

# Brazilian Wave

August 2016 Issue: 56

## MEET THE TEAM

Petrobras approves new management structure

## AN OLYMPIC ISSUE

As Rio basks in the glory of its first Olympic Games, we check the pulse of the offshore sector

## STATOIL STEPS UP

The Norwegian major ramps up its Brazilian assets

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## WEEKLY MARKET UPDATE

### IN THIS REPORT YOU WILL FIND:

- VESSELS NEWS
- PETROBRAS NEWS
- CHARTERERS' UPDATE
- DID YOU KNOW?
- HIGHLIGHT & LOWLIGHT
- VESSELS AVAILABILITY LIST

Report written, designed and created by the Westshore do Brasil Team. Images are merely illustrative and were taken from the internet.





# STATOIL

## A New Player in the offshore Brazilian Pre-Salt

It's no secret that Brazil is undergoing a period of turmoil, one that has opened opportunities for foreign companies. Norwegian company Statoil has undergone a significant period of streamlining, cost cutting and operational reorganization. While it has chosen to sell significant chunks of its non-operated shale assets onshore US, it is stepping up other areas of business. Most notably perhaps, is the Brazilian pre-salt.





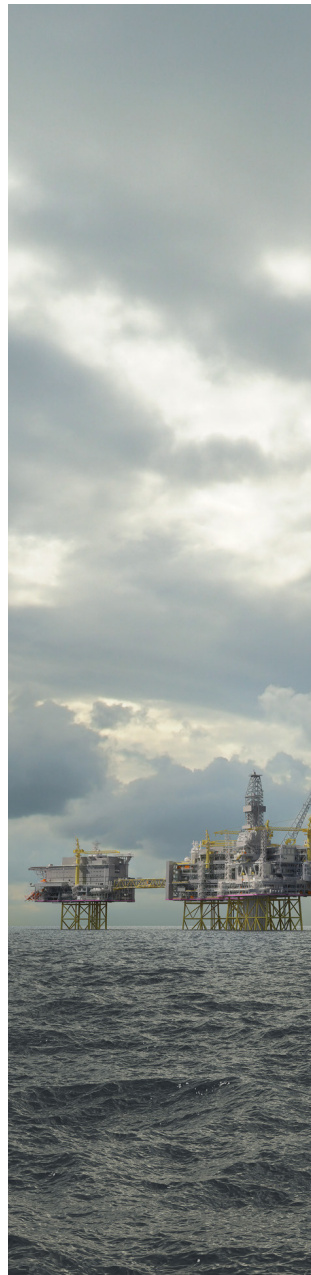
**Picture : Oyvind Hagen, Statoil**

Image of Peregrino A platform with Maersk Peregrino in background





3



## Spanning the globe, Norway and beyond

1.  
Harald Pettersen,  
Statoil  
Troll A platform,  
Norway
2.  
Ole Jorgen Bratland  
Gulfaks B Platform,  
Norway
3.  
Paul Joykson Hicks  
Drillship Discoverer  
Americas offshore  
Tanzania
4.  
Digital image, Statoil  
ASA  
Johan Sverdrup,  
Norway



1





***We can expect Statoil to rethink its organization in Brazil so that it can take advantage of portfolio synergies***

Luiz Monteiro, Consultant



**T**he announcement came in July that Statoil had acquired 66% of the rights to block BMS-8, located in Santos Basin. A total amount of USD 2.5 billion will be paid to Petrobras in two installments. The first half will be paid after the conclusion of the transaction and the remaining amount after the unitization of Carcará.

At first glance, this deal benefits both companies. Petrobras is relieved of some cash flow pressure and the use of financial and human resources over the coming years during the development of a project that's not expected to start producing until the start of the next decade.

FOR STATOIL this acquisition definitely puts it as a player in the Brazilian oil and gas industry. Besides the Peregrino field, producing 90 thousand bbl/d in Campos basin, Statoil is also the operator of block BM-C-33. With that in mind, we can expect Statoil to rethink its organization in Brazil so that it can take advantage of portfolio synergies. Notably for us at least will be the logistics support of its offshore operations, which is today a considerable portion of the operating costs at the Peregrino field.

