

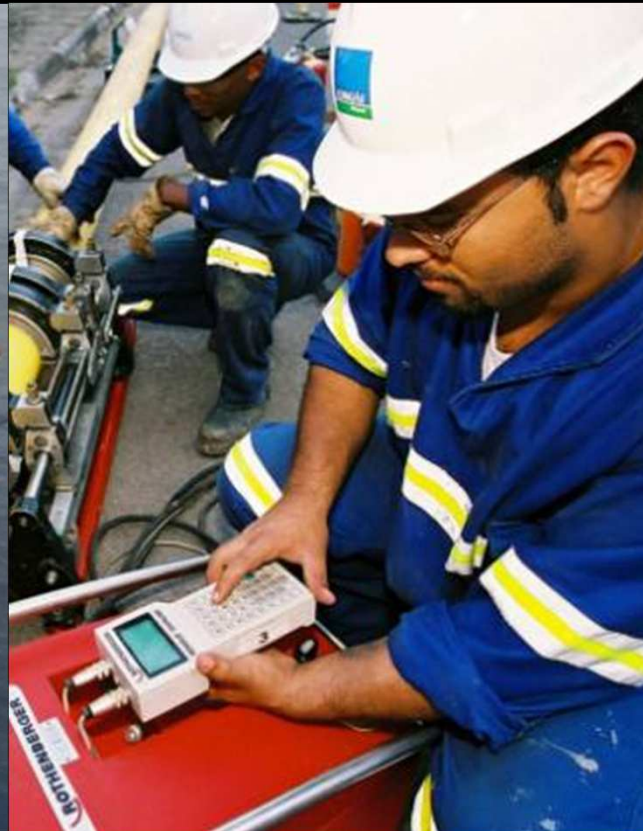
# BG success history in Brazil

BG BRASIL



Nelson Silva • President, BG Brasil • Chairman, Comgás

1 September 2010



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## Agenda

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- BG Group
- BG Group in Brazil
- Comgás history of success
- Pre-salt opportunities for Comgás
- What we have achieved so far in Brazil
- Long term commitment to Brazil

## Who we are

- Market leader
  - FTSE top 15 company
  - Listed on London Stock Exchange
  - Market capitalisation: approx. US\$ 60 bn
- Gas and oil
  - Production approximately 70% gas; 30% oil
- International energy major
  - Over 6,000 employees; 65% outside UK



