QGEP
(BM&FBovespa: QGEP3)
Free Float: 30%

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Earnings Release

QGEP Participações S.A.

First Quarter 2012

queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

<u>Conference Call</u>

Portuguese
May 10, 2012
9:00 a.m. (New York time)
Dial in: (55 11) 4688-6361
Code: Queiroz Galvão

English
May 10, 2012
11:00 a.m. (New York time)
Dial in: (786) 924-6977
Code: Queiroz Galvão

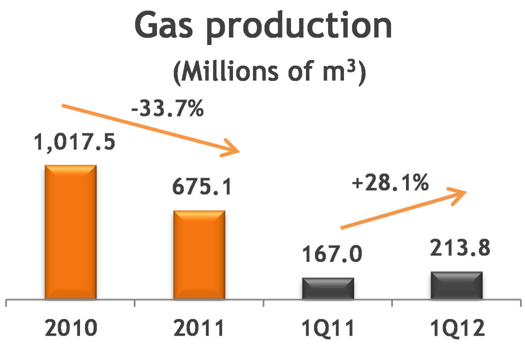
queiroz galvão
EXPLORAÇÃO E PRODUÇÃO

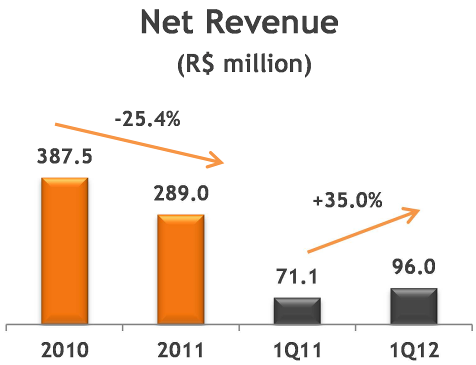
QGEP Reports First Quarter 2012 Results

Rio de Janeiro, May 9, 2012 – QGEP Participações S.A. (BMF&Bovespa: QGEP3), Brazil's largest private sector Exploration and Production (E&P) company based on annualized daily production of barrels of oil equivalent (BOE), today announced its results for the first quarter ended March 31, 2012. The following financial and operating data, except where indicated otherwise, are presented on a consolidated basis as per the Corporate Law format, described in the financial section of this release.

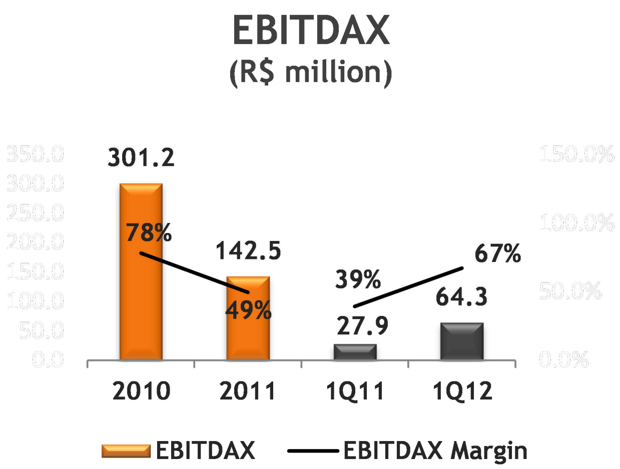
Highlights

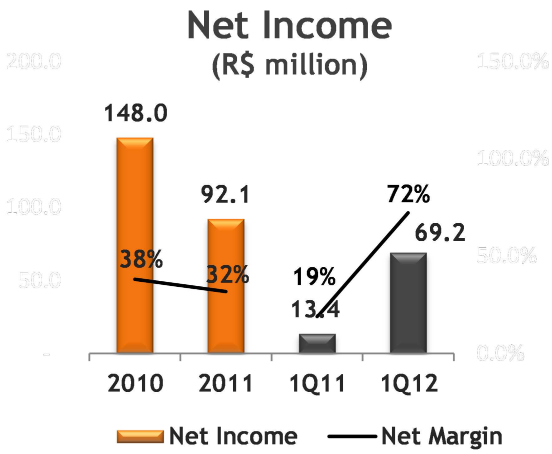
- Oil discovery at Carcará prospect in Block BM-S-8 – high quality oil of 31º API.
- Cash flow from operating activities was R$55.7 million up 39.9% from 4Q11. Cash balance* was R$978.6 million at March 31, 2012.





