

RESOLUTION ANP No. 39, DATED 11.13.2007

The DIRECTOR-GENERAL of the NATIONAL AGENCY OF PETROLEUM, NATURAL GAS AND BIOFUELS – ANP, exercising the powers vested in him by law and in view of deliberation pursuant to Board Resolution no. 657, dated November 9th, 2007, referring to Local Content Clause in Concession Agreements for Exploration, Development and Production of Oil and/or Natural Gas, entered into the ANP and the concessionaires from 2005 on, and

Whereas from Brasil Round 7 – which was held in 2005 – on, the ANP introduced new rules and requirements for the fulfillment of the contractual Local Content:

Art. 1. Regulation ANP no. 9/2007, which establishes the frequency, the format and the content of local investments reports made with exploration and production development activities, is hereby approved.

Art. 2. The following documentation is part of this Resolution:

- a) Regulation for Local Investments Report in Exploration and Development
- b) Annex I – Investments Report in Exploration
- c) Annex II – Investments Report in Production Development

Art. 3. This Resolution comes into force on the date of its publication.

HAROLDO BORGES RODRIGUES LIMA

ANNEX

REGULATION ANP No. 9/2007

REGULATION FOR LOCAL INVESTMENTS REPORT IN EXPLORATION AND DEVELOPMENT

1. OBJECT APPLICATION

1.1 This Regulation aims at establishing the frequency, the format and content of local investments reports made with exploration and production development referred to in the Clause entitled Local Content Local Content for Concession Agreements entered into from Brasil Round 7 on.

1.2 This regulation establishes the reports which aim at subsidizing proof of compliance with minimum percentage of Local Investments by concessionaires and applies to Exploration and Production Development phases of Concession Agreements entered into from Brasil Round 7 on.

2. FREQUENCY

Base-Period

2.1 The investments reports referred to herein has the calendar year quarter as base-period.

2.1.1 For the application of the provisions of this item, the calendar year divided in quarters from January to March, from April to June, from July to September and from October to December, shall be taken into account.

2.1.2 The base-period for the first measurement of investments shall comprise the period from the date of execution of concession agreement or term of assignment of concession agreement, as applicable, until the last day of respective quarter.

Delivery Term

2.2 The Concessionaire shall submit investments reports to the National Agency of Petroleum, Natural Gas and Biofuels – ANP up to the 15th (fifteenth) business day of the second month subsequent to the end of each quarter.

3. GENERAL PROVISIONS

Currency

3.1 The Concessionaire shall deliver information dealt with in this Regulation in national currency. For currency translation, exchange rates in effect on the date of issuance of sales or service Invoice shall be utilized.

Presentation in Electronic Spreadsheet

3.2 The Concessionaire shall present the reports dealt with in this Regulation in electronic spreadsheet, according to attached templates.

Accounting Principles

3.3 The Concessionaire shall deliver information dealt with in this Regulation according to Fundamental Accounting Principles, observing the accrual basis for the base-period.

Local Content

3.4 The classification of the domestic and foreign investments set forth in ANNEXES I and II hereof, must comply with concepts established in the Concession Agreements.

3.5 The Concessionaires shall keep all supporting records in the form of Local Content Certificate and fiscal documentation corresponding to product or service purchased at ANP's disposal, for a term established in the Audit clause in the Concession Agreement.

Total Accrued in the Agreement

3.6 The 'Total Accrued in the Agreement' column in the ANNEXES I and II of this regulation represents the investments accumulated from the date of execution of Concession Agreement or Term of Assignment of Concession Agreement, as applicable.

Taxes, Social Contributions and Third-Party and Governmental Takes

3.7 Taxes, IPI, ISS and ICMS, as well as third-party and governmental takes shall not be registered in the investments reports.

3.7.1 Other indirect taxes, such as the import tax, shall be incorporated to the cost of the product, and other taxes incurred on services shall be incorporated to the cost of the service.