THE DEVELOPMENT of Carcará's will likely be delayed from the current

schedule. ANP's approval processes typically takes between six to 12 months, but in this case as the conclusion of the deal also depends on the unitization of reserves, the completion period might take a little longer.

THIS PROCESS with the Brazilian government is likely to take some time and will consequently delay the investment needed for the production development in Carcará. It's worth remembering that Shell almost completely stopped activities at BMS-54 after two years without significant investments in the block, while it awaited the process of unitization of reserves.

The market expects the new Brazilian government to take a proactive stance over the issue of unitization of reserves and not fall into the trap of governmental bureaucracy or be held hostage to conservative positions which end up delaying the development of the industry and scares investors away. Consequently, also delaying the receipt of royalties and taxes that can be channeled to the benefit of the Brazilian population.

The oil and gas market is slowly maturing and with each transaction like this one the government and suppliers should re-evaluate their position and review future plans in order to maximize the return on their investment.

# EWBUILDS

Half way through the third quarter of 2016 and the offshore market is still deeply mired in this ongoing depression. Brent under \$50, rigs being stacked, and requirements becoming rarer. The predictions of recovery seem to be stretching ever into the future. It's hard to find anything that can give us some kind of excitement at times like these. But don't lose hope. In an attempt to liven things up, we have compiled a list of all vessels delivered this year in Brazilian waters. You may ask yourself, how does that make the picture in the offshore market any brighter? Well concerns of over-supply aside, these vessels are shiny new examples of how innovation and technology have advanced at an astounding rate. As offshore brokers, we are daily looking and boarding different types of vessels but there's no doubt that the really advanced vessels create a big impression.

It's important to highlight that the majority of those are part of Prorefram program, Petrobras fleet renewal program. Prorefram was created in 2008, with the aim to increase the national portion of Brazilian support vessel fleet and offering special conditions for hiring locally manufactured vessels. Most of the vessels delivered this year are part of the 6th and last round.

So this year's roll call of Brazilian pride reads as follows:



**PSV 5000**  
**Larus**

Built by Wilson Sons group, she was chartered by Petrobras for eight years firm plus options and is part of the 6th round of Prorefram.



**PSV 5100**  
**Starnav**

Delivered  
Detroit sh  
the 17 S  
contracte  
Cepheus



**FSV/OSR**  
**CMM Cor**  
**Velocity**

Fifi1, 66  
and an a  
speed of  
sister ves  
and CMM





**Cepheus**

In March at shipyard. From Starnav PSV 4500 chartered in Prorafam, this was the 10th.



**PSV 4500  
Bram Buck**

Navship Shipyard delivered this vessel which then started a 8 + 8 years contract with Petrobras and is part of the Prorafam program.



**PSV 4500  
CBO Oceana**

Oceana Shipyard built this vessel, which is operating for Petrobras in Santos basin. The unit is part of their six vessels awarded in the 6th round of Prorafam.



**AHTS 22000  
Skandi Paraty**

The 15th Brazilian vessel built by DOF in Brazil and the third newbuild AHTS ordered by Petrobras under Prorafam.



**FSV  
Baru Orion**

Built at ETP shipyard, in Niterói. She is the 9th vessel of a series of 12 FSVs which will commence contract with Petrobras.



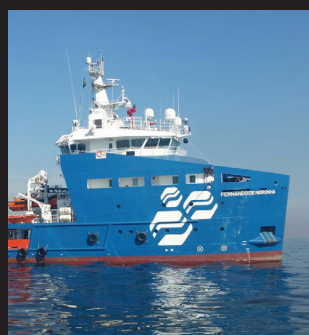
**Vs  
Continuity, CMM  
& CMM Rapidity**

3m3 oil rec capacity average service 22 knots. The two vessels CMM Celerity and CMM Purity came later.



