



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 at Block BM-S-12 in the Santos Basin

-- Drilling to test a total of 4 prospects --

Rio de Janeiro, July 13, 2011 – QGEP Participações S.A. (BMF&Bovespa: QGEP3) today announced that the drilling activities at the Ilha do Macuco well (3-SCS-15) located at Block BM-S-12 in the Santos Basin started last July 10, 2011. The activities are being held to test the Santos#1, Santos#2, Santos#3 and Santos#4 prospects, the latter located in the pre-salt section of the Basin. Queiroz Galvão Exploração e Produção S.A., a QGEP Participações S.A. wholly owned subsidiary, holds a 30% participating interest in this block, which is operated by Petrobras.

Block BM-S-12 is located approximately 230 km from the coast in water depths of about 495 meters. The 3-SCS-15 well is initially being drilled by the SS-79 rig (Lone Star) until it reaches a depth of 2,200 meters. Thereafter, the Lone Star rig will be replaced by the SS-46 rig (Ocean Baroness), for the drilling of the second stage, at which time the prospects will be tested. The 3-SCS-15 well is expected to reach a final depth of about 6,400 meters and the drilling activities are expected to last five to six months.

"The beginning of the first drilling stage, being carried with the Lone Star rig, reinforces the operator's commitment to start activities at a priority block with such high oil potential", said Lincoln Guardado, Exploration Officer.

For more information, please contact our Investor Relations team.

Paula Vasconcelos da Costa
Investor Relations Officer
+55 (21) 3509-5959
ri@qgep.com.br
www.qgep.com.br/ri

About QGEP Participações S.A.

QGEP Participações S.A. is Brazil's largest private sector Exploration and Production (E&P) company based on annualized 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 2010. This field 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.