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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

RECEIVED
FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2012
Commission File Number 0-99

PETROLEOS MEXICANOS

(Exact name of registrant as specified in its charter)

MEXICAN PETROLEUM

(Translation of registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

Avenida Marina Nacional No. 329
Colonia Huasteca
Mexico, D.F. 11311
Mexico

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

BALANCE SHEETS

TO DECEMBER 31 OF 2011 AND 2010

CONSOLIDATED

(Thousand Pesos)

Final Printing

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
s01	TOTAL ASSETS	1,536,125,183	100	1,395,196,580	100
s02	CURRENT ASSETS	333,763,030	22	315,910,539	23
s03	CASH AND AVAILABLE INVESTMENTS	117,100,111	8	133,587,079	10
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)				
		108,534,310	7	73,253,778	5
s05	OTHER ACCOUNTS AND NOTES RECEIVABLE (NET)	47,073,117	3	47,633,605	3
s06	INVENTORIES	44,152,462	3	40,518,866	3
s07	OTHER CURRENT ASSETS	16,903,030	1	20,917,211	1
s08	LONG-TERM	39,400,793	3	11,116,080	1
s09	ACCOUNTS AND NOTES RECEIVABLE (NET)	0	0	0	0
s10	INVESTMENTS IN SHARES OF NON-CONSOLIDATED SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	39,400,793	3	11,116,080	1
s11	OTHER INVESTMENTS	0	0	0	0
s12	PROPERTY, PLANT AND EQUIPMENT (NET)	1,152,505,680	75	1,061,387,901	76
s13	LAND AND BUILDINGS	986,620,013	64	876,132,294	63
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	1,042,149,501	68	992,768,362	71
s15	OTHER EQUIPMENT	67,136,595	4	61,087,875	4
s16	ACCUMULATED DEPRECIATION	1,079,100,500	70	997,414,572	71
s17	CONSTRUCTION IN PROGRESS	135,700,071	9	128,813,942	9
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	10,455,680	1	6,782,060	0
s19	OTHER ASSETS	0	0	0	0
s20	TOTAL LIABILITIES	1,728,212,862	100	1,506,498,691	100
s21	CURRENT LIABILITIES	253,469,903	15	207,253,628	14
s22	SUPPLIERS	53,313,171	3	43,474,439	3
s23	BANK LOANS	79,801,994	5	73,997,547	5
s24	STOCK MARKET LOANS	30,695,455	2	15,557,070	1
s103	OTHER LOANS WITH COST	0	0	0	0
s25	TAXES PAYABLE	65,770,460	4	52,565,900	3
s26	OTHER CURRENT LIABILITIES WITHOUT COST	23,888,823	1	21,658,672	1
s27	LONG-TERM LIABILITIES	672,275,110	39	575,170,797	38
s28	BANK LOANS	191,648,797	11	188,517,136	13
s29	STOCK MARKET LOANS	480,626,313	28	386,653,661	26
s30	OTHER LOANS WITH COST	0	0	0	0
s31	DEFERRED LIABILITIES	2,921,912	0	691,857	0
s32	OTHER NON CURRENT LIABILITIES WITHOUT COST	799,545,937	46	723,382,409	48
s33	CONSOLIDATED STOCKHOLDERS EQUITY	-192,087,679	100	-111,302,111	100
s34	COUNTABLE CAPITAL OF THE PARTICIPATION NOT CONTROLADORA	0	0	0	0
s35	COUNTABLE CAPITAL OF THE PARTICIPATION CONTROLADORA	-192,087,679	100	-111,302,111	100
s36	CONTRIBUTED CAPITAL	280,787,159	-146	280,787,159	-252
s79	CAPITAL STOCK	280,787,159	-146	280,787,159	-252
s39	PREMIUM ON ISSUANCE OF SHARES	0	0	0	0
s40	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0	0	0
s41	EARNED CAPITAL	-472,874,838	246	-392,089,270	352
s42	RETAINED EARNINGS AND CAPITAL RESERVES	-487,968,885	254	-396,485,564	356
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	15,094,047	-8	4,396,294	-4
s80	SHARES REPURCHASED	0	0	0	0

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

BALANCE SHEETS

BREAKDOWN OF MAIN CONCEPTS

CONSOLIDATED

(Thousand Pesos)

Final Printing

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
s03	CASH AND AVAILABLE INVESTMENTS	117,100,111	100	133,587,079	100
s46	CASH	99,949,603	85	112,866,160	84
s47	AVAILABLE INVESTMENTS	17,150,508	15	20,720,919	16
s07	OTHER CURRENT ASSETS	16,903,030	100	20,917,211	100
s81	DERIVATIVE FINANCIAL INSTRUMENTS	16,903,030	100	20,917,211	100
s82	DISCONTINUED OPERATIONS	0	0	0	0
s83	OTHER	0	0	0	0
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	10,455,680	100	6,782,060	100
s48	DEFERRED EXPENSES (NET)	0	0	0	0
s49	GOODWILL	0	0	0	0
s51	OTHER	10,455,680	100	6,782,060	100
s19	OTHER ASSETS	0	100	0	100
s85	DERIVATIVE FINANCIAL INSTRUMENTS	0	0	0	0
s50	DEFERRED TAXES	0	0	0	0
s104	BENEFITS TO EMPLOYEES	0	0	0	0
s86	DISCONTINUED OPERATIONS	0	0	0	0
s87	OTHER	0	0	0	0
s21	CURRENT LIABILITIES	253,469,903	100	207,253,628	100
s52	FOREIGN CURRENCY LIABILITIES	90,336,890	36	62,871,561	30
s53	MEXICAN PESOS LIABILITIES	163,133,013	64	144,382,067	70
s26	OTHER CURRENT LIABILITIES WITHOUT COST	23,888,823	100	21,658,672	100
s88	DERIVATIVE FINANCIAL INSTRUMENTS	0	0	0	0
s89	INTEREST LIABILITIES	0	0	0	0
s68	PROVISIONS	0	0	0	0
s90	DISCONTINUED OPERATIONS	0	0	0	0
s58	OTHER CURRENT LIABILITIES	23,888,823	100	21,658,672	100
s105	BENEFITS TO EMPLOYEES	0	0	0	0
s27	LONG-TERM LIABILITIES	672,275,110	100	575,170,797	100
s59	FOREIGN CURRENCY LIABILITIES	552,056,397	82	470,530,200	82
s60	MEXICAN PESOS LIABILITIES	120,218,713	18	104,640,597	18
s31	DEFERRED LIABILITIES	2,921,912	100	691,857	100
s65	NEGATIVE GOODWILL	0	0	0	0
s67	OTHER	2,921,912	100	691,857	100
s32	OTHER NON CURRENT LIABILITIES WITHOUT COST	799,545,937	100	723,382,409	100
s66	DEFERRED TAXES	7,725,165	1	7,215,760	1
s91	OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE	731,016,999	91	661,365,065	91
s92	DISCONTINUED OPERATIONS	0	0	0	0
s69	OTHER LIABILITIES	60,803,773	8	54,801,584	8
s79	CAPITAL STOCK	280,787,159	100	280,787,159	100
s37	CAPITAL STOCK (NOMINAL)	280,787,159	100	280,787,159	100
s38	RESTATEMENT OF CAPITAL STOCK	0	0	0	0

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

BALANCE SHEETS

BREAKDOWN OF MAIN CONCEPTS

CONSOLIDATED

(Thousand Pesos)

Final Printing

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
s42	RETAINED EARNINGS AND CAPITAL RESERVES	-487,968,885	100	-396,485,564	100
s93	LEGAL RESERVE	987,535	0	987,535	0
s43	RESERVE FOR REPURCHASE OF SHARES	0	0	0	0
s94	OTHER RESERVES	0	0	0	0
s95	RETAINED EARNINGS	-397,473,099	81	-352,491,797	89
s45	NET INCOME FOR THE YEAR	-91,483,321	19	-44,981,302	11
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	15,094,047	100	4,396,294	100
s70	ACCUMULATED MONETARY RESULT	0	0	0	0
s71	RESULT FROM HOLDING NON-MONETARY ASSETS	0	0	0	0
s96	CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION	10,768,245	71	4,628,672	105
s97	CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS	4,325,802	29	-232,378	-5
s98	CUMULATIVE EFFECT OF DEFERRED INCOME TAXES	0	0	0	0
s100	OTHER	0	0	0	0

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

BALANCE SHEETS

OTHER CONCEPTS

(Thousand Pesos)

CONSOLIDATED

Final Printing

REF S	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		Amount	Amount
s72	WORKING CAPITAL	80,293,127	108,656,911
s73	PENSIONS AND SENIORITY PREMIUMS	3,644,372	3,110,359
s74	EXECUTIVES (*)	0	0
s75	EMPLOYEES (*)	150,884	147,692
s76	WORKERS (*)	0	0
s77	OUTSTANDING SHARES (*)	0	0
s78	REPURCHASED SHARES (*)	0	0
s101	RESTRICTED CASH	0	0
s102	DEBT OF NON CONSOLIDATED COMPANIES	0	0

(*) THESE CONCEPTS ARE STATED IN UNITS

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

STATEMENTS OF INCOME

FROM JANUARY THE 1st TO DECEMBER 31 OF 2011 AND 2010

CONSOLIDATED

(Thousand Pesos)

Final Printing

REF R	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
r01	NET SALES	1,558,428,922	100	1,282,064,310	100
r02	COST OF SALES	780,625,539	50	629,809,111	49
r03	GROSS PROFIT	777,803,383	50	652,255,199	51
r04	GENERAL EXPENSES	96,378,058	6	104,252,731	8
r05	INCOME (LOSS) FROM OPERATION	681,425,325	44	548,002,468	43
r08	OTHER INCOME AND (EXPENSE), NET	195,203,322	13	72,008,042	6
r06	COMPREHENSIVE FINANCING RESULT	-91,641,384	-6	-11,969,339	0
r12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	-454,837	0	1,118,176	0
r48	NON ORDINARY ITEMS	0	0	0	0
r09	INCOME BEFORE INCOME TAXES	784,532,426	50	609,159,347	48
r10	INCOME TAXES	876,015,747	56	654,140,649	51
r11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	-91,483,321	-6	-44,981,302	-4
r14	DISCONTINUED OPERATIONS	0	0	0	0
r18	NET CONSOLIDATED INCOME	-91,483,321	-6	-44,981,302	-4
r19	NET INCOME OF PARTICIPATION NOT CONTROLADORA	0	0	0	0
r20	NET INCOME OF PARTICIPATION CONTROLADORA	-91,483,321	-6	-44,981,302	-4

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

STATEMENTS OF INCOME
BREAKDOWN OF MAIN CONCEPTS
 (Thousand Pesos)

CONSOLIDATED

Final Printing

REF R	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
r01	NET SALES	1,558,428,922	100	1,282,064,310	100
r21	DOMESTIC	779,197,974	50	683,853,335	53
r22	FOREIGN	779,230,948	50	598,210,975	47
r23	TRANSLATED INTO DOLLARS (***)	0	0	0	0
r08	OTHER INCOME AND (EXPENSE), NET	195,203,322	100	72,008,042	100
r49	OTHER INCOME AND (EXPENSE), NET	195,203,322	100	72,008,042	100
r34	EMPLOYEES PROFIT SHARING EXPENSES	0	0	0	0
r35	DEFERRED EMPLOYEES PROFIT SHARING	0	0	0	0
r06	COMPREHENSIVE FINANCING RESULT	-91,641,384	100	-11,969,339	100
r24	INTEREST EXPENSE	62,631,063	-68	74,382,084	-621
r42	GAIN (LOSS) ON RESTATEMENT OF UDIS	0	0	0	0
r45	OTHER FINANCE COSTS	0	0	0	0
r26	INTEREST INCOME	29,790,300	-33	42,245,411	-353
r46	OTHER FINANCIAL PRODUCTS	0	0	0	0
r25	FOREIGN EXCHANGE GAIN (LOSS) (NET)	-58,800,621	64	20,167,334	-168
r28	RESULT FROM MONETARY POSITION	0	0	0	0
r10	INCOME TAXES	876,015,747	100	654,140,649	100
r32	INCOME TAX	876,015,747	100	654,140,649	100
r33	DEFERRED INCOME TAX	0	0	0	0

(***) FIGURES IN THOUSANDS OF U.S. DOLLARS AT THE EXCHANGE RATE AS OF THE END OF THE LAST REPORTED QUARTER

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

STATEMENTS OF INCOME

OTHER CONCEPTS
 (Thousand Pesos)

CONSOLIDATED

Final Printing

REF R	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		Amount	Amount
r36	TOTAL SALES	1,558,428,922	1,282,064,310
r37	TAX RESULT FOR THE YEAR	-91,483,321	-44,981,302
r38	NET SALES (**)	1,558,428,922	1,282,064,310
r39	OPERATING INCOME (**)	681,425,325	548,002,468
r40	NET INCOME OF PARTICIPATION CONTROLADORA(**)	-91,483,321	-44,981,302
r41	NET CONSOLIDATED INCOME (**)	-91,483,321	-44,981,302
r47	OPERATIVE DEPRECIATION AND ACCUMULATED	97,753,019	96,481,781

(**) RESTATED INFORMATION OF THE LAST TWELVE MONTHS

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

QUARTERLY STATEMENTS OF INCOME
 FROM OCTOBER 1 TO DECEMBER 31 OF 2011
 (Thousand Pesos)

CONSOLIDATED

Final Printing

REF RT	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
rt01	NET SALES	420,282,826	100	343,047,424	100
rt02	COST OF SALES	222,474,692	53	179,181,447	52
rt03	GROSS PROFIT	197,808,134	47	163,865,977	48
rt04	GENERAL EXPENSES	22,567,412	5	29,373,765	9
rt05	INCOME (LOSS) FROM OPERATION	175,240,722	42	134,492,212	39
rt08	OTHER INCOME AND (EXPENSE), NET	75,761,502	18	13,188,985	4
rt06	COMPREHENSIVE FINANCING RESULT	-29,847,822	-7	-2,345,310	0
rt12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	-1,500,325	0	749,024	0
rt48	NON ORDINARY ITEMS	0	0	0	0
rt09	INCOME BEFORE INCOME TAXES	219,654,077	52	146,084,911	43
rt10	INCOME TAXES	243,479,826	58	169,646,026	49
rt11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	-23,825,749	-6	-23,561,115	-7
rt14	DISCONTINUED OPERATIONS	0	0	0	0
rt18	NET CONSOLIDATED INCOME	-23,825,749	-6	-23,561,115	-7
rt19	NET INCOME OF PARTICIPATION NOT CONTROLADORA	0	0	0	0
rt20	NET INCOME OF PARTICIPATION CONTROLADORA	-23,825,749	-6	-23,561,115	-7

MEXICAN STOCK EXCHANGE

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 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

QUARTERLY STATEMENTS OF INCOME

BREAKDOWN OF MAIN CONCEPTS

CONSOLIDATED

(Thousand Pesos)

Final Printing

REF RT	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		Amount	%	Amount	%
rt0	NET SALES	420,282,826	100	343,047,424	100
rt21	DOMESTIC	202,331,534	48	176,147,776	51
rt22	FOREIGN	217,951,292	52	166,899,648	49
rt23	TRANSLATED INTO DOLLARS (***)	0	0	0	0
rt08	OTHER INCOME AND (EXPENSE), NET	75,761,502	100	13,188,985	100
rt49	OTHER INCOME AND (EXPENSE), NET	75,761,502	100	13,188,985	100
rt34	EMPLOYEES PROFIT SHARING EXPENSES	0	0	0	0
rt35	DEFERRED EMPLOYEES PROFIT SHARING	0	0	0	0
rt06	COMPREHENSIVE FINANCING RESULT	-29,847,822	100	-2,345,310	100
rt24	INTEREST EXPENSE	22,240,573	-75	13,056,176	-557
rt42	GAIN (LOSS) ON RESTATEMENT OF UDIS	0	0	0	0
rt45	OTHER FINANCE COSTS	0	0	0	0
rt26	INTEREST INCOME	11,655,506	-39	6,408,567	-273
rt46	OTHER FINANCIAL PRODUCTS	0	0	0	0
rt25	FOREIGN EXCHANGE GAIN (LOSS) (NET)	-19,262,755	65	4,302,299	-183
rt28	RESULT FROM MONETARY POSITION	0	0	0	0
rt10	INCOME TAXES	243,479,826	100	169,646,026	100
rt32	INCOME TAX	243,479,826	100	169,646,026	100
rt33	DEFERRED INCOME TAX	0	0	0	0

(***) FIGURES IN THOUSANDS OF U.S. DOLLARS AT THE EXCHANGE RATE AS OF THE END OF THE LAST REPORTED QUARTER

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

QUARTERLY STATEMENTS OF INCOME

OTHER CONCEPTS

CONSOLIDATED

(Thousand Pesos)

Final Printing

REF RT	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		Amount	Amount
r4 7	OPERATIVE DEPRECIATION AND ACCUMULATED IMPAIRMENT LOSSES	26,818,573	26,059,528

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

STATE OF CASH FLOW (INDIRECT METHOD)

Final Printing

MAIN CONCEPTS

(Thousand Pesos)

CONSOLIDATED

REF F	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		Amount	Amount
	ACTIVITIES OF OPERATION		
e01	INCOME (LOSS) BEFORE INCOME TAXES	784,532,425	609,159,346
e02	+ (-)ITEMS NOT REQUIRING CASH	0	0
e03	+ (-)ITEMS RELATED TO INVESTING ACTIVITIES	97,901,044	113,672,857
e04	+ (-)ITEMS RELATED TO FINANCING ACTIVITIES	114,738,249	13,140,932
e05	CASH FLOW BEFORE INCOME TAX	997,171,718	735,973,135
e06	CASH FLOW PROVIDED OR USED IN OPERATION	-823,754,215	-575,855,009
e07	NET CASH FLOWS PROVIDED OF OPERATING ACTIVITIES	173,417,503	160,118,126
	INVESTMENT ACTIVITIES		
e08	NET CASH FLOW FROM INVESTING ACTIVITIES	-196,033,598	-184,584,476
e09	FINANCING ACTIVITIES	-22,616,095	-24,466,350
	FINANCING ACTIVITIES		
e10	NET CASH FROM FINANCING ACTIVITIES	4,193,082	61,016
e11	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-18,423,013	-24,405,334
e12	TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS	1,936,045	-1,767,903
e13	CASH AND CASH EQUIVALENTS AT THE BEGINING OF PERIOD	133,587,079	159,760,316
e14	CASH AND CASH EQUIVALENTS AT END OF PERIOD	117,100,111	133,587,079

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

STATE OF CASH FLOW (INDIRECT METHOD)

Final Printing

BREAKDOWN OF MAIN CONCEPTS

(Thousand Pesos)

CONSOLIDATED

REF F	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		Amount	Amount
e02	+ (-)ITEMS NOT REQUIRING CASH	0	0
e15	+ESTIMATES FOR THE PERIOD	0	0
e16	+PROVISIONS FOR THE PERIOD	0	0
e17	+ (-)OTHER UNREALIZED ITEMS	0	0
e03	+ (-)ITEMS RELATED TO INVESTING ACTIVITIES	97,901,044	113,672,857
e18	+ DEPRECIATION AND AMORTIZATION FOR THE PERIOD	97,753,019	96,481,781
e19	(-) +GAIN OR LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT	0	0
e20	+IMPAIRMENT LOSS	-11,689,832	9,958,603
e21	(-) +EQUITY IN RESULTS OF ASSOCIATES AND JOINT VENTURES	454,837	-1,118,176
e22	(-)DIVIDENDS RECEIVED	0	0
e23	(-)INTEREST INCOME	0	0
e24	(-)+ OTHER ITEMS	11,383,020	8,350,649
e04	+ (-)ITEMS RELATED TO FINANCING ACTIVITIES	114,738,249	13,140,932
e25	+ACCRUED INTEREST	34,830,543	39,703,900
e26	+ (-) OTHER ITEMS	79,907,706	-26,562,968
e06	CASH FLOW PROVIDED OR USED IN OPERATION	-823,754,215	-575,855,009
e27	+ (-)DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	-37,284,482	3,960,378
e28	+ (-)DECREASE (INCREASE) IN INVENTORIES	-3,633,596	-3,615,785
e29	+ (-)DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLE	-3,673,620	-1,795,472
e30	+ (-)INCREASE (DECREASE) IN SUPPLIERS	9,838,732	-19,803,272
e31	+ (-)INCREASE (DECREASE) IN OTHER LIABILITIES	73,809,938	95,427,191
e32	+ (-) INCOME TAXES PAID OR RETURNED	-862,811,187	-650,028,049
e08	NET CASH FLOW FROM INVESTING ACTIVITIES	-196,033,598	-184,584,476
e33	-PERMANENT INVESTMENT IN SHARES	-20,783,820	0
e34	+DISPOSITION OF PERMANENT INVESTMENT IN SHARES	0	0
e35	-INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT	-175,849,685	-184,584,476
e36	+SALE OF PROPERTY, PLANT AND EQUIPMENT	0	0
e37	-INVESTMENT IN INTANGIBLE ASSETS	0	0
e38	+DISPOSITION OF INTANGIBLE ASSETS	0	0
e39	-OTHER PERMANENT INVESTMENTS	0	0
e40	+DISPOSITION OF OTHER PERMANENT INVESTMENTS	0	0
e41	+ DIVIDEND RECEIVED	599,907	0
e42	+INTEREST RECEIVED	0	0
e43	+ (-)DECREASE (INCREASE) ADVANCES AND LOANS TO THIRD PARTS	0	0
e44	+ (-)OTHER ITEMS	0	0
e10	NET CASH FROM FINANCING ACTIVITIES	4,193,082	61,016
e45	+BANK FINANCING	116,992,343	78,251,104
e46	+STOCK MARKET FINANCING	72,700,675	157,630,829
e47	+OTHER FINANCING	0	0
e48	(-)BANK FINANCING AMORTIZATION	-144,100,032	-116,810,313
e49	(-)STOCK MARKET FINANCING AMORTIZATION	-8,018,814	-80,288,145
e50	(-)OTHER FINANCING AMORTIZATION	0	0
e51	+ (-)INCREASE (DECREASE) IN CAPITAL STOCK	0	0
e52	(-)DIVIDENDS PAID	0	0
e53	+PREMIUM ON ISSUANCE OF SHARES	0	0
e54	+CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	122
e55	-INTEREST EXPENSE	-33,381,090	-38,722,581
e56	-REPURCHASE OF SHARES	0	0
e57	+ (-)OTHER ITEMS	0	0

