RIO OIL & GAS

8 Years of Production Sharing Agreements in Brazil: Results and Lessons Learned

Claudio Martins Kuyven

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CONTEXT AND HISTORY

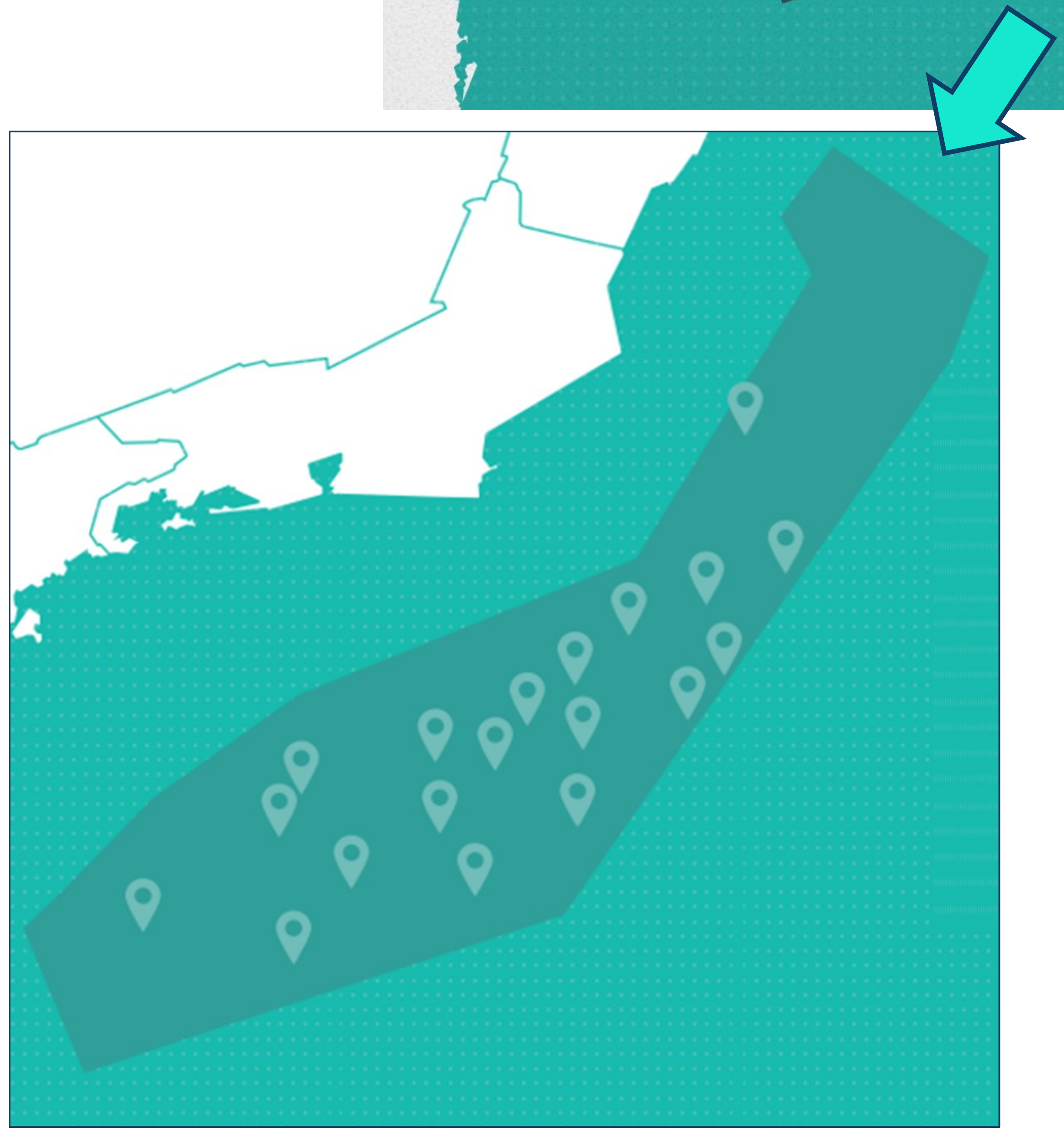
<u>2010</u>

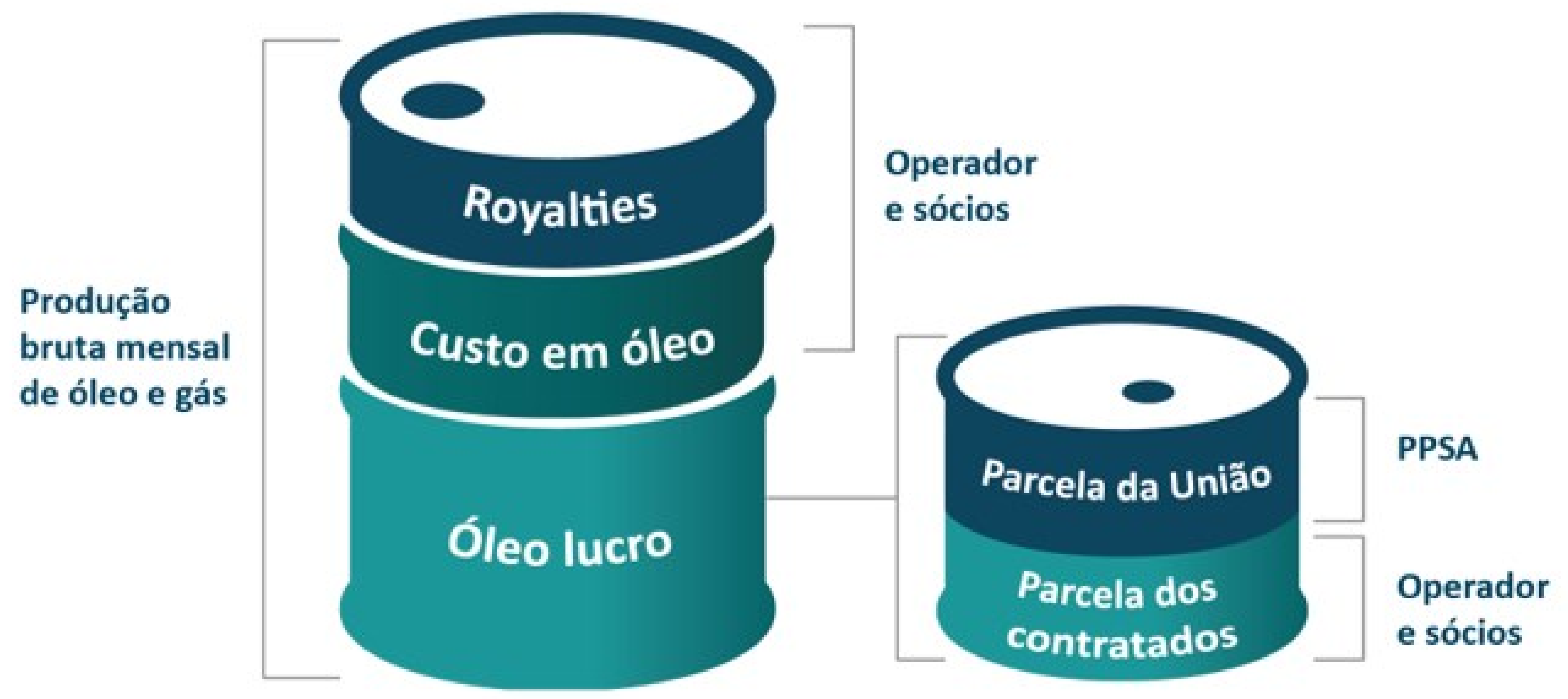
- *New regulatory frame*
- *Act nº 12.351*
  - *Brazilian legal pre-salt polygon*
  - *Production Sharing Agreements*

