



The Brazilian Offshore Market Report

October 2010



1- Growth Opportunities: Survey, Subsea and Offshore Support Sectors

1.1- Brazil: Offshore Market Information

Offshore Support General Information

- Nearly 290 OSVs operating in Brazil as of Aug 2010;
- About 310 OSVs operating in Brazil by December 2010;
- 28 Floating Production Units;
- 71 Floating Drilling Units presently chartered; 10 Floating drilling units en route to Brazil;
- 16 Foreign Owners established in Brazil;
- Opportunities in the renewal of older fleet (PSV's and AHTS)
- Demand expected for additional 250 OSV's by 2020.

Subsea / Survey – General Market Information

- 6 active Subsea Players established in Brazil
- 4 Survey Players established in Brazil
- Lack of Brazilian Flag Units
- Units committed on long terms
- 4 Pipelines to be constructed in the next 4 years
- Several Production units expected to enter in operation
- Maintenance and Light Survey opportunities

Oil Companies Commitments: Exploration Blocks & ANP

Since 1999, Brazilian National Petroleum Agency (ANP) has periodically issued bidding rounds whereby Oil Companies are invited to give their best offers/proposals for the right to explore specific areas.

The proposals take into consideration the value of a bonus, minimum exploratory commitment in the intended area (Km² of seismic and number of wells) and level of local content.

Upon award of an exploratory area, ANP then establishes deadlines to be met by the Oil Company commencing from the date of the award contract is signed.

ANP Exploration Blocks Auctions

ANP issued in 2008 its latest bidding round (10th round). The 11th round is expected to be issued 2Q2011. Following is a summary of the number of blocks awarded through the years:

Round 1 (1999)
12 offshore blocks awarded

Round 2 (2000)
12 offshore blocks awarded

Round 3 (2001)
23 offshore blocks awarded

Round 4 (2002)
11 offshore blocks awarded

Round 5 (2003)
81 offshore blocks awarded

Round 6 (2004)
65 offshore blocks awarded

Round 7 (2005)
41 offshore blocks awarded

Round 8 (2006)
Halted

Round 9 (2007)
52 offshore blocks awarded

Round 10 (2008)
No offshore blocks awarded

Oil Companies Commitment with - LOCAL CONTENT (ANP)

The Local Content Clause is part of the Concession Contracts of Exploration, Development and Production of Oil and Natural Gas, signed by the ANP with the winning oil companies in the Bid Rounds, which focuses on the stages of E&P development.

According to this clause established by the ANP, the Oil Companies must ensure preference to the hiring of Brazilian suppliers when submitting their offers with price conditions, time and quality equivalent to the Foreign suppliers offers.

For the purpose of calculation of local content, one should consider the total expenditure on goods and services from domestic suppliers in relation to the total spent on a contract or scope of supply.

The purpose of this clause intends to increase the participation of Brazilian goods and services on a competitive basis in the E&P market.

The expected result of the application of the clause is the driving force of technological development, human resource training, employment level and income in this segment.

The Brazilian Content

Business Segment	Domestic Investment 2010-14	Purchased in the Domestic Market 2010-14	Brazilian Content (%)
E&P	108.2	57.8	53%
Downstream	78.6	62.8	80%
G&E	17.6	14.4	82%
Distribution	2.3	2.3	100%
Corporate Areas	2.3	2.3	100%
E&P	3.3	2.6	80%
Total	212.3	142.2	67%



**1.2- Petrobras:
Present and Future
Investment Plan 2010-2014**

Petrobras - Highlights

- Main Charterer in Brazil
- 278 Exploration blocks among Fields in production
- Expected to be the main Pre-Salt Explorator/Operator
- Formal Tender procedure for OSV's, Subsea, Survey and Special units
- Long term provided for OSV's
- Focus in Owners with local structure or interested to establish one

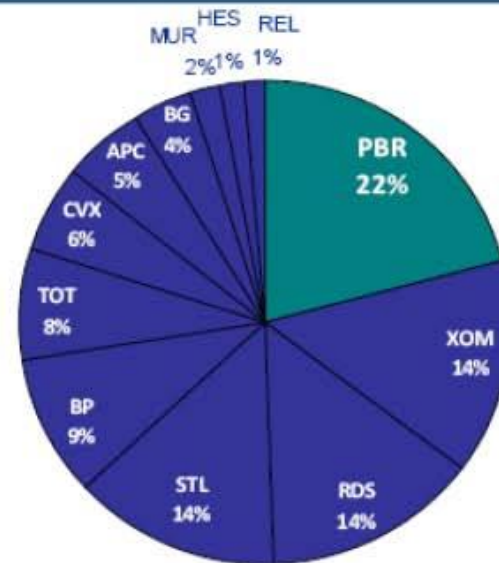
Petrobras Investment Plan 2010-2014

Competitive advantage: PB operates 22% of Global deep waters.

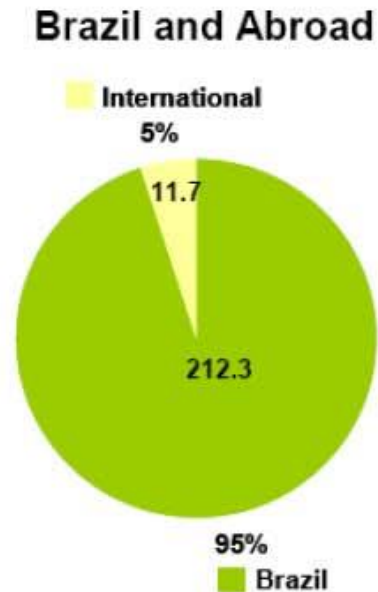
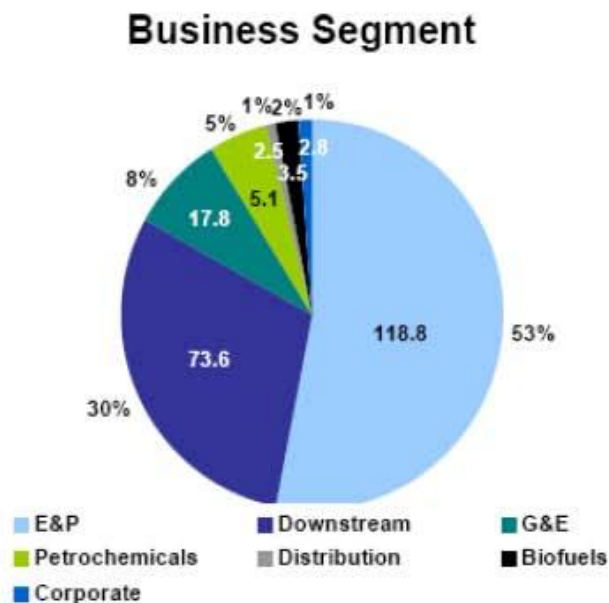
Exploration Portfolio:

- Brazil exploration USD 13.8 Billion (2010/2014)
- Exploratory Area 157.59km²
- 278 exploratory blocks
- 30 appraisal plans
- 303 production concessions

2008 Gross Global Operated Deepwater Production (mboe/d)



Petrobras Investment Plan 2010-2014



Increased investments in E&P on this period:

Of the total USD 224 billion, approx USD 118 billions will be allocated to Exploration & Production.

Petrobras Investment Plan 2010-2014

New vessels and purchase of new equipment

- New units will be installed in pre-salt areas already under concession, although the pre-salt is expected to contribute more to the production curve in the post-2014 period.
- Petrobras expects to have most of deep water drilling rigs amongst all the Oil companies, with a total of 26 rigs by 2014, 53 by 2020 and 504 support vessels by 2020 (254 in 2009).