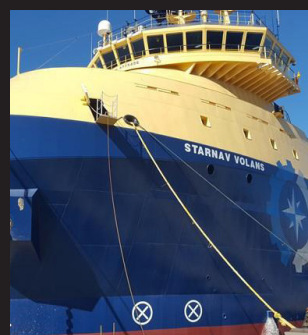
**PSV 3500  
Pardela**

Built at POET Shipbuilding & Engineering PTE shipyard in China. The vessel is DP2, 700m2 deck and can accommodate 48 people.



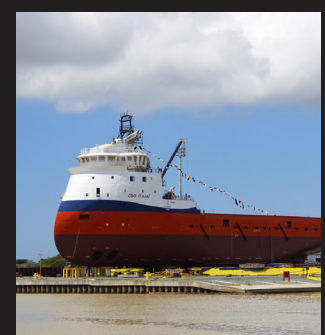
**OSRV 750  
Fernando de Noronha**

Built at Wilson Sons shipyard, the project cost USD 36 million and was developed in approximately 400 thousand man hours.



**PSV 4500  
Starnav Volans**

Detroit Shipyard built this vessel, was chartered by Petrobras for eight years firm plus options and is part of the Prorafam program.



**PSV 4500  
CBO Itajai**

Built at Oceana Shipyard. She is part of the Prorafam programme and was chartered by Petrobras for six years firm plus options.



# DEMAND FOR TANKERS

**DANIEL BUCK**

Tanker  
Westshore c

Considering the crude production and output, we can anticipate an increase in the demand for tankers as a result of production and recently installed ones reaching their peak between now and 2017.

Here's a brief breakdown of these units and the resulting shipments due:





**KLEY**  
r Broker  
o Brasil

new FPSOs commencing

**F**or this year, we can start with the FPSO Cidade de Itaguaí in the Iracema North field, currently producing 150.000 barrels per day. Petrobras has a 65% stake, Shell 25% and Galp 10%, so there should be five offtakes per month, most likely divided in three for Petrobras, one or two for Shell and one for Galp. The Cidade de Ilha Bela at the Sapinhoá field is expected to reach in Q3 2016 a rate of 150.000 barrels per day. This is divided up with Petrobras having a 45% stake, Shell with 30% and RepsolSinochem 25%. Again, the five monthly offtakes should be in the ratio of three for Petrobras and one each, Shell and RepsolSinochem. The Cidade de Saquarema started producing last July at the Lapa Central field and is expected to achieve 150.000 barrels per day by year's end. Likewise Itaguaí, being 65% Petrobras, 25% Shell and 10% Galp's, the five offtakes are likely to be three for Petrobras, one or two for Shell and one for Galp.

Closing the year, the Cidade de Caraguatatuba at Lapa field is due to commence production next month having suffered some delays. By Q1-Q2 2017 it is estimated 100.000 barrels per day being produced leading to four offtakes per month which, shared between Petrobras at 45%, Shell 30% and RepsolSinochem 25%, there should be two for Petrobras and one each Shell and RepsolSinochem. Moving on into 2017, we will have within the first half a pilot (in a smaller scale) FPSO for Oueiroz Galvão in the Atlanta field, together with Barra Energia and OGPar that is expected to produce 20.000 barrels per day. Subject to QG's strategy and due to its size, chances are that they

will require an offtake every five days in order to relieve the storage. That in turn, may well open the opportunity for a T/C as floating storage to consolidate the shipments.

This pilot FPSO employment will be repeated in the second half when Petrobras (40%) will start producing at the Libra pre-salt field. Slightly larger than QG's, will produce 50.000 barrels per day to be shared with Shell and Total with 20% each and CNOOC and CNPC with 10% each.

Finally, in Q4 2017 the Cidade dos Goytacazes will be placed at the Tarturgra Verde & Mestiça fields being 100% controlled by Petrobras for an expected production of 150.000 barrels or five offtakes per month. However, rumours have it that Petrobras is considering selling this asset.

