The Canadian Trade Commissioner Service

Everywhere you do business

The Brazilian Oil & Gas Sector

An overview

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Brazil

RORAIMA
AMAPÁ
AMAZONIA
PARÁ
MARANHÃO
CEARÁ
RIO GRANDE DO NORTE
PARAÍBA
PERNAMBUCO
ALAGOAS
SERGIPE
PIAUÍ
ACRE
RONDONIA
TOCANTINS
BAHIA
MATO GROSSO
DISTRITO FEDERAL
GOIÁS
MINAS GERAIS
ESPÍRITO SANTO
MATO GROSSO DO SUL
SÃO PAULO
RIO DE JANEIRO
PARANÁ
SANTA CATARINA
RIO GRANDE DO SUL

The Facts About the Oil & Gas Sector

- 2nd largest oil reserves in Latin America (after Venezuela)
- 16 billion/boe (proven reserves/SPE)
- Pre-salt estimated reserves 50 billion/boe
- Offshore proven reserves 93% (7% onshore)
- 2,7 million/bpd (mostly Petrobras)
- 112 million m3/day

Recent History of the Oil & Gas Sector

- Aug 1997 Petroleum Law sanctioned (ANP created)
- 1997 - Petrobras monopoly break (E&P)
- 1999 to date 13 exploration concession bidding rounds + first production sharing regime auction (Shell, Exxon, BP, BG, Total, Statoil, Chevron, CNOOC, etc…)

Recent History of the Oil & Gas Sector

- 2014 Car Wash Operation (corruption at Petrobras)
- 2015 (Feb) Petrobras CEO and 5 VPs resign
- 2016 (Aug 31) President Dilma impeached by Federal Congress on misconduct charges
- Challenging economic scenario (Brazil's Investment grade lost)
- Political transition

2016 Government Shift

- **Sep 2016** Vice-President Temer takes office
- Energy Ministry => market-oriented changes
- Petrobras CEO Pedro Parente starts restructuring
- Pre-salt regulatory framework revised (Petrobras no longer obliged to hold 30% stake)
- Local content rules revised (more flexible)
- ANP exploration bidding rounds 2017, 2018, 2019
- ANP bidding rounds revised rules
- Regulation for natural gas under review
- New policies for downstream

OPPORTUNITIES?

OPPORTUNITIES

Oil & Gas Future Production

Million barrels/day

Source: UCube September 2016

Source: Rystad Energy (UCube Sept 2016)

ANP Exploration Bidding Rounds 2017

14th exploration *concession* bidding round (287 blocks onshore and offshore) (road shows in US, UK, China, Arab Emirates, Singapore and Australia)

2nd and 3rd *pre-salt* bidding rounds (*production-sharing*)

anp
Agência Nacional do Petróleo

Local Content

New local content policy

Offshore

Onshore

Brazil's Pre-salt

Gigantic offshore reserves

Light Oil

Low exploratory risk (high success rates)

Petrobras

Shell, Total, BG, CNOOC, Repsol Sinopec

Brazil's Pre-salt

Production (boepd)	
2014	0.60 million
2015	0.95 million
2016	1.27 million
2017	1.54 million

High productivity: 30 k bbld/well

Source: ANP

Petrobras' Topazio Project

- Petrobras withdrawing from the onshore segment
- Sector's long time claim
- Ongoing sale of 95 onshore ***producing fields*** across the country
- Total of 35 thousand/bpd
- 1,4 million m3 natural gas
- Launched in March 2016
- Ongoing opportunity

Petrobras Divestment

Statoil — Strategic Partnership with Statoil

TOTAL — Strategic Partnership with Total

galp energia — Strategic Partnership with Galp

Source: Petrobras

MME Market-Oriented Policies

Mines and Energy Ministry MME

New policies, regulation under review

downstream(refining)

Natural gas market

Minas e Energia

BRASIL

UM PAÍS DE TODOS

Exploração & Produção

REATE

Gás Natural

GÁS PARA CRESCER

Combustíveis e Derivados de Petróleo

Combustível Brasil

Biocombustíveis

RenovaBio

Petrobras' 2017-2021 Investment Plan

Source: Petrobras

Petrobras' 2017-2021 Investment Plan

Petrobras is intensifying its partnerships...

...with operators

...with service companies

...with research institutions

Source: Petrobras

RIO

THANK YOU!

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