



## ONSHORE INVESTMENT OPPORTUNITY IN SERGIPE, BRAZIL

October 2020



## 1. Opportunity Description

### OPPORTUNITY OVERVIEW

Petróleo Brasileiro S.A. ("PETROBRAS") informs about the start of the process ("Process") to sell its total working interest in a group of onshore production concessions ("Carmópolis Cluster" or "Cluster"), located in the State of Sergipe, Brazil. The scope of this Process consists on the transfer of the rights to explore, develop and produce oil and natural gas in these concessions, with integrated facilities, aiming to provide potential buyers with full operating conditions ("Potential Transaction").

- The Cluster comprises 11 production concessions (Carmópolis, Aguilhada, Angelim, Aruari, Atalaia Sul, Brejo Grande, Castanhal, Ilha Pequena, Mato Grosso, Riachuelo and Siririzinho) located in the State of Sergipe, with average monthly production in 2020 of: 10,911 boed, of which 10,452bpd was of oil + condensate, and 72,97 thousand m<sup>3</sup>/d of natural gas.
- The Cluster also comprises the Atalaia operational complex, which includes the Aracaju Waterway Terminal - Tecarmo (5 tanks totaling 168 thousand m<sup>3</sup> of storage capacity), as well as the oil pipeline which flows production to this terminal – Oil Pipeline Bonsucesso - Atalaia: 48 km, 18", among its main facilities.
- The Cluster's operational base is in the municipality of Carmópolis, located at approximately 49 Km from Aracaju, capital of the State of Sergipe.
- Petrobras is the operator of all concessions, with 100% working interest.

### HIGHLIGHTS

- Independent cluster with a high level of operational autonomy, considering the inclusion of the infrastructure for treatment, flow, storage and transportation of oil.
- The Cluster comprises 11 treatment stations and approximately 230 Km of gas and oil pipelines. Its average production in 2020 was 10,911boed of which 10,452bpd was of oil + condensate and 72,97thousand m<sup>3</sup> / d of gas.
- The concessions complement each other, having a similar production and drainage structure, which provide operational synergies that justify their configuration in a production cluster.
- Access to the domestic and external markets through the pipeline network and the Aracaju Waterway Terminal - Tecarmo – all of which are part of the Cluster.
- The production of the Cluster serves the Brazilian domestic market (refineries), but an Oil Purchase Agreement may be offered by Petrobras, with terms to be informed during the Process.
- Regarding the domestic market, it is worth mentioning the refinery in the State of Bahia as an important consumer market given its geographic proximity to the Cluster.



## 1. Opportunity Description (Cont'd)

### LOCATION

The Cluster is located in the Sergipe-Alagoas Basin, in the State of Sergipe, with its operational base located at approximately 49 Km from Aracaju, capital of the State of Sergipe.



### TECARMO AERIAL VIEW





1. Opportunity Description (Cont'd)

MAIN FACILITIES

Onshore Concessions



Bonsucesso Atalaia Oil Pipeline



Bonsucesso Station



TECARMO



Mercês Station



Nova Magalhães Station



### 2. Process Overview

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2.1. Petrobras has retained Banco J.P. Morgan (“J.P. Morgan”) to act as its exclusive financial advisor in connection to the Potential Transaction.

- a. Should any recipient/participant who meets all the Eligibility Requirements (“Prospective Purchaser”) be interested in participating in the Process, it will be required to formally notify J.P. Morgan up to **9/Nov/2020** of its interest in order to receive the required documents to participate in the Process: (i) Confidentiality Agreement (“CA”); (ii) Compliance Certificate (“CC”); (iii) Regulatory Requirements Certificate (“RRC”) or Regulatory Requirement Certificate for Non-Operators (“RRCNO”), as applicable. In case the Prospective Purchaser fits Groups 2, 3 or 4 of item 3.1 below, the Declaration of Participant (“DPar”), which will reproduce the terms of item 3.1.1., will also be required. All notifications to J.P. Morgan, containing all documentation previously described, must be sent to the Contact Information described on page 9.
- b. If required by Petrobras, the Prospective Purchaser shall present other supporting documentation.
- c. The documents indicated above (CA, CC, RRC/RRCNO, and DPar, if applicable) shall be executed and delivered by **16/Nov/2020**.
- d. Distribution of the information package will commence after the deadline date specified on item 2.1.c, to all Prospective Purchasers who have presented the signed documents (CA, CC, RRC/RRCNO, DPar and any other solicited documents).

