



The Outlook for Oil&Gas in Brazil

The Dialogue, 5th May 2017

Jorge M. T. Camargo
President





About IBP

Founded in 1957



156
CORPORATE
MEMBERS



50
TECHNICAL
COMMITTEES



1.250
PARTICIPANTS



250
INDIVIDUAL
MEMBERS



18
INSTITUTIONAL
PARTNERS

IBP: the Home of the Brazilian
Oil&Gas Industry.

Brazilian Downturn

The worst economic and political crisis of Brazil modern history

September 2013

Economic turmoil. Protests questioning political management, World Cup and Olympics.

January 2016

Political and economic worsening. Loss of investment grade and discredit of the government.



November 2009

Brazil avoided Global Crisis' effects. Rising credibility with boom of commodities process and Pre-Salt discoveries.



February 2015

Economic recession, high inflation and corruption scandals ("Lava Jato").



(...)

What next?



Energy Transition

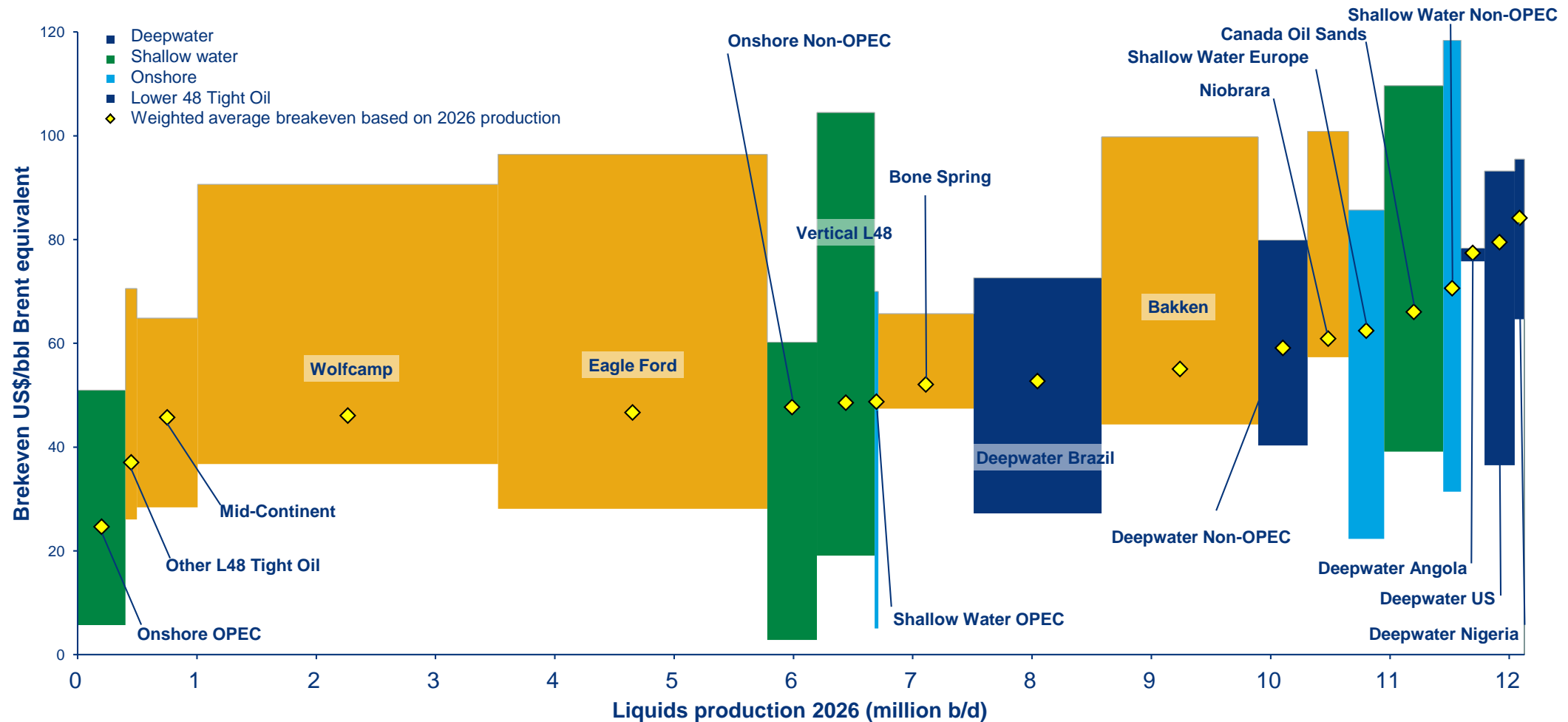


Oil prices
Lower for longer



Oil&Gas Competitive Landscape

Pre-FID and US L48 future drilling cumulative production by breakeven in 2026 – by resource theme



High Wells Productivity at Pre-Salt

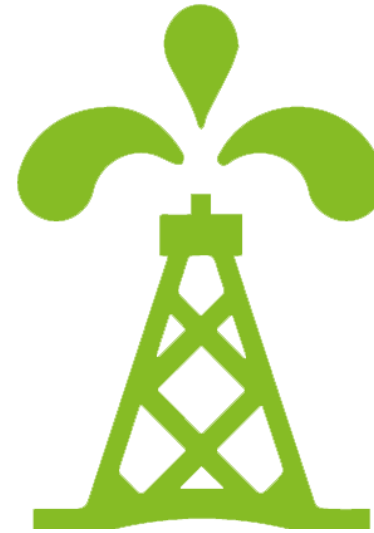
Average oil daily production:

01

Well at Lula field (offshore)

x40

Non-conventional wells at
U.S.
(onshore)



20 a 30

Thousand barrels/day
(Wells at Santos Basin)

Other examples:

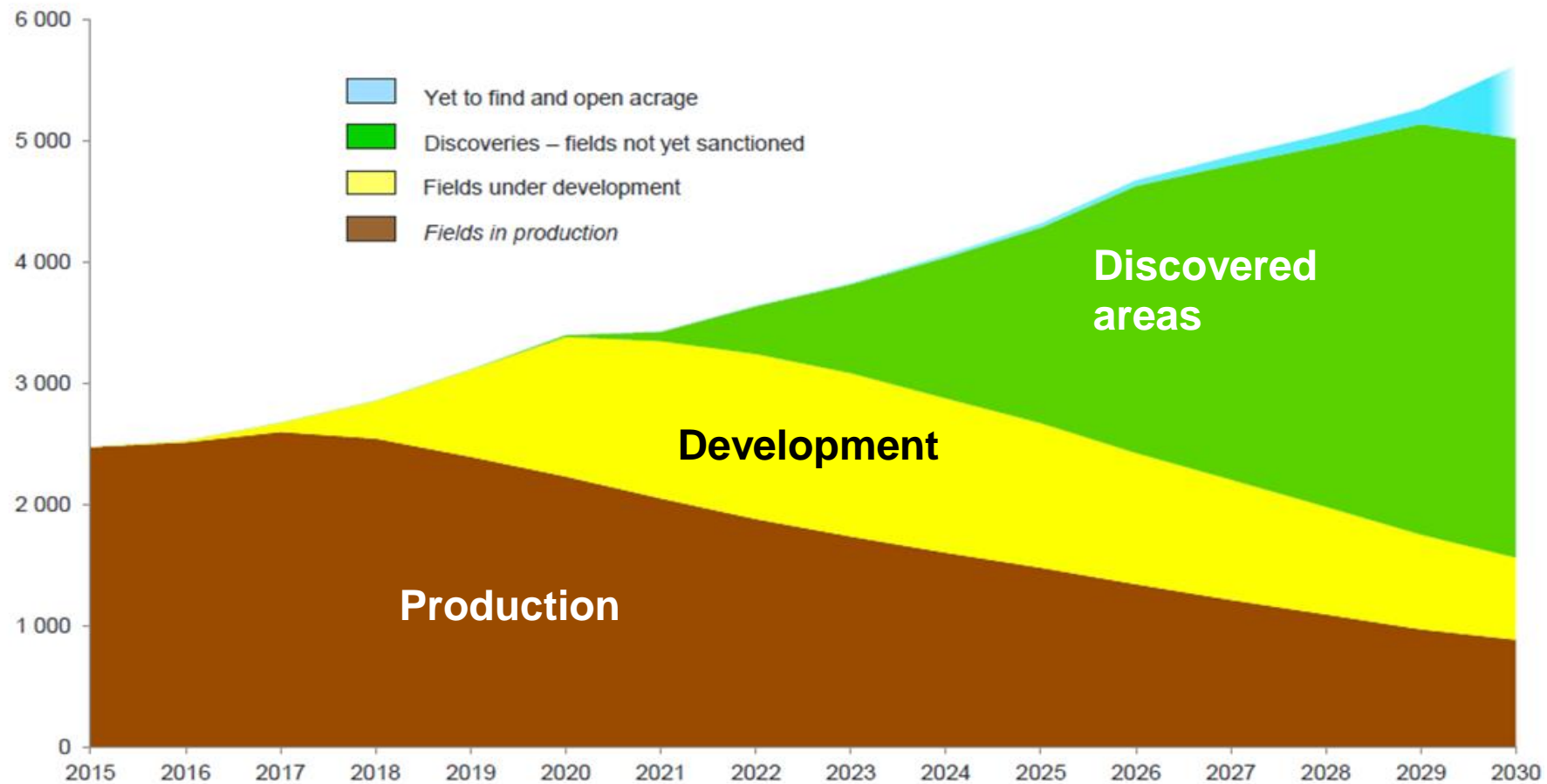
North Sea
~15.000 b/d

Gulf of Mexico
~ 10.000 b/d

Source: IBP with data from Petrobras e US EIA

Oil and Gas Market

Future Brazilian Production of Oil and NGL
(Million barrels day)



Source: UCube September 2016

Source: Rystad Energy (UCube Sept 2016)

The E&P Agenda

Multiplicity of
Operators



Bid Rounds
Calendar



Gas Development



Evolution of Local
Content Model



Regulatory and Tax
stability



Environmental
Licensing



Foster the development of the industry:
New projects and orders

Brazilian Energy Transition

Key recent policy and regulatory guidelines

O&G



Regulatory changes approved to open Brazilian **pre-salt fields'** operation to new players



New **local content** criteria to allow for increased competitiveness of the industry



Improvement of the **regulatory framework of the gas** sector to adapt to Petrobras divestments

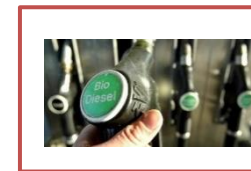


Reinforcing the competitive environment to **attract new downstream** players

Renewables and decentralized power generation



Program to stimulate the production of **biofuels**, based on predictability and sustainability



New legislation to increase the **mandatory percentage of biodiesel** in diesel fuel to 10%



New **financing guidelines** for renewables and reduced support for fossil fuels



Promotion of **decentralized power generation**, focusing on renewables, mainly solar PV

- Sources: MME – “RenovaBio – Apresentação para reunião”, 2017; CNPE – “Resolução nº 11”, 2016; MME – “MME abre consulta sobre diretrizes propostas pelo Gás para Crescer”, 2016; MME – “Combustível Brasil – Evento de lançamento”, 2017; BNDES – “BNDES divulga novas condições de financiamento à energia elétrica”, 2016

Events to Watch



2017 Exploration Rounds

Petrobras Divestments



2018 Elections



**“Crisis is a time when old
has not yet gone, new
has not yet arrived”
A. Gramsci**