Petrobras Investment Plan 2010-2014

Pre-Salt Campaign

Investments of USD 28 billion for Pre-Salt project from 2009 to 2013 and USD 111 billion from 2009 to 2020. The expectation is to double Brazilian reserves with Pre-Salt and its multi-billion barrel reserves potential.

Initial oil production via FPSOs is for six production Units in Campos and Espírito Santo pre-salt starting up by 2014.

Estimated oil production:

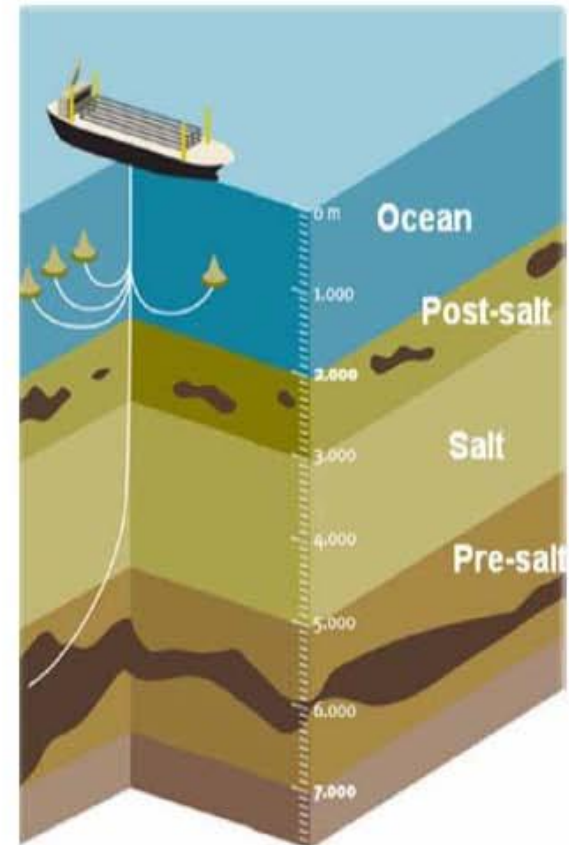
2013: 219 kb/d

2015: 582 kb/d

2020: 1815 kb/d

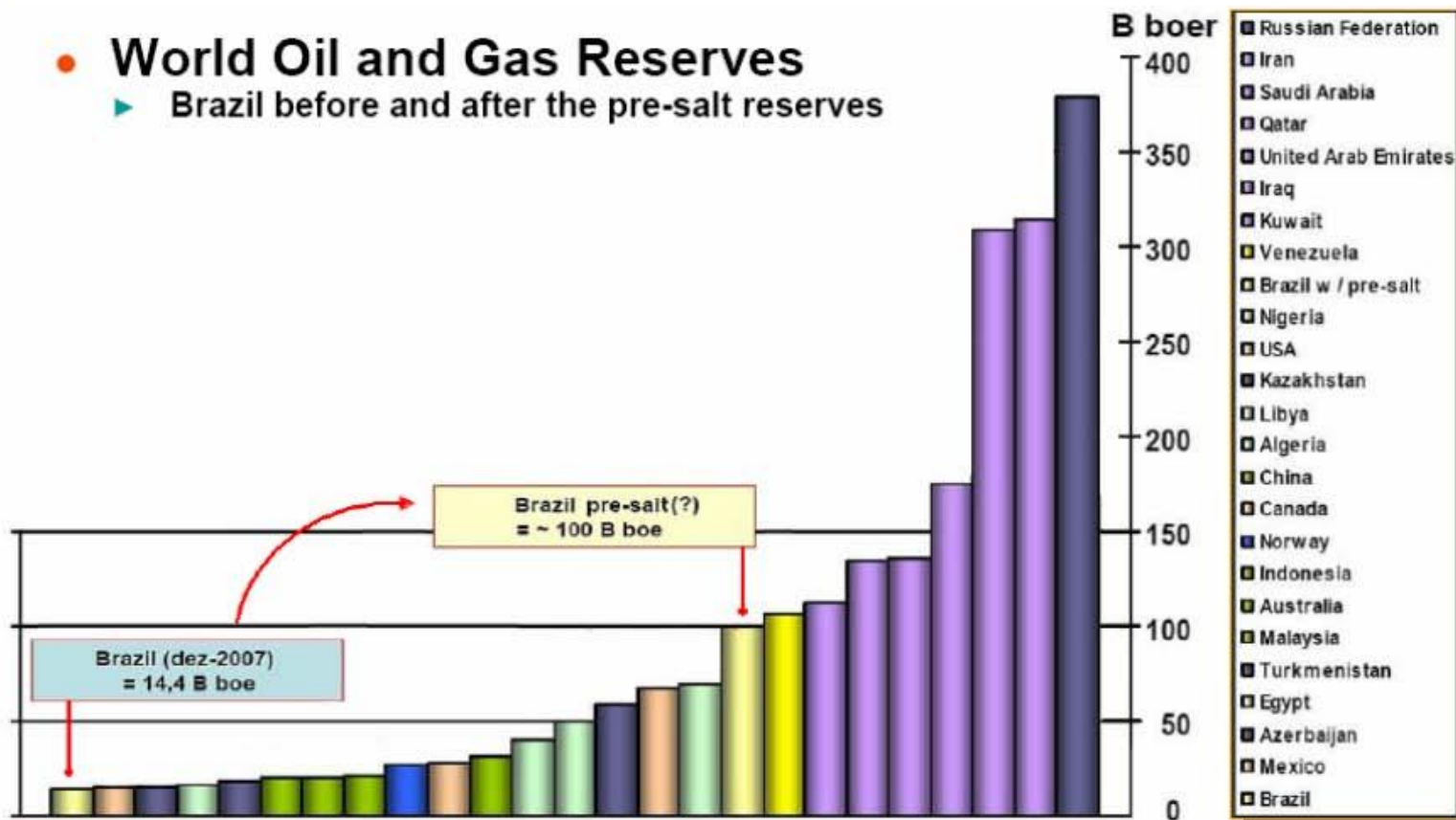
**Good Oil quality: Medium-light

**Seismic activity and wells appraisals underway



BRAZIL: PRE-SALT

- World Oil and Gas Reserves
 - Brazil before and after the pre-salt reserves



BP Statistical Review 2008



1.3- Oil Companies: Upcoming Exploratory and on-going development Projects

Oil Companies (Exploratory Campaigns)

Oil Companies	Concession Blocks (as Operator)
AMERADA HESS	1
ANADARKO	4
BRITISH GAS	2
DEVON ENERGY	5
ENI	2
EXXON	1
KAROON GAS	5
MAERSK OIL	4
NEW FIELD	3
NORSE ENERGY	3
OGX	14
ONGC VIDESH	2
PERENCO	5
QUEIROZ GALVAO	1
REPSOL YPF	10
SHELL	4
STARFISH	3
STATOIL/HYDRO	4

* Besides Petrobras

Oil Cos Development Projects and OSVs Set up

Some International Oil Companies are already developing some areas after successful exploratory campaigns, which you will see in the following slides:

Shell

Bijupira Salema:

- 740m wd
- 1 FPSO – Modec - 80,000 bpd
- 1 MPSV Austral Abrolhos – Gulf Marine

BC-10:

- 1,780m wd
- 1 FPSO
- 1 PSV
- 2 AHTS

BM-S-54:

- 1,780m wd
- 1 Drillship
- 2 PSV's
- New drilling campaign expected for 2011

International Oil Cos Development Projects and OSVs Set up

Chevron Texaco

- Frade:
 - 1,100m wd
 - 1 FPSO – SBM - 100,000 bpd
 - 1 MPSV – Skandi Salvador - DOF
 - 1 PSV Campos Carrier - Chouest
 - 1 AHTS Campos Contender - Chouest

