

MAYER • BROWN

# Mayer Brown's 9th Annual Global Energy Conference

**PANEL II: INSIGHTS INTO TOP-NOTCH OIL/GAS  
PLAYS IN AFRICA AND BRAZIL**



# Brazil

## Oil & Gas

May 2014

Alexandre Chequer

*Partner*

Houston: + 1 713 238 2709

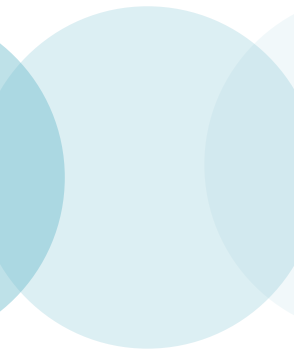
Rio: + 55 21 2127 4212

[AChequer@mayerbrown.com](mailto:AChequer@mayerbrown.com)

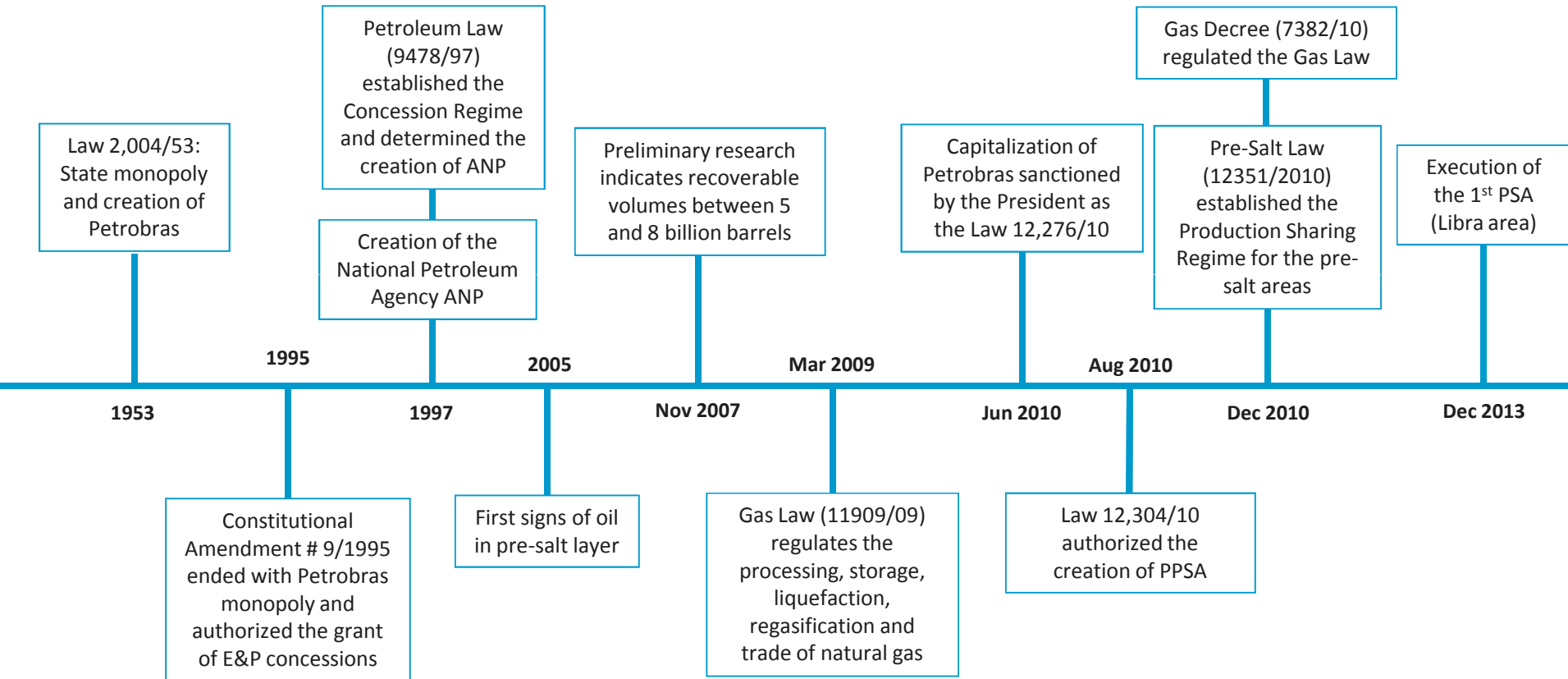
# Summary

---

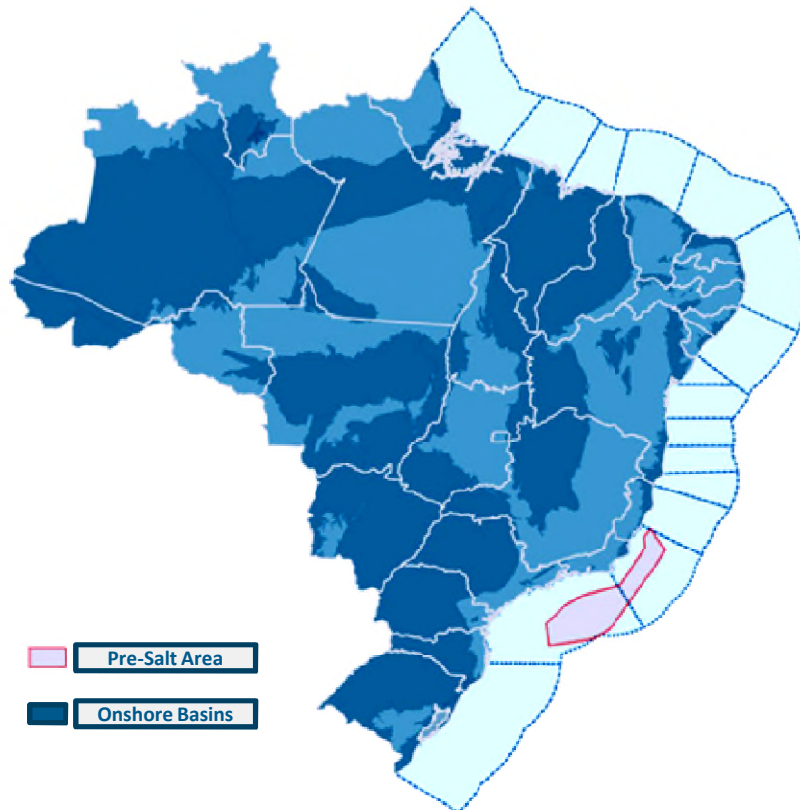
- Brazilian Oil and Gas Timeline
- Pre-Salt
- Comparison: Brazil Round 10 Vs. Brazil Round 11
- Farm-in/Farm-out Transactions
- Estimated Investments in the Following Years
- E&P Companies in Brazil
- Presidential Election



# Brazilian Oil and Gas Timeline



# Pre-Salt



## ➤ 1st Pre-Salt Round (2013)

- Libra Area (Santos Basin).
  - Estimated Reserves of up to 15 Bbbl.
  - Winning Consortium:
    - Petrobras (40% - Operator);
    - Shell (20%);
    - Total (20%);
    - CNOOC (10%); and
    - CNPC (10%).
  - Signing Bonus: 15 billion Reais.
  - Estimated Total Investment (35 years): US\$ 181.8 billion.
  - Profit Oil to the Government: 41.65%.
  - Exploratory Program submitted to ANP:
    - Drilling of 6 wells and 1 extended well test.

