NATIONAL COUNCIL FOR ENERGY POLICY – CNPE

RESOLUTION NO. 6 OF APRIL 17, 2019

It approves the technical and economic parameters for the Surplus Volumes of the Transfer of Rights Agreement for the Bidding Round on a Production Sharing Basis.

PRESIDENT OF NATIONAL COUNCIL FOR ENERGY POLICY – CNPE, by using the powers vested in him, given the provisions in art. 2, item I, of Law No. 9,478 of August 6, 1997, in art. 9, item IV, of Law No. 12,351 of December 22, 2010, in art. 1 of Decree No. 3,520 of June 21, 2000, in art. 1 of CNPE Resolution No. 2 of February 28, 2019, in art. 1 of CNPE Resolution No. 5 of April 9, 2019, in art. 7, item III, and in art. 14, **main section**, of CNPE Internal Regulations, approved by Resolution No. 7 of November 10, 2009, and in the 3rd Extraordinary Meeting resolution, held on April 17, 2019, and what is included in Proceeding nº 48380.000197/2018-13,

Whereas, the National Council for Energy Policy (CNPE), pursuant to CNPE Resolution No. 2 of September 1, 2010, approved the Transfer of Rights Agreement (CCO) to the exercise of the research and exploration of oil, natural gas, and other fluid hydrocarbons, entered into by and between the Federal Government and the Petróleo Brasileiro S.A. - Petrobras, under Law No. 12,276 of June 30, 2010, allowing the exploration and production of hydrocarbons in six (6) Blocks referred to as Franco, Florim, Sul de Tupi, NE de Tupi, Sul de Guará, and Entorno de Iara;

Whereas, the CCO shall have effects until Petrobras extracts the number of equivalent barrels of oil set forth in the CCO, which may not exceed five billion (5,000,000,000) equivalent barrels of oil, pursuant to art. 1, paragraph 2 of Law No. 12,276 of 2010, as approved by CNPE Resolution No. 2 of September 1, 2010;

Whereas, the previous estimates provided by National Agency of Petroleum, Natural Gas, and Biofuels – ANP indicate that in the areas contracted under the Transfer of Rights regime there are volumes exceeding five billion (5,000,000,000) equivalent barrels of oil contracted by Petrobras;

Whereas, it is in interest of the Federal Government to contract the exploration and production of Surplus Volumes for the contractors under the Transfer of Rights regime as to promote rational use of petroleum resources at these deposits, pursuant to CNPE Resolution No. 2 of February 28, 2019; and

Whereas, art. 3 of Law No. 12,351 of December 22, 2010, establishes that exploration and production of oil, natural gas, and other fluid hydrocarbons in the area of Pre-salt and in strategic areas shall be contracted under the Production Sharing regime, it resolves to:

Article 1 Authorize National Agency of Petroleum, Natural Gas, and Biofuels (ANP) to carry out the Production Sharing Bidding Round for the Surplus Volumes to the contractors under the Transfer of Rights regime, in areas of the Pre-salt.

Paragraph 1 For purposes of the provisions in the **main section**, the development areas of Atapu, Búzios, Itapu, and Sépia, in the Santos Basin, shall be offered.

Paragraph 2 Pursuant to art. 4, paragraph 1, of Law No. 12,351 of December 22, 2010, Petróleo Brasileiro S.A. – Petrobras is hereby notified to express its opinion, within no more than thirty days of the publication of this Resolution, about its right of preemption regarding the areas offered.

Paragraph 3 Bidding process for Surplus Volumes of CCO shall respect Petrobras' rights provided for in the CCO and its relevant Addendum.

Article 2 Approve the technical and economic parameters of the Production Sharing Agreements to be executed by the Federal Government, represented by the Ministry of Mines and Energy, as a result of Production Sharing Bidding Round for the Surplus Volumes of the CCO.

Paragraph 1 Federal Government's profit oil shall vary depending on the Brent oil barrel price and the average daily production of the active producing wells, therefore considering the amount of signature bonus, development of the production in individual modules, and the cash flow during the effectiveness of each Production Sharing Agreement.

Paragraph 2 During the effective period of the Production Sharing Agreements, considering the Brent oil barrel price of seventy-six U.S. dollars and eighteen cents (US$76.18) and the average daily production of twelve (12) thousand oil barrels per active producing well, minimum percentage of the Federal Government's profit oil (rate) shall be the following:

I – in the area of Atapu, twenty-five point eleven percent (25.11%);

I – in the area of Búzios, twenty-three point twenty-five percent (23.25%);

III – in the area of Itapu, nineteen point eighty-two percent (19.82%); and

IV – in the area of Atapu, twenty-seven point sixty-five percent (27.65%).

Paragraph 3 During the production phase, the contractor(s) shall, every month, receive the production share corresponding to the cost oil, observing the limit of eighty percent (80%) of the gross production value in each area offered.

Paragraph 4 Costs exceeding the limits defined on paragraph 3 shall accrue for receipt in the subsequent years.

Paragraph 5 Amounts of the signature bonus for the areas shall be:

I – in the area of Atapu, thirteen billion, seven hundred forty-two million Reais (R$13,742,000,000.00);

II – in the area of Búzios, sixty-eight billion, one hundred ninety-four million Reais (R$68,194,000,000.00);

III – in the area of Itapu, one billion, seven hundred sixty-six million Reais (R$1,766,000,000.00); e

IV – in the area of Sépia, twenty-two billion, eight hundred fifty-nine million Reais (R$22,859,000,000.00).

Paragraph 6 Following the result of the bidding process, a portion of the signature bonus in the amount of twenty-nine million, two hundred and fifty thousand Reais (R$29,250,000.00) shall be directed to the Pré-Sal Petróleo S.A. according to the budget and financial availability of the Federal Government.

Paragraph 7 The minimum Local Content mandatory to be required in the areas of Búzios, Itapu, and Sépia shall comply with the following criteria:

I – Production Development Stage: including the minimum of twenty-five percent (25%) for Well Construction; forty percent (40%) for the Collection and Outflow System; and twenty-five percent (25%) for the Stationary Production Unit; and

II - the mandatory Local Content minimum percentages, defined in item I, shall not be subject to mechanisms for waiver of compliance with the commitments made (**waiver**).

Paragraph 8 The minimum Local Content mandatory to be required in the area of Atapu shall satisfy the conditions required in this regard in the Agreement for the relevant adjacent area, referred to as Oeste de Atapu.

Article 3 Cost oil shall be used to restore:

I – the amounts payable to Petrobras by the contractor(s) on a Production Sharing basis, pursuant to art. 1, items II to V, and art. 2, paragraph 1, of the CNPE Resolution No. 2 of February 28, 2019; and

II – the other expenditures incurred by the contractor(s) on a Production Sharing basis related to the activities linked to the subject matter of the Production Sharing Agreement(s) and approved within the scope of the Operating Committee(s), taking as a reference typical costs of the activity and the best practices of the oil industry.

Sole paragraph. The amounts to be restored as cost oil may be subject to inflation adjustment, according to conditions defined in the Production Sharing Agreements, and the return on equity is prohibited.

Article 4 This Resolution becomes effective as of the date of its publication.

BENTO ALBUQUERQUE