Last but not least, we will know by the end of this year, upon Petrobras divulging their Business Plan, whether they will add for 2017 two of six sister newbuilding ships – called replicantes with a production capacity of 150.000 barrels/day each.

It is worth highlighting that the above demand will be in addition to the already installed production with volumes per main producers listed as follows, based on June 2016 reported figures:

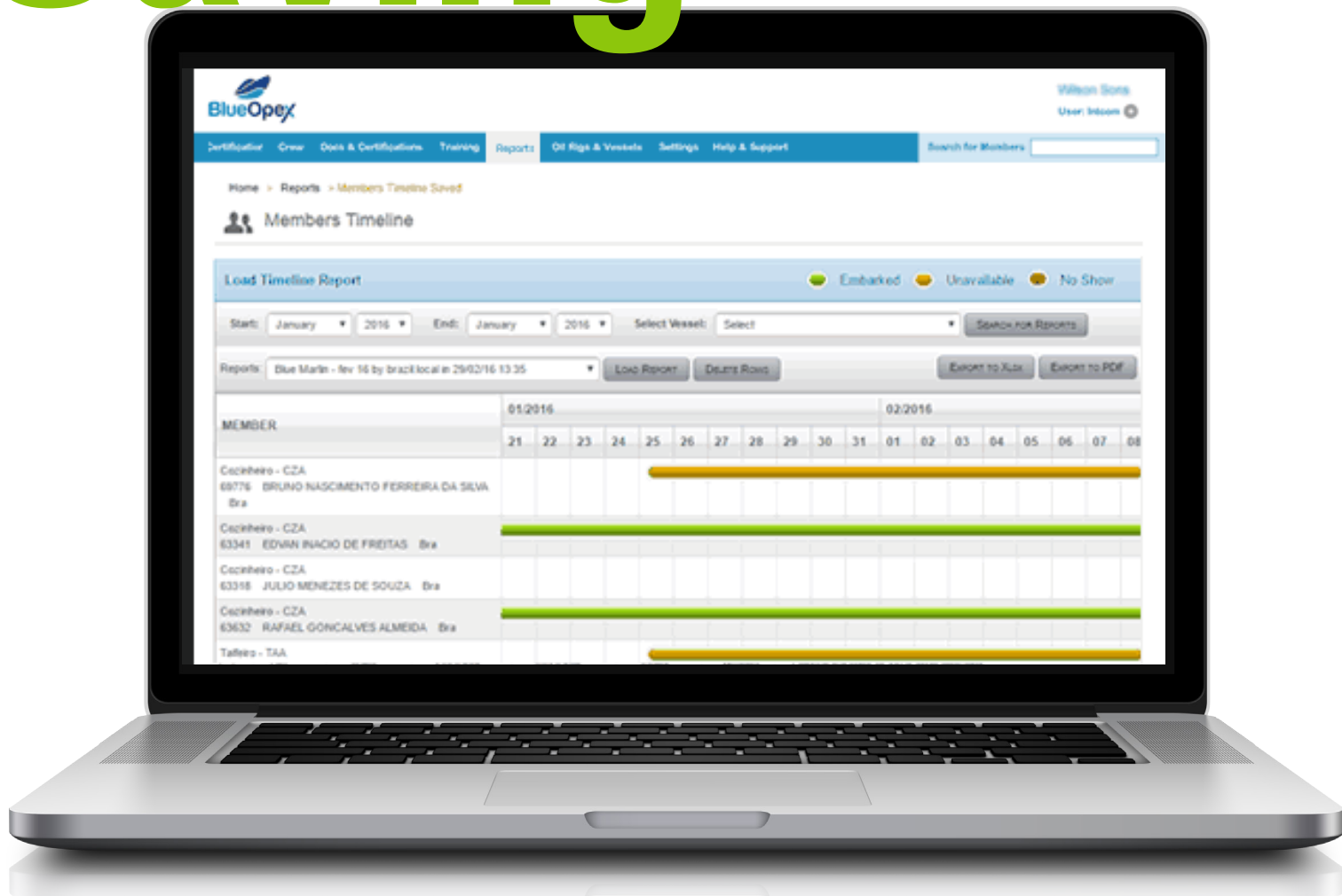
Petrobras – 2,1 million barrels per day  
Shell – 120.000 b/d  
RepsolSinochem – 60.000 b/d  
Galp – 50.000 b/d  
Statoil – 45.000 b/d

We look forward to this improved next wave of requirements!

