

QGEP Participações S.A.
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Publicly Held Company

MATERIAL FACT

QGEP Announces Excellent Results of Atlanta Well Test

Rio de Janeiro, February 5, 2014 – QGEP Participações S.A. (BMF&Bovespa: QGEP3, “Company”) today announced the conclusion of the drilling and testing of the first horizontal well (7-ATL-2HP-RJS) of the Early Production System (EPS) of the Atlanta Field.

Located in Block BS-4, Atlanta is a post-salt oil field 185 km off the coast of the city of Rio de Janeiro in the Santos Basin in water depth of approximately 1,500 meters. The well was drilled to a horizontal section length of 750m and a diameter of 9.5 inches. It encountered a very high porosity sand reservoir, with average porosity of 38%. The horizontal part of the well was then cased with screens and packed with gravel, which will maximize oil productivity while preventing the movement of reservoir sand into the borehole and production equipment.

A Drill Stem Test (DST) was then successfully performed with two different flow periods, the first one more restricted in order to collect bottom hole samples of oil and gas, and the second flow with less restrictions. The two flow periods produced flow rates of 1,250 barrels of oil per day (bopd) and over 5,000 bopd, respectively. These flow rates were subject to considerable constraints associated with the DST set up and limited capacity of the surface facilities, such as storage, short term flaring limitations and low capacity electrical submersible pump (ESP).

Furthermore, the test confirmed a Productivity Index (PI) higher than was estimated during reservoir simulation studies. These excellent results obtained with the drilling, completion and DST indicated that production rates of this well, once brought onstream under normal operation conditions and equipped with a full capacity ESP, will be closer to the high end of estimated 6,000-12,000 bopd range. The results of the tests also confirmed the expected characteristics of the reservoir and the oil, with high permeability and 14° API.

As laid out in the development schedule for Atlanta, the Consortium will initiate immediately the drilling of the second horizontal well of the EPS. In the coming days, the Company will launch the bidding process for FPSOs of different capacities, covering both potential scenarios: continuing with the EPS or proceeding directly to Full Development. The decision on which FPSO will be hired will be based on the results of the tender and the impact on the economics of the project. In both scenarios, first oil at Atlanta is expected in late 2015 or early 2016.

“Production test results came in at the high end of our expected range, confirming the potential of the Atlanta Field,” said Danilo Oliveira, QGEP’s Production Director. “Our experienced team used cutting edge techniques and equipment, to carry out a highly successful test, demonstrating the technical know-how that we have built within QGEP. We will continue to apply this know-how as we develop the Field.”

Queiroz Galvão Exploração e Produção S.A. 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