

General aspects of the Concession Agreement under the new model

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General aspects of the Concession Agreement under the new model

- **Basic Concession Contract model remains the same**
 - Investments at Concessionaire's own expense and risk
 - Minimum Work Obligations linked to financial guarantees
 - Pre-defined duration
 - Concessionaires responsible for their own and their contractors activities

General aspects of the Concession Agreement under the new model

- **Obligatory environmental licensing for each activity developed**
- **Adoption of oil industry best practices**
 - Environment protection
 - Operational Safety
 - Conservation of oil resources
- **Concession Contract covers Exploration and Production Phases**

General aspects of the Concession Agreement under the new model

- **Exploration Phase**
 - Partial relinquishment of blocks during the Exploration Phase no longer exists
 - Relinquishment of 100% of the block after a pre-defined period
 - Possibility of extending the period for evaluation of late discoveries

General aspects of the Concession Agreement under the new model

- Duration of the Exploration Phase

ONSHORE

Basin	Exploration Phase (years)	Technical Qualif. required
Potiguar	2+2	C
Recôncavo	2+2	C
Espírito Santo	2+2	C

* additional years - MW O of 1 exploration well

- Duration of the Exploration Phase**

OFFSHORE - SHALLOW WATERS

Basin	Exploration Phase (years)	Technical Qualif. required
Barreirinhas	5+1	B
Campos	4+1	B
Espírito Santo	5+1	B
Foz do Amazonas	5+1	B
Santos	4+1	B

* additional year - MWO of 1 exploration well

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- Duration of the Exploration Phase**

OFFSHORE - DEEP WATERS

Basin	Exploration	Technical
	Phase (years)	Qualif. required
Campos	5+2	A
Jequitinhonha	6+2	A
Pelotas	6+2	A
Santos	5+2	A

*additional years - M W O of 1 exploration well

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- **Minimum Work Obligation (MWO)**
 - Exploration program defined by the companies and offered as a criterion for the judgement of the bids, in Work Units
 - **Bids without a MWO shall be disqualified**
 - **exploration work to be considered**
 - 2D and 3D seismic
 - exploration wells
 - gravimetric surveys (only for onshore blocks)
 - metric aeromagnetic surveys (only for onshore blocks)
 - geochemistry surveys (only for onshore blocks)

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• Work Units

WORK UNITS (WUs)							
BASINS/ SECTORS OFFERED	Exploration well (WU/well)	2D seismic (WU/km)	3D seismic (WU/km ²)	Potential fields data (WU/Bloco)	Geochemistry (WU/Block)	Minimum depth	Financial guarantee – First Exploration Period (US\$/WU)
Barreirinhas - SBAR-AR2	1.000	0,16	0,8	0	0	Gr. Canárias	6.000
Campos - SC-AR2 and SC-AR3	1.000	0,16	0,8	0	0	Fm. Macaé	6.000
Espírito Santo (offshore) – SES-AR1 and SES-AR2	1.000	0,16	0,8	0	0	Fm. Urucutuca	6.000
Foz do Amazonas - SFZA-AR1 and SFZA-AR2	1.000	0,16	0,8	0	0	Fm. Amapá	6.000
Santos - SS-AR3 and SS-AR4	1.000	0,16	0,8	0	0	Fm. Guarujá	6.000
Campos - SC-AP1	1.000	0,08	0,40	0	0	Fm. Ubatuba/Mb Tamoios	12.000
Pelotas - SP-AP3	1.000	0,08	0,40	0	0	Fm. Imbé	12.000
Santos – SS-AP4	1.000	0,08	0,40	0	0	Fm. Itajaí-açu	12.000
Jequitinhonha - SJ-AP	1.000	0,08	0,40	0	0	Fm. Urucutuca	12.000
Potiguar (onshore) - SPOT-T2, SPOT-T3, SPOT-T4 and SPOT-T5	1.000	10	50	10	10	Fm. Açú	1.000
Recôncavo - SREC-T2	1.000	10	50	10	10	Gr. Ilhas	1.000
Espírito Santo (onshore) - SES-T2, SES-T4 and SES-T6	1.000	10	50	10	10	Fm. Mariçu	1.000

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- **Minimum Exploration Program**
 - value of financial guarantees proportional to the number of Work Units
 - insurance-guarantee mechanisms for inclusion in the Final Tender Protocol are being studied

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- **Minimum Exploration Program**

- spec work accepted for compliance with proposed MEP in accordance with the “reduction factor”
 - stimulates the acquisition of new data, without ignoring the value of data already acquired
 - accepted surveys
 - onshore: 2D, 3D, potential methods and geochemistry
 - offshore: 2D in transition zone and 3D in any depth of water
- year of grace for blocks in mature basins will be eliminated

