



# The Outlook for Oil&Gas in Brazil

The Dialogue, 5th May 2017

**Jorge M. T. Camargo**  
President



The home  
to our  
industry.



# 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.



(...)

What next?

**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").

# Energy Transition

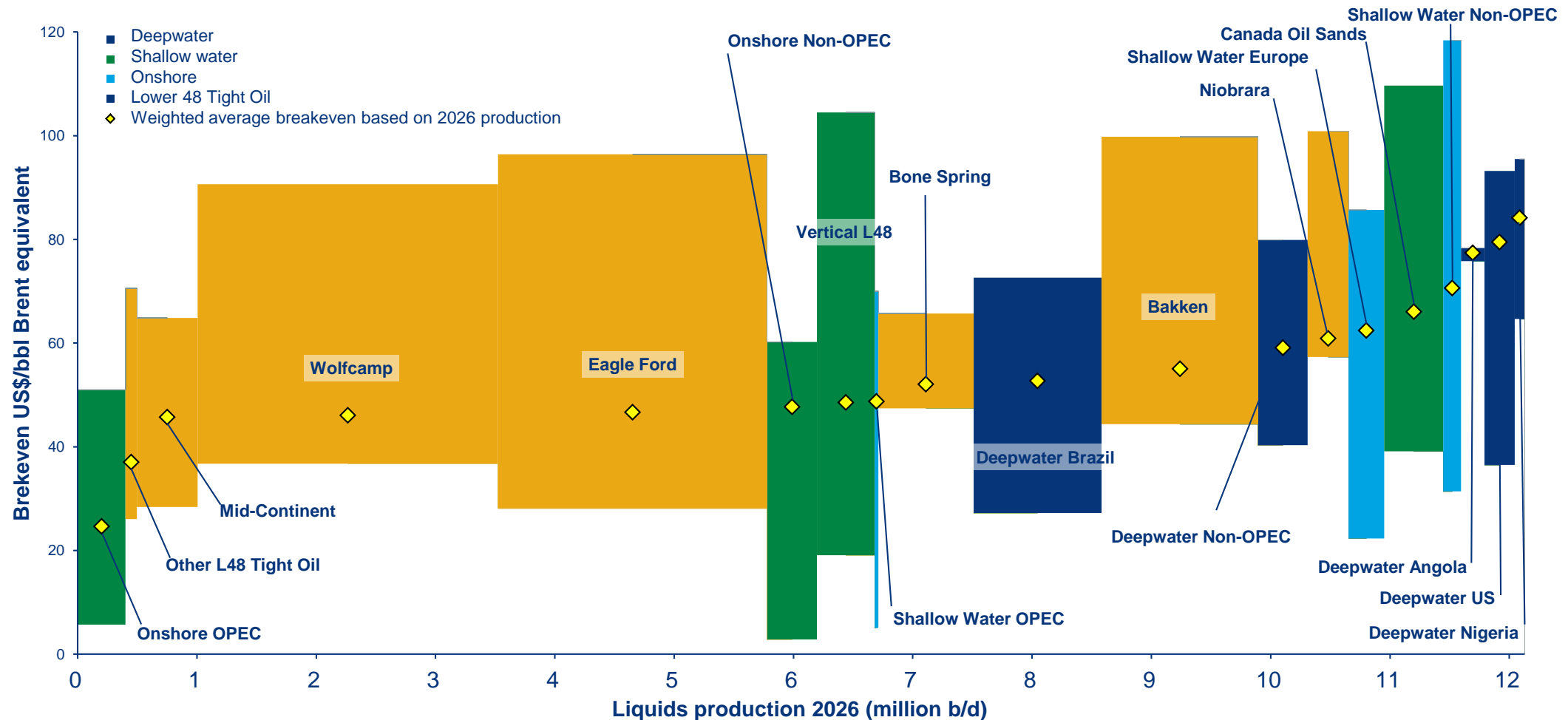


**Oil prices**  
Lower for longer



# 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

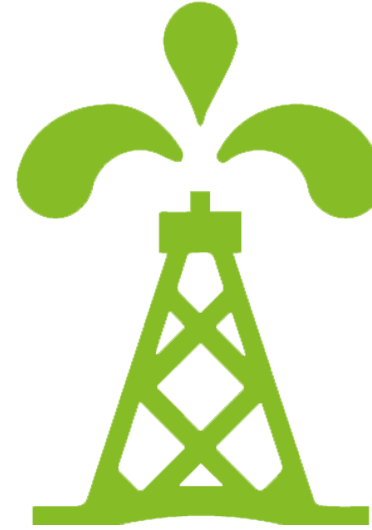
Average oil daily production:

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:**

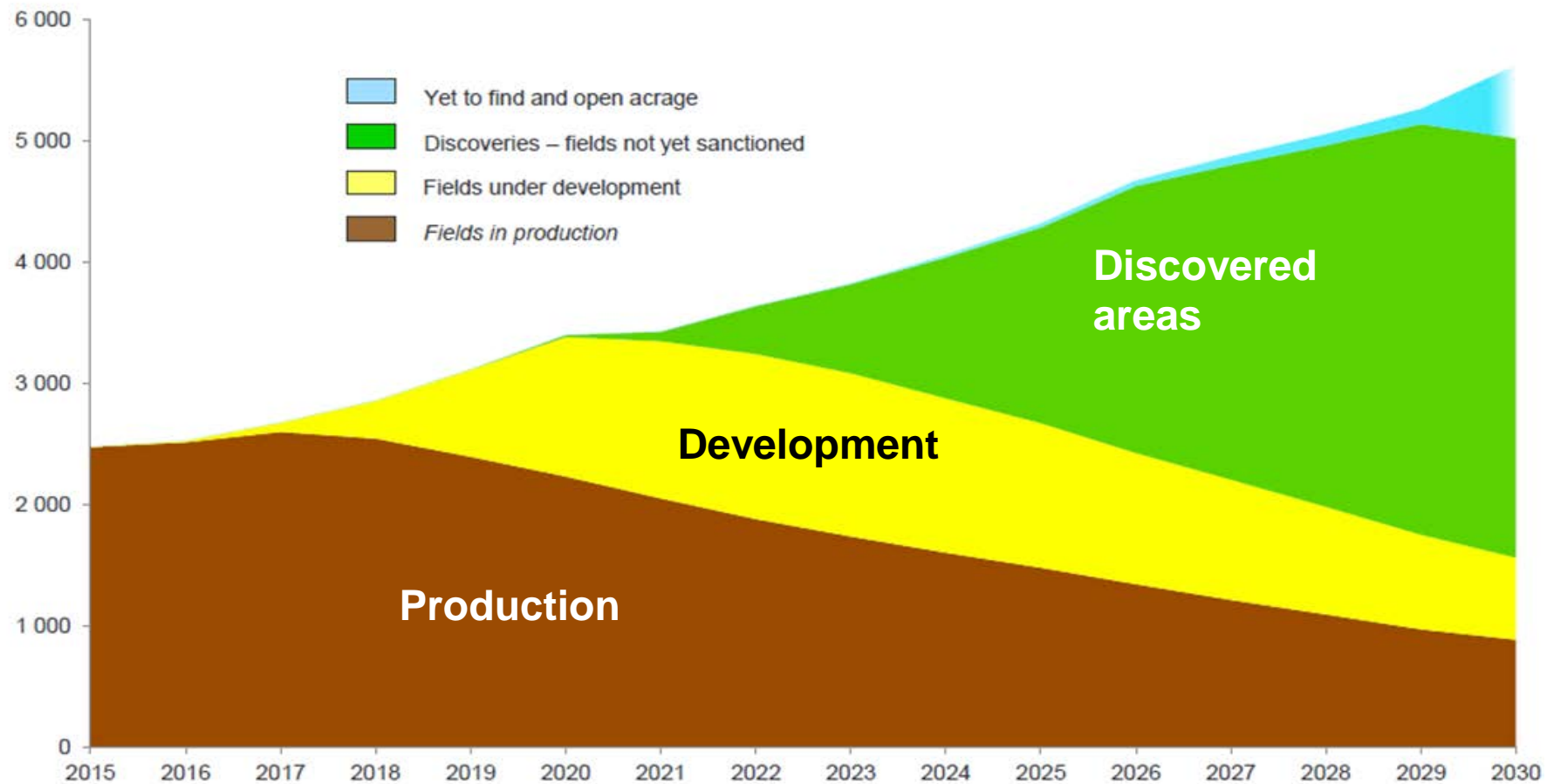
North Sea  
~15.000 b/d

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

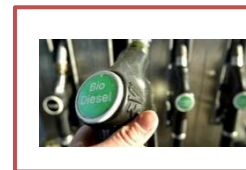


Reinforcing the competitive environment to **attract new downstream players**

### 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

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**2017 Exploration Rounds**

**Petrobras Divestments**



**2018 Elections**



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

**A. Gramsci**