# Investing while Saving

***A platform that saves time and money.  
Westshore investigates***

Joana Rodrigues, Broker





**A**t first glance these two words seem conflicting. Making investments in times of crisis, believing it will save money in the long-run is an atypical strategy for most companies. Although reduction of labor costs is an important part of financial planning for a company, the damage can outweigh the advantages over the longer term. A demotivated, unproductive team is the first result of cutting staff. But alternatives exist and can be implemented instead of knee-jerk staff cuts, the reason they often aren't is simply lack of knowledge. This month I had the opportunity to join Intcom in meetings with the main ship-owners in Brazil. Intcom develops products and services for integrated management systems and in 2007 it stepped up its services to customers operating in oil, gas and offshore support. The development of BlueOpex is the result.

**BlueOpex** is a crew management solution that provides immediate efficiency, performance and cost reduction gains. The system gathers and analyzes all relevant data from your offshore or marine operation to identify the gaps in your processes and to indicate opportunities. The solution is focused on companies that perform offshore activities, operators or owners

of vessels, and other companies that work with crew management, such as crewing agencies and other service providers for the naval and oil & gas industry.

With BlueOpex, companies decrease operational costs, improve automation and efficiency, centralize and increase transparency, integrate processes in one single platform and allow for a more strategic assessment of operations.

**OPERATING COSTS** are reduced by analysis of current processes and identifying opportunities, integrating and centralizing critical operations, implementing controls, process monitoring by a specialized team, presenting results and planning cost reduction targets.

Since its launch in 2010, BlueOpex has provided services for over 30 clients, in industries such as drilling, FPSO, supply vessels, engineering, catering, subsea and dredging.

We can conclude that crisis is no time to shrink and stop investing, but to seek and take advantage of opportunities that complicated times offer (and they are not few). The message is simple: a lot of wealth is built from intelligent decisions amid the crisis.

For more information, please contact Westshore do Brasil.

## WHY CHOOSE BLUE OPEX?



We've provided services for over 30 clients since 2010.



We take on special projects of customization of the solution for your business.



Cloud hosting, with infrastructure managed by Intcom, available 24/7.



In 2014, we received the contribution of the Nascenti fund, managed by Confrapar; We are a company with accounting audit annually performed.



In 2015, we were selected in the 100 OPEN STARTUPS program, which classifies and selects the 100 most innovative and promising startups in Brazil.



In 2015, we were selected as an innovative startup by Brazilian Institute of Oil and we were invited to be exhibitors in OTC in Rio de Janeiro



**PEDRO PARENTE**  
Petrobras President





**ELIANA LAZARINI**

Office Manager  
Westshore do Brasil

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# Meet the Team

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In March this year Petrobras' board approved what was to be the new administrative structure of the company. Fourteen positions in senior management were to disappear and the number of directors was to decrease from seven to six following the merger of the downstream and the gas & power divisions. The reorganisation of the company will be carried out in four waves, and kicked off in June this year. We take a look at who's who at the top of the Petrobras tree.

**W**ith the new operating model, Petrobras expects to cut 43% of the 5,300 management positions in non-operational areas, exceeding the target set initially

at 30% and strengthen the firm's management accountability.

Most recently, Petrobras created a new executive role for strategy, organization and management system. This is still under approval process by the shareholders. The executive and naval engineer Nelson Luiz Costa Silva is tipped to take the position.