* IN CASE THAT THIS AMOUNT IS DIFFERENT FROM THE R47 ACCOUNT IT WILL HAVE TO EXPLAIN IN NOTES.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

DATA PER SHARE

CONSOLIDATED

Final Printing

REF D	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		AMOUNT	AMOUNT
d01	BASIC PROFIT PER ORDINARY SHARE (**)	\$ 0.01	\$ 0.01
d02	BASIC PROFIT PER PREFERRED SHARE (**)	\$ 0	\$ 0.00
d03	DILUTED PROFIT PER ORDINARY SHARE (**)	\$ 0	\$ 0.00
d04	EARNINGS (LOSS) BEFORE DISCONTINUED OPERATIONS PER COMMON SHARE (**)	\$ 0	\$ 0.00
d05	DISCONTINUED OPERATIONS EFFECT ON EARNING (LOSS) PER SHARE (**)	\$ 0	\$ 0.00
d08	CARRYING VALUE PER SHARE	\$ 0.00	\$ 0.00
d09	CASH DIVIDEND ACCUMULATED PER SHARE	\$ 0	\$ 0.00
d10	DIVIDEND IN SHARES PER SHARE	0 shares	0.00 shares
d11	MARKET PRICE TO CARRYING VALUE	0 times	0.00 times
d12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE (**)	0 times	0.00 times
d13	MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (**)	0 times	0.00 times

(**) TO CALCULATE THE DATA PER SHARE USE THE NET INCOME FOR THE LAST TWELVE MONTHS.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

RATIOS

CONSOLIDATED

Final Printing

REF P	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
	YIELD		
p01	NET CONSOLIDATED INCOME TO NET SALES	-5.87 %	-3.51 %
p02	NET CONSOLIDATED INCOME TO STOCKHOLDERS EQUITY (**)	47.63 %	40.41 %
p03	NET INCOME TO TOTAL ASSETS (**)	-5.96 %	-3.22 %
p04	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	0.00 %	0.00 %
p05	RESULT FROM MONETARY POSITION TO NET CONSOLIDATED INCOME	-0.00 %	-0.00 %
	ACTIVITY		
p06	NET SALES TO NET ASSETS (**)	1.01 times	0.92 times
p07	NET SALES TO PROPERTY, PLANT AND EQUIPMENT (NET) (**)	1.35 times	1.21 times
p08	INVENTORIES TURNOVER (**)	17.68 times	15.54 times
p09	ACCOUNTS RECEIVABLE IN DAYS OF SALES	22 days	18 days
p10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	1.29 %	0.87 %
	LEVERAGE		
p11	TOTAL LIABILITIES TO TOTAL ASSETS	112.50 %	107.98 %
p12	TOTAL LIABILITIES TO STOCKHOLDERS EQUITY	-9.00 times	-13.54 times
p13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	37.17 %	35.41 %
p14	LONG-TERM LIABILITIES TO PROPERTY, PLANT AND EQUIPMENT (NET)	58.33 %	54.19 %
p15	INCOME (LOSS) AFTER GENERAL EXPENSES TO INTEREST PAID	10.88 times	7.37 times
p16	NET SALES TO TOTAL LIABILITIES (**)	0.90 times	0.85 times
	LIQUIDITY		
p17	CURRENT ASSETS TO CURRENT LIABILITIES	1.32 times	1.52 times
p18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	1.14 times	1.33 times
p19	CURRENT ASSETS TO TOTAL LIABILITIES	0.19 times	0.21 times
p20	CASH AND SHORT-TERM INVESTMENTS TO CURRENT LIABILITIES	46.20 %	64.46 %

(**) IN THESE RATIOS FOR THE DATA TAKE INTO CONSIDERATION THE LAST TWELVE MONTHS.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 4 YEAR: 2011

PETROLÉOS MEXICANOS

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MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

February 28, 2012

Analysis and Review on the Administration of the Operations and Financial Results of the Company

Fourth Quarter 2011 Summary

Total sales amounted to \$ 420.3 billion, continuing to show an upward trend due to international prices of hydrocarbons and to our stable production platform.

Crude oil production remained above 2.5 MMbd.

EBITDA, a proxy of cash flow, recorded an increase of 45.9% due to increased revenues.

Taxes paid increased 43.5%, amounting to \$243.5 billion (U.S.\$17.4 billion).

During the fourth quarter, PEMEX recorded a net loss of \$23.8 billion, as a result of a negative comprehensive financing result of \$29.8 billion, caused by the depreciation of the Mexican peso against the U.S. dollar, as well as taxes and duties, which represented 58% of total revenues.

2011 Summary

Total sales amounted to \$1,558.4 billion.

Crude oil production remained above 2.5 MMbd.

EBITDA, recorded an increase of 29.4% due to increased revenues.

Taxes paid increased 33.9%, amounting to \$876.0 billion (U.S.\$62.6 billion).

During 2011, PEMEX recorded a net loss of \$ 91.5 billion (U.S.\$6.5 billion), as a result of an increase in taxes and duties of \$ 221.9 billion, as well as from an increase in negative comprehensive financing result of \$ 91.6 billion.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION**OPERATIONAL RESULTS****Total Revenues from Sales and Services**

During the fourth quarter, sales revenues increased by 22.5% primarily as a result of:

- an increase of 34.3% in the average price of the Mexican crude oil basket, from U.S.\$77.8 per barrel in the fourth quarter of 2010, to U.S.\$104.4 per barrel in the same period of 2011. This was partially offset by a 10.5% decrease in the volume of crude oil exports, which recorded an average volume of 1,339 Mbd during the quarter;
- an increase of 20.0% in the price of regular gasoline in the U.S. Gulf of Mexico, from U.S.\$218.62 per gallon to U.S.\$262.27; and
- higher prices for domestic products sold were recorded, including gasoline (Magna 11.7%, Premium 5.2%), diesel (11.2%), fuel oil (38%), jet fuel (39.7%) and asphalt (38.2%). Additionally, increases in sales volumes of the following products were recorded: premium gasoline (13.1%), fuel oil (21.6%) and jet fuel (12.5%).

During 2011, total revenues from sales and services, increased by 21.6% to \$ 1,558.4 billion (U.S.\$ 111.4 billion) as compared to 2010.

Domestic Sales

Domestic sales increased by 14.9%, amounting to \$ 202.3 billion (U.S.\$ 14.5 billion) in the fourth quarter of 2011.

From January 1 to December 31, 2011, total domestic sales increased by 13.9% to \$ 779.2 billion (U.S.\$ 55.7 billion) due to higher prices in domestic products sold such as gasoline, diesel, fuel oil, jet fuel, and asphalt, primarily.

Exports

During the fourth quarter of 2011, export sales increased by 30.1%, to \$ 215.8 billion (U.S.\$ 15.4 billion) as compared to 2010.

Total exports for 2011 increased by 30.4% to \$773.0 billion (U.S.\$ 55.2 billion) as compared to 2010. The \$ 180.1 billion variation (30.4%), was primarily due to higher prices of the Mexican crude oil basket in the international markets. The average price per barrel was of US\$ 100.92 in 2011, as compared to U.S.\$ 72.07 in 2010.

Cost of Sales

Cost of sales, during the fourth quarter of 2011, increased by 24.2% to \$ 222.5 billion, as compared to the same period of 2010. The increase in cost of sales is primarily due to:

- a 30.3% increase in purchases for resale, due to higher prices of hydrocarbons and its derivatives;
- an increase of 49.5% in operating expenses mainly due to increases in the costs of personal services (10.7%), materials (83.9%), auxiliary services payable to third parties (45.9%), and other rental expenses (45.7%). These increased expenses were partially offset by decreases in fees paid to third parties (89.4%) and payroll taxes; and
- a 14.8% increase in exploration expenses, as well as a 49.0% increase in preservation and maintenance expenses.

The previous was partially offset by decreases of 7.2% in amortization expense, and 35.4% in the net cost of employee benefits during the period.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

General expenses, which are composed of distribution expenses and administrative expenses, decreased by 23.2%. In this sense, distribution expenses decreased by 26.0%, due to decreases in operating expenses, preservation and maintenance expenses and in the net cost of employee benefits during the period. In addition, administrative expenses decreased by 21.8%, due to a 41.7% decrease in the net cost for the period of employee benefits, and a 13.2% decrease in operating expenses.

From January 1, 2011 to December 31, 2011 cost of sales increased by 23.9%, primarily as a result of:

- a 41.5% increase in purchases for resale, due to higher prices of hydrocarbons and its derivatives;
- an 18.1% increase in exploration expenses, as well as a 35.2% increase in preservation and maintenance expenses;
- a 23.8% increase in operating expenses, due to increases in the costs of personal services, materials, auxiliary services payable to third parties, freights and insurance, and guarantee letters. These increased expenses were partially offset by a decrease in fees paid to third parties.

The previous was partially offset by decreases of 1.8% in amortization expenses, and of 10.4% in the net cost of employee benefits during the period.

Also during 2011, general expenses, which are composed of distribution expenses and administrative expenses, decreased by 7.6%.

Distribution expenses decreased by 5.8%, due to:

- a 12.0% decrease in the net cost for the period of employee benefits; and
- a 1.9% decrease in operating expenses, as a result of decreases in fees paid to third parties, freights charges, and leases.

Administrative expenses decreased by 8.4% due to:

- an 8.5% decrease in the net cost for the period of employee benefits; and
- a decrease in medical services, fees paid to third parties, travel expenses, insurance, and guarantee letters. These were partially offset by an increase in depreciation expenses.

Other Revenue (Expenses)

The 474.4% increase recorded in other revenues during the fourth quarter of 2011 is primarily due to a 243.8% increase in the IEPS credit.

Additionally during 2011, other revenues recorded an increase of 171.1% as compared to 2010. This was primarily as a result of an increase in the accrued amount of IEPS credit of 143.1%

Comprehensive Financing Result

The comprehensive financing result recorded a negative variation of \$ 27.5 billion, as compared to the same quarter of 2010, as a result of:

- higher interest expenses, as a result of the financial instruments valuation; and
- an increase of the exchange loss, due to a depreciation of the Mexican peso against the U.S. dollar, as compared to the depreciation recorded during the same period of the previous year.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 4 YEAR: 2011

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MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

From January 1, 2011 to December 31, 2011, the comprehensive financing result recorded a negative result of \$ 79.7 billion due to:

- higher interest expenses, as a result of the financial instruments valuation; and
- an increase of the exchange loss, due to a greater depreciation of the Mexican peso against the U.S. dollar, as compared to the depreciation recorded during 2010, from \$12.36 to \$13.99 per dollar.

Net Income

During the fourth quarter of 2011, PEMEX recorded a net loss of \$ 23.8 billion (U.S. \$1.7 billion), as compared to the same period in 2010, primarily as a negative outcome of the comprehensive financial result which was negative by \$29.8 billion and an increase of \$73.8 billion in taxes and duties. These were partially offset by the increase in sales and other revenues.

During 2011, PEMEX recorded a net loss of \$91.5 billion (U.S. \$6.5 billion), due to an increase in taxes and duties which recorded \$221.9 billion, and as a result of the negative comprehensive financing result of \$ 91.6 billion. The net loss was partially offset by the increase in total sales and other revenues.

Current Assets

As of December 31, 2011, current assets increased by 5.7% as compared to December 31, 2010, amounting \$333.8 billion. The \$17.9 billion increase recorded, is primarily due to a 21.7% increase in account receivables, which was partially offset by a 12.3% decrease in cash and cash equivalents.

Property, plant and equipment

Property, plant and equipment increased by 8.6%, amounting to \$ 1,152.5 billion, as compared to December 31, 2010.

Current Liabilities

Current liabilities increased by 22.3% as compared to December 31, 2010, totaling \$ 253.5 billion, primarily due to an increase of \$20.9 billion in short term debt; a \$13.2 billion increase in taxes and duties payable; an increase of \$9.8 billion in suppliers and a \$2.2 billion increase in accounts and accrued expenses payable.

Equity

As of December 31, 2011, PEMEX recorded negative equity totaling \$ 192.1 billion, as compared to negative equity of \$113.8 billion as of December 31, 2010. It is worth noting that PEMEX's current financing agreements do not include financial or payment suspension covenants that could be triggered as a result of negative equity.

OPERATING RESULTS OF THE FOURTH QUARTER OF 2011

Crude Oil Production

Crude oil production recorded 2,547 Mbd, a 0.2% decrease as compared to the same quarter of the previous year as a result of:

- delays in the completion of wells at Cantarell due to the fact that contracting of drilling equipment ran behind schedule, as a result of longer tender processes and market conditions variations;
- A natural decline in production at the Crudo Ligerio Marino and Cantarell projects in the Southwestern Marine Region and Northeastern Marine Region, respectively.

The previous was partially offset by an increase in production of approximately 17 Mbd from the Aceite Terciario del Golfo (ATG) project. This increase is primarily explained by the start of operations of new wells, and by the measures taken towards maintaining production. Light crude oil production also increased, as a result of the completion and repair

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

of wells in the Yaxché and Och-Uech-Kax projects in the Southwestern Marine Region and in the Ogarrio-Magallanes project in the Southern Region.

In 2011, PEMEX's strategy consisted of expanding its productive assets, and stabilizing or increasing production from its current assets. During the year, several events adversely affected production, some of them in consequence of bad weather conditions, and others due to unplanned downtimes of plants.

Crude oil production amounted to 2,550 Mbd, a decrease of 26 Mbd as compared to 2010, due to:

- maintenance works carried out at the Yuum K'ak' Naab floating production storage and offloading (FPSO) vessel;
- the unfavorable weather conditions caused by Tropical Storm "Nate";
- delays in completion of wells at Cantarell, due to delays in the contracting of drilling rigs as a result of longer tender processes;
- temporary downtimes at the Cantarell nitrogen plant, which supplies nitrogen to several projects to maintain the fields' pressure.
- the natural decline of fields in the following projects: Antonio J. Bermúdez and Jujo-Tecominoacán in the Southern Region, as well as Cantarell in the Northeastern Marine Region; and
- an advance of the oil-gas contact zone at the Ixtal-Manik and Caan projects in the Southeastern Marine Region.

The previous was partially offset by production increases from the following projects: Yaxche, Delta del Grijalva, Ogarrio Magallanes and ATG.

Natural Gas Production

Total natural gas production decreased by 9.1% (does not include nitrogen) primarily as a result of:

- a programmed reduction in drilling activities and the completion of wells in the Burgos and Veracruz Assets of the Northern Region, in response to lower natural gas prices in the U.S. market; and
- a decrease in associated gas production, due to pressure maintenance strategies implemented at the Antonio J. Bermúdez and Jujo-Tecominoacán projects in the Southern Region, and to a natural decline in production at the Caan and Cantarell projects in the Southwestern Marine Region and Northeastern Marine Region, respectively.

This decrease was partially offset by an increase in associated gas production at the Litoral de Tabasco Asset in the Southwestern Marine Region, and at the ATG Asset in the Northern Region.

During 2011, natural gas production recorded a 6.7% decrease (does not include nitrogen), amounting to 5,913 MMcfd, primarily due to:

- lower production at the Burgos and Veracruz assets in the Northern Region, as a result of a programmed reduction in drilling activities and completion of wells, due to current market conditions—in great part caused by the downward trend observed in natural gas prices in the United States market; and
- a decrease in associated gas production at the Antonio J. Bermudez project and the Cantarell Asset, as a result of the field's administration.

Gas Flaring

During the fourth quarter of 2011, gas flaring decreased by 62.1%, primarily due to:

- new infrastructure installed on marine platforms for the handling and transportation of gas;
- the implementation of strategies to strengthen operational reliability; and
- the implementation of strategies at Cantarell to optimize the exploitation of wells with high associated gas content.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

The natural gas use as a percentage of production was above 97% during the fourth quarter of 2011.

During 2011, gas flaring decreased by 40.8% to 249 MMcfd, due to:

- new infrastructure installed on marine platforms for the handling and transportation of gas;
- the establishment of strategies to strengthen operational reliability; and
- the implementation of strategies at Cantarell to optimize the exploitation of wells with high gas content.

As a result of these activities, in 2011, the natural gas use as a percentage of production reached 95.8%

Crude Oil Processing

Crude oil processing increased by 11.8%, during the fourth quarter of 2011, as a result of the recovery of capacity that had been temporarily suspended due to the incident at the hydrodesulphuration diesel oil plant at the Cadereyta Refinery.

PEMEX's usage of its primary distillation capacity increased by 2.7 percentage points, from 69.1% to 71.8% of its total capacity.

During the fourth quarter of 2011, PEMEX's National Refining System recorded a negative variable refining margin of U.S.\$2.64 per barrel, U.S.\$3.33 per barrel below the margin recorded during the fourth quarter of 2010. This decrease is primarily explained by the volatility in the prices of crude oil and petroleum products in the international markets due to current political and social unrest, as well as macroeconomic factors.

Total crude oil processing during 2011 amounted to 1,167 Mbd, a 1.5% decrease as compared to 2010, primarily as a result of maintenance projects in the National Refining System and power outages, which caused downtimes and delays in the processing.

During 2011, the National Refining System recorded a negative variable refining margin of U.S.\$0.09 per barrel by year-end, as compared with U.S.\$-0.21 per barrel recorded by year-end 2010, in response to better operating and market conditions

Production of Petroleum Products

Petroleum products production increased by 6.9%, or 85 Mbd during the fourth quarter 2011, due to an increase in production of gasoline, diesel and jet fuel.

During 2011, total petroleum production decreased by 3.3%, to 1,316 Mbd.

Natural Gas Processed

During the last quarter of 2011, dry gas production increased by 3.6%, due to a 2.9% increase in natural gas processing in response to the greater availability of sweet wet gas.

Condensates processing increased by 2.0%, due to increased production from the Marine Regions. Nevertheless, natural gas liquids production declined by 1.1%, due to maintenance works at the Cryogenic Plant II at the Ciudad Pemex Gas Processing Center and to the lower content of propane in wet gas.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

Total natural gas processing for 2011, recorded an increase of 1.2%, reaching a total of 4,527 MMcfd. This increase is primarily due to greater availability of sweet and sour wet gas, mostly from fields in the Northern and Southern Regions, respectively. At the same time, condensates processing increased by 7.4% due to increased production from the Marine and Northern Regions.

As a result, dry gas and natural gas liquids production increased by 2.0% and 1.5%, respectively, as compared to 2010.

Petrochemicals Production

Petrochemical products production decreased by 8.6%, in line with the PEMEX's strategy of channeling production into the most profitable chains. Accordingly:

- production in the aromatics and derivatives chain decreased as a result of a reduction in the gasoline component used in manufacturing, in response to increased input costs;
- production of the propylene and derivatives chain decreased due to a lower demand for these products;
- production in the methane derivatives chain recorded a decrease of 17.0%, due to lower production of ammonia and carbon dioxide as a result of higher inventories; and
- production in the ethane derivatives chain increased 6.4% due to the resumption of regular operations as compared to the fourth quarter of 2010.

During 2011, the production of petrochemical products amounted to 5,583 Mt, an 8.8% decrease as compared to 2010, in line with the company's strategy of channeling production into the most profitable chains, as well as from maintenance in the ethylene and vinyl chloride plants at the Morelos Petrochemical Complex and unplanned downtimes in the acrylonitrile plant at the same complex.

The aromatics and derivatives chain production decreased as a result of a reduction of the gasoline component in manufacturing, in response to increased input costs. The propylene and derivatives chain production decreased due to a decline in demand for these products; and finally, as a result of the maintenance activities previously mentioned, the ethane derivatives chain also recorded a decrease in production.

The decline in total production of petrochemical products was partially offset by an increase in the methane derivatives chain of 5.4%, due to greater outputs of methanol.

CONSOLIDATED BALANCE SHEET, LIQUIDITY AND CAPITAL RAISING**Equity Structure**

As of December 31, 2011, PEMEX had negative equity totaling \$ 192.1 billion, as compared to negative equity of \$ 111.3 billion recorded as of December 31, 2010. It is of importance that PEMEX's current financing agreements do not include financial or payment suspension covenants that could be triggered as a result of negative equity.

During 2011, there were no capitalized payments to the equity of Petróleos Mexicanos their Subsidiary Entities and Subsidiary Companies by the Federal Government.

Liquidity Management

On December 22, 2011, Petróleos Mexicanos signed a four-year revolving credit line for \$ 10 billion.

As of December 31, 2011, Petróleos Mexicanos holds liquidity management credit lines for U.S.\$3.25 billion which are completely available to PEMEX.

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STOCK EXCHANGE CODE: PEMEX

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MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

Debt

	Balance as of December 31 (billion pesos)	
	2010	2011
Short-term	\$89.6	\$110.5
Long-term	\$575.1	\$672.3
Total debt	\$664.7	\$782.8

The following are the main financing activities carried out during 2011:

Capital Markets

- On March 15, 2011, Petróleos Mexicanos issued \$ 10.0 billion of Certificados Bursátiles (publicly traded notes) which mature on March 8, 2016, at 28 days floating TIIE rate plus 21 basis points.
- On May 25, 2011, Petróleos Mexicanos issued U.S.\$1.25 billion of its 6.50% Notes paid semi-annually and due on June 2041. The proceeds from this transaction were received on June 2, 2011.
- On July 20, 2011, Petróleos Mexicanos reopened U.S.\$1.0 billion of its 5.50% Notes paid semi-annually and due in January 2021, which were issued in July 2010. The proceeds from this transaction were received on July 26, 2011.
- On September 27, 2011, Petróleos Mexicanos issued \$ 10.0 billion of Certificados Bursátiles (publicly traded notes) in two tranches:
 - \$ 7.0 billion due in 2017, at TIIE + 24 basis points; and
 - the equivalent of approximately \$ 3.0 billion, denominated in UDIs (Investment Units) due in 2021, at a 3.55% semi-annual fixed coupon.
- On October 12, 2011, Petróleos Mexicanos reopened U.S.\$1.25 billion of its 6.50% Bonds paid semi-annually and due in June 2041, which were issued in May 2011. The proceeds from this transaction were received on October 18, 2011.
- On December 7, 2011, Petróleos Mexicanos issued \$ 10.0 billion of its 7.65% Notes paid semi-annually and due on November 2021, Ps. 7.0 million of which were issued through a GDN (Global Depository Note).
- On January 17, 2012, Petróleos Mexicanos issued U.S.\$2.1 billion of its 4.875% Notes paid semi-annually and due on January 2022. The proceeds from this transaction were received on January 24, 2012.

ECAs

- During the fourth quarter of 2011, Petróleos Mexicanos borrowed U.S.\$1.0 billion from a credit line guaranteed by the Export Credit Agencies (ECAs).
- On September 23, 2011, Petróleos Mexicanos borrowed U.S.\$0.8 billion from a credit line guaranteed by the Norway GIEK Export Credit Agency.

