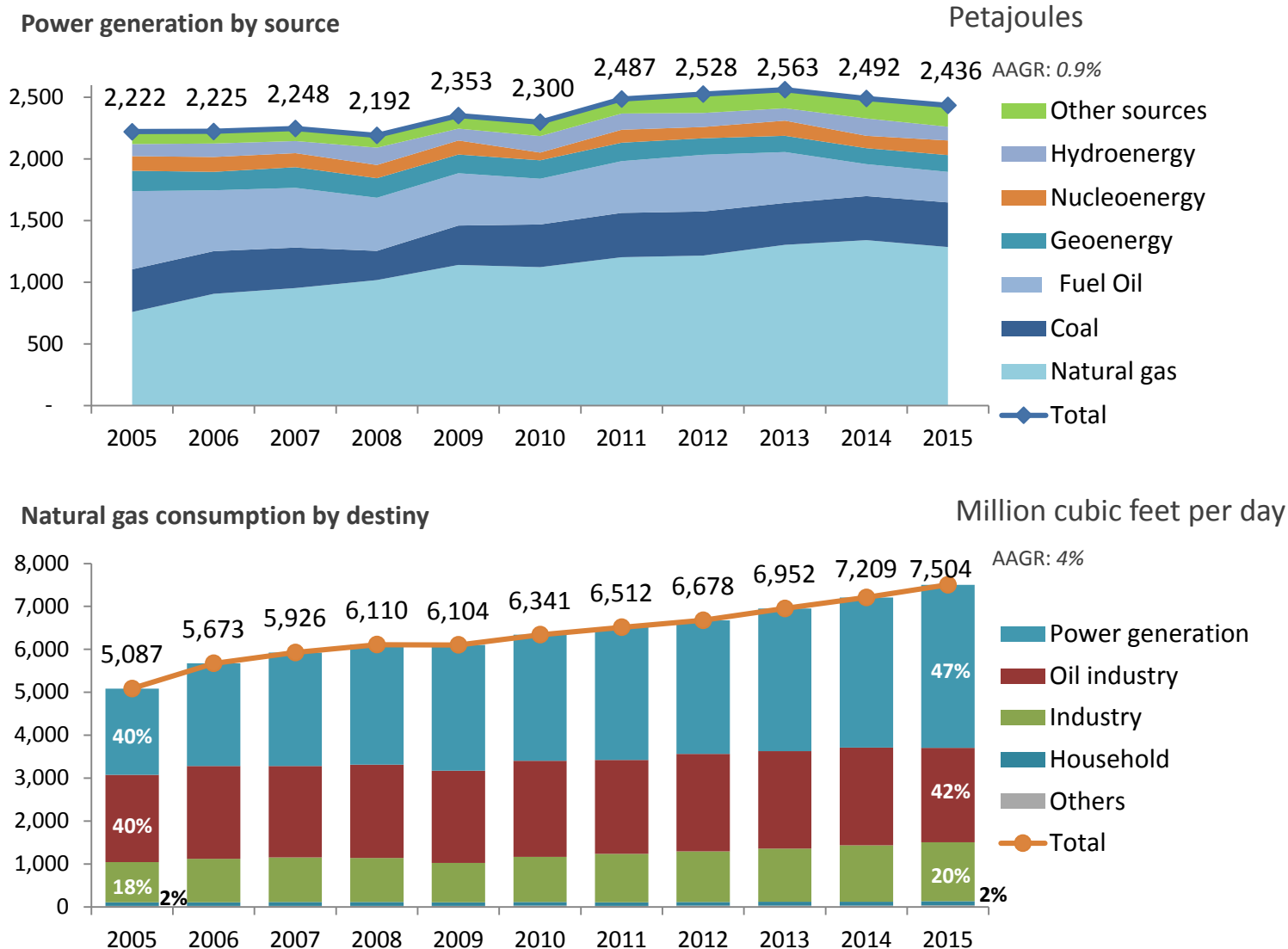
Region	2005-2010	2011-2015	2016
America	68.5	85.1	93.7
Europe	23.4	12.7	4.9
Asia	4.8	0.6	1.4
Middle East	3.1	1.6	0.0
Total (TBD)	362.6	546.3	724.4

Oil products* exports %

Region	2005-2010	2011-2015	2016
America	95.0	60.6	58.7
Europe	2.0	-	-
Asia	3.0	39.4	41.3
Middle East	-	-	-
Total (TBD)	64.3	103.7	113.3

* Distilled products (gasolines, diesel and jet fuel) and fuel oil
Source: PEMEX.