# Business model



Resources  Enabling  Markets

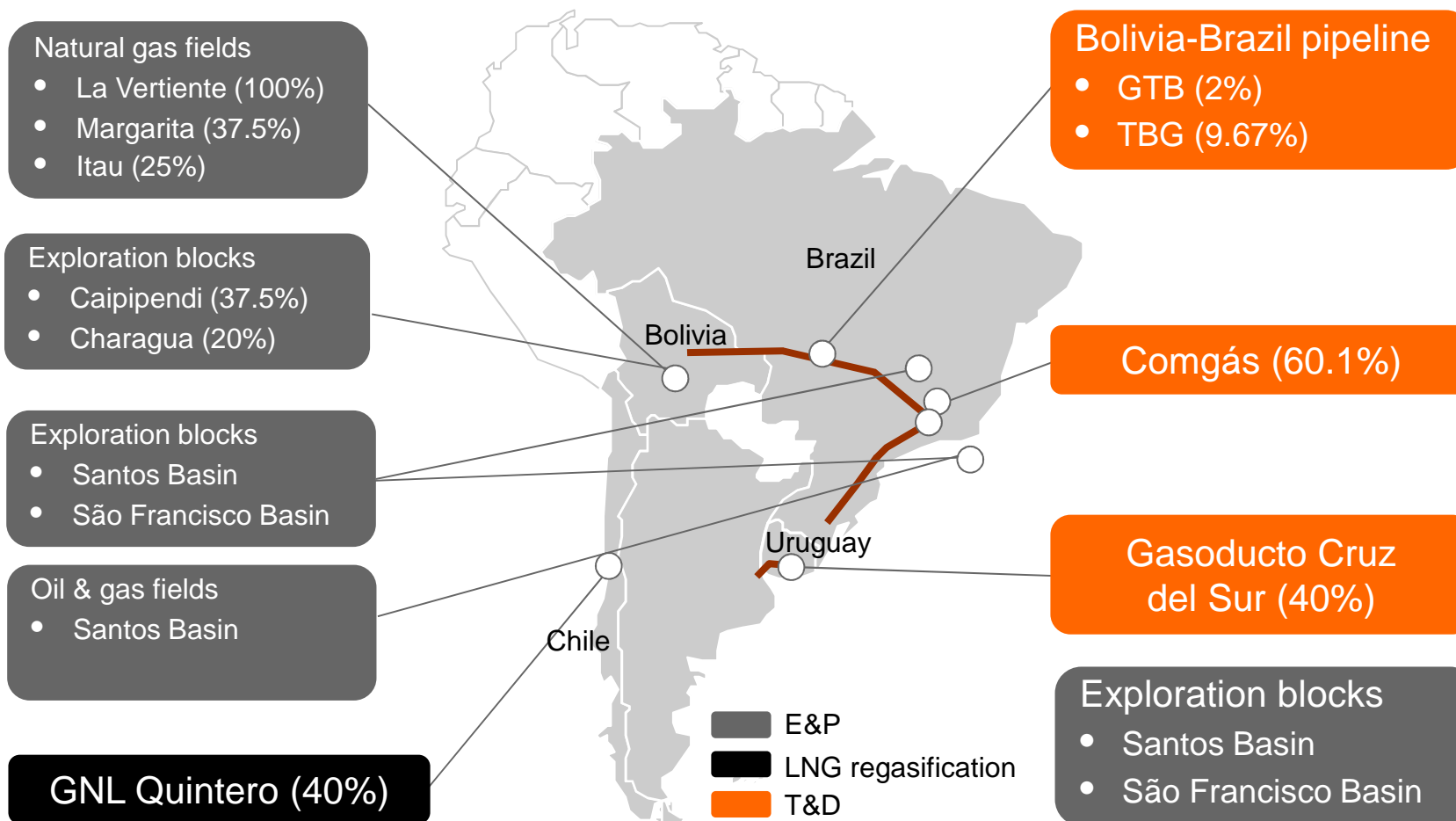
Production, LNG, Transmission & Distribution and Power

## Countries of current operation



Active in more than 25 countries

## Presence in South America



% indicates BG Group ownership

# BG Brasil history

**1999**



Bolivia-Brazil gas pipeline start-up  
Cost: US \$2.2 billion

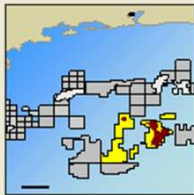
BG Group share: 7.65%



Acquired Comgás – the largest natural gas distribution company in Brazil

BG Group share: 60.1%

**2000**



Acquired blocks BM-S-9, BM-S-10 and BM-S-11 in partnership with Petrobras

**2002**



3D seismic acquisition in Santos Basin pre-salt area

**2005**



Successful participation in ANP 7th round

Another three offshore blocks (Santos Basin) and one onshore (São Francisco Basin) added to BG Brasil portfolio

**2006**



Tupi and Parati discoveries

**2007**



Successful drilling of Tupi Sul and Carioca discovery

**2008**



Guará and Iara discoveries

Outstanding success rate to date with six out of six deepwater wells drilled in pre-salt Santos Basin



