

# Oil and Gas Regulation in Brazil

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Diretor

March 30<sup>th</sup> 2022





History, Legal and Institutional Framework

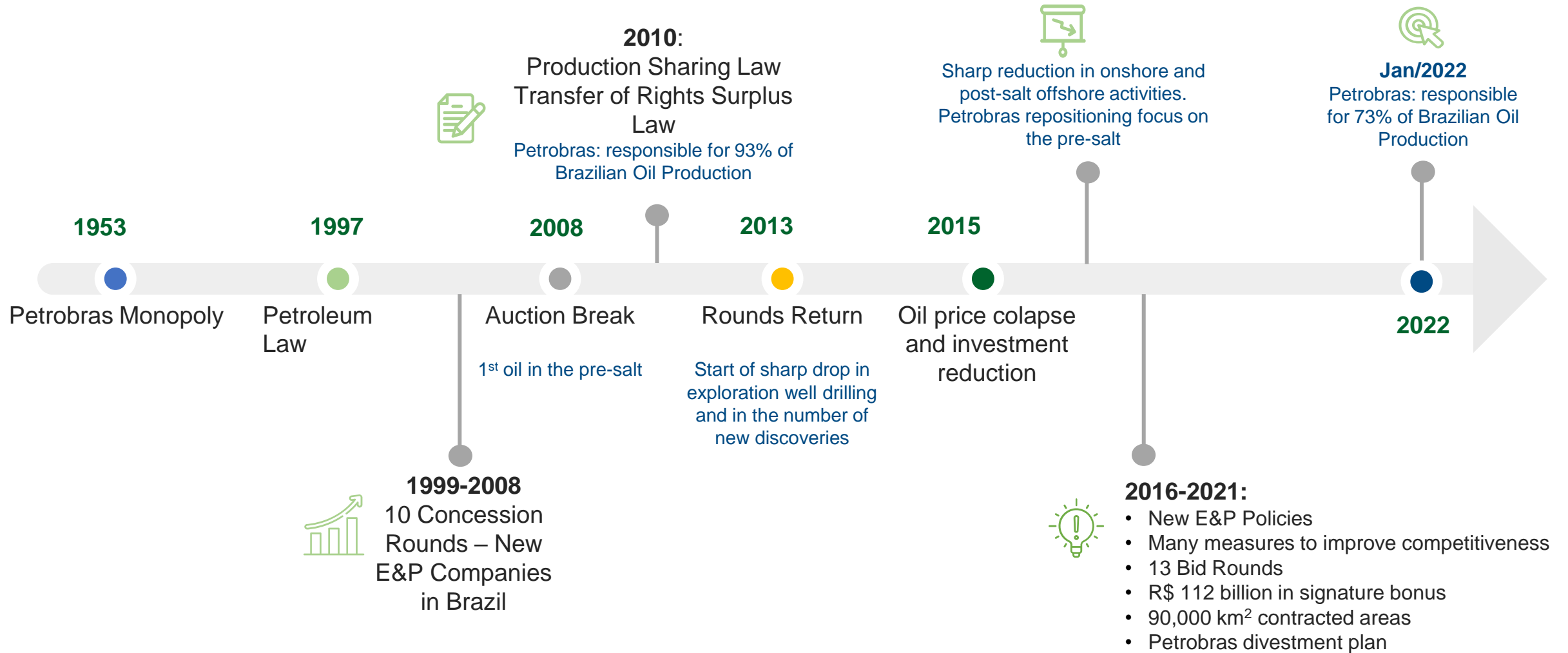
Regulation

Contract

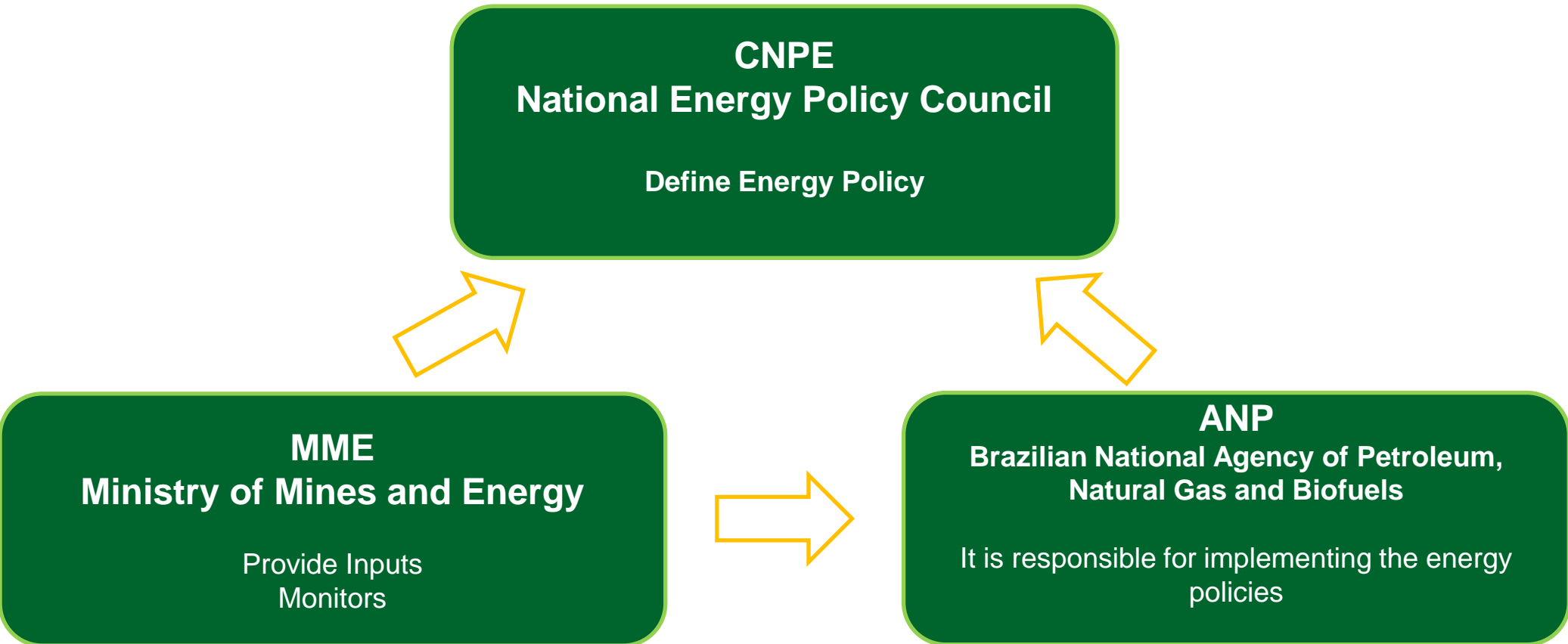
Inspecting

# E&P History in Brazil

From a monopoly toward an open market



# Brazilian Regulatory Framework for the Oil Industry



ANP is the **regulatory body** for the oil, natural gas and biofuels industry in Brazil



## Regulate

Establish the regulation of the oil, natural gas and biofuels industry. ANP must assure **free competition, national supply, and consumers protection** in terms of price, quality and product offer



