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September 8, 2008

Ms. Florence Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090
U.S.A.

Re: File Number S7-15-08 – Modernization of the Oil and Gas Reporting Requirements (Rel. Nos. 33-8935 and 34-58030)

Dear Ms. Harmon:

On behalf of Petróleos Mexicanos, its subsidiary entities and its consolidated subsidiary companies (collectively, "PEMEX"), we respectfully submit the comments of PEMEX to the Securities and Exchange Commission (the "Commission") on its rule proposal *Modernization of the Oil and Gas Reporting Requirements*. PEMEX believes that the modifications to the oil and gas reporting requirements proposed are generally aligned with current operating practices and recent changes in technology in the oil and gas industry. PEMEX acknowledges and applauds the effort made by the Commission to modernize the definitions for reserves disclosure in a manner that is consistent with the definitions included in the new Petroleum Resources Management System that was adopted by the Society of Petroleum Engineers (SPE).

In addition to calculating estimates of Mexico's proved reserves of crude oil and natural gas according to the technical definitions required by the Commission, since 1996, PEMEX has also been following the SPE / American Association of Petroleum Geologists (AAPG) / Society of Petroleum Evaluation Engineers (SPEE) guidelines for the evaluation of petroleum reserves and resources and have had its estimates of the hydrocarbon reserves of Mexico audited by internationally recognized oil and gas

consultants. As a result, PEMEX believes that the implementation of many of the new oil and gas reporting requirements described in the proposal will be relatively straightforward. However, PEMEX is concerned about the additional administrative burdens on its staff that will be required by certain of the new oil and gas reporting requirements. In particular, PEMEX has concerns regarding the additional administrative burdens imposed by changes in the following three areas:

- Year-end pricing;
- Disclosure of the qualifications of the business entity or individuals preparing or auditing the reserves estimates; and
- New technology.

Year-End Pricing

PEMEX supports the use of a 12-month average price for calculating estimates of reserves because this practice will eliminate the high volatility that might occur when a single-day, year-end price, is used. However, FAS 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies," still requires PEMEX to estimate reserves utilizing the single-day, year-end price. As a result, the proposed rule would require PEMEX to estimate the reserves of Mexico on two different bases. Many of the same reasons that led the Commission to propose using a 12-month average price for estimating reserve quantities for disclosure purposes, including that single-day, year-end pricing is subject to extreme volatility, may lead investors to incorrect conclusions as to changes in reserve quantities and may not reflect general price trends, are equally applicable to the determination of the price to use for accounting purposes, including both the disclosure of reserve levels in the financial statements and the calculation of depreciation using the units-of-production basis.

The issue of dual reporting bases will be a problem for all oil and gas companies and PEMEX would recommend aligning the disclosure and accounting requirements to the 12-month average price. Furthermore, PEMEX believes that the administrative burden of using two pricing rules falls particularly hard on foreign private issuers such as it. PEMEX currently is required to prepare financial statements in accordance with both Mexican governmental reporting standards (*i.e.*, those applicable to public sector entities in Mexico) and Mexican financial reporting standards. The latter statements must be audited and filed in Mexico not later than 123 days after the end of PEMEX's fiscal year. In addition, under the recently amended Form 20-F, PEMEX will soon be required to file its Annual Report on Form 20-F, including a reconciliation of its financial statements to U.S. GAAP and compliance with the additional oil and gas disclosure requirements, with the Commission two months earlier than currently required. To add the requirement of preparing reserve estimates based on two different price bases at the same time that PEMEX is required to accelerate its disclosure and financial reporting by two full months will place a particularly heavy burden on PEMEX's staff.

However, if the 12-month average price cannot be adopted for accounting purposes, PEMEX's proposal would be to calculate the 12-month average price based on the first day of each month rather than the last day of each month. This simple

change would provide all companies with an additional 30 days to prepare the dual reporting of reserves. Alternatively, in order to provide additional time to comply with the new requirements, PEMEX supports the adoption of a trailing 12-month period running from October 1 of the previous year to September 30 of the reporting year for companies with a fiscal year ending on December 31. Adopting this proposal would permit PEMEX's staff and its external consultants to start their activities in advance of the last day of the year and provide them with additional time to compile all the information needed for preparing the reserves estimations.

Disclosure of the qualifications of the business entity or individual preparing or auditing the reserves estimates

We understand that those members of PEMEX's technical staff that are involved in the preparation of its reserves estimates hold advance degrees in engineering and have a great deal of experience in the evaluation of hydrocarbon reserves. Because numerous individuals across multiple teams within the organization participate in the preparation of PEMEX's reserves estimates, PEMEX suggests disclosing only the individual qualifications of the top management involved in this process.

New technology


PEMEX appreciates the Commission's flexibility regarding the use of new technology for estimating proved reserves but believes that the requirement that a company disclose the technology used is unduly burdensome and not of great benefit to investors. In order to fully understand the benefits of the new technology, investors would require the support of highly specialized personnel, as well as detailed technical information regarding reservoir characteristics. As a result, PEMEX believes that the amount of information that would need to be disclosed by oil and gas companies would significantly exceed the levels anticipated by the Commission. Therefore, PEMEX respectfully requests that the Commission reconsider the requirement that this information be disclosed. If the requirement is to be maintained in some form, PEMEX would suggest that companies only be required to disclose the new technology used to book additional reserves in an aggregated form, as in most instances it is very difficult to isolate the effect of a single technology that corresponds to a particular portion of the reserves estimated.

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We hope the comments of PEMEX are helpful to the Commission in developing the final rule in this important area. If you have any questions on the items in this letter, please contact Celina Torres, Investor Relations (52 55) 19-44-97-00.

Very truly yours,


Wanda J. Olson

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