

INVEST IN BRAZIL

INVEST IN BRAZIL - SEPTEMBER, 2025



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01. The Brazilian Oil and Gas Sector

Oil exploration in Brazil has undergone several transformations over time, from initial discoveries to the sector's current regulatory structure. Before the creation of Petrobras, the activity was limited and dispersed, with the first discovery occurring in 1939, in the Recôncavo Baiano.

In 1953, during the Getúlio Vargas government, Law No. 2,004 was passed, creating Petrobras and establishing a state monopoly on the exploration, production, refining and transportation of oil in Brazil.

With the promulgation of the Federal Constitution of 1988, the Federal

Government's monopoly on the exploration and production of oil and natural gas was reaffirmed, maintaining Petrobras as the exclusive operator in the sector. However, this structure began to change with the Constitutional Amendment 9/1995, which amended article 177 of the Constitution, allowing the Federal Government to contract state or private companies to carry out activities in the sector, breaking Petrobras' monopoly.

The monopoly was definitively broken with the enactment of Law 9.478/1997, known as the Petroleum Law, during the Fernando Henrique Cardoso administration.

This law opened up the sector to competition and created fundamental institutions for its regulation: the National **Agency for Petroleum, Natural Gas and Biofuels (ANP)**, responsible for regulating and supervising the market, and the **National Energy Policy Council (CNPE)**, in charge of formulating strategic policies for the sector.

Since the creation of the ANP, several bidding rounds have been held to attract investment and expand oil exploration in Brazil. The first rounds consolidated Brazil's reputation as a competitive and transparent market, offering equal opportunities to bidders. In 2006, the discovery of the pre-salt layer represented a milestone in the history of the sector, given the significant number of reserves found in ultra-deep waters.

To manage these new reserves, the production sharing regime was established in 2010 by Law No. 12.351/2010, guaranteeing greater state control over pre-salt resources. In addition, the state-owned company **Pré-Sal Petróleo S.A. (PPSA)**

was created to represent the Federal Government in exploration contracts. With the growing attractiveness of the pre-salt blocks, the bidding rounds continued to attract large investments.

In recent years, several regulatory changes have modernized the sector. In 2016, Law No. 13.365 abolished the obligation for Petrobras to be the sole operator of the pre-salt, expanding competition and allowing greater participation by private companies. Since 2017, auctions have intensified, including specific rounds for the pre-salt and the creation of the Open Acreage (a kind of Permanent Offer), which allows for the continuous bidding of exploration blocks, encouraging new investments and increasing national production.

This history highlights the evolution of the oil sector in Brazil, which has gone from a state monopoly to an environment of regulated competition, keeping pace with technological and geopolitical changes and consolidating its position as one of the world's leading oil producers.





02. How to invest in the O&G sector?

2.1 How to invest in the oil and gas exploration and production sector

Oil and natural gas exploration and production in Brazil follow a solid regulatory framework, providing opportunities for both domestic and foreign companies. This strategic sector operates under different contractual regimes, each with specific characteristics.

The **Concession Regime** allows companies to acquire the right to explore and produce hydrocarbons through auctions organized by the **National Petroleum, Natural Gas and Biofuels Agency (ANP)**. The concessionaires fully assume the exploration risks and, in the event of a commercial discovery, have the right to produce from the field, through the payment of royalties and government participation.

The **Production Sharing Regime** applies mainly to the Pre-Salt areas and strategic

regions. Under this model, the Federal Government retains ownership of the resources, while the contracted companies are paid by a portion of the production extracted.

Furthermore, there is the **Transfer of Rights Agreement**, in which Petrobras received by law – in exchange for the assignment of stocks – the right to explore volumes in some areas of great potential. Subsequently, surplus volume initially agreed in the areas were tendered and private companies entered these projects.

The ANP plays a central role in regulating and overseeing the sector, conducting auctions for exploration blocks, which range from mature areas to regions with high potential, such as Pre-Salt. In addition to auctions, the secondary market allows for the acquisition of assets through farm-in and farm-out operations, facilitating the entry and exit of partners in exploration and production contracts.