LNG supply to Pecém (CE) and Baía de Guanabara (RJ) regasification terminals

**2009**



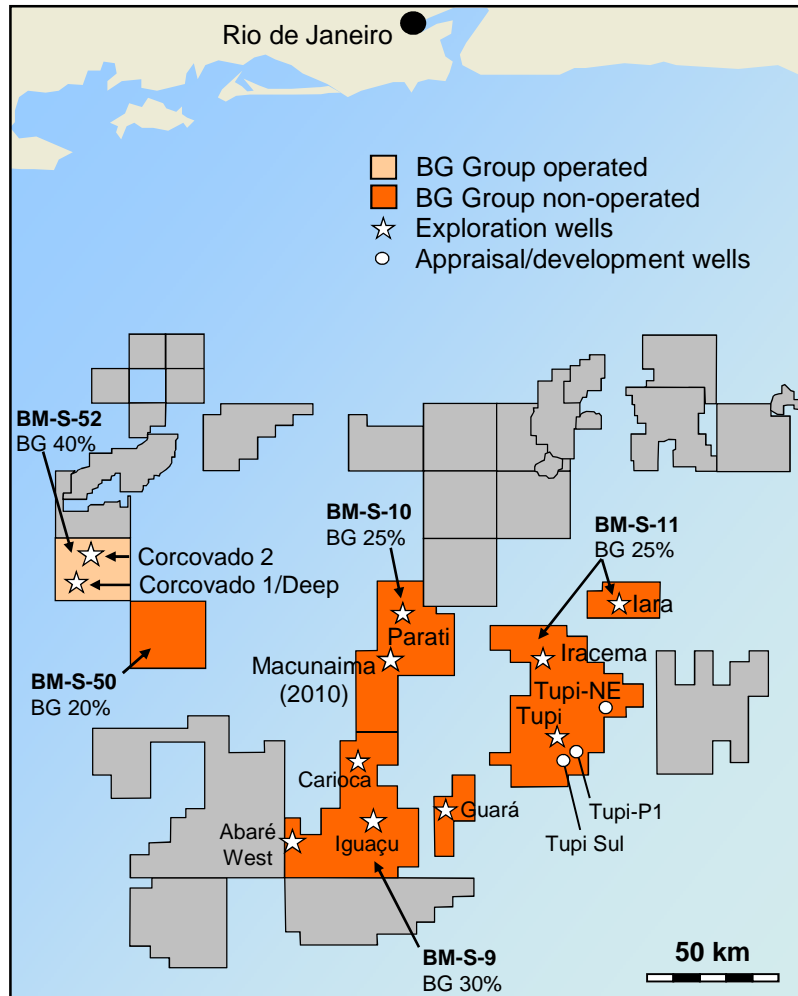
First oil from Tupi



Iguaçu, Iracema, Corcovado-1 and Abaré West discoveries

Nine discoveries in three years

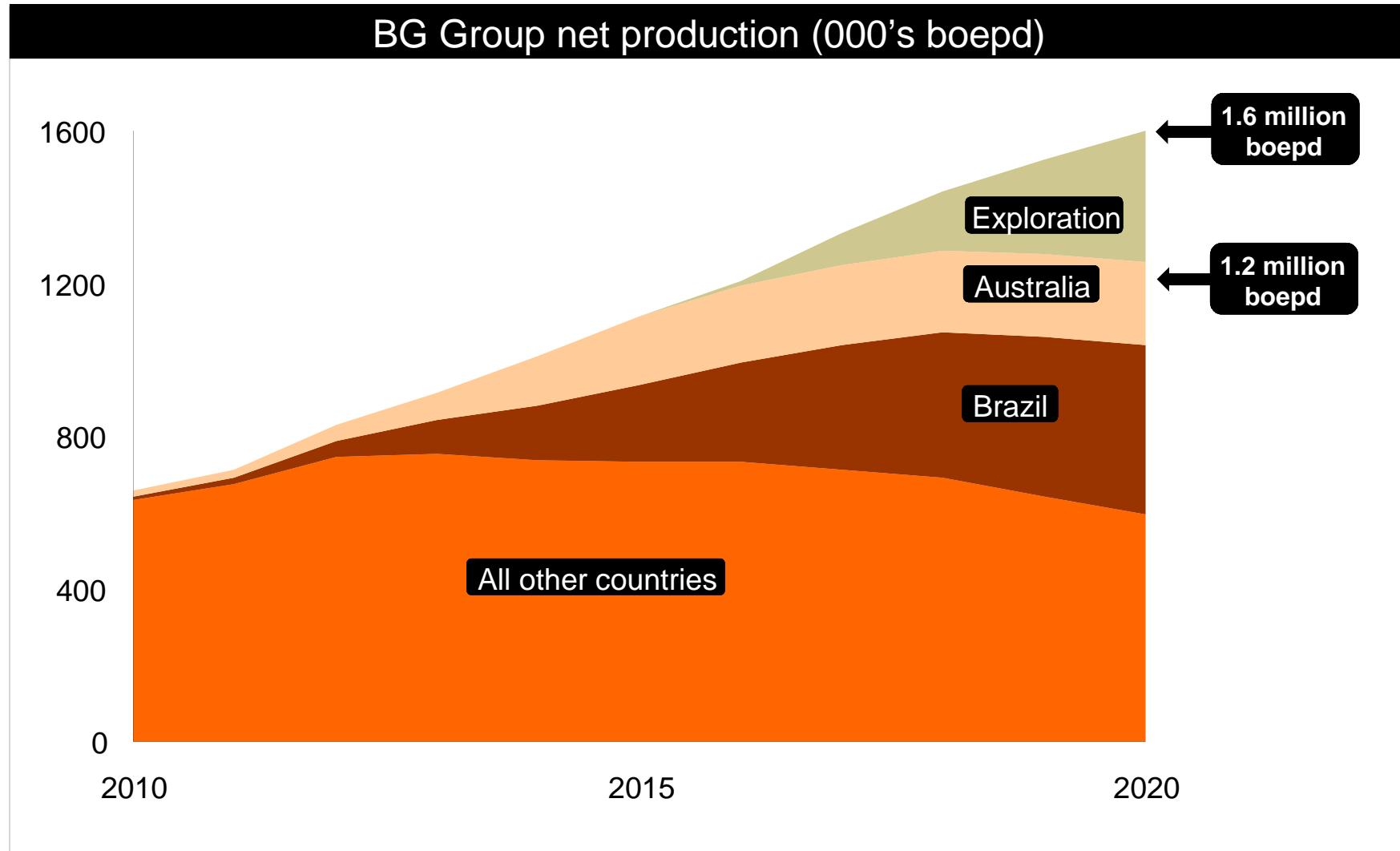
## Santos Basin activity overview



- Seismic, wells, cores and drillstem tests (DSTs)
- BG Group cumulative oil production from Tupi's extended well test (EWT) >1.5 million bbls