- Total average gas production was 5.2 MMm³/day in 1Q12; all six wells back on production at Manati Field.
- Net revenue was R$96.0 million, up 35.0% from 1Q11 and 15.6% from 4Q11.





- EBITDAX in 1Q12 was R$64.3 million up 130.8% from 1Q11; EBITDAX margin was 67.0%.
- Net income was R$69.2 million up 418.1% as compared to 1Q11; net margin was 72.1%.

* Including cash, cash equivalents, investments and restricted cash

Management Comments

We are pleased to report that this was a period of strong operating and financial performance for QGEP Participações, setting the stage for improved results in 2012.

First quarter 2012 revenues increased 35% compared to the same period in 2011, driven by our Manati Field operations. Total average gas production was 5.2 MMm^3/day, up 27% over last year's average production. After remedial work done in the Field in 2011, we anticipate only minor maintenance work in 2012, which should not affect the average daily production capacity of 6 MMm^3/day of natural gas that is forecasted for this year.

Our EBITDAX margin recovered to 67.0%, demonstrating the high level of operating profitability of the Manati Field. Our operations there resulted in cash flow of R$55.7 million for the first quarter, 39.9% higher than the previous quarter.

We continue to move forward to evaluate our diversified asset portfolio through exploratory activities at our BM-S-12 and BM-S-8 blocks in the Santos Basin and with preparations for drilling activities next year at our BS-4 and BM-J-2 blocks. In the first quarter, we announced that crude samples found at the Carcará well in BM-S-8 confirmed the presence of light crude oil of around 31º API, and drilling continues there to determine the lower limit of the reservoir.

Our designation as a "Type A" operator continues to be a major competitive advantage to expand our asset base. We believe this qualification provides us with significant growth potential in the coming years. Most recently at Block BS-4, we were able to leverage this capability, and we are building our in-house technical skills in order to be ready for additional opportunities to act as operators.

Block BS-4 will allow us to have a new source of revenues over the medium-term, and we expect cash flow from the Atlanta Field to contribute to the funding of our capital expenditure commitments. Activities at this field are expected to begin in 2013 with the drilling of a horizontal well, followed by an extended well test (EWT).

On April 25, 2012, we announced that José Augusto Fernandes would step down as CEO of QGEP, after 16 years of leading all the E&P operations of the Queiroz Galvão Group, but he will remain involved with QGEP as a member of the Board of Directors. The CEO position will be assumed by Lincoln Guardado, effective June 1, 2012. Lincoln is well-qualified to take on this new responsibility, having worked in the oil and gas business, both domestically and internationally for over 35 years and having served as QGEP's Director of Exploration for the last three years.

QGEP ended the 2012 first quarter in a strong position. Our asset portfolio is broader and more diversified than it was one year ago; our Manati Field position is generating solid cash flow; and our net cash position of R$891.5 million at quarter-end, gives us the resources to take advantage of the attractive opportunities available in the market, including the next ANP bidding round. We are confident that 2012 will be a promising year for QGEP.

QGEP's Assets

Field/ Prospect	Block	Basin	QGEP Interest	Reserve Resource Category	Fluid	Geologic Chance of Success (1)	MMboe(2)
Manati	BCAM-40(3)	Camamu	45%	Reserve(4)	Gas	-	68.9(5)
Camarão Norte	BCAM-40(3)	Camamu	45%	Contingent	Gas	-	4.5
Copaíba	BM-CAL-5	Camamu	27.5%	Contingent	Oil	-	21.9
Jequitibá	BM-CAL-5	Camamu	27.5%	Contingent	Gas	-	17.2
CAM 01	BM-CAL-12	Camamu	20%	Prospective	Oil	31%	24.4
Alto de Canavieiras	BM-J-2	Jequitinhonha	100%	Prospective	Oil-Gas	29%	61.8(6)
Alto Externo	BM-J-2	Jequitinhonha	100%	Prospective	Oil-Gas	24%	32.3(6)
Santos #1	BM-S-12	Santos	30%	Contingent/ Prospective	Gas	30%(7)	2.8 /7.5(7)
Santos #2	BM-S-12	Santos	30%	Prospective	Oil	39%(7)	52.4(7)
Santos #4	BM-S-12	Santos	30%	Prospective	Oil-Gas	40%	87.9(6)
Bem-te-vi	BM-S-8	Santos	10%	Contingent	Oil	N/A	N/A
Abaré West	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Biguá	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Carcará	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Prospect 1	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Prospect 2	BM-S-8	Santos	10%	Prospective	Oil	N/A	N/A
Atlanta	BS-4	Santos	30%	Contingent	Oil	N/A	N/A
Oliva	BS-4	Santos	30%	Contingent	Oil	N/A	N/A
Piapara	BS-4	Santos	30%	Prospective	Oil	N/A	N/A

