

PETROBRAS PUBLISHES TEASERS FOR THE DIVESTMENT OF 50 ONSHORE FIELDS

On August 28, 2017, Petrobras published divestment teasers and commenced a tender process related to the divestment of 50 onshore fields. The teasers require that the invited companies and other prospective assignees that fulfill the eligibility criteria and satisfy all of the requirements set forth in the teasers should declare their interest on or before **September 12, 2017**. The relevant and confidential technical, legal, and financial information, including the Process Letter and information concerning the tender process, will only be made available to interested parties via access to the physical and virtual data rooms if they have signed a Confidentiality Agreement, a Compliance Certificate, and other required declarations on or before September 26, 2017.

The 50 onshore fields are located in the Rio Grande do Norte and Bahia states and are being divested in three clusters, as described below.

State	Package	Concessions
Rio Grande do Norte	Riacho da Forquilha Cluster (34 concessions)	Acauã, Asa Branca, Baixa do Algodão, Boa Esperança, Baixa do Juazeiro, Brejinho, Cachoeirinha, Cardeal, Colibri, Fazenda Curral, Fazenda Junco, Fazenda Malaquias, Jaçanã, Janduí, Juazeiro, Lorena, Leste de Poço Xavier, Livramento, Maçarico, Pardal, Patativa, Pajeú, Paturi, Poço Xavier, Riacho da Forquilha, Rio Mossoró, Sabiá, Sabiá Bico de Osso, Sabiá da Mata, Sibite, Três Marias, Trinca Ferro, Upanema, and Varginha
Bahia	Buracica Cluster (7 concessions)	Buracica, Fazenda Panelas, Fazenda Matinha, Conceição, Quererá, Fazenda Santa Rosa, and Lagoa Branca
	Miranga Cluster (9 concessions)	Miranga, Fazenda Onça, Riacho São Pedro, Jacuípe, Rio Pipiri, Biriba, Miranga Norte, Apraiús, and Sussuarana

Petrobras operates and holds a 100% Participation Interest in all of these concessions, except for the Cardeal and Colibri fields, where Petrobras holds a 50% Participation Interest and PARTEX is the operator and holds a 50% Participation Interest, and the Sabiá da Mata and Sabiá Bico de Osso fields, where Petrobras holds a 70% Participation Interest and SONANGOL is the operator and holds a 30% Participation Interest.

Petrobras has stated that its 2016 net share of oil and natural gas production in the 50 fields being offered was 20,400 barrels of oil equivalent per day. The teasers also disclose the following detailed information regarding average daily oil and gas production for 2016 in each cluster:

- Riacho da Forquilha Cluster
 - Oil Production: 8,748 bpd
 - Gas Production: 332,000 m³/day
- Buracica Cluster
 - Oil Production: 3,940 bpd
 - Gas Production: 32,000 m³/day
- Miranga Cluster
 - Oil Production: 1,584 bpd
 - Gas Production: 606,000 m³/day

An interested party is eligible to participate in the tender process if:

- It is an onshore operator in Brazil or abroad;
- It is an offshore company abroad (pursuant to the relevant rules, offshore operators are deemed qualified to operate onshore fields);
- It is classified as an operator A, B, or C by the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (*Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*, “ANP”); or
- Even though not classified as an operator A, B, or C by the ANP, it declares, in the exact terms of the declaration model to be provided by Petrobras, that: (i) it is aware of the ANP’s qualification process, and (ii) it meets the requirements of the ANP to be classified as an operator C.

In addition, prospective assignees must meet the requirements set forth in items 2 through 7 of the teasers, as summarized below.

Interested parties are permitted to form a consortium to participate jointly in the tender process, provided that they provide timely notice. All consortium members must individually sign a Compliance Certificate satisfying the requirements set forth in the teasers. Each consortium members other than the leader must declare that it fulfills all legal and regulatory requirements to be a concessionaire in Brazil. The leader of the consortium must satisfy the eligibility criteria.

Neither the prospective assignee nor any of its affiliates can be subject to, owned, or controlled by a person or entity, nor located, incorporated, organized, or resident in a country subject to any economic, financial, or trade (i) sanctions, (ii) regulations, (iii) embargoes, or (iv) restrictive measures. In addition, the prospective assignees cannot have any business affiliations or commercial dealings with, or investments in, any Sanctioned Country or Sanctioned Person.

Additionally, neither the prospective assignee nor any of its affiliates can be included in either of the following restrictive lists: (i) “National Register of Disreputable, Suspended, and Punished Companies” (*Cadastro Nacional de Empresas Inidôneas, Suspensas e Punidas*), and (ii) “Companies prevented from trading with Petrobras” (*Empresas impedidas de transacionar com a Petrobras*).

Furthermore, by participating in the tender process, the prospective assignees must agree not to take any action, or omit to take any action, that would violate any applicable law related to business ethics.

Petrobras reserves the right to perform preventive risk analysis, in compliance with the Brazilian Anti-Bribery Law and the Petrobras Program for Preventing Corruption, and to require that any prospective assignee complete a detailed questionnaire to verify its compliance with, and that its practices and conduct comport and are consistent with, the Anti-Bribery Law.

All queries and communications from prospective assignees should be addressed exclusively to Itaú BBA, Petrobras's financial advisor in the tender process, at the following e-mail address: onshorebrazil@itaubba.com.

The teasers for the packages offered can be accessed as follows: [Riacho da Forquilha Cluster](#), [Buracica Cluster](#), and [Miranga Cluster](#).

SHALLOW WATER DIVESTMENT SUBMISSION DEADLINE EXTENDED

On September 8, 2017, Petrobras extended the deadline to express interest in its divestment of 30 shallow water fields until September 30, 2017. (See our August 31, 2017 [Client Alert](#) for information related to the shallow water divestment process.)

SAVE THE DATE

On November 30, 2017, Thompson & Knight LLP and Schmidt, Valois, Miranda, Ferreira & Agel will hold a luncheon in Houston, Texas to discuss the results/opportunities associated with (1) the ANP's tender rounds, and (2) Petrobras's divestment program.

CONTACTS

For more information on the topics discussed in this Client Alert, please contact one of the attorneys listed below.

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