- BG Group net reserves/resources >3 billion boe
- Economic break-even below US\$ 40/bbl\*

\*BG Group estimate

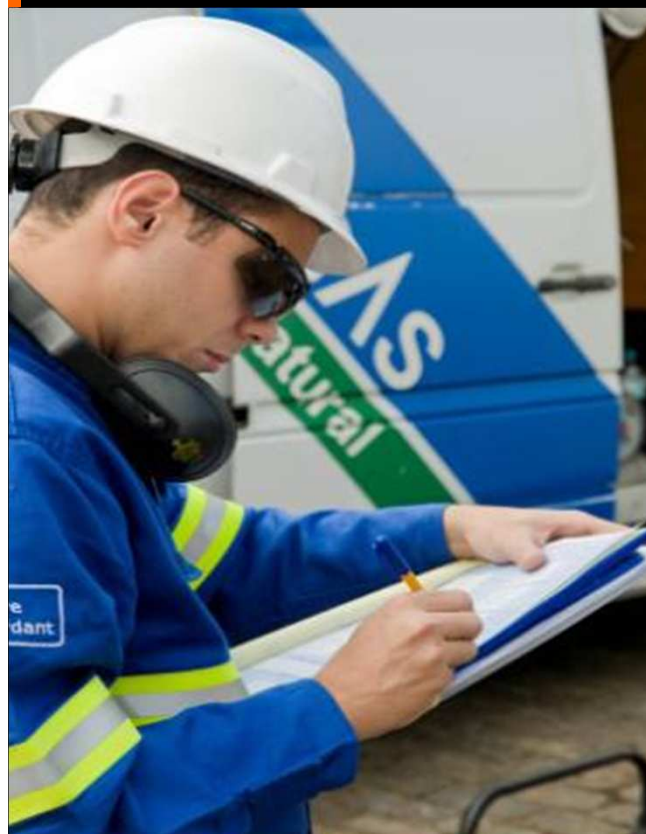
## Importance of Brazil for BG Group



Brazil will be the largest producing asset in the BG Group portfolio

# Comgás history of success

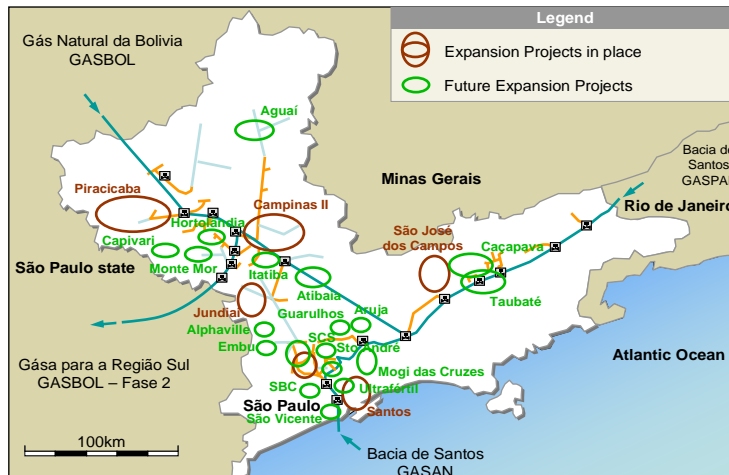
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## Key facts about Comgás