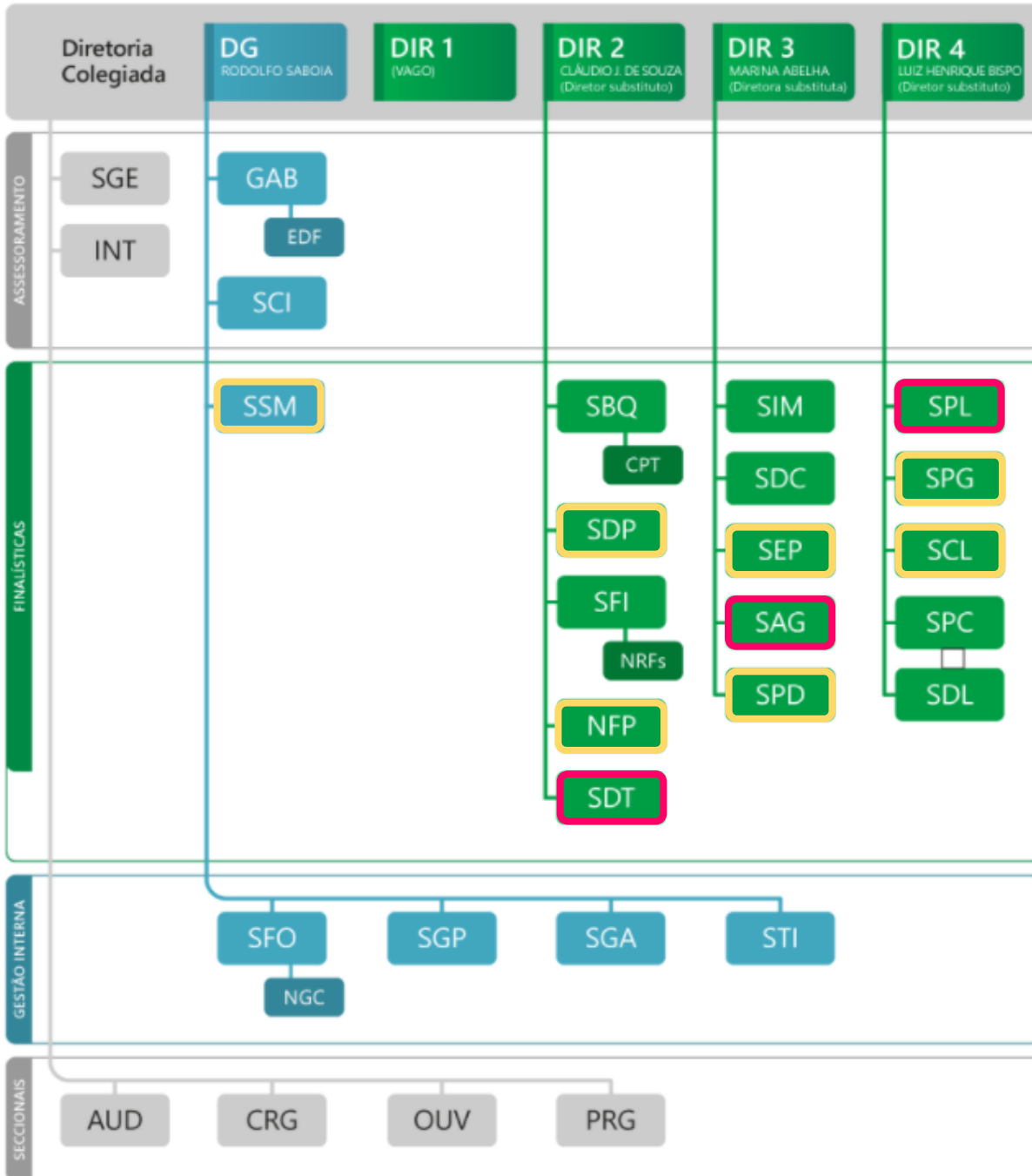
## Contract

Grant **authorizations** for the O&G and biofuels activities; to promote **E&P bidding rounds** and **sign contracts** on behalf of the Federal Estate.



## Inspect

Enforce the standards and rules by the regulated industry. It covers the administrative process, judgment and sanction.



# Internal Organization

SAG – Geologic and Economic Evaluation

SDT – Technical Data

SPL – Licensing Rounds Promotion

SEP – Exploration

SDP – Development & Production

SSM – Operational Safe and Environment

SPD – Research & Development

SPG – Government Shares

SCL – Local Content

NFP – Metering Production

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#1

Regulation

# Main Legal Framework (I)

Prospecting and exploitation of deposits of petroleum and natural gas and of other fluid hydrocarbons deposits are monopoly of the State; and the State may contract E&P activities with domestic and foreign companies).

Art 177 of the Federal Constitution

Petroleum Law created the National Energy Policy Council (CNPE) and the National Agency of Petroleum, Natural Gas and Biofuels (ANP).

CNPE is responsible for: set the pace of hiring, observing the energy policy and the domestic industry capacity for the supply of goods and services; set the blocks which will be part of bidding and to authorize the ANP promote the bidding rounds.

ANP is responsible for: to elaborate the tender protocol and the model of agreement, promote bidding rounds, sign the agreements with the bidding winners, as well as regulate and to supervise the activities of the sector.

Law 9,478/97



# Main Legal Framework (II)

Transfer of Rights is a regime of direct contracting of specific areas of petroleum of the Union for Petróleo Brasileiro S.A - Petrobras. The law granted Petrobras the right to extract up to five billion barrels of oil equivalent from non-granted areas located in the pre-salt.

Law 12,276/10

E&P transfer of rights surplus must be offered under the production sharing regime

Law 12,351/10

The ANP may conduct permanent offers of fields or blocks returned to the Union or offered in past bidding rounds but not awarded

