



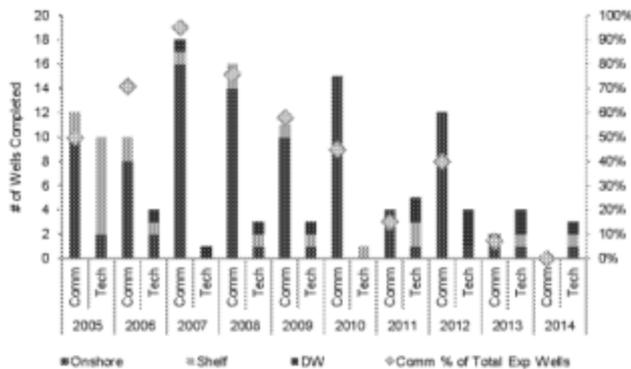
Primary Growth Drivers

Volume growth in the forecast period (2015-2020) will be scarce. Among the most material contributions to production in the near-term are the fields from the Litoral de Tabasco business unit in Mexico's Southeastern business unit. The crude from the fields is mostly light (~37 API on average). The continued production ramp of the Tsimin field is likely the biggest spotlight in the group (Woodmac estimated ~50 mboe/d in production from 2014-2017). Longer-term growth will be supported mostly by the heavy crude producing Ku-Maloob Zaap fields (Ayatsil and Tekel) in the Northeastern business unit. Wood Mackenzie estimates a production start in 2017 with peak production of oil reaching ~102 mboe/d by 2021. The fields are expected to be tendered as part of Mexico's Round 1 as part of a joint venture opportunity with Pemex.

Primary Risks

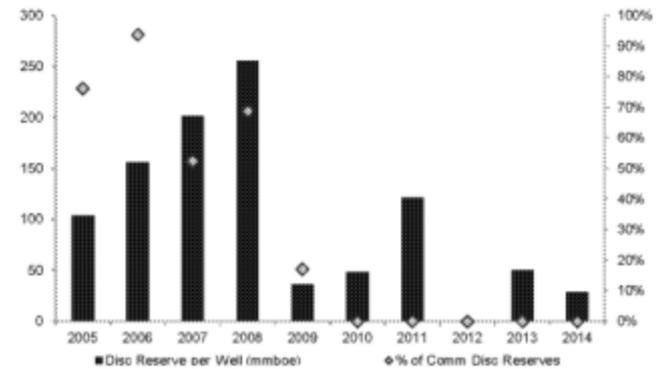
We view the near-term risk to production as minimal as contributions from project startups are marginal. In our view, the longer-term (2017-2020) risk to production in Mexico is significant and is underlined by continued decline in the asset base following a 5yr period of relatively underwhelming exploration results. While capital investment into mature fields may accelerate the use of secondary and tertiary recovery technique; 2014 production for identified mature onshore and offshore assets included in Round 1 represent only ~ 12% of 2014 crude production. Recovery at the Samaria field (represents 60% of the available mature assets in terms of 2014 production) has already moved past secondary techniques, limiting the upside to recovery factors and potentially to capital inflow. We model a 5% decline rate on the Mexico's base assets during the production period and estimate that a shift in the base decline rate to represent ~60 mboe/d of production in 2017.

Figure 112: Exploration activity has dipped since 2010 with only smaller onshore discoveries classified as commercial



Source: Deutsche Bank

Figure 113: In particular, exploration in the GoM shelf has been largely disappointing with recent discoveries mostly consisting of smaller fields since 2008



Source: Deutsche Bank, Wood Mackenzie