Bank Loans

- On December 29, 2011, Petróleos Mexicanos obtained a U.S.\$200 million bank loan which matures in December 2016.
- On December 29, 2011, Petróleos Mexicanos obtained Ps. 3.5 billion from a Ps. 7.0 billion credit line which matures in December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONOthers

During the fourth quarter of 2011, Petróleos Mexicanos obtained U.S.\$359.4 million through Public Works Financed Contracts (COPF) of Pemex-Exploration and Production. These contracts are used for the exploitation of natural gas fields in the Burgos basin

Investment in Shares

PEMEX has been a partner of Repsol since 1979. After an invitation extended by the Spanish government, PEMEX acquired shares from Petróleos del Norte (Petronor) with the purpose of establishing a strategic collaborative relationship between the two companies.

On August 29, 2011, PEMEX and Sacyr Vallehermoso, Repsol's largest shareholder, signed a Shareholder's Agreement to syndicate their voting rights on important decisions taken regarding Repsol.

Under this agreement, PMI Holdings B.V., a wholly-owned subsidiary of Petróleos Mexicanos, purchased in the open market a total of 57,204,240 shares of Repsol YPF, S.A., which represented 4.686% of the company. With this acquisition PEMEX increased its economic and voting rights in Repsol YPF, S.A. from 4.806% to 9.492%.

On December 20, 2011, PEMEX received an intention letter from Sacyr Vallehermoso to early terminate the shareholders' agreement signed by both parties, due to Sacyr's need to restructure its shareholder position in Repsol in order to refinance its debt.

On January 6, 2012, PEMEX's Board of Directors unanimously recommended, with the favorable opinion of the Strategy and Investment Committee the following:

- Continue to normalize relations with the rest of Repsol's shareholders and with its management.
- Hold meetings with Repsol, so that if a favorable agreement towards PEMEX's interest is reached, then long-term collaboration agreements that grant benefits to both companies can be established.
- Decide on PEMEX's optimal shareholder position in Repsol.
- Additionally, the relevant committees of the Board will be kept informed by the chairpersons of the Strategy and Investment Committee and the Audit and Performance Evaluation Committee.

As a result, on January 25, 2012, PEMEX announced that a Memorandum of Understanding had been reached with Repsol. The agreement established the following terms:

- It shall be based on the principles of reciprocity, mutual benefit and collaboration, long term commitment and non-exclusivity.
- It shall comprise the Upstream business areas in America, and the Downstream business areas in America, Spain and Portugal.
- Within the constitutional and legal framework that regulates the hydrocarbons sector in Mexico, Pemex shall count on Repsol as an ally to evaluate and promote any business opportunity that may be of mutual interest.
- A Strategic Committee, Upstream Committee, as well as a Downstream Committee will be formed. Each one will count with equal representation from Pemex and Repsol, and will have an advisory and informational role.
- PEMEX reaffirms its shareholder position in Repsol, which shall not decrease below 5% nor exceed 10%.
- The strategic industrial alliance will have an initial term of 10 years.

The formal agreement will be submitted for consideration to PEMEX and Repsol's Board of Directors, in compliance with the company's internal regulations.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION**Cash flows from operating activities, financing and investment**

As of December 31, 2011, according to the Preliminary Consolidated Financial Statements, net cash flow from operating activities was \$ 173.4 billion, as compared to \$ 160.1 billion in 2010. Cash and cash equivalents totaled \$ 117.1 billion, compared to \$ 133.6 billion in the same period of 2010.

Treasury Policies

As far to the treasury policies, Petróleos Mexicanos seeks to have sufficient financial resources to meet its payment obligations and its subsidiary entities, as well as promote integration and consolidation of the position and projection of its cash.

In addition, Petróleos Mexicanos develops investment mechanisms of its financial resources to ensure the best conditions of the market and guarantee the best recruitment services provided by financial institutions.

The investment of resources in the treasury of Petróleos Mexicanos in pesos and dollars are based on the following policies:

Peso Funds

Petróleos Mexicanos, for its financial transactions, is bound to the observance and compliance with applicable regulations issued by the Federal Government. SHCP provide guidelines to all Federal Government public-sector entities, for managing their funds stating that Petróleos Mexicanos may only invest in:

- a) Government securities.
- b) Financial transactions by the Federal Government.
- c) Demand deposits at commercial banks. The balance must not exceed 10% of the balance of the available funds.
- d) Balances with the Treasury.
- e) Shares of capital stock of investment companies, whose investment objective are government securities.

It is important to mention that reports holding government instruments can only be made with financial institutions that obtain at least the following credit scores from the rating agencies:

National Scale

Long Term

Fitch: AA(mex)

Standard and Poor's: mxAA-

Moody's: AAmx

International Scale

Long Term

Fitch: BBB

Standard and Poor's: BBB

Moody's: Baa1

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONDollar Funds

The policy for the management of this currency is to invest the funds where resources are invariably deposited not more than 48 hours. Later on, these resources are deposited in accounts previously opened in the Banco de Mexico. Foreign exchange transactions, by volume, are performed with the Banco de Mexico.

Petróleos Mexicanos invariably seeks funds in which investments are classified by the Bank of Mexico with liquidity ratio and, in turn, comply with various provisions that govern its operation.

Cash and cash equivalents currencies

Petróleos Mexicanos's cash and cash equivalents relies primarily in pesos and dollars, since it comes from the sales of its products, whether domestic or international. In the same way Petróleos Mexicanos makes payments of various expenses and debt in those currencies.

Relevant investment capital

Significant capital investments that were committed at the end of last fiscal year, by their nature, are described in Section 3) c) "credit information relevant" from the Annual Report.

Significant transactions not recorded in the balance sheet or income statement

Petróleos Mexicanos has no significant transactions not recorded in the balance sheet or income statement.

Tax credits or debits

In February 2010, the Servicio de Administración Tributaria (Administrative Taxation Service) notified Pemex-Exploration and Production of the results of its review of Pemex-Exploration and Production's financial statements for the fiscal year ended December 31, 2006 with respect to federal contributions, the value added tax and the Ordinary Hydrocarbon Duty. On September 20, 2010, the Administrative Taxation Service notified Pemex-Exploration and Production that it owed an additional approximately Ps. 4.6 billion (including penalties and interest) in taxes as of August 2010 for the fiscal year ended December 31, 2006. On November 30, 2010, Pemex-Exploration and Production filed an administrative claim (file 28733/10-17-03-7) against this resolution before the Tercera Sala Regional Metropolitana del Tribunal Federal de Justicia Fiscal y Administrativa (Third Metropolitan Regional Court of the Federal Fiscal and Administrative Court) which was admitted on February 14, 2011. On August 24, 2011, the Administrative Taxation Service filed its response and a motion against the expert's evidence offered by Pemex-Exploration and Production. On August 30, 2011 an appeal was filed by Pemex-Exploration and Production against this motion. On September 6, 2011 the expert appointed by Pemex-Exploration and Production accepted his designation. As of the date of this report, a resolution is still pending.

In February 2010, the Administrative Taxation Service notified Pemex-Refining of the results of its review of Pemex-Refining's financial statements for the fiscal year ended December 31, 2006 with respect to federal contributions and the value added tax. On September 20, 2010, the Administrative Taxation Service notified Pemex-Refining that it owed an additional approximately Ps. 1.5 billion (including penalties and interest) in taxes as of August 2010 for the fiscal year ended December 31, 2006. On November 30, 2010, Pemex-Refining filed an administrative claim (file 28733/10-17-03-7) against this resolution before the Tercera Sala Regional Metropolitana del Tribunal Federal de Justicia Fiscal y Administrativa (Third Metropolitan Regional Court of the Federal Fiscal and Administrative Court) which was admitted on February 14, 2011. On August 24, 2011, the Administrative Taxation Service filed its response and a motion against the expert's evidence offered by Pemex-Refining. On August 30, 2011 an appeal was filed by Pemex-Refining against this motion. On September 6, 2011 the expert appointed by Pemex-Refining accepted his designation. As of the date of this report, a resolution is still pending.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

INTERNAL CONTROL

Petróleos Mexicanos management is responsible for establishing and maintaining an adequate internal control system for financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial statement information. The system of internal control over financial reporting includes those policies and procedures for:

- (i) Make sure that the records reasonably deemed necessary details are accurate and complete and reflect the transactions and movements of PEMEX's assets;
- (ii) Provide reasonable assurance that all transactions have been registered for the preparation of the financial statements and that PEMEX's expenses are made only in accordance with authorizations of the management and authority staff, executed by each entity concerned, and
- (iii) To provide management staff a reasonable assurance regarding prevention and early detection of any acquisition, disposal or use of unauthorized assets that could affect PEMEX's financial statements.

For the proper performance of their duties, the Board of Directors of Petróleos Mexicanos counts with the Audit and Performance Evaluation Committee, that has within its powers, to establish a risk management system that can affect the situation and financial operations of Petróleos Mexicanos, and regularly report to the Council on follow-up. In addition, the Audit and Performance Evaluation Committee should inform the Board of Directors the status of the internal control system and propose their amendments.

In order to perform their functions, the Audit and Performance Evaluation verifies compliance with the goals, objectives, plans and programs of Petróleos Mexicanos, including the timing, terms and conditions of the commitments adopted, as well as the performance indicators; verifies and certifies the reasonableness and adequacy of accounting and financial reporting, and supervises the processes to design, integrate and disseminate the financial and accounting information, besides the audits to be conducted.

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1 Approval

On February 24, 2012, the attached condensed consolidated financial statements and the notes thereto were authorized by the following officers: Víctor M. Cámara Peón, Deputy Director of Accounting, Fiscal and Financial Control and C. Francisco J. Torres Suárez, Associate Managing Director of Accounting.

2 Basis of presentation

The condensed consolidated financial statements of Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies ("PEMEX") as of December 31, 2011 are unaudited, while the consolidated financial statements as of December 31, 2010 are unaudited too, due to the adjustment related to the retrospective application, of Bulletin C-4 "Inventories", for recognize the new valuation of the inventories (see note 3 (aa)). In the opinion of PEMEX's management, all adjustments (mainly consisting of recurring adjustments) that are necessary for a fair presentation of the condensed consolidated financial statements have been included.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and their notes, as of and for the year ended December 31, 2010.

3 Significant accounting policies

The preparation of the condensed consolidated financial statements requires the use of estimates and assumptions made by PEMEX's management that affect the recorded amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the condensed consolidated financial statements, as well as the recorded amounts of income and expenses during the year. The important items subject to such estimates and assumptions include the carrying value of wells, pipelines, properties, plant and equipment, the valuation of the allowance for doubtful accounts, inventories, impairment, work in progress, deferred tax assets and liabilities, and the valuation of financial instruments and liabilities related to employee benefits. Actual results could differ from those estimates and assumptions.

References in these condensed consolidated financial statements and the related notes to "pesos" or "Ps." refers to Mexican pesos, "U.S. dollars" or "U.S. \$" refers to dollars of the United States of America, "yen" or "¥" refer to Japanese yen, "euro" or "€" refers to the legal currency of the European Economic and Monetary Union, "Pounds sterling" or "£" refers to the legal currency of the United Kingdom, "Swiss francs" or "CHF" refers to the legal currency of the Swiss Confederation and

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“Canadian dollars” or “CAD” refers to the legal currency of Canada. Figures in all currencies are presented in thousands of the relevant currency unit, except exchange rates and product and share prices.

These condensed consolidated financial statements are presented in Mexican pesos (reporting currency), which is the same as the recording currency and the functional currency of PEMEX.

Because PEMEX is an industrial entity, and in accordance with FRS B-3 “Statement of Operations,” PEMEX classifies ordinary costs and expenses based on their function in order to present its gross income margin.

Below is a summary of the principal accounting policies followed by PEMEX in the preparation of its condensed consolidated financial statements:

(a) Effects of inflation on the financial information

The accompanying condensed consolidated financial statements have been prepared in accordance with Mexican FRS in effect as of the statement of financial position date, and include the recognition of the effects of inflation on the financial information through December 31, 2007, based on the Mexican National Consumer Price Index (NCPI) determined by the *Instituto Nacional de Estadística y Geografía* (National Institute of Statistics and Geography, or “INEGI”) and published by *Banco de México*. Cumulative inflation for the last three years, including the reporting year, and the indices used in calculating inflation, are as follows:

December 31,	NCPI ⁽¹⁾	Inflation	
		For the year	3-year accumulated
2011	103.551	3.82%	12.26%
2010	99.742	4.40%	15.19%
2009	95.536	3.57%	14.48%

(1) In 2011, the base year for the calculation of NCPI was changed by INEGI, which recalculated the NCPI figures for 2011 and prior years to reflect the change in base year. This change did not affect previously reported inflation.

(b) Consolidation

The condensed consolidated financial statements include those of Petróleos Mexicanos, the Subsidiary Entities and the Subsidiary Companies, including Special Purpose Entities. All significant intercompany balances and transactions have been eliminated in the consolidation, and the consolidation has been made based on the financial statements of the Subsidiary Entities and the Subsidiary Companies as of December 31, 2011 and 2010.

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The condensed consolidated Subsidiary Companies are as follows: P.M.I. Comercio Internacional, S.A. de C.V. (“PMI CIM”)⁽³⁾; P.M.I. Trading, Ltd. (“PMI Trading”)⁽³⁾; P.M.I. Holdings North America, Inc. (“PMI HNA”)⁽³⁾; P.M.I. Holdings Petróleos España, S.L. (“PMI HPE”)⁽³⁾; P.M.I. Holdings, B.V. (“PMI HBV”)⁽³⁾; P.M.I. Norteamérica, S.A. de C.V. (“PMI NASA”)⁽³⁾; Kot Insurance Company, AG (“KOT”); Integrated Trade Systems, Inc. (“ITS”); P.M.I. Marine, Ltd. (“PMI Mar”)⁽³⁾; P.M.I. Services, B.V. (“PMI SHO”)⁽³⁾; Pemex Internacional España, S.A. (“PMI SES”)⁽³⁾; Pemex Services Europe, Ltd. (“PMI SUK”)⁽³⁾; P.M.I. Services North America, Inc. (“PMI SUS”)⁽³⁾; Mex Gas International, Ltd. (“MGAS”); Pemex Finance, Ltd. (FIN); the Master Trust (MT)⁽¹⁾; Fideicomiso F/163 (MTN)⁽¹⁾ and RepCon Lux⁽²⁾.

- i. The principal function of the Master Trust and Fideicomiso F/163 (the “Trusts”) consisted of issuing bonds and entering into other financings for the purpose of funding PIDIREGAS. During 2009, the Trusts transferred all of the rights and obligations derived from PIDIREGAS financings to PEMEX, which recognized them as direct public debt, while the Trusts ceased to act as financing vehicles. The Assumption and Termination Agreement for the Fideicomiso F/163 was executed on August 16, 2011. The Assumption and Termination Agreement of the Master Trust became effective on December 20, 2011, and the State of Delaware issued the cancellation certificate on the same day. These trusts are no longer included in the financial statements of PEMEX as of December 31, 2011.
- ii. The financial information of RepCon Lux was consolidated in the financial statements of PEMEX until July 28, 2009, when RepCon Lux was formally liquidated.
- iii. Member company of the “PMI Group.”

(c) Translation of foreign currency financial statements

The financial statements of consolidated foreign subsidiaries are translated into the reporting currency by initially determining if the functional currency and the currency for recording the foreign operations are different and then translating the functional currency to the reporting currency, using the historical exchange rate and/or the exchange rate at year-end and the inflation index of the country of origin, depending on whether the information comes from a non-inflationary or an inflationary economic environment.

(d) Cumulative currency translation effect

This represents the difference resulting from the translation of the financial statements of consolidated foreign subsidiaries into the reporting currency.

(e) Cash and cash equivalents

Cash and cash equivalents consist of checking accounts, foreign currency and other highly liquid instruments, as well as restricted cash and cash equivalents, which are cash and cash equivalents that have certain limits on their use. As of the date of these condensed consolidated financial statements, earned interest income and foreign exchange gains or losses are included in the results of operations, under comprehensive financing result (“CFR”).

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(f) Accounts, notes receivable and other

Accounts receivable at December 31, 2011 and 2010 are reported at realizable value, net of allowance for doubtful accounts. The realizable value, if any, of a long-term account receivable is determined by considering its present value. In addition, interest income from accounts receivable is recognized on an accrued basis, provided that the amount can be reliably measured and collection is probable.

(g) Inventories and cost of sales

PEMEX's inventories are valued at the lower of cost or net realizable value. Cost is determined based on the cost of production or acquisition of inventory, using the average cost formula (see Note 7). PEMEX includes fixed and indirect costs of production in the calculation of production cost. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale (see Note 3(ab)(i)).

Cost of sales represents the cost of inventories at the time of sale, increased, where appropriate, by declines in net realizable value of inventories during the year.

PEMEX records the necessary allowance for inventory impairment arising from obsolescence and other factors that may indicate that the realization value of inventory may be lower than the recorded value.

Advances to suppliers are recognized as part of inventory when the risks and benefits of the ownership of the inventory have been transferred to PEMEX.

(h) Investment securities

Investment securities include both debt and equity securities and are classified as held-to-maturity securities, trading securities or available-for-sale securities. The classification of a particular investment is based on the intent of PEMEX's management as to the length of time it will hold each investment. Each type of security is initially recorded at its acquisition cost and accounted for as follows:

- (i) Held-to-maturity investments are those investments that the company has the intent and ability to hold to maturity and are recorded at amortized cost. The amortization of premiums or discounts is included in the effective interest rate, which is used to record the interest income derived from these instruments. Any losses on the book value attributable to a decline in credit quality of the issuer are recorded in the statement of operations.
- (ii) Trading securities are those instruments that are bought and held by the company for the purpose of selling them in the near term. Trading securities are recorded at fair market value, which corresponds to the price an entity would realize if it were to sell an asset, or

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the price it would pay to relieve a liability, in a current arm's length transaction between knowledgeable and willing parties. Any gains or losses due to changes in fair market value of a trading instrument are recorded as gains or losses in the statement of operations.

- (iii) Available-for-sale securities are those debt or equity investments that are not classified as a held-to-maturity or trading securities. Available-for-sale securities are recorded at fair market value. Any changes in the fair market value of these instruments are recognized in the comprehensive result component of equity. Interest income realized from debt instruments categorized as available-for-sale is recorded in the statement of operations.

(i) Derivative financial instruments and hedging operations

As of December 31, 2011 and 2010, the derivative financial instruments ("DFIs") for trading and hedging purposes which were recognized in the statement of financial position were recorded at their fair value, in accordance with the provisions of Bulletin C-10, "Derivative Financial Instruments and Hedging Activities" (see Note 12). Changes in the fair value of DFIs held for trading purposes are recorded in the CFR. DFIs that are formally designated and that qualify as hedges are recorded using cash flow or fair value hedge accounting.

(j) Financial instruments with characteristics of liability, equity or both

Financial instruments entered into by PEMEX with characteristics of liability, equity or both, are recorded at the time they are created as a liability at fair value, as equity or as both, depending on their components.

Initial costs incurred in connection with these instruments are assigned to liabilities and equity in the same proportion as the amounts of their components. Gains or losses related to the components of financial instruments classified as liabilities are recorded in the CFR. The distribution of profits to the owners of the components of financial instruments classified as equity is recorded in equity.

(k) Permanent investments in shares of non-consolidated subsidiary companies, affiliates and others

Investments in shares of non-consolidated subsidiary companies are valued by the equity method, based on the financial statements of the issuing companies as of December 31, 2011 and 2010. Certain non-consolidated subsidiary companies and affiliates were recorded at their acquisition cost, and based on their insignificance relative to the total assets and revenues of PEMEX, have been neither consolidated nor valued by the equity method (see Note 9).

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(l) Wells, pipelines, properties, plant and equipment

Investments in wells, pipelines, properties, plant and equipment are recorded at the cost of acquisition or construction, using—in the case of wells—the successful efforts method. See Notes 3(m) and 10.

In accordance with the FRS D-6, “Capitalization of Comprehensive Financing Result,” during the construction period, the CFR associated with acquisitions of fixed assets is capitalized as part of the value of assets.

Depreciation is calculated from the month following the date when the asset was placed in service, using the straight-line method of accounting based on the expected useful lives of the assets, based on appraisals prepared by independent appraisers.

The amortization of wells is determined based on the estimated commercial life of the field in which they are located, considering the ratio of the production of barrels of crude oil equivalent for the period to proved developed reserves of the field, as determined at the beginning of the year; these estimates are updated quarterly to reflect new investments.

In 2011, due to the particular characteristics of the Burgos fields, the amortization guidelines for those fields were modified to adjust total reserves by a factor corresponding to the probability of success of the wells.

The annual depreciation rates used by PEMEX are as follows:

	%	Years
Plants and drilling equipment.....	3-5	33-20
Offshore platforms and pipelines.....	4	25
Buildings	3	33
Furniture, fixtures, software and computers	10-25	10-4
Transportation equipment.....	4-20	25-5

The gains or losses generated by the sale or disposal of fixed assets are recognized in income for the period in which they are incurred.

Minor repairs and maintenance costs are expensed as incurred.

The carrying value of these assets is subject to an annual impairment assessment (see Notes 3(o) and 10).

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(m) Exploration and drilling costs

PEMEX uses the successful efforts method of accounting for the recording of oil and gas exploration and drilling costs in accordance with the Accounting Standard Codification 932 (ASC 932) "Extractive Activities—Oil and Gas" issued by the U.S. Financial Accounting Standards Board, in the absence of local rules in the industry.

Exploration costs are charged to income when incurred, while expenditures for exploratory drilling costs are included in fixed assets while pending determination of proven reserves. Exploration wells more than 12 months old are expensed unless (a) (i) they are in an area requiring major capital expenditure before production can begin, (ii) commercially productive quantities of reserves have been found and (iii) they are subject to further exploration or appraisal activity, in that either drilling of additional exploratory wells is underway or firmly planned for the near future, or (b) proved reserves are identified within 12 months following the completion of exploratory drilling. The costs for the drilling of development wells are capitalized, whether or not successful.

PEMEX's management makes periodic assessments of the amounts included within fixed assets to determine whether capitalization is initially appropriate and can continue. Exploration wells capitalized beyond 12 months are subject to additional scrutiny as to whether the facts and circumstances have changed and therefore whether the conditions described in the preceding paragraph no longer apply.

