

# OTC BRASIL 2023

An event organized by IBP and OTC



## THE E&P SCENARIO IN BRAZIL: PERSPECTIVES FOR THE OPEN ACREAGE

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Licensing Rounds Promotion Superintendent





24<sup>th</sup> October



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- 📎 Forward-looking data, information, projections and opinions expressed during the presentation are subject to change without prior notice.

# Agenda

01	<b>Oil &amp; Gas Sector Overview</b>	
02	<b>Exploration &amp; Production Scenario</b>	
03	<b>The Open Acreage</b>	
04	<b>Final Remarks</b>	



**#1**

# Oil & Gas Sector Overview

# Brazil at a glance

Brazil plays a relevant role in the Global O&G Industry



The largest economy in **Latin America** 

Among the largest economies in the world

(Rank 12<sup>th</sup> in 2022 - 1,92 trillion USD - Austin Rating )

 **3<sup>rd</sup>** largest

recipient of **Foreign Direct Investment** in **2022** (85 billion USD - OCDE)

 **9<sup>th</sup>**

Largest **Crude Oil and Condensate** producer (BP Statistical Review 2022)

 **8<sup>th</sup>**

Largest **Oil Products Consumer** (BP Statistical Review 2022)

 **4<sup>th</sup>** Largest **automotive fuel market** in the World

A domestic market of over **214** million inhabitants

Among the **10** largest crude oil exporters in the world **9<sup>th</sup>**

Largest **Refinery Capacity** (BP Statistical Review 2022)

But still need to import diesel, gasoline, jet fuel and LPG


 **10<sup>th</sup>**


In sales of **petrochemicals** worldwide (Statista - 2021)


# Brazil in the energy transition

A country of plenty and diverse energy resources and one of the world's leading player in the energy transition  
 Brazil's electricity matrix is one of the cleanest in the world



 **47%**  
 Share of **primary energy from renewable sources, 2022**  
 World Average – 14% (MME)


 **4th**  
 Largest **share of primary energy from renewables**  
 1<sup>st</sup> – Iceland, 2<sup>nd</sup> Norway, 3<sup>rd</sup> Sweden (Our World in Data)

 **87%**  
 Share of **electricity production from renewables, 2022**  
 World Average – 28% (MME)

 **2<sup>nd</sup>**  
 Largest Producer and Consumer of **Biofuels**  
 (BP Statistical Review 2022)

 **3<sup>rd</sup>**  
 Largest **Hydropower** generation in 2021  
 (Our World in Data)

 **6<sup>th</sup>**  
 Largest **Wind Generation Capacity**  
 (GWEC 2021)

Less than **10**   
 kgCO<sub>2</sub>e/boe is the **carbon intensity in the pre-salt**

14 kgCO<sub>2</sub>e/boe is the offshore average in Brazil

Compared to OGCI average – 19 kgCO<sub>2</sub>e/boe

# About ANP

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.

ANP is responsible for **implementing the energy public policies**, but also **subsidizes**, technically, the **National Energy Policy Council**

# An industry of approximately 135 thousand regulated agents

ANP regulates from the well to the retail



**83**  
economic groups  
(45 nationals, 38 foreigners)

**5**  
NG Pipeline Operators

**2**  
Pipeline Operators for oil and liquid products

**70**  
Liquid Terminal Operators

**4**  
LNG Terminal Operators

**45**  
LNG/NG Importers

**9**  
Refining Operators

**3**  
NGPP Operators

**269**  
Ethanol producer companies

**49**  
Biodiesel producer companies

**6**  
Biomethane producer companies

**132.806**  
Retailers and Regulated Consumers

**286**  
Fuel distributors

**858**  
Importers and exporters

**160**  
Lubricant Producers and Re-refiners





**#2**

# Exploration & Production Scenarium

# Brazil is taking a leading role in the E&P sector




## Nowadays

**Production:** **3.4** Million bpd of **oil** production (Jul 2023)      **148** Million m<sup>3</sup>/d of **gas** production (Jul 2023)

**Reserves:** **14.9B** Bbl in proved **oil** reserves (Dec 2022)      **407B** m<sup>3</sup> in proved **gas** reserves (Dec 2022)

 **90B**  
USD **investments** forecast (2023-2027)

 **1.34**  
Million bpd of crude **oil export** (2022)

## Forecast

 **2025**

Potential to reach a production of more than

**4**  
Million bpd of **oil**

**195**  
Million m<sup>3</sup> of **gas**

# E&P in a glance



## Pre-Salt

World class Play – among the most competitive assets in deep waters

**75%** Of total O&G production  
**141** Producing wells  
**23k** Production average per well (boe/d)  
 Prod: **3.282 MM** boe/d

## Post-Salt

Offshore

**20%** Of total O&G production  
**407** Producing wells  
**2,212** Production average per well (boe/d)  
 Prod: **900 k** boe/d

## Onshore

Mature basins and new frontier basins (gas prone).

**5%** Of total O&G production  
**6,465** Producing wells  
**32** Production average per well (boe/d)  
 Prod: **210 k** boe/d

\*Aug 2023

**28<sub>B</sub>**

Equivalent O&G barrels produced to date

**345** Fields in development or production

**272** Exploration Blocks

**32** Discoveries under assessment

**88**

Billions of dollars Investment Forecast in Production 2023 – 2027

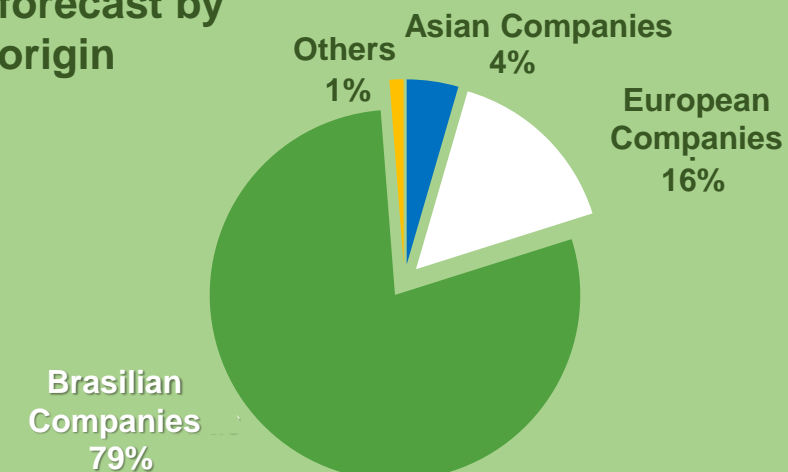
**4,3**

Billions of dollars in Investment Forecast in Exploration 2023-2027

**30,000+** Drilled Wells

**19,000+** Km of pipelines

Investment forecast by origin



# Brazil is poised to be one of the key sources of growth over the medium term

**BRAZIL** is home for the MAJORITY of FPSOs projects under development

**20 new production units** to start operation from 2023 to 2027



**2023**

Marlim 1

Marlim 2 ✓

Mero 2

Búzios 5

FSO Pargo

**2024**

Búzios 7

Mero 3

IPB – Parque das Baleias

Atlanta FDS

Bacalhau

**2025**

Búzios 6

Mero 4

Búzios 8

**2026**

Búzios 9

Búzios 10

**2027**

Albacora

Búzios 11

SEAP 1

SEAP 2

BM-C-33

*\*Non-Petrobras Operator*

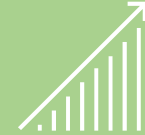
## E&P strategic goals



**RIGHT ASSETS IN  
THE RIGHT HANDS**



**INCREASE THE  
RECOVERY FACTOR**



**INCREASE  
EXPLORATORY  
ACTIVITIES**



**MAKE MARGINAL  
DISCOVERIES VIABLE**

We need to keep increasing **above ground competitiveness** in order to achieve our main goals

# Many measures have already been taken to encourage E&P activities

## 2018

**Local Content waivers**  
(ANP Resolution n° 726/2018)

**Royalty reduction on the incremental production**  
(ANP Resolution n° 749/2018)

**Reserve Based Lending**  
(ANP Resolution n° 785/2019)

**Mandatory investment or M&A in onshore and shallow water fields; deadline for Petrobras divestment**  
(RD n° 568/2018)

