

QGEP Participações S.A.
CNPJ/MF nº 11.669.021/0001-10
Publicly Held Company

NOTICE TO THE MARKET

QGEP receives a Letter from the ANP regarding Block BS-4

Rio de Janeiro, December 30, 2013 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”) announces that its wholly owned subsidiary Queiroz Galvão Exploração e Produção S.A. (“QGEP”) received from the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP) the Notice nº 1845/2013/SDP, dated December 23, 2013, informing that certain measures have been taken in relation, among others, to Block BS-4.

The Notice stated that the Board of ANP, in the meeting held in December 18, 2013, has determined that the Superintendence of Development and Production (SDP) notify OGX Petróleo e Gás S.A. (“OGX”) that it has 15 days from the date of notification to:

“certify its status as a non-defaulting Party within the Concession Agreement of Block BS-4, contesting, if it deems possible, the allegations brought forward by the consortium members QGEP and Barra Energia, under penalty of compulsory transfer or, subsequently, termination of the Agreement in relation to its participating interests in the Block”

The ANP also informed in the Notice that OGX has already been notified of such decision.

The Company clarifies, in relation to OGX’s debt within the Consortium, that while there were no amounts due at the time of its filing for judicial recovery (October 30, 2013), OGX has subsequently failed to meet three cash calls. These three missed cash calls from November and December resulted in a debt, as of today, totaling approximately R\$73 million.

Block BS-4 encompasses the post salt oil fields of Atlanta and Oliva and is located 185 km off the coast of Brazil, in the Santos Basin. The first horizontal well of the Early Production System (EPS) of the Atlanta Field is underway and its conclusion, including the production test, is expected in January of 2014, when the drilling of a second well will begin.

QGEP 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%).

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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