(n) Retirement of assets

Obligations associated with the future retirement of assets, including those related to the retirement of properties, plant, equipment and their components but excluding those related to the retirement of wells, are recognized at the date the retirement obligation is incurred, based on the discounted cash flow method of accounting. The determination of the fair value is based on existing technology and regulations. If a reliable estimation of fair value cannot be made at the time the obligation is incurred, the accrual will be recognized when there is sufficient information to estimate the amount.

The costs and obligations related to the retirement of assets associated with the principal refining processes for gas and petrochemicals are not estimated. These assets are considered to have an indeterminate useful life, as a result of maintenance and repairs, and PEMEX lacks sufficient information to reasonably determine the date on which they will be decommissioned (see Note 3(ab)).

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(o) *Impairment of the value of long-lived assets*

Long-lived assets are subject to an annual evaluation of impairment in accordance with Bulletin C-15, "Impairment of the Value of Long-Lived Assets and Their Disposal." PEMEX measures the net carrying value of long-lived assets in order to determine whether the carrying value of the assets exceeds the recoverable amount, i.e., the future net revenues reasonably expected to be generated by the asset. If the net carrying value of the asset exceeds the recoverable amount, PEMEX recognizes an impairment charge in its statement of operations to recognize the asset at its recoverable amount (see Note 10).

(p) *Reserve for abandonment cost of wells*

The abandonment costs related to wells currently in production and wells temporarily closed are recorded based on the units of production method. Total cost of abandonment and dismantlement for non-producing wells is recognized at the end of each period. All estimations are based on the useful lives of the wells, considering their present value (discounted). Salvage values are not considered, as these values commonly have not existed. These costs are initially capitalized as part of the well's value, and amortized according to its useful life (see Note 10(c)).

(q) *Leases*

In accordance with Bulletin D-5, "Leases," as amended in 2011, PEMEX classifies as capital leases all those leases where PEMEX assumes substantially all of the risks and benefits of the leased property, whether or not there is a transfer of title. All other leases are considered to be operating leases.

In addition, in accordance with IFRIC 4, "Determining Whether an Arrangement Contains a Lease," issued by the IFRS Interpretations Committee, PEMEX assesses at the execution date of any contract whether such contract relates to or contains a lease.

(r) *Other assets*

Other assets mainly include advance payments, long term receivables, intangible assets and other deferred assets, which are recorded at acquisition or carrying value. Amortization of intangible assets is calculated using the straight-line method.

(s) *Accruals*

PEMEX recognizes accruals where, as a result of a past event, PEMEX has incurred a legal or contractual obligation for which the transfer of assets is probable and the amount is reasonably estimable. In certain cases, such amounts are recorded at their present value.

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Environmental liabilities

In accordance with applicable legal requirements and accounting practices, a liability is recognized when the cost is probable and reasonably estimable. Disbursements related to the conservation of the environment that are linked to revenue from current or future operations are accounted for as costs or assets, depending on the particulars of each case. Disbursements related to past operations, which no longer contribute to current or future revenues, are accounted for as costs. The accrual of a liability for a future disbursement occurs when an obligation related to environmental remediation is identified for which PEMEX has the information necessary to determine a reasonable cost estimate (see Note 17(a)).

(t) Employee benefits

The accumulated benefits related to pensions, seniority premiums, other post-retirement benefits and employment termination for causes other than restructuring, to which all employees are entitled, are recorded in the statement of operations of each year, as part of the cost of sales and/or general expenses, as appropriate. The valuations of accumulated benefits are based on actuarial valuations performed by independent experts using the projected unit-credit method (see Note 13).

The amortization periods of the unamortized items are as follows:

- Retirement benefits:
 - i. Initial transition liability and salary increases due to promotions, over a maximum of five years.
 - ii. Plan amendments and actuarial gains and losses for the period, over the employees' average remaining years of employment.
- Termination benefits:
 - i. Initial transition liability and plan amendments, over a maximum of five years.
 - ii. Salary increases due to promotions, over a maximum of one year.
 - iii. Actuarial gains and losses, immediate recognition.

As of December 31, 2011, the average remaining years of employment for those employees entitled to benefits in the plan was approximately 10 years.

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The plan for other post-retirement benefits includes medical services for retired personnel and their dependents, as well as benefits in cash for gas, gasoline and basic necessities. PEMEX's employee benefits obligations are included in these condensed consolidated financial statements.

(u) Taxes and federal duties

Petróleos Mexicanos and the Subsidiary Entities are subject to special tax laws, which are based mainly on petroleum production and revenues from oil, gas and refined products. Petróleos Mexicanos and the Subsidiary Entities are not subject to the *Ley del Impuesto Sobre la Renta* (Income Tax Law) or the *Ley del Impuesto Empresarial a Tasa Única* (Flat Rate Business Tax, or "IETU") (see Note 20).

Deferred taxes are recorded based on the assets and liabilities method with a comprehensive approach, which consists of the recognition of deferred taxes by applying tax rates applicable to the Hydrocarbon Income Tax and Tax on Income to the temporary differences between the book and tax values of assets and liabilities at the date of the consolidated financial statements (see Note 20(k) and (m)).

(v) Special Tax on Production and Services ("IEPS Tax")

The IEPS Tax charged to customers is a tax on domestic sales of gasoline and diesel. The applicable rates depend on, among other factors, the product, producer's price, freight costs, commissions and the region in which the respective product is sold (see Note 20(j)).

(w) Comprehensive loss

Comprehensive loss represents the sum of the net (loss) gain for the period plus the currency translation effect, plus the effect of valuation of financial instruments designated as cash flow hedges and of items required by specific accounting standards to be reflected in equity but which do not constitute equity contributions, reductions or distributions (see Note 14).

(x) Contingencies

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the condensed consolidated financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured (see Note 17).

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(y) *Revenue recognition*

For all export products, risk of loss and ownership (title) is transferred upon shipment. PEMEX therefore records sales revenue upon shipment to customers abroad. In the case of certain domestic sales in which the customer takes product delivery at a PEMEX facility, sales revenues are recorded at the time of delivery. For domestic sales in which PEMEX is responsible for product delivery, risk of loss and ownership is transferred at the delivery point, and PEMEX records sales revenue upon delivery. Revenue for services rendered is recognized when PEMEX has a right to collect payment for such services.

(z) *Comprehensive financing result ("CFR")*

CFR includes interest income and expense, foreign exchange gains and losses and the valuation effects of financial instruments, minus any portion of the comprehensive financing result that is capitalized (see Note 12).

Transactions in foreign currencies are recorded at the exchange rate in effect on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in effect at the date of the condensed consolidated statement of financial position. Foreign exchange differences arising from assets and liabilities denominated in foreign currencies are recorded in income for the year.

(aa) *Operating segments*

Operating segments are identifiable components of PEMEX that pursue business activities from which PEMEX earns revenues and incurs expenses, including those revenues and expenses from transactions with other segments of PEMEX, and for which information is available to management on a segmented basis and is assessed by PEMEX's management in order to allocate resources and assess the profitability of the segments.

(ab) *Accounting changes*

The new FRS and the interpretations and improvements mentioned below, issued by the *Consejo Mexicano de Normas de Información Financiera* (the Mexican Board of Financial Reporting Standards, or the CINIF), became effective for fiscal years beginning on or after January 1, 2011, with the respective prospective or retrospective application noted in each case.

- (i) **Accounting changes** — In December 2010, the CINIF issued the following revisions to FRS, which supersede the previous rules in each case:

FRS B-5, "Segment Financial Information"—FRS B-5 took effect as of January 1, 2011, with retrospective application. The principal changes as compared to Bulletin B-5, "Segment financial information," which it supersedes, include the following:

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- The information to be disclosed by operating segment is the information regularly used by top management and does not require segmentation into primary and secondary information or into segments identified based on products or services (economic segments), geographical areas or homogeneous customer groups. Additionally, disclosure by the entity as a whole of information on its products or services, geographical areas and principal customers and suppliers is required.
- FRS B-5 does not require that the entity's business areas be subject to different risks to qualify as operating segments.
- Business areas in the pre-operating stage may be classified as operating segments.
- FRS B-5 requires disclosing separately by segment, interest revenue and expense, as well as all other components of CFR. In specific cases, disclosure of net interest income is permissible.
- Disclosure of the liability amounts included in the usual operating segment information normally used by top management is required.

The adoption of this new FRS affected the presentation of PEMEX's segment information, but did not have any material effects for accounting purposes (see Note 19).

FRS B-9, "Interim Financial Reporting"—FRS B-9 took effect as of January 1, 2011, with retrospective application. The principal changes as compared to Bulletin B-9 – "Interim financial reporting," which it supersedes, include the following:

- FRS B-9 requires that the interim financial information, in addition to the statement of financial position and statement of operations, include a comparative and condensed statement of stockholders' equity and statement of cash flows, and, for not-for-profit entities, the presentation of the statement of activities is expressly required.
- FRS B-9 establishes that the financial information reported at the end of an interim period should be presented comparatively with the equivalent interim period of the immediately preceding year and, in the case of the statement of financial position, compared also to such financial statement at the immediately preceding year-end date.
- New terminology is included and defined.

The adoption of this new FRS did not have any material effects on the presentation of PEMEX's audited year-end financial statements.

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FRS C-4, "Inventories"—FRS C-4 took effect as of January 1, 2011, with retrospective application, supersedes Bulletin C-4, "Inventories," and establishes new valuation, presentation and disclosure rules for initial and subsequent recognition of inventories on the statement of financial position, as well as rules for the valuation of the inventories of service providers. The principal changes are as follows:

- Direct costing may not be used to value inventory; absorption costing must be used instead.
- If inventory cost is higher than net realizable value, cost must be adjusted to equal net realizable value.
- For inventories acquired on an installment payment basis, the difference between the purchase price under normal credit terms and the amount paid must be recognized as financial cost during the financing period and is not considered as part of inventory cost.
- Under certain circumstances, estimates of impairment losses on inventories recognized in a prior period may be deducted or charged off against the results of operations for the period in which such modifications occur.
- Only items whose benefits and risks have already been transferred to the entity may be recognized as inventories; therefore, prepayments are not part of inventory.

The financial statements for 2010 were retrospectively adjusted as follows: to recognize the effect of the change in the method of inventory valuation from direct costing to absorption costing.

	<u>As of December 31, 2010</u>		
	<u>Previously reported amounts</u>	<u>Accounting changes</u>	<u>Adjusted amounts</u>
Statement of financial position			
Inventories (Note 7)	Ps. 38,037,560	Ps. 2,481,306	Ps. 40,518,866
Accumulated losses from prior years	(352,491,797)	1,545,935	(350,945,862)
Net (loss) for the year.....	(47,462,608)	935,371	(46,527,237)
Statement of Operations			
Cost of sales	632,290,416	(935,371)	631,355,045

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	<u>As of January 1, 2010</u>		
	<u>Previously reported amounts</u>	<u>Accounting changes</u>	<u>Adjusted amounts</u>
Statement of financial position			
Inventories (Note 7)	Ps. 36,903,080	Ps. 1,545,935	Ps. 38,449,015
Accumulated losses from prior years	(257,829,779)	1,253,763	(256,576,016)
Net (loss) for the year.....	(94,662,018)	292,172	(94,369,846)
Statement of Operations			
Cost of sales	561,134,955	(292,172)	560,842,783

FRS C-5, “Prepayments and other assets”—FRS C-5 took effect as of January 1, 2011, with retrospective application, supersedes Bulletin C-5, “Prepayments,” and includes primarily the following changes:

- Advances for the purchase of inventories (current assets) or property, plant and equipment and intangible assets (non-current assets), among others, must be reported under prepayments if the benefits and risks inherent in the assets to be acquired or the services to be received have not yet been transferred to the entity. Furthermore, prepaid expenses must be reported based on the nature of the item to be acquired, either under current assets or non-current assets.
- When an impairment loss on the value of prepayments occurs, the unrecoverable amount must be reported in the statement of operations. Additionally, if the necessary conditions exist, the impairment effect may be reversed and recorded in the statement of operations for the related future period.
- Among other things, the following must be disclosed in the notes to the financial statements: breakdown of prepayments, accounting policies for recognition and impairment losses, and any relevant reversal of impairments.

The adoption of this new FRS did not have any material effects on the presentation of PEMEX’s financial statements.

FRS C-6, “Property, Plant and Equipment”—FRS C-6 took effect as of January 1, 2011, except for changes arising from segregation into the components of property, plant and equipment items having a clearly different useful life, which is effective for fiscal years beginning on or after January 1, 2012. The accounting changes resulting from the initial application of this FRS must be prospectively recognized. The principal changes as compared to Bulletin C-6, “Property, Plant and Equipment,” which it supersedes, include the following:

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- Property, plant and equipment to develop or maintain biological and extraction industry assets are within the scope of this FRS.
- The treatment of asset exchanges based on the economic substance is included.
- The bases for determination of the residual value of a component are added.
- The requirement to assign an appraised value to property, plant and equipment acquired at no cost or at less than fair value, and to assign a donation surplus, is eliminated.
- Depreciation of components of a property, plant and equipment item is mandatory, independently of the depreciation of the rest of the item as if it were a single component.
- Depreciation of idle components must continue, unless depreciation is determined based on the activity.

The adoption of this new FRS affected the presentation of PEMEX's information relating to wells, pipelines, property, plant and equipment, but did not have any material effects for accounting purposes (see Note 10).

FRS C-18, "Property, Plant and Equipment Retirement Obligations"—FRS C-18 took effect as of January 1, 2011, and primarily provides the following requirements for valuation of fixed asset component retirement obligations:

- Retirement obligations must be recognized as an accrual that increases the acquisition cost of a component.
- Future retirement obligations are estimated using the discounted present value of the estimated future cash flows needed to retire the asset or component.
- A suitable discount rate must be used to determine estimated future cash flows, incorporating the cost of money and the entity's credit risk.
- Changes in the valuation of retirement obligations (accruals) resulting from revisions to the estimated future cash flows, the periodicity for settlement and the suitable discount rate to be used must be recognized for accounting purposes.
- Disclosures must be made if an entity has a component retirement obligation.

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The adoption of this new FRS did not have any effect on the presentation of PEMEX's financial statements.

(ii) **2011 FRS Amendments—**

In December 2010, the CINIF announced the following amendments to certain existing FRS that took effect for the fiscal year beginning January 1, 2011:

FRS B-1 “Accounting changes and error corrections”—Requires the presentation of the initial statement of financial position and the initial statement of equity when retrospective adjustments are made, as well as the retrospective effects of application and the restated balances. These changes are in effect for fiscal years beginning on January 1, 2011, with retrospective application.

FRS B-2 “Statement of Cash Flows”—Eliminates the requirement to present the line item “Cash surplus to be applied in financing activities or cash to be obtained from financing activities”, and makes the presentation of such line item optional but recommended. This amendment is in effect for fiscal years beginning on January 1, 2011, with retrospective application.

Bulletin C-3, “Accounts Receivable”—Establishes that interest income on accounts receivable should be recognized when accrued, provided that the relevant amount is reliably valued and likely to be recovered. Interest income on accounts receivable unlikely to be recovered is not recognized. This amendment is in effect for fiscal years beginning on January 1, 2011, with prospective application.

Bulletin C-10, “Derivative Financial Instruments and Hedging Activities”—The amendments to Bulletin C-10 took effect as of January 1, 2011. The principal amendments include the following:

- An intra-group transaction may be recognized as a hedging activity only when the functional currencies of the related parties involved in such transaction are different from each other.
- Reporting of the effect of a hedged interest rate risk is required when a portfolio portion is the hedged position.
- Account margins must be reported separately.
- In a hedge relationship, a portion of the total amount of the DFI may be designated as the hedging instrument. However, it is not possible to designate only a portion of the term of the hedging instrument as a hedge relationship.

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The adoption of these 2011 FRS amendments did not have any material effects on the presentation of PEMEX's audited year-end financial statements.

- (iii) **Reclassifications**—PEMEX's consolidated financial statements for the years ended December 31, 2010 and 2009 have been reclassified in certain accounts, with the purpose of making them comparable with the consolidated financial statements as of December 31, 2011. The main reclassifications were under other revenues—net, and under (loss) profit sharing in non-consolidated subsidiaries, affiliates and others.

4 Foreign currency exposure

As of December 31, 2011 and 2010, the unaudited condensed consolidated financial statements of PEMEX included monetary assets and liabilities in foreign currency as follows:

	Amounts in foreign currency (Thousands)			Period-end exchange rate	Amounts in pesos
	Assets	Liabilities	Net (liability)/asset Position		
As of December 31, 2011:					
U.S. dollars	14,892,554	(46,696,614)	(31,804,059)	13.9904	(Ps. 444,951,507)
Japanese yen.....	0	(160,477,558)	(160,477,558)	0.1813	(29,094,581)
Pounds sterling	247	(772,060)	(771,813)	21.7425	(16,781,158)
Euros	224,258	(4,746,768)	(4,522,510)	18.1595	(82,126,518)
Swiss Franc.....	504,529	(1,008,541)	(504,012)	14.9199	(7,519,809)
Canadian Dollars.....	79	(106)	(27)	13.7228	(370)
Total liability position, before foreign currency hedging					<u>(Ps. 580,473,943)</u>

	Amounts in foreign currency (Thousands)			Period-end exchange rate	Amounts in pesos
	Assets	Liabilities	Net (liability)/asset Position		
As of December 31, 2010:					
U.S. dollars	14,175,860	(39,151,977)	(24,976,117)	12.3571	(Ps. 308,632,375)
Japanese yen.....	0	(190,574,762)	(190,574,762)	0.1526	(29,081,709)
Pounds sterling.....	3,380	(769,079)	(765,700)	19.3463	(14,813,463)
Euros	38,807	(3,721,866)	(3,683,060)	16.5733	(61,040,451)
Swiss Franco	506,316	(1,008,516)	(502,199)	13.2757	(6,667,050)
Canadian dollars.....	79	(5,597)	(5,518)	12.4354	(68,620)
Total liability position,					<u>(Ps. 420,303,668)</u>

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before foreign
currency hedging ...

5 Cash and cash equivalents:

As of December 31, 2011 and 2010, cash and cash equivalents were as follows:

	<u>As of December 31, 2011</u>	<u>As of December 31, 2010</u>
Cash on hand and in banks	Ps. 97,384,703	Ps. 110,579,933
Marketable securities.....	17,150,508	20,720,919
Restricted cash and cash equivalents.....	2,564,900	2,286,227
Total.....	<u>Ps. 117,100,111</u>	<u>Ps. 133,587,079</u>

6 Accounts, notes receivable and other, net:

As of December 31, 2011 and 2010, the accounts, notes receivable and other, net were as follows:

	<u>As of December 31, 2011</u>	<u>As of December 31, 2010</u>
Trade-domestic	Ps. 48,783,438	Ps. 35,412,605
Trade-foreign	61,402,274	39,398,026
Other taxes payments in excess.....	1,269,959	913,243
Employees and officers.....	4,623,555	4,525,102
Advance payments of taxes.....	3,792,070	4,605,081
Other accounts receivable	54,290,563	58,507,390
Less:		
Allowance for doubtful accounts	(1,651,402)	(1,556,853)
Total.....	<u>Ps. 172,510,457</u>	<u>Ps. 141,804,594</u>

7 Inventories:

As of December 31, 2011 and 2010, inventories were as follows:

	<u>As of December 31, 2011</u>	<u>As of December 31, 2010</u>
Crude oil, refined products, derivatives and petrochemical products.....	Ps. 39,264,871	Ps. 35,219,676
Materials and supplies in stock	6,173,621	5,862,570
Materials and products in transit.....	268,872	220,479
Less:		
Allowance for slow-moving and obsolete inventory	(1,554,902)	(783,859)
Total.....	<u>Ps. 44,152,462</u>	<u>Ps. 40,518,866</u>

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8 Investment in shares of non-consolidated subsidiaries and affiliates

On August 29, 2011, Petróleos Mexicanos, together with PMI HBV, entered into a shareholder voting agreement with Sacyr Vallehermoso, S.A., the largest shareholder of Repsol YPF, S.A. ("Repsol"). During the period of August 29 to September 2, 2011, PMI HBV, pursuant to its obligations under this shareholder voting agreement, acquired a total of 56,377,090 shares of Repsol which, together with 827,150 shares bought on July 13, 2011, represents 4.69% of the share capital of Repsol and increases PEMEX's overall voting and economic rights in Repsol to 9.492%. The cost of the 57,204,240 shares PEMEX acquired in the third quarter of 2011 was €1,141,792.

9 Wells, pipelines, property, plant and equipment

As of December 31, 2011 and 2010, the balances of wells, pipelines, property, plant and equipment, net of accumulated depreciation and amortization, were as follows:

	As of December31, 2011	As of December31, 2010
Plants	Ps. 474,528,623	Ps. 443,740,762
Drilling equipment	26,228,484	25,898,978
Pipelines	323,386,662	317,133,853
Wells.....	884,098,760	777,424,205
Buildings	61,075,176	57,466,793
Offshore platforms	217,594,120	205,535,390
Furniture and equipment	50,766,813	44,563,837
Transportation equipment	14,462,035	15,418,057
Precious metals.....	411,612	459,378
	<u>2,052,552,285</u>	<u>1,887,641,253</u>
Less:		
Accumulated depreciation and amortization.....	1,079,100,500	997,414,572
Net value	<u>973,451,785</u>	<u>890,226,681</u>
Land.....	41,446,077	41,241,296
Construction in progress.....	135,700,071	128,813,942
Fixed assets to be disposed of	1,907,747	1,105,982
Total	<u>Ps.1,152,505,680</u>	<u>Ps.1,061,387,901</u>

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The depreciation of fixed assets and amortization of wells for the year ended December 31, 2011 and 2010 recognized in cost and operating expenses was Ps. 97,753,019 and Ps. 96,481,781 respectively.