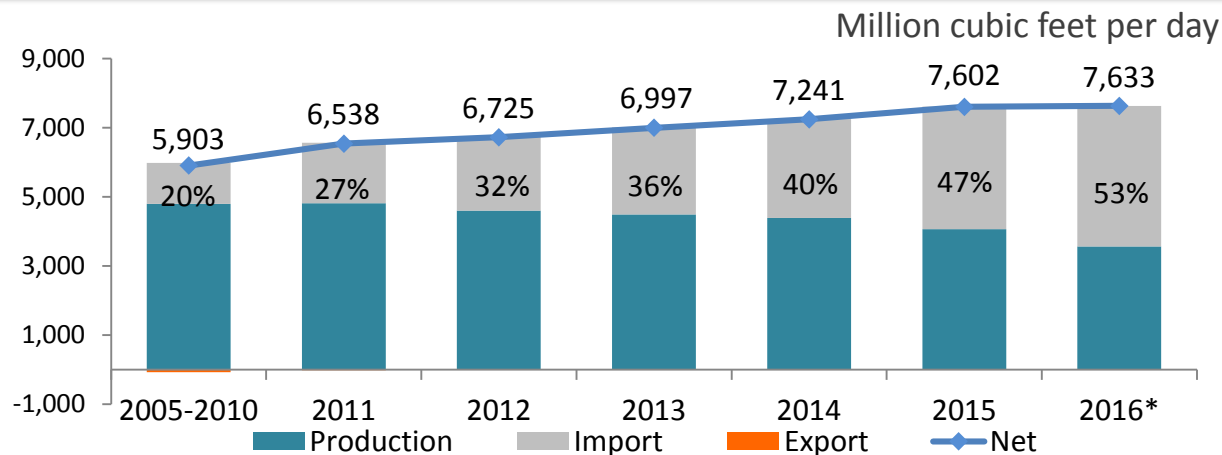
Oil and Gas Supply and Demand Situation



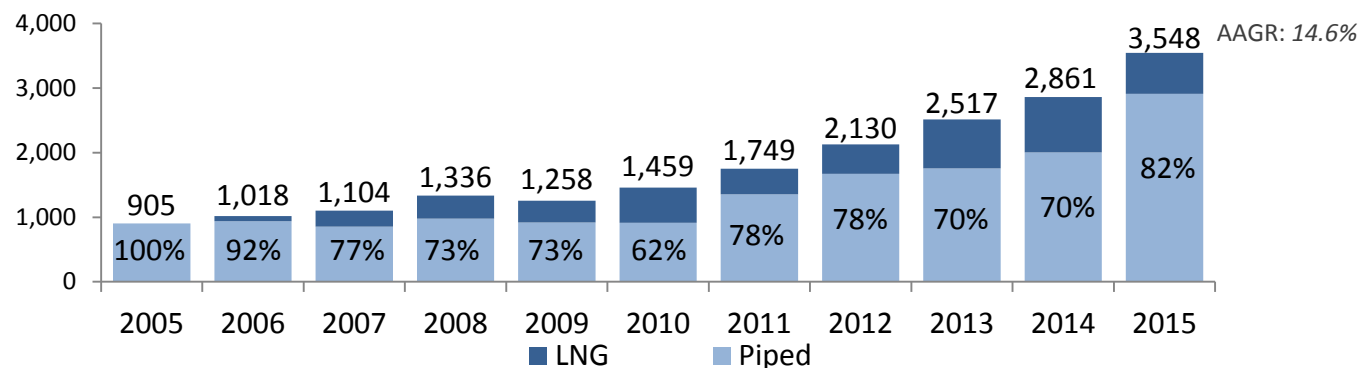
Sources: PEMEX and Ministry of Energy.

Oil and Gas Supply and Demand Situation

Natural gas balance and import dependency level



Natural gas imports by type



Regasification terminals

	LNG Altamira Terminal	LNG Energía Costa Azul Terminal	KMS LNG Terminal
Capacity	670 - 1,119	1,000 - 1,300	500
Date of commercial operation	2006-09	2008-05	2012-06

* Estimated.
Sources: PEMEX, Ministry of Energy and CRE.

Oil and Gas Security Policy

- ✓ December 2013: The Mexican Congress approved the Constitutional Reform:
 - ✓ Reaffirm the constitutional principle of the state ownership over subsoil resources;
 - ✓ Free competition among economic actors in the sector;
 - ✓ Reinforce of regulatory agencies.
- ✓ The Energy Reform terminated the state monopoly in oil & gas production.
- ✓ This Reform opened to private participation in other activities of the industry → Refining and gas processing, transport, storage, distribution & retail.
- ✓ Hydrocarbons Law → Ministry of Energy → Public policy in matter of storage and guarantee of supply of hydrocarbons and petroleum in order to safeguard the interests and the national security.

Oil and Gas Security Policy Gaps

- Based on international best practices, Mexico is in the process to achieve higher energy security levels.
- Minimum Mandatory Stocks for Oil Products
 -  National supply-demand balance report by product and region published by the Ministry of Energy
- The obligation will be regionally set according to resupply logistics for eight geographical areas.
- Traders and distributors that sell products to gas stations and final users must comply with the obligation to maintain minimum stocks.
- Ministry of Finance → Economic Special Zones
 - Fiscal incentives
 - Simplification of permits  Boost infrastructure development
- Gas Public Policy is under review and will be released soon for public consultation.

Minimum Stockholding Policy Obligation

- The variances between the regions consider the current infrastructure and the supply times throughout the regions.

Region	2020		2022		2025	
	Minimum inventory*	Minimum inventory*	Quarterly avg.*	Minimum inventory*	Quarterly avg.*	
Northwest	5	8	9	11	13	
North	5	8	9	11	12	
Northeast	5	8	9	10	12	
Gulf	5	8	9	10	12	
Center	5	8	9	10	12	
West	5	8	9	11	13	
South	5	9	10	13	15	
Southeast	5	9	10	13	14	

- *Minimum inventory & Quarterly average are expressed in days of demand
- Minimum capacity requirements: Minimum Inventory days projected with the estimated demand +10% of bottom tanks.
- Average capacity requirements (Quarterly): Minimum Inventory days projected with the estimated demand +10% of bottom tanks + Operative & Commercial Inventory

Minimum Stockholding Policy Obligation

Mexico



Thank you very much...

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