Devon Energy

- Polvo:
 - 100m wd
 - 1 FPSO – Prosafe - 60,000 bpd
 - 1 280' PSV Deborah Kay - Chouest
 - 1 MPSV – Chouest

Statoil

- Peregrino:
 - 100m wd
 - 1 FPSO – Maersk – 100,000 bpd
 - 3 PSVs
 - 1 TPSV

International Oil Cos Development Projects and OSVs Set up

Repsol YPF

- 10 Exploration blocks at Campos, Santos and Espirito Santo basins.
 - Present fleet:
 - 1 Semi-Submersible
 - 2 AHTS
 - 1 PSV
 - 1 Drillship
 - 2 PSV

OGX

- Campos, Santos and Pará-Maranhão Basins (Up to 400m Water Depth):**
 - 6 Semi-Submersible rigs
 - 1 Jackup
 - 87 wells (appraisal) planned up to 2013
 - 11 OSV's

Other Oil Companies expected to Drill in 2011:

Shallow Waters:

- ONGC
- Statoil
- Maersk Oil
- Karoon
- Starfish
- Queiroz Galvão Oleo e Gás

Above 500m Water depth

- Perenco
- Starfish

**2- Vessel Supplier:
Identification, Segmentation and
Estimates of Charter levels**

2.1-Players

PLAYERS: Main Foreign OSV Owners and their Brazilian partners

<u>Brazilian Shipping Company</u>	-	<u>FOREIGN PARTNER/OWNER</u>
Alfanave / Bram Offshore		EdisonChouest (owned)
Augusta		Augusta(owned)
Petroserv		BOS-Farstad/Sealion (owned)
Bourbon Offshore		Bourbon Offshore (owned)
Planoil		Gulf Offshore (owned)
FinargeBrasil		Finarge (owned)
Norskan		DOF (owned)
Pan Marine / Maré Alta		Tidewater (owned)
Maersk Brasil		A.P. Moller/Maersk (owned)
Seabulk Brasil		SeabulkOffshore/Seacor (owned)
DSND Consub		SiemOffshore (owned)
UP Offshore		Ultrapetrol (owned)
Wilson, Sons Ultratug		50% Wilson, Sons + 50% Ultratug
Deep Sea Supply Navegação		Deep Sea Supply Shipowning (owned)
Starnav		Detroit Chile S.A (owned)
Solstad Offshore Ltda		Solstad (owned)

Brazilian Shipping Companies (100% Brazilian) – Main Players:

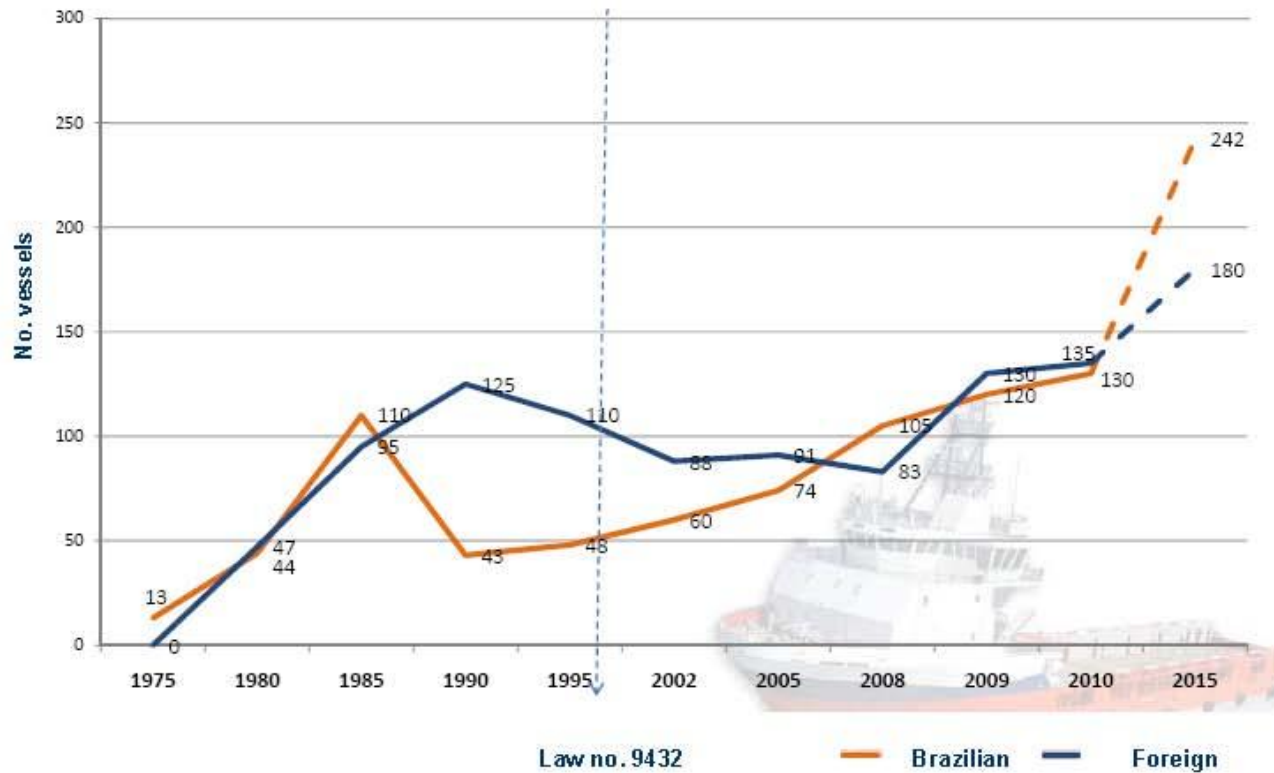
Astromaritima, CBO, Galáxia Maritima, Superpesa, Tranship, SulNorte, ACAMIN and Petrosantos.

2.2- OSV Fleet

Brazilian Offshore Support Market

- ❑ 109 brazilian companies authorized by ANTAQ.
- ❑ About 50 companies actually operating within offshore support.
- ❑ 267 vessels (132 brazilian flag and 135 foreign flag).
- ❑ *2008: Approximately US\$ 765 million spent on chartering. Today it is estimated this number is over US\$ 1 bi. (source: ANTAQ).

