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## Oil & Gas Clipping

### **Infrastructure a priority for Brazil**

Marcio Holland, Economic Policy secretary of Ministry of Finance, informed that in 2013, R\$ 153 billion (US\$ 69.28 billion) had been invested in highways, railways, ports and airports, among others, and such investment might reach R\$ 265 billion (US\$ 120 billion) by the end of 2014.

<http://www.portosenavios.com.br/portos-e-logistica/24668-infraestrutura-deve-ser-a-prioridade-do-pais>

### **Brazil will be the world's 6<sup>th</sup> largest oil producer by 2035**

The president of Petrobras, Mrs. Graça Foster, stated on 2 June 2014 that by 2035, Brazil will be the world's 6<sup>th</sup> largest oil producer with a 6.1% participation in international production.

She further informed that in May, the production in the pre-salt layer corresponded to 22% of the total production of Petrobras during the period, and on 11 May 2014 Brazil reached the record production of 470 thousand barrels per day. Production from the pre-salt layer has increased tenfold from 2010 to 2014. In 2013, Petrobras invested US\$ 20 billion in exploration and production activities in the pre-salt, and by 2018 the total investment will be US\$ 102 billion.

12 more refineries are under construction in Brazil and two more are going to be built, which according to Mrs. Foster means that there will be oil supply for the national market and Brazil will also become an oil exporter.

<http://agenciabrasil.ebc.com.br/geral/noticia/2014-06/brasil-sera-o-sexto-produtor-de-petroleo-em-2035-disse-graca-foster>



## **638.44 million litres of biodiesel auctioned in the 37<sup>th</sup> Oil and Gas Bidding Round**

In the 37<sup>th</sup> Oil and Gas Bidding Round promoted by the National Agency of Petroleum, Natural Gas and Biofuels (“ANP”) in June 2014, 638.4 million litres of biodiesel were auctioned, with 99.6% of such volume arising from producers holding the seal of “Social Fuel”. Such seal was created by Decree No. 5.297, of 6 December 2004 which grants tax benefits to oil producers undertaking certain social obligations.

The total amount bid was R\$1.222 billion (US\$ 553 million) and the average price was R\$1.884 (US\$ 0.85) per litter. The diesel oil market expects the sale of 10.6 billion litters of B6 for the fourth quarter of 2014 and this 37<sup>th</sup> Bidding Round aims supplying biodiesel to the national market during the period of July and August of 2014.

<http://www.anp.gov.br/?pg=71076&m=&t1=&t2=&t3=&t4=&ar=&ps=&cachebust=1403086707130>

## **Bidding of solar and wind energy and biomass will be held on 10 October 2014**

The Ministry of Mines and Energy scheduled an auction for additional energy for 10 October 2014, in which energy from solar, wind and biomass sources will be contracted and delivered by 1 October 2017.

There will be separate auctions for each energy source and they will not compete with each other.

The bidding will also allow the participation of projects involving biomass of urban solid waste, biogas of landfills or bio-digesters of vegetable or animal waste, including sludge from sewage treatment plants.

The duration of such contracts will be 20 years and the energy will be contracted by quantity.



Companies interested in the bidding shall deliver relevant documents until 10 July 2014 to Empresa de Pesquisa Energética (EPE). EPE will not qualify projects whose capacity is below 5 MW.

<http://br.reuters.com/article/businessNews/idBRKBN0ED1VM20140602>

### **Petrobras: oil helps Brazilian GDP to reach 13%**

According to the Gas and Energy Officer of Petrobras, José Alcides Santoro, the participation of the oil and gas sector in the GDP of Brazil increased from 3% in 2000 to 13% in 2014.

He attributed the increase to the policy of local content which requires the use of a minimum percentage of Brazilian goods and services in the oil and gas exploration and production activities.

He advised that until 2020, Petrobras will contract 28 drilling rigs, 32 oil platforms, 154 platform supply vessels and 81 oil tankers built in Brazil. The investment plan of Petrobras is US\$ 220.6 billion from 2014 to 2018.

<http://economia.estadao.com.br/noticias/mercados,com-investimentos-da-petrobras-petroleo-avanca-para-13-do-pib-brasileiro,1513541>

### **Electric energy and oil attracts Chinese enterprises**

Chinese state-owned oil and gas companies have turned their attention to Brazil after the discovery of the Pre-Salt layer. The first substantial investments took place in 2010 when Sinopec acquired 40% of the Spanish company Repsol's operation in the country for US\$ 7.1 billion. Also in 2010, Sinochem, in a contract worth US\$3.07 billion, entered into a joint venture with Statoil over the so-called Peregrino field, located at Campos basin. In 2012, Sinopec has once again invested in the Brazilian market by purchasing 30% of Galp Energia's assets for US\$ 4,8 billion, which in fact meant the passport for the exploration of 20 oil blocks. At the end of 2013, two Chinese state-owned companies – China National Petroleum Corporation (CNPC) and China National Offshore Oil



Corporation (CNOOC) – each with 10%, participated in the consortium that won the bidding for the exploration and production of the first Pre-Salt block ever bid, the so-called Libra field. Currently, the Chinese produce 50 thousand oil barrels per day in Brazil, besides acquisitions in the domestic market. The most important purchase occurred through a triangular operation performed in 2010, in which the Development Bank of China made a loan of US\$ 10 billion to Petrobras, who, in exchange, undertook to supply two hundred thousand barrels/day to Sinopec for a period of 10 years. Also, the Chinese presence in the Brazilian market of electric power has been growing fast, especially in the segments of generation and transmission.

<http://portosenavios.com.br/industria-naval-e-offshore/24429-energia-eletrica-e-petroleo-atraem-empresas-chinas>

**According to the Petroleum National Agency – ANP, proven oil reserves are expected to double by 2022**

The current 15.6 billion barrels of proven oil reserves in Brazil are expected to double by 2022, said the Director of the ANP - Helder Queiroz. Given this scenario of oil reserves doubling, including many areas of the Pre-Salt layer, the ANP estimates indicate that by 2022 Brazil will be a net exporter with a volume of 1.5 to 1.8 million barrels of oil. Further, according to Petrobras, the Brazilian production of oil in 2014 is expected to increase by 7.5% compared to 2013.

<http://exame.abril.com.br/economia/noticias/reservas-provadas-de-petroleo-devem-dobrar-ate-2022-diz-anp>

**The Brazilian National Development Bank – BNDES predicts an additional R\$ 30 billion (US\$ 13.58 billion) in investment in the oil & gas market between 2014 and 2017**

The BNDES has mapped the investments predicted to take place during the period of 2014 - 2017 in various sectors of the Brazilian economy and concluded the amount shall reach R\$ 4.07 trillion (US\$ 1.84 trillion). The amount is slightly higher than the R\$ 3.98 trillion (US\$ 1.80 trillion) determined by a previous



study in October 2013. Among the sectors, the largest revisions were in favor of the oil and gas market, with an increase of R\$ 30 billion (US\$ 13.58 billion) in investments of a total of R\$ 488 billion (US\$ 220.98 billion) between 2014 and 2017. Another important sector that deserves emphasis is electrical energy which has expanded the planned investment by adding R\$ 16 billion (US\$ 7.24 billion) compared to the previous forecast for a total investment of R\$ 192 billion (US\$ 86.94 billion). The study presented by the BNDES has considered projects financed by the Bank, public concessions, public-private partnerships, among others.

<http://www.ecofinancas.com/noticias/bndes-preve-r-30-bi-investimento-petroleo-2014-2017>