10 Debt

In the period from January 1 to December 31, 2011, the significant financing activities of Petróleos Mexicanos were as follows:

- Petróleos Mexicanos obtained U.S. \$1,081,805 in nominal terms in loans made or guaranteed by various international export credit agencies for use in financing PEMEX's projects.
- On February 24, 2011, Petróleos Mexicanos obtained, in the Mexican market, a bank loan for a total of Ps. 3,750,000 at a floating rate. The loan matured in September 2011.
- On March 15, 2011; Petróleos Mexicanos issued, in the Mexican market, Ps. 10,000,000 of publicly traded notes with a floating rate and mature in 2016.
- On June 2, 2011, Petróleos Mexicanos issued U.S. \$1,250,000 with a rate of 6.50% Bonds due 2041. The bonds were issued under Petróleos Mexicanos' U.S. \$22,000,000 Medium-Term Notes Program, Series C. These notes are guaranteed.
- On July 26, 2011, Petróleos Mexicanos issued U.S. \$1,000,000 of its 5.50% Notes due 2021. The issuance was a reopening, and the notes were issued under Petróleos Mexicanos' U.S. \$22,000,000 Medium-Term Notes Program, Series C.
- On October 3, 2011, Petróleos Mexicanos issued approximately Ps. 9,999,999 of publicly traded notes in two tranches: one in the amount of Ps. 7,000,000 with at a variable rate and mature in 2017, and the second for Ps. 2,999,999 with a semiannual bonus of 3.55% and mature in 2021.
- On October 18, 2011, Petróleos Mexicanos issued U.S. \$1,250,000 of its 6.50% bonds due 2041. The bonds were issued under Petróleos Mexicanos' Medium-Term Notes Program, Series C; this issuance was a reopening of June 2, 2011.
- On December 7, 2011, Petróleos Mexicanos issued Ps. 10,000,000 of publicly traded notes with an interest rate of 7.650% and mature in 2021.
- On December 29, 2011 Pemex obtained a bilateral bank loan of U.S. \$200,000 at a floating rate and with a maturity in 2016.
- On December 29, 2011 Pemex obtained, in the Mexican Market, a bank loan of Ps. 3,500,000 at a floating rate and with a maturity in 2016.

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As of December 31, 2011 and 2010, the rates were as follows: LIBOR, 0.8085% and 0.45594%, respectively; the prime rate in Japanese yen, 1.475% and 1.475%, respectively; TIEE rate of 4.79% and 4.8750%, respectively, for 28 days; TIEE rate of 4.7950% and 4.9450%, respectively, for 91 days; Cetes rate of 4.31% and 4.45%, respectively, for 28 days; Cetes rate of 4.47% and 4.58%, respectively, for 91 days; Cetes rate of 4.55% and 4.71%, respectively, for 182 days.

11 Comprehensive loss

The Comprehensive loss as of and for the year ended December 31, 2011 and 2010 is set forth below:

	<u>December 31, 2011</u>	<u>December, 31 2010</u>
Net loss for the year	Ps. (91,483,321)	Ps. (44,981,302)
Derivative financial instruments	4,558,180	(390,909)
Conversion effect	6,139,573	(1,532,399)
Comprehensive loss	<u>Ps. (80,785,568)</u>	<u>Ps. (46,904,610)</u>

12 Commitments

PEMEX has entered into a nitrogen supply contract for the pressure maintenance program at the Cantarell complex. During 2007, PEMEX entered into an additional contract with the purpose of supplying nitrogen to the Ku-Maloob-Zaap complex, and extending the original contract until 2027. As of December 31, 2011 and 2010, the value of the nitrogen to be supplied during the term of the contracts was approximately Ps. 14,190,684 and Ps. 14,180,472, respectively. In the event of rescission of the contract and depending on the circumstances, PEMEX has the right and obligation to acquire the vendor's nitrogen production plant under the terms of the contract.

The estimated future payments are as follows:

	<u>As of December 31, 2011</u>
2012	Ps. 2,017,937
2013	1,486,863
2014	1,512,854
2015	1,535,050
2016	899,951
Over 5 years	6,738,029
Total	<u>Ps. 14,190,684</u>

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PEMEX has a contract for the supply of nitrogen to maintain pressure in the Jujo-Tecominoacán field in the Southern Region; this contract expires in 2017.

As of December 31, 2011 and 2010, the estimated value of the nitrogen to be supplied during the remaining term of the contract amounts to Ps. 1,179,745 and Ps. 1,465,993, respectively.

In the event of early termination of the contract, PEMEX will be bound to pay only for services received and certain non-recoverable expenditures under the terms specified in the contract.

The estimated future payments under this contract are as follows:

	As of December 31, 2011
2012 remaining quarters	Ps. 571,780
2013	122,218
2014	122,218
2015	122,218
2016.....	122,355
Over 5 years	<u>118,956</u>
Total	<u>Ps. 1,179,745</u>

As of December 31, 2011, PEMEX entered into Financed Public Work Contracts ("FPWCs") at different times until 2024, for a total contracted amount of U.S. \$ 4,547,187.

At September 30, 2011 and 2010, PEMEX had contracts with various contractors for an estimated amount of Ps. 327,323,798 and Ps. 421,101,319, respectively, for the development of various infrastructure works PEMEX has entered into several contracts for the sale of crude oil on the international market to foreign companies. The terms and conditions of these contracts are specific to each client, and their durations may be indefinite (evergreen contracts) or they may contain a minimum obligatory period (long-term contracts).

13 Contingencies

In the ordinary course of business, PEMEX is named in a number of lawsuits of various types. PEMEX evaluates the merit of each claim and assesses the likely outcome, accruing a contingent liability when an unfavorable decision is probable and the amount is reasonably estimable. Other than as described in this note, there are no pending lawsuits to which PEMEX is a party in which it anticipates a significant contrary decision, and for which it has accrued related reserves.

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- (a) PEMEX is subject to the provisions of the *Ley General del Equilibrio Ecológico y la Protección al Ambiente* (General Law on Ecological Equilibrium and Environmental Protection). To comply with this law, environmental audits of PEMEX's larger operating, storage and transportation facilities have been or are being conducted. Following the completion of such audits, PEMEX has signed various agreements with the *Procuraduría Federal de Protección al Ambiente* (Federal Attorney of Environmental Protection, or "PROFEPA") to implement environmental remediation and improve environmental plans. Such plans contemplate remediation for environmental damages, as well as related investments for the improvement of equipment, maintenance, labor and materials.

As of December 31, 2011 and 2010 the reserve for environmental remediation expenses totaled Ps. 5,527,919 and Ps. 5,297,933, respectively. This reserve is included in the reserve for sundry creditors and others as a long-term liability in the balance sheet

- (b) PEMEX is involved in various civil, tax, criminal, administrative, labor and commercial lawsuits and arbitration proceedings. The results of these proceedings are uncertain as of this date. As of December 31, 2011, PEMEX had accrued a reserve of Ps. 8,421,697 for these contingent liabilities. The current status of the principal lawsuits in which PEMEX is involved is as follows:

In September 2001, Conproca, S.A. de C.V. ("CONPROCA"), the construction company performing construction and maintenance services for Pemex-Refining's Cadereyta refinery, filed a claim for arbitration before the International Court of Arbitration of the International Chamber of Commerce (the "ICA") against Pemex-Refining and Petróleos Mexicanos (No. 11760/KGA) related to expenses incurred by CONPROCA for, among other things, additional work performed and value added. On December 17, 2008, the ICA issued a general liability award in favor of CONPROCA, without specifying an amount to be paid by Pemex-Refining or Petróleos Mexicanos. CONPROCA is seeking a total amount of U.S. \$424,890 and Petróleos Mexicanos and Pemex-Refining are seeking U.S. \$116,025. On January 11, 2012, the ICA notified the parties of the final award, pursuant to which Pemex-Refining and Petróleos Mexicanos were ordered to pay U.S. \$311,178 and CONPROCA was ordered to pay U.S. \$29,056. After the amounts were offset, the amount to be paid to CONPROCA is U.S. \$282,121 plus financial expenses and taxes. As of the date of this report, Pemex-Refining and Petróleos Mexicanos are evaluating different actions in connection with this claim.

In December 2003, Unión de Sistemas Industriales, S.A. de C.V. ("USISA") filed a claim (No. 202/2003) before the *Juzgado Tercero de Distrito en Materia Civil* (Third Civil District Court) in the Federal District against Pemex-Refining, seeking to nullify a fixed-price work contract with a predetermined length, whose object was the modernization of the cathodic protection system in certain Pemex-Refining pipelines, and seeking approximately Ps. 393,000 in damages and expenses. A definitive judgment was issued against Pemex-Refining. On July 13, 2010, the *Segundo Tribunal Unitario en Materias Civil y Administrativa del Primer Circuito*

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(Second Unit Civil and Administrative Court of the First Circuit in the Federal District) issued a judgment in connection with an *amparo* filed by USISA, ordering Pemex-Refining to pay Ps. 83,301 plus the plaintiff's financial expenses. On March 22, 2011, Pemex-Refining paid the principal portion of the judgment. Subsequently, the plaintiff filed a motion for the payment of costs, to which Pemex-Refining responded. The evidentiary stage related to the payment of costs was opened, and Pemex-Refining appointed its expert.

In December 2004, Corporación Mexicana de Mantenimiento Integral, S. de R.L. de C.V. ("COMMISA") filed an arbitration claim (No. 13613/CCO/JRF) before the ICA against Pemex-Exploration and Production for, among other things, a breach of a construction agreement in connection with two platforms in the Cantarell project (Project No. IPC-01). On January 13, 2010, the ICA notified Pemex-Exploration and Production that it had issued an award, dated December 16, 2009, requiring Pemex-Exploration and Production to pay COMMISA sums of approximately U.S. \$293,645 and Ps. 34,459, plus interest, but also requiring COMMISA to pay Pemex-Exploration and Production a sum of approximately U.S. \$5,919, plus interest. On January 11, 2010, Pemex-Exploration and Production was notified that COMMISA had filed a motion before the U.S. District Court for the Southern District of New York requesting the enforcement of the ICA award in its favor plus interest and expenses related to the claim, as well as all amounts deemed fair and appropriate by the court. On November 2, 2010 a judgment was issued and Pemex-Exploration and Production was ordered to pay U.S. \$355,564 plus interest (such amount already having been reduced by the amount owed to Pemex-Exploration and Production by COMMISA). On November 15, 2010, Pemex-Exploration and Production appealed the ruling and requested that execution of the judgment be postponed until the appeal is resolved. This request was granted, on the condition that Pemex-Exploration and Production deposit U.S. \$395,009 in an account of the Court, equivalent to 111% of the amount of the judgment, to guarantee its compliance with the judgment. Such amount was deposited by Pemex-Exploration and Production in the Court's account on December 30, 2010, eliminating the risk of any attachment of assets ordered against Pemex-Exploration and Production in the United States. Previously, Pemex-Exploration and Production had filed a motion before the *Juzgado Quinto de Distrito en Materia Civil* (Fifth Civil District Court) in the Federal District, requesting that the award be declared null and void. This request was denied on June 24, 2010. On October 27, 2010, an *amparo* against this resolution was also denied. On November 18, 2010, Pemex-Exploration and Production filed a motion to review this resolution, which was granted on August 25, 2011. On October 24, 2011, the Fifth Civil District Court issued a resolution declaring the arbitration award null and void. Based on this resolution, Pemex-Exploration and Production filed a motion before the U.S. District Court and the Second Circuit Court of Appeals requesting that the judgment against Pemex-Exploration and Production be declared void and that the COMMISA request for enforcement be rejected. On December 7, 2011, the Mexican Government filed an *amicus curiae* brief before the Second Circuit Court of Appeals in support of Pemex-Exploration and Production, which was admitted. A hearing in connection with the appeal was held on February 2, 2012. As of the date of this report, a final resolution is still pending.

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On August 16, 2006, two separate *amparos* (No. 723/2006 and No. 724/2006) were filed by Minera Carbonífera Río Escondido, S.A. de C.V. and Minerales Monclova, S.A. de C.V. before the *Juzgado Cuarto de Distrito en Materia Administrativa* (Fourth Administrative District Court) in the Federal District, alleging that the Regulatory Law was unconstitutional and that Pemex-Exploration and Production had violated each entity's constitutional rights by carrying out development, infrastructure and maintenance projects in non-associated gas fields under a public works contract. On June 16, 2010, Pemex-Exploration and Production filed a complaint asserting that the judge did not consider a prior resolution (No. 5605/03-17-04-6) issued by the *Cuarta Sala Regional Metropolitana del Tribunal Federal de Justicia Fiscal y Administrativa* (Fourth Regional Metropolitan Court of the Federal Fiscal and Administrative Court) stating that this type of gas is a hydrocarbon and, therefore, pursuant to the Political Constitution of the United Mexican States, it can only be exploited by Petróleos Mexicanos and the subsidiary entities. The complaint was dismissed on September 30, 2010. A constitutional hearing will be held on February 28, 2012. As of this date, a final resolution is still pending.

On August 20, 2007, Petróleos Mexicanos and Pemex-Refining were summoned before the *Juzgado Décimocuarto de Distrito del Décimo Circuito* (Fourteenth District Court of the Tenth Circuit) in Coatzacoalcos, Veracruz in connection with a civil claim (No. 12/2007) filed by Leoba Rueda Nava for, among other things, civil liability and damages resulting from the contamination of land used to store oil waste caused by hydrocarbons and other toxic substances. On May 19, 2010, a final judgment was issued in favor of the plaintiff. Petróleos Mexicanos and Pemex-Refining were ordered to pay damages of Ps. 995,877, plus interest, as well as expenses related to the claim. In May 2010, the plaintiff and the defendants each filed motions against this judgment. On June 14, 2011, the *Primer Tribunal Unitario del Décimo Circuito* (First Unit Court of the Tenth Circuit) overturned the judgment issued by the Fourteenth District Court, stating that the claim should not have been brought in civil court, and ordered the plaintiff to pay expenses related to this claim. The plaintiff filed an *amparo* before the *Tribunal Colegiado en Materia Civil y del Trabajo del Décimo Circuito* (Joint Civil and Labor Court of the Tenth District), which was denied on January 23, 2012. Therefore, the judgment issued by the First Unit Court of the Tenth Circuit is final and this claim has concluded.

In February 2010, the *Servicio de Administración Tributaria* (the Tax Management Service) notified Pemex-Exploration and Production of the results of its review of Pemex-Exploration and Production's financial statements for the fiscal year ended December 31, 2006 with respect to federal taxes, value added tax and Ordinary Duty on Hydrocarbons payable by it. On September 20, 2010, the Tax Management Service determined that Pemex-Exploration and Production owed additional taxes totaling Ps. 4,575,208 (of which Pemex was notified on September 22, 2010). On November 30, 2010, Pemex-Exploration and Production filed an administrative claim (No. 28733/10-17-03-7) before the *Tercera Sala Regional Metropolitana* (Third Regional Metropolitan Court) of the *Tribunal Federal de Justicia Fiscal y Administrativa* (Tax and Administrative Federal Court) challenging the assessment. On February 14, 2011, this

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claim was accepted before the Court. On August 24, 2011, the Tax Management Service filed its response and a motion against the expert evidence offered by Pemex-Exploration and Production. On August 30, 2011, Pemex-Exploration and Production filed an appeal against this motion. On September 6, 2011, the expert appointed by Pemex-Exploration and Production accepted his designation. As of this date, the trial is in the evidentiary stage.

In February 2010, the Tax Management Service notified Pemex-Refining of the results of its review of Pemex-Refining's financial statements for the fiscal year ended December 31, 2006 with respect to federal contributions, value added tax and the Hydrocarbons Income Tax. On September 20, 2010, the Tax Management Service notified Pemex-Refining that it owed approximately Ps. 1,553,371 (including penalties and interest). On November 30, 2010, Pemex-Refining filed an administrative claim (No. 28733/10-17-03-7) before the Third Regional Metropolitan Court of the Tax and Administrative Federal Court challenging the assessment. On February 14, 2011, this claim was accepted before the Court. On August 24, 2011, the Tax Management Service filed its response and a motion against the expert evidence offered by Pemex-Refining. On August 30, 2011, Pemex-Refining filed an appeal against this motion. On September 6, 2011, the expert appointed by Pemex-Refining accepted his designation. As of this date, the trial is in the evidentiary stage.

On April 14, 2010, Petróleos Mexicanos and Pemex-Gas and Basic Petrochemicals were summoned before the Juzgado Séptimo de Distrito (Seventh District Court) in Reynosa, Tamaulipas, in connection with a claim filed by Irma Ayala Tijerina de Barroso, et al., seeking approximately Ps. 1,490,873 in damages for the alleged contamination of land adjacent to water treatment facilities in the Reynosa Gas Processing Complex. On May 7, 2010, Petróleos Mexicanos and Pemex-Gas and Basic Petrochemicals filed a response arguing that the court lacked subject matter jurisdiction and territorial jurisdiction. In addition, Petróleos Mexicanos and Pemex-Gas and Basic Petrochemicals filed an interlocutory appeal claiming that, while they had submitted to the jurisdiction of the Federal Courts in Mexico City under a related right of access agreement, the Seventh District Court lacked territorial jurisdiction to hear this claim. This appeal was denied. Petróleos Mexicanos and Pemex-Gas and Basic Petrochemicals filed an appeal against this resolution before the Tercer Tribunal Unitario del Décimo Noveno Circuito (Third Unit Court of the Nineteenth Circuit), which was denied on May 6, 2011. On May 26, 2011, the defendants filed an amparo and a provisional suspension was granted, but the territorial jurisdiction of the Seventh District Court in Reynosa, Tamaulipas was subsequently confirmed. Once the provisional suspension of the primary trial is lifted, the evidentiary stage will continue. As of this date, a final resolution is still pending.

In February 2011, EMS Energy Services de México, S. de R.L. de C.V. and Energy Maintenance Services Group I. LLC filed a claim against Pemex-Exploration and Production before the *Juzgado Tercero de Distrito* (Third District Court) in Villahermosa, Tabasco, (No. 227/2010). The plaintiffs are seeking, among other things, the termination of a public works

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contract and damages totaling U.S. \$193,712, due to non-payment by Pemex-Exploration and Production under the contract. As of the date of this report, the trial is in the evidentiary stage. On December 2, 2011, the *Segundo Tribunal Unitario del Décimo Circuito* (Second Unit Court of the Tenth Circuit) granted the appeal filed by the plaintiff (No. 31/2011-VII) against the Third District Court's resolution rejecting evidence previously filed by the plaintiff. On December 23, 2011, Pemex-Exploration and Production filed an *amparo* against this resolution. The plaintiff then filed an *amparo* (No. 2185/2010-II) before the *Juzgado Cuarto de Distrito* (Fourth District Court) in Tabasco, arguing that the *Ley de Obras Públicas y Servicios Relacionados con las Mismas* (Law of Public Works and Related Services) is unconstitutional and the guarantee paid under the public works contract should be returned to the plaintiff. The constitutional hearing was held on December 21, 2011. As of this date, the judgment relating to this *amparo* is pending. Subsequently, the plaintiffs filed another *amparo* against the Law of Public Works and Related Services and the guarantee paid (No. 556/2011-II) before the *Juzgado Quinto de Distrito en Materia Administrativa* (Fifth Administrative District Court) in the Federal District, which was denied on October 31, 2011. The plaintiffs also filed an administrative claim (No. 4957/11-17-07-1) before the *Séptima Sala Regional Metropolitana del Tribunal Federal de Justicia Fiscal y Administrativa* (Seventh Metropolitan Regional Court of the Tax and Administrative Federal Court) seeking that Pemex-Exploration and Production's termination of the public works contract be declared null and void, as well as damages in an amount of U.S \$195,225. Pemex-Exploration and Production was summoned on April 4, 2011, and filed its response to the claim on June 13, 2011. On May 9, 2011, the Seventh Metropolitan Regional Court of the Tax and Administrative Federal Court issued a writ admitting the opinion of an economic and financial expert, of which Pemex-Exploration and Production was notified on August 23, 2011. In addition, the Seventh Metropolitan Regional Court of the Tax and Administrative Federal Court requested that Pemex-Exploration and Production appoint its experts and provide related documentation. On May 11, 2011, a resolution was issued, of which Pemex-Exploration and Production was notified on August 24, 2011, denying the injunction requested so that the public works agreement remained in force, but suspending the payment release process related to the termination of the agreement. On July 4, 2011, the Seventh Metropolitan Regional Court of the Tax and Administrative Federal Court accepted the response of Pemex-Exploration and Production to the administrative claim. Pemex-Exploration and Production was notified of the acceptance on August 24, 2011. As of this date, the trial is in the evidentiary stage.

On July 5, 2011, Pemex-Exploration and Production was summoned before the *Juzgado Décimosegundo de Distrito en Materia Civil* (Twelfth District Civil Court) in the Federal District in connection with a civil claim (No. 469/2010) filed by Saboratto, S.A. de C.V for, among other things, liability and damages in connection with various services agreements. Saboratto, S.A. de C.V. is seeking approximately Ps. 1,451,472 in total damages. On August 5, 2011 Pemex-Exploration and Production filed a response to this claim and a motion stating that the court lacked jurisdiction. This motion was denied on August 8, 2011. Pemex-Exploration and Production filed an appeal against this resolution, which was denied. Pemex-Exploration and Production also filed

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an *amparo* against this resolution. On November 14, 2011, the plaintiff filed a motion to suspend the guaranties it has previously granted, which was denied. The plaintiff filed an appeal (No. 508/2011) against this resolution before the *Tercer Tribunal en Materias Civil y Administrativa* (Third Unit Civil and Administrative Court). A constitutional hearing was held on January 13, 2012, and the *amparo* filed by Pemex-Exploration and Production was denied. Subsequently, Pemex-Exploration and Production filed a motion to review this resolution. As of the date of this report, a Joint Court has not been designated to hear this motion.

On July 8, 2011, Pemex-Exploration and Production was summoned in connection with an administrative claim (No. 4334/11-11-02-6) filed by La Compañía Petrolera La Norma, S.A., against the Director General of Petróleos Mexicanos and the Director General of Pemex-Exploration and Production before the *Segunda Sala Regional Hidalgo-México* (Hidalgo-Mexico Second Regional Court) of the Tax and Administrative Federal Court in Tlalnepantla, State of Mexico. The plaintiff is seeking to have the lack of recognition of its alleged petroleum rights concessions declared null and void, and is also seeking damages of approximately Ps. 1,552,730. In November 2011, a response to the claim was filed. On January 2, 2012, the trial was suspended based on a motion filed by Pemex-Exploration and Production and Petróleos Mexicanos arguing that the court lacked jurisdiction. As of this date, a final resolution is still pending.