## 2019

**A new type of auction: Open Acreage**

**Unlocking the Transfer of Rights Auction**

## 2020

**ANP Resolutions: Flexibility as a result of the pandemic**

## 2021

**Royalties' reduction for S&M companies**  
(ANP Resolution n° 853/2021)

**Adjustment Agreement to Local Content**  
(ANP Resolution n° 848/2021)

**Area Nomination**  
(ANP Resolution 837/2021)

**Decommissioning Guarantees**  
(ANP Resolution n° 854/2021)

**All onshore data for free**

## 2022

**Marginal Fields Definition**  
(ANP Resolution n°877/2022)

**Well Offshore data for free**

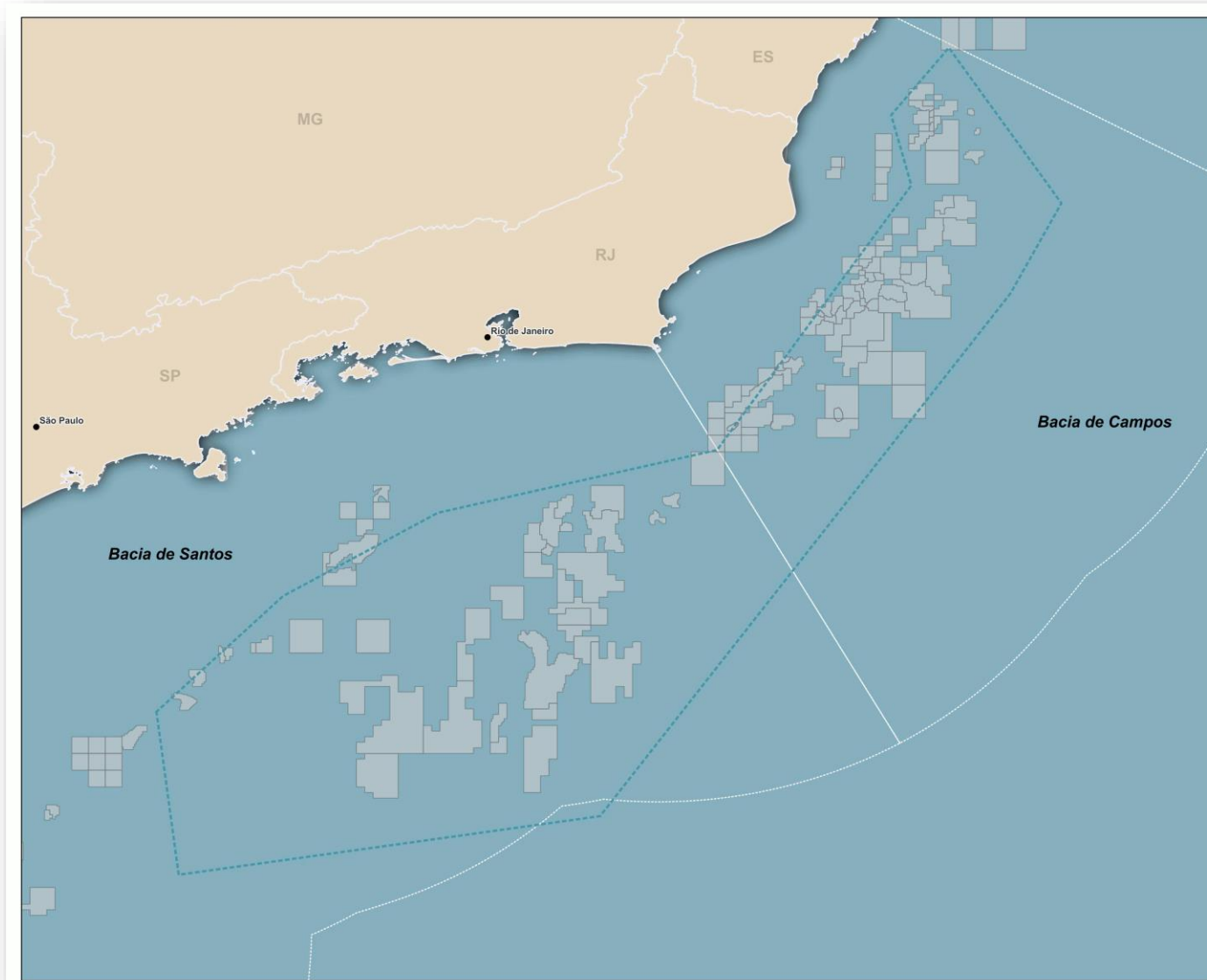
**Extension of the Exploration Phase for 18 months**  
(ANP Resolution n° 878/2022)



**Bid Rounds**  
**R\$ 124.5 B in signature bonuses**  
**(2017/2022)**



# Results from 2017 bidding rounds in Campos and Santos basins





**#3**

# The Open Acreage



# What is the Open Acreage?



The Open Acreage is the continuous offer of exploratory blocks and areas with marginal accumulations located in any onshore or offshore basins

## Two categories

PRODUCTION SHARING REGIME

CONCESSION REGIME



## ResoluTIONS CNPE nº 17/2017 e 27/2021



Authorizes ANP to define and auction blocks in any onshore or offshore basins and to conduct the open acreage process

Established the Permanent Offer system as the preferential system for bidding rounds for O&G

# Objectives of the Open Acreage

Expand Brazilian reserves and knowledge of Brazilian sedimentary basins

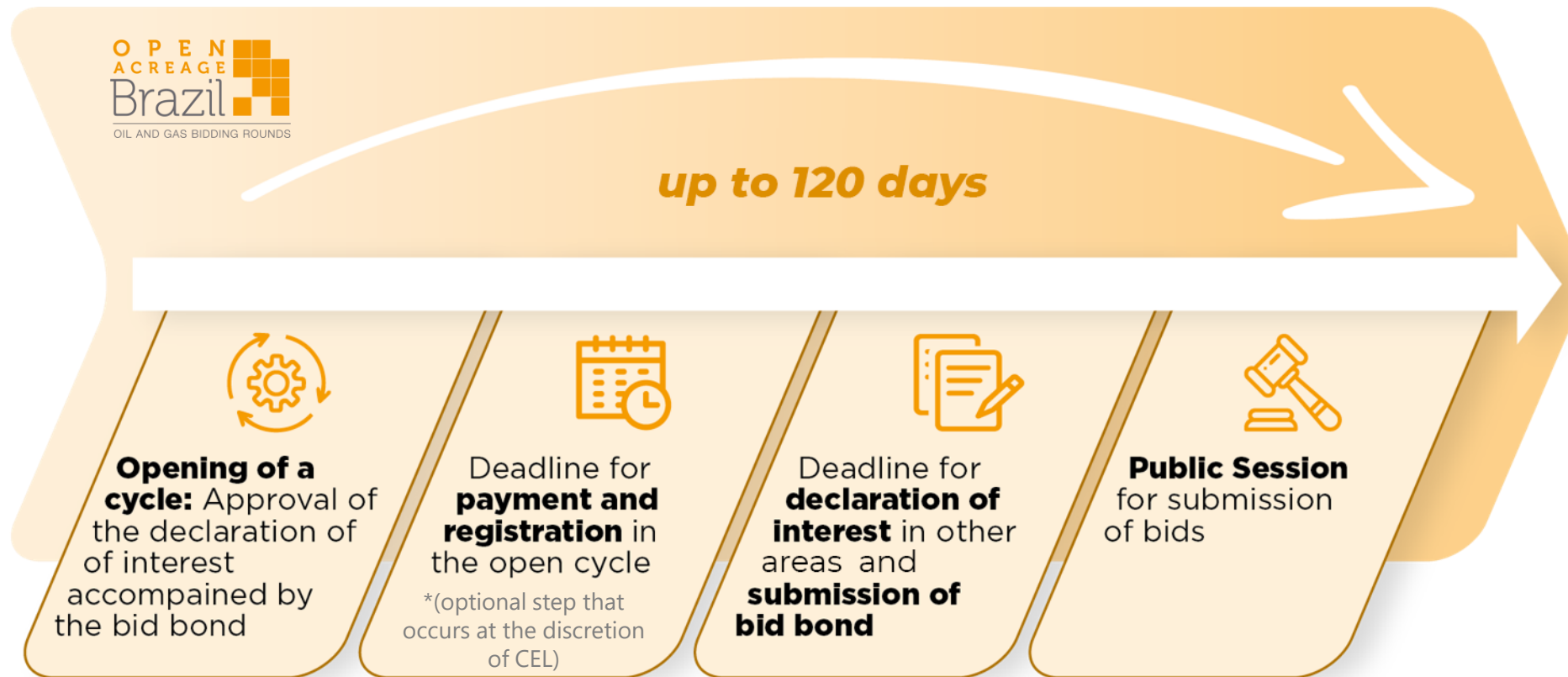


Bring opportunities to companies of different profiles and sizes

Decentralize exploratory investment in the country and increase the participation of small and medium-sized companies

## Opportunities in the Open Acreage

The Open Acreage allows the market to decide when bidding rounds will take place and what areas from the stock will be offered.