Companies interested in investing in the sector must meet essential regulatory requirements, such as registering with the ANP, proving their technical and financial capacity, setting up a Special Purpose Entity (SPE) for foreign companies and complying with current environmental standards.

The oil and gas sector also presents significant opportunities in the transportation and distribution of natural gas, which seeks to expand competition and investments in infrastructure. While transportation is regulated by the ANP, the distribution of piped gas is regulated by state agencies.

This evolution of the sector reflects the modernization of the regulatory framework and Brazil's growing attractiveness on the global stage of the oil and natural gas industry.

2.2 How to invest in the natural gas infrastructure sector

The natural gas sector in Brazil has undergone a profound transformation in recent years, driven by specific Federal Government programs, with initiatives aimed at increasing competition and attracting investment throughout the entire value chain, which covers production, transportation, distribution, and commercialization. This new scenario offers a more dynamic and competitive environment, encouraging the participation of new agents and promoting greater efficiency in the sector.

The regulation and supervision of these activities is carried out by the National Agency for Petroleum, **Natural Gas and Biofuels (ANP)**, the body responsible for awarding authorizations and establishing standards for the exploration, import, transport, and sale of natural gas. Within this regulatory framework, the sector presents several strategic investment opportunities.

Companies can operate in the exploration and production of natural gas, whether associated with oil or not, through blocks awarded in auctions organized by the ANP. To do so, they must meet strict technical and financial requirements established by the regulatory agency, guaranteeing the viability and safety of operations.

The natural gas gathering and transportation services in Brazil is carried out through pipelines, which are also authorized and regulated by the **ANP**. With the flexibilization being promoted by the Federal Government, new agents can access this infrastructure, expand competition, and enable investments in the construction and operation of new gas pipelines, either through ANP authorizations or the acquisition of a stake in existing pipelines.

The distribution of piped natural gas is regulated by state bodies, and state governments are responsible for the concession of this service. Investors can participate in the segment by bidding for new concessions or acquiring a stake in established distributors, contributing to the expansion and modernization of the sector.

The opening up of the market makes it possible for new players to enter natural gas commercialization, allowing companies to purchase gas directly from producers to resell it to free consumers, distributors, or thermoelectric plants.

The LNG infrastructure plays a fundamental role in diversifying Brazil's gas supply. The country has strategic regasification terminals, and investors can expand this capacity by building and operating new terminals, strengthening the national energy matrix, and promoting greater flexibility in supply.

Regulation and Requirements for Investors To enter the natural gas sector in Brazil, companies must meet a number of regulatory requirements, such as:

- **Authorization from the ANP:** Necessary to operate in the exploration, transportation, commercialization or import of natural gas.
- **Participation in auctions:** The exploration and production of natural gas is made possible through tenders conducted by the ANP, which are open to both domestic and foreign companies.
- **Setting up a Brazilian company:** Foreign companies wishing to operate directly in the country must set up a Special Purpose Entities (SPE) under Brazilian law.
- **Agreement with States:** In order to operate in the distribution of piped gas, it is necessary to sign concessions with state governments.

With a robust regulatory environment that is constantly being modernized, the natural gas sector in Brazil offers numerous investment opportunities, consolidating itself as one of the strategic pillars for the country's energy security and economic development.

2.3 How to invest in the oil and gas commercialization sector

The oil and natural gas commercialization sector in Brazil presents a promising scenario for investors, supported by a solid regulatory framework that guarantees transparency and efficiency in the management of federal resources. **Pré-Sal Petróleo S.A. (PPSA)** plays a central role in this process, being responsible for managing production sharing contracts, commercialization of hydrocarbons belonging to the Federal Government, in

accordance with guidelines established by the **National Energy Policy Council (CNPE)** and other regulatory bodies.

Regulation and Investment Opportunities

Since its creation, authorized by Law 12.304/2010, PPSA has evolved as a strategic player in the commercialization of oil and natural gas. The regulatory framework was expanded by Provisional Measure No. 811/2017, later consolidated in Law No. 13,679/2018, allowing the state-owned company to carry out direct sales or through auctions, facilitating investors' access to the market.