In January 1993, Pemex-Refining entered into a joint venture with Impulsora Jalisciense, S.A. de C.V. (“Impulsora”) to establish a company called Mexicana de Lubricantes, S.A. de C.V. (“Mexicana de Lubricantes”), which manufactures, bottles and distributes automotive and industrial oils and lubricants. Currently, Pemex-Refining is involved in certain litigation and administrative proceedings in connection with this joint venture, including the following:

- On November 3, 1997, the *Comisión Federal de Competencia* (Federal Competition Commission) initiated an investigation into Pemex-Refining’s business practices in connection with an exclusivity clause included in its license and trademark contracts executed with service stations franchised by Pemex-Refining, which provided that those service stations could only sell oils and lubricants bearing PEMEX or Mexicana de Lubricantes trademarks. On July 10, 2003, the Federal Competition Commission issued a resolution (No. IO-62-97) prohibiting Pemex-Refining from engaging in anti-competitive practices in relation to that exclusivity clause, requiring amendment of the related contracts within a period of six months to remove the clause and imposing a fine of 1,500 daily minimum wage units per day until such contracts were brought into compliance. On January 23, 2008, the Federal Competition Commission notified Pemex-Refining that it would require compliance with the resolution described above. On February 12, 2008, Pemex-Refining filed a response stating that it would be unable to comply with the resolution due to a definitive suspension granted to Bardahl de México, S.A. de C.V. (“Bardahl”) in a related *amparo* (No. 373/2006, which is currently joined with another file, No. 1519/2005) and an objection filed by Impulsora against this resolution. On October 20, 2009, Pemex-Refining filed an *amparo* (no. 1691/2009) and a

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suspension was granted. On February 17, 2011, a judgment was issued and a definitive suspension was issued, thereby requiring the Federal Competition Commission to issue a new resolution based on the existing evidence. The Federal Competition Commission filed a motion to review this ruling before the *Décimo Primer Tribunal Colegiado en Materia Administrativa* (Eleventh Joint Administrative Court), and on September 27, 2011, the Court confirmed the previous resolution and granted an *amparo* in favor of Pemex-Refining. As of the date of this report, the Federal Competition Commission had not yet complied with the ruling.

- On December 5, 2005, Impulsora filed an *amparo* (No. 1519/2005) before the Fifth Administrative District Court in the state of Jalisco, in connection with a constitutional challenge to the *Ley Federal de Procedimiento Administrativo* (Federal Law of Administrative Procedure) and a resolution (Acuerdo No. PMREF-00-002) modifying the franchise agreement among Pemex-Refining and the service stations franchised by Pemex-Refining. This proceeding (currently 1085/2009) before the *Juzgado Tercero de Distrito en Materia Administrativa* (Third Administrative District Court) has been joined with a pending claim filed by Bardahl, in which Bardahl seeks to be permitted to sell its products in the service stations franchised by Pemex-Refining, thereby eliminating Mexicana de Lubricantes' exclusive right to sell its lubricants in these service stations. On May 11, 2011, the *amparo* filed by Impulsora was denied and an *amparo* filed by Bardahl was granted. Pemex-Refining was ordered to explain why it denied Bardahl the ability to sell its products in the service stations franchised by Pemex-Refining. On June 8, 2011, Pemex-Refining filed a motion for review of this resolution, which was admitted by the Court on June 16, 2011. As of the date of this report, a final resolution is still pending.
- On December 20, 2005, Pemex-Refining filed a commercial claim (No. 127/2005) against Mexicana de Lubricantes before the *Juzgado Segundo de Distrito en Materia Civil* (Second Civil District Court) in the state of Jalisco, to compel Impulsora to convene a general shareholders' meeting to discuss Mexicana de Lubricantes' financial information, as well as the appointment of its new board members and comptroller. On June 29, 2007, a judgment was issued in favor of Pemex-Refining, and Mexicana de Lubricantes was ordered to convene a general shareholders' meeting. As of the date of this report, compliance with this final resolution is still pending, since out-of-court meetings have taken place between the parties.
- On June 7, 2006, Pemex-Refining filed a criminal complaint before the *Procuraduría General de la República* (Federal Attorney General's Office) for fraud allegedly committed by members of the board of directors of Mexicana de Lubricantes. The investigation is still underway. On December 21, 2010, Pemex-Refining filed a motion requesting information from Mexicana de Lubricantes about wages and salaries paid without authorization from the board of directors. On March 4, 2011, the experts of the Federal Attorney General's Office and the experts appointed by Pemex-Refining determined that Pemex-Refining was entitled to

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Ps. 169,101 for unauthorized wages and salaries and Ps. 12,087 in damages (corresponding to the 46.85% of the shares of Mexicana de Lubricantes held by Pemex-Refining). Following this determination, the Federal Attorney General's Office again requested information about wages and salaries as well as other benefits paid to employees of Mexicana de Lubricantes from the Tax Management Service and Mexicana de Lubricantes. As of the date of this report, the Federal Attorney General's Office has not yet received that information.

- On February 2, 2007, Mexicana de Lubricantes filed a commercial claim (No. 28/2007) against Pemex-Refining before the *Juzgado Primero de Distrito en Materia Civil* (First Civil District Court) in the Federal District seeking, among other things, a judgment declaring null and void any advance termination or cancellation of the following agreements executed between Mexicana de Lubricantes and Pemex-Refining: (i) a license and trademark contract; (ii) a basic oils supply contract; and (iii) a contract for the manufacture of oils and lubricants for Petróleos Mexicanos and the subsidiary entities. In 2010 and 2011, judgments on the first and second claims were issued in favor of Pemex-Refining. The plaintiff filed an *amparo*, which was subsequently granted. The *Primer Tribunal Unitario en Materia Civil y Administrativa del Primer Circuito* (First Unit Civil and Administrative Court of the First Circuit) issued a new resolution declaring null and void any advance termination or cancellation announced by Pemex-Refining. Mexicana de Lubricantes and Pemex-Refining filed an *amparo* against this resolution. On June 30, 2011, the *amparo* filed by Pemex-Refining was denied and the *amparo* filed by Mexicana de Lubricantes was granted. On July 11, 2011, the First Unit Civil and Administrative Court of the First Circuit confirmed the previous resolution. On July 29, 2011, Pemex-Refining filed a new *amparo* against this resolution before the *Noveno Tribunal Colegiado en Materia Civil del Primer Circuito* (Ninth Civil Joint Court of the First Circuit), which was denied on December 1, 2011. As of the date of this report, a final resolution is still pending.
- On May 2, 2007, Bardahl filed a commercial claim (No. 95/2007) against Mexicana de Lubricantes and Pemex-Refining before the *Juzgado Quinto de Distrito en Materia Civil del Tercer Circuito* (Fifth Civil District Court of the Third Circuit) in Guadalajara, Jalisco, seeking that a trademark license agreement between Pemex-Refining and Mexicana de Lubricantes dated January 19, 1993 and its amendments be declared invalid because of an exclusivity clause that prevents the sale of Bardahl's products in the service stations franchised by Pemex-Refining, as well as related damages. The independent expert determined that Bardahl's damages totaled Ps. 6,210,692. On June 20, 2011, the Court ordered that the case move from the evidentiary stage to the pleadings stage without holding an experts' meeting. On June 30, 2011, Pemex-Refining filed an appeal against this resolution, which was denied. Pemex-Refining filed a motion to review the denial of the *amparo* that it had previously filed. As of this date, a final resolution is still pending.

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The results of these proceedings are uncertain until their final resolutions are issued by the appropriate authorities.

14 Business segment information

PEMEX conducts a variety of business activities, including the exploration and production of crude oil and natural gas as well as the processing and distribution of refined and petrochemical products. The principal business segment information, without considering eliminations for consolidation, is as follows:

	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Corporate and Subsidiary Companies	Intersegment eliminations	Consolidated balance
As of December 31, 2011							
Trade sales.....	Ps	Ps	Ps	Ps	Ps	Ps	Ps
		621,678,105	128,665,354	28,854,514	772,965,362		1,552,163,335
Intersegment sales.....	1,270,839,927	75,154,806	77,479,563	14,583,501	469,407,874	(1,907,465,671)	-
Services income.....	-	3,619,441	1,082,588	-	2,997,188	(1,433,630)	6,265,587
Gross income (loss)	1,006,263,372	(243,287,479)	6,862,076	(2,124,498)	55,573,875	(45,483,963)	777,803,383
General expenses	28,782,183	46,731,204	10,890,458	10,191,411	45,939,588	(46,156,786)	96,378,058
Operating income (loss)	977,481,189	(290,018,683)	(4,028,382)	(12,315,909)	9,634,287	672,823	681,425,325
Comprehensive financial result	(70,874,322)	(22,848,216)	3,036,493	(755,810)	(57,485)	(142,044)	(91,641,384)
Interest loss	(42,188,969)	(16,635,802)	(5,367,648)	(756,538)	(85,929,986)	88,247,880	(62,631,063)
Interest gain	18,121,683	395,051	8,665,856	16,533	90,981,102	(88,389,925)	29,790,300
Exchange gain (loss)	(46,807,036)	(6,607,465)	(261,715)	(15,805)	(5,108,600)	-	(58,800,621)
Taxes and duties	871,471,372	-	528,520	10,532	4,005,323	-	876,015,747
Net (loss) income	58,989,357	(139,491,430)	(1,531,099)	(12,720,365)	(88,303,209)	91,573,425	(91,483,321)
Current assets.....	820,462,659	385,466,859	101,064,011	89,456,812	1,005,568,212	(2,068,255,523)	333,763,030
Investments in shares and securities.....	793,092	157,094	3,466,391	-	341,132,617	(306,148,401)	39,400,793
Fixed assets.....	861,928,356	218,872,735	42,472,947	19,251,120	9,980,522	-	1,152,505,680
Total assets.	1,685,887,427	604,779,077	149,301,746	109,586,555	2,007,493,940	(3,020,923,562)	1,536,125,183
Current liabilities.....	88,742,464	4,948,531	1,538,104	105,927	96,951,974	(81,789,550)	110,497,450
Reserve for employee benefits	252,290,666	248,626,775	60,481,355	68,344,634	101,273,569	-	731,016,999
Total liabilities.....	1,343,156,185	756,848,808	100,015,320	93,718,925	2,149,253,043	(2,714,779,419)	1,728,212,862

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Equity.....	342,731,242	(152,069,730)	49,286,426	15,867,630	(141,759,103)	(306,144,144)	(192,087,679)
Depreciation and amortization.....	83,487,809	9,146,072	3,324,447	1,194,664	600,027	-	97,753,019
Cost of employee benefits.....	35,212,980	33,742,361	7,306,891	8,967,083	17,601,889	-	102,831,204
Acquisitions of fixed assets.....	160,797,400	26,919,000	3,519,900	2,563,200	819,300	-	194,618,800

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For some of the above items to match the individual balances, individual figures and those used for consolidation purposes, must be reconciled as shown below:

	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Corporate and Subsidiary Companies	Intersegment eliminations	Consolidated balance
As of December 31, 2010							
Trade sales.....	Ps	Ps	Ps	Ps	Ps	Ps	Ps
		533,722,826	125,391,708	24,738,801	592,907,683		1,276,761,018
Intersegment sales.....	980,603,172	68,864,848	74,064,806	16,587,113	350,326,861	(1,490,446,800)	-
Services income.....	-	3,469,042	-	-	2,903,753	(1,069,503)	5,303,292
Gross income (loss)	744,433,897	(104,611,684)	12,551,455	(4,972,327)	49,840,736	(44,986,891)	652,255,186
General expenses	32,370,161	49,435,633	11,143,239	9,906,458	44,703,183	(43,305,943)	104,252,731
Operating income (loss)	712,063,736	(154,047,317)	1,408,216	(14,878,785)	5,137,553	(1,680,948)	548,002,455
Comprehensive financial result	(20,888,539)	(2,238,951)	2,856,243	(38,919)	8,231,871	108,956	(11,969,339)
Interest loss	(49,690,987)	(5,088,732)	(7,714,889)	(155,553)	(108,655,299)	96,923,377	(74,382,084)
Interest gain	13,907,031	1,027,142	10,284,938	175,771	113,664,950	(96,814,421)	42,245,411
Exchange gain (loss)	14,895,417	1,822,639	286,194	(59,136)	3,222,220	-	20,167,334
Taxes and duties	649,813,771	-	1,651,735	34,562	2,640,581	-	654,140,649
Net (loss) income	34,366,809	(81,486,772)	3,975,821	(14,637,061)	(42,077,792)	54,877,681	(44,981,314)
Current assets.....	740,040,846	372,437,629	100,271,342	89,681,744	917,048,063	(1,903,569,091)	315,910,533
Investments in shares and securities.....	753,219	157,094	1,983,237	-	393,300,226	(385,077,696)	11,116,080
Fixed assets.....	789,473,758	201,826,731	42,383,097	17,793,522	9,910,793	-	1,061,387,901
Total assets.	1,532,989,752	574,776,648	144,917,044	108,634,326	1,878,731,689	(2,844,852,888)	1,395,196,571
Current liabilities.....	433,338,544	323,872,240	29,850,392	17,323,008	1,294,574,158	(1,891,704,714)	207,253,628
Reserve for employee benefits	228,029,915	225,323,759	55,740,943	62,105,361	90,165,087	-	661,365,065
Total liabilities.....	1,249,247,867	587,354,957	94,353,467	80,046,330	1,955,267,780	(2,459,771,710)	1,506,498,691
Equity.....	283,741,885	(12,578,300)	50,563,578	28,587,995	(76,536,091)	(385,081,178)	(111,302,111)
Depreciation and amortization.....	82,244,686	8,906,150	3,531,637	1,165,828	633,480	-	96,481,781
Cost of employee benefits.....	38,822,191	38,974,527	7,768,779	10,617,542	18,092,475	-	114,275,514
Acquisitions of fixed assets.....	176,378,700	24,585,600	3,631,300	2,217,300	1,209,800	-	208,022,700

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 4 YEAR: 2011

PETRÓLEOS MEXICANOS

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Figures stated in thousands of Mexican pesos, except as noted)**

December 2011	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Corporate and Subsidiary Companies
Revenues:					
Individual	1,270,854,327	703,698,644	208,111,307	43,445,669	1,246,062,596
Unrealized sales intersegment elimination	(14,400)	(3,246,291)	(883,801)	(7,654)	(692,172)
Consolidated	1,270,839,927	700,452,353	207,227,506	43,438,015	1,245,370,424
Operating Results:					
Individual	981,895,225	(257,569,039)	(1,934,492)	(11,566,865)	10,164,740
Unrealized sales intersegment elimination	(14,400)	(3,246,291)	(883,802)	(7,654)	(692,172)
Unrealized gain elimination for valuing inventories at production cost	1,877	(29,203,353)	(1,210,089)	(741,390)	161,719
Elimination of capitalized refined products	(4,520,495)	-	-	-	-
Elimination of the depreciation of capitalized interest	118,981	-	-	-	-
Consolidated	977,481,189	(290,018,683)	(4,028,382)	(12,315,909)	9,634,287
Net Results:					
Individual	63,400,505	(107,041,785)	562,791	(11,971,321)	(49,660,388)
Unrealized sales intersegment elimination	(14,400)	(3,246,291)	(883,802)	(7,654)	692,172
Unrealized gain elimination for valuing inventories at production cost	1,877	(29,203,353)	(1,210,089)	(741,390)	(161,719)
Elimination of capitalized refined products	(4,520,495)	-	-	-	-
Elimination of equity method	2,888	-	-	-	(39,173,274)
Elimination of the depreciation of capitalized interest	118,981	-	-	-	-
Consolidated	58,989,357	(139,491,430)	(1,531,099)	(12,720,365)	(88,303,209)
Total assets:					
Individual	1,693,154,128	677,240,385	152,524,412	111,829,413	2,049,558,003
Unrealized sales intersegment elimination	-	(4,419,930)	(958,022)	(7,654)	8,245,430
Unrealized gain elimination for valuing inventories at production cost	(12,523)	(68,041,378)	(2,264,645)	(2,235,205)	(11,136,218)
Elimination of capitalized refined products	(4,520,495)	-	-	-	-
Elimination of equity method	2,888	-	-	-	(39,173,274)
Elimination of the depreciation of capitalized interest	(2,736,572)	-	-	-	-
Consolidated	1,685,887,427	604,779,077	149,301,746	109,586,555	2,007,493,940
Total liabilities:					
Individual	1,343,156,185	756,848,808	100,015,320	93,718,925	2,151,355,177
Unrealized sales intersegment elimination	-	-	-	-	(2,102,134)
Consolidated	1,343,156,185	756,848,808	100,015,320	93,718,925	2,149,253,043

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 4 YEAR: 2011

PETRÓLEOS MEXICANOS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Figures stated in thousands of Mexican pesos, except as noted)

December 2010	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Corporate and Subsidiary Companies
Revenues:					
Individual	979,563,740	605,155,570	199,151,783	41,305,870	946,828,329
Unrealized sales intersegment elimination	1,039,431	901,146	304,731	20,044	(690,031)
Consolidated	<u>980,603,172</u>	<u>606,056,716</u>	<u>199,456,515</u>	<u>41,325,914</u>	<u>946,138,298</u>
Operating Results:					
Individual	711,060,303	(157,941,231)	794,774	(14,772,760)	3,403,103
Unrealized sales intersegment elimination	1,039,431	901,146	304,731	20,044	690,031
Unrealized gain elimination for valuing inventories at production cost	(154,979)	2,992,782	308,712	(126,070)	1,044,418
Elimination of the depreciation of capitalized interest	118,981				
Consolidated	<u>712,063,736</u>	<u>(154,047,304)</u>	<u>1,408,217</u>	<u>(14,878,785)</u>	<u>5,137,553</u>
Net Results:					
Individual	33,359,798	(85,380,686)	3,362,378	(14,531,036)	(50,955,048)
Unrealized sales intersegment elimination	1,039,431	901,146	304,731	20,044	690,031
Unrealized gain elimination for valuing inventories at production cost	(154,979)	2,992,782	308,712	(126,070)	1,044,418
Elimination of equity method	3,577	-	-	-	7,142,806
Elimination of the depreciation of capitalized interest	118,981				
Consolidated	<u>34,366,808</u>	<u>(81,486,759)</u>	<u>3,975,822</u>	<u>(14,637,061)</u>	<u>(42,077,793)</u>
Total assets:					
Individual	1,535,841,727	614,788,319	146,045,820	110,128,139	1,869,920,721
Unrealized sales intersegment elimination	-	(1,173,638)	(74,220)	-	(4,785,455)
Unrealized gain elimination for valuing inventories at production cost	-	(38,838,025)	(1,054,556)	(1,493,814)	6,453,618
Elimination of equity method	3,577	-	-	-	7,142,806
Elimination of the depreciation of capitalized interest	(2,855,552)				
Consolidated	<u>1,532,989,752</u>	<u>574,776,656</u>	<u>144,917,045</u>	<u>108,634,325</u>	<u>1,878,731,690</u>
Total liabilities:					
Individual	1,249,247,867	587,354,957	94,353,467	80,046,330	1,956,677,742
Unrealized gain elimination for valuing inventories at production cost	-	-	-	-	(1,409,962)
Consolidated	<u>1,249,247,867</u>	<u>587,354,957</u>	<u>94,353,467</u>	<u>80,046,330</u>	<u>1,955,267,780</u>

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 4 YEAR: 2011

PETRÓLEOS MEXICANOS

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Figures stated in thousands of Mexican pesos, except as noted)**

15 Services income

The services income is considered in the line of export sales, at the income statement, because these services are related to ordinary course of business.

16 Subsequent event

On January 31st, 2012 P.M.I. Holdings B.V., PEMEX and Sacyr signed an early termination of the shareholder voting agreement signed on August 29th, 2011. The ending of this agreement implied that P.M.I. Holdings B.V. lost significant influence on its previous Investment on the Associate Repsol YPF since December 20th, 2011, therefore at the end of 2011 the entity recorded these shares as financial instruments available for sale.

On February 24, 2012, the exchange rate was Ps. 12.8675 per dollar, which represents 4.19% depreciation in dollar terms as compared to the December 31, 2011 exchange rate which was Ps. 12.3496. The price of crude oil mix was U.S. \$116.16 per barrel, an increase of 10.63% in comparison with price as of December 31, 2011, of U.S. \$105.00 per barrel.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**

QUARTER: **04** YEAR: **2011**

PETROLEOS MEXICANOS

ANALYSIS OF INVESTMENTS IN SHARES

CONSOLIDATED

SUBSIDIARIES

Final Printing

COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	% OWNERSHIP
Integrated Trade System, Inc.	Trading services in the international market	8,860	100.00
Kot Insurance Company, AG.	Reinsurance company	8,500	100.00
P.M.I. Comercio Internacional, S.A de C.V	International crude oil trader	2,214,241	98.33
P.M.I. Holdings, B.V.	Financing services	40	100.00
P.M.I. Holdings Petroleos España, S.L.	Holding	45,518	100.00
P.M.I. Trading, Ltd.	International petroleum products trader	4,900	48.51
P.M.I. Marine, Ltd.	International petroleum products trader	230,275	100.00
Mex-Gas Internacional, Ltd.	Gas trader	3,823,850	100.00

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**

QUARTER: **04** YEAR: **2011**

PETROLEOS MEXICANOS

ANALYSIS OF INVESTMENTS IN SHARES

CONSOLIDATED

ASSOCIATES

Final Printing

COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	% OWNER SHIP	TOTAL AMOUNT (Thousands of Mexican Pesos)	
				ACQUISITION COST	BOOK VALUE
Repsol YPF, S.A.	Oil company	58,679,800	4.81	20,840,194	26,487,429
Deer Park Refining Ltd.	Refining company	1	50.00	0	6,576,416
Mexicana de Lubricantes, S.A. de C.V.	Lubricants trader	17,879,561	46.85	178,796	157,094
Gasoductos de Chihuahua, S. de R.L. de C.V	Gas transportation	393,049,321	50.00	393,049,321	3,252,691
Instalaciones Inmobiliarias para Industrias, S.A	Real estate provider	185,629,955	100.00	185,630	1,387,192
Cia. Mexicana de Exploraciones, S.A. de C.V	Geological exploration services	25,333,847	60.00	25,333	738,660
Pan American Sulphur, Ltd.	Sulphur storage and distribution	1,500	100.00	5,271	47,320
Pasco International, Ltd.	Sulphuric acid storage	10,000	100.00	31,007	44,585
Other investments		1	0.00	0	1,556,986
Investment Fluctuation Estimate		1	0.00	0	-847,580

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

ANALYSIS OF INVESTMENTS IN SHARES

CONSOLIDATED

ASSOCIATES

Final Printing

TOTAL INVESTMENT IN ASSOCIATES			414,315,552	39,400,793
OTHER PERMANENT INVESTMENTS				0
TOTAL				39,400,793

NOTES

THE TREND PERCENTAGE AMOUNTS THAT ARE SHOWN IN ZERO, ARE DUE TO THE FACT THAT THE SYSTEM AUTOMATICALLY PUTS A ZERO WHERE THERE IS NO DATA INCORPORATED.

NO DATA IS SHOWN IN OTHER INVESTMENTS RELATED TO TREND PERCENTAGE, SINCE THEY CORRESPOND TO VARIOUS OTHER INVESTMENTS IN SHARES WITH DIFFERENT PARTICIPATION PERCENTAGES.