The schedules of the Open Acreage cycles starts with the approval of a declaration of interest submitted by a registered bidder accompanied by a bid guarantee.

# A Cyclical Mechanism

## Assessment by interested parties

Areas in stock available for Assessment, free download of various data



## Inclusion of areas

After Studies, Environmental Guidelines and Joint Manifestation MMA and MME Publication of the Notice

## Public Session

Public Offering Session held



## Registration

Permanent registration of bidders for the Permanent Offer



## Declaration of Interest

By registered company accompanied by Offer Guarantee



## Opening of the Cycle

Disclosure of the Schedule

# A Cyclical Mechanism

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Areas in stock available for Assessment, free download of various data



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## Public Session

Public Offering Session held



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Permanent registration of bidders for the Permanent Offer



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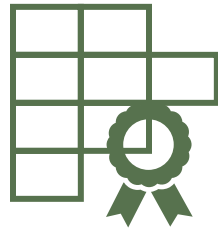
## Opening of the Cycle

Disclosure of the Schedule

# Contract Signature Process and Closure of the Cycle



Public Session



Awarded Blocks



Qualification of  
Winning Bidders



Signing of  
Contracts



Closure of the  
Cycle

OPEN  
ACREAGE  
Brazil  
OIL AND GAS CONCESSIONS

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# Stages of the 4<sup>th</sup> Concession Open Acreage Cycle



Registration for the Permanent Offer is open continuously



Opening of the 4<sup>th</sup> Cycle



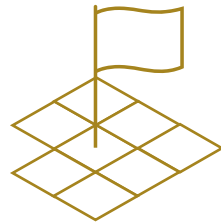
17/08/2023



New registrations for participation in the 4<sup>th</sup> cycle



end: 24/08/2023



Declaration of Sectors of Interest in stock



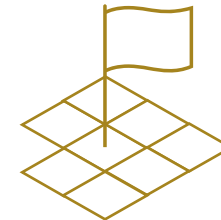
end : 28/09/2023



Disclosure of Sectors on Offer in the 4<sup>th</sup> Cycle



16/10/2023



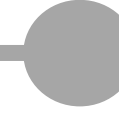
Declaration of Sectors of Interest on offer



end: 08/11/2023



Public Session



13/12/2023



Concluded



To be done



# Sectors on Offer 4<sup>th</sup> Cycle Concession

33

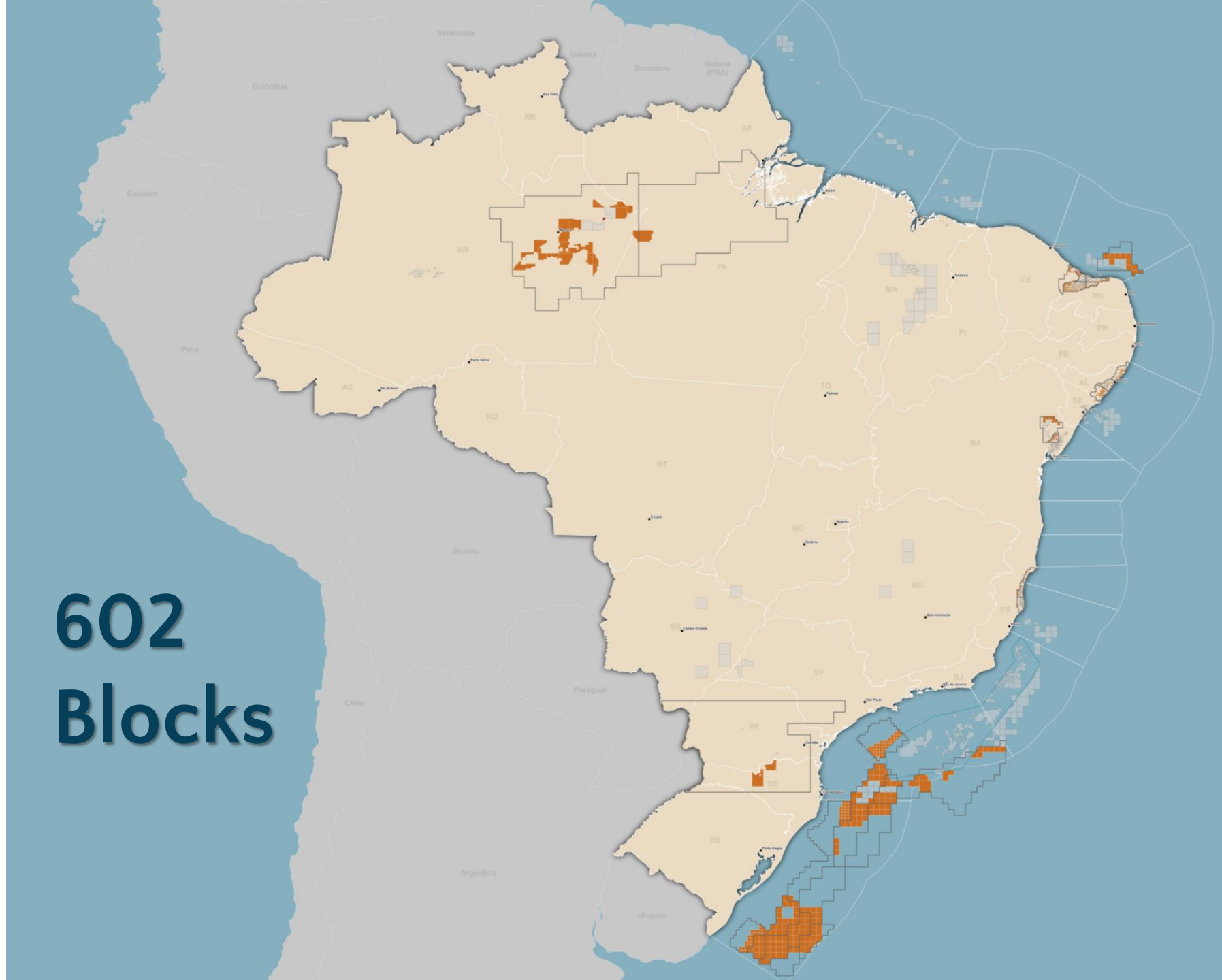
sectors with  
declaration of  
interest