<u>2013</u>

- *PPSA start-up*
- *1st production sharing bid*
- *Libra PSA*

<u>2022:</u> *19 signed PSAs*





PRODUCTION SHARING BIDDING ROUNDS

Year	Round	Block	Operator	Oil Share (%)	Bonus (Mi R$)
2013	1	Libra	Petrobras	41,65	15.000
2017	2	Entorno de Sapinhoá	Petrobras	80,00	200
		Norte de Carcará	Equinor	67,12	3.000
		Sul de Gato do Mato	Shell	11,53	100
	3	Peroba	Petrobras	76,96	2.000
		Alto de Cabo Frio Central	Petrobras	75,86	350
		Alto de Cabo Frio Oeste	Shell	22,87	500
2018	4	Uirapuru	Petrobras	75,49	2.650
		Dois Irmãos	Petrobras	16,43	400
		Três Marias	Petrobras	49,95	100
	5	SO de Tartaruga Verde	Petrobras	10,01	100
		Saturno	Shell	70,20	3.125
		Titã	ExxonMobil	23,49	3.125
		Pau-Brasil	BP	63,79	500
2019	6	Aram	Petrobras	29,96	5.050
	VECO1	Búzios	Petrobras	23,24	68.194
		Itapu	Petrobras	18,15	1.766
2021	VECO2	Atapu	Petrobras	31,68	4.002
		Sépia	Petrobras	37,43	7.138

VECO: Transfer of Right Surplus

6 PSAs bidding rounds

2 Transfer of Rights Surplus bidding rounds

Billion117 R$ in signing bonus

11 areas in exploratory phase

8 fields in development phase

6 fields in production

11 FPSOs in operation

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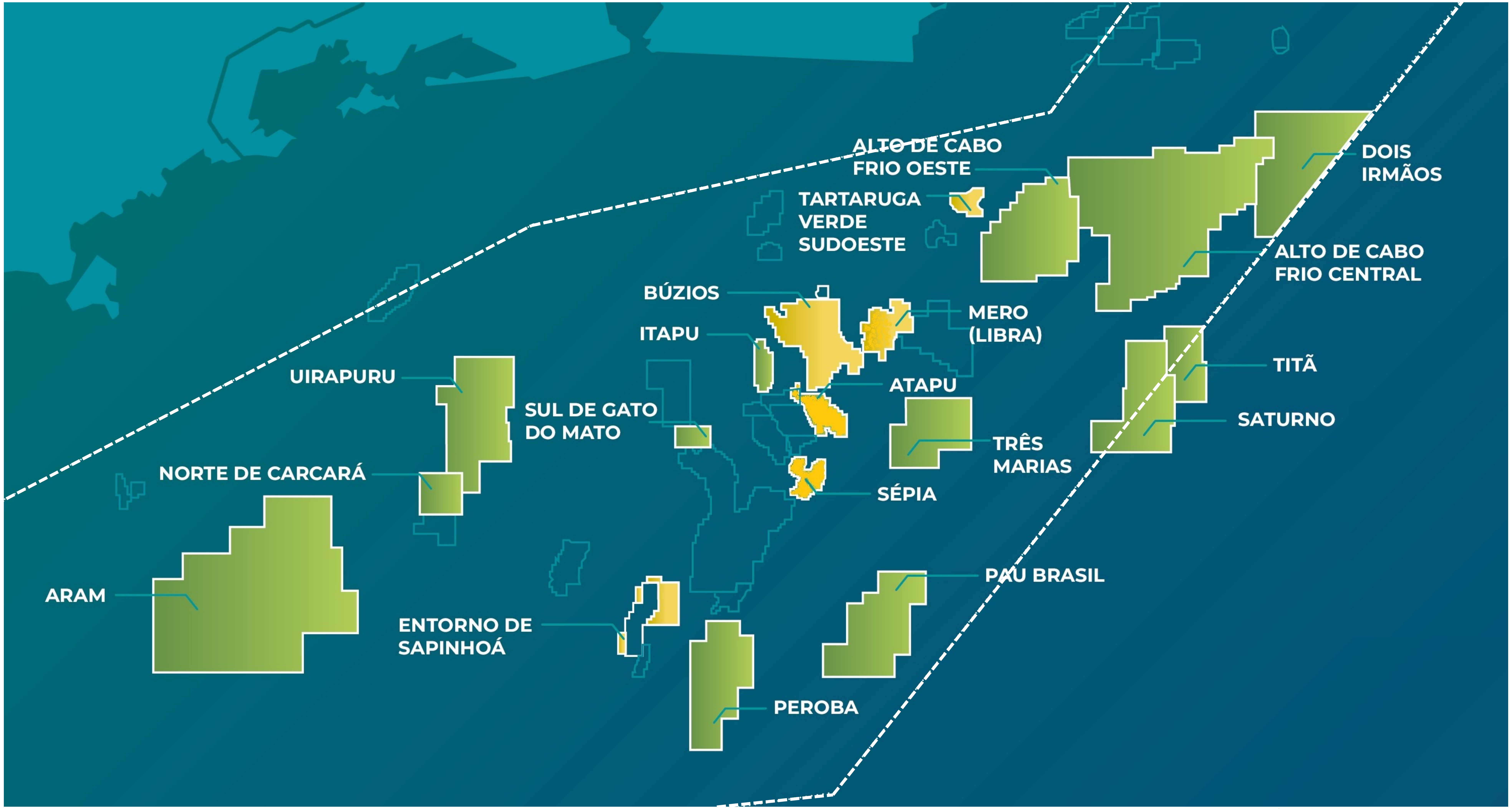
PRODUCTION SHARING AGREEMENTS