UNDER THE COLUMN OF NUMBER OF SHARES, NUMBER 1 WAS WRITTEN DOWN ONLY FOR VALIDATING PURPOSES, SINCE THE COMPANY DOES NOT OWN SHARES IN SUCH COMPANIES.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

MONETARY FOREIGN CURRENCY POSITION

CONSOLIDATED

(Thousand Pesos)

Final Printing

FOREIGN CURRENCY POSITION	DOLLARS		OTHER CURRENCIES		TOTAL THOUSANDS OF PESOS
	DOLLARS	PESOS	DOLLARS	PESOS	
MONETARY ASSETS	14,892,554	208,352,793	829,596	11,606,386	219,959,179
LIABILITIES POSITION	46,696,614	653,304,307	10,516,412	147,128,815	800,433,122
SHORT-TERM LIABILITIES POSITION	15,492,191	216,741,947	2,254,232	31,537,610	248,279,557
LONG-TERM LIABILITIES POSITION	31,204,423	436,562,360	8,262,180	115,591,205	552,153,565
NET BALANCE	-31,804,060	-444,951,514	-9,686,816	-135,522,429	-580,473,943

NOTES

FOREIGN CURRENCIES	EXCHANGE RATES
AMERICAN DOLLARS	USD 13.9904
JAPANESE YENS	JPY 0.1813
STERLING POUNDS	GBP 21.7425
EUROS	EUR 18.1595
SWISS FRANC	CHF 14.91990
CANADIAN DOLLAR	13.72280

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

RESULT FROM MONETARY POSITION

CONSOLIDATED

(Thousand Pesos)

Final Printing

MONTH	MONETARY ASSETS	MONETARY LIABILITIES	(ASSET) LIABILITY MONETARY POSITION	MONTHLY INFLATION	MONTHLY PROFIT AND (LOSS)
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST	0	0	0	0	0
SEPTEMBER	0	0	0	0	0
OCTOBER	0	0	0	0	0
NOVEMBER	0	0	0	0	0
DECEMBER	0	0	0	0	0
RESTATEMENT					0
CAPITALIZATION					0
FOREIGN CORP.					0
OTHERS					0
TOTAL					0

OTHER CONCEPTS:	
CAPITALIZED RESULT FOR MONETARY POSITION	0

NOTES

DUE TO THE APPLICATION OF BULLETIN NIF B-10, EFFECTIVE AS OF JANUARY 2008, THE ANNEX OF RESULT FROM MONETARY POSITION IS SUBMITTED IN ZEROS.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

DEBT INSTRUMENTS

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CONSOLIDATED

Final Printing

FINANCIAL LIMITED BASED IN ISSUED DEED AND/OR TITLE

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

DEBT INSTRUMENTS

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CONSOLIDATED

Final Printing

ACTUAL SITUATION OF FINANCIAL LIMITED

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

**PLANTS, COMMERCE CENTERS OR DISTRIBUTION
CENTERS**

CONSOLIDATED

Final Printing

PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT CAPACITY	UTILIZATION (%)
PEP		0	0
Crude oil production (Tbd)		2,595	98.30
Gas production (MMcfd)		6,703	98.40
REFINING		0	0
Atmospheric distillation capacity (Tbd)		1,690	69.50
Cadereyta		275	62.80
Madero		190	62.50
Minatitlán		335	45.50
Salamanca		245	70.30
Salina Cruz		330	84.90
Tula		315	88.60
Storage and distribution Center (Tb)		13,056	100.00
GAS AND BASIC PETROCHEMICALS		0	0.00
Gas sweetening (MMcfd)		4,503	76.50
Cactus		1,960	86.50
Nuevo Pemex		880	77.00
Ciudad Pemex		1,290	66.20
Matapionche		109	40.90
Poza Rica		230	62.60
Arenque		34	88.00
PETROCHEMICALS		0	0.00
Production capacity (Tt)**		10,276	79.40
Cangrejera		4,328	77.70
Cosoleacaque		2,150	94.30
Escolín **		55	0.00
Independencia		222	71.70
Morelos		2,286	83.90
Pajaritos		1,180	58.10
Tula **		55	0.00
Petrochemical products distribution center (Tt)		188,872	81.00

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

PLANTS, COMMERCE CENTERS OR DISTRIBUTION
CENTERS

CONSOLIDATED

Final Printing

PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT CAPACITY	UTILIZATION (%)
-----------------	-------------------	----------------	--------------------

NOTES

TBD - THOUSAND BARRELS PER DAY

MMCFPD - MILLION CUBIC FEET PER DAY

TB - THOUSAND BARRELS

TT - THOUSAND TONS

* NOMINAL CAPACITY FOR THE PERIOD.

** THESE PLANTS WILL BE OUT OF OPERATION DURING 2011, IN ACCORDANCE TO THE ANNUAL OPERATION PROGRAM (POA).

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

MAIN RAW MATERIALS

CONSOLIDATED

Final Printing

DOMESTIC	MAIN SUPPLIERS	FOREIGN	DOM. SUBST.	COST PRODUCTION (%)
CONDENSATES	PEMEX EXPLORACION Y PRODUCCION			8.00
SOUR WET GAS	PEMEX EXPLORACION Y PRODUCCION			73.00
CRUDE OIL	PEMEX EXPLORACION Y PRODUCCION			74.00
SWEET WET GAS	PEMEX EXPLORACION Y PRODUCCION			11.00

NOTES

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

SALES DISTRIBUTION BY PRODUCT

CONSOLIDATED

NET SALES/TOTAL SALES

Final Printing

MAIN PRODUCTS	NET SALES		MARKET SHARE (%)	MAIN	
	VOLUME	AMOUNT		TRADEMARKS	CUSTOMERS
DOMESTIC SALES					
Petroleum products	0	0	0		
Fuel oil	201	79,124,666	100.00		CFE
DIESEL	384	166,211,583	100.00	PEMEX DIESEL	DISTRIBUTORS
L.P. Gas	286	57,936,253	0.00		DISTRIBUTORS
Magna Gasoline	739	300,939,414	100.00	PEMEX MAGNA	DISTRIBUTORS
Premium Gasoline	60	27,518,369	100.00	PEMEX PREMIUM	DISTRIBUTORS
Jet fuel	56	31,540,698	100.00		ASA
Other refined products	63	13,136,277	100.00		DISTRIBUTORS
PETROCHEMICAL PRODUCTS					
Methane Derivatives (A)	1,256	5,956,034	79.00		
Ethane Derivatives (B)	1,172	16,619,617	40.00		
Aromatics & Derivatives (C)	265	4,386,986	37.00		
Propylene & Derivatives (D)	70	5,454,507	55.00		
Other petrochemical products (E)	1,461	4,526,020	0.00		
Dry gas	3,385	65,847,550	0.00		(F)
FOREIGN SALES					
Crude oil (Tbd)	1,338	614,161,758	0	(H)	(I)
Refined Products (Tbd)	177	73,745,816	0.00		(G)
Petrochemical Products (Tt)	443	2,518,827	0		(G)
Marginal effect from Subsidiary Companies' sales	0	82,538,961	0		
Services Income	0	6,265,586	0		
TOTAL		1,558,428,922			

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

SALES DISTRIBUTION BY PRODUCT

CONSOLIDATED

FOREIGN SALES

Final Printing

MAIN PRODUCTS	NET SALES		DESTINATION	MAIN	
	VOLUME	AMOUNT		TRADEMARKS	CUSTOMERS
EXPORT					
Crude oil (Tbd)	1,338	614,161,758		(H)	(I)
Refined Products (Tbd)	177	73,745,816			(G)
Petrochemical Products (Tt)	443	2,518,827			(G)
Marginal effect from Subsidiary Companies' sales	0	82,538,961			
Services income	0	6,265,586			
FOREIGN SUBSIDIARIES					
TOTAL		779,230,948			

NOTES

TBD - THOUSAND BARRELS PER DAY
 TT - THOUSAND TONS

NOTE: TO CALCULATE PARTICIPATING % IN THE PETROCHEMICAL PRODUCTS MARKET, THE PERIOD JANUARY - DECEMBER 2011 WAS TAKEN.

(A) CONSIDERS CONTRIBUTION OF PEMEX-PETROCHEMICALS OF AMMONIA AND METHANOL TO THE DOMESTIC MARKET.

(B) CONSIDERS CONTRIBUTION OF PEMEX-PETROCHEMICALS OF ETHYLENE, GLYCOLS, HDPE, LDPE, LDPL, ETHYLENE OXIDE AND VINYL CHLORIDE TO THE DOMESTIC MARKET.

(C) CONSIDERS CONTRIBUTION OF PEMEX-PETROCHEMICALS OF BENZENE, STYRENE, TOLUENE, XYLENES, PARAXYLENE AND ORTHOXYLENE TO THE DOMESTIC MARKET (PARAXYLENE AND ORTHOXYLENE; PLANTS OUT OF ORDER FOR AN INDEFINITE PERIOD OF TIME).

(D) CONSIDERS CONTRIBUTION OF PEMEX-PETROCHEMICALS OF THE FOLLOWING PRODUCTS TO THE DOMESTIC MARKET: ACRYLONITRILE.

(E) SINCE A GROUP OF PRODUCTS IS CONSIDERED HERE, PARTICIPATING PERCENTAGE IN THE MARKET IS NOT CALCULATED.

(F) CFE, IPP'S DISTRIBUIDORES, INDUSTRIALES (ISPAT).

(G) PEMEX'S PARTICIPATION IN THESE PRODUCTS IS MARGINAL.

(H) PERCENTAGE OF CRUDE OIL EXPORTS BY REGION (JAN-DEC 2011): 81.85% OF TOTAL CRUDE OIL EXPORTS WAS MADE TO THE UNITED STATES, WHILE THE REMAINING 9.8% WAS DISTRIBUTED TO EUROPE, 2.9%, TO THE REST OF THE AMERICAN CONTINENT AND 5.5% TO THE FAR EAST.

(I) IT IS ESTIMATED THAT PEMEX'S PARTICIPATION IN THE INTERNATIONAL CRUDE OIL MARKET DURING THE FOURTH QUARTER OF YEAR 2011 WAS 3.3%.

VOLUMES ARE GIVEN IN THOUSAND OF BARRELS PER DAY, EXCEPT IN THE CASE OF PETROCHEMICAL PRODUCTS, WHICH ARE EXPRESSED IN THOUSANDS OF TONS AND DRY GAS, WHICH IS EXPRESSED IN MILLIONS OF CUBIC FEET PER DAY.

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: **PEMEX**
PETROLEOS MEXICANOS

QUARTER: **04** YEAR: **2011**

**PROJECT, AMOUNT EXERCISED AND PROGRESS
PERCENTAGE**

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MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX

QUARTER: 04 YEAR: 2011

PETROLEOS MEXICANOS

INFORMATION RELATED TO BULLETIN B-15
(FOREIGN CURRENCY TRANSLATION)

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AS OF JANUARY 1^o, 2008, TRANSLATION INTO MEXICAN CURRENCY OF THE AMOUNTS THAT ARE REPORTED BY THE COMPANIES IN FOREIGN CURRENCY IN THE FINANCIAL STATEMENTS IS DONE IN ACCORDANCE WITH THE PROVISIONS OF NIF B-15 "TRANSLATION OF FOREIGN CURRENCIES", AS FOLLOWS:

- A) MONETARY ASSETS AND LIABILITIES: AT THE CLOSING EXCHANGE RATE .
 - B) NON-MONETARY ASSETS AND LIABILITIES AND EQUITY: AT THE HISTORICAL EXCHANGE RATE.
 - C) NON-MONETARY ITEMS RECOGNIZED AT THEIR FAIR VALUE, THE HISTORICAL EXCHANGE RATE WILL BE USED REFERRED TO THE DATE IN WHICH SUCH FAIR VALUE WAS DETERMINED.
 - D) INCOME, COSTS AND EXPENSES ARE TRANSLATED AT THE WEIGHTED AVERAGE EXCHANGE RATE.
 - E) DIFFERENCE IN CHANGES ORIGINATED IN THE TRANSLATION, IS RECOGNIZED AS INCOME OR EXPENSE IN THE STATEMENTS OF OPERATIONS IN THE PERIOD IN WHICH THEY ARE ORIGINATED.
- IN THOSE CASES IN WHICH THE FUNCTIONAL CURRENCY OF THE SUBSIDIARY COMPANIES IS DIFFERENT TO THE CURRENCY IN WHICH PETRÓLEOS MEXICANOS IS REPORTING, TRANSLATION IS MADE AS FOLLOWS:
- A) ASSETS AND LIABILITIES ARE TRANSLATED AT THE CLOSING EXCHANGE RATE AND EQUITY IS TRANSLATED AT THE HISTORICAL EXCHANGE RATE.
 - B) INCOME, COSTS AND EXPENSES ARE TRANSLATED AT THE WEIGHTED AVERAGE EXCHANGE RATE.
 - C) EFFECT FROM TRANSLATION IS RECOGNIZED AS PART OF AN ITEM OF COMPREHENSIVE FINANCIAL INCOME OR LOSS WITHIN EQUITY.
-

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: PEMEX
 PETROLEOS MEXICANOS

QUARTER: 04 YEAR: 2011

ANALYSIS OF PAID CAPITAL STOCK

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SERIES	NOMINAL VALUE	VALID COUPON	NUMBER OF SHARES			CAPITAL STOCK	
			FIXED PORTION	VARIABLE PORTION	MEXICAN	FREE SUBSCRIPTION	FIXED
NA	0.00000	0	0	0	0	0	280,787,159
TOTAL			0	0	0	0	280,787,159

TOTAL NUMBER OF SHARES REPRESENTING THE PAID IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMATION 0

NOTES

PEMEX HAS CERTIFICATES OF CONTRIBUTION OF THE FEDERAL GOVERNMENT AND NOT CAPITAL STOCK REPRESENTED BY SHARES.

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STOCK EXCHANGE CODE: PEMEX

QUARTER: 4 YEAR: 2011

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Risk Management

PEMEX faces market risks caused by the volatility of hydrocarbon prices, exchange rates and interest rates. In order to monitor and manage these risks, Petróleos Mexicanos and the subsidiary entities have developed regulations related to market risk management, which are comprised of policies and guidelines applicable to Petróleos Mexicanos and the subsidiary entities that promote an integrated scheme for market risk management, regulate the use of DFIs, guide the development of hedging strategies and provide strategies for the formulation of risk limits.

Risk management regulations of Petróleos Mexicanos and the subsidiary entities establish that DFIs should generally be used only for the purpose of hedging. The use of DFIs for any other purpose must be approved in accordance with PEMEX's internal procedures.

Petróleos Mexicanos and the subsidiary entities follow the strategy of reducing the impact of market risk on their financial results by promoting a balance between expected incoming cash flows from operations and outgoing cash flows related to their liabilities.

Finally, the P.M.I. Group has implemented a regulatory framework for risk management which consists of procedures and instructions to ensure the realization of essential risk controls, in accordance with industry best practices, such as the generation of a periodic portfolio risk report for risk takers and management. In addition, the PMI Group also has its own risk management subcommittee which supervises DFIs trading.

Hydrocarbon Prices Risk

Petróleos Mexicanos and the subsidiary entities periodically evaluate their exposure to international hydrocarbon prices and use DFIs as a mechanism to mitigate identified potential sources of risk.

Since 2003, Pemex-Gas and Basic Petrochemicals has been required to trade LPG under a price scheme imposed by the Mexican Government. Through this scheme LPG's sales price is fixed throughout Mexico. This generates a risk exposure in the geographic areas where PEMEX sells imported LPG. During 2009, Pemex-Gas and Basic Petrochemicals mitigated the market risk generated by this exposure by employing a hedging strategy consisting of propane swaps. Propane is the primary component of LPG. During 2010 and 2011, PEMEX did not enter into any DFIs to mitigate risks associated with the purchase and sale of propane although periodic analysis are carried out to define an optimum strategy to be implemented for specific periods of time.

P.M.I. Trading, Ltd. periodically enters into DFIs to mitigate risk generated in the purchase and sale of refined products and liquid gas, thereby reducing the potential volatility of its income. P.M.I. Trading, Ltd. policies establish an upper limit for capital at risk, which is compared on a daily basis with the value-at-risk portfolio in order to carry out risk mitigation mechanisms if necessary.

PEMEX did not carry out any hedging transaction associated with its crude oil production for the years 2007 to 2011.

Foreign Exchange Rate Risk

Most of PEMEX's debt is denominated in U.S. dollars or pesos. However, PEMEX's financing includes currencies other than these former two. Derived from PEMEX's flows profile explained above, fluctuations in such currencies can increase our cost of funding.

Although PEMEX attempts to issue debt either in U.S. dollars or pesos, this is not always achievable. For non-U.S. dollar and peso issuances, PEMEX, as a strategy, swaps this debt into U.S. dollars except for debt denominated in UDIs, which is swapped into pesos. As a result of this strategy, PEMEX holds a debt portfolio with negligible sensitivity to currencies different from pesos and U.S. dollars. Since 1991, PEMEX has entered into cross-currency swaps to hedge its debt against movements in exchange rates.

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The underlying currencies of the swaps traded are euro, Swiss franc, Japanese yen and pound sterling against the US dollar, and Mexican peso against Mexican units of investment (UDIs).

Most of PEMEX's cross-currency swaps are plain vanilla, except for two swaps entered into in 2002 and 2004 to hedge exposure to Japanese yen and euros, with termination dates in 2023 and 2016, respectively. These swaps are denoted as extinguishing and were obtained in order to be able to hedge long-term obligations. The main characteristic of extinguishing swaps consists of the early termination linked to a well-defined set of credit default events of the DFI, without any payment obligation by either party.

Interest Rate Risk

Given the debt profile described above, PEMEX is exposed to fluctuations in interest rates on short- and long-term floating rate instruments. The main exposure observed is to U.S. dollar LIBOR interest rate and to the Mexican Interbank Interest Rate (TIIE). Through its issuances, PEMEX has promoted a natural mix, to maintain a healthy proportion between fixed and floating rate instruments in its debt portfolio.

Credit Risk

When the fair value of DFIs is favorable to PEMEX, we face the risk that counterparties will not be able to meet their obligations. To reduce this risk, PEMEX monitors its counterparties' creditworthiness and credit exposure risk in our DFIs. Additionally, PEMEX has entered into DFIs mostly with major financial institutions and aims to maintain a diversified portfolio.

During 2009, PEMEX has entered into various long term cross-currency swaps agreements with recouping provisions for hedging purposes, thereby limiting PEMEX's exposure with its counterparties to a specific threshold amount. During 2010 and 2011, the pre-specified thresholds were reached in seven and four cross-currency swaps, respectively, used to hedge exposure to the euro and pound sterling. This resulted in the cash settlement of such swaps and the replacement with new swaps at market terms, thereby reducing our credit risk to our counterparties

Instruments Entered Into For Trading Purposes

We enter into derivative transactions with the purpose of hedging financial risks related to our operations, assets or liabilities. Nonetheless, some of these transactions do not qualify for accounting treatment as hedges and are recorded in our financial statements as entered into for trading purposes, despite the fact that their profits or losses are offset by the profits or losses of the positions to which they are related to.

Petróleos Mexicanos retains a synthetic long position on 58,679,799 shares of Repsol YPF, with the objective of maintaining corporate rights over these shares. This is accomplished by using four total return swaps under which Petróleos Mexicanos pays fixed amounts and receives total return on the Repsol shares.

Between July and September 2011, PEMEX through its affiliate P.M.I. Holding B.V., acquired 57,204,240 public shares of Repsol YPF. In order to protect that investment, the company entered into a structured product consisting of long put, short call and long call options maturing in 2012, 2013 and 2014. The exchange rate exposure associated to this transaction was hedged with euro-dollar forwards maturing in 2012, 2013 and 2014.

Pemex-Gas and Basic Petrochemicals offers DFIs to its domestic customers to help them mitigate the risk associated with natural gas prices. Through its subsidiary, MGI Supply Ltd., Pemex-Gas and Basic Petrochemicals enters into DFIs with the position opposite those DFIs it offers to its customers, in order to cancel out the market risk it bears under such offered DFIs. MGI Supply Ltd. enters into these opposite position DFIs with international counterparties, in order to transfer the related price risk to such parties. This mechanism allows Pemex-Gas and Basic Petrochemicals to maintain its natural risk profile, after giving effect to the DFIs.

Finally, the PMI Group protected its investment in shares of Repsol YPF entering into an options structure consisting of a long put, a short call and a long call.

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Derivative Financial Instruments Valuation

PEMEX monitors the fair value of its DFIs portfolio on a periodic basis. Fair value represents the price at which one party would assume the rights and obligations of the other, and it is calculated for each DFI through models used commonly in the international financial markets, based on inputs obtained from major market information systems and price providers.

PEMEX's DFIs portfolio is composed primarily of swaps whose prices can be estimated by discounting flows using appropriate factors, and contains no exotic instruments that require numerical methods for their valuation.

The options contained in PEMEX's DFIs portfolio are European-style, consisting of plain or digital calls or puts, and are valued internally based on the traditional Black-Scholes model or certain specialized variations thereof.

The inputs used in valuing PEMEX's DFIs portfolio come from widely recognized price providers and do not require special adjustments or conversions.

Accounting

As of January 1, 2005, PEMEX adopted the provisions of Bulletin C-10, "Derivative Financial Instruments and Hedging Operations" ("NIF C-10"), as issued by the Mexican Institute of Public Accountants, A.C., which details the criteria for the recognition, valuation, registration, disclosure, presentation and, where appropriate, bifurcation from the host contract, that are applicable to DFIs for trading and hedging purposes, and to embedded derivatives.

PEMEX enters into derivatives transactions with the sole purpose of hedging financial risks related to its operations, assets or liabilities recorded within its balance sheet. Nonetheless, some of these transactions do not qualify for hedge accounting treatment because they do not meet the strict requirements of NIF C-10 for being designated as hedges. They are therefore recorded in the financial statements as non-hedge instruments or as instruments entered into for trading purposes, despite the fact that their cash flows are offset by the cash flows of the positions to which they relate. As a result, the changes in their fair value affect the Comprehensive Financing Result (CFR).

As of December 31, 2011 and 2010, the fair value of PEMEX's DFIs was Ps. 6,123,733 and Ps. 8,860,754, respectively. As of December 31, 2010, the DFIs amount includes the DFIs designated as cash flow hedges and their net fair value of Ps. 231,028, which was recognized under other comprehensive loss. As of December 31, 2011, PEMEX does not have DFIs designated as cash flow hedges.

DFIs designated as cash flow hedges that have the same critical characteristics as the item being hedged are considered highly effective.