+ Japiim

9

Sedimentary  
Basins

602  
Blocks



## Sectors on Offer Amazonas Basin

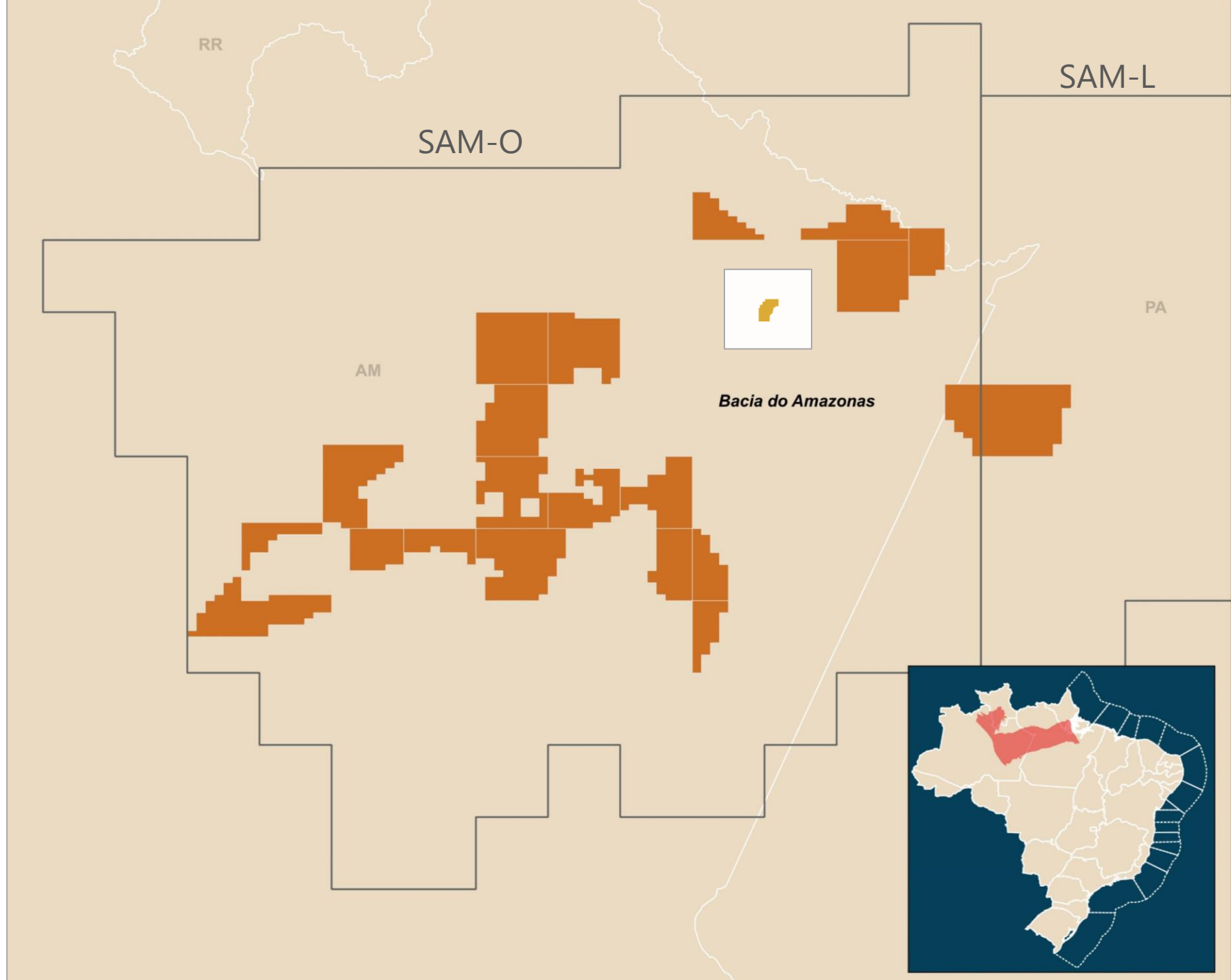
2

Sectors

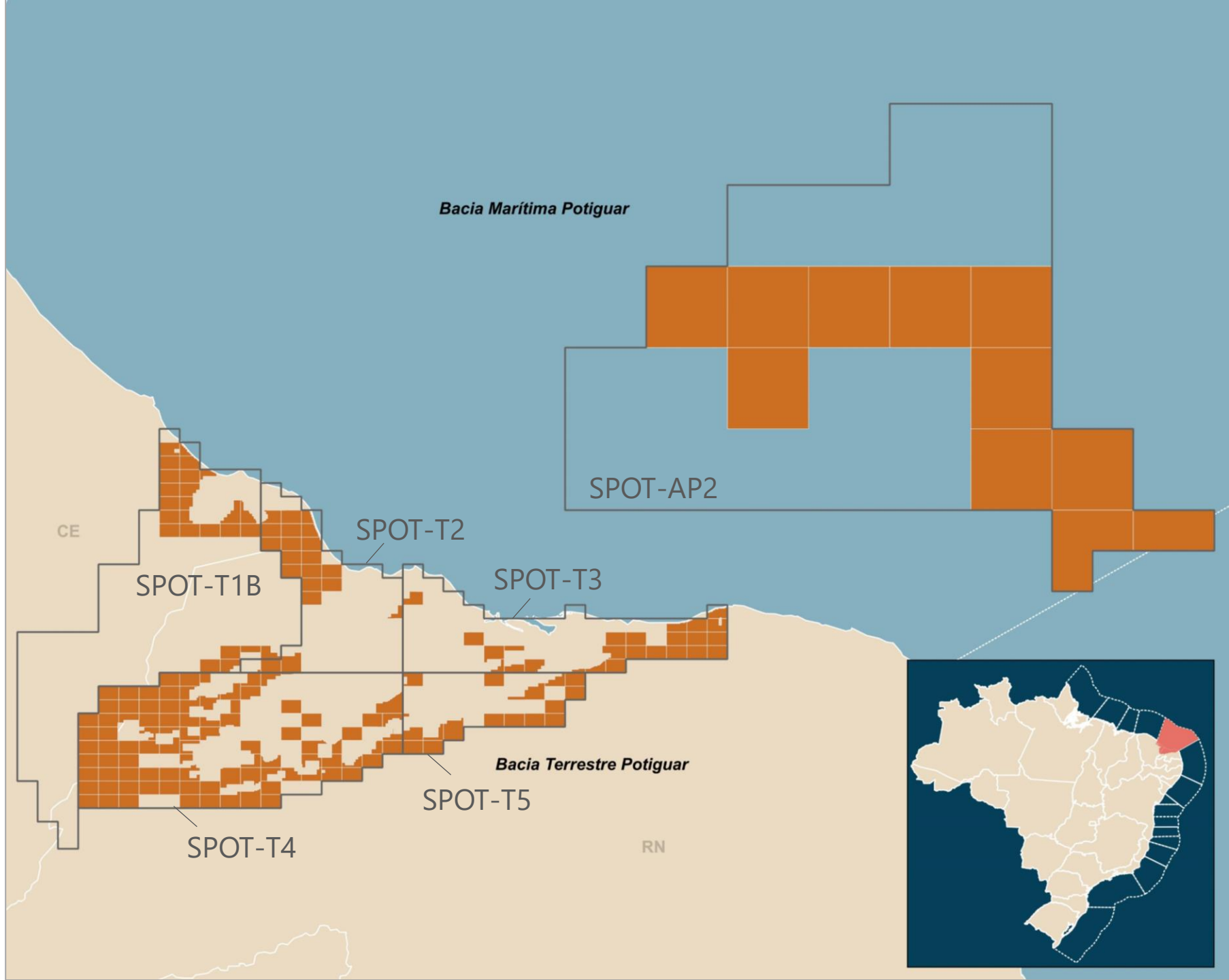
+ Japiim

21

Blocks



# Sectors on Offer Potiguar Basin



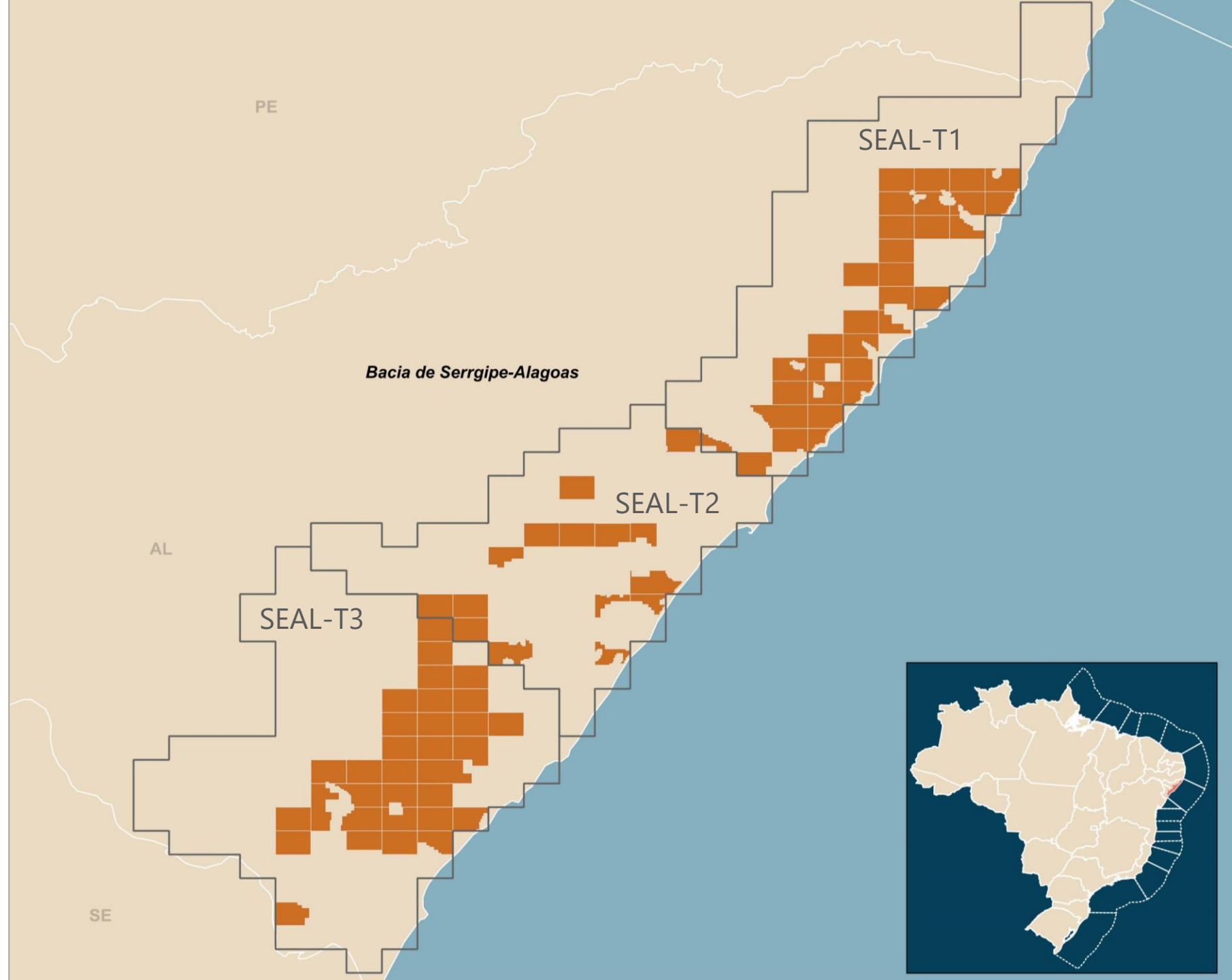
## Sectors on Offer Onshore SEAL Basin

3

Sectors

78

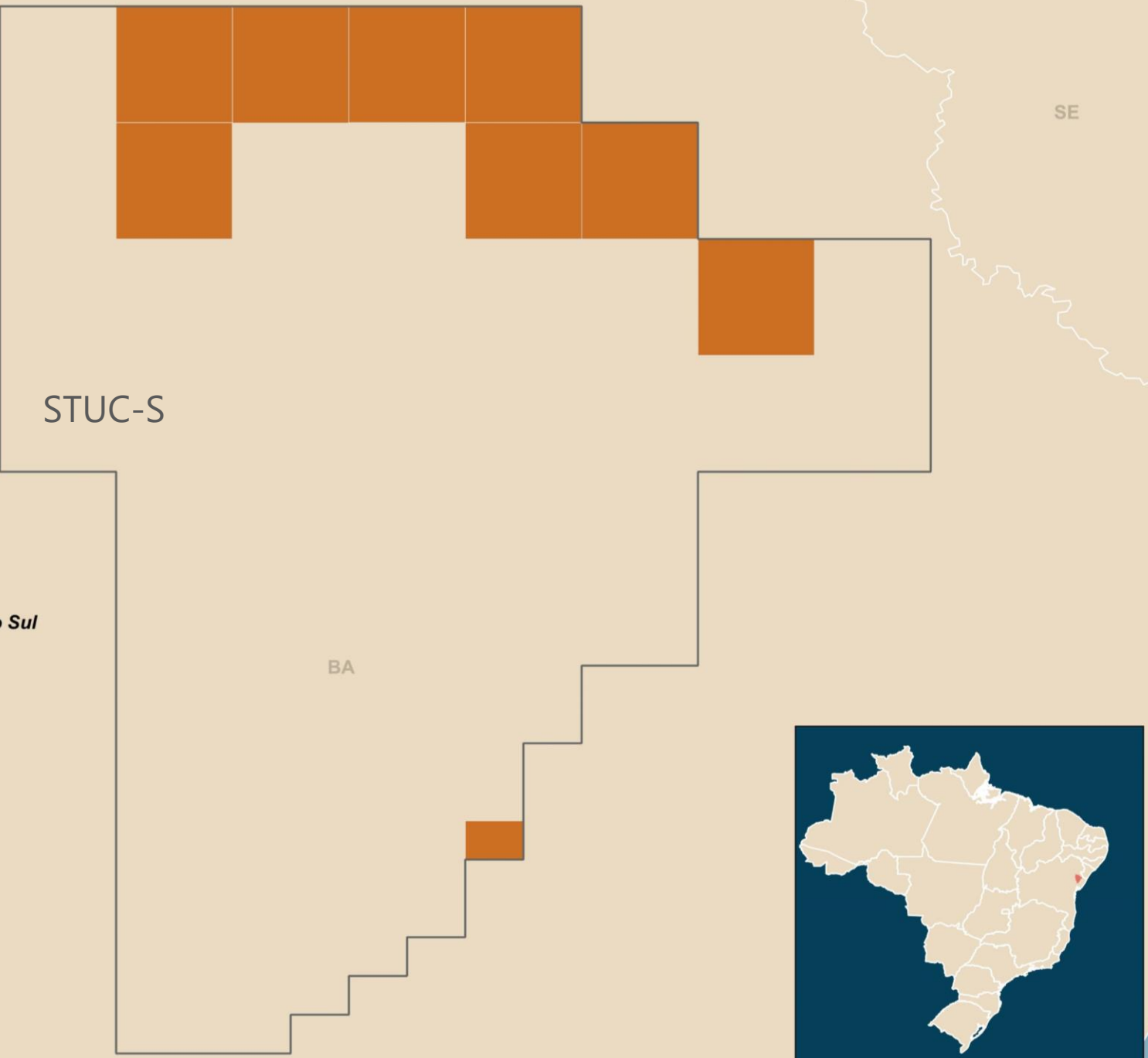
Blocks



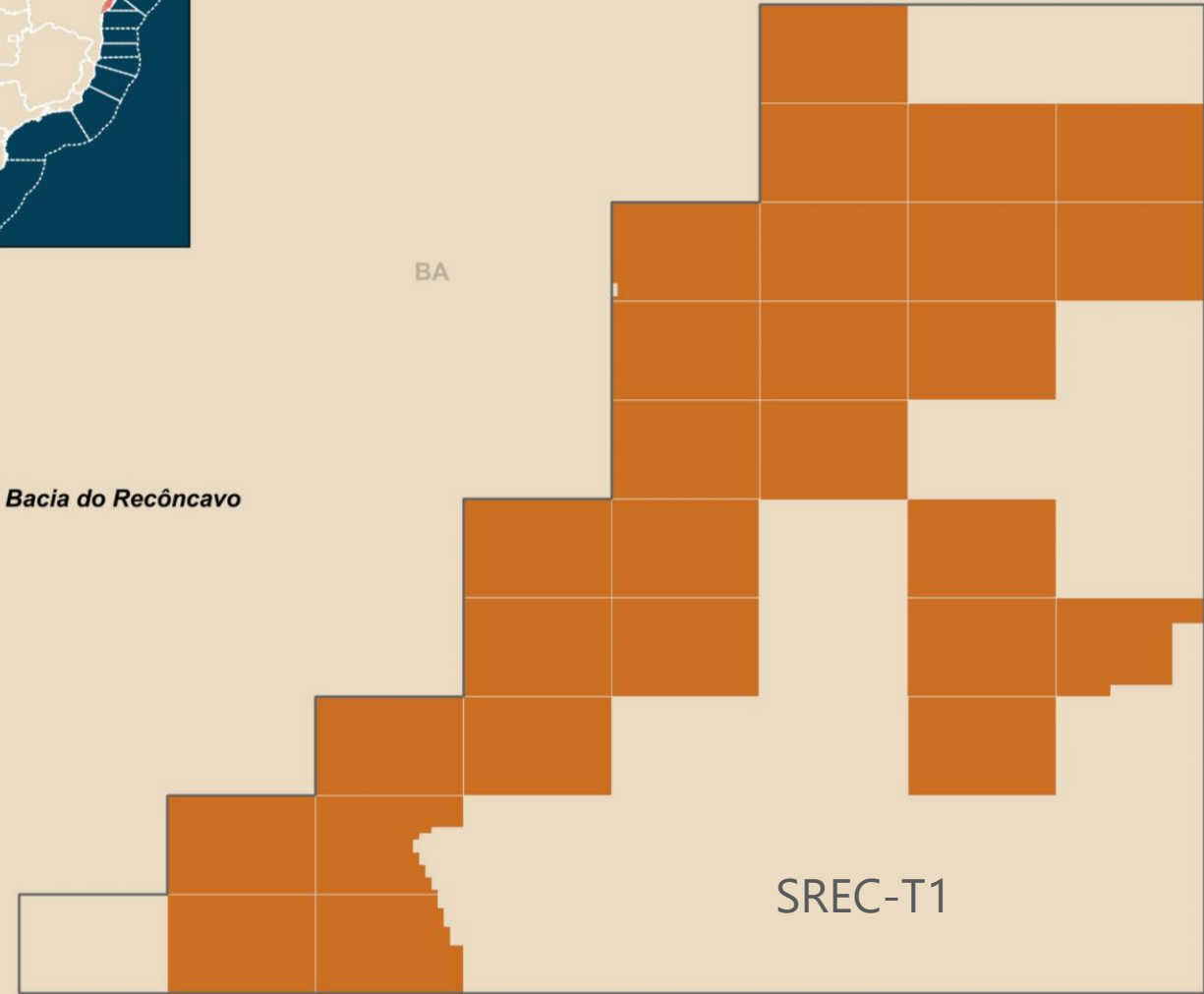
# Sectors on Offer South Tucano Basin

1  
Sector

9  
Blocks



# Sectors on Offer Recôncavo Basin



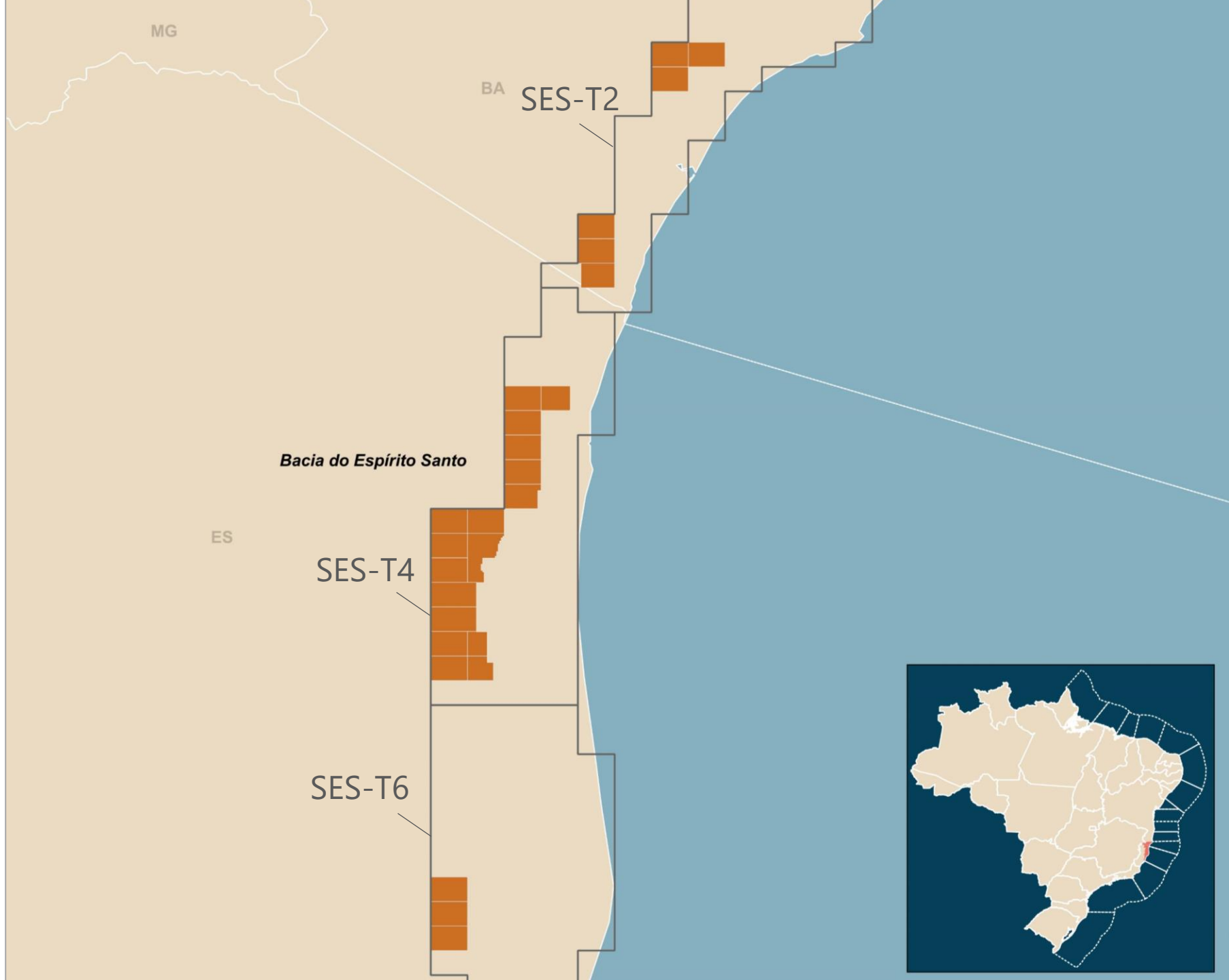
# Sectors on Offer Espírito Santo Basin

3

Sectors

26

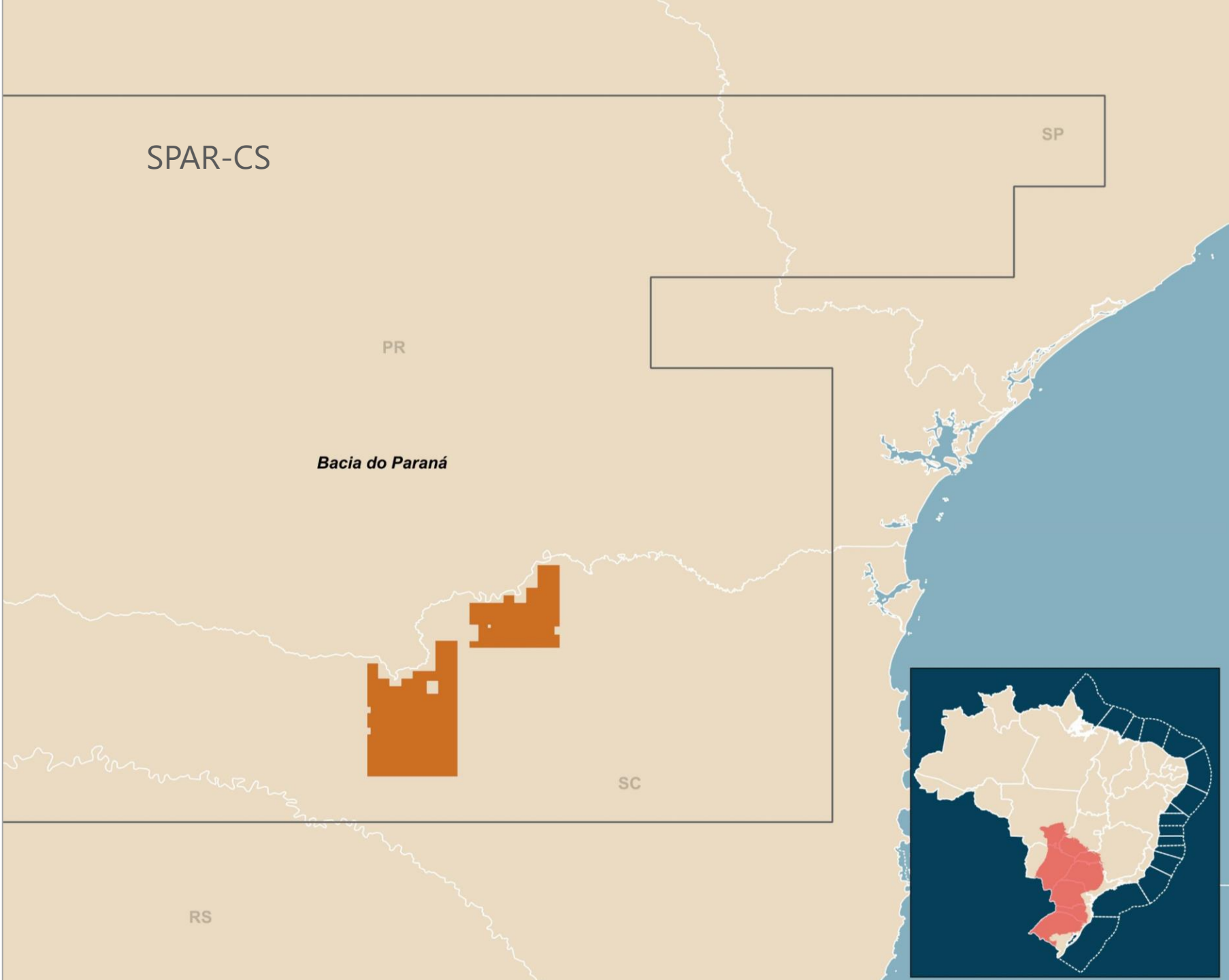
Blocks



# Sectors on Offer Parana Basin

1  