(1) Geological Chance of Success as per of GCA Report.

(2) The resources cited in barrels of oil equivalent (boe) were calculated by QGEP utilizing data from GCA reports as of 12/31/2009. The conversion rate for boe utilized was 1,000 m^3 of gas equals 1 m^3 of oil/condensate (equivalent energy), and 1 m^3 of oil/condensate equals 6.29 barrels.

(3) The block BCAM-40 was relinquished after the ring fence of the areas of Manati and Camarão Norte fields were defined.

(4) Reserves 3P: sum of proven, probable and possible reserves.

(5) Volume from Manati Field net to QGEP reflects volume in the GCA report dated 12/31/10 (74.4 million of boe) less the volume produced in 2011 (4.2 million) and in 1Q12 (1.3 million).

(6) Volumes are weighted by the probability that 50% will be oil and 50% will be gas.

(7) Volumes and **Geologic Chance of Success** under revision.

Producing and Development Assets

MANATI

In the first quarter of 2012, the Manati Field returned to full production capacity. All six wells were producing throughout the period, reaching average daily gas production of 5.2 MMm^3. As previously reported, there will be a minimal level of programmed maintenance performed in the Field in 2012, but this is not expected to affect the average forecasted daily production capacity of 6 MMm^3 for the year. Maintenance costs to QGEP are still expected to be approximately R$23 million for 2012, which includes certain costs for remedial work performed in 2011.

ATLANTA AND OLIVA

Block BS-4 was QGEP's second farm-in of 2011, and the Company has a 30% participating interest there. This block, located in the Santos Basin, 185 km off the coast, encompasses the post-salt oil fields of Atlanta and Oliva, and has volumes of oil in place estimated at 2.1 billion barrels.

In February 2012, QGEP was approved by the ANP to be the operator of Block BS-4. The development plans for the Atlanta and Oliva fields were presented to the ANP in December 2011 and approval is expected to be received within the next few months. While revised development plans are currently under review by the ANP, the Company has begun the initial studies of acquiring certain long lead items for the project. The Company is in the process of acquiring seismic data which will provide enhanced images of the area's post-salt and pre-salt reservoirs. The new seismic data may help us identify new potential discoveries in the post salt of Block BS-4.

The first phase of the development plan for the Atlanta Field involves the drilling of one horizontal well in 2013, followed by an extended well test (EWT), with first oil projected for 2014.

Exploratory Assets

QGEP has a balanced portfolio of exploratory assets through a combination of successful bidding at ANP auctions and negotiations for farm-in agreements. The Company is planning to run an updated reserves and resources certification, which is expected to be completed by the end of 2012.

BM-S-12

Block BM-S-12 is located in the Santos Basin approximately 230 km off the Southeast coast of Brazil. The Company holds a 30% participating interest in this block, which is operated by Petrobras.

Operational activities are currently underway at Block BM-S-12 and the Santos#4 pre-salt prospect is expected to be reached by the end of the 2012 second quarter. Once final evaluation has been completed for this prospect, results will be released to the market. Total 2012 capital expenditures at Block BM-S-12 net to QGEP are estimated at approximately US$40 million.

