

Brazil

Paradise or Bureaucratic Jungle?



National Ocean Industries Association - Annual Meeting – Mandarin Oriental – Washington, DC - March 15th., 2012

Brazilian Pre-Salt's facts

The Washington Post

OUTLOOK

5 myths about the G-20. B2

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Pro-life's new tactic: Redefine a 'person'

Feminist **Jessica Valenti** on the risks for all women if embryos gain legal rights

A common message from anti-abortion activists is that "women deserve better than abortion." Today, however, one branch of that movement is taking women down a notch with a new strategy that could prioritize the rights of fertilized eggs over the rights of the women carrying them.

A question on the ballot in Mississippi next month will ask voters to decide: "Should the term 'person' be defined to include every human being from the moment of fertilization, cloning or the equivalent thereof?" This issue is before voters thanks to the "personhood" movement, which says that conception is the moment that a person, and a person's legal rights, begins to exist.

Personhood ballot measures were defeated by wide margins in 2008 and 2010 in Colorado. But observers say Mississippi's measure is likely to pass; personhood efforts are also underway this year in Wisconsin, Ohio, Florida and other states. On paper these measures would grant a zygote the same rights as the woman who carries it. In practice, however, they could mean that the zygote's rights come first.

Many of the abortion-rights advocates battling these efforts point out that personhood laws would not only make abortion illegal, they could also ban IUDs, emergency contraception and other hormonal forms of birth control.

PERSONHOOD CONTINUED ON B4

Oil's new world order

For more than five decades, the world's oil map has centered on the Middle East. No matter what new energy resources were discovered and developed elsewhere, virtually all forecasts indicated that U.S. reliance on Mideast oil supplies was destined to grow. This seemingly irreversible reality has shaped not only U.S. energy policy and economic policy, but also geopolitics and the entire global economy.

But today, what appeared irreversible is being reversed. The outline of a new world oil map is emerging, and it is centered not on the Middle East but on the Western Hemisphere. The new energy axis runs from Alberta, Canada, down through North Dakota and South Texas, past a major new discovery off the coast of French Guyana to huge offshore oil deposits found near Brazil.

This shift carries great significance for the supply and the politics of world oil. And, for all the debates and speeches about energy independence throughout the years, the transformation is happening not as part of some grand design or major policy effort, but almost accidentally. This shift was not planned — it is a product of a series of unrelated initiatives and technological breakthroughs that, together, are taking on a decidedly hemispheric cast.

The search for a "hemispheric energy policy" for the United States has been a subject of discussion ever since the oil crises and supply disruptions of the 1970s. Yet it was never easy to

OIL CONTINUED ON B4

How to get terrorists to talk

Book review by **Dina Temple-Raston**

THE BLACK BANNERS
 The Inside Story of 9/11 and the War Against al-Qaeda
 By Ali H. Soufan with Daniel Freedman
 Norton, \$72 pp. \$26.95

Most Americans first heard of FBI agent Ali H. Soufan in the spring of 2009. That's when he testified from behind a black curtain in the Senate Judiciary Committee's hearing room and said that the Bush administration's "enhanced interrogation techniques" not only didn't work, but were "harmful to our efforts to defeat al-Qaeda."

Brazilian Pre-Salt's facts

- Huge oil & gas fields
- Located 16,400 - 22,900 feet below sea level
- Ultra deep water drilling (more than 6,500 feet)
- Under a salt layer 6,000 feet thick
- Brazilian oil reserves estimated to be 14 billion barrels
- Pre-Salt area reserves estimated to be more than 20 billion barrels



1988 Constitution and its Provisions

The natural resources all belong to the Federal Government

- the continental shelf
- the exclusive economic zone
- the territorial sea
- the mineral resources including those of the subsoil



The economic order establishes the principle of free competition.

Oil & Gas Legal Basis before Pre-Salt

Amendment # 6 (Aug. 1995) – Revoked article 171 which gives the Brazilian Companies some privileges.

Amendment # 9 (Nov. 1995) – Changed the article 177 to break the Petrobras monopoly and allow competition.

Law # 9.478/97 [Brazilian Oil Law] (1997) – Created ANP (National Petroleum Agency) and the rules for bid and contracting (concession model)

Direct Action of Unconstitutionality (ADIN # 3.273) (2011) – Brazilian Supreme Court declares Brazilian Oil Law constitutional, and declares that oil & gas exploration can only happen in a competitive marketplace.