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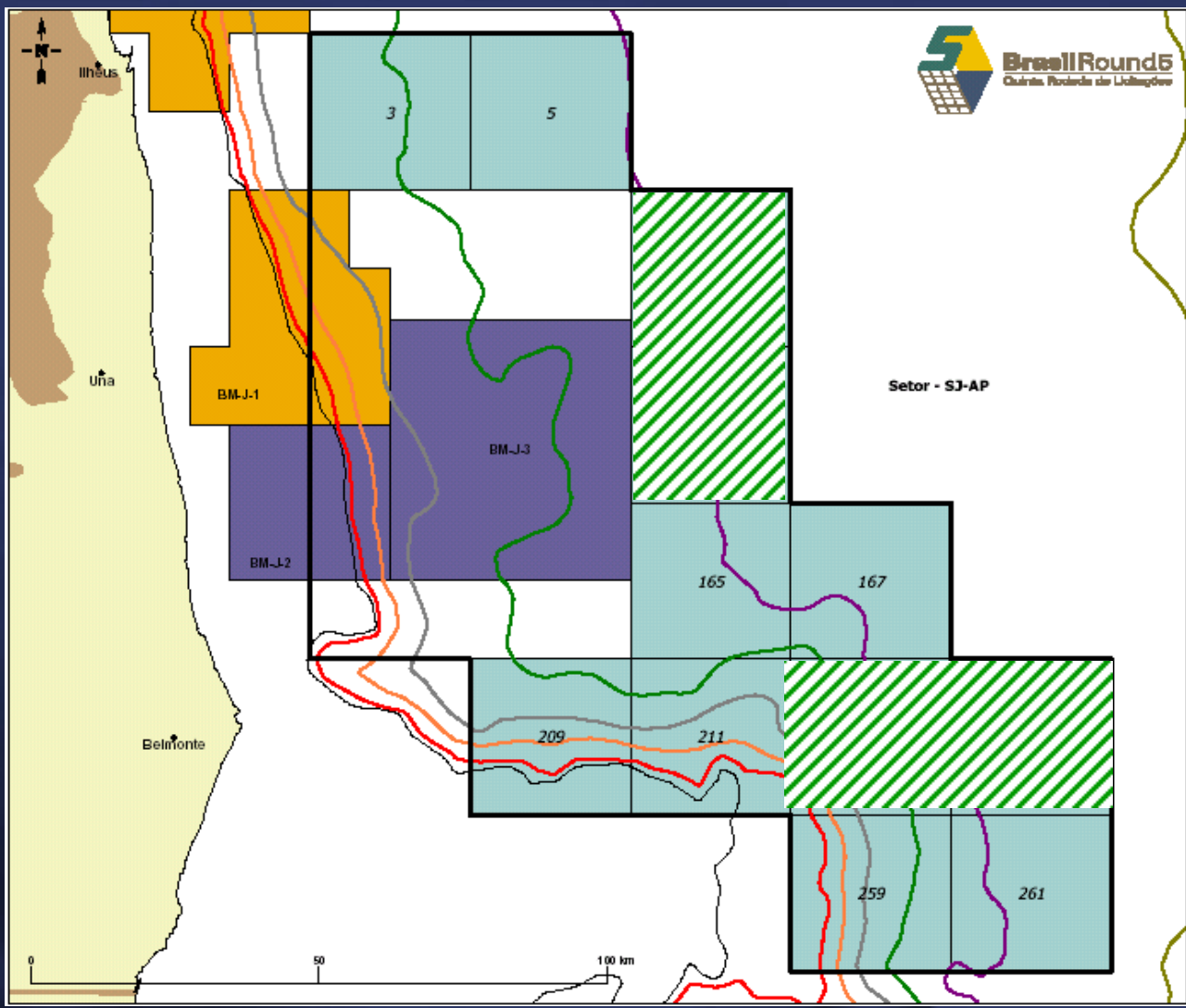
- Acquisition of non-exclusive data - Reduction Factor

TIME BETWEEN THE DATA ACQUISITION OPERATION AND THE BIDDING CONFERENCE	REDUCTION FACTOR
0-1 year	1
1-2 years	0,9
2-3 years	0,8
3-4 years	0,7
4-5 years	0,6
5-6 years	0,5
6-7 years	0,4
7-8 years	0,3
8-9 years	0,2
9-10 years	0,1
>10 years	0

General aspects of the Concession Agreement under the new model

- **Management of the Concession Contract**
 - blocks in the same sector, bid for in the same round, having the same consortium composition are grouped in a sole Concession Contract, with various objects (blocks) individually negotiable
 - One financial and performance guarantee for the various blocks
 - Annual Work Program, notifications, etc. delivered by Contract

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Blocks awarded to the same consortium - unified under the same Contract

- **IBAMA licenses:**
 - Offshore activities
 - Activities which impact on more than one State
 - Activities on land belonging to the Union or subject to federal jurisdiction
- **State environmental bodies license activities where the impact is restricted to the State territory**
- **Obligatory licenses for each activity**
- **Outside the ambit of ANP attributions**

- **Connection with IBAMA**
 - environmental sensitivity evaluation of blocks in Brasil Round 5 will be presented 6 months before the bidding conference
- **Exclusion of indigenous and environmental protection areas from the blocks being offered**
- **Inspection for compliance with best oil industry practices**
- **Issuing of Directives preceded by virtual public hearings**
- **Suspensions, fines and penalties**
- **Verification of environmental licenses**



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Brasil Round5
Quinta Rodada de Licitações



Brasil Round 3



Bidding Rounds Results

- **Brasil Round 1 (1999)**
 - 12 blocks awarded
 - Average Local Content:
 - 25% Exploration Phase
 - 27% Development Stage
 - 11 winning companies

Bidding Rounds Results

- **Brasil Round 2 (2000)**
 - 21 blocks awarded
 - Average Local Content:
 - 41% Exploration Phase
 - 47% Development Stage
 - 16 winning companies

Bidding Rounds Results

- **Brasil Round 3 (2001)**
 - 34 blocks awarded
 - Average Local Content:
 - 27% Exploration Phase
 - 38% Development Stage
 - 22 winning companies

Bidding Rounds Results

- **Brasil Round 4 (2002)**
 - 21 blocks awarded
 - Average Local Content:
 - 39% Exploration Phase
 - 54% Development Stage
 - 14 winning companies

Bidding Rounds Results

- **Four Rounds already staged**
 - 77 qualified companies from distinct economic groups
 - 48 companies presented bids
 - 42 winning companies in at least one block
- **More than R\$ 1.5 billion collected in signature bonus and participation fees**
- **Investments of R\$ 3.2 billion (Minimum Exploration Program) from 2002 to 2006**

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