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COMPANIES AND CONSORTIUMS

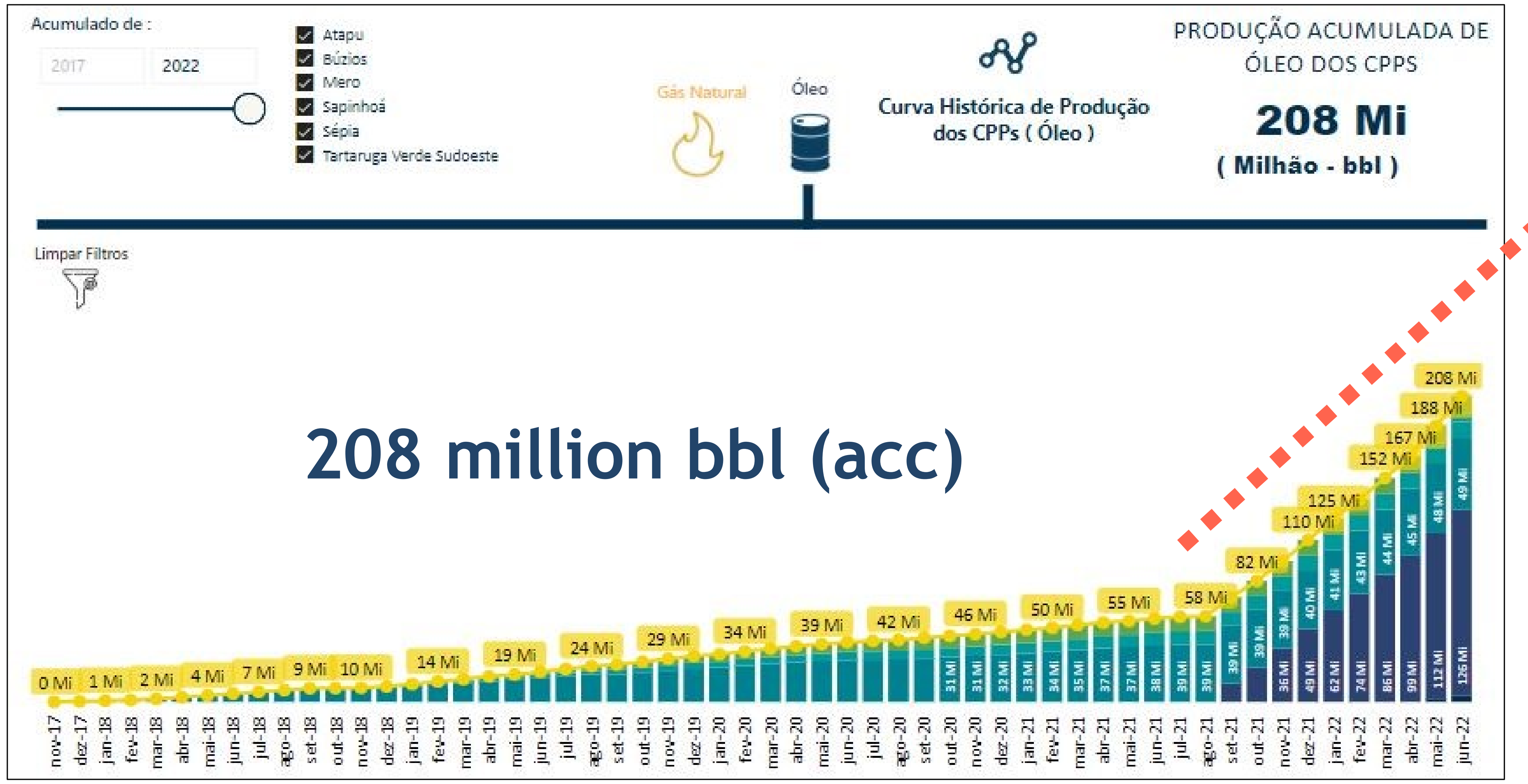
- *19 consortiums*
- *15 companies*
- *5 operators*

+ PPSA (Brazilian State representative)

OIL & GAS PRODUCTION (JUN/22)

