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Oil & Gas Clipping

Petrobras increases production and foresees boost in oil exportation

Petrobras is already producing more than 2.1 million of barrels of oil per day in Brazil, a level not seen since the beginning of 2012.

The company estimates a 7.5% growth in oil production in 2014 and plans to export 250 thousand barrels of oil per day in the second half of the year, an increase of 51% if compared to production in the first semester.

Also, Petrobras estimates an increase of 20% in the offer of natural gas during the second semester (48 million cubic meters per day).

José Formigli, Exploration and Production Director of Petrobras, has stated that production in August already presented higher numbers than in July, corresponding to 2.103 million of barrels of oil per day, a level not seen since January 2012.

<http://br.reuters.com/article/domesticNews/idBRKBN0GB2AH20140811>

Oil Production in Brazil breaks record in June

According to the National Agency of Petroleum, Natural Gas and Biofuels (ANP), the oil production in Brazil in June reached 2,246 million of barrels per day overcoming the best mark of the history so far of 2,231 million of barrels per day, registered in January 2012.

There was an increase of 2.6% in the oil production in Brazil in relation to May 2014, and of 6.9% if compared to July 2013.



Production in the pre-salt area has 6.2% in relation to the previous month, totalizing 583.2 thousand of oil barrels per day.

The total Brazilian production in June summed up 2.79 million of barrels per day, and about 90.4% of the oil and gas production resulted from fields operated by Petrobras.

<http://br.reuters.com/article/domesticNews/idBRKBN0G71TC20140807>

Petrobras confirms extension of Júpiter and foresees big oilfield

Petrobras has informed that the drilling of the oil well Apollonia has demonstrated the great capacity of the Jupiter area. Such area, where the company has found a big oil reserve, is located in the pre-salt area of the Santos Basin.

The well, registered as 3-BRSA-1246-RJS (3-RJS-732), is the fourth well to be drilled in the Jupiter area, located 296 km from the Rio de Janeiro coast.

According to Petrobras, the drilling has proved the existence of a hydrocarbons column of approximately 313 meters, 5,166 meters of depth, with rocks presenting good conditions of porosity and permeability.

Also, such well presented an oil column of approximately 87 meters of thickness, which will be continued to be drilled since the purpose is to reach the final depth of approximately 5,700 meters.

Jupiter is located in the block BM-S-24 which was auctioned in 2001 by Petrobras in the third bidding round of exploratory oil blocks of the National Agency of Petroleum, Natural Gas and Biofuels (ANP), for R\$ 324,354.00 (US\$ 143,234.26).

Currently, the block is still being operated by Petrobras, which holds 80% of the consortium with Petrogal Brasil. Petrobras will only declare the



commercialization of the area after concluding the Evaluation Plan of Oil Discovery (PAD) proving the viability of commercialisation in the area.

<http://br.reuters.com/article/domesticNews/idBRKBN0GD23420140813>

Rio Oil & Gas Expo and Conference occurs in September

Rio Oil & Gas Expo and Conference is the main Oil & Gas event in Latin America and takes place every two years in the Convention Centre of Riocentro, in the city of Rio de Janeiro. The event will occur between 15 and 18 September.

The fair and conference is helping to boost the image of Rio de Janeiro as an “oil capital” since the State concentrates 80% of all oil produced in the country, in addition to the 50% of gas production.

The exhibition is an important event for national and foreign companies to show their products and services. Also, the conference opens opportunity for discussions of main topics related to technological innovations.

<http://www.mercadoeventos.com.br/site/noticias/view/108503/rio-oil-gas-expo-and-conference-acontece-em-setembro-no-ri>

ANP selects 10 areas of Petrobras to be reoffered

The National Agency of Petroleum, Natural Gas and Biofuels (ANP) has informed the market that 10 areas of oil exploration are going to be returned by Petrobras and offered to small and middle companies of the sector in an oil bidding round.

Areas with less oil accumulation are the Recôncavo, Espírito Santo, Tucano Sul, Paraná and Barreirinhas basins.

More information can be accessed at ANP’s website by interested companies until 3 October.



Once companies start showing their interest, ANP will propose the Third Round of Marginal Accumulations to the National Council of Energetic Policy (CNPE).

In this type of bidding, companies can start the oil and gas production by means of a new certification of wells, since those areas have already been exploited.

