

## Oil and Gas Sector Brief: BRAZIL

### **Background:**

Since 1953, the Brazilian federal government has maintained a virtual monopoly in the exploration, drilling, production, importation and refining of petroleum products. This monopoly, defined in the Constitution and scheduled for review when the newly-elected Congress takes office in October 1994, is exercised by Petrobras, the national oil company. Petrobras is a publicly traded company with the majority of its shares held by the federal government.

Areas that are not within the exclusive jurisdiction of Petrobras include the transport and distribution of natural gas within individual states (a state government responsibility), the refining of certain lubricants and oil by-products (private sector), and the retail distribution of gasoline, diesel and alcohol fuels (private sector).

Petrobras has traditionally pursued a "buy-Brazil" policy in its procurement of goods and services and, where possible, consulting and engineering capabilities. It sources approximately 85% of its requirements domestically. As a result, Brazil has developed strengths over a spectrum of oil and gas equipment and services, particularly in the area of deep water exploration, and has been active in exporting this technology abroad through Braspetro International.

### **Current Situation:**

Today, Petrobras is a company with assets of US\$ 50 billion. Its operations and assets currently include 250 oil and gas fields (majority of oil and gas reserves are offshore), 14 onshore and 12 offshore drilling rigs, 76 fixed and 15 floating production platforms, 10 refineries (average daily output 1.2 million bpd), 76 crude carriers (tonnage 5.6 million dwt), 9723 km of pipelines (6126 km oil, 3597 km gas), 9 terminals, 73 operational bases, a research centre (CENPES) and 55,000 employees. Petroleum proven reserves measure 3.8 billion barrels of oil + condensate, and 137.4 billion m<sup>3</sup> gas. In 1993, Petrobras imported on average 400,134 bpd of crude oil, and 388,000 bpd of oil products. Average daily production, at an overall BOE of US\$ 14.32 per barrel, is broken down as follows:

<u>Oil:</u>	Onshore	182,545 barrels	<u>Gas:</u>	Onshore	7.8 million m <sup>3</sup>
	Offshore	458,993 barrels		Offshore	12.5 million m <sup>3</sup>

In terms of drilling activity, Petrobras decreased its operations slightly in 1993 as compared to 1992. US\$ 630 million was spent on 356 exploratory and development wells in 1993 (US\$ 423 million offshore, US\$ 207 million onshore), down from US\$ 759 million on 385 wells in 1992. Overall meters drilled, however, increased from 521,000 m in 1992 to 554,000 m in 1993. Detailed figures on wells drilled in 1993 show:

<u>Onshore</u>	Exploratory	51 wells	102,000 meters total
	Development	224 wells	182,000 meters total
<u>Offshore</u>	Exploratory	47 wells	156,000 meters total
	Development	34 wells	114,000 meters total