



# Brasil Round 4



## Legal Aspects

**Sônia Maria Agel da Silva**

***General Counsel***

**Agência Nacional do Petróleo**



# New Structure of the Petroleum Sector in Brazil



Constitutional Amendment No. 9/95  
("flexibilizes" the market)

Law 9478/97  
(created ANP and the CNPE)



# Brazilian Concession Regime



- Underground resources belong to the State
- Foreign and domestic companies may explore these resources under concession
- Concessions granted by the State through licensing rounds



# Responsibilities



- Licensing of Areas
  - ✍ Definition of Blocks
  - ✍ Promotion of Licensing Rounds
  - ✍ Concession Agreement
  - ✍ Administration and collection of Government Take
- National Resource Database
- Regulation and fiscalization of E&P activities



# Concession Agreement



- Model Concession Agreement developed to reflect several considerations
  - ✍ Requirements of Petroleum Law
  - ✍ Brazilian legal context and background
  - ✍ International practice and experience
  - ✍ Suggestions received during the virtual public hearings
- ANP entered into 397 Concession Agreements with Petrobras in August 1998
- 67 more added from Brazil Rounds 1, 2 and 3



# Evolution of the Concession Agreement



- Evolution reflects the experience gained by the ANP as a result of managing the granted concessions
- Reflects also comments and suggestions received



# Principal Changes Made



- Better definition of the right to export and in the clauses regarding Breach and Termination
- Insertion of new definitions and legislative references
- Possibility of temporary interruption of production
- Simplification and clarification of procedures
- Possibility of extension of Exploration Periods
- Possibility of drilling wells in substitution for seismic Minimum Exploration Program



# Balance of Changes made since Brazil Round 1



- More opportunities in the sector
  - ✍ Reduced minimum required equity
  - ✍ Reduced technical experience requirements for less technically challenging areas
- REPETRO, ONIP, and agreements with other educational and research institutions
- Spec Seismic Program
- Foreign currency bank accounts
- Cooperation agreement with IBAMA





## Brasil Round 4



- Contributions and suggestions always welcome
- Base text : Third Round Contract
- Not many changes expected
- Initial model will be available in March 2002
- Final model will be included in the Final Tender Protocol in May 2002



# Open Access for Natural Gas Pipelines



- Article 58 of Law Petroleum Law
- Draft Portaria issued in March 2001
  - ✍ Many comments from industry and others
  - ✍ National energy crisis underscored urgency of issue
- Portaria 98 in June 2001
  - ✍ Principles for an "Open Season" process
  - ✍ Open Season underway with completion expected 1Q 2002
- Additional comprehensive Portaria required to establish sound legal basis for further development of the gas sector
  - ✍ To be issued upon completion of the Open Season to lay out rules for capacity allocation, tariff calculations, grandfathering provisions, etc.