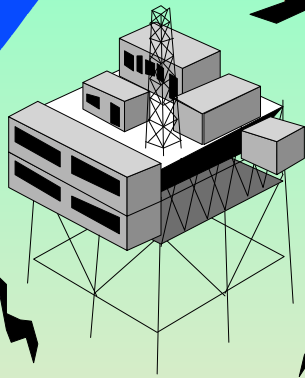


Brazil Round 1



Licenses, Permits and Environmental Regulation

Nilce Olivier Costa





Licenses, Permits and Environmental Regulation



- **Activities subject to ANP authorization**
 - **Exploration, development and production activities (including gas flaring)**
 - **Construction of pipelines, terminals, transportation facilities, refineries and other infrastructure facilities**
- **When applicable, ANP authorization requires prior approval by any governmental authorities with jurisdiction over these activities**
 - **Military authorities**
 - **Environmental authorities**
 - **Official agencies relating to indigenous peoples**
 - **Not likely to be an issue where Round 1 blocks located**



ANP Authorizations - Procedure



- Exploration, development and production (including flaring)
 - As discussed in presentation on Concession Agreement
 - Exploration phase
 - Prior notice and subsequent reporting to ANP
 - No separate ANP approval for activities (including exploration wells) included in Minimum Exploration Program set forth in Concession Agreement
 - Development and production phase
 - ANP will issue *Portarias* with regulatory approval requirements
- Pipelines, terminals, refineries, etc.
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Military Approvals



- Approval of Brazilian Navy required for all offshore activities
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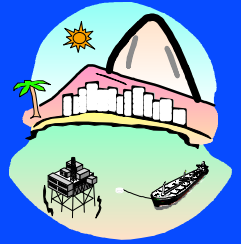
Environmental Permits - Overview



- Required for any activity that may adversely affect the environment
- **Includes all activities related to exploration, development and production of oil and gas, construction or operation of pipelines and any other infrastructure facilities**



Environmental Permits - Overview (*continued*)



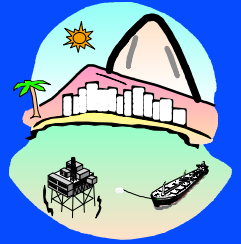
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- Principal types of federal environmental permits
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Environmental Authorizations - Exploration Activities



- **Prior Approval for Drilling (LPper)**
 - **Permit for drilling wells in a defined area**
 - **Requires filing of an Environmental Control Report (RCA) and risk analysis**
 - **RCA (prepared by the Concessionaire):**
description of drilling activities,
environmental risks, identification of impacts
and mitigating measures
 - **Must be renewed after 5 years if project not completed**



Environmental Authorizations - Evaluation Activities



- **Prior Approval for Research on Oil and Gas Production (LPpro)**
 - **Addresses long term production tests for resource evaluation**
 - **Requires an Environmental Viability Study (EVA) prepared by the Concessionaire**
 - **EVA contents: production development plan, environmental evaluation and list of control measures to be adopted**
 - **Must be renewed after 5 years if research not completed**



Environmental Authorizations - Development Activities



- **Authorization for installation of production systems and fluids transfer**
- **Focused on platforms, ships and anchors, not wells or pipelines**
- **Validity: the length of the project (may not exceed 6 years)**
- **Requires filing of an Environmental Impact Study and Report (EIA/RIMA) or, in certain circumstances, Environmental Evaluation Report (RAA)**



Environmental Authorizations - Development Activities (*cont'd*)



- **(Continued)**
 - **RAA is prepared by the Concessionaire**
 - **Contents**
 - Environmental diagnosis of area involved
 - Description of new projects or expansions
 - Identification and evaluation of environmental impacts and mitigating measures to be adopted
 - **Must take into consideration other planned projects**



Environmental Authorizations - Development Activities (*cont'd*)



- **Permit for Installations (LI) (*Continued*)**
 - **EIA - must be prepared by a professional registered with IBAMA**
 - May be Concessionaire if registered with IBAMA
 - **EIA always accompanied by RIMA**
 - **EIA - contents:**
 - Technological and location alternatives
 - Identification and evaluation of environmental impacts
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 - Compatibility of project with proposed and established governmental plans and programs in affected area
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Environmental Authorizations - Development Activities (*cont'd*)



- **Permit for Installations (LI) (*continued*)**
 - **RIMA - contents:**
 - Project goals and justifications
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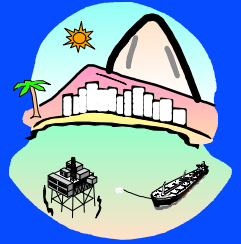
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- **Permit for Operations (LO)**
 - **Authorizes operation of production facilities**
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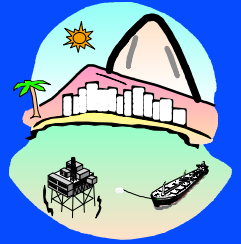
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- **Public hearings**
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Environmental Authorizations - Procedures (*Continued*)



- Competent environmental agency may modify restrictions imposed under permits
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State Environmental Agencies



- State agencies have sole environmental licensing authority for intrastate onshore operations, unless federal environmental preserve involved
- Licensing Procedures for granting authorizations vary from state to state; examples:
 - **Espírito Santo: one permit for both exploration and production**
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ANP-IBAMA Joint Work



- **Concerns**

- **Arguable under Brazilian law that environmental approval of all phases of exploration and production should be issued before any exploration or production activities begin**
- **Lack of definition of scope for RAA and RCA studies**
- **Requirement for separate approvals from ANP and environmental authorities for E&P activities**
 - ANP and IBAMA studying possibility of combined approval process
- **Nature of concession regime (shared facilities, neighboring concession areas, etc.) suggests appropriateness certain changes to licensing regime**



ANP-IBAMA Joint Work (Continued)



- **ANP-IBAMA: Goals for the future**
 - **Give to ANP responsibility for preparing EIA/RIMA on a regional or basin-wide basis**
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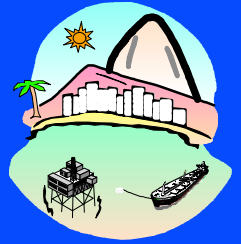
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ANP-IBAMA Joint Work - Transition Period



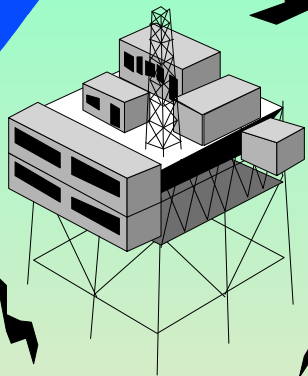
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Brazil Round 1



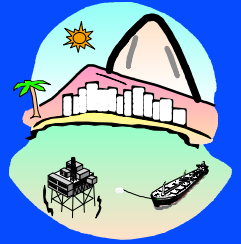
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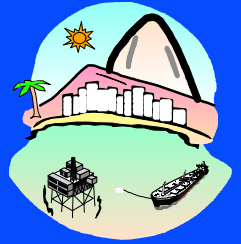
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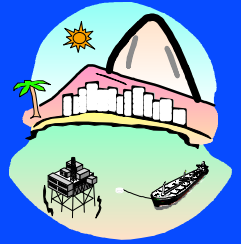
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