Development of Offshore Support Fleet



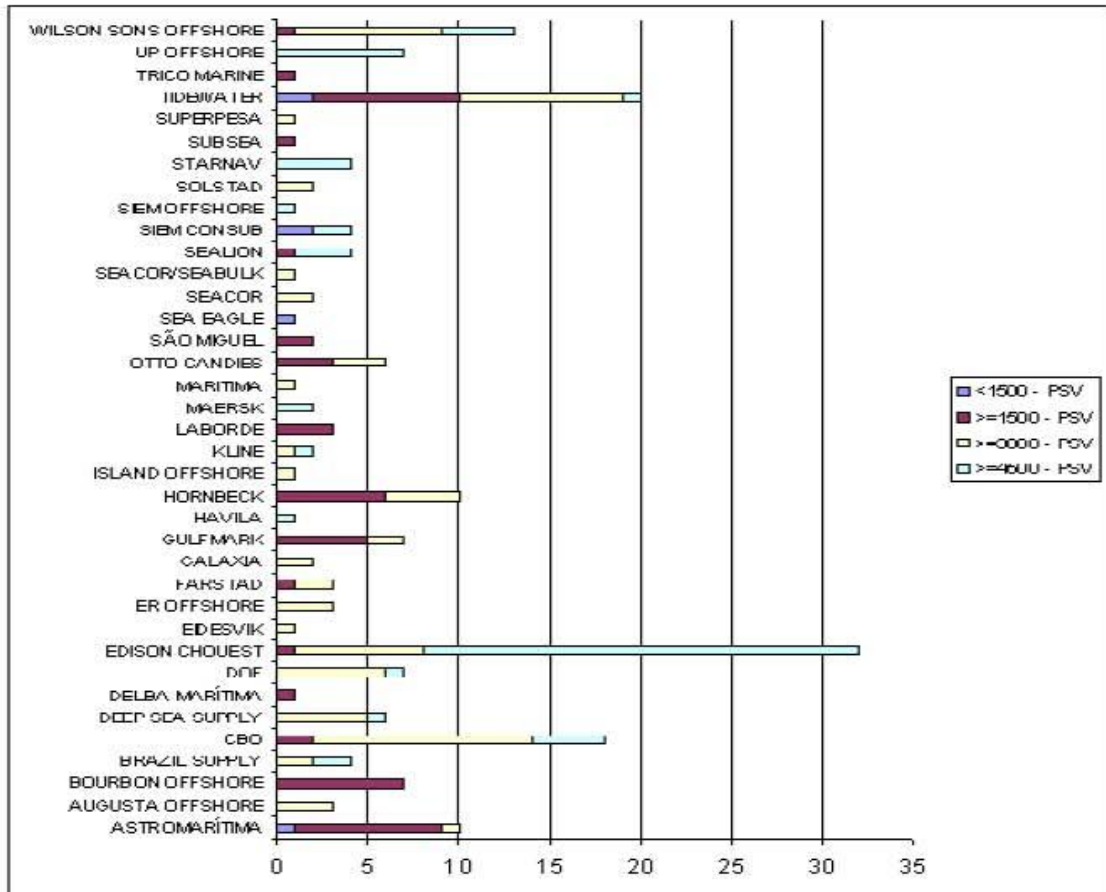
2.3- OSV Fleet Profile

PSV Fleet

OWNER - PSV	<1500	>=1500	>=3000	>=4500	Total
ASTROMARITIMA	1	8	1		10
AUGUSTA OFFSHORE			3		3
BOURBON OFFSHORE		7			7
BRAZIL SUPPLY			2	2	4
CBO		2	12	4	18
DEEP SEA SUPPLY			5	1	6
DELBA MARITIMA		1			1
DOF			6	1	7
EDISON CHOUET		1	7	24	32
EIDESVIK			1		1
ER OFFSHORE			3		3
FARSTAD		1	2		3
GALAXIA			2		2
GULFMARK		5	2		7
HAVILA				1	1
HORNBECK		6	4		10
ISLAND OFFSHORE			1		1
KLINE			1	1	2
LABORDE		3			3

OWNER - PSV	<1500	>=1500	>=3000	>=4500	Total
MAERSK				2	2
MARITIMA			1		1
OTTO CANDIES		3	3		6
SÃO MIGUEL		2			2
SEA EAGLE	1				1
SEACOR			2		2
SEACOR/SEABULK			1		1
SEALION		1		3	4
SIEM CONSUB	2			2	4
SIEM OFFSHORE				1	1
SOLSTAD			2		2
STARNAV				4	4
SUBSEA		1			1
SUPERPESA			1		1
TIDEWATER	2	8	9	1	20
TRICO MARINE		1			1
UP OFFSHORE				7	7
WILSON SONS OFFSHORE		1	8	4	13
Total	6	51	79	58	194