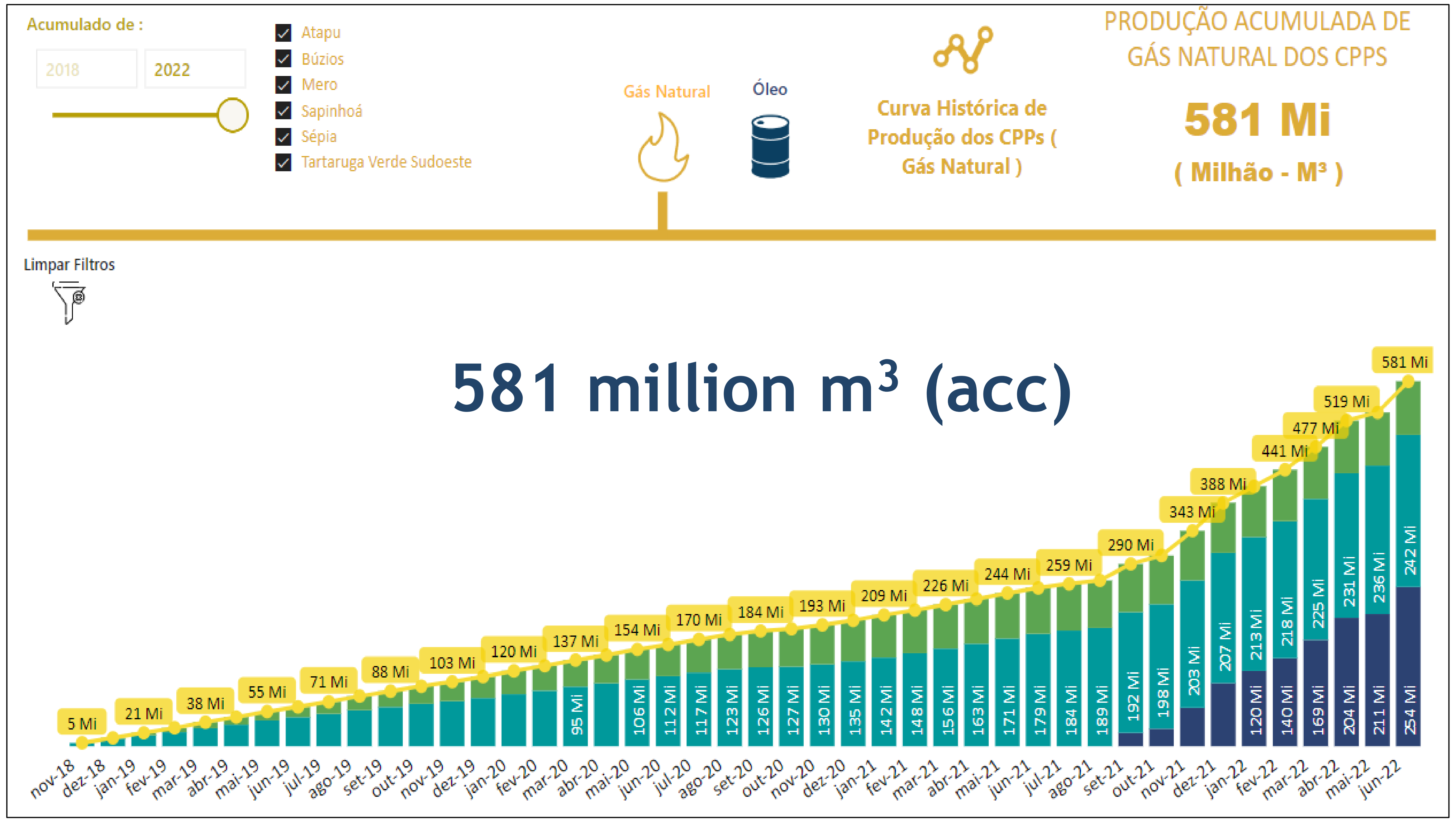
2030
3,650 kbpd

Oil
122.000 bpd



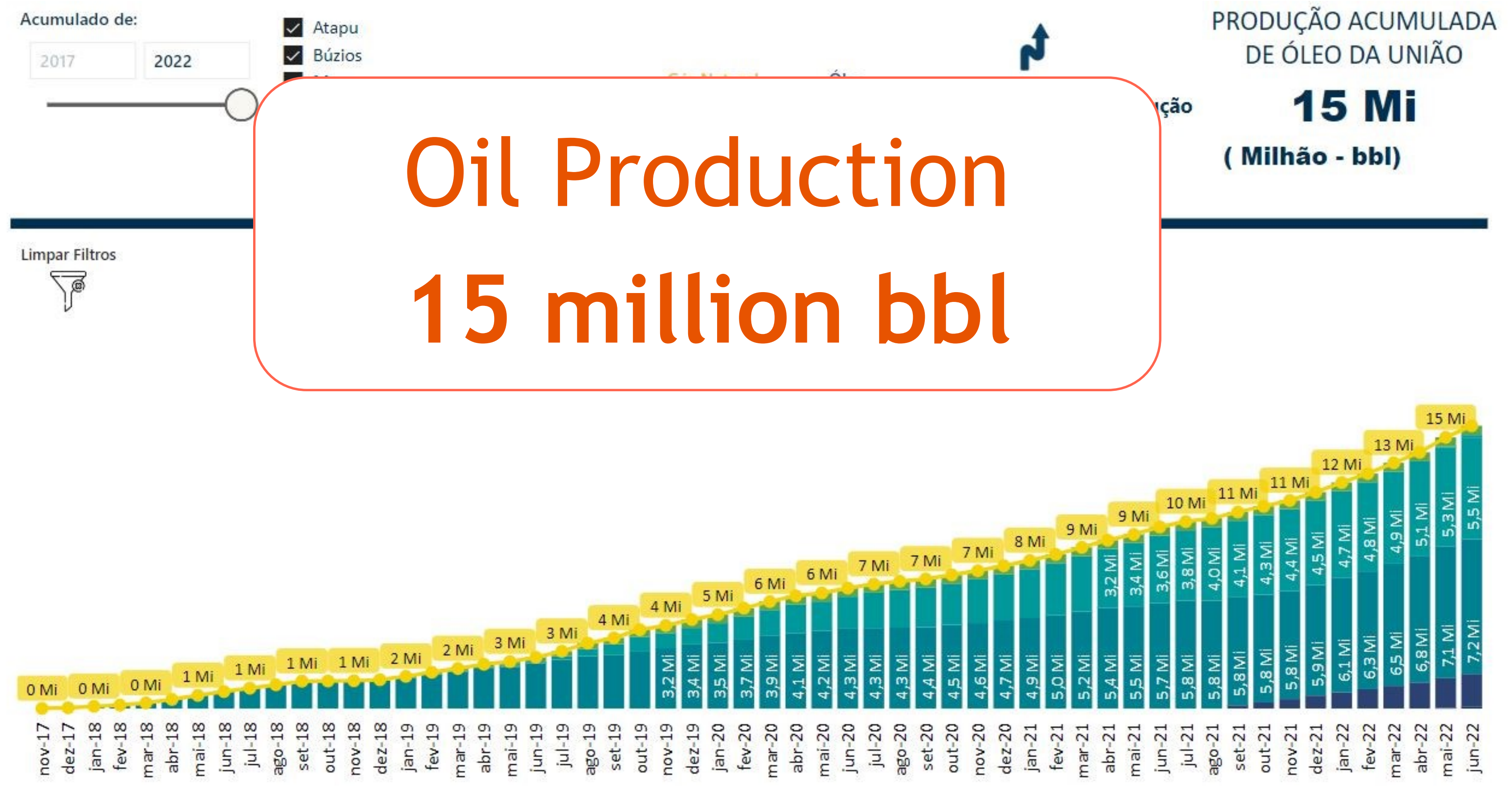
Nov 2017 Jun 2022

Natural Gas