There has been no bidding in this format since 2006. The first round of this type took place in 2005 when 16 out of 17 areas were auctioned, and the signature bonus was R\$ 3,045 million (US\$ 1,348 million). The second bidding occurred in 2006, when 11 from 14 areas were auctioned and the offered signature bonus was R\$ 10,677 million (US\$ 4,727 million).

Federal government is endeavouring efforts to increase the participation of small and medium size companies in the oil and gas exploration, development and production activities in the country.

<http://br.reuters.com/article/domesticNews/idBRKBN0G51GF20140805>

Investments in the Pernambuco State surpassed R\$ 4.5 billion (US\$ 1.9 billion)

The shipyards of Pernambuco, a north-eastern State of Brazil, have intensified their operations and increased investments to reach a more competitive technological level in the international market. Until 2016 for example, the Atlântico Sul shipyard, a consortium formed by Camargo Corrêa, Queiroz Galvão and JEI (Japan EAS Investimentos e Participações Ltda.), each company holding 33% of the shares, and with Samsung technology, could invest more R\$ 540 million (US\$ 239 million) in the expansion of its facilities and infrastructure, with the construction of one more wharf for the finishing of drill ships, factories and support offices.

R\$ 2.1 billion (US\$ 920 million) were invested since the beginning of the shipyard project in 2007.



Vard Promar, another shipyard which has barely finished its industrial plant in the Suape Port, with an investment of R\$ 350 million (US\$ 154.7 million), is already planning to expand its facilities with a new investment of R\$ 97 million (US\$ 42.8 million). According to the president of the company, Miro Arantes, their growth forecast has materialised and “Petrobras alone should order around 150 ships until 2020, and our intention is to have a 30% share of this market”.

Investments planned by both shipyards are in the region of R\$ 4.5 billion (US\$ 1.99 billion), whilst an extra R\$ 1 billion (US\$ 443 million) is foreseen to be invested by the supply chain.

<http://www.portosenavios.com.br/industria-naval-e-offshore/25523-investimentos-em-pe-ja-passam-de-r-4-5-bilhoes>

PROMEF has 14 oil tankers under construction

Currently, Brazil has the third biggest worldwide clients’ portfolio for oil tankers orders. Such achievement is due to the Programme for Shipping’s Modernization and Expansion (*Programa de Modernização e Expansão da Frota - PROMEF*) created 10 years ago by Transpetro, the logistic company of Petrobras.

The investment foreseen in the Programme reaches R\$ 11,2 billion (US\$ 4,9 billion), if the whole package is considered. Until now, seven (7) oil tankers have been delivered. The final deadline of the Programme is in 2020.

According to Transpetro, there are 14 ships under construction, with five of them being finalised. The building of 49 vessels has been distributed amongst three shipyards. Atlântico Sul (EAS) and Vard Promar, both from the State of Pernambuco, have received the largest number of orders.

Although management and lack of qualified workforce in the oil industry have been perceived to cause problems and delays in the deliveries of orders, Floriano Pires Junior, teacher of the Oceanis Engineering of the



Federal University of Rio de Janeiro (UFRJ), has stated that the shipbuilding industry in Brazil has been improving. He has also pointed out that now there are many national shipyards with foreign shareholders, which helps to reduce failure in complying with schedules.

Atlantico Sul (EAS) shipyard, for example, has a partnership with IHI, a Japanese company, and is improving processes and absorbing the Japanese experience for the development of welding systems for automation, finishing and dimensional control accuracy.

<http://www.portosenavios.com.br/industria-naval-e-offshore/25530-promef-tem-14-petroleiros-em-construcao>

Shipbuilding Sector has loans approved for more than 400 projects

Since 2013, the Commercial Navy Fund's Board of Directors (*Conselho Diretor do Fundo da Marinha Mercante - CDFMM*) has gathered four times to approve the delivery of R\$ 30.3 billion (US\$ 13.4 billion) for the presented projects. 430 projects have been submitted to the board's analysis and only one has been denied. According to the officer of the Commercial Navy Fund (FMM) of the Ministry of Transport, Gustavo Lobo, there is no lack of funds.

FMM has released R\$ 5 billion (US\$ 2.21 billion) in 2013. In the first semester of this year, R\$ 995.4 million (US\$ 441.17 billion) have been disbursed and funds tend to be higher in the second half of the year.

