

PETROLÉOS MEXICANOS



PEMEX

ANNUAL REPORT **2002**

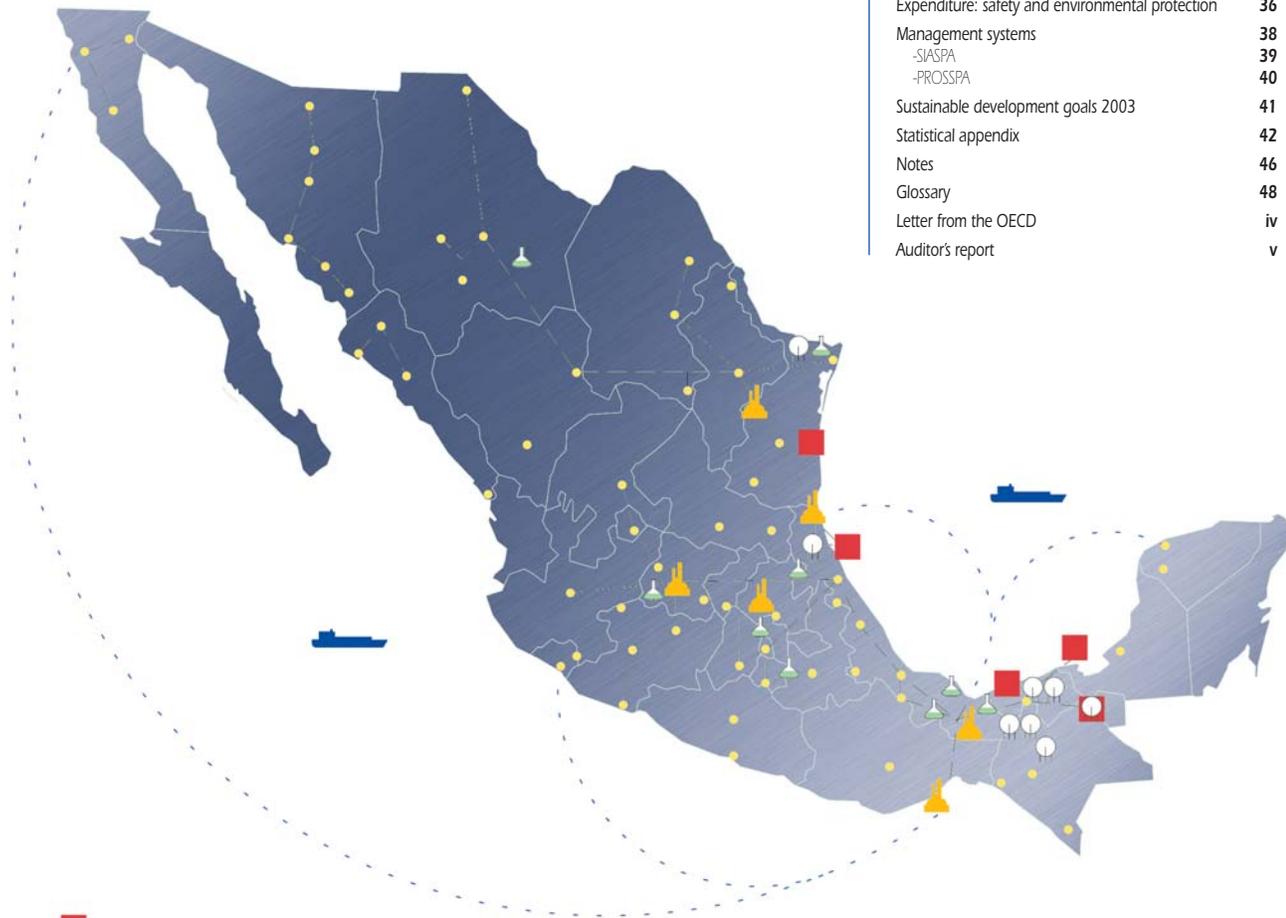
**S A F E T Y , H E A L T H
A N D E N V I R O N M E N T**

SUSTAINABLE DEVELOPMENT



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 PRODUCING AREAS

 REFINERIES

 PETROCHEMICAL COMPLEXES

 GAS PROCESSING COMPLEXES

 SALES CENTERS

 PIPELINES

 MARITIME ROUTES

Infrastructure

Producing fields	310
Producing wells	4,589
Offshore platforms	209

Gas processing complexes	10
▪ Gas sweetening plants	19
▪ Cryogenic plants	14
▪ Absorption plants	2
▪ Fractionating plants	7
▪ Condensate sweetening plants	6
▪ Sulfur recovery plants	12

Refineries 6

Petrochemical complexes 8
▪ Petrochemical plants 43

Liquid gas storage and distribution terminals 16

Refined products storage and distribution terminals 77

WHO WE ARE, WHAT WE DO AND WHERE WE DO IT



Petróleos Mexicanos (Pemex) is the state-owned company in charge of the exploitation of Mexico's oil assets. It is integrated by a corporate body, four subsidiaries and seven affiliated petrochemical companies.