4. DEFINITIONS

4.1 For the purposes of this Regulation, the following shall be valid:

4.1.1 Exploration phase: period of time established for exploration, pursuant to Concession Agreement.

4.1.2 Development phase: period of time established for development, pursuant to Concession Agreement.

4.1.3 Modular development – set of operations and investments intended for production activities in an oil or natural gas field, whose development was conceived in individual modules, with independent production and installed in sequence.

4.1.4 Complementary development – set of operations and investments intended for production activities in an oil or natural gas field conceived after the original development of the field, whose execution was during the production phase.

5. REPORTS TEMPLATES

5.1 The investments reports shall be standardized, according to templates attached to this Regulation:

5.1.1 ANNEX I: Local Investments Reports in Exploration;

5.1.2 ANNEX II: Local Investments Reports in Production Development.

Exploration Phase

5.2 The Concessionaire shall deliver report in ANNEX I for each block under concession.

Development Phase

5.3 The Concessionaire shall deliver report in ANNEX II for each development area, compatible with Annual Work Program (PAT) and Annual Work Budget (OAT) submitted.

5.3.1 In case of modular development of an area, deposit and/or ring fence, the report in ANNEX II shall be delivered for each module.

5.3.2 In case of complementary development, the report in ANNEX II shall be delivered for each new development area.

6. CONTENT OF REPORTS

6.1 INVESTMENTS REPORTS IN EXPLORATION

6.1.1 The items in ANNEX I have the following meanings and functions:

Exploration: It comprises investments in research and exploration incurred during exploration phase from the date of execution of Concession Agreement to the end of exploratory term.

I GEOLOGY & GEOPHYSICS

It comprises the investments related to geological and geophysical data survey, processing and interpretation, as well as field operations, remote sensing, surveys and lease and maintenance expenses for equipments used in the activities, sample collection and analysis, oil slick analysis and piston core surveys and surveys for gasimetry and microbiology. It is

necessary to indicate costs incurred from purchases through data acquisition companies (EAD / SPEC).

I.1 Acquisition: it registers investments with geological and geophysical surveys.

I.2 Processing and Interpretation: it registers investments with computing, treatment, integration and interpretation of geological and geophysical data.

I.3 Other: it registers other investments in geology and geophysics which are not classified in the activities specified above.

II DRILLING, ASSESSMENT AND COMPLETION

It comprises investments with exploration wells drilling, assessment and completion (preparation of sites, cementing, logging, casing, mud logging, rent of equipments and drilling unit, fishing, logging, coring and formation/production tests, etc), assigned according to items as follows.

II.1 Chartering of Rig: it registers investments with chartering of rig to be used in exploratory wells drilling or completion.

II.2 Drilling and Completion: it registers investments with materials, equipments and services used in drilling, completion and assessment of exploratory wells, comprising items II.2.1 to II.2.5, listed below.

II.2.1 Wellhead: it registers investments with materials, equipments and services used in the installation of exploratory wellheads.

II.2.2 Casing: it registers investments with acquisition of materials, equipments and services used in casing activities of exploratory wells.

II.2.3 Production Tubing: it registers investments with its acquisition and materials, equipments and services used in production tubing installation activities of exploratory wells aiming at occasional long-term tests.

II.2.4 Well Equipment: it registers investments with materials, equipments and services used in the completion of wells which are not classified in sub-items II.2.1, II.2.2, II.2.3 and II.2.5.

II.2.5 Bits: it registers investments made with all activities involving the use of bits in exploratory wells drilling services.

II.3 Auxiliary Systems: it registers investments comprised by auxiliary systems of exploratory wells drilling, assessment and completion activities, according to items below.

II.3.1 Electric System: it registers investments with materials, equipments and services used in the implementation of electric system involved in exploration activities.

II.3.2 Automation System: it registers investments with materials, equipments and services used in the definition and implementation of automation and control system for exploratory wells, except for those listed in sub-item II.3.5.

