



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

## **NOTICE TO THE MARKET**

### **QGEP Provides Update on Asset Portfolio**

**Rio de Janeiro, September 26, 2011** – QGEP Participações S.A. (BMF&Bovespa: QGEP3) today provided an operational update on the Company's producing and exploratory assets.

"Our exploration campaign progressed well in the first nine months of 2011 as we executed on our strategy to expand and diversify our portfolio with high quality assets. We are very pleased by our success in concluding two key farm-in agreements for prospects located in the pre-salt area of a region with very high oil potential in the Santos Basin. We are working through the maintenance in the Manati Field, which we expect will be resolved shortly, bringing us back to full capacity during the fourth quarter," said José Augusto Fernandes Filho, QGEP's Chief Executive Officer.

#### • **Manati Field**

The Manati Field is currently producing from three out of the six wells, representing daily production capacity of 4.1 MMm<sup>3</sup>. The delay in returning to full production relates to logistics issues surrounding the maintenance and according to the operator's latest schedule the Manati Field should return to full capacity of 7.8 MMm<sup>3</sup>/day in the fourth quarter.

Manati Field continues to generate positive operating cash flow despite the reduced production capacity. QGEP's share of the maintenance costs is estimated at US\$10 million, which will be expensed from September to December, 2011.

#### • **Jequitinhonha Basin: BM-J-2**

In June 2011, QGEP started drilling the Alto de Canavieiras prospect (JEQ #1) targeting the pre-salt reservoirs. Drilling has been suspended at a depth of 2,540 meters due to IBAMA's restrictions that do not allow exploratory activities from October to February. The Company plans to restart drilling during the second quarter of 2012 under the environmental license already obtained that allows drilling activities through June 2013. QGEP expects to reach the final target depth of an estimated 4,700 meters approximately 45 days after restarting drilling activities. The results obtained to-date have not changed the Company's volume assumptions and expectations.

- **Santos Basin: BM-S-12**

Drilling in the “world class” Block BM-S-12 continues on schedule. QGEP commenced drilling activities with the Lone Star Rig at the Ilha do Macuco well (3-SCS-15) in July 2011 to test the Santos #1, Santos #2, Santos #3 and Santos #4 prospects. This is an appraisal well to prove the continuity of the hydrocarbon accumulation discovered by the Ilha Bela well (1-SCS-13) in Santos#1 and Santos#2 and a wildcat well for Santos#3 and Santos#4. After the end of the first drilling phase, which reached 2,200 meters in depth, the Lone Star Rig was replaced by the Ocean Baroness Rig, which will conclude the drilling activities, as previously expected. Final depth of approximately 6,400 meters is expected to be reached in three to four months. The evaluation tests will be made at the end of the drilling activities, including a high potential pre-salt reservoir in Santos #4.

- **Santos Basin: BM-S-8**

On July 5, 2011, the Company announced that it had completed a farm-in agreement for the acquisition of a 10% participating interest in BM-S-8 for US\$175 million. The Block presents high pre-salt potential as proved by the discovery of Bem-te-vi and the extension of the discovery Abaré West, located in Block BM-S-9. At least four additional prospects were identified in the Block, and one of them, Biguá, began drilling in June 2011 with the Sevan Driller Rig to target pre-salt reservoirs. The well is currently at a depth of approximately 5,000 meters, drilling the salt layer and is expected to reach a final depth of 6,400 meters in December. At Carcará, another pre-salt target in the Block, a pilot well was completed in August and drilling activities are expected to begin in October. The transfer of the participating interest is subject to ANP approval.

- **Santos Basin: BS-4**

On September 20, 2011, QGEP announced that it had moved ahead with the acquisition of a 30% participating interest in Block BS-4 located at Santos Basin for US\$157.5 million. Block BS-4 encompasses the heavy oil fields (between 14 and 16 API degrees) of Atlanta and Oliva. According to the Development Plans approved by the ANP, the fields have a combined volume of more than 2.1 billion barrels of oil in place. This block is located 185 km off the coast of Brazil in an area with significant pre-salt oil potential and near the Libra field, which is potentially one of the largest pre-salt fields in the region. The transfer of the participating interest is subject to ANP approval.

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## **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](http://www.qgep.com.br/ri).