CNPE Resolution  
17/2017

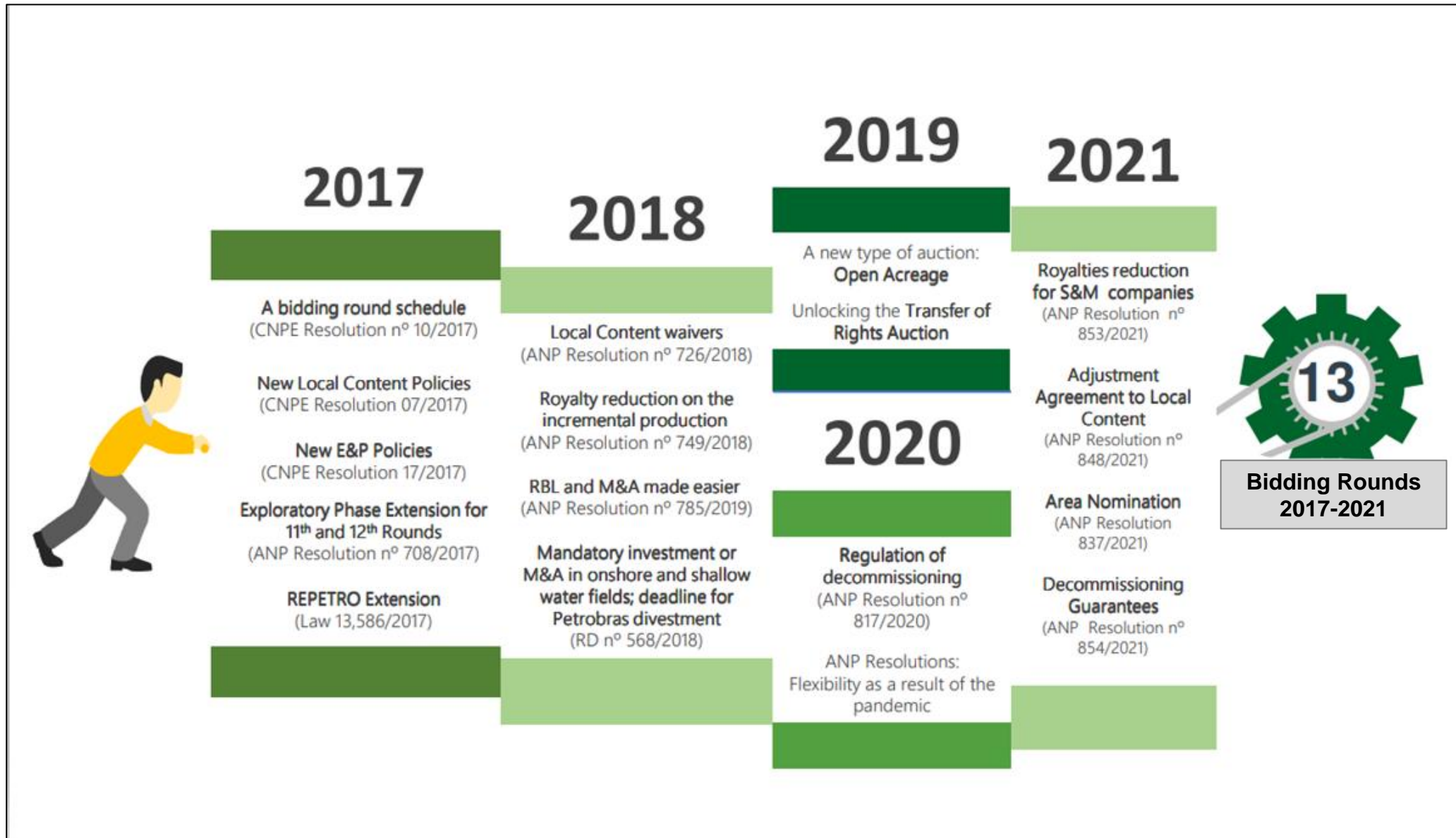
Establishes the procedures for bidding for blocks for the contracting of oil and natural gas exploration and production activities under the concession regime.

ANP Resolution 18/2015

Establishes the procedures for bidding for blocks for the contracting of oil and natural gas exploration and production activities under the production sharing regime

ANP Resolution 24/2013

# Regulation improvement to encourage E&P activities



#2

Contract

A light green circle with a subtle gradient and a soft shadow, containing the text 'Concession' in white. It is the first of three circles in a horizontal row.

**Concession**

A medium green circle with a subtle gradient and a soft shadow, containing the text 'Production Sharing' in white. It is the second of three circles in a horizontal row.

**Production  
Sharing**

A dark green circle with a subtle gradient and a soft shadow, containing the text 'Onerous Assignment' in white. It is the third of three circles in a horizontal row.

**Onerous  
Assignment**

# Concession



The concession regime was established by the Petroleum Law and has been successfully used in Brazil since the oil & gas market was opened for private companies.

Under the concession agreements entered into by the ANP and the oil companies (which win bid/auction proceedings), the exploration and production activities are undertaken **at the sole risk** of the concessionaires/ oil companies, **which will have ownership of the oil & gas produced**

In bidding under the concession regime, the consortium or company that achieves the best score in signing bonuses and the Minimum Exploratory Program wins.

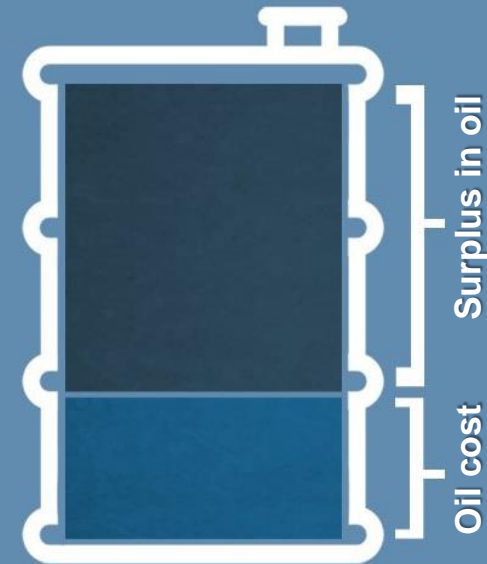
# Production Sharing



The production sharing regime was established by Law No. 12,351/2010 (the Pre-salt Law) and is applicable to pre-salt and strategic areas.

