



QGEP Participações S.A.
Corporate Taxpayer's ID (CNPJ/MF): 11.669.021/0001-10
Publicly-held Company

NOTICE TO THE MARKET

QGEP Initiates Drilling on Block BM-J-2 in the Jequitinhonha Basin

-- Drilling to test the JEQ #1 pre-salt prospect --

Rio de Janeiro, June 6, 2011 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), Brazil's largest private sector Exploration and Production (E&P) company and the fourth largest in the sector based on annualized daily production of barrels of oil equivalent (BOE), today announced that it began drilling the 1-QG-5-BAS well located in the Jequitinhonha Basin on June 5, 2011. Drilling will test the JEQ # 1 prospect in the pre-salt section of the basin. QGEP is the operator and holds a 100% interest in this prospect.

Block BM-J-2 is located approximately 20 km from the coast in water depths of about 35 meters. The 1-QG-5-BAS well is being drilled by the Offshore Mischief rig; drilling is expected to reach a depth of about 4,700 meters and last three to four months.

"The JEQ #1 prospect is one of the priorities in our high quality asset portfolio. It has excellent exploratory characteristics being in close proximity to other pre-salt discoveries. This is an emerging basin with the potential to expand production boundaries to the northeast of Brazil," said Lincoln Guardado, Director of Exploration.

For more information, please contact our Investor Relations team.

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About QGEP

QGEP Participações S.A. is Brazil's largest private sector Exploration and Production (E&P) company in terms of daily production of barrels of oil equivalent (BOE) according to data from the ANP, and the only private Brazilian company in this sector 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 the largest non associated natural gas field under production in Brazil according to data by the ANP as of November 2010. It has been in operation since 2007, and has production capacity of approximately 50,300 boe per day. For more information, please go to www.qgep.com.br/ri