BM-S-8

Covering more than 2,400 km^2 and one of the largest blocks in the region, Block BM-S-8 was QGEP's first farm-in agreement as a public company, and is located inside a hot spot area of pre-salt in the Santos Basin. Three discoveries, Bem-te-vi and Biguá, have already been made here and other promising and independent prospects have been identified, with a potential extension of Abaré West, in the adjacent Block BM-S-9.

Drilling activities at the Carcará prospect are ongoing with the Sevan Driller Rig. In the first quarter of 2012, high quality oil of 31° API was discovered at this well. The conclusion of this drilling is currently scheduled to be concluded in the end of the second quarter of 2012.

BS-4

Block BS-4 is located within the Blue Picanha, a region with high potential for pre-salt targets, as demonstrated by the neighboring discoveries of Libra, Franco, Pão de Açúcar, as well as the most recent discovery announced by Petrobras, Dolomita Sul. The consortium has targeted one pre-salt prospect in the block, Piapara, which is expected to be drilled in 2014. As previously announced, QGEP was approved by the ANP to be the operator of this block and development plans for the Atlanta and Oliva fields are currently under review by the ANP.

BM-J-2

QGEP owns a 100% interest and is the operator of the BM-J-2 Block, located in the Jequitinhonha Basin approximately 20 km off the coast of Brazil.

As previously reported, drilling was halted in the third quarter of last year at the Alto de Canavieiras (JEQ #1) pre-salt prospect, due to regulatory restrictions required by IBAMA (Brazilian Environmental Authority) and the environmental license, which contained an annual black-out period between the months of October-May. As a result, QGEP is in the process of negotiating for another rig to restart drilling in the second quarter of 2013 at this prospect and is now working to finalize the drilling timeline with IBAMA.

Once drilling is restarted, the Company expects to reach a total depth of 4,700 meters within approximately two months. Total costs associated with drilling of this prospect are projected to be US$70 million for 2013.

Other Projects

At Block BM-CAL-5, the volumes of the discoveries Copaíba and Jequitibá have been categorized by GCA as contingent resources. After seismic reinterpretation, the consortium concluded that so far there is no economic value to drill an appraisal well at the Jequitibá discovery at this time. As a result, the consortium has submitted a request to the ANP for an extension of the period for the definition of this well. In the case that the extension is granted, this would provide the consortium with additional time to possibly convert the development of Jequitibá into a cluster, together with other potential new discoveries, including Copaíba. One additional well is scheduled to be drilled at Copaíba in the first half of 2013.

One exploratory well is expected to be drilled at Block BM-CAL-12 in 2013.

Sustainability, Security and Environment

In the first quarter of 2012, we continued to work on several important social and environmental projects in the region from Ilhéus to Belmonte, in the south of Bahia. As part of our Fishing Boat Arrival Monitoring Project, we continue to train members of the community to record and analyze data that will help them protect the area's fishing activities. We also continued our support of the Beach Monitoring Project, through which experienced biologists and veterinarians study and cultivate the underwater fauna in the region, as well as conduct the necessary monitoring activities and public information campaigns.

In addition to our environmental programs, QGEP also continued to support educational and sports incentive projects, such as Viva Vôlei, a social program sponsored by the Brazilian Volleyball Confederation (CBV) and UNESCO, which is fully financed by QGEP using the tax benefit from the sports incentive law.

Financial Performance

For 1Q12 and 1Q11, the financial statements below represent consolidated financial information for the Company. Some percentages and other figures included in this performance report were rounded to facilitate presentation and therefore may present slight differences in relation to the tables and notes presented in the quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

Consolidated Financial Information (R$ million)			
	1Q12	1Q11	Δ%
Net Income	69.2	13.4	418.1%
Amortization and Depreciation	17.3	13.0	33.5%
Net Financial Result	(39.3)	(22.9)	71.1%
Income tax and social contribution	14.0	9.6	44.8%
EBITDA (1)	61.3	13.0	370.1%
Oil and gas exploration expenditure	3.0	14.8	-79.5%
EBITDAX (2)	64.3	27.9	130.8%
EBITDA Margin (3)	63.8%	18.3%	248.2%
EBITDAX Margin (4)	67.0%	39.2%	70.9%
Net Debt(5)	(891.5)	(1,501.9)	-40.6%
Net Debt/EBITDAX	-4.98	-5.89	15.4%