Pemex extracts oil and gas, processes and distributes gas, petrochemical and refined oil products, which it commercializes in the domestic market and abroad.

The corporate body is in charge of the company's central direction and strategic management, in addition to being responsible for ensuring its integrity and harmony.

Pemex's subsidiaries are in charge of the following functions:

▪ Pemex Exploración y Producción (PEP)

Explores and develops Mexico's crude oil and gas reserves, principally located at the country's northeast and southeast regions and offshore in the Gulf of Mexico.



▪ Pemex Refinación (PR)

Transforms crude oil into automotive, domestic and industrial fuels such as gasoline, aviation fuel, diesel, fuel oil and liquid gas.

It also distributes and commercializes most of these products inside the country.



▪ Pemex Gas y Petroquímica Básica (PGPB)

Processes natural gas and its liquids; transports, distributes and commercializes natural and liquid gas, as well as several basic petrochemical products.





▪ **Pemex Petroquímica (PPO)**

Manufactures and commercializes petrochemical raw materials derived from methane and ethane, such as ammonia, methanol and polyethylene, as well as olefins and aromatics.

In addition, Pemex relies on the services provided by the following entities:

- **PMI Comercio Internacional.** Provides foreign trade services to Pemex's subsidiaries.
- **Instituto Mexicano del Petróleo.** Provides technological and research support for the extraction of hydrocarbons and for the production of petrochemicals and oil derivatives.

Pemex in México

In terms of sales and assets, Petróleos Mexicanos remains the country's most important company. Its exports account for 17.4%* of Mexico's overall international sales and its fiscal contributions make up 37.8%** of the Federal Government's total income.

Pemex and the world

Petroleum Intelligence Weekly (PIW) has devised an industry index -based on operational factors such as reserves, crude oil and gas production, refining capacity and sales volume- to classify the world's leading oil companies.

According to this aggregate index, Petróleos Mexicanos was ranked seventh among 50 companies included in 2001, which gives it an important place in the international oil industry arena.

In addition, it remains seventh in crude oil reserves, third in crude oil production, 10th in natural gas production and 13th in refining capacity.



*Source: Banco de México

** Source: SHCP

OPERATIONAL HIGHLIGHTS

According to Petróleos Mexicanos' Business Plan 2002-2010, the company embarked on a new growth stage in 2002, due to investments made and results obtained in the first two years of this Administration.

The balance of Petróleos Mexicanos' operational and financial results shows that, overall, the company performed better in 2002 than in 2001.

During 2002, crude oil production reached a historic high of 3.2 million barrels per day -1.6% more than last year- basically as a result of Cantarell's increased production and the completion of wells and other important infrastructure works to augment PEP's production capacity.

Oil derivatives and liquid gas production rose from their 2001 levels; however, natural gas production (4,4 billion cubic feet per day) was roughly 2% lower than the previous years. This decline was due mainly to delays in the start-up of several works, to maintenance and to bad weather.

On the other hand, domestic sales and exports of oil derivatives, liquid gas and petrochemicals performed better in 2002. With respect to federal income, Pemex's contribution was considerably increased with the payment of 292.3 billion pesos in taxes and duties -equivalent to 37.8% of the Federal Government's overall fiscal income.

The company's net income (EBITDA) rose to 278.7 billion pesos, with an income-expenditures balance of 45 billion pesos. In addition, the hydrocarbons and oil derivatives trade balance surplus reached 11.1 billion dollars, 30.6% higher than in 2001.

The 2002 investment plan included an integral long-term vision of the oil industry. Petróleos Mexicanos and its subsidiaries invested 82.8 billion pesos on important strategic programs -gas and crude oil exploration and production- and on updating operational productive infrastructure and maintenance projects aimed at increasing the company's productivity in safe conditions and with respect for the environment.

In order to improve its operational performance in an integral and sustainable manner, the company established three strategic initiatives:

- Safety, health and environment
- Operational efficiency
- Focus on the market

These initiatives are in line with the company's mission: to maximize oil income, to contribute to the country's development and to satisfy the demand for hydrocarbons with quality and in harmony with society and the environment.



Highlights, 2002*

(millions of pesos)

Income	455,610
EBITDA	278,695
Taxes and duties	292,343

*Unaudited figures

Operation statistics

Crude oil production (thousands of barrels per day)	3,177
Natural gas production (millions of cubic feet per day)	4,423
Crude oil processing (thousands of barrels per day)	1,245
Refined products** (thousands of barrels per day)	1,481
Petrochemicals production (thousands of tons per year)	9,880

** Includes liquid gas from gas plants; does not include maquila.