### 3. Eligibility Criteria

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3.1. In order to participate in the Process, the Prospective Purchaser shall prove that it meets, at the time of the execution of the certificate (RCC or DPar), the criteria ("Eligibility Requirements") of at least one of the below Groups:

**i. Companies in the Oil and Gas Sector (Operators) ("Group 1"):**

- a) Shall be qualified at least as Operator "C" by the *Agência Nacional do Petróleo* (ANP);

OR

- b) In case the Prospective Purchaser is not qualified by ANP, it must declare (as per RRC to be provided by PETROBRAS) that it meets, at the time of the declaration submission, to the most recent ANP's requirements to be classified at least as Operator "C" and that it will present the documentation that proves compliance with the Operator "C" requirements along with the first offer that is requested.

It should be noted that in order to be qualified as Operator "C", ANP currently requires minimum book value of R\$5.5 million. This requirement can be updated by the referred agency during the development of the competitive process and the Prospective Purchaser shall be in compliance with such updates.

- ii. **Traders ("Group 2"):** trading companies that commercialize oil and/or oil derived products and that have annual revenues of at least US\$150 billion.
- iii. **Oil or gas transportation companies ("Group 3"):** companies that operate oil pipelines, transport or transfer, and/or gas pipelines, and that have annual revenues of at least R\$1 billion.
- iv. **Financial Investors ("Group 4"):** financial institutions such as private equities, pension funds, sovereign wealth funds and asset managers, with assets under management (AUM: Assets under management - total market value of the investments that the institution trades on behalf of its investors) exceeding US\$300 MM.

3.1.1 For Groups 2, 3 and 4 it will also be required the Declaration that you are aware that:

- These groups can only submit a binding offer in conjunction with a company that is suitable to qualify as an Operator (defined in the Group 1 of item 3.1). That is, the binding offer must also be signed by the E&P Operator with a rating of Operator "C" (at least) by ANP or that presents RRC (in accordance to the criteria of Group 1).

3.1.2. During the Process, Petrobras may request that the Prospective Purchaser submit supporting documentation that proves their technical and financial capabilities, in accordance to (i) ANP's technical requirements to be qualified as Operator "C" by ANP; and (ii) the acquisition price and other financial commitments associated with the acquisition and operation of the assets included in the Potential Transaction.

### 3. Eligibility Criteria (Cont'd)

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3.1.3. Potential Buyers qualified for the binding offers phase of the process will not be able to participate as financial sponsors / investors in another proposal.

#### 3.2 Compliance Requirements:

- i. The Prospective Purchaser and/or its affiliates shall not be listed in the following restrictive lists:

(A) *"Cadastro Nacional de Empresas Inidôneas, Suspensas"* (CEIS)

(available at: <http://www.portaldatransparencia.gov.br/ceis>)

(B) *"Cadastro Nacional de Empresas Punidas"* (CNEP)

(available at: <http://www.portaldatransparencia.gov.br/sanções/cnep>)

(C) *"Empresas impedidas de transacionar com a PETROBRAS"*

(available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>)

- ii. In case of any noncompliance with the abovementioned requirements, the Prospective Purchaser will be excluded from the Process at any time, in compliance with the rules applicable to Petrobras.
- iii. In case the Prospective Purchaser or any of its subsidiaries or its and their respective directors, officers, employees, representatives, and agents:
  - a. Is subject, owned or controlled by a person or entity subject to (i) any economic, financial or trade sanctions, (ii) embargoes or (iii) restrictive measures administered, enacted, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands, Brazil, and the respective governmental institutions and agencies of any mentioned previously ("Sanctions").
  - b. Is located, have been constituted, incorporated, organized or resident in a country subject to any Sanctions.
  - c. Have the predominant part of its business with any person or in a country subject to Sanctions.

Petrobras will evaluate if the relationships or situations described prevent the participation of the Prospective Purchaser in the Process due to non-compliance with Sanctions applicable to Petrobras and will inform the exclusion of the Prospective Purchaser from the Process, as the case may be.

- iv. In addition, by participating in this Process, the Prospective Purchaser commits not to take any action or omission that directly or indirectly violates any applicable law on business ethics, including, without limitation, the US Foreign Corrupt Practices Act, the UK Bribery Act and the Brazilian anti-corruption laws (specifically the Brazilian Federal Law No. 12.846/2013) (hereinafter "Anti-Corruption Laws").