## DIRECTORS & SKILLS

- Production & Technology Development - Centralization of project development technical skills that were previously scattered throughout the company.
- Exploration & Production and Refining & Natural Gas - The two main areas of business - Upstream and Downstream, both focused on optimizing results related to the segregation of different assets, integration of industrial activities, unification of the company's marketing sectors and strengthening of Reserve Management, reservoirs and Participations.

- Financial and Investor Relations - Strengthening the role of economic and financial control of Petrobras units and System companies.

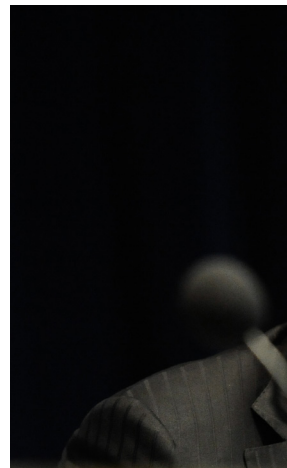
- Human Resources, SEH and Services – Centralization of corporate functions mainly aimed at economies of scale.

- Governance, Risk and Services – Maintenance of independent area to ensure greater control and compliance of Company processes.

- Strategy, Organization and Management System - The new role will ensure tighter control of its spending and investment projects.

The new management team will undergo new technical and management training. Some activities were centralized while others were merged, in addition to a greater focus placed on non-compliance and greater control over contracted services. All with the intention of bringing the company back to a profitable state.

There has been many losses, the newspapers and magazines don't let us forget how hard it's been for Petrobras. The crisis was a great opportunity for adjustment. These are also excellent times to correct attitudes. Somehow, it seems that Petrobras learned a lesson and its homework is to recover the money and time lost during that tough period.







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2



5



7



3



4



6

### The new organizational structure

1. ROBERTO MORO  
Production & Technology Development
2. NELSON LUIZ COSTA SILVA  
Strategy, Organization and Management System
3. SOLANGE DA SILVA GUEDES  
Exploration & Production
4. JORGE CELESTINO RAMOS  
Refining & Natural Gás
5. IVAN DE SOUZA MONTEIRO  
Financial and Investor Relations
6. JOÃO ADALBERTO ELEK JUNIOR  
Governance, Risk and Services
7. HUGO REPSOLD JUNIOR  
Human Resources, SEH and Services



## Busy August in Rio de Janeiro

August 2016 is marked by the Olympic Games in Rio de Janeiro. It is the first time South America and thus Brazil receive the Olympic family. The city has gone through massive transformation. The native populace of Rio, or “Cariocas” have experienced a little bit of hell over the last four years, and are probably going through the worst time in the two weeks of the games. Dedicated lanes in the city are for delegate's usage only and most of the new bus and subway lines are also for the exclusive use of athletes and those watching the games. It is not easy trying to work and commute daily in a metropolitan area dedicated to sports, but it is great to experience a Rio de Janeiro that people have dreamed of - a safe city packed with tourists.

The area around the Westshore do Brasil office has improved considerably. We are just in front of the entrance of the Olympic Boulevard, extending over a couple kilometers along the coastline of Guanabara Bay. The area is busy with traffic from food trucks, from the naval district all the way to the old (now refurbished) warehouses, passing by the new museum

(Museu do Amanhã).

This month we also held the Westshore do Brasil strategy and yearly review meeting and Westshore Managing Director Sølve Høyrem attended. The difficult times facing the shipping industry impact Westshore just as it is impacting our customers, and this year we are giving special attention to how we can assist in improving our customers' businesses. Besides our regular shipbroking advice we are more than ever reinforcing our technical insights and strategic views on business as well as exploring our commercial knowledge with one of the strongest databases available. Westshore do Brasil has also been recognized for its proximity to charterers and the way we have been able to develop custom made solutions to the specific Brazilian market demands. You can read more about this in Joana's Inside Story on page six.

Unfortunately Sølve travelled home just shortly before the Olympics ceremony began, meaning he left the Westshore do Brasil team to deal with the traffic and mayhem and of course to enjoy every minute of what's shaping up to be an amazing Olympic Games.