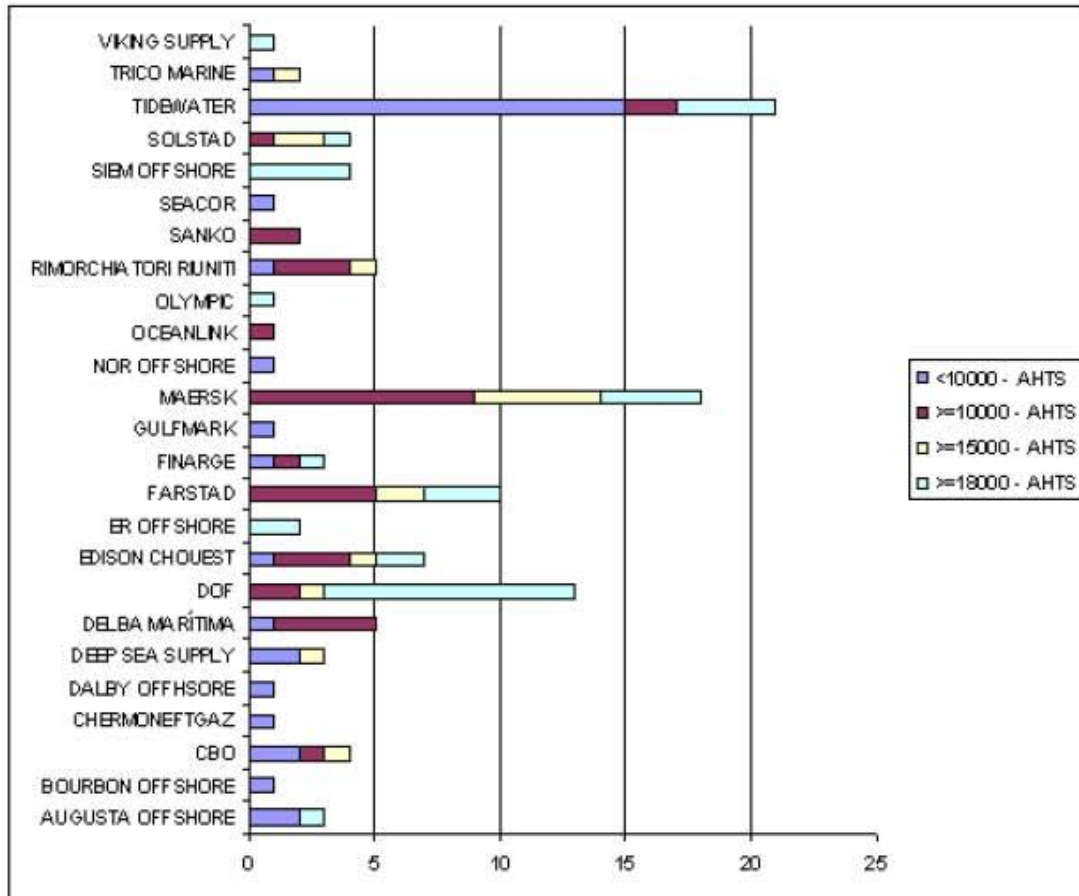
PSV Fleet



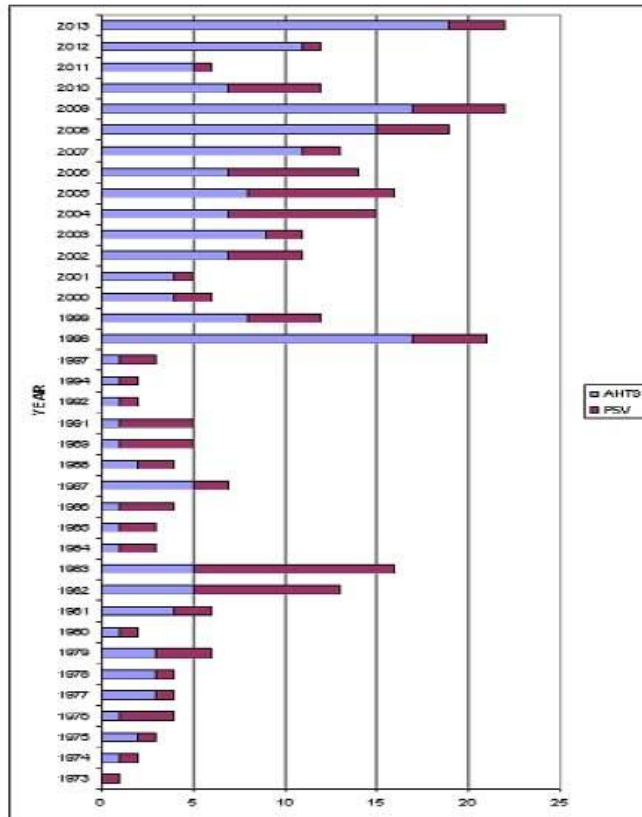
AHTS Fleet

OWNER - AHTS	<10000	>=10000	>=15000	>=18000	Total
AUGUSTA OFFSHORE	2			1	3
BOURBON OFFSHORE	1				1
CBO	2	1	1		4
CHERMONEFTGAZ	1				1
DALBY OFFSHORE	1				1
DEEP SEA SUPPLY	2		1		3
DELBA MARITIMA	1	4			5
DOF		2	1	10	13
EDISON CHOUEST	1	3	1	2	7
ER OFFSHORE				2	2
FARSTAD		5	2	3	10
FINARGE	1	1		1	3
GULFMARK	1				1
MAERSK		9	5	4	18
NOR OFFSHORE	1				1
OCEANLINK		1			1
OLYMPIC				1	1
RIMORCHIATORI RIUNITI	1	3	1		5
SANKO		2			2
SEACOR	1				1
SIEM OFFSHORE				4	4
SOLSTAD		1	2	1	4
TIDEWATER	15	2		4	21
TRICO MARINE	1		1		2
VIKING SUPPLY				1	1
Total	32	34	15	34	115

AHTS Fleet



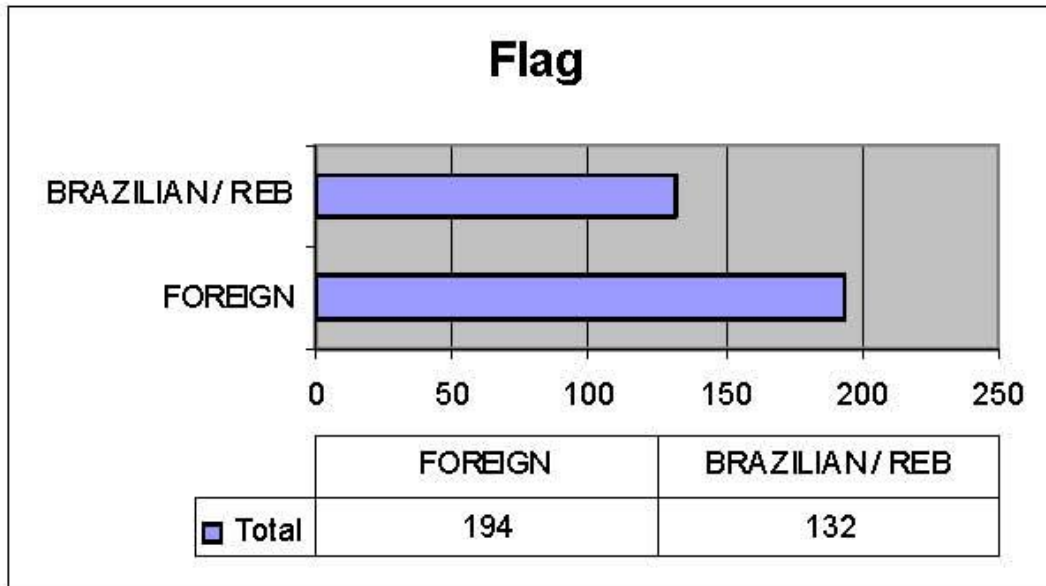
Age



AGE	AHTS	PSV
1973	0	1
1974	1	1
1975	2	1
1976	1	3
1977	3	1
1978	3	1
1979	3	3
1980	1	1
1981	4	2
1982	5	8
1983	5	11
1984	1	2
1985	1	2
1986	1	3
1987	5	2
1988	2	2
1989	1	4
1991	1	4
1992	1	1

AGE	AHTS	PSV
1994	1	1
1997	1	2
1998	17	4
1999	8	4
2000	4	2
2001	4	1
2002	7	4
2003	9	2
2004	7	8
2005	8	8
2006	7	7
2007	11	2
2008	15	4
2009	17	5
2010	7	5
2011	5	1
2012	11	1
2013	19	3
Total	191	113

Flag



Newbuildings - Expectation of delivery

OWNER	CLASS	YEAR
DOF	AHTS	2011
DOF	AHTS	2011
DOF	AHTS 21000	2011
WILSON SONS OFFSHORE	PSV 3000	2011
EDISON CHOUEST	PSV 4500	2011
EDISON CHOUEST	PSV 4500	2011
EDISON CHOUEST	PSV 4500	2011
WILSON SONS OFFSHORE	PSV 4500	2011
DOF	AHTS 21000	2012
CBO	PSV 3000	2012
CBO	PSV 3000	2012
CBO	PSV 4500	2012
CBO	PSV 4500	2012
EDISON CHOUEST	PSV 4500	2012
EDISON CHOUEST	PSV 4500	2012
EDISON CHOUEST	PSV 4500	2012
WILSON SONS OFFSHORE	PSV 4500	2012
WILSON SONS OFFSHORE	PSV 4500	2012
DEEP SEA SUPPLY	PSV 4700	2012
SIEM CONSUB	PSV 4700	2012
DOF	AHTS 18000	2013

OWNER	CLASS	YEAR
EDISON CHOUEST	AHTS 18000	2013
EDISON CHOUEST	AHTS 18000	2013
EDISON CHOUEST	PSV 3000	2013
EDISON CHOUEST	PSV 3000	2013
BRAZIL SUPPLY	PSV 3000	2013
BRAZIL SUPPLY	PSV 3000	2013
GALAXIA	PSV 3000	2013
GALAXIA	PSV 3000	2013
EDISON CHOUEST	PSV 4500	2013
EDISON CHOUEST	PSV 4500	2013
EDISON CHOUEST	PSV 4500	2013
EDISON CHOUEST	PSV 4500	2013
BRAZIL SUPPLY	PSV 4500	2013
BRAZIL SUPPLY	PSV 4500	2013
CBO	PSV 4500	2013
CBO	PSV 4500	2013
STARNAV	PSV 4500	2013
STARNAV	PSV 4500	2013
STARNAV	PSV 4500	2013
STARNAV	PSV 4500	2013
SIEM CONSUB	PSV 4700	2013
TOTAL AHTS	7	42
TOTAL PSV	35	

3- Petrobras:

**Newbuilding opportunities:
OSVs Fleet Renewal Program 2009 – 2014**

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

Petrobras intends to have 146 new Brazilian OSVs chartered by granting 8 years firm T/C to Owners with up to 36 months delivery time.