Sector

2  
Blocks





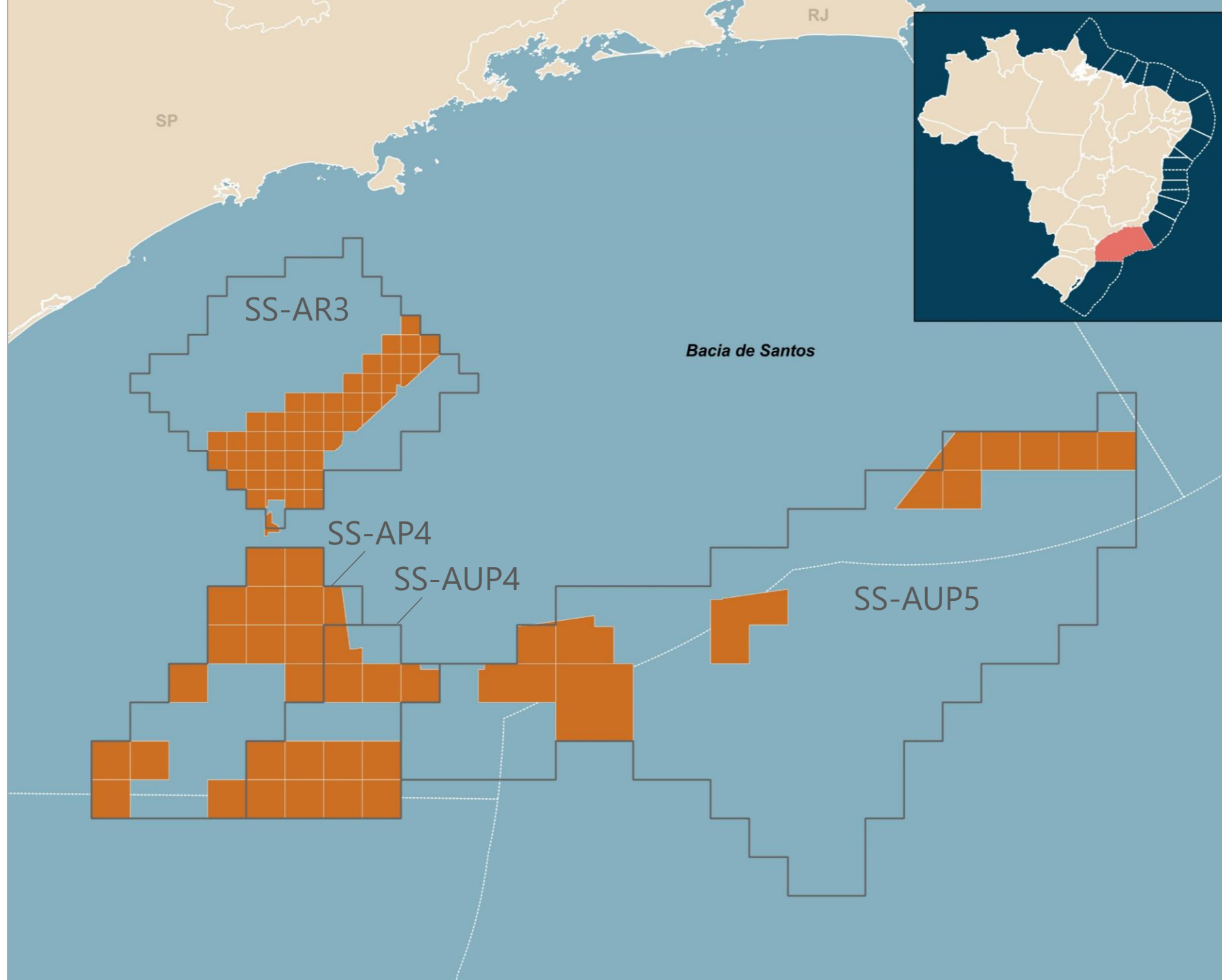
## Sectors on Offer Santos Basin

3

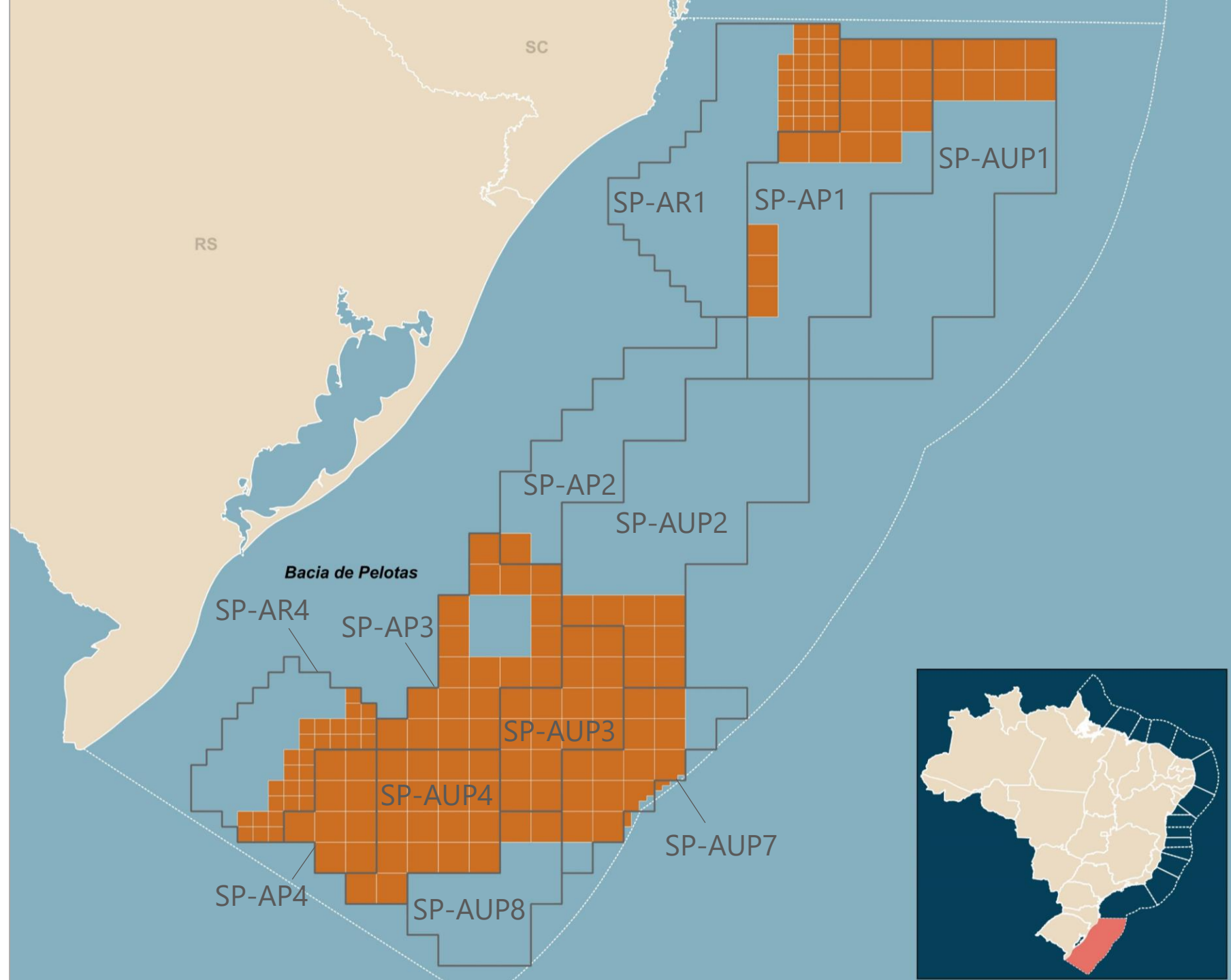
Sectors

87

Blocks



# Sectors on Offer Pelotas Basin



## To keep an eye on

### ONSHORE

Of the 20 sectors in stock in the Permanent Concession Offer, **16** received a declaration of interest



To keep an eye on

## SANTOS

Home of the **Pre-salt** discoveries but also with potential for **post-salt** plays, Santos basin had declaration of interest for 4 sectors



To keep an eye on

## PELOTAS

Of the 12 sectors on offer in the Pelotas Basin, **all** received a declaration of interest










To keep an eye on

