

QGEP Participações S.A.
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Publicly Held Company

NOTICE TO THE MARKET

QGEP announces commencement of drilling of second Carcará appraisal well at Block BM-S-8

Rio de Janeiro, January 8, 2015 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”, “QGEP”) announced today that drilling has begun on the second appraisal well related to its Carcará discovery, located in Block BM-S-8 in the Santos Basin. The well is being drilled with the ODN II (NS-42) rig, equipped with Managed Pressure Drilling (MPD).

The second appraisal well is located approximately 5km from the discovery well, at a water depth of 2,070 meters and will be drilled in a single phase, down to an estimated final depth of 6,400 meters. Drilling is expected to be concluded by mid-2015. A Drill Stem Test (DST) is scheduled for the second half of the year, to evaluate the well. Following the conclusion of the drilling of the second Carcará appraisal well, the ODN II rig will be moved to the first extension well to conclude drilling there, reaching a final estimated depth of 6,500 meters. The first phase of drilling at the first well extended to slightly above the bottom of the salt layer, and was concluded in November 2014.

Drilling and testing of the second appraisal well will provide data on the size of the accumulation discovered by the Carcará wildcat well, as well as the productivity of its reservoirs, which are essential data to efficiently plan the production system for the area.

Carcará is an oil accumulation located in pre-salt microbial carbonates with excellent porosity and permeability and has shown a good quality oil column of at least 470 meters (31° API), free from contaminants. Queiroz Galvão Exploração e Produção S.A. has a 10% participating interest in Block BM-S-8. Petrobras is the operator with a 66% working interest and other members of the Consortium include Petrogal Brasil Ltda., with 14%, and Barra Energia do Brasil Petróleo e Gás Ltda., with 10%.

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About Queiroz Galvão Exploração e Produção

QGEP Participações S.A. is Brazil's largest producing company in the Brazilian Exploration and Production (E&P) private sector, and the first and only private Brazilian company to operate in the premium pre-salt area of Santos Basin in Brazil. QGEP is qualified by the ANP since 2007 to act as “Operator A” in Deep and Ultra-Deep Waters. The Company has a diversified portfolio of high quality and high potential exploration and production assets. Furthermore, it owns 45% of the concession for the Manati Field located in the Camamu Basin, which is one of the largest non-associated natural gas fields under production in Brazil. Manati Field has been in operation since 2007, and has average production capacity of approximately 6 million of m3 per day. For more information, access www.qgep.com.br/ri