The following vessels up to now have been chartered/ordered:

- 08 x 21,000 BHP AHTS (2 up to 2nd batch)
- 10 x 15,000 BHP AHTS (Nil)
- 46 x 18,000 BHP AHTS (4 up to 2nd batch)
- 49 x 3,000T DWT PSV (15 up to 2nd batch)
- 15 x 4,500T DWT PSV (15 up to 2nd batch)
- 18 x OSRVs (4 up to 2nd batch)

Remarks: Next Tender is expected to be issued on October 2010

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

1st New building Tender batch results:

BIDDER	VESSEL TYPE	Nº VESSELS OFFERED	DESIGNER	DELIVERY (DAYS)	SHIPYARD	DAY RATE (USD)
SÃO MIGUEL	OSRV 750-10	2 x OSRV 750-10	VIK SANDVIK	1095	SÃO MIGUEL	23,870.00
CONSUB (SIEM)	OSRV 750-10	2 x OSRV 750-10	VIK SANDVIK	1095	TWB	26,890.00
ASTROMARITIMA	OSRV 750-10	1 x OSRV 750-10	GUIDO PERLA	1095	INACE	29,699.00
CBO	PSV 3000	2 X PSV 3000	ROLLS ROYCE	1095	ALIANCA	28,000.00
CBO	PSV 4500	2 X PSV 4500	ROLLS ROYCE	1095	ALIANCA	34,000.00
SAVEIROS	PSV 4500	2 x PSV 4500	DAMEN	1095	GUARUJA	33,400.00
BRAM OFFSHORE (CHOUEST)	PSV 4500	2 x PSV 4500	NAS	1095	NAVSHIP	37,835.00

* No AHTS chartered

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

2nd New building Tender batch results (Best offers below):

BIDDER	VESSEL TYPE	Nº VESSELS OFFERED	DESIGNER	DELIVERY DAYS	SHIPYARD	DAY RATE USD
NORSKAN	AHTS 18000	2	AKER	1460	STX	65,000.00
CBO	AHTS 18000	2	ROLLSROYCE	1460	ALIANÇA	77,000.00
BRAM	AHTS 18000	2	NAS	1460	NAVSHIP	81,287.00
NORSKAN	AHTS 21000	2	AKER	1460	STX	78,900.00
BRAM	AHTS 21000	2	NAS	1460	NAVSHIP	87,722.00
SENIOR	AHTS 21000	4	ROLLSROYCE	1460	EISA	106,333.00
ASTROMARITIMA	OSRV 750-10	1	GUIDO PERLA	1095	EISA	25,800.00
CONSUB	OSRV 750-10	1	ULSTEIN	1095	ETP	27,960.00
SÃO MIGUEL	OSRV 750-10	1	ROLLSROYCE	1095	SÃO MIGUEL	33,000.00
SAO MIGUEL	OSRV 750-15	1	ROLLSROYCE	1095	SAO MIGUEL	35,600.00
GALAXIA	PSV 3000	2	INTEROCEAN	1050	EASA	28,460.00
BRASIL SUPPLY	PSV 3000	2	ROLLSROYCE	3 YEARS-120+X	EISA	28,776.00
BRAM	PSV 3000	4	NAS	1095	NAVSHIP	29,422.00
STARNAV	PSV 4500	4	GUIDO PERLA	1095/1215	DETROIT	31,493.00
BRAM	PSV 4500	4	NAS	1095	NAVSHIP	31,822.00
BRASIL SUPPLY	PSV 4500	2	ROLLSROYCE	3 YEARS-120+X	EISA	34,415.00
BRASIL SUPPLY	T 15000	2	ROLLSROYCE	4 YEARS - 120+X	EISA	36,480.00
CONSUB	T 15000	4	OSD	973/1187/1399/1580	ETP	38,600.00
BRAM	T 15000	4	NAS	1460	NAVSHIP	41,822.00

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

2nd New building Tender batch results (Best offers below):

BIDDER	VESSEL TYPE	Nº VESSELS OFFERED	SHIPYARD	DESIGNER	DELIVERY DAYS	DAY RATE USD
BRASIL SUPPLY	T 15000	1	EISA	ROLLSROYCE	4 ANOS-120+X	36,480.00
BRASIL SUPPLY	T 15000	2	EISA	ROLLSROYCE	4 ANOS-120+X	36,480.00
CONSUB	T 15000	2	ETP	OSD	973/1187	38,600.00
CONSUB	T 15 000	3	ETP	OSD	1399	38,600.00
CONSUB	T 15 000	4	ETP	OSD	1580	38,600.00
BRAM	T 15 000	1	NAVSHIP	NAS	1460	41,822.00
BRAM	T 15 000	2	NAVSHIP	NAS	1460	41,822.00
BRAM	T 15 000	3	NAVSHIP	NAS	1460	41,822.00
BRAM	T 15 000	4	NAVSHIP	NAS	1460	41,822.00
WILSON	T 15000	1	WILSON	ROLLSROYCE	1460	44,990.00
WILSON	T 15000	2	WILSON	ROLLSROYCE	1460	44,990.00
WILSON	T 15000	3	WILSON	ROLLSROYCE	1460	44,990.00
WILSON	T 15000	4	WILSON	ROLLSROYCE	1460	44,990.00
CBO	T 15000	2	ALIANÇA	ROLLSROYCE	1460	45,240.00
OTTO CANDIES	T 15000	2	EISA	ROLLSROYCE	1096	53,850.00
OTTO CANDIES	T 15000	3	EISA	ROLLSROYCE	1096	53,850.00
OTTO CANDIES	T 15000	4	EISA	ROLLSROYCE	1096	53,850.00
SÃO MIGUEL	T 15000	4	SÃO MIGUEL	ROLLSROYCE	1460	59,000.00
SENIOR	T 15 000	1	EISA	ROLLSROYCE	1460	61,333.00
SENIOR	T 15 000	2	EISA	ROLLSROYCE	1460	62,600.00
SENIOR	T 15 000	3	EISA	ROLLSROYCE	1460	63,300.00
SENIOR	T 15 000	4	EISA	ROLLSROYCE	1460	64,600.00

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

2nd New building Tender batch results (Best offers below):

BIDDER	VESSEL TYPE	Nº VESSELS OFFERED	SHIPYARD	DESIGNER	DELIVERY DAYS	DAY RATE USD
NORSKAN	AHTS 18000	2	STX	AKER	1460	65,000.00
NORSKAN	AHTS 18000	1	STX	AKER	1460	66,000.00
NORSKAN	AHTS 18000	1	STX	AKER	1460	66,000.00
CBO	AHTS 18000	2	ALIANÇA	ROLLSROYCE	1460	77,000.00
BRAM	AHTS 18000	1	NAVSHIP	NAS	1460	81,287.00
BRAM	AHTS 18000	2	NAVSHIP	NAS	1460	81,287.00
SENIOR	AHTS 18000	1	EISA	ROLLSROYCE	1460	96,666.00
SENIOR	AHTS 18000	2	EISA	ROLLSROYCE	1460	97,300.00
SENIOR	AHTS 18000	3	EISA	ROLLSROYCE	1460	98,600.00
SENIOR	AHTS 18000	4	EISA	ROLLSROYCE	1460	99,300.00
NORSKAN	AHTS 21000	2	STX	AKER	1460	78,900.00
NORSKAN	AHTS 21000	1	STX	AKER	1460	79,900.00
NORSKAN	AHTS 21000	1	STX	AKER	1460	79,900.00
BRAM	AHTS 21000	1	NAVSHIP	NAS	1460	87,722.00
BRAM	AHTS 21000	2	NAVSHIP	NAS	1460	87,722.00
SENIOR	AHTS 21000	1	EISA	ROLLSROYCE	1460	106,333.00
SENIOR	AHTS 21000	2	EISA	ROLLSROYCE	1460	107,600.00
SENIOR	AHTS 21000	3	EISA	ROLLSROYCE	1460	108,300.00
SENIOR	AHTS 21000	4	EISA	ROLLSROYCE	1460	109,000.00

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

2nd New building Tender batch results (Best offers below):