151.000 m^3/d

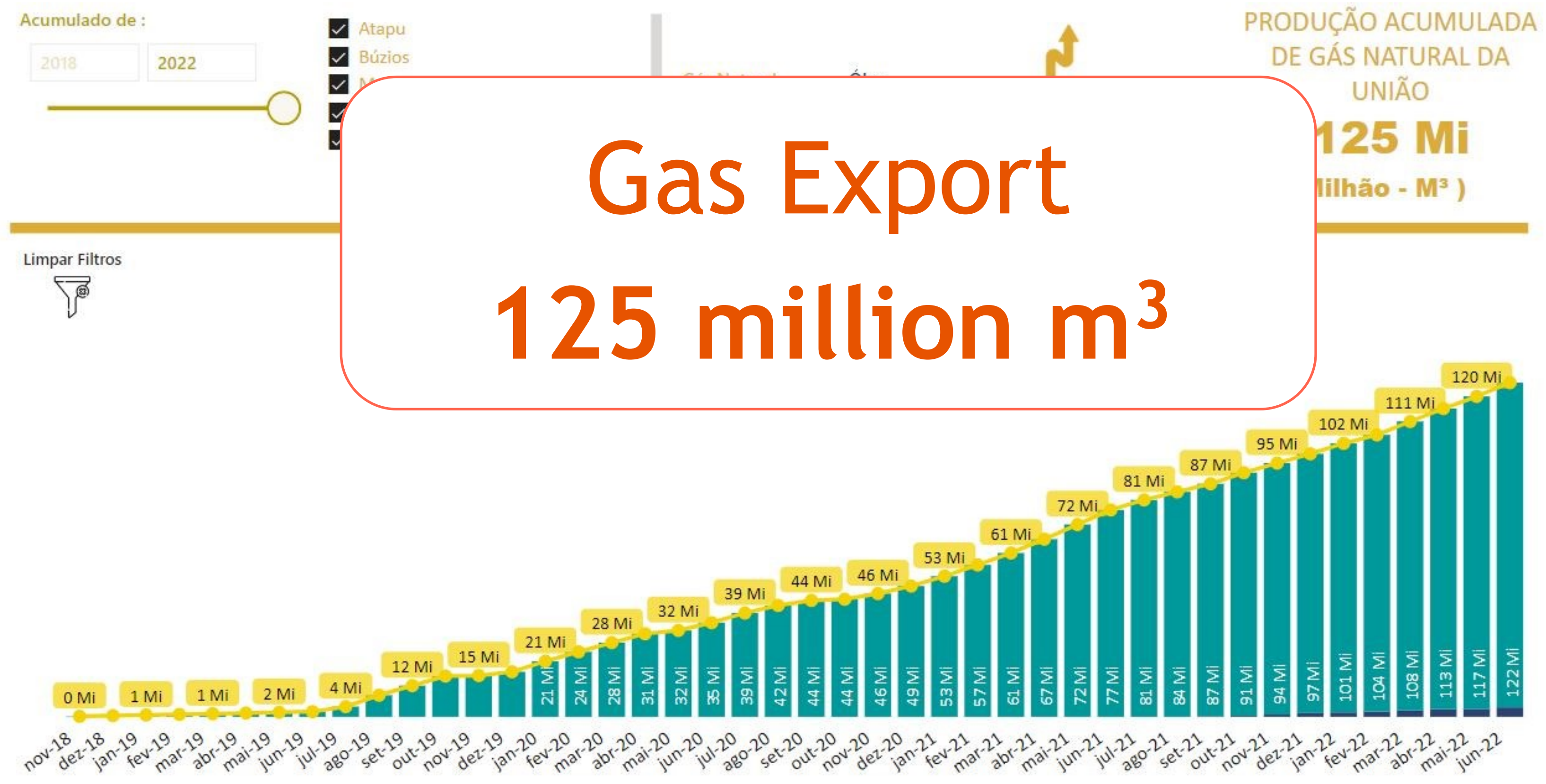


Nov 2017 Jun 2022

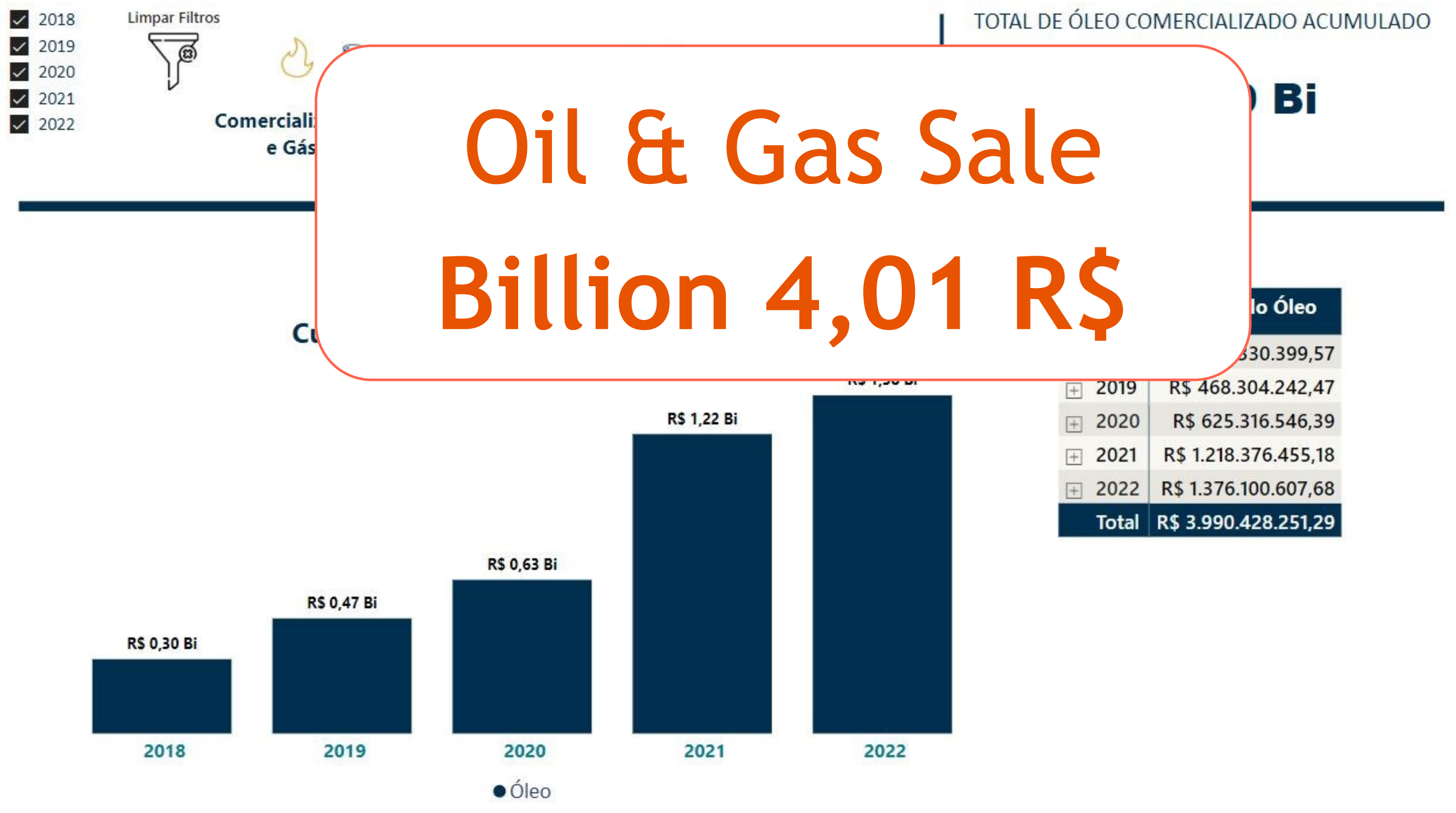
RESULTS FOR THE BRAZILIAN STATE (JUN/22)