(1) We calculate EBITDA as profit before taxes and social contributions, net financial results and amortization expenses. EBITDA is not a financial measure according to Brazilian GAAP; International Reporting Norms, IFRS or US GAAP. It should also not be considered in isolation or as a substitute for net income, as a measure of operating performance, or as an alternative to operating cash flow as a measure of liquidity. Other companies may calculate EBITDA differently than us. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of our profitability as it does not consider certain costs inherent in our business, which could significantly impact our profitability, such as financial expenses, taxes and amortization. EBITDA is utilized by us as an additional measure of our operating performance.
(2) EBITDAX= EBITDA - exploration costs.
(3) EBITDA divided by net revenue.
(4) EBITDAX divided by net revenue.
(5) Net debt corresponds to total debt, comprising current and long-term loans and financing and derivative financial instruments, less cash and cash equivalents and restricted cash. Net debt is not recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net debt differently.

Operating Results

Net revenue for 1Q12 was R$96.0 million, a 35% increase over 1Q11, as result of the return to more normalized production levels at the Manati Field.

Manati has a long-term contract for the supply of a minimum annual volume (take-or-pay) of gas with Petrobras, at a price in Reais that is adjusted annually using the indexes specified in the contract.

Higher production contributed to a 42.1% year-over-year increase in operating costs to R$38.3 million, which included: R$17.1 million in amortization; R$6.4 million in production costs; R$7.5 million in royalties; R$2.7 million in special participation and research & development; R$4.6 million in maintenance costs at the Manati Field.

General and Administrative Expenses

G&A expenses were R$10.7 million in 1Q12, R$19 million lower than reported in 1Q11, which included R$23.1 million in incentive compensation paid, linked to the successful completion of the IPO. Excluding this non-recurring expense, G&A expenses increased R$4.3 million year-over-year. First quarter's G&A of R$10.7 million

included R$9.4 million related to payroll (R$3.3 million in 1Q11) due to the buildup of technical personnel and staff for operatorship activities at Block BS-4. Part of the costs incurred in the quarter (R$2.1 million) was deducted from QGEP's G&A as it represents recoverable expenses from QGEP's partners or have been capitalized as part of our assets.

Exploration Costs

Total exploration costs for the extraction of petroleum and gas in 1Q12 were R$3.0 million, a decline of R$11.8 million compared to 1Q11. These costs pertain to the acquisition, processing and analysis of seismic data, drilling plans, licensing and environmental studies and write-off of costs associated with non-commercial wells and non-operating reserves, among others.

Net Financial Income / (Expense)

In 1Q12, the Company generated net financial income of R$39.3 million compared to a net financial income of R$22.9 million in 1Q11. Net financial income in 1Q12 included (i) R$27.3 million in financial income; (ii) R$2.4 million in financial expense; (iii) a foreign exchange gain of R$14.4 million, reflecting the impact of volatile exchange rate markets over the outstanding payment related to QGEP's purchase of a 30% interest in Block BS-4 and a provision for abandonment at the Manati Field.

Net Income

The Company's net income was R$69.2 million in 1Q12, representing a combination of operating and financial income. The substantial increase (418.1%) from 1Q11 levels was due to improved production volumes from the Manati Field, lower exploration costs, higher financial income and the non-recurring effect of the incentive compensation paid, which was linked to the successful completion of the IPO.

Balance Sheet /Cash Flow Highlights

Cash (Cash, Cash Equivalents, Investments and Restricted Cash)

At the end of 1Q12, the Company had a cash balance of R$978.6 million, after payment of all amounts due relating to the farm-in purchases made in 2011. The Company's net cash position at the end of the first quarter was R$891.5 million.

Accounts Receivable/Payable

Accounts receivable at the end of 1Q12 were R$76.8 million compared to R$76.1 million at the end of 4Q11; Accounts payable were R$46.8 million at the end of 1Q12, down 84.0% from the close of 2011 due to the corresponding payment of 90% of the acquisition cost of Block BS-4, in the amount of R$243.1 million.

Debt

The Company ended 1Q12 with total debt of R$73.4 million, down 29.2% from the end of 2011. Approximately R$32.1 million in principal and interest were amortized, including R$16.4 million with BNDES and R$15.8 million with BNB.