## PELOTAS








Striking discoveries made in Namibia heat up the Brazilian correlate margin



# Technical and Economic Parameters – Exploratory Blocks 4<sup>th</sup> Cycle

Environment		Offer Guarantee	Signature Bonus	Minimum Exploratory Program	Royalties	Exploration phase	Minimum Qualification	
								
onshore	higher	R\$ 10 thousand	R\$ 50 thousand	R\$ 1,6 million	5%	5 years	C/C+	
	lower		R\$ 670 thousand	R\$ 9,6 million	7,5%	8 years		
Shallow Water	higher	R\$ 10 thousand	R\$ 320 thousand	R\$ 2 million	5%	7 years	B	
	lower	R\$ 40 thousand	R\$ 2,74 million	R\$ 6 million	10%			
Deep Water	higher	R\$ 20 thousand	R\$ 1,56 million	R\$ 15 million	5%	7 years	A	
	lower	R\$ 4,66 million	R\$ 372,7 million	R\$ 100 million	10%			

# Technical and Economic Parameters – Japiim 4<sup>th</sup> Cycle

<b>Area</b> 	<b>Offer Guarantee</b> 	<b>Signature Bonus</b> 	<b>Initial Work Program (Descrição)</b> 	<b>Royalties</b> 	<b>Rehabilitation Phase</b> 	<b>Minimum Qualification</b> 
<b>Japiim</b>	R\$ 10 thousand	R\$ 160 thousand	1 Reentry into well aiming to rehabilitate production  1 Formation test	5%	3 year	D



OPEN  
ACREAGE  
Brazil  
PRODUCTION SHARE

A decorative graphic consisting of a grid of orange squares. The top row has two squares, the second row has three, the third row has two, and the bottom row has two. The squares are arranged in a pattern that suggests a map or a specific geographical area.