Under the production sharing regime, oil companies will bear all of the activity's risks – even though the oil & gas produced will be the federal government's property.

In the case of a commercial discovery, oil companies will recover the costs and investment made (i.e., the cost oil) and will be entitled to a percentage of the remainder of the production (i.e., the profit oil), in accordance with the provisions of the production sharing agreement (PSA) so executed with the government.



*Companies and the Government pay royalties on their respective production installments*

# Onerous Assignment

The Onerous Assignment Regime, which was created by Law No. 12,276/2010, authorized the Federal Government to onerously assign to PETROBRAS, the performance of hydrocarbon exploration and production activities in open acreage located in the pre-salt, up to a limit of 5 billion boe.



**Annual  
Regular  
Bidding  
Rounds**

**Open Acreage  
(Concession)**

**Open Acreage  
(Production  
Sharing)**





# Open Acreage

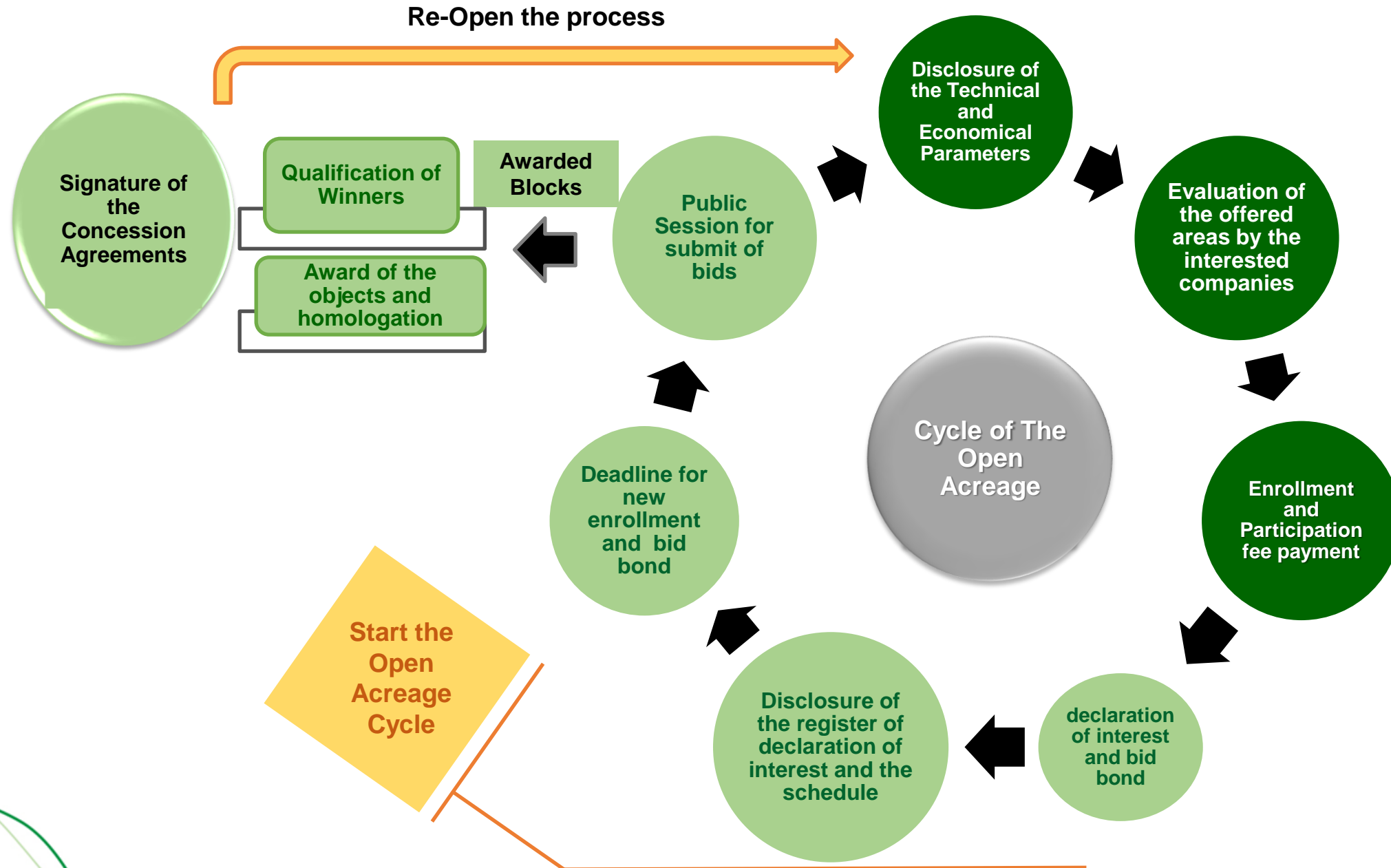
Continuous offer of blocks and mature fields.