BIDDER	VESSEL TYPE	Nº VESSELS OFFERED	SHIPYARD	DESIGNER	DELIVERY DAYS	DAY RATE USD
GALAXIA	PSV 3000	2	EASA	IN TER OCEAN	1050	28,460.00
BRASIL SUPPLY	PSV 3000	1	EISA	ROLLSROYCE	3 ANOS-120+X	28,776.00
BRASIL SUPPLY	PSV 3000	2	EISA	ROLLSROYCE	3 ANOS-120+X	28,776.00
BRAM	PSV 3000	1	NAVSHIP	NAS	1095	29,422.00
BRAM	PSV 3000	2	NAVSHIP	NAS	1095	29,422.00
BRAM	PSV 3000	3	NAVSHIP	NAS	1095	29,422.00
BRAM	PSV 3000	4	NAVSHIP	NAS	1095	29,422.00
ASTROMARITIMA	PSV 3000	2	MAUA	ROLLSROYCE	1095	29,480.00
ASTROMARITIMA	PSV 3000	1	MAUA	ROLLSROYCE	1095	30,175.00
CBO	PSV 3000	2	ALIANÇA	ROLLSROYCE	1095	30,430.00
WILSON	PSV 3000	1	WILSON	DAMEN	1095	33,790.00
WILSON	PSV 3000	2	WILSON	DAMEN	1095	33,790.00
CONSUB	PSV 3000	4	ETP	OSD	1215	35,650.00
CONSUB	PSV 3000	3	ETP	OSD	1095	35,650.00
CONSUB	PSV 3000	2	ETP	OSD	883/1034	35,650.00
SENIOR	PSV 3000	1	MAUA	ROLLSROYCE	1095	44,400.00
SENIOR	PSV 3000	2	MAUA	ROLLSROYCE	1095	45,000.00
SENIOR	PSV 3000	3	MAUA	ROLLSROYCE	1095	46,200.00
SENIOR	PSV 3000	4	MAUA	ROLLSROYCE	1095	47,000.00
TRANNAVE	PSV 3000	2	MAUA	ROLLSROYCE	1080	52,174.41

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

2nd New building Tender batch results (Best offers below):

BIDDER	VESSEL TYPE	N° VESSELS OFFERED	SHIPYARD	DESIGNER	DELIVERY DAYS	DAY RATE USD
STARNAV	PSV 4500	4	DETROIT	GUIDO PERLA	1215	31,493.00
STARNAV	PSV 4500	3	DETROIT	GUIDO PERLA	1095	31,743.00
BRAM	PSV 4500	1	NAVSHIP	NAS	1095	31,822.00
BRAM	PSV 4500	2	NAVSHIP	NAS	1095	31,822.00
BRAM	PSV 4500	3	NAVSHIP	NAS	1095	31,822.00
BRAM	PSV 4500	4	NAVSHIP	NAS	1095	31,822.00
STARNAV	PSV 4500	2	DETROIT	GUIDO PERLA	1095	31,933.00
STARNAV	PSV 4500	1	DETROIT	GUIDO PERLA	1095	32,933.00
BRASIL SUPPLY	PSV 4500	1	EISA	ROLLSROYCE	3 ANOS-1 20+X	34,415.00
BRASIL SUPPLY	PSV 4500	2	EISA	ROLLSROYCE	3 ANOS-1 20+X	34,415.00
CBO	PSV 4500	2	ALIANÇA	ROLLSROYCE	1095	34,920.00
WILSON	PSV 4500	3	WILSON	DAMEN	1095	35,490.00
WILSON	PSV 4500	4	WILSON	DAMEN	1095	35,490.00
WILSON	PSV 4500	1	WILSON	DAMEN	1095	35,990.00
WILSON	PSV 4500	2	WILSON	DAMEN	1095	35,990.00
SWIRE	PSV 4500	4	RIO NAVE	ROLLSROYCE	1095	36,000.00
NORSKAN	PSV 4500	1	STX	AKER	1095	38,900.00
GALAXIA	PSV 4500	2	RIO MAGUARI	STX	1095	43,123.00
GALAXIA	PSV 4500	1	RIO MAGUARI	STX	1095	43,850.00
SEA LION	PSV 4500	1	MAUA	OSD	1095	48,000.00
SENIOR	PSV 4500	1	MAUA	ROLLSROYCE	1095	49,800.00
SENIOR	PSV 4500	2	MAUA	ROLLSROYCE	1095	50,400.00
SENIOR	PSV 4500	3	MAUA	ROLLSROYCE	1095	51,000.00
SENIOR	PSV 4500	4	MAUA	ROLLSROYCE	1095	51,500.00
SÃO MIGUEL	PSV 4500	4	SÃO MIGUEL	ROLLSROYCE	1095	53,000.00
TRANNAVE	PSV 4500	2	MAUA	ROLLSROYCE	900	57,264.48

Petrobras: OSVs Fleet Renewal Program 2009 – 2014

2nd Batch New building Tender batch results (Best offers below):

BIDDER	VESSEL TYPE	N°VESSELS OFFERED	SHIPYARD	DESIGNER	DELIVERY DAYS	DAY RATE USD
ASTROMARITIMA	OSRV 750-10	1	EISA	GUIDO PERLA	1095	25,800.00
CONSUB	OSRV 750-10	1	ETP	ULSTEIN	1095	27,960.00
SÃO MIGUEL	OSRV 750-10	1	SÃO MIGUEL	ROLLSROYCE	1095	33,000.00
SENIOR	OSRV 750-10	1	EISA	GUIDO PERLA	1095	34,800.00
SAOMIGUEL	OSRV 750-15	1	SAOMIGUEL	ROLLSROYCE	1095	35,600.00

Comments:

- Starnav is part of Detroit Group (Chilean), which means they are another local Owner with their own shipyard.
- Brasil Supply is a local Group involved in fluids distribution supported by foreign investors;
- Total of 27 vessels Chartered/ordered in the 2nd Batch

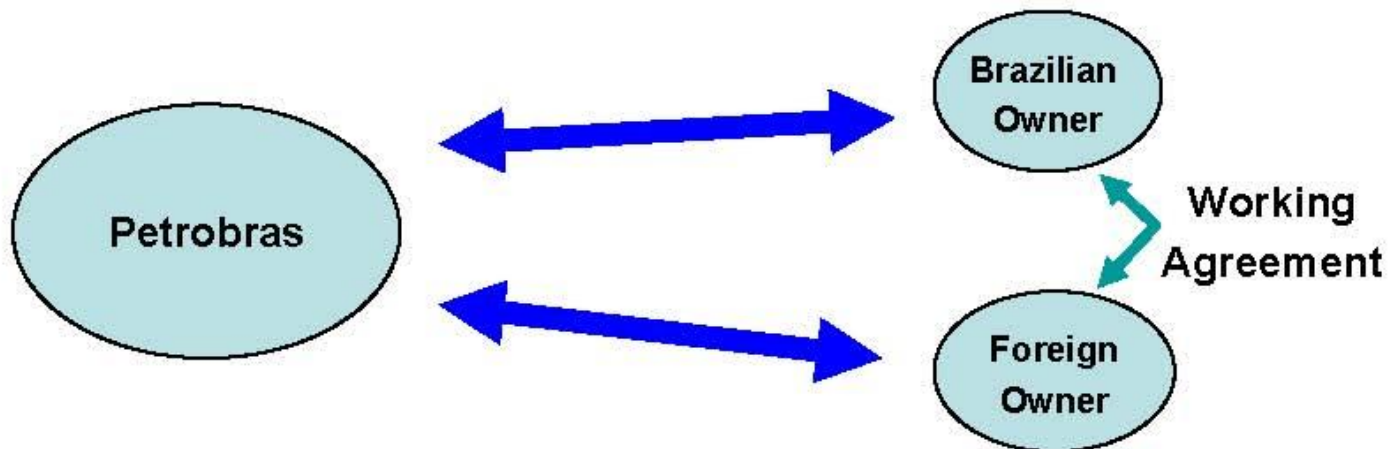
4- Brazilian Offshore Industry: Local Regulations and Current/proposed contract modes

Standard Petrobras' Contract Structure

- Petrobras Charter/Services Contract for OSVs usually involves two Companies: The Owner (Bidder) and the local operator (Brazilian Shipping Co).
- The Contract will be split in Charter Contract and Services contract, i.e., one signed by Petrobras and Foreign Owner and one signed by Petrobras and the Brazilian Shipping Company;
- The Charter hire is paid in USD to the foreign Owners overseas account with no withholding taxes;
- The hire concerning the Service/Operations is paid in local currency (R\$) with local (VAT, etc..) and labor taxes;
- The value of each Contract will be defined by a percentage (split) of the day rate, which is defined by Petrobras on the Tender process;
- Although the local Operator is the holder of the Operations/Services Contract, the contract payment received from Petrobras on its bank account is used to pay Vessels expenses;
- Local Operator (Brazilian ShipOwner) to act as Owners' local agent, with no operational liability.