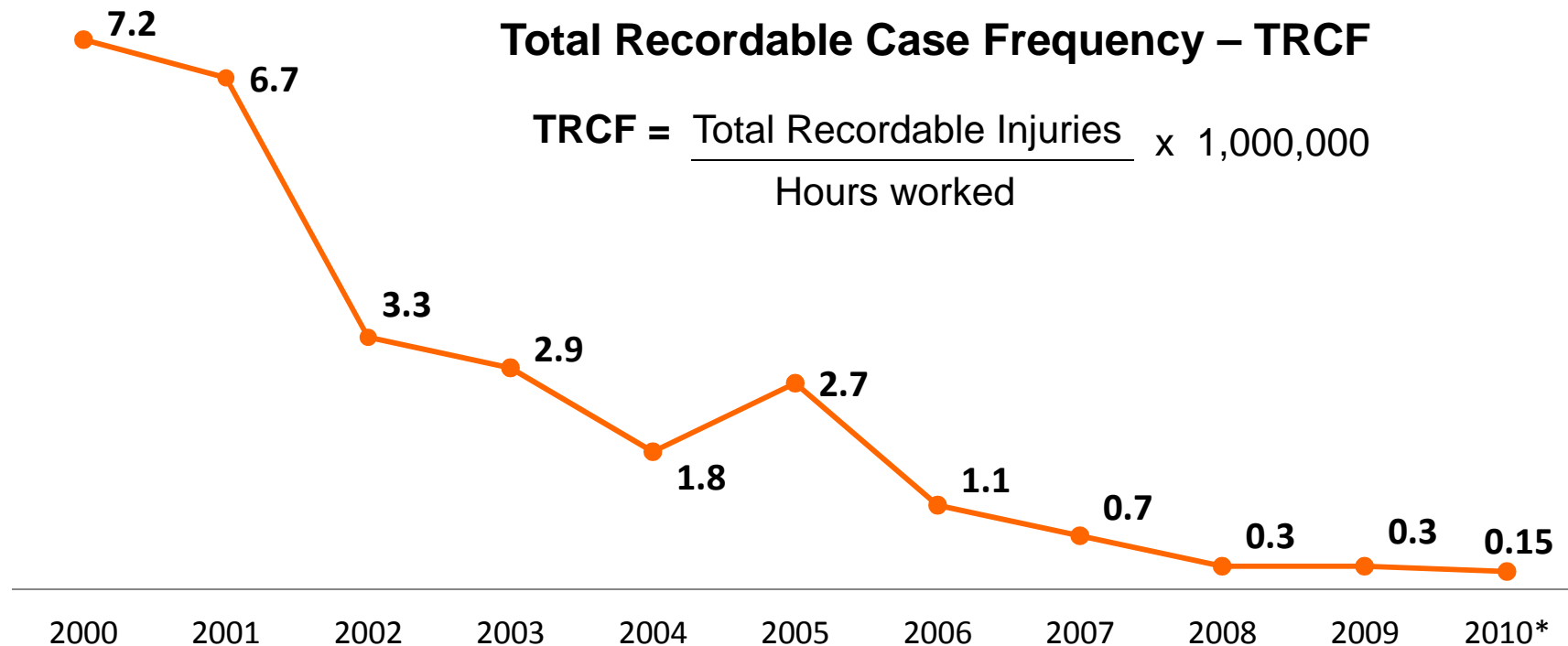


- BG Group and Shell are controlling shareholders
- Largest natural gas distributor in Brazil
- 30% of total natural gas sales nationwide
- 4,000 people hired directly and indirectly
- Natural gas sales of 12.7 mmcmd
- Concession area
  - 29.2 million population
  - 25% share of GDP
  - 35% share of energy consumption



## Comgás HSSE records

- Comgás uses the slogan “do it safely or don’t do it at all”
- Target: Zero injuries