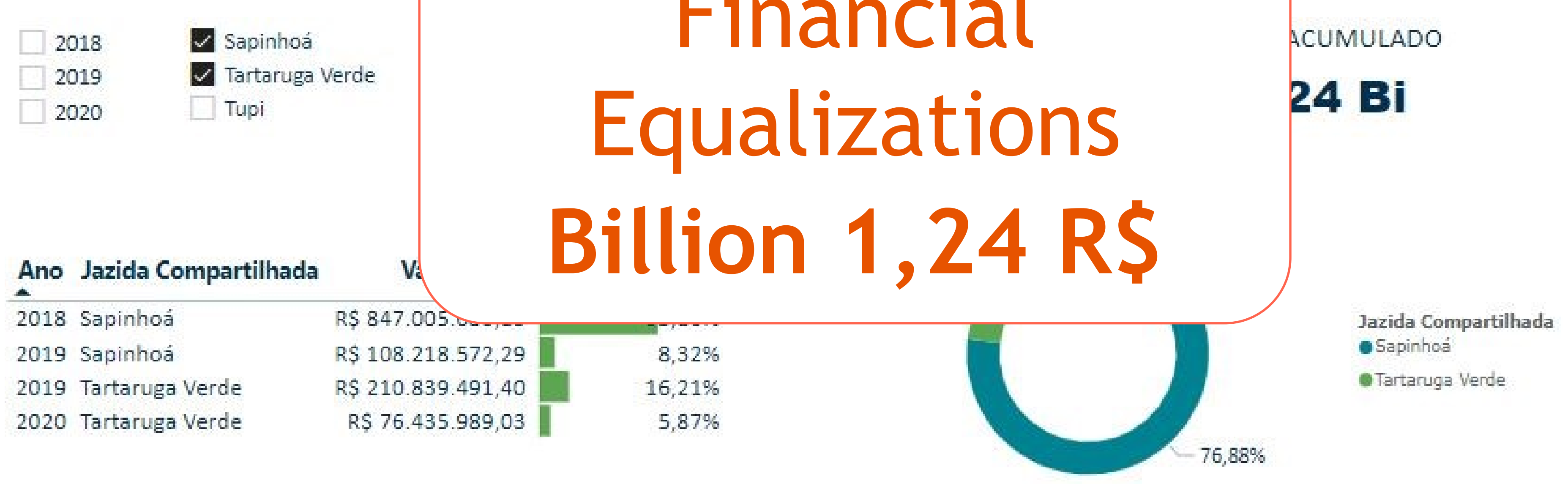
Oil Production
15 million bbl



Gas Export
125 million m^3



Oil & Gas Sale
Billion 4,01 R$



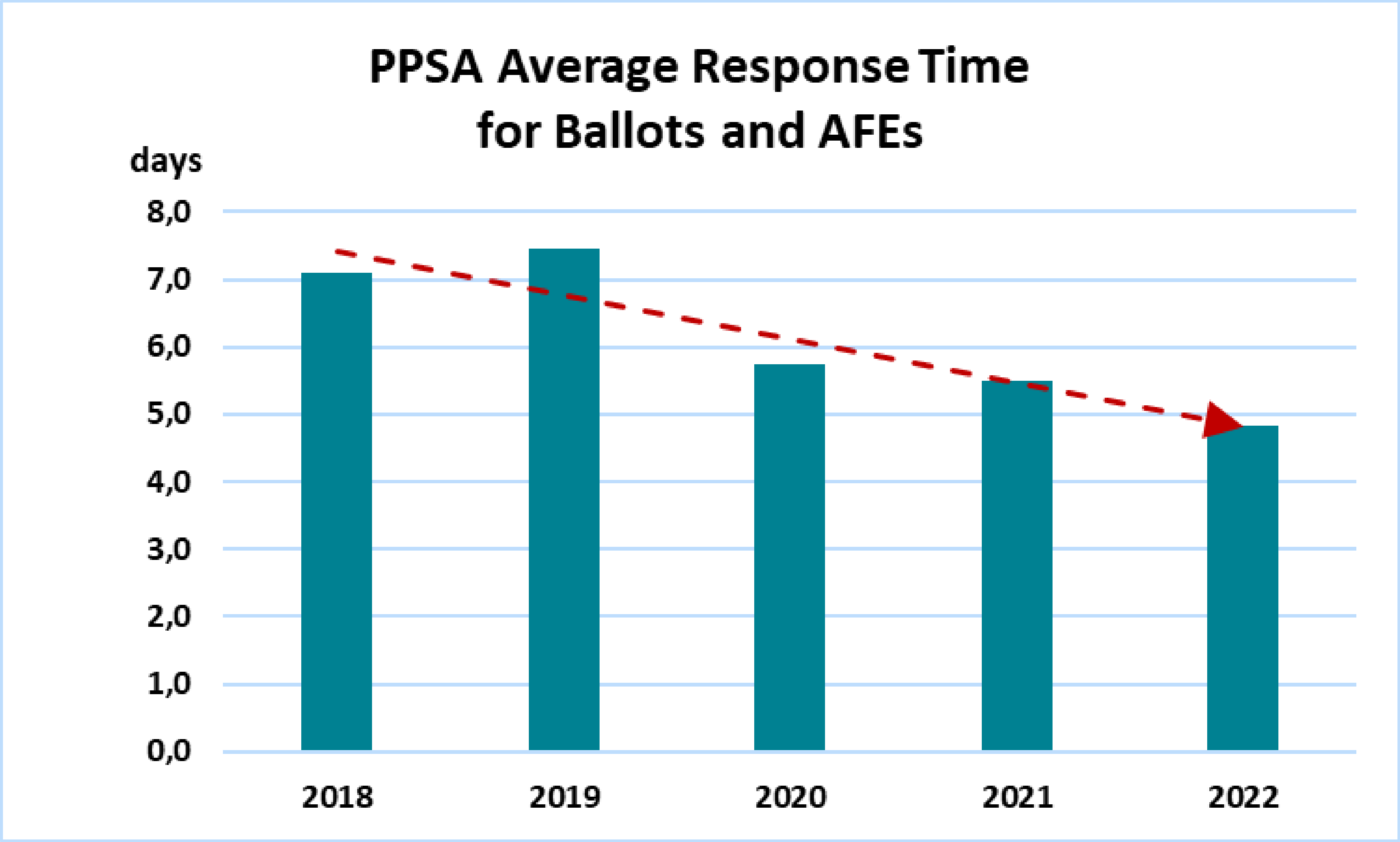
Financial Equalizations
Billion 1,24 R$

Note: Financial results are directly allocated to the Fundo Social (a special Federal Government fund).

