

Operator: Good morning ladies and gentlemen. At this time we would like to welcome everyone to QGEP's 1st quarter 2014 earnings conference call. Today with us, we have Mr. Lincoln Rumenos Guardado, CEO of the Company, Mrs. Paula Costa Côrte-Real, CFO and IRO, Mr. Danilo Oliveira, Production Director and Mr. Sergio Michelucci, Exploration Director.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the company's presentation. After QGEP's remarks are completed, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator. There will be a replay facility for this call for one week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of QGEP's management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of QGEP and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Lincoln Rumenos Guardado, QGEP's CEO, who will start the presentation. Mr. Guardado, you may begin the conference.

Mr. Guardado: Hello everyone and thank you for taking part in the QGEP conference call. Joining me today are Paula Costa Côrte-Real, our Chief Financial Officer and Investor Relations Officer, Danilo Oliveira, Production Director and Sergio Michelucci, Exploration Director.

Before I start this presentation, let me say that the operating results obtained at the Atlanta Field confirm the right path in the company's investment strategy and that we made the right decision following the IPO. Furthermore, we continue to present solid cash flow and a strong balance sheet.

Going to slide 3 of the presentation you can see that this was an important quarter for us, across our balanced portfolio of production, development and exploratory assets, as it illustrates how well we are positioned for sustainable and continuous growth.

The main highlight of the quarter was our progress at Atlanta Field, located in Block BS-4. Results of the test at the two wells confirmed the potential of this field, as they are at the high end of our initial expectations, as well as the Gaffney & Cline and Associates reserves certification, which recognizes the presence of 1P, 2P and 3P reserves.

We successfully completed the drilling of the second horizontal well, which confirms the company's team expertise to drill technically complex wells. To face the challenges that arise during this development, having a technical team with decades of experience comes into play to help achieve these results.

We were able to apply a high level of technical know-how to the project, consolidating our activities as operator, renewing our belief in the success of the

project and leveraging future partnerships. We will go over at this further on during this presentation.

We are pleased to announce the results of the independent certification of Atlanta Field carried out by Gaffney, Cline & Associates, which showed 1P reserves of 147 million barrels of oil, 2P reserves of 191 million barrels of oil and 3P reserves of 269 million barrels of oil.

These are the first reserves that QGEP has booked outside of those of the Manati Field and serve as an important milestone for the company's growth. The volumes certified at Atlanta, net to QGEP, represent an increase of more than 100% in the company's 2P reserves in terms of barrels of oil equivalent.

We also announced today the results of the certification reported by Gaffney & Cline for the Manati Field that shows 2P reserves net to QGEP of 7.1 billion m³ of gas as of December 31, 2013, which was in line with last year's reserves excluding the production of last year, 2013. 3P reserves net to QGEP totaled 7.7 billion m³; a decrease from last year's reserves.

In the first quarter of this year we continued the solid performance of the fourth quarter of 2013, with average daily gas production at the Manati Field of 6 million m³. Despite an 8.6% decline in production compared to last year's first quarter, net revenues for this quarter were only 3.5% lower, as a result of the annual adjustment of natural gas prices. So we continued to generate substantial operating cash flow to support our development and exploratory campaigns.

The contract for the compression plant at Manati Field has now been signed and some initial works are already under way. As we have previously discussed, this plant will allow production capacity to return to 6 million m³ per day starting in the second half of 2015.

We ended this quarter with a strong balance sheet, which is the result of a rigorous capital discipline in the way in which we have approached our businesses from the very beginning. Our net cash position of R\$828 million gives us comfort to meet our short and midterm commitments and deliver value to our shareholders.

In April, during the Company's Annual Shareholders Meeting, a Fiscal Council was established, after a request from some of our minority shareholders. This reinforces even further our Corporate Governance and will generate benefits to all our stakeholders.

To sum up, our producing and development assets are exceeding our expectations and we are making steady progress towards becoming an important player in the oil and gas industry in Brazil.

I am now going to turn the call over to Paula Costa, who will take you through the financial results of the first quarter 2014 in greater detail.

Mrs. Paula Costa: Thank you, Lincoln. On slide 5, we can see that production at the Manati Field remained high in the quarter, at 6 million m³ per day. This is similar to the production we posted for this field in 2013, but a bit lower than that of the first quarter 2013, when production was higher than the average expected for this Field.

Net revenue was R\$127 million in this quarter, with higher prices for gas partially offsetting the reduced production. For the second quarter of the year we expect production to be similar to first quarter levels. For full year 2014, we continue to project average daily production of about 5.5 million m³. Being Manati a very profitable field we will continue to generate significant operating cash flows even at this reduced production level.

We are pleased to report that the Consortium is moving ahead with the construction of the surface gas compression plant at Manati. All the contracts have been signed and we expect construction to begin in the following months so that the plant can be up and running in the second half of 2015.