CNPE Resolution 15/2018 defined the Federal Government's hydrocarbon commercialization policy, establishing the use of reference prices from the National Petroleum, **Natural Gas and Biofuels Agency (ANP)** as a parameter for transactions. Complementing these guidelines, Ordinance No. 213/2019 of the Ministry of Mines and Energy (MME) brought up additional rules to ensure transparency and efficiency in sales operations, consolidating a safe environment for new entrants.

The most recent regulatory change, brought in by CNPE Resolution 11/2024, expanded the possibilities for investors by allowing PPSA to directly contract the gathering and processing of natural gas belonging to the Federal Government. This change favors direct sales to the market, increasing the competitiveness and attractiveness of the sector.

Ways of operating in the market Investors interested in operating in the marketing of oil and natural gas can benefit from the opportunities available on different fronts:

- **Participation in PPSA auctions:** The state-owned company promotes auctions for the sale of the Federal Government's oil and natural gas, following reference price criteria established by the ANP. Companies can acquire significant volumes of these resources for resale on the market.
- **Acquisition and Distribution of Hydrocarbons:** Companies can acquire oil and natural gas directly from PPSA and resell them to refineries, distributors, or end consumers, taking advantage of the growing openness and modernization of the sector.

Since its creation, PPSA has held a series of auctions, the results of which are highlighted below:

1st Auction (2017): No bidders.

2nd Auction (2018): Three oil lots were sold:

- **Mero field:** 10.6 million barrels, acquired by Petróleo Brasileiro S.A. - Petrobras, at the established reference price.
- **Lula field:** 1.1 million barrels, won by Total E&P do Brasil Ltda., with a premium of R\$1.00 per cubic meter over the reference price.
- **Sapinhoá field:** 600,000 barrels, also acquired by Petrobras, at the reference price.

3rd Auction (2022): The third auction took place in 2022, with significant volumes of oil being offered from the Mero and Búzios fields. The contracts signed resulted in weighted average prices of dated Brent

minus US\$ 5.98 per barrel for Mero and dated Brent minus US\$ 7.12 per barrel for Búzios, demonstrating favorable commercial conditions for the Federal Government.

4th Auction (2024): Held on July 31, 2024, PPSA's fourth auction stood out for the expressive participation of companies and robust financial results. A total of 37.5 million barrels of oil were sold, raising an estimated R\$17 billion for the Federal Government. The lots offered and their respective winners were:

- **Lot 1 (Mero):** 12 million barrels, won by Petrobras at a discount of US\$ 1.85 per barrel compared to dated Brent.
- **Lot 2 (Mero):** 12 million barrels, acquired by CNOOC Petroleum Brasil, at a discount of US\$ 1.59 per barrel.
- **Lot 3 (Mero):** 11 million barrels, won by PetroChina, at a discount of US\$ 1.35 per barrel.
- **Lot 4 (Búzios):** 2.5 million barrels, again won by Petrobras, at a discount of US\$ 1.85 per barrel.

This auction highlighted the competitiveness of the market and the attractiveness of Brazil's pre-salt assets.

5th Auction (2025): The 5th PPSA Oil Auction resulted in the sale of a total volume of 74.5 million barrels, distributed across various lots from pre-salt fields such as Mero, Búzios, Itapu, and Sépia. The auction's best-estimated total revenue represents a new record, approximately R\$28 billion. Among the highlights, Petrobras was the top winner, winning three lots, including the largest volumes, while consortia formed by Galp, ExxonMobil, Equinor, PetroChina, and Refinaria Mataripe also secured significant stakes.

The track record of the auctions held by PPSA demonstrates significant progress in the management of the Federal Government's oil resources, promoting substantial revenue and strengthening transparency and efficiency in the country's oil and gas sector.

With a well-defined regulatory structure and a series of mechanisms aimed at

increasing competition, the oil and natural gas commercialization sector in Brazil offers a highly attractive environment for investment. The continuous improvement of regulations and the evolution of the market reinforce the potential for growth and security for new entrants, consolidating the country as one of the main global energy hubs.