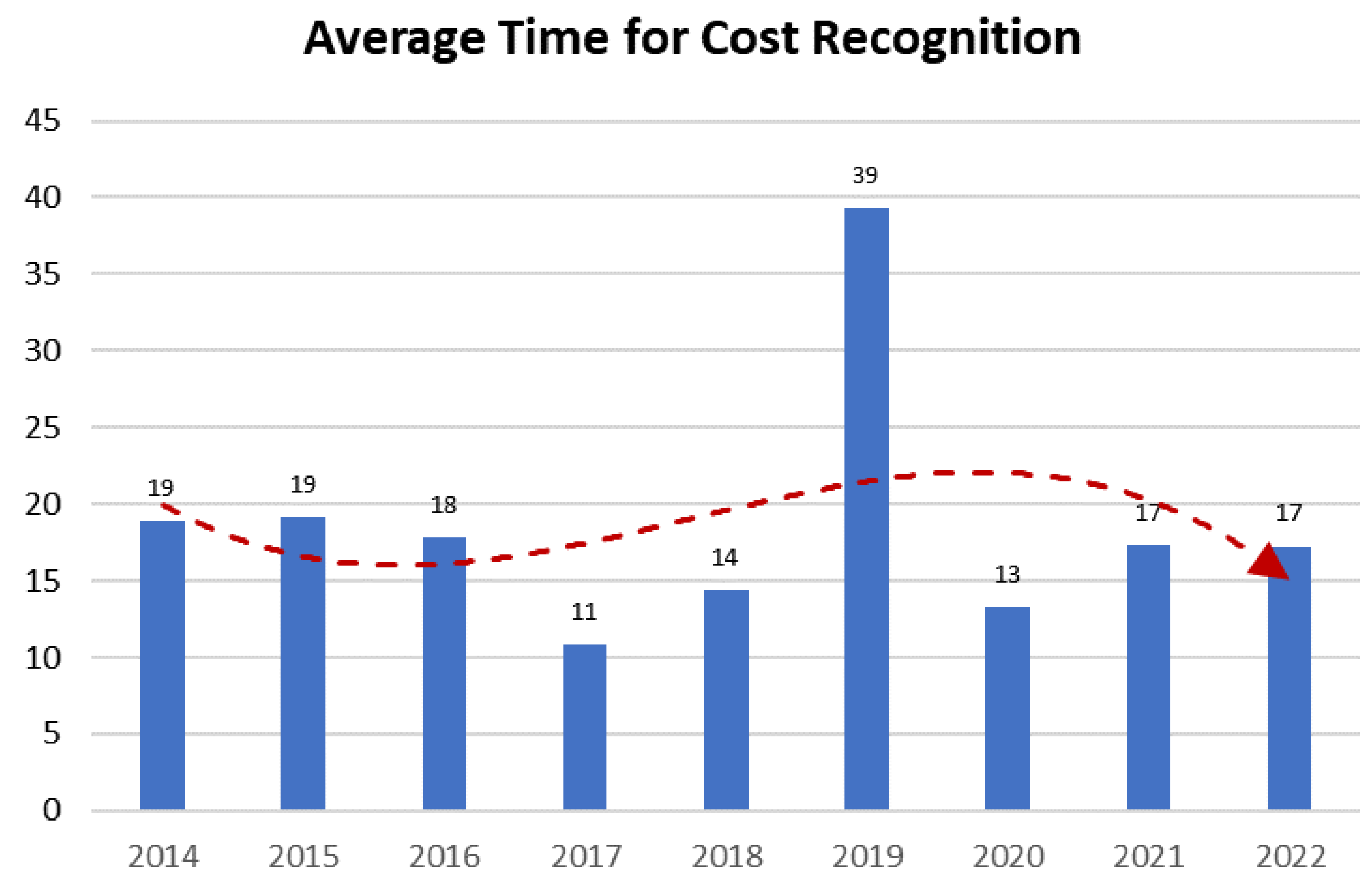
LESSONS LEARNED

1. The role of PPSA	• Leading the operating committees • Cost recognition/recuperation
2. Unitizations	• PSAs • Non-contracted areas within the pre-salt polygon
3. Contract evolution	• Improvements • New interpretations, when applicable
4. Cost recognition process	• SGPP • Continuous improvement
5. Negotiated solutions for complex problems	• Aligned interests (successful projects) • Collaborative approach