II.3.3 Telecommunication System: it registers investments with materials, equipments and services used in data communication and other related services necessary for exploratory wells drilling, assessment and completion activities.

II.3.4 Fiscal Measurement System: it registers investments with materials, equipments and services used in the installation of fiscal measurement stations for exploratory wells/set of wells.

II.3.5 Field Instrumentation System: it registers investments with materials, equipments and services used in the installation of all field instrumentation related to exploratory wells drilling, assessment and completion activities.

II.4 Other: it registers other investments made in exploratory wells drilling, assessment and completion operations not included in the calculations above.

III Logistic Support: it registers investments with supplies and transport of materials, equipments, personnel, etc., executed by sea, air and road, assigned to exploratory block.

6.2 INVESTMENTS REPORT IN DEVELOPMENT

6.2.1 The items in ANNEX II have the following meanings and functions:

Development: comprises investments in the production development phase, pursuant to the Concession Agreement, in the period between the declaration of commerciality of a discovery and the beginning of the production in the respective field.

I DRILLING, ASSESSMENT AND COMPLETION

It comprises investments with drilling (preparation of sites, cementing, logging, casing, mud logging, rent of equipments and drilling unit, fishing, etc), well completion and recompletion (installation of casing, correction of cementing, perforation, installation of tubing for producing, injection and other wells (guiding, collection, water discharge, etc.), assigned according to items as follows.

I.1 Chartering of Rig: it registers investments with chartering of rig to be used in drilling, completion and recompletion of producing and injection wells.

I.2 Drilling plus completion: it registers the sum of investments in these two categories, assigned according to items as follows.

I.2.1 Wellhead: it registers investments with materials, equipments and services used in the installation of producing and injection wellheads.

I.2.2 Casing: it registers investments with materials, equipments and services used in producing and injection wells casing activities.

I.2.3 Production Tubing: it registers investments in its acquisition and with materials, equipments and services used producing and injection wells production tubing installation activities.

I.2.4 Well Equipment: it registers the sum of investments with materials, equipments and services used in the completion or recompletion of producing and injection wells which are not classified in sub-items I.2.1, I.2.2, I.2.3 and I.2.5.

I.2.5 Bits: it registers investments with all activities involving the use of bits in producing and injection wells drilling services.

I.3 Auxiliary Systems: it registers investments comprising auxiliary systems for producing and injection wells drilling, assessment, completion and recompletion activities, as follows.

I.3.1 Electric System: it registers investments with materials, equipments and services used in the implementation of electric system involved in the activities described.

I.3.2 Automation System: it registers investments with materials, equipments and services used in the definition and implementation of automation and control system for producing and injection well, except for those listed in sub-item I.3.5.

I.3.3 Telecommunication System: it registers investments with materials, equipments and services used in data communication and other related services necessary for producing and injection wells drilling, assessment and completion activities.

I.3.4 Fiscal Measurement System: it registers investments with materials, equipments and services used in the installation of fiscal measurement stations for producing and injection wells/set of wells.

I.3.5 Field Instrumentation System: it registers investments with materials, equipments and services used in the installation of all field instrumentation related to producing and injection wells drilling, assessment and completion activities.

I.4 Logistic Support: it registers investments with supplies and transport of materials, equipments, personnel, etc., executed by sea, air and road, assigned to developing area.

I.5 Christmas Tree: it registers investments with acquisition and installation of christmas trees in producing and injection well, comprising equipments and services.

I.6 Other: it registers other investments made in drilling operations not included in the calculations above.

II PRODUCTION COLLECTION SYSTEM

It comprises investments necessary for the movement of oil and natural gas from the wells to the stations or platforms, as well as water injection lines, gas lift, assigned as follows.

II.1 Umbilicals: it registers investments with acquisition, launching and assembly of umbilicals, comprising materials, equipments and services.

II.2 Manifolds: it registers investments with materials, equipments and services used in the acquisition and assembly of manifolds.