Pre-Salt Bills

Federal Government sends 3 bills to Brazilian Congress to create the Pre-salt legal framework:

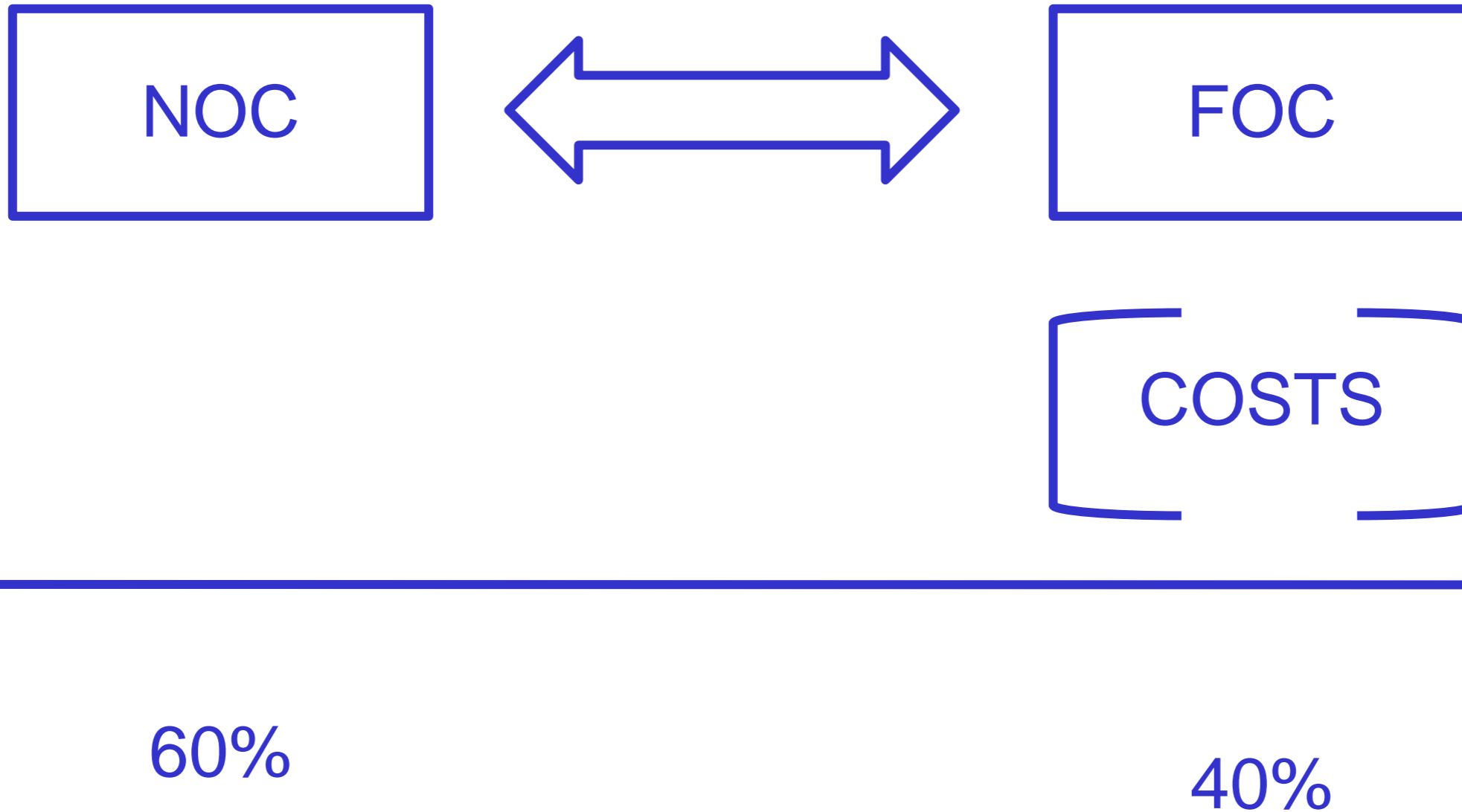
1) Regulatory pre-salt law (changing the contracts to Production Share Agreement – PSA and defines the pre-salt area);

2) A bill to create a state company called PPSA (Pré-Sal Petróleo S/A) to work as the National Oil Company – NOC in pre-salt contracts;