Operating Cash Flow

The Company had operating cash flow of R$55.7 million in the 2012 first quarter, 31.7% lower than the comparable 2011 period, but 39.9% above fourth quarter 2011 levels.

Investor Relations

QGEP Participações S.A.
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CFO and Investor Relations Officer

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About QGEP

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 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 field under production in Brazil according to data by the ANP as of 2011. 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.

This material may contain information relating to future business prospects, estimates of financial and operational results and growth of the company. This information should be considered as projections based exclusively on management expectations regarding future business developments and the availability of capital to finance the Company's business plan. Such future considerations are substantially subject to changes in market conditions, government regulations, competitive pressures and developments within the sector and the Brazilian economy, among other factors. These points should also be considered along with risks disclosed in documents previously published by the Company. It should be understood that all these factors are subject to change without warning.

The financial information of the Company has been prepared as follows:

- For the quarter ended March 31, 2012 and March 31, 2011: consolidated financial information of the Company. The financial information was prepared by us in accordance with IFRS as issued by IASB.

Annex I - INCOME STATEMENT

Income Statement (R$ million)			
	1Q12	**1Q11**	**Δ%**
Net Revenue	**96.0**	**71.1**	**35.0%**
Operating costs	(38.3)	(26.9)	42.1%
Gross profit	**57.7**	**44.2**	**30.7%**
Operating income (expenses)			
General and administrative expenses	(10.7)	(29.5)	-63.8%
Oil and gas exploration expenditures	(3.0)	(14.9)	-79.5%
Other net operational expenses	-	0.3	N/A
Operating income	**44.0**	**0.1**	**N/A**
Financial income (expenses), net	39.3	22.9	71.1%
Income before income tax and social contribution	**83.2**	**23.0**	**261.7%**
Income tax and social contribution	(14.0)	(9.6)	44.8%
Net income	**69.2**	**13.4**	**418.1%**

Annex II - Balance Sheet

Balance Sheet (R$ million)			
	1Q12	**2011**	**Δ%**
Assets			
Current Assets	**1,024.2**	**1,258.1**	**-18.6%**
Cash and cash equivalents	815.4	1.022.0	-20.2%
Investments	100.3	130.5	-23.2%
Trade accounts receivable	76.8	76.1	0.9%
Recoverable taxes	18.9	20.7	-8.9%
Other	12.9	8.8	45.5%
Non-current Assets	**1,503.0**	**1,471.6**	**2.1%**
Restricted cash	63.0	61.0	3.3%
Recoverable taxes	0.2	0.2	-
Deferred income tax and social	6.4	5.8	9.5%
Property, plant and equipment	898.0	869.4	3.3%
Intangible assets	535.4	535.2	-
Other	0.1	0.1	-
Total Assets	**2,527.2**	**2,729.7**	**-7.4%**
Liabilities and Shareholders' Equity			
Current Liabilities	**155.2**	**395.3**	-60.7%
Trade accounts payable	46.8	292.5	-84.0%
Taxes payable	31.3	24.4	28.0%
Payroll and related taxes	4.2	1.5	188.3%
Due to related parties	0.5	0.5	-
Borrowings and financing	51.9	52.0	-0.2%
Provision for research and development	7.3	6.0	20.6%
Other current liabilities	13.3	18.4	-27.9%
Non-current Liabilities	**125.5**	**158.6**	**-20.9%**
Borrowings and financing	21.5	51.6	-58.3%
Provision for abandonment	104.0	107.0	-2.9%
Shareholders' Equity	**2,246.5**	**2,175.8**	3.3%
Capital Stock	2,078.1	2,078.1	-
Capital Reserve	87.5	87.5	-
Net income for the period	69.2	-	N/A
Legal Reserve	6.4	6.4	-
Stock Option Plan	5.2	3.7	39.6%
TOTAL Liabilities and Shareholders' Equity	**2,527.2**	**2,729.7**	-7.4%

