



PETROBRAS FPSO CONTRACTING MODELS

LEGAL AND CONTRACTING ASPECTS



Dr. Leandro Luzone



Speaker

Dr. Leandro Luzone

Lawyer - Luzone Legal Law Firm
Executive Secretary - IADC Brazil
Chapter

DISCLAIMER

THIS MATERIAL CONTAINS STATEMENTS AND INFORMATION ABOUT LUZONE LEGAL AND ABOUT THE FPSO BUSINESS THAT REFLECT, AMONGST OTHER MATTERS, THE CURRENT VIEWS AND/OR EXPECTATIONS OF LUZONE LEGAL AND/OR OF ITS DIRECTORS, OFFICERS, REPRESENTATIVES OR EMPLOYEES WITH RESPECT TO THE COMPANY ACTIVITIES, INCLUDING STATEMENTS CONTAINING FORECASTS AND PROJECTIONS OR THAT INDICATE OR IMPLY FUTURE RESULTS, PERFORMANCE AND/OR RETURNS. THESE STATEMENTS DO NOT CONTAIN ALL THE INFORMATION THAT WOULD BE REASONABLY REQUIRED FOR A COMPLETE INVESTMENT ASSESSMENT AND ARE SUBJECT TO A SERIES OF VARIABLES, RISKS, UNCERTAINTIES AND ASSUMPTIONS. THOSE WHO HAVE ACCESS TO THIS MATERIAL ARE WARNED THAT DIFFERENT FACTORS MAY AFFECT PROJECTED PLANS, TARGETS, EXPECTATIONS, ESTIMATES AND INTENTIONS EXPRESSED HEREIN. LUZONE LEGAL MAKES NO ASSURANCES AS TO WHETHER IT WILL ACHIEVE OR IS LIKELY TO ACHIEVE THE FUTURE RESULTS OR PROJECTIONS CONTAINED HEREIN. UNDER NO CIRCUMSTANCES SHALL LUZONE LEGAL OR ANY OF ITS DIRECTORS, OFFICERS, REPRESENTATIVES OR EMPLOYEES BE LIABLE TO ANY THIRD PARTIES, SHOULD THEY MAKE DECISIONS, INVESTMENTS OR BUSINESS ACTS BASED ON THE INFORMATION AND/OR STATEMENTS HEREIN.

FPSO

FLOATING PRODUCTION STORAGE AND OFFLOADING

TYPES OF FPSO'S CONTRACTS

- **B - BUILD**
- **BO - BUILD OPERATE**
- **BOO - BUILD OWN OPERATE (LEASE)**
- **BOT - BUILD OPERATE TRANSFER**
- **BOOT - BUILD OWN OPERATE TRANSFER**
- **EPC - ENGINEERING, PROCUREMENT AND CONSTRUCTION**

**BEST
MODEL
OF FPSO
CONTRACTS**

THERE IS NO BETTER OR WORST MODEL, IT DEPENDS ON CLIENTS' STRATEGY IN MANY ASPECTS (FINANCE, HR, ASSET OWNERSHIP, EPCI, O&M).

CONSIDERING THE INTENSE DEMAND, LIKELY WE'LL HAVE OPPORTUNITIES IN MANY MODELS IN ALL PLACES.

BRAZIL HAS VAST POTENTIAL FOR FPSOs - UNLOCK PROJECTS IN THE MOST IMPORTANT AND THE PROPER BUSINESS/CONTRACT STRUCTURE COULD BE A KEY FOR THAT.