Companies can bid on blocks not sold in previous auctions.

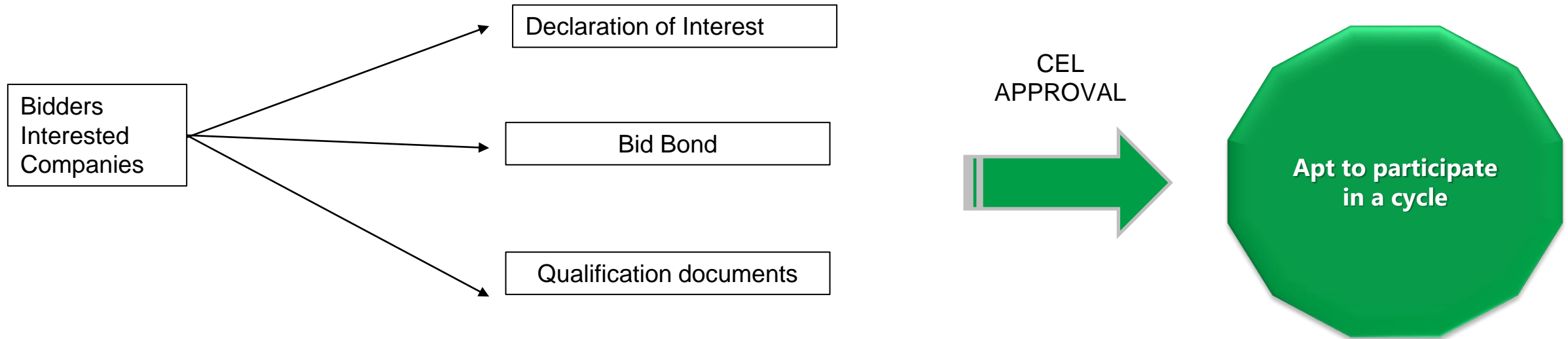
Applications can be submitted anytime and not just at designated points.

It will promote exploration activity in onshore areas where there are more small and medium size companies.

# Continuous Cycles of the Open Acreage Concession Offer



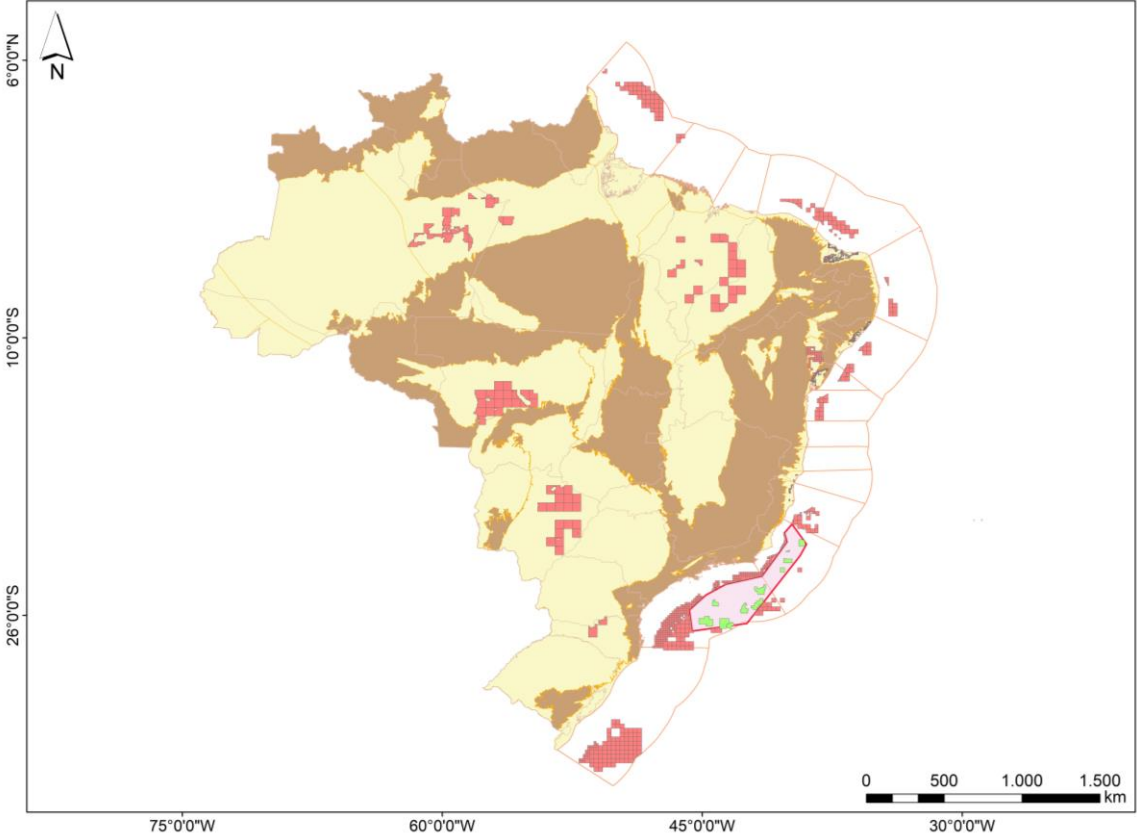
# Continuous Cycles of the Open Acreage under Production Sharing