Annex III - Cash Flows

Cash Flows (R$ million)	
	1Q12
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period	**69.2**
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and Depreciation	17.3
Deferred income tax and social contribution	**-0.1**
Financial charges and exchange rate (gain) loss borrowings and financing	1.9
Provision for stock option plan	1.5
Provision for income tax and social contribution	14.0
Provision for research & development	1.2
Exchange rate (gain) loss on accounts payable for acquisition of exploratory blocks	-22.8
Exchange rate (gain) loss on provision for abandonment	-3.1
(Increase) decrease in operating assets:	-2.9
Increase (decrease) in operating liabilities:	-20.7
Net cash inflows from operating activities	**55.7**
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash inflows from (used in) investing activities	**(232.3)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash inflows from (used in) financing activities	**(30.1)**
Increase in cash and cash equivalents	**(206.6)**
Cash and cash equivalents at beginning of the period	1,022.0
Cash and cash equivalents at end of the period	815.4
Increase in cash and cash equivalents	206.6

Annex IV - Glossary

Glossary	
ANP	National Petroleum Agency
Deep water	Water depth of 401 – 1.500 meters.
Shallow water	Water depth of 400 meters or less.
Ultra-deep water	Water depth of 1.501 meters or more.
Basin	A depression in the Earth's crust in which sediments have accumulated that could contain oil and/or gas, associated or not.
Block(s)	Part(s) of a sedimentary basin with a polygonal surface defined by the geographic coordinates of its vertices and undefined depth where oil and natural gas exploration or production activities are carried out.
"Boe" or Barrel of oil equivalent"	A measurement of gas volume converted to barrels of oil using a conversion factor whereby 1.000 m^3 of gas equals 1 m^3 of oil/condensate and 1 m^3 of oil/condensate equals 6.29 barrels and (energy equivalence).
Field	An area covering a horizontal projection of one or more reservoirs containing oil and/or natural gas in commercial quantities.
Concession	A grant of access by a country to a company for a defined area and period of time that transfers certain rights to any hydrocarbons that may be discovered from the country in question to the concessionaire.
Discovery	In accordance with the Petroleum Law, a discovery is any occurrence of petroleum, natural gas or other hydrocarbons, minerals and, in general terms, mineral reserves located in a given concession, independently of quantity, quality or commercial viability that are confirmed by at least two detection or evaluation methods (defined in the ANP concession agreement). To be considered commercially feasible, a discovery must present positive returns on an investment under market conditions for development and production.
E&P	Exploration and Production
Farm-in and Farm-out	Process of partial or complete acquisition of concession rights held by another company. The company acquiring the concession rights is said to be in the farm-in process and the company selling concession rights is in the farm-out process.
GCOS	Geological Chance of Success
GCA	Gaffney, Cline & Associates
Operator	A company legally appointed to conduct and execute all operations and activities in the concession area, in accordance with the terms of the concession agreement signed by the ANP and the concessionaire.

"Type A" Operator	Qualification of the ANP to operate onshore, offshore in shallow to ultra-deep waters
Exploratory Prospect(s)	A prospect is a potential accumulation mapped by geologists or geophysicists where there is a probability of a commercially viable accumulation of oil and/or natural gas that is ready to be drilled. The five necessary elements for the existence of an accumulation (generation, migration, Reservoir, seal and entrapment) must be present and the lack of any of the five means there is either no accumulation or accumulation that is not commercially viable.
Contingent Resources	Represent quantities of oil, condensate and natural gas that are potentially recoverable from accumulations acknowledged during the development of projects, but that are not considered commercially recoverable as yet due to one or more contingencies.
3C Contingent Resources	High case estimate of contingent resources with only a 10% chance of being achieved or exceeded.
Risked Prospective Resources	Prospective resources multiplied by GCOS.
Reserves	Quantities of petroleum expected to be commercial recoverable by applying development projects to known accumulations as of a given date and under defined conditions.
Possible Reserves	Quantities of petroleum which analysis of geoscience and engineering data indicate are less likely to be recovered than probable reserves.
Proven Reserves	Quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable as of a given date from known reservoirs and under defined economic conditions, operating methods and government regulations.
Probable Reserves	Quantities of petroleum that, according to geoscience and engineering data, are estimated to have the same chance (50%/50%) of being achieved or exceeded.