03. Legal Framework

3.1 Oil

The regulatory framework for concession and production sharing bidding rounds in Brazil's oil and gas sector has evolved significantly over the years. Below is a history of the main regulations that underpin these processes:

- 1. Law No. 9.478/1997 (Petroleum Law):** Established the guidelines for national energy policy, including the creation of the National Petroleum, Natural Gas and Biofuels Agency (ANP) and the implementation of the concession regime for oil and natural gas exploration and production.
- 2. Decree No. 2.705/1998:** Defined criteria for calculating and collecting government participation in oil and natural gas exploration, development, and production activities, as provided for in Law No. 9.478/1997.
- 3. Law No. 12.351/2010:** Established the production sharing regime for areas located in the pre-salt and others considered strategic, amending provisions of Law No. 9.478/1997.
- 4. Law No. 12.276/2010:** Authorized the Federal Government to onerously cede to Petrobras the right to carry out exploration and mining activities for oil, natural gas and other fluid hydrocarbons in areas not awarded, with a limit of up to 5 billion barrels of oil equivalent.
- 5. Law No. 12.304/2010:** Authorized the creation of the state-owned company Pré-Sal Petróleo S.A. (PPSA), responsible for managing production sharing contracts and representing the Federal Government in consortia formed for exploration and production in the pre-salt.

6. Law No. 12.734/2012: Amended Laws No. 9.478/1997 and No. 12.351/2010, establishing new rules for the distribution of royalties and special participation among federal entities, arising from the exploration of oil, natural gas, and other fluid hydrocarbons.

7. Law No. 13.365/2016: Modified Law No. 12.351/2010, granting Petrobras the right of first refusal to act as operator and hold at least a 30% stake in consortia formed for the exploration of blocks tendered under the production sharing regime.

6. Decree No. 9.041/2017: Regulated Law No. 12.351/2010, detailing Petrobras' right of first refusal to act as operator in consortia formed for the exploration and production of blocks under the production sharing regime.

These regulations form the legal and regulatory basis for bidding rounds under the concession and sharing regimes in Brazil, guiding oil and natural gas exploration and production activities in the country.

3.2 Natural gas

The regulatory framework for natural gas exploration and production in Brazil has evolved over the decades, reflecting changes in energy policies and the country's needs. Below are the main regulations that have shaped this sector:

1. Law No. 11.909/2009 (Gas Law): Regulated activities relating to the transportation, treatment, processing, storage, liquefaction, regasification, and commercialization of natural gas, with a view to promoting the expansion of infrastructure and competitiveness in the sector.

2. Law No. 12.351/2010: Established the production sharing regime

for pre-salt areas and others considered strategic, amending provisions of Law No. 9.478/1997.

3. Law No. 14,134/2021 (New Gas Law): Updated the regulatory framework for the natural gas sector, opening up the market, encouraging new investments and seeking to reduce prices for consumers.

These regulations constitute the legal and regulatory basis that guides natural gas exploration and production activities in Brazil, reflecting the evolution of the sector and the energy policies adopted over the years.

4. Decree No. 10.712/2021: Regulates Law No. 14.134/2021, known as the New Gas Law. This decree establishes rules for transportation, gathering, treatment, processing, underground storage, packaging, liquefaction, regasification, and marketing of natural gas.

5. Decree No. 12.153/2024: Published on August 27, 2024, this decree amends Decree No. 10.712/2021, improving the regulation of Law No. 14.134/2021. The changes cover aspects related to transportation, gathering, storage, and commercialization of natural gas, with a view to increasing the participation of new players in the market and assigning new powers to the National Agency for Petroleum, Natural Gas and Biofuels (ANP).

These decrees play a fundamental role in the effective implementation of the guidelines established in the Gas Law, promoting openness and competitiveness in the natural gas market in Brazil.