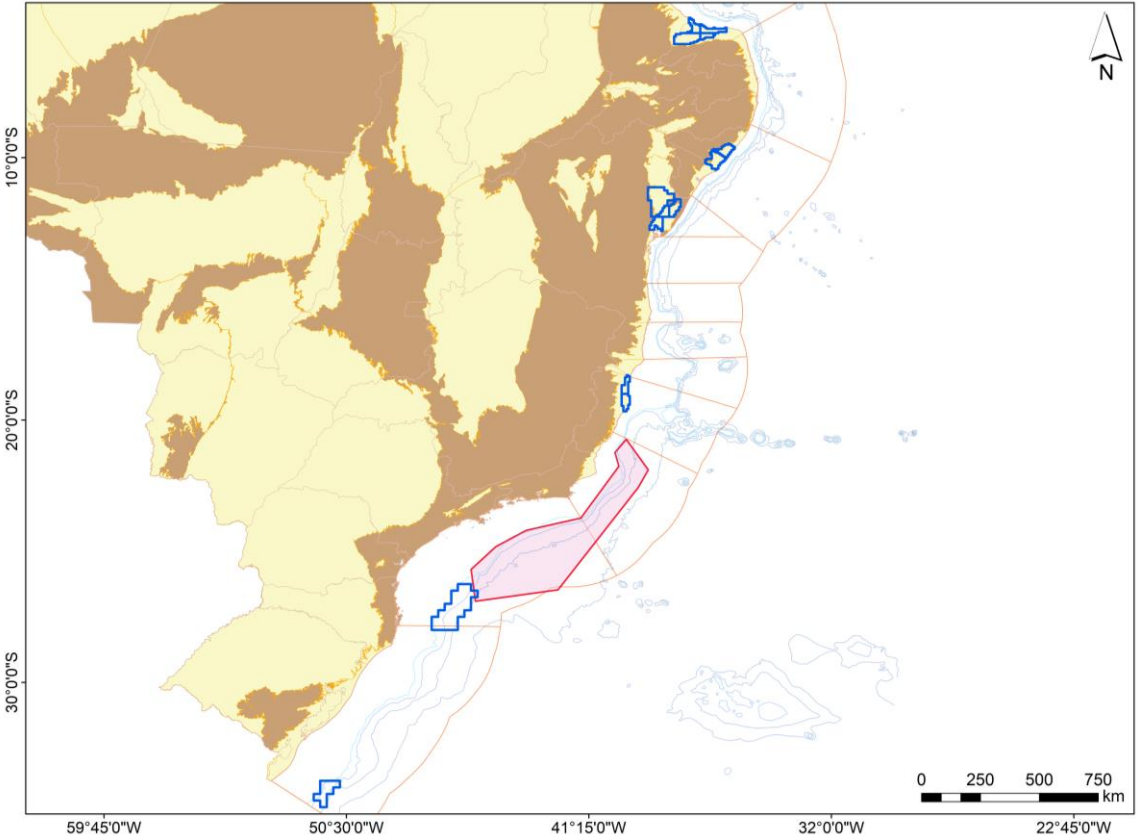
A public session for the presentation of offers takes place up to 120 days after the approval by CEL of one or more declarations of interest for any blocks or areas on offer. Upon approval, a new Open Acreage Cycle is opened and CEL publishes its schedule.