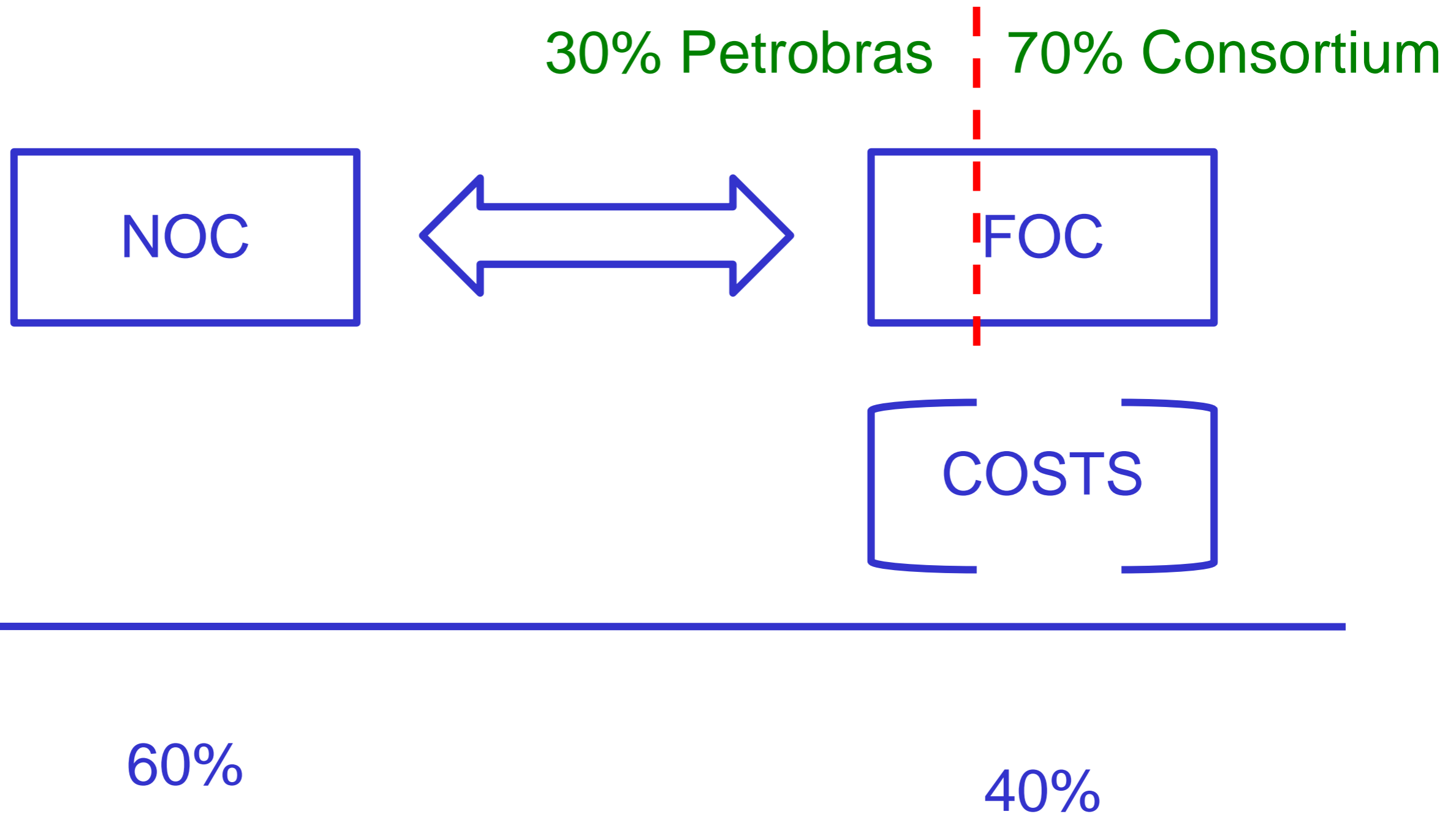
3) Capitalization of Petrobras and onerous transfer of rights.