II.3 Flexible Production and Injection Lines: it registers investments with materials, equipments and services used in the acquisition, launching and assembly of flexible lines.

II.4 Rigid Production and Injection Lines: it registers investments with materials, equipments and services used in the acquisition, launching and assembly of rigid lines.

II.5 Pumping Systems: it registers investments with materials, equipments and services used in producing wells artificial lift activities, such as mechanical sucker rod, BCP, BCS and Gas Lift.

II.6 Flowlines: it registers investments with materials, equipments and services used in oil and natural gas flowlines not included in the calculations specified above.

II.7 Underwater Control System: it registers investments with all materials, equipments and services used in the acquisition and installation of underwater control for oil and natural gas collection systems.

II.8 Basic Engineering: it registers all investments with basic and conceptual project of the production collection system in the field.

II.9 Detailing Engineering: it registers investments with detailing of project for production collection system.

II.10 Management, Construction and Assembly: it registers with management, launching of lines, assembly, commissioning and testing of the production collection system not included in previous items.

II.11 Other: it registers investments with acquisition of other equipments not included in the calculations above.

III PRODUCTION UNIT

It comprises investments with design, construction, assembly, installation and commissioning of production units, assigned according to list of items as follows.

III.1 Basic Engineering: it registers the sum of all investments comprising basic and conceptual engineering services of the field production units.

III.2 Detailing Engineering: it registers the sum of all investments with engineering project detailing services in the field production units.

III.3 Management, Construction and Assembly: it registers the sum of investments with management, construction, assembly and commissioning services in the field production units.

III.4 Hull: it registers the sum of investments with execution of hulls for the construction of production units, comprising materials, equipments and services.

III.5 Jacket: it registers investments with materials, equipments and services executed in the construction of jackets necessary for the installation of process and utilities plants that will compose the field production units.

III.6 Naval Systems: it registers the sum of investments with materials, equipments and services necessary for the installation of naval systems, comprising drive, steering, navigation, radar, dynamic positioning and other components of naval hulls used in the construction of field production units.

III.7 Simple Anchoring System: it registers investments with materials, equipments and services executed in the anchoring system of the simple type.

III.8 Multiple Anchoring System: it registers investments with materials, equipments and services executed in the anchoring system of the multiple type.

III.9 Module Installation and Integration: it registers investments with assembly, installation, integration and commissioning of modules that compose the production unit.

III.10 Pre-installation and Hook-up of anchoring lines: it registers investments in these activities.

III.11 Process, Movement and Injection Plants: it registers the sum of investments with oil and natural gas processing and treatment plants, water treatment and injection plants, that compose the production units, assigned according to items listed as follows.

III.11.1 Basic Engineering: it registers the sum of all investments with basic and conceptual engineering services in the plants mentioned above.

III.11.2 Detailing Engineering: it registers the sum of investments with engineering project detailing services in the production plants mentioned above.

III.11.3 Service Management: it registers investments with management of services executed in the production plants mentioned above.

III.11.4 Materials: it registers investments with all materials and equipments used in the plants mentioned above, assigned according to items listed below.

III.11.4.1 Pressure Vessels: it registers investments in the acquisition of these equipments.

III.11.4.2 Ovens: it registers investments in the acquisition of these equipments.

III.11.4.3 Tanks: it registers investments in the acquisition of these equipments.

III.11.4.4 Process Towers: it registers investments in the acquisition of these equipments.

III.11.4.5 Cooling Towers: it registers investments in the acquisition of these equipments.

III.11.4.6 Heat Exchangers: it registers investments in the acquisition of these equipments.

III.11.4.7 Pumps: it registers investments in the acquisition of these equipments.

III.11.4.8 Steam Turbines: it registers investments in the acquisition of these equipments.

III.11.4.9 Screw Air Compressors: it registers investments in the acquisition of these equipments.

III.11.4.10 Alternative Compressors: it registers investments in the acquisition of these equipments.

III.11.4.11 Diesel Engines (up to 600 HP): it registers investments in the acquisition of these equipments.