The FMM is the main fostering tool for the constructions and shipbuilding industries in Brazil. The funds enter the companies by means of governmental financial agents, including the Brazilian Development Bank (BNDES), Banco do Brasil, Caixa, Banco do Nordeste do Brasil (BNB) and Banco da Amazônia (Basa). Usually, shipyards and vessels are financed with funds of the Commercial Navy Fund up to 90%, while funds for equipment of the supply chain or oil platforms come from BNDES.



When a loan is approved by CDFMM, the company has one year to contract a financial agent (BNDES, BB, Caixa, BNB or Basa). The terms and loan conditions are regulated by the National Monetary Council Resolution No. 3828 and vary according to the type of construction, local content and the company. The grace period for the loan is four years and the maximum term is 20 years. The financing is adjusted by the Long Term Interest Rate (*Taxa de Juros de Longo Prazo - TJLP*) and the risk rate varies between 1% and 8.5% depending on the project and the local content.

<http://www.portosenavios.com.br/industria-naval-e-offshore/25506-setor-naval-tem-emprestimos-aprovados-para-mais-de-400-projetos>

Japan sees Brazil as a great investment opportunity

When Shinzo Abe, prime minister of Japan, visited Brazil on August 1, he said that Brazil represents a great investment opportunity for Japanese companies in the energy, oil and infrastructure sectors. In his brief statement to the press, Abe said that the current scenario has raised interests from Japanese companies. Furthermore, during at his visit, bilateral agreements were entered into between Brazil and Japan, including two loans from Japan to Brazil for the construction of eight (8) platform vessels hulls in the total amount of US\$ 500 million.

<https://br.financas.yahoo.com/noticias/abe-v-brasil-grande-oportunidade-investimento-170700563--finance.html>

Foreign Investment in Brazil reaches US\$ 5.8 billion in July and beats 2013

According to Brazilian Central Bank, the Direct Foreign Investments (*Investimentos Estrangeiros Diretos (IED)*) reached US\$ 5.898 billion in July, surpassing US\$ 5.212 billion registered in the same period last year. Such funds arising from abroad are considered as high quality investment by the market due to their long term and focus on productive sectors in Brazil.



<http://www.brasil.gov.br/economia-e-emprego/2014/investimento-estrangeiro-no-brasil-atinge-u-5-8-bilhoes-em-julho-e-supera-o-de-2013>

ANP increases projection for the pre-salt area

The National Agency of Petroleum, Natural Gas and Biofuels (ANP) has reviewed the estimate of recoverable oil in the Pau-Brasil area, in the pre-salt region of Santos, from 500 million to 2.5 billion barrels. There are 8 billion of barrels in situ (total volume of the reservoir). ANP's President, Madga Chambriard, who presented the new numbers in a meeting with agents of the oil and gas industry in Rio, also informed that the area may enter the second pre-salt bidding in 2016.

<http://www.valor.com.br/brasil/3645038/agencia-eleva-projecao-para-area-de-pre-sal#ixzz3BdmAYi00>

Giant Float helps to carry oil from pre-salt area to surface

One of the technological solutions to which Petrobras assigns the success of oil production in pre-salt area was created in Ilha do Fundão, in Rio de Janeiro. It is a giant float that has allowed Petrobras to safely install pipes which carry oil from the exit of wells on the seafloor to the platforms on the water surface. In the Santos basin, the movement of the sea is intense, which brings more difficulty to install and maintain the pipes in safety and stability conditions. Such situation had become a problem to Petrobras between 2010 and 2012, when the company needed to plan and prepare the wells connections in the area, which has the best pre-salt reservoirs. The flexible pipes which were used by the company and were more suitable for sea currents could not be adapted and approved within the required term. Risers, which are more rigid and more resistant, could break with the movement of the platforms.



<http://portosenavios.com.br/industria-naval-e-offshore/25639-boia-gigante-ajuda-a-levar-petroleo-do-pre-sal-a-superficie>

Growth of pre-salt will make ship industry earn US\$ 17 billion per year until 2020

According to the president of the Brazilian Association of Shipbuilding and Offshore Companies (Abenav), the growth of oil production in pre-salt area will increase the participation of oil and gas industry in 20% of GDP until 2020, and will help the ship and offshore industry to earn US\$ 17 billion per year.

<http://www.portosenavios.com.br/industria-naval-e-offshore/25543-expansao-do-pre-sal-fara-industria-naval-faturar-us-17-bilhoes-por-ano-ate-2020>

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