

MEMORANDUM TO CLIENTS

INFRASTRUCTURE

January 29, 2016

Minimum oil price calculation criteria to remain unchanged

The Brazilian Energy Policy Council (“CNPE”) published a resolution ordering the National Agency for Oil and Natural Gas (“ANP”) to maintain the criteria for calculation of the minimum price for oil, which is used for the calculation of amounts payable as government participations, i.e. royalties and “special participation”.

This resolution seeks to reverse an earlier ANP proposal to revise the criteria that would have increased the cost of production of oil amid the industry crisis.

The review of the criteria used to calculate the government participations was being discussed in a public consultation launched by ANP earlier this year. ANP’s position is that the current formula, which has been in effect since 2000, is outdated.

The first version of CNPE’s resolution published on January 22, 2016, determined that ANP could revisit the issue only when the price of oil has remained at US\$50 per barrel for 7 (seven) consecutive days. However, on January 26, 2016, CNPE published a revised version of the resolution eliminating this provision.

The language of the resolution states that “new investments in the oil industry require clear rules, which must be valid for a certain period of time in order to permit long-term planning and ensure maintenance of the rules throughout the period of investment and return on the investment”.

The official revised text of CNPE’s resolution, in Portuguese, can be found by clicking [here](#).

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The purpose of this memorandum is to inform our clients about important changes and developments in the area of law. We remain at the reader’s disposal for any additional information that may be desired regarding the subject matter herein.

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