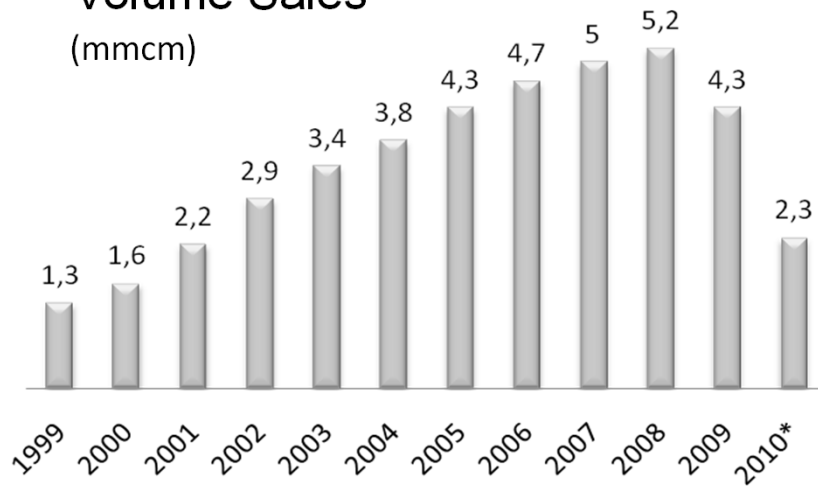


Note: \*2010 as at 24/05810

# Comgás growth

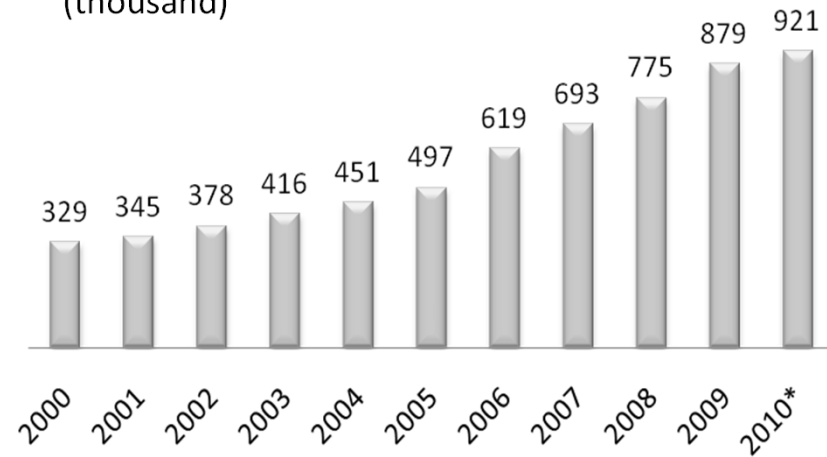
Volume Sales

(mmcm)



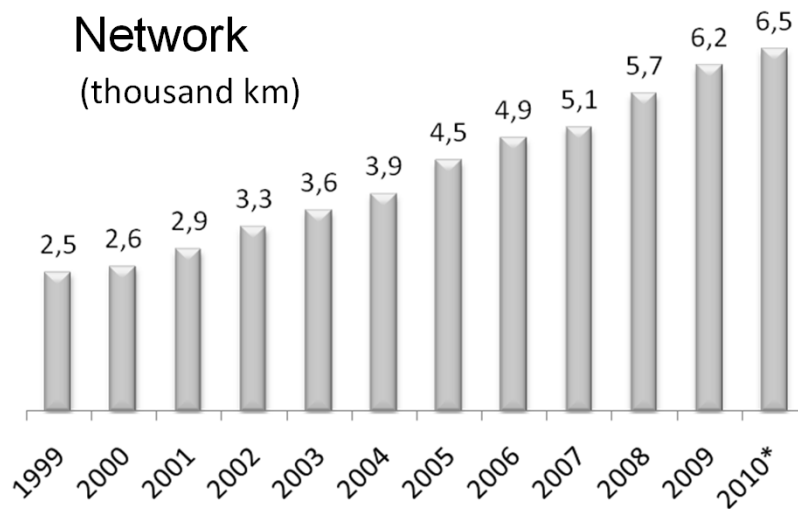
Customers

(thousand)