Production Sharing Agreement Model

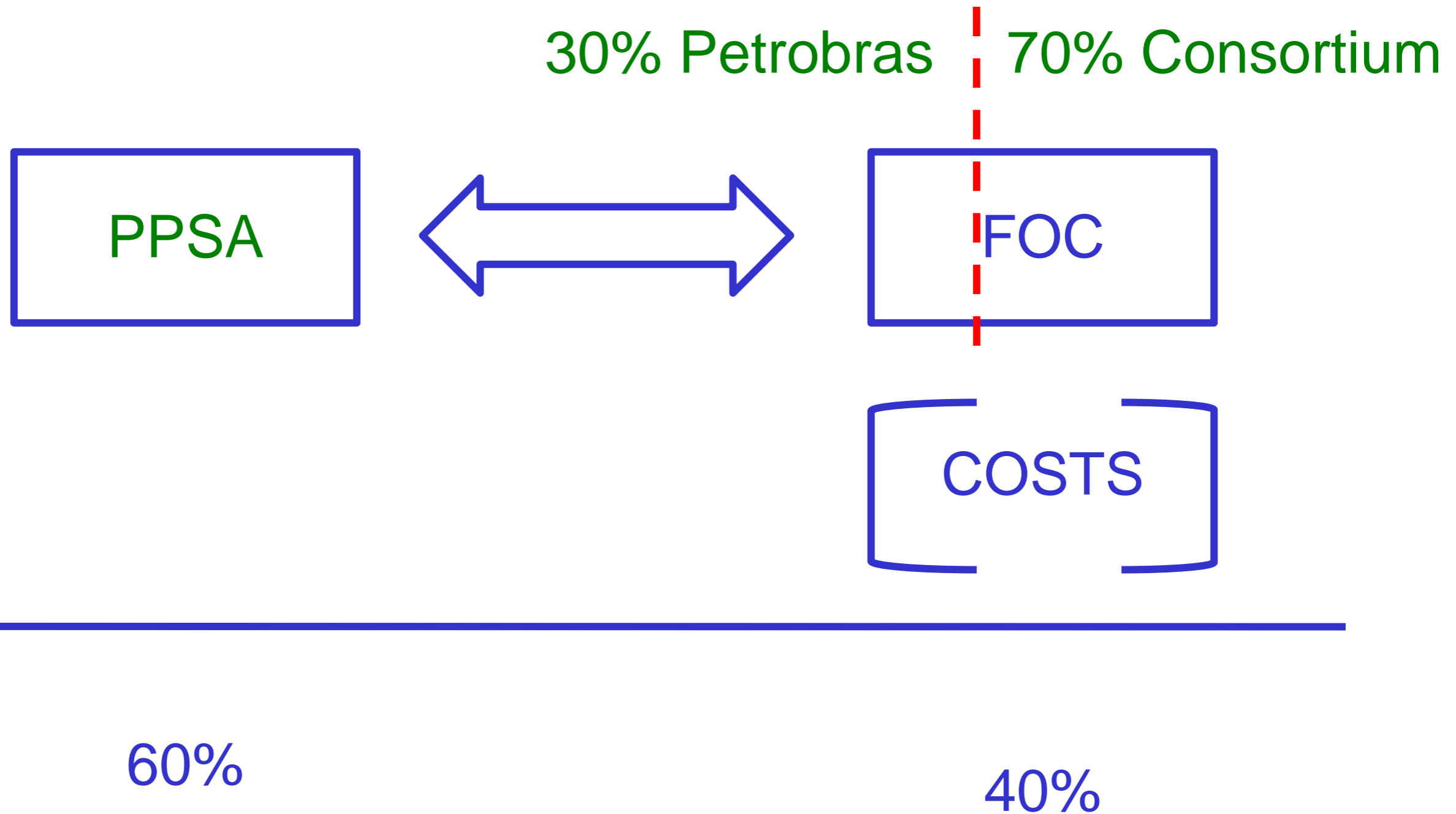


Pre-Salt's Production Sharing Agreement



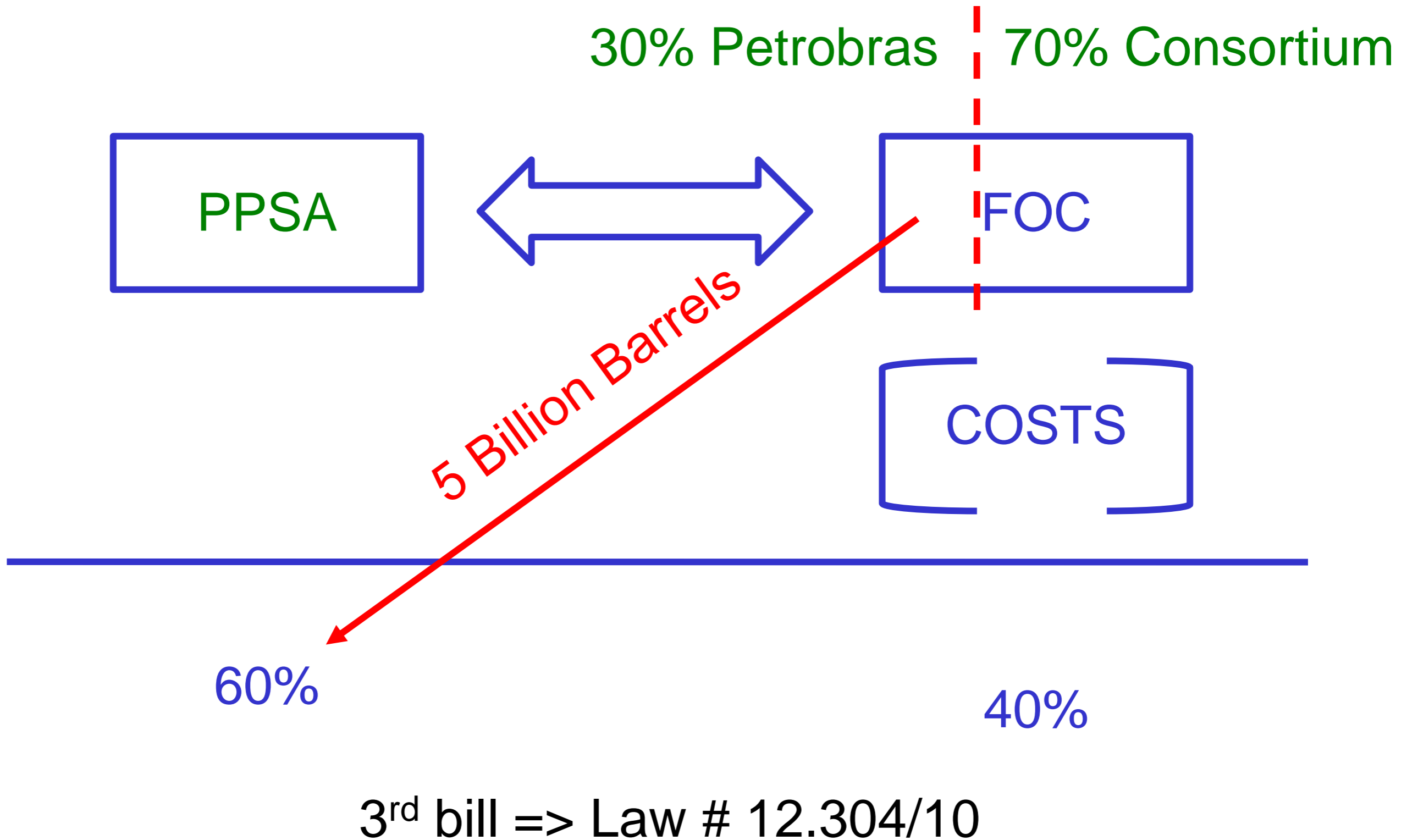
1st bill => Law # 12.351/10

Pre-Salt's Production Sharing Agreement



2nd bill => Law # 12.276/10

Pre-Salt's Production Sharing Agreement



Pre-salt Perimeter



- Does the onerous transfers of rights is a regulatory framework itself?
- Petrobras answers “yes” and the industry accepted that idea.

Risks and Opportunities

- Petrobras is acting as a monopoly without any constitutional provision within the pre-salt area
- ANP plays an oversight role rather than an regulatory role in pre-salt legislation;
- There won't be any bid in pre-salt areas at least for a few years;
- There is no specific Law such as the Foreign Oil Spill Liability Act or the Oil Spill Liability Trust Fund; but they intend to file a bill called the National Contingency Plan
- There is no association in Brazil to protect foreign companies in Brazil such as the NOIA
- Chevron's Brazilian oil spill showed that foreign oil companies have no inter locution with the Brazilian Government (scapegoat effect);



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Chevron and the Brazilian Oil Spill

By Prof. Cláudio A. Pinho
Posted on Dec. 01, 2011



Chevron and the Brazilian Oil Spill

By Prof. Cláudio A. Pinho

The type, rates and the distribution of royalties collected from offshore oil and gas activities in Brazil are different from those in the United States. In Brazil the royalties exists to compensate for tax losses but also to remedy environmental impact to the states, endemic to offshore drilling.

With the new pre-salt legislation last year in Brazil, a major discussion about the royalty rates and their distribution started. A new legislative bill currently under discussion will change the distribution among the Brazilian states and with this bill the oil and gas producing states of offshore operations will lose a massive amount of money. The bill

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Chevron: Oil, Gas Output to Jump by ...

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Risks and Opportunities

In 2011 at OTC, Petrobras said that pre-salt will consume 40 million dollars per day by 2020



- The Brazilian oil & gas industry will not be able to fill the jobs that are being created.

The screenshot shows the Lone Star Corporate College website. The header includes navigation links like 'Why LSCS', 'E-mail', 'A-Z Index', and 'Contact Directory'. A main navigation bar lists 'Current Students', 'Future Students', 'Programs & Classes', 'LSCS Libraries', and 'Community & Business'. The main content area features a testimonial from Baker Hughes, a video player with a play button, and sections for 'Custom Training Solutions' and 'Conference Room Rental'. The footer shows the browser's address bar and taskbar.



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