In light of the foregoing, these instruments do not have an impact on earnings that is due to hedge inefficiency, and the change in their fair value is recognized in its entirety as part of equity through other comprehensive income. The fair value of these instruments is reclassified into earnings at the same time as the hedged item cash flows affect earnings.

As of December 31, 2010, a net loss of Ps. 22,987 was reclassified from other comprehensive income into earnings in the CFR. As of December 31, 2011, no amount was reclassified from other comprehensive income into earnings in the CFR.

As of December 31, 2011 and 2010, PEMEX recognized a net loss of Ps. 1,371,235 and Ps. 1,236,755, respectively, in the CFR with respect to DFIs treated as non-hedges.

As of December 31, 2011 and 2010, in accordance with NIF C-10, PEMEX recognized several agreements relating to, among other things, services in connection with works projects, acquisitions, leases and insurance commitments. These agreements were entered into by PEMEX in foreign currencies, and in

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accordance with their terms, the related foreign currency components do not meet the criteria to generate an embedded derivative.

As of December 31, 2011, PEMEX recognized a net loss of Ps. 277,042, in the CFR with respect to the embedded derivative in the Accelerated Share Purchase Transaction of Repsol's shares.

TABLE 1
Interest Rate and Currency Derivatives
(in thousands of pesos as of December 31, 2011)

Derivative Type	Hedging/ Trading	Notional Amount	Underlying Value		Fair Value		Year of expected maturity date					Collateral delivered	
			Current Quarter	Previous Quarter	Current Quarter	Previous Quarter	2012	2013	2014	2015	2016		Thereafter
Interest Rate Swaps	Hedging	8,700,000	TIIE 28d = 4.8035%	TIIE 28d = 4.7843%	(760,027)	(788,640)	1,200,000	7,500,000	0	0	0	0	0
Currency Swaps	Hedging	115,857,891	MXN = 13.9904 1/EUR = 1.2961 1/GBP = 1.5543 JPY = 76.913 UDI = 4.6898 CHF = 0.9381 Exchange rates against US dollar.	MXN = 13.4217 1/EUR = 1.3388 1/GBP = 1.5584 JPY = 77.063 UDI = 4.5896 CHF = 0.9082 Exchange rates against US dollar.	2,460,667	2,552,540	1,151,831	19,781,307	10,644,664	1,151,831	721,359	82,406,899	0
Currency Swaps with credit linked options	Hedging	17,765,731	1/EUR = 1.2961 JPY = 76.913 Exchange rates against US dollar.	1/EUR = 1.3388 JPY = 77.063 Exchange rates against US dollar.	2,407,017	2,145,442	0	0	0	0	14,389,126	3,376,605	0

TABLE 1
Equity Derivatives
(in shares, except as noted, as of December 31, 2011)

Derivative Type	Hedging/ Trading	Notional Amount	Underlying Value		Fair Value (in thousands of pesos)		Year of expected maturity date					Collateral delivered	
			Current Quarter	Previous Quarter	Current Quarter	Previous Quarter	2012	2013	2014	2015	2016		Thereafter
Equity Swaps	Trading	58,679,799	Repsol YPF = 23.735 Euro share price.	Repsol YPF = 19.98 Euro share price.	1,520,056	(2,038,821)	58,679,799	0	0	0	0	0	0

TABLE 1
Natural Gas Derivatives
(in thousands of pesos, except as noted, as of December 31, 2011)

Derivative Type	Hedging/ Trading	Volume (in MMBtu)	Underlying value (U.S. \$ per MMBtu) ⁽¹⁾		Fair Value		Year of expected maturity date (in MMBtu)					Collateral delivered
			Current Quarter	Previous Quarter	Current Quarter	Previous Quarter	2012	2013	2014	2015	2016	
Long Swaps	Trading	29,306,932	3.25	3.77	(608,607)	(1,101,931)	26,070,628	2,814,654	279,150	114,000	28,500	0
Short Swaps	Trading	(29,311,925)	3.25	3.77	629,393	1,118,967	(26,073,621)	(2,816,654)	(279,150)	(114,000)	(28,500)	0
European Call	Trading	5,774,694	3.25	3.77	6,271	(20,457)	2,818,604	1,420,626	1,162,564	250,500	122,400	0
	Short	(5,780,994)			(6,272)	(20,462)	(2,824,904)	(1,420,626)	(1,162,564)	(250,500)	(122,400)	0

(1) Representative underlying asset value.

TABLE 1
Petroleum Products Derivatives
(in thousands of pesos, except as noted, as of December 31, 2011)

Derivative Type	Hedging/ Trading	Volume (in millions of barrels) (1)	Underlying value (U.S. \$ per barrel)		Fair Value		Year of expected maturity date (in millions of barrels)					Collateral delivered (2)	
			Current Quarter	Previous Quarter	Current Quarter	Previous Quarter	2012	2013	2014	2015	2016		Thereafter
Futures	Hedging	(3.6)	1.571	1.380	(112,897)	193,048	(3.6)	0	0	0	0	0	0
Over The Counter Swaps	Hedging	(3.3)	1.381	1.297	(71,472)	124,573	(3.3)	0	0	0	0	0	0
Exchange Traded Swaps	Hedging	(0.6)	1.349	1.244	(23,473)	19,082	(0.6)	0	0	0	0	0	0

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Petróleos Mexicanos, in its character of securities issuer filed with the *Comisión Nacional Bancaria y de Valores* (Mexican Banking and Securities Commission or "CNBV"), is carrying out all the necessary actions in order to adopt the *Normas Internacionales de Información Financiera* (International Financial Reporting Standards), which we refer to as "NIIFs or IFRS", issued by the *Consejo de Normas Internacionales de Contabilidad* (International Accounting Standards Board).

Such actions involve to adequate its processes and train its personnel, in order to be able to successfully accomplish the implementation of the IFRS, in the time frame established by the Mexican General Provisions applicable to security issuers and other participants in the securities market ("Issuers Circular").

Currently, Petróleos Mexicanos prepares both, individual and consolidated financial statements of Petróleos Mexicanos and its Subsidiary Entities under *Normas Específicas de Información Financiera Gubernamental* (Mexican Governmental Financial Reporting Standards for State Owned Companies or "Governmental Standards" or "NGs"), as consolidated financial statements of Petróleos Mexicanos, its Subsidiary Entities and its Subsidiary Companies ("PEMEX"), under *Normas de Información Financiera* (Financial Reporting Standards).

The *Ley General de Contabilidad Gubernamental* (Mexican Governmental Accounting Law or "LGCG") is effective on January 1st, 2009, and Petróleos Mexicanos and its Subsidiary Entities must be in compliance with this law.. Pursuant to this Law, the *Consejo Nacional de Armonización Contable* ("National Counsel for Accounting Harmonization" or "CONAC") was created and it is responsible for issuing the guidelines and rules that must be abided to, among others, by the State Owned Companies. Petróleos Mexicanos is working with such Counsel and with the *Dirección General de Contabilidad Gubernamental de la Secretaría de Hacienda y Crédito Público* (General Direction of Governmental Accounting of the Ministry of Finance) with the purpose of creating a work group that jointly determinates detailed guidelines PEMEX must abide to in order to be in compliance with such Law.

The above is worth mentioning due to the fact that Petróleos Mexicanos must aim its efforts to adjust its systems and internal processes, to comply with the requirements of both the LGCG and the IFRS, all in the time frame established in the applicable law for delivery of information.

In addition, at the same time, the Director General's Office of Petróleos Mexicanos has established a clear vision in order to implement what has been denominated PEMEX Projects Platform ("P3") as an impulse and integrator of improvements to the business processes, in which homologated processes are operated through standardized systems, in order to optimize the use of resources and support the process of taking decisions.

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The Finance Process is highlighted within this Platform, one of the processes that constitute the Processes Institutional Catalogue of PEMEX, and which is the central core for implanting P3 in the technological platform denominated Basis Technological Platform (PTB), in an "Enterprise Resource Planning" (ERP) transactional system.

In accordance with the above, PEMEX requires to device a project that leads to the implementation of a technological solution that supports the financial activities throughout all of its value chain, under the principle of incorporating leading business practices, which allow access to a flexible, swift and efficient process.

The technological solution is going beyond towards adopting a new system with the latest technology used by the worldwide most important corporations. The project is an opportunity to transform PEMEX's financial transactions and have a competitive model in the domestic and international markets.

It is important to highlight that Petróleos Mexicanos is still performing the necessary activities in order to comply in a timely fashion with the scheduled date for starting the system operations, procedures and financial registries in accordance with the provisions of the IFRS and the LGCG.

It should be highlighted that among the main impacts in systems and procedures that PEMEX shall withstand due to the adoption of the IFRS, are those related to fixed assets and the valuation of inventories using absorbing costs. Currently, we have finished identifying, segregating fixed assets components and determining fixed assets fair value. These works have been performed by PEMEX's expert technicians in the administration and maintenance of fixed assets, as well by Instituto Mexicano del Petróleo experts; in order Values and useful life related to depreciation, will be adjusted in accordance to the provisions of IFRS 1 "First Time Adoption of the International Regulations of Financial Information" and of NIC 16 "Properties, Plant and Equipment". We highlight the fact that breaking down properties plant and equipment by components and determining their useful life and value to PEMEX's plant and equipment has been a complex process, given the characteristics and volume of fixed assets PEMEX has.

In connection with the valuation of inventories, as a result of the amendments to Mexican FRS-C4 "Inventories", which became effective for fiscal year 2011 PEMEX is performing the corresponding adjustments to its systems in order to comply with inventories valuation being made using absorbing costs; however, there will be adjustments to inventories valuation under IFRS as a result of the fair value adjustment of its productive assets.

In December, 2010, the Corporate Direction of Information Technologies and Business Processes of Petróleos Mexicanos, determined that the technological platform, base for

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the development of the solutions supporting P3, will be SAP. On the same hand the bidding process for contracting the consulting services for the development of the solution for the standardization of the financial process in PEMEX, the adoption of the IFRS and the changes in NG. The winner consulting firms of the bidding process were Accenture, S.C. and Mancera, S.C.

On January 4, 2011, the corresponding contract with the above mentioned consulting firms was executed and the works to comply with the requirements of the LGCG, the CONAC and the CNBV began.

Currently, PEMEX's personnel in conjunction with the consultant firms Accenture S.C. and Mancera, S.C. is working on an alternative plan, which implies developing a temporary solution based on an automated application that allows to determine and apply the necessary adjustments to the final balances under NG, in order to attain financial information in accordance to the provisions of the IFRS. This temporary solution is expected to be completed by the end of 2011.

Identification of the responsible persons or areas:

	Name
Name of the area and responsible person:	Ignacio Quesada Morales Chief Financial Officer Mauricio Abraham Galán Ramírez Corporate Director of Information Technologies and Business Process
Members of the transition team (mention to which area they correspond):	Víctor Manuel Cámara Peón Deputy Director of Accounting, Fiscal and Financial Control Francisco Javier Torres Suárez Accounting Manager Benjamín García Medina Advisor of the Deputy Direction of Accounting, Fiscal and Financial Control Gerardo Estrada Galván Competition Center Manager
Name of the coordinator (as the case may be):	Víctor Manuel Cámara Peón Deputy Director of Accounting, Fiscal and Financial Control

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	Name
Firm of the External Auditors:	KPMG Cárdenas Dosal, S.C.
Firms of the External Advisors hired for the transition, other than the Auditor (as the case may be):	Accenture, S.C. and Mancera, S.C.

a) Training

According with the Time Frame Activities described below, the implementation process of the IFRS will be developed through several stages. In the stage denominated Diagnostic, the team of the Project will be trained in the following subjects:

- International Financial Reporting Standards;
- Strategies for Administration Change;
- Functionality Solutions of IFRS, in:
 - (“SAP”) and associated modules
 - Oracle – Hyperion

In the stage of Implementation there is a plan to train personnel of the processes that may have been affected by this Project.

Direct participants in the Implementation

The training plan is hereby submitted for PEMEX’s personnel, regarding technical knowledge required for the analysis and preparation of financial information under IFRS:

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Personnel of the Issuer	Initial Date	In process (Estimated Final Date)	Finalized	Not applicable (Reason)
Directors and relevant personnel of the issuer: - Director General - Chief Financial Officer - Other Executive Officers and relevant personnel	Jan 4, 2011		Dec 31, 2011	
Members of the Committees of the Board of Directors: - Members of the Audit and Performance Evaluation Committee	Jan 4, 2011		Dec 31, 2011	
Personnel responsible for the preparation and presentation of financial information under IFRS: - Leader of the work team - Responsible Personnel - Auxiliary Personnel	Jan 4, 2011		Jan 20, 2012	
Others (detail): Personnel with experience in the areas of information technologies and operation, which will receive training in the scope of their corresponding tasks.	Jan 4, 2011		Jan 13, 2012	

The official initial works of the project was made on March 29, 2011 in a meeting presided by Juan José Suárez Coppel, our CEO, and the attendance of the Corporate Directors, Directors General of our Subsidiary Entities and Subsidiary Companies and the representatives of the financial, operative and TI areas to emphasize the importance of this project.

Indirect participants in the Implementation

The training plan is hereby submitted for other areas of PEMEX, which will be indirectly involved in the implementation of the IFRS:

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	Initial Date	In process (Estimated Final Date)	Finalized	Not applicable (Reason)
<p>Name of the area: The training will be focused in the following areas:</p> <ul style="list-style-type: none"> - Operative Areas that generate the Accounting Registry. - Areas that generate the International Financial Reporting Standards. - Areas that generate consolidation and disclosure of the financial statements. - Areas that carry out costs accounting. - Areas that carry out the internal financial control. 	Nov 14, 2011	Apr 27, 2012	<p>Jan 20, 2012</p> <p>Jan 20, 2012</p> <p>Jan 20, 2012</p> <p>Jan 20, 2012</p>	
<p>Others (detail): During the development of the implementation process of the IFRS, the transfer of knowledge over the applications of the information technologies to the personnel of Petróleos Mexicanos is planned.</p>	Feb 8, 2011	Apr 27, 2012		

b) Time Frame Activities

PEMEX is carrying out the necessary actions to adequate its processes and train its personnel, in order to accomplish the adoption of the IFRS, and be able to disclose, in a timely fashion, to the CNBV, to the *Bolsa Mexicana de Valores, S.A.B. de C.V.* (Mexican Stock Exchange), and to the public in general, the financial results of PEMEX as of the first quarter of 2012, with compared data against the same period of 2011, and under the same

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regulation, in terms of the Second Transitory Article of the Resolution that Amends the Issuers Circular, published in the *Diario Oficial de la Federación* (Official Gazette of the Federation) on January 27, 2009.

The Project is being developed through the following stages:

Diagnostic:

- Project planning to adopt the IFRS.
- Training on IFRS.
- Detailed study of the differences between NGs and the policies adopted by PEMEX with IFRS.
- Analysis and determination of the impact in Petróleos Mexicanos, its Subsidiaries Entities and Subsidiary Companies, by the adoption of IFRS and changes to NGs.
- Analysis of the current financial process.
- Detailed study of the findings.
- Determination of the impact on the internal control system.
- Review of the accounts catalogue.
- Determination of the need to apply valuations to fixed assets or other mechanisms.
- Evaluation of the impact on the systems.
- Preliminary study of the probable economic impact by the adoption of the IFRS.
- Analysis of the internal and external communications.
- And other activities that may be identified in this stage.

Design:

- Detailed design of the homologated financial process.
- Flow diagram of impacted procedures by the adoption of the IFRS and changes in NGs.
- Business Plans for integral solutions.
- Restructure of information regarding fixed assets.
- Cost absorbing systems.
- Accounts catalogue.
- Parallel accountings to comply with both NGs and IFRS.
- Consolidation system.
- Internal control of the cycles-procedures impacted by the adoption of the IFRS and changes in NGs.
- Definition of internal and external communication strategies.
- And other activities that may be identified in this stage.

Development:

- Configuration in SAP (including the functionality that allows the registry of an operation under diverse accounting regulations, known as NewGL, among others).
- Construction of applicatives.
- Modifications to *Legacy systems* (Developed Applications to address operative needs).

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- Construction of the cost systems (configuration of SAP or external system).
- Transfer of technical and business knowledge.
- Elaboration of internal regulation for impacted operations by the adoption of IFRS and changes in NGs.
- Consolidated system for NGs and IFRS.
- Determination of the initial balance sheet.
- Detailed determination of the economic impact by the adoption of IFRS.
- Determination of the data for the financial results of the quarters of 2011.
- Management of Change.
- Tests to the internal control design.
- Functional and integral tests.
- And other activities that may be identified in this stage.

It is important to highlight that PEMEX decided to carry out tasks in a parallel to build a solution, that allows to comply with IFRS through the application of adjustments to the NGs final balances, to attain financial data in accordance with the provisions of the IFRS . based on the work and conclusions arrived to during the Diagnostic Stage of this project.

Dates disclosed in this report are those related to the IFRS temporary solution that is being developed to comply with the CNBV requirements.

Implementation:

- Homologated financial process.
- Gradual productive implementation:
- Temporary solution
 - Simulation of the IFRS temporary solution
December 31, 2011
 - Correction of observations adjustments
March 16, 2012
 - IFRS temporary solution
March 2, 2012
- Homologated solution
 - IFRS and NGs definitive solution
August 2, 2012
 - Production costs system
August 2, 2012
 - Integral costs system
August 2, 2012
 - Disclosures and other accounting aspects
September 1, 2012
- Subsequent support to the implementation (it is considered at least in the execution of 2 quarterly closings).

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Estimated date of adoption:	January 1, 2012
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Stage 1. Communication

Activity	Estimated Initial Date	Starting Date	Estimated Final Date	Finalized	Progress Percentage (%)	Comments
1.Coordination among the General Direction of the issuer with all the areas involved and related Companies that may be consolidated or incorporated.	Jan 4, 2011	Jan 4, 2011		28-Feb-2011	100% (one hundred per cent)	
2.Design and communication of the disclosure and training Plan.	Jan 4, 2011	Jan 4, 2011		Jun 17, 2011	100% (one hundred per cent)	
3. Others (detail).						

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Stage 2. Evaluation of accounting and business impacts.

We have held meetings to obtain all of the information of current status (As Is) of accounting policies, the system supporting operation and records and to identify available data. As a result we have determined the existent gap in comparison with future condition (To Be) and identifying impact and effort as a result of the adoption of IFRS.

Activity	Estimated Initial Date	Initial Date	Estimated Final Date	Final Date	Progress Percentage (%)	Comments
1. Preliminary identification of the accounting impacts that require specific actions (diagnostic of the main differences between valuation and disclosure).	Jan 4, 2011	Jan 4, 2011		Jun 17, 2011	100% (one hundred per cent)	
2. Choices between the available options of NIIF 1 (first time application) and review of provisions and estimations.	Jan 4, 2011	Jan 4, 2011		Jun 17, 2011	100% (one hundred per cent)	
3. Definition of new accounting policies according with different alternatives contemplated by IFRS.	Feb 28, 2011	Feb 28, 2011		Dec 31, 2012	100% (one hundred per cent)	
4. Evaluation of the impacts in the information systems, internal control, etc.	Feb 28, 2011	Feb 28, 2011		Aug 31, 2011	100% (one hundred per cent)	
5. Identification and evaluation of elements that affect development measures of the issuer (financial ratios, etc.).	Feb 28, 2011	Feb 28, 2011	Apr 15, 2012		15% (fifteen per cent)	
6. Identification and review of contracts and other agreements that may be amended with respect to the transition to IFRS, as well as possible violations to commitments or covenants.	Feb 28, 2011	Feb 28, 2011	Apr 15, 2012		75% (seventy five per cent)	
7. Detail of additional	Feb 28, 2011	Feb 28,	Dec 31, 2012		90% (ninety	Under review of

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Activity	Estimated Initial Date	Initial Date	Estimated Final Date	Final Date	Progress Percentage (%)	Comments
disclosures in the notes of the financial statements for implementation of IFRS.		2011			per cent)	our external auditor.

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Stage 3. Implementation and parallel elaboration of financial reports under IFRS and current accounting regulations

Activity	Estimated Initial Date	Initial Date	Estimated Final Date	Final Date	Progress Percentage (%)	Comments
1. Identification of the principal changes in the execution of the computing systems required for elaboration of the financial statements under IFRS, both for the information flow and for the preparation process of such financial statements.	Feb 28, 2011	Feb 28, 2011	March 30, 2012		85% (eighty five per cent)	The short term solution is foreseen for March, 2012 and to get into production in the same month.
2. Identification of documents and new or complementary reports to the current reports issued under the changes of information systems, as well as new concepts required by IFRS.	Feb 28, 2011	Feb 28, 2011		Dec 31, 2011	100% (one hundred per cent)	
3. Analysis of the economic situation and the financial results of the issuer, identifying adjustments and necessary evaluations to convert the credit or debit balance, at the date of the transition to IFRS.	Feb 28, 2011	Feb 28, 2011	March 31, 2012		50% (fifty per cent)	
4. Preparation of the opening balance under IFRS, and reconciliation of financial results and consolidated equity against IFRS.	Feb 28, 2011	Feb 28, 2011	March 31, 2012		75% (seventy five per cent)	
5. Design and adaptation of the quality control procedures in the financial information in order to guarantee its reliability.	Apr 4, 2011	Apr 4, 2011	March 31, 2012		50% (fifty per cent)	These products will be obtained in the Design and Development stages.

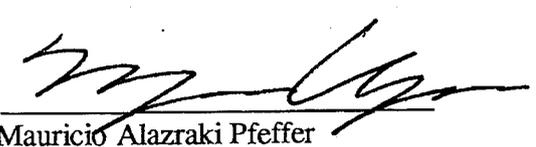
Concluded Activities

As of the date of the present document, Petróleos Mexicanos continues to perform all the necessary actions in order to adopt the IFRS, and according to the above, the stages related to implementation have not concluded yet.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Petróleos Mexicanos

By: 

Mauricio Alazraki Pfeffer
Deputy Director of Treasury

Date: 04/06/2012

FORWARD-LOOKING STATEMENTS

This report contains words, such as “believe”, “expects,” “anticipate” and similar expressions that identify forward-looking statements, which reflect our views about future events and financial performance. We have made forward-looking statements that address, among other things, our:

- drilling and other exploration activities;
- import and export activities;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- and
- liquidity.

Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond our control. These factors include, but are not limited to:

- changes in international crude oil and natural gas prices;
- effects on us from competition;
- limitations on our access to sources of financing on competitive terms;
- significant economic or political developments in Mexico;
- developments affecting the energy sector; and
- changes in our regulatory environment

Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.