# Stages of the 2<sup>nd</sup> PSA Open Acreage Cycle



Registration for the Permanent Offer is open continuously



Opening of the 2<sup>nd</sup> Cycle



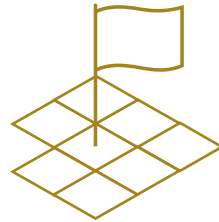
17/08/2023



New registrations for participation in the 2<sup>nd</sup> cycle



end: 24/08/2023



Declaration of Blocks of Interest in stock and Qualification



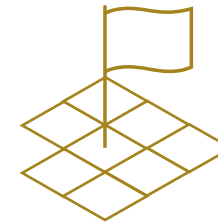
end : 06/10/2023



Disclosure of Blocks on Offer in the 2<sup>nd</sup> Cycle



18/10/2023



Declaration of Blocks of Interest on offer by qualified companies



end : 08/11/2023



Public Session



13/12/2023



Concluded



To be done

# Sectors on Offer

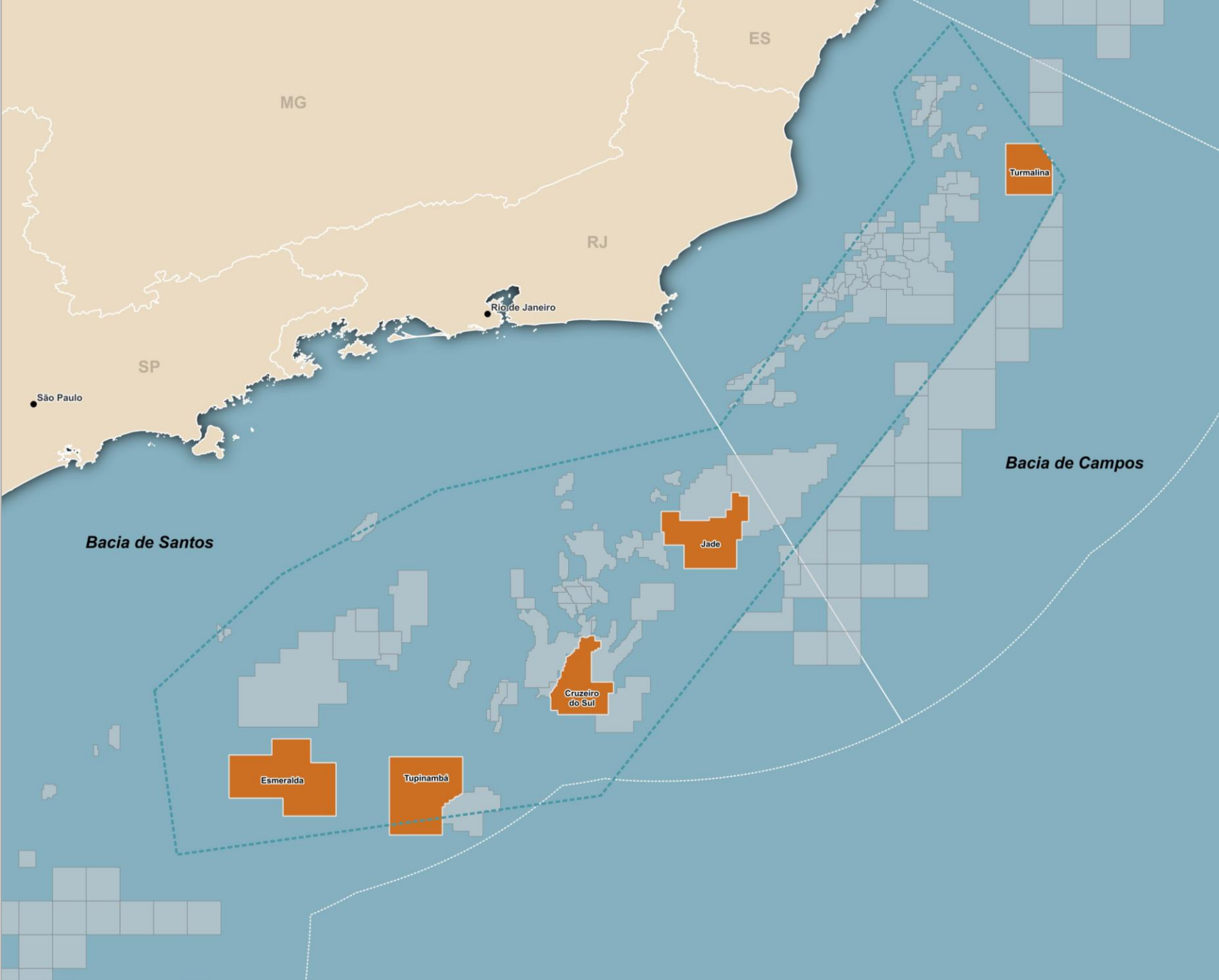
## 2th Cycle PSA

5










blocks with  
declaration of  
interest

6

Qualified  
Companies



# Technical and Economic Parameters – 2<sup>nd</sup> Cycle PSA Open Acreage

Sector 	Block 	Offer Guarantee 	Signature Bonus 	Minimum percentage of oil surplus 	Minimum Exploratory Program 	Royalties 	Exploration phase 	Minimum Qualification 
<b>SS-AUP2</b>	Cruzeiro do Sul	R\$ 1,4 million	R\$ 134,035 million	14,13 %	1 exploratory well	15%	7 years	A+
<b>SS-AUP3</b>	Esmeralda	R\$ 400 thousand	R\$ 33,736 million	10,54 %				
<b>SS-AUP1</b>	Jade	R\$ 1,1 million	R\$ 104,73 million	10,98 %				
<b>SS-AUP5</b>	Tupinambá	R\$ 100 thousand	R\$ 7, 047 million	4,88 %				
<b>SC-AP1</b>	Turmalina	R\$ 100 thousand	R\$ 9, 822million	6,87 %				




**#4**

# Final Remarks

# Brazil is a country of great opportunities


1



Sanctity of Contract

Great Geological Potential

2



Two cycles of the open acreage in progress

Opportunities for all sizes and profiles of companies

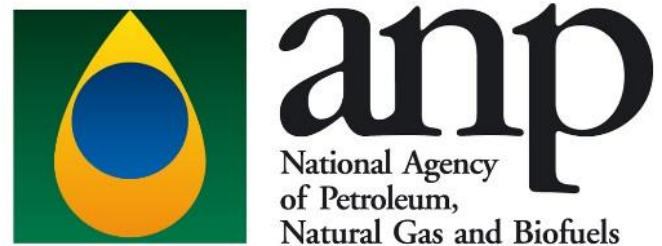
3



Concession: 33 sectors + Japiim on offer

Onshore, Santos and Pelotas in focus for the 4th cycle of the Concession Open Acreage

PSA: 5 of the 6 areas in stock had declaration of Interest

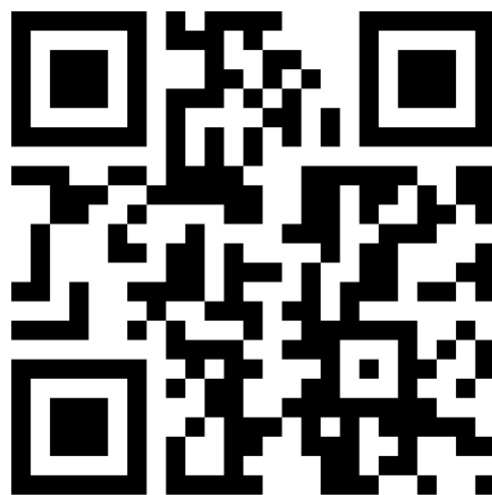


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