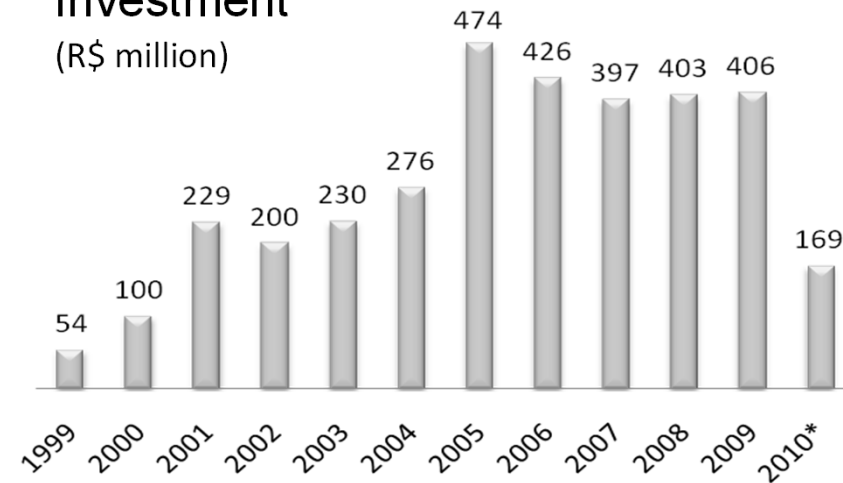
Network

(thousand km)



Investment

(R\$ million)



Major improvement since privatisation

\*First half

## Pre-salt opportunities for Comgás

- Foster natural gas usage within the State of São Paulo
  - Increase natural gas share in the energy matrix
- Attract and increase industrial activity
- Promote gas utilisation in cogeneration, air-conditioning and other nascent markets
- Capture additional market potential in residential and commercial sectors
- Rekindle NGV market if adequate public policies are in place



## What we have achieved so far in Brazil

- Over US\$ 5 billion invested since the late 1990s
- 60.1% share in Comgás, the largest natural gas distributor in Brazil
- Nine discoveries since drilling programme began in 2005
- Net reserves/resources > 3 billion boe
- BG Group cumulative production from Tupi EWT > 1.5 million bbls
- First LNG deliveries to Brazil



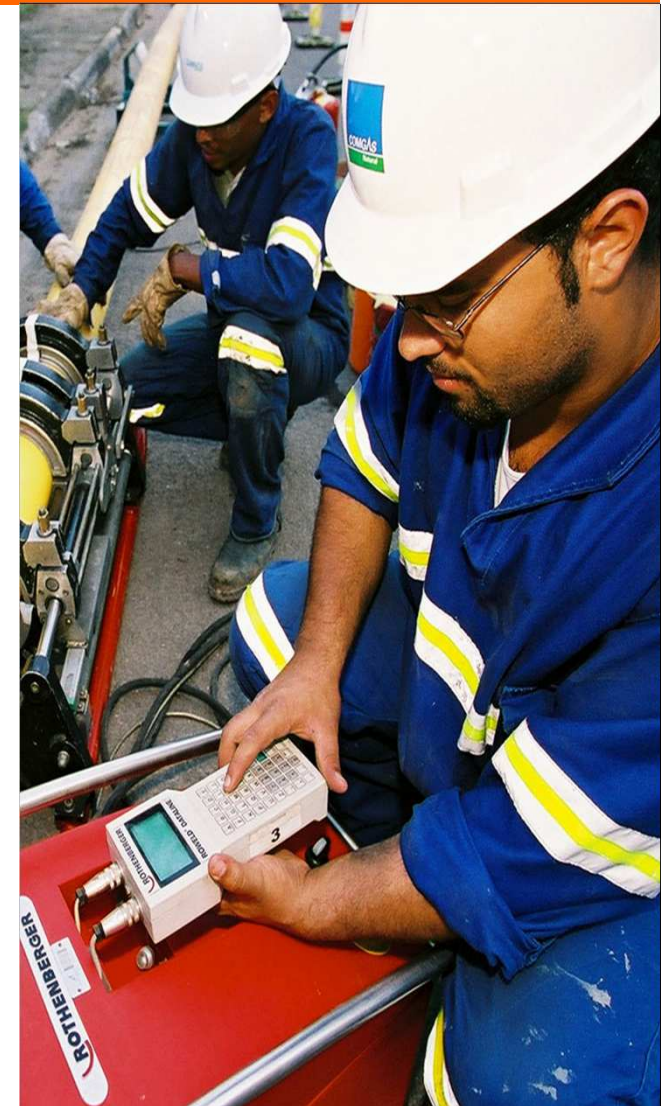
## Long term commitment to Brazil

- BG Brasil net production potential of over 400,000 boed by 2020
- New exploration in both established and new basins
- Development of oil and gas evacuation infrastructure with JV partners
  - Potential Floating LNG vessel as option to commercial natural gas reserves



## Long term commitment to Brazil

- Comgás expansion
  - Potential to serve more than two million economically active households
- Concession contract
  - 1999 thru 2029 (30 years)



Thank you

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