

QGEP Participações S.A.
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Publicly Held Company

MATERIAL FACT

QGEP announces the signature of the contract for the Atlanta Field FPSO

-Significant milestone in development of the Atlanta Field-

Rio de Janeiro, December 17th, 2014 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”, “QGEP”) announced today that the Petrojarl I floating, production, storage, and offloading vessel (“FPSO”) was chartered from Teekay Offshore Partners L.P. for the Atlanta Field Development.

The signature of the FPSO contract represents a significant milestone in the development of the Atlanta Field, where production will be initiated using an Early Production System (EPS), as contemplated in the Development Plan approved by the ANP. The vessel will be customized to the Field’s specifications and is scheduled to be on site within 14 months.

Production is scheduled to begin in mid-2016. During this first phase, oil production is estimated at 25kbb/d, based on the two production wells which have already been drilled and equipped with wet Christmas trees and electrical submersible pumps. The Consortium is considering drilling a third production well, which would increase average oil production to 30kbb/d. The Petrojarl I unit will have storage capacity of 180 kbb and the contracts are for a period of five years, including a termination clause starting from the third year.

Total CAPEX related to the EPS, considering two wells, is U\$520 million. Total operational cost estimated for the EPS is US\$480,000 per day, including charter, services, logistics, and abandonment fund, among others. All these figures are related to the totality of the Consortium.

Below is the average annual production estimated for Atlanta Field, based on 2P reserves, as stated in the Development Plan. We highlight that the 3P reserves remain unchanged at 269 million bbl. Production associated with Full Development (FD) is based on a scenario where the Consortium contracts an FPSO with greater capacity from 2019 on, and the drilling of additional wells.

Year	EPS Production (kbpd)	FD Production (kbpd)	Total Production (kbpd)
2016	13		13
2017	30		30
2018	30		30
2019	13	21	34
2020		74	74
2021		76	76
2022		60	60
2023		46	46
2024		38	38
2025		33	33
2026		29	29
2027		25	25
2028		23	23
2029		20	20
2030		19	19
2031		18	18
2032		17	17
2033		16	16

Mr. Lincoln Guardado, QGEP's Chief Executive Officer, said, "The beginning of production at the Atlanta Field will represent a huge milestone in the Company's history and consolidates our presence as a deep water operator, as well as increasing and diversifying the Company's operational cash flow generation".

Located in Block BS-4, Atlanta is a post-salt oil field 185 km off the city of Rio de Janeiro in the Santos Basin in water depth of approximately 1,500 meters. Queiroz Galvão Exploração e Produção S.A. is the operator of the Block with a 30% ownership; other Consortium members include OGX Petróleo e Gás S.A. (40%) and Barra Energia do Brasil Petróleo e Gás Ltda. (30%).

The projection above represents an estimate based on the beliefs and assumptions of management and is subject to several risks and uncertainties which may not be under management's control.

QGEP will hold a conference call with a Q&A session tomorrow, December 18th, 2014. Please find below the details to access the Company's conference call:

Conference Call on Atlanta Field Development - English (simultaneous translation from Portuguese)

December 18th, 2014
08:30 AM - New York | 11:30 AM - Brasília
Dial-in: +1 (786) 924-6977
Code: QGEP
Webcast: [click here](#)

Participants are requested to connect fifteen minutes prior to the time set for the conference call.

For more information, please contact our Investor Relations team:

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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 in Brazil. QGEP is qualified by the ANP in the last two auctions in 2007 and 2008 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