EXAMPLES OF CONTINUOUS IMPROVEMENT



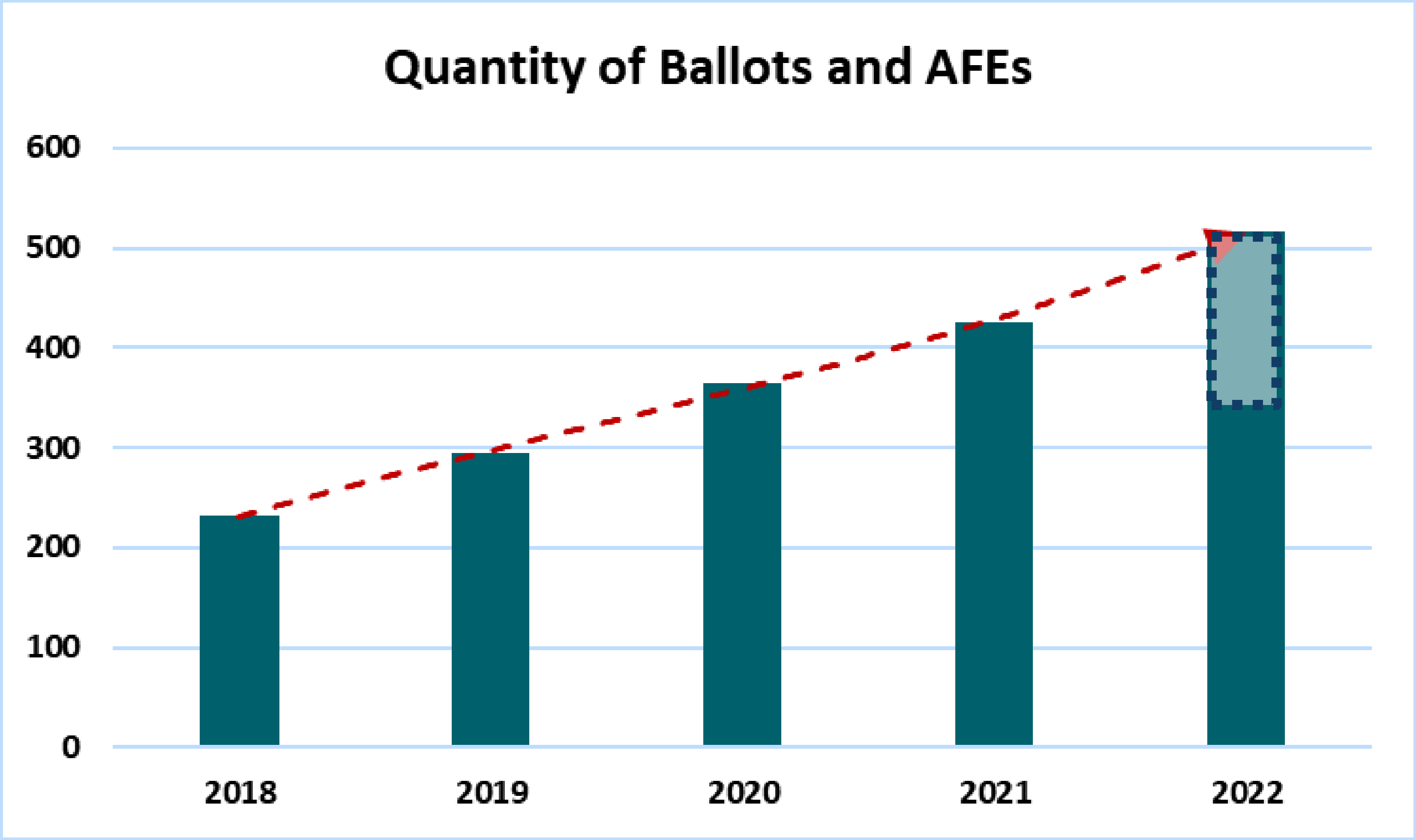
Decreasing



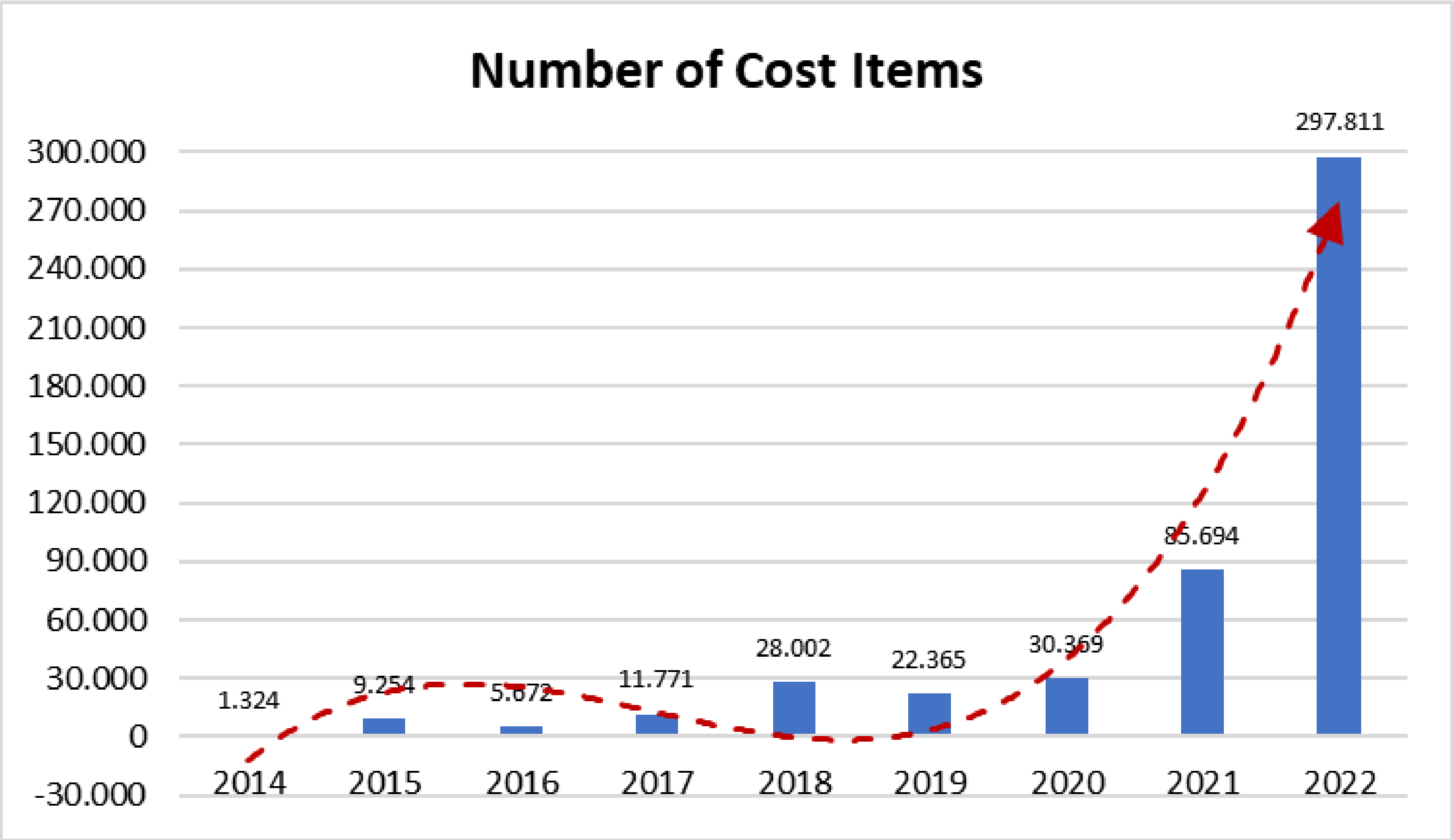
Stable

X

X



Increasing



Exponential Increasing

FINAL REMARKS

Since the 1st agreement signed in 2013, PSAs proved to be:

- viable and efficient to capture the huge opportunities in the Brazilian pre-salt polygon;
- attractive for some of the major oil companies in the world;
- a driving force to create value for the Brazilian people.

Keeping a dynamic process of identifying and reusing lessons learned was key for the results achieved so far, but it is even more important to foment sustainable gains in the future.

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