3.3 Commercialization by PPSA

The commercialization of hydrocarbons by Pré-Sal Petróleo S.A. (PPSA) in Brazil is governed by a set of regulations that establish guidelines and responsibilities for the management of federal resources. Below is a history of the main regulatory frameworks, including the resolutions of the National Energy Policy Council (CNPE):

- 1. Law No. 12.304/2010:** Authorized the creation of PPSA, defining as its objective the management of production sharing contracts and the commercialization of oil, natural gas and other fluid hydrocarbons belonging to the Federal Government.
- 2. Provisional Measure No. 811/2017:** Amended Law No. 12.304/2010, allowing PPSA to market the Federal Government's oil, natural gas, and other hydrocarbons directly or through agents, preferably through auctions.
- 3. Law No. 13.679/2018:** Converting Provisional Measure No. 811/2017 into law, it consolidated the previous changes, reinforcing PPSA's competence for the direct marketing of the Federal Government's hydrocarbons and establishing that CNPE should issue a new marketing policy by December 31, 2018.

4. CNPE Resolution No. 15/2018:

Established the Federal Government's oil and natural gas marketing policy, defining guidelines for PPSA's operations, including the use of reference prices set by the National Petroleum, Natural Gas and Biofuels Agency (ANP) as the basis for marketing.

5. Administrative Order No. 213/2019 of the Ministry of Mines and Energy (MME):

Established guidelines for the marketing of oil, natural gas, and other fluid hydrocarbons of the Federal Government under the management of PPSA, detailing procedures and responsibilities to ensure transparency and efficiency in sales operations.

6. CNPE Resolution No. 11/2024:

Amended CNPE Resolution No. 15/2018, allowing PPSA to contract the gathering and processing of the volume of natural gas belonging to the Federal Government, facilitating direct marketing to the market, and increasing competitiveness in the sector.

These regulations form the legal and regulatory basis that guides PPSA's hydrocarbon commercialization activities, ensuring that the Federal Government's resources are managed efficiently and transparently.



4. Opportunities for the O&G Sector in the PPI

Table 1 shows the historical impact of investments resulting from oil and gas auctions under the sharing and concession regimes, as well as the marketing of the Federal Government's share by PPSA.

OIL AND GAS	2016-2024	2025
Transfer of Rights	R\$ 434,45 bi	
2nd to 6th Production Sharing Round	R\$ 321,4 bi	
14th to 17th Concessions Rounds	R\$ 44,1 bi	
7 Open Acreage (OA) Bid Auctions	R\$ 3,75 bi	
2nd OA Production Sharing 4th OP Concession	R\$ 2,8 bi	
4th PPSA Auction	R\$ 17,0 bi	
5th OA Concession 5th PPSA Auction		R\$ 30,4 bi
TOTAL	R\$ 823,5 bi	R\$ 30,4 bi

The Brazilian federal government's Investment Partnership Program (PPI) has already held several bidding rounds for oil and natural gas exploration and production.

05. Useful contacts

The following contacts can provide further information:



**Brazilian Trade and Investment Promotion Agency
[Apex-Brasil]**



National Petroleum, Natural Gas and Biofuels Agency



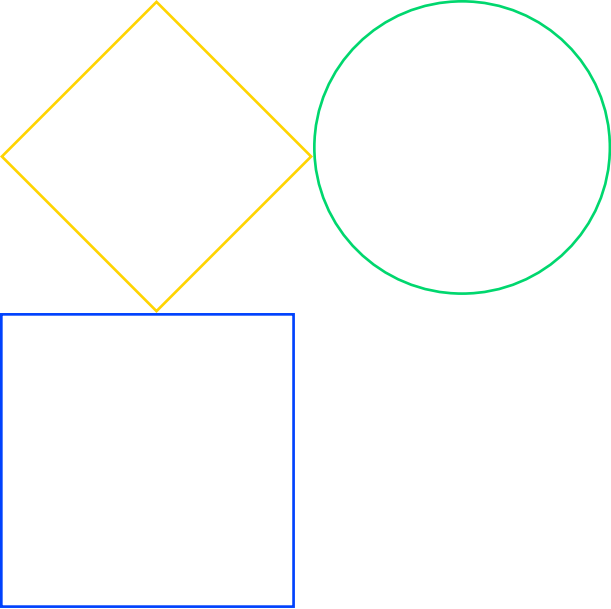
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