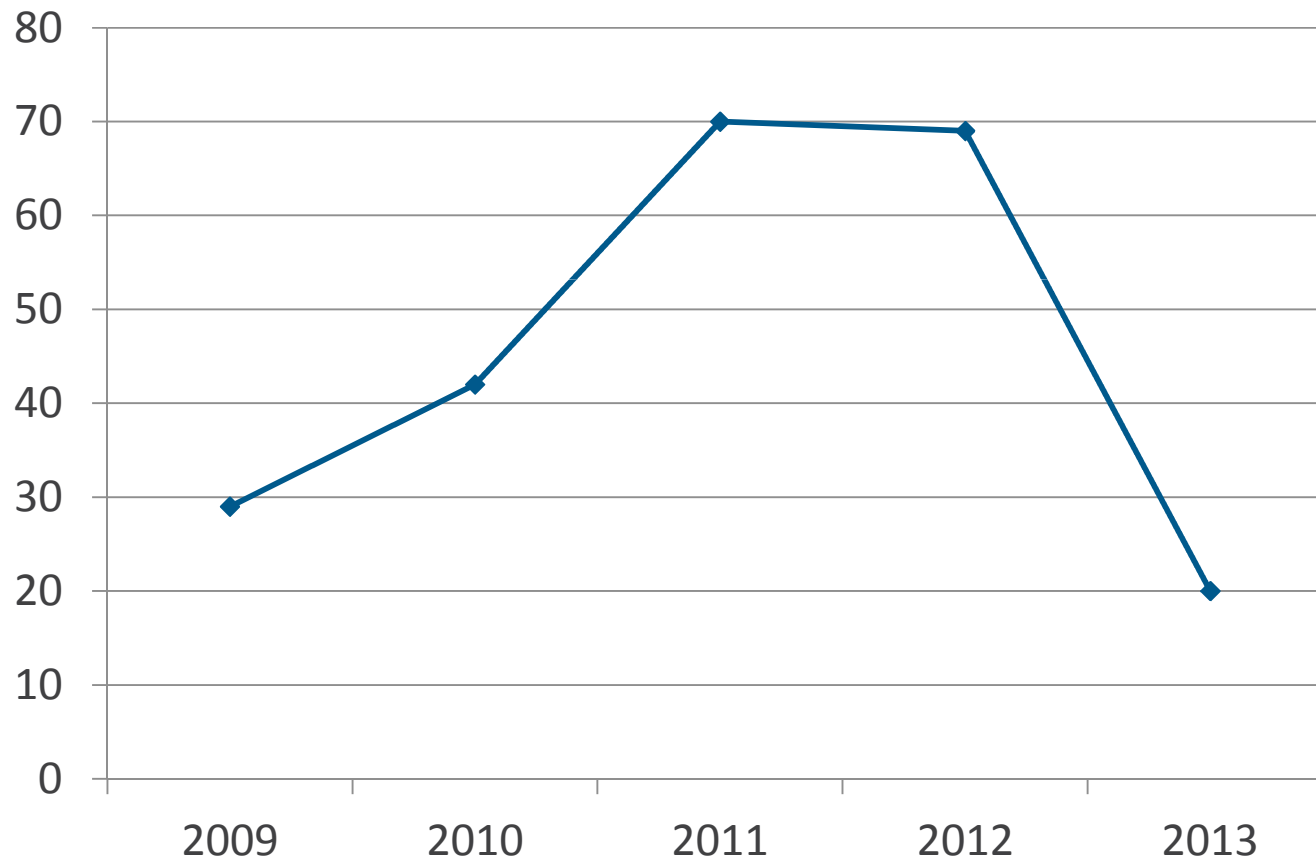
# Comparison: Brazil Round 10 Vs. Brazil Round 11

## ➤ Comparison Brazil Round 10 Vs. Brazil Round 11:

	Brazil Round 10	Brazil Round 11
<b>Date:</b>	December, 2008.	May, 2013.
<b>Number of Offered and Awarded Blocks:</b>	130 onshore blocks were offered and 54 were awarded.	289 onshore and offshore blocks were offered and 142 block were awarded (focus on the Equatorial Margin).
<b>Winning Companies:</b>	11 national and 6 foreigners. Attracted mainly small and medium size companies.	12 national and 18 foreigners. Attracted the majors.
<b>Investments:</b>	Raised approximately 700 million Reais: (i) 611,154,000.00 Reais in Signing Bonus; and (ii) 89,406,927.00 Reais in the Minimum Exploratory Program.	Raised approximately 9.7 billion Reais: (i) 2,823,205,650.00 Reais in Signing Bonus; and (ii) 6,902,399,200.00 Reais in the Minimum Exploratory Program.

# Farm-in/Farm-out Transactions

➤ Farm-in/Farm-out Transactions in the Last 5 years:



\*Source: ANP

# Estimated Investments in the Following Years

- US\$ 400 billion will be invested in equipments and services until 2020:

	FPSOs	Drilling Rigs	Oil Tankers
Currently	48	57	55
How Many More Are Needed?	68	65	65

\* Source: PWC – The Brazilian Oil & Gas Industry.