III.11.4.12 Up to 24" Valves: it registers investments in the acquisition of these equipments.

III.11.4.13 Filters: it registers investments in the acquisition of these equipments.

III.11.4.14 Burners: it registers investments in the acquisition of these equipments.

III.11.4.15 Cathodic Protection: it registers investments in the acquisition of these equipments.

III.11.4.16 Electric Systems: it registers investments with materials, equipments and services used in the implementation of electric system in the referred plants.

III.11.4.17 Automation System: it registers investments with materials, equipments and services used in the definition and implementation of automation and control system of the plants, except for those listed in sub-item II.11.4.20.

III.11.4.18 Telecommunication System: it registers investments with materials, equipments and services used in data communication and other services necessary for the activities in the plants above.

III.11.4.19 Fiscal Measurement System: it registers investments with materials, equipments and services used in the installation of oil and natural gas fiscal measurement stations in the referred plants.

III.11.4.20 Field Instrumentation: it registers investments with materials, equipments and services used in the installation of all field instrumentation in the referred plants.

III.11.5 Construction and Assembly: it registers investments with materials, equipments and services used in the construction and assembly of the referred plants.

III.11.6 Other: it registers expenses not specified in prior items.

7. ANNEXES

Annex I – Investments Report in Exploration

Annex II – Investments Report in Production Development.

ANNEX II – INVESTMENTS REPORT IN PRODUCTION DEVELOPMENT

INVESTMENTS REPORT IN PRODUCTION DEVELOPMENT PHASE																		
(Amounts in R\$ 1,000)																		
Field:	Operator:				Agreement:				Development Phase	Quarter:			Date of Issuance:					
Basin					Date of Signature:													
DESCRIPTION	QUARTER										ANNUAL TOTAL			TOTAL ACCRUED IN THE AGREEMENT				
	first		% dom.	second		% dom.	third		% dom.	fourth		% dom.	Domestic	Foreign	% dom.	Domestic	Foreign	% dom.
(nature of the investment)	domestic	foreign.		domestic	foreign		domestic	foreign.		domestic	foreign							
I - Drilling, Assessment and Completion	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0	
I.1 Chartering of Rig													0,0	0,0				
I.2 Drilling + Completion													0,0	0,0				
I.2.1 Wellhead													0,0	0,0				
I.2.2 Casing													0,0	0,0				
I.2.3 Production Tubing													0,0	0,0				
I.2.4 Well equipments													0,0	0,0				
I.2.5 Bits													0,0	0,0				
I.3 Auxiliary Systems													0,0	0,0				
I.3.1 Electric System													0,0	0,0				
I.3.2 Automation System													0,0	0,0				
I.3.3 Telecommunication System													0,0	0,0				
I.3.4 Fiscal Measurement System													0,0	0,0				
I.3.5 Field Instrumentation													0,0	0,0				
I.4 Logistic Support													0,0	0,0				
I.5 Christmas Tree													0,0	0,0				
I.6 Other													0,0	0,0				
II – Production Collection System	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0	
II.1 Umbilicals													0,0	0,0				
II.2 Manifolds													0,0	0,0				
II.3 Production Lines /Injection Flexible													0,0	0,0				
II.4 Production Lines /Injection Rigid													0,0	0,0				
II.5 Flowlines													0,0	0,0				
II.6 Pumping System													0,0	0,0				
II.7 Underwater Control System													0,0	0,0				
II.8 Basic Engineering													0,0	0,0				
II.9 Detailing Engineering													0,0	0,0				
II.10 Management, Construction and Assembly													0,0	0,0				
II.11 Other													0,0	0,0				
III - UEP	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0	
III.1 Basic Engineering													0,0	0,0				
III.2 Detailing Engineering													0,0	0,0				
III.3 Management, Construction and Assembly													0,0	0,0				
III.4 Hull													0,0	0,0				
III.5 Jacket													0,0	0,0				