**TRADITIONAL
CONTRACTING
MODALITY
OF PETROBRAS**

LEASE AND OPERATE SYSTEM

**THIS TYPE OF CONTRACT WAS USED AT MERO
AND SEPIA FIELDS**

**OIL GIANT LOOKING TO SWITCH FROM LEASE-
AND-OPERATE TO A BUILD-OPERATE-
TRANSFER MODEL (BOT)**

PETROBRAS NEW CONTRACTING MODALITIES

PETROBRAS HAS BEEN HOLDING WORKSHOPS WITH THE FPSO COMPANIES TO DISCUSS THE NEW COURSE OF THE SECTOR, ITS DEMAND FOR THE COMING YEAR AND NEW CONTRACTING MODALITIES, SUCH AS THE BOT (BUILD OPERATE TRANSFER) MODEL - IN WHICH THE CHARTERER BUILDS, OPERATES FOR THREE, FOUR OR FIVE YEARS AND THEN PASSES THE EQUIPMENT TO THE FIELD OPERATOR.

PETROBRAS NEW CONTRACTING MODALITIES

PETROBRAS' DEMAND FOR NEW LARGE FPSOs IS SIGNIFICANT, AND THE PLAN IS TO DIVERSIFY THE CONTRACTING MODEL.

THE CHANGE FOR PETROBRAS TO APPROVE THE BOT MODEL FOR SERGIPE-ALAGOAS IS GREAT. THE USE OF THE HIRING REGIME HAS BEEN ANALYZED FOCUSING ON THE STRATEGY OF DIVERSIFYING CONTRACT MODELS TO ENSURE A MORE BALANCED PORTFOLIO OF OWN AND CHARTERED FPSOs.

**BOT CONTRACTS
ALREADY SIGNED BY
PETROBRAS**

PETROBRAS ALREADY HAS TWO FPSOs UNDER BOT CONTRACTS - P-57 AND P-63.

THE P-57 WAS BUILT BY NETHERLANDS-BASED SBM OFFSHORE AND STARTED PRODUCTION AT THE JUBARTE FIELD IN THE CAMPOS BASIN IN DECEMBER 2010.

SBM OPERATED THE UNIT FOR THE FIRST THREE YEARS OF THE CONTRACT, AND THEN THE FLOATER WAS TRANSFERRED TO PETROBRAS.

**BOT CONTRACTS
ALREADY SIGNED BY
PETROBRAS**

THE P-63 STARTED OUTPUT IN THE PAPA TERRA FIELD IN NOVEMBER 2013, AND ALSO THREE YEARS LATER, THE CONSORTIUM FORMED BY NORWAY'S BW OFFSHORE AND BRAZILIAN ENGINEERING GROUPS QUEIROZ GALVÃO, UTC ENGENHARIA, IESA OIL & GAS AND CAMARGO CORREA TRANSFERRED OPERATORSHIP OF THE VESSEL TO PETROBRAS.

FUTURE PERSPECTIVES

PETROBRAS WILL PROBABLY ADOPT THE SAME CONTRACTING STRATEGY FOR THE ITAIPU FIELD, WITH THE WINNING BIDDER OPERATING THE FPSO FOR THE FIRST 3 YEARS AND THEN HANDING OVER CONTROL OF THE UNIT TO PETROBRAS.

FUTURE PERSPECTIVES

THE COMPANIES OPERATING FPSOs ARE WAITING FOR THE DECISION OF THE STATE COMPANY WITH GREAT EXPECTATION. THE EXPERIENCE OF THE BOT OIL COMPANY COMES DOWN TO P-57, ORIGINALLY CONTRACTED WITH SBM, AND P-63, COMMISSIONED FROM BW OFFSHORE.

THERE IS THE POSSIBILITY OF USING THE EPC TYPE OF CONTRACT, BUT STILL NOT DEFINED.

ADVANTAGES OF BOP CONTRACTS

- VERY INTERESTING TYPE OF CONTRACT FOR A FLOATER COMPANY;
- LOT EASIER TO SECURE FINANCING FOR JUST THREE YEARS;
- CLIENT MAKES AN INTEGRAL PAYMENT UPON DELIVERY OF THE UNIT, INSTEAD OF SPLITTING IT IN DAYRATES FOR THE DURATION OF THE LONG-TERM CONTRACT.



Subsea & Drilling
Brazil Conference

PETROBRAS FPSO CONTRACTING MODELS

**LEGAL AND CONTRACTING
ASPECTS**



THANK YOU!