# Open Acreage under Concession Regime

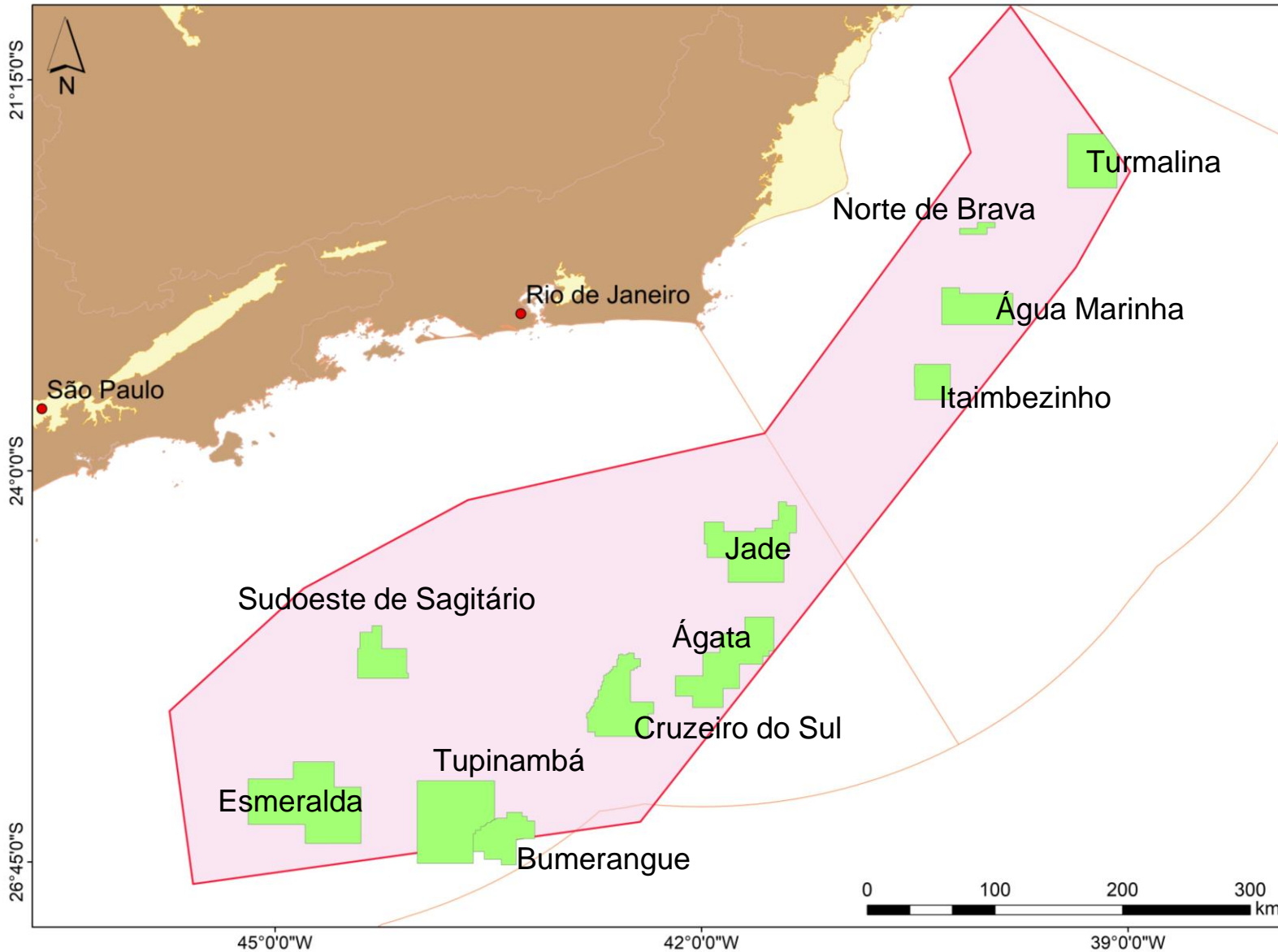
Blocks up for offer



3<sup>rd</sup> Cycle Open /Acreage  
Public Session: April 13<sup>th</sup> 2022



# Open Acreage under Production Sharing Regime - Pre-salt Areas



CNPE Resolution nº 26/2021 was published, which authorizes the bidding of 11 blocks in the Open Acreage system, under the production sharing regime, and approves the technical and economic parameters.

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#3

Inspecting

# Inspecting



Inspection of:

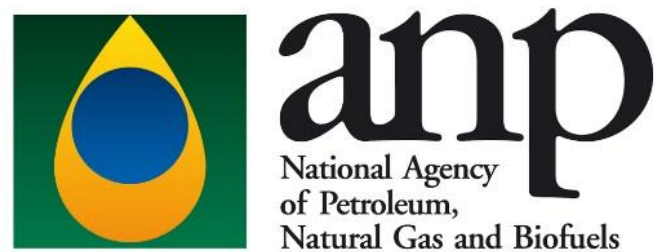
Operational Security Management  
System for exploration and production  
activities (E&P)

Inspecting of oil and natural gas  
production

Government Shares

Local Content

Supply Chain



<http://rodadas.anp.gov.br/pt/>

[www.gov.br/anp/pt-br](http://www.gov.br/anp/pt-br)

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