### 3. Eligibility Criteria (Cont'd)

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- v. To participate in the Process and comply with the requirements set out above, the Prospective Purchaser must sign a Compliance Certificate ("CC") and indicate, if applicable, whether it is subject to any type of Sanction or any other situation described in item 3.4, even if the Prospective Purchaser considers that the Sanction does not prevent its participation in the Process. If the Prospective Purchaser is subject to such situations, he must describe in the Declaration of Conformity the relationship, nature and details of the Sanction, in addition to indicating the restrictions resulting from it.
- vi. The accuracy and precision of the declaration and compliance with the requirements mentioned above will be verified by Petrobras after the acceptance, by the Prospective Purchaser, of the necessary confidentiality obligations to participate in the Process.



### 4. Joint Offer

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4.1. The Prospective Purchaser may form a consortium, association or submit a joint offer (“Joint Offer”) with an independent party, or independent parties, to participate in this Process.

a. The Joint Offer must have a leader, which is the Prospective Purchaser that will lead negotiations with Petrobras and will be the main communication channel between Petrobras and the Joint Offer (“Joint Offer Leader”).

b. The Prospective Purchaser must timely inform Petrobras of its intention to submit a Joint Offer, including information on who is the Leader of the Joint Offer and who are the parties involved in the Joint Offer (“Member(s) of the Joint Offer”), within the time limit previously established in the Instruction Letter and/or Process Letter.

c. The Joint Offer must contain (i) powers of attorney that grant powers to the Joint Offer Leader designated by the other participants in the Joint Offer; and (ii) a statement by the Joint Offering Leader confirming that he is not acting as an intermediary in the Potential Transaction.

d. Prospective Purchaser of Groups 2, 3 and 4 may only submit a Binding Offer in conjunction with a participant that meets the requirements of Group 1 and, in this case, the Prospective Purchaser of Groups 2, 3 or 4, which Non-Binding Offer has been selected to the next phase should be the Joint Offering Leader.

4.2. The Joint Offering must be approved by Petrobras, in accordance with the legal criteria and rules established in this document, being further detailed in the Instruction Letter and in the Process Letter. After being approved by Petrobras and verifying compliance with the Eligibility Criteria and the rules for the formation of a Joint Offer, the Potential Buyer may participate in the Process.

4.3. The formation of a Joint Offering is allowed only if all the Members of the Joint Offer meet individually all the compliance requirements of the Eligibility Criteria provided in item 3.2 and on the following items of this document.

a. With the exception of the Operator, the other Members of the Joint Offer must sign a declaration of regulatory requirements for non-operators (“RRCNO”), instead of the RRC indicated in item 2.1.

b. The RRC (or “RRCNO”, if applicable) will be made available in conjunction with the CA and CC to all Member(s) of the Joint Offer. All Member(s) of the Joint Offer must execute their own CA, CC and RRC (or “RRCNO”, if applicable) directly with Petrobras to access any non-public information related to the Potential Transaction or the asset.

4.4. The rules applicable to changes in the composition of the Joint Offer will be detailed in the Instruction Letter (non-binding phase) and in the Process Letter (binding phase).

### 5. Additional Considerations

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5.1. Petrobras may, during the Process, perform risk prevention analysis, in accordance to the Anticorruption Law and to Petrobras Corruption Prevention Program - PPPC, and may request that the Potential Buyer and/or member of the Joint Offer complete a questionnaire to verify the compliance of its practices and conduct with the Anti-Corruption Law.

5.2. An Independent Proposal Declaration must be submitted until the submission of each offer (non-binding and binding).

5.3. To avoid conflicts of interest, any Prospective Purchaser who is considered an affiliate of Petrobras' financial advisor to this Process will not be allowed to participate in the Process.

5.4. Prospective Purchasers may, under their exclusive responsibility and bearing all related expenses, hire financial, technical and/or legal advisors to assist them in the Process, provided that these consultants are institutions with an indisputable reputation, experience and that are not subject to any conflict of interest related to Petrobras, whatever the existence of the conflict may be, determined in accordance with the criteria specified by Petrobras.

## 6. Contact information

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6.1. Any queries by interested parties that meet the Eligibility Criteria should be addressed exclusively to J.P. Morgan via email: CARMOPOLIS\_JPM\_All@jpmorgan.com

- This e-mail must be used only for the purposes of the Potential Transaction.

- Under no circumstances should contact be made with the management or employees of Petrobras or any of its subsidiaries.

6.2. Any general question or questions that are not specific or not directly related to the Potential Transaction should be addressed to the following website: <http://transparencia.petrobras.com.br>



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