

## **Questions and Answers**

### **Who is Petrobras International?**

Petrobras International Braspetro B.V. is a wholly-owned subsidiary of Petróleo Brasileiro S.A, and is responsible for carrying out exploration and production activities for its parent company.

Petróleo Brasileiro is the largest company in Latin America and the largest company to be headquartered in the southern hemisphere. It was incorporated in 1953 as a 100 per cent government-owned agency to undertake hydrocarbon activity in Brazil. Today the company is publicly listed on the Brazilian stock exchange but the government still holds a majority shareholding of 55 per cent.

Petrobras is one of the leading petroleum explorers in the world and has considerable experience in the offshore Brazilian Atlantic margin as well as holding tenements in onshore and offshore licences in some 27 countries. It has proven production capacity of approximately 2.4 million barrels of oil per day from 112 production platforms and 15 refineries. Petrobras's oil and gas reserves in 2008 were 15.1 billion barrels.

Petrobras has a downstream capacity of 6,000 service stations in Brazil and a further 1,000 abroad. As at 1 December 2009, Petrobras had a market capitalisation of US\$221 billion. Petrobras also operates the majority of the world's 252 floating production, storage and offloading vessels, and has 58 drilling rigs leased out until 2013. Furthermore, Petrobras is heavily committed to research and development in the exploration and production industry by having partnerships with 120 universities and 70 research centres and institutions globally.

For more information visit [www.petrobras.com.br/en/](http://www.petrobras.com.br/en/) or [www.petrobras.com](http://www.petrobras.com)

### **Where is the Raukumara Basin, and the permitted area?**

The Raukumara Basin covers 25,000 square kilometres, extending about 300 kilometres north and around 100 kilometres wide off East Cape in the North Island. It lies at the northern end of the East Coast Basin, and is bound to the east by the East Cape Ridge and to the west by the Kermadec Ridge. Within the New Zealand Exclusive Economic Zone, the basin extends 110 kilometres from the New Zealand coast. Water depths range from coastal to more than 2,400 metres at its northern reaches.

Petrobras have been awarded a permit for 12,330 square kilometres within the basin, extending from four kilometres off the New Zealand coast to 110 kilometres from the coast. To enable a more thorough investigation of the regional geology, Petrobras submitted a bid that included collection of seismic reflection data over both Blocks 1 and 2 of the Blocks Offer. The awarded permit covers the area of the work programme submitted. The awarded permit is comprised of all of Block 2 and a portion of Block 1.

### **What was the process for finalising a successful bid?**

The Raukumara Blocks Offer was announced on 10 December 2008 and closed on 28 January 2010. Potential investors were given 13 months to formulate their bids, which included specifying the work programme each bidder intended to carry out in relation to each block.

Evaluation of bids included a rigorous assessment of the work programme to ensure it was a robust bid supported by the financial and technical capability needed to give effect to the work programme.

The work bid is evaluated in accordance with the Crown Minerals Act 1991, the Minerals Programme for Petroleum (2005), the Blocks Offer Notice and the charter document.

### **What are Petrobras's work programme commitments?**

Petrobras has been awarded a five-year petroleum exploration permit to ascertain the prospects of the permit area to enable a decision to be made whether to continue exploration of the area, apply for a mining permit for discoveries made, or surrender the permit.

Petrobras' work programme milestones include:

- acquiring 3,000 kilometres of two-dimensional seismic data within 18 months
- interpreting the 3,000 kilometres of two-dimensional seismic data within 24 months
- an option to surrender after interpretation of two-dimensional seismic data
- acquiring 800 square kilometres of three-dimensional seismic within 36 months
- interpreting the 800 square kilometres of three-dimensional seismic data within 42 months
- an option to surrender after interpretation of three-dimensional seismic data
- drill one well within 60 months

### **What financial commitment is Petrobras making to exploration in New Zealand?**

The estimated costs associated with the work bid are:

- US\$5 million for the two-dimensional seismic data
- US\$7 million for the three-dimensional seismic data
- US\$106 million to drill one well

### **What is the known production potential of the area?**

The Raukumara Basin is a totally unexplored frontier basin, where no commercial activity has previously been undertaken. In 2005 the Crown acquired some initial seismic data over the area, which was made available as part of the blocks offer. The seismic data, further modelling of the area and comparison to the onshore geology indicates there are sediments up to 11 kilometres thick in the basin along with potential sand reservoirs over the area that are key elements necessary for hydrocarbons to be formed in the basin and trapped in commercial quantities. A number of sea surface slicks add to the positive expectations for this basin, as do the many oil and gas seeps over the adjacent onshore region.

### **How many bids were received?**

Neither the number of bids nor other bidders will be disclosed. This ensures the integrity of the blocks offer process and confidentiality of bidders is maintained.