- Petrobras' Business Plan 2014-2018 – Total Planned Investment: US\$ 220.6 billion

E&P	US\$ 153.9 billion
Downstream	US\$ 38.7 billion
Gas and Energy	US\$ 10.1 billion
International	US\$ 9.7 billion
Biofuels	US\$ 2.3 billion
Distribution	US\$ 2.7 billion
Engineering	US\$ 2.2 billion
Other Areas	US\$ 1 billion



# E&P Companies in Brazil

- E&P Companies in Brazil

ExxonMobil



# Presidential Election

- Candidates:



Dilma Rousseff (PT)

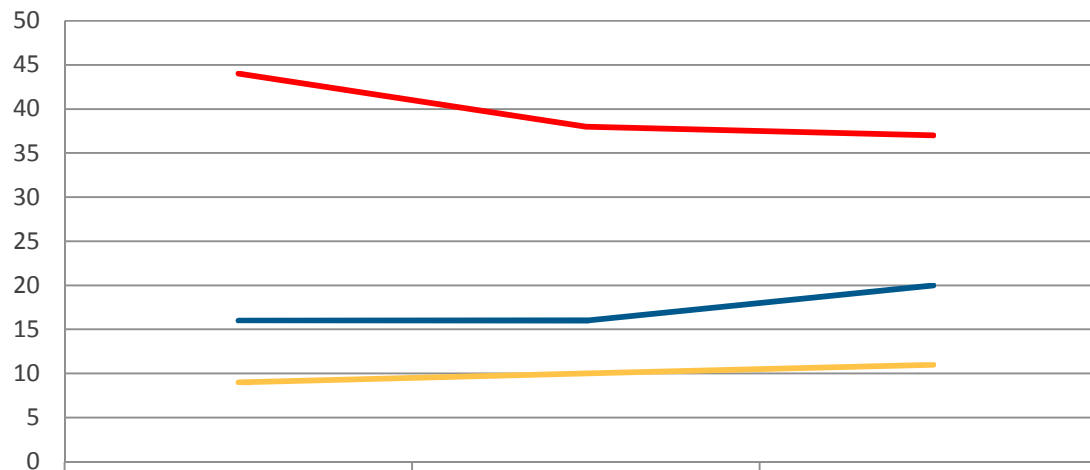


Aécio Neves (PSDB)



Eduardo Campos (PSB)

## Opinion Poll for the Presidential Election (%)



<span style="color: red;">—</span> Dilma Rousseff (PT)	44	38	37
<span style="color: blue;">—</span> Aécio Neves (PSDB)	16	16	20
<span style="color: orange;">—</span> Eduardo Campos (PSB)	9	10	11

\* Source: Datafolha.

# Presidential Election

---

## Scenario 1 – Dilma is elected

- Bid rounds under concession regime in 2015.
- Bid rounds in the pre-salt area in 2016.
- Petrobras may remain the operator in all pre-salt areas.
- Possible flexibilization of the government control over the gas prices.

## Scenario 2 – Aécio or Eduardo is elected

- Bid rounds under concession regime and in the pre-salt area will occur annually.
- Operatorship in the pre-salt areas will be opened to other companies.
- End of the government control over the gas prices.



**Thank you.**

# Global Energy Seminar

Mayer Brown 2014



# Global Energy Seminar

Mayer Brown 2014



# Global Energy Seminar

Mayer Brown 2014

- ❑ **Oil Activities in Angola Began in the 1960's**
- ❑ **After Angola Independence activities increased.**
- ❑ **Production Sharing Agreements adopted by Sonangol.**
- ❑ **From Four Concessions in the 1970's.**
- ❑ **Today there are 31 Concessions for Oil and Two for Gas.**
- ❑ **19 Operating Companies.**
- ❑ **11 Blocks With oil Production.**
- ❑ **21 Blocks Still Open.**



Fernando Santos

# Global Energy Seminar

Mayer Brown 2014

- ❑ 11 Pre-Salt Blocks licensed in 2011.
- ❑ Pre – Salt Oil Discoveries recently made.
- ❑ Possible Giant Reserves as in Brazil.
- ❑ Angolanization and
- ❑ Local Content are priorities
- ❑ Many Service Companies are established and more to come
- ❑ New License rounds were announced both for Onshore and Offshore.





# Global Energy Seminar

Mayer Brown 2014

- ❑ **Production is just under 2 million Bopd.**
- ❑ **Sonangol Intends to achieve 2 million Bopd in 2015.**
- ❑ **Maintain the rate of 2 Million Bopd for Five Years.**



Fernando Santos

# Global Energy Seminar

Mayer Brown 2014



- ❑ **Big Developments announced (Cahombo 17 billion USD).**
- ❑ **Others such as West Hub, Lianzi, Caco Gazela are on progress.**
- ❑ **On Shore Projects will follow shortly.**

**THANK YOU!!**

**Questions**