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The Opening of the Brazilian Petroleum Sector: Initial Impacts, Current Concerns, and Results after the First Five Years

The new Petroleum Industry in Brazil was created by the "Petroleum Law" enacted by the Brazilian Congress in August 1997. Reasons behind the opening proposed by the Brazilian Government were connected to Petrobras, as a "state company", fighting alone for all the physical and financial resources necessary to embrace an aggressive program of investments for the Brazilian basins, mainly after discoveries in the Campos Basin during the late 80's and early 90's.

Under the new scenario Petrobras was allowed to act in partnership with other companies in E&P projects and, starting in 1999, the National Petroleum Agency (ANP) is conducting a process of yearly bid rounds for exploration areas in Brazil.

After changes proposed by the Brazilian Government and the ANP, most of the contracts were signed during 1999, and activities started at the end of 2000 peaking during 2001. In terms of data acquisition, a large seismic database was rapidly built. Unfortunately, results so far did not correspond to the expectations of major companies in deepwater exploration projects. Apart from results recently disclosed by Petrobras, large oil accumulations were not yet identified.

Smaller accumulations of heavy oil were the only results obtained by other companies and these accumulations are still challenging the industry in equating their development. The Brazilian Petroleum Industry is reaching stability, and future perspectives are currently dependent on the Brazilian Government and ANP understanding of industry needs and promotion of adjustments necessary to maintain the attraction of investments.