Standard Petrobras' Contract Structure

Petrobras charter contracts of OSVs usually have the following scheme:



Chartering/Services Contract with
Brazilian Owner

Payment of Global Daily rate split to
Brazilian Owner and Foreign Ship
Company

Standard Petrobras' Contract Structure

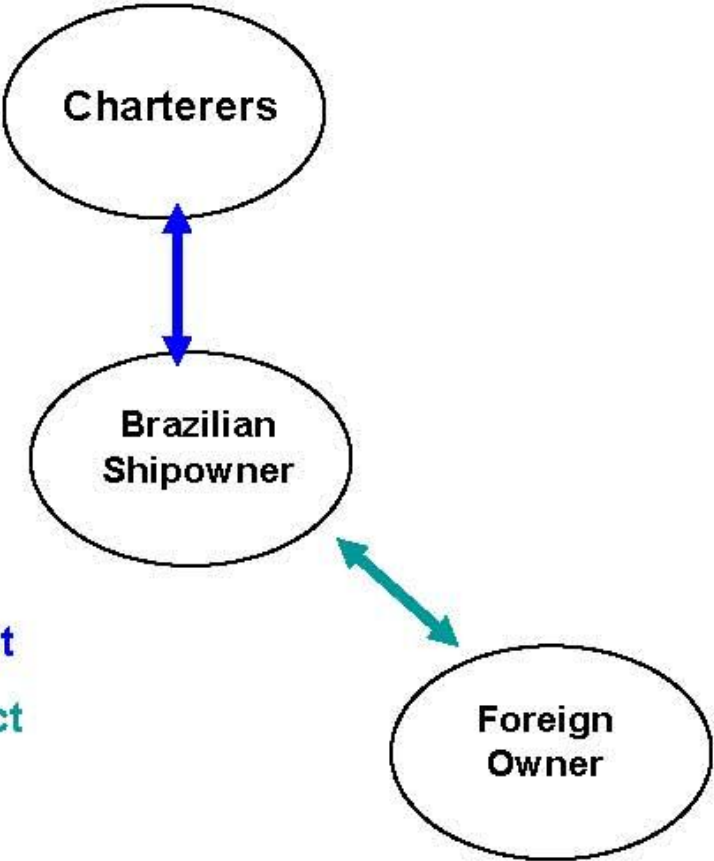
Foreign Owner main tasks and responsibilities:

- Supply the vessel;
- Supply vessel's original crew members able to operate the vessel;
- Bear all operational liability risk;
- Remit to the local agent any additional amount;
- Apply its HSE policy and procedures on the operation;

Local Operator main tasks and responsibilities:

- Act upon Owners orders for:
 - Arrange local crew, provisions, visas, clearance, spares, etc..
 - Be Owners' local operational representative in front of Petrobras for this specific Contract;
 - Provide monthly disbursement accounts to Owners showing incurred expenses and balance
 - Remit to Owner, in the end of the contract, any monies which may be eventually left (balance) received from Petrobras for the Operation/Services Contract;

Charter Contract Structure – IOCs



Operations/Services Contract

Back-to-back Charter Contract

Local Regulations

□ ANTAQ – Resolution N° 495

ONLY a Brazilian Shipping Company is allowed to charter foreign flag vessels into Brazil. Oil Companies are not entitled to charter foreign flag vessels directly but through a Brazilian Shipping Company, except the ones which are also shipowners (e.g. Petrobras).

Charter of ALL foreign flag vessels into Brazil are subject to Authorization;

Charter authorization for foreign flag OSVs is valid for 01 year, renewable every year;

Brazilian Shipowner retains the right to charter in Brazil, foreign flag OSVs without the need of authorization, half of its present Brazilian tonnage of OSVs, but subject to the temporary suspension of the Flag;

Brazilian Owner has the right to charter in Brazil up to twice the tonnage Owner is building at a Brazilian Shipyard, limited to 36 months period or until the Brazilian newbuilding is delivered;

Local regulations

PORT STATE CONTROL

Extensive list of compliances that vessel must be complying with upon arrival in Brazil.

NATIONAL IMMIGRATION COUNCIL – Resolution N° 72

After 090 days Foreign Flag OSVs must have 1/3 of Brazilian Crew members

After 180 days Foreign Flag OSVs must have 1/2 of Brazilian Crew members

After 365 days Foreign Flag OSVs must have 2/3 of Brazilian Crew members

IBAMA – CONAMA 293

Comprehensive regulation about oil response actions to be taken by Oil Operator. This is related to the Emergency Plan Peregrino field will submit to IBAMA.

Local regulations

□ REPETRO

Special import/export program for goods to be used in oil and gas exploration, production and research activities (“REPETRO”).

The REPETRO program was established by Federal Decree 4.543/2002 with the purpose of attracting foreign investors to the oil and gas sector by providing for full suspension of all import duties: (i) Excise Tax (“IPI”); (ii) Import tax (“II”); (iii) State Value Added Tax (“ICMS”) - please note that in some States, like Rio de Janeiro, the application of the regime is restricted, and (iv) Social Contributions on Import Operations (“PIS/COFINS”).

In summary, under the REPETRO program, a Brazilian entity leases, rents or borrows equipment from a non-resident producer without incurring the aforementioned customs duties and taxes that would usually be charged (in accordance with the regular temporary admission system or the temporary admission program with proportional payment of taxes).

Conclusion

Brazil has recently attracted a large amount of foreign suppliers within the Oil & Gas industry, mainly in the marine sector, due to the flag protection and huge recently announced potential large increase in the production of oil (Pre-Salt).

It is important to highlight that neither platforms (maritime drilling and production units) nor seismic vessels are regulated by ANTAQ (National Maritime Regulator) as these vessels are excluded from flag protection. Although there is a strong political will to build all equipment/vessels locally in order to further develop the local industry, there is no legal protection for the above mentioned type of equipment. In any case, there is a strong demand for seismic vessels, drilling and production units.

Besides the flag protection, all the Oil operators are committed with ANP (National Petroleum Agency) for a minimum local content percentage, which if not met, will result in fines. This also gives an advantage for the equipment/vessels built locally.

We foresee a steady demand for supply vessels to support drilling units which will operate in the Santos basin deepwater (Pre-salt), since moored drilling units will not be in use for this operation, except larger AHTS aimed for FPSO installation.

Due to environmental regulations (IBAMA), Oil spill stand by vessels will be a large demand in the Brazilian Offshore market as well. Multi purpose vessels for FPSO support as well as subsea intervention vessels will also be in strong demand.