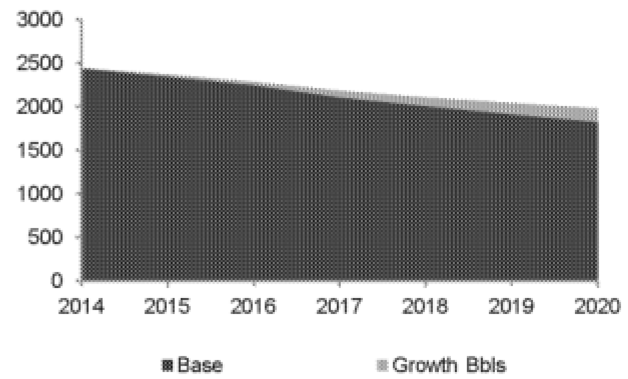
Mexico

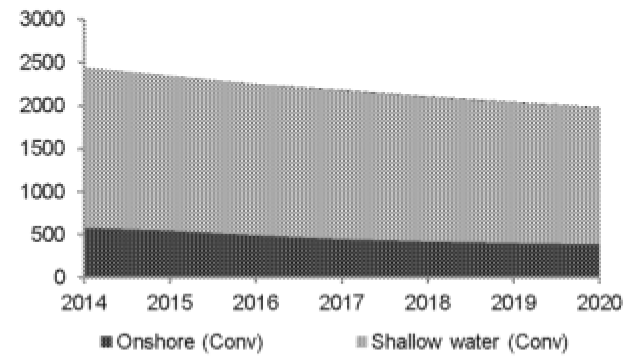
The 2013 energy reform is aimed at reducing the decline in oil production (which has been fallen by 3% since 2003 to 2450 mboe/d in 2014) that has resulted from a lack of investment in frontier plays particularly in the GoM deepwater (only 26 wells have been drilled in the deepwater). The implications of the energy reform in Mexico on production generally sit outside of our forecast period; however, updates around the bidding process will likely serve as a barometer for the viability of assets – particular the deepwater for which bids are due later this year. While capital investment into mature fields may accelerate the use of secondary and tertiary recovery techniques; 2014 production for identified mature onshore and offshore assets included in Round 1 represent only ~ 12% of 2014 production. Recovery at the Samaria field (represents 60% of the available mature assets in 2014 production) has already moved past secondary techniques, limiting to recovery factors. In our view, the key risk to production in Mexico is a continued decline in the asset base particularly as exploration results over the last several years have failed to produce prospects material enough to combat the declining portfolio.

Figure 108: Mexico Production Outlook, 2014-2020e (Mb/d)



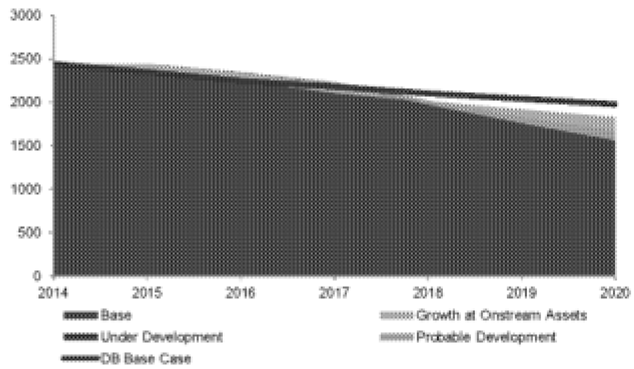
Source: Deutsche Bank, Wood Mackenzie, IEA

Figure 109: Production by type (area chart of onshore vs. shallow vs. deepwater (Mb/d)



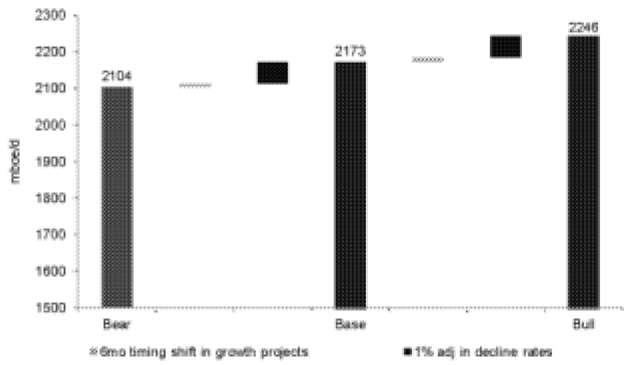
Source: Deutsche Bank, Wood Mackenzie, IEA

Figure 110: Crude volume growth outlook by project status (Mb/d)



Source: Deutsche Bank, Wood Mackenzie, IEA

Figure 111: 2017 Production Swing (Bear vs. Bull) of ~140 Mb/d



Source: Deutsche Bank, Wood Mackenzie, IEA