When it is operational, we anticipate that the Field's production capacity will return to the current level of approximately 6 million m³ per day.

Still in this quarter we have concluded the Gaffney & Cline certification report for reserves at Manati and we are pleased with 1P and 2P volumes, which are consistent with previous reports.

Please turn to slide 6 where you can see a breakdown of our operating costs for the quarter. Operating costs were up 19% in the quarter compared to a year earlier, mainly due to higher amortization costs related to the increase in the provision of abandonment at Manati. Even after this definitive increase, Manati remains a high margin operation.

In the 1Q14, exploratory costs were R\$35 million compared to R\$14 million in the same quarter of last year, resulting primarily from the relinquishment of the Biguá discovery to the ANP, with a net charge of R\$28 million to QGEP.

We had mentioned this in last quarter's conference call remarks as a possibility and in fact the Consortium decided to return the block.

On slide 7, we have some consolidated financial information. Our Ebitdax results improved 6% to R\$83 million in the quarter, with an improvement in Ebitdax margin to 65% from 59%. Net income declined from last year's first quarter as a result mainly of higher exploration costs related to the relinquishment of the Biguá discovery area.

Our net cash position remained very strong at R\$828 million in the quarter. Besides our strong current cash flow, we have an excellent medium term potential for Atlanta, which will easily support our additional exploration and development activities.

Please, turn to slide 8. Here you can see our plans for Capex in 2014 and 15. There were no changes to the previously announced figures. 2014 Capex will be dominated by the development of BS-4, which will account for 61% of the \$155 million budget.

In addition, a significant portion of our Capex is earmarked to Block BM-S-8, as well as to the acquisition of seismic data for the blocks acquired in ANP's 11th bidding round.

In 2015 we should have a temporary decline in Capex, but we will be increasing spending on BM-S-8 as we progress with the works of Carcará and the development of Atlanta.

It is important to notice that these figures do not include the costs for the compression plant of Manati, which we expect at \$30 million, net to QGEP, over the next 18 months.

I will now turn the call back to Lincoln, who will give you some more details on BS-4 and our exploratory portfolio.

Mr. Guardado: Thank you, Paula. On slide 10, there is an overview of our current status in BS-4, where we have made major advances in terms of visibility.

As we discussed earlier, in April we concluded the drilling and testing of the second well of Atlanta, with productivity rates slightly higher than those of the first well, where rates were approximately 12,000 barrels per day.

Besides, in this well, we successfully tested the Electrical Submersible Pump (ESP) on the seafloor rather than at the reservoir level, allowing the Company to consider this alternative in the full development, which can substantially reduce our operating costs.

We are pleased, not only with the quantitative results of the test, but also with the operating efficiency achieved during drilling and completion of the wells, thanks to the technical expertise of our team. We also recognize the competence of the service companies involved in these operations.

1P reserves of 147 million barrels, 2P of 191 million barrels and 3P of 269 million barrels of oil certified by Gaffney & Cline represent an important milestone for the Company, not only as they doubled our reserves, but also for the economic value they add to our portfolio.

The next milestone for the development of the Atlanta Field is related to the conclusion of the FPSO bidding process, which we expect to wrap up in the third quarter of this year. We are still considering two scenarios: Proceeding to the Early Production System (EPS) or moving straight on to full production.

The final decision will depend on the economics of the project taking into account costs and timing of arrival of the chosen unit. Under both scenarios, first oil in Atlanta is expected by the end of 2015 or early 2016.

Please turn to slide 11. The news from Carcará is that the ANP has approved an extension of the Evaluation Plan of Block BM-S-8 up to the beginning of 2018. This extension will provide a more consistent evaluation of the block's potential during the exploratory phase.

Under this new timeline, the Consortium has decided to proceed with the drilling of the appraisal well at Carcará in a single phase, to be started on year-end with a rig equipped with MPD (Measured Pressure Drilling), in accordance to the Consortium's focus on operating efficiency and safety.

We are also planning a Drill Stem Test in this well in mid-2015 and an Extended Well Test in 2016. We will also begin drilling at the Guanxuma prospect in the end of 2015. The operator's timeline calls for first oil from Carcará by the end of 2018. Carcará is a very promising asset with a potential to be a game-changer for QGEP and will reward our efforts towards this asset.

Slide 12 gives a quick overview of other activities. We are working diligently to contract seismic data for the blocks awarded in the 11th Bidding Round last year.

As you can see, we have initiated the data acquisition process for our block in the Foz do Amazonas Basin and we expect to have initiated the seismic acquisition for the remaining blocks by the end of the year, except for the Pernambuco-Paraíba Basin, where activities are scheduled for 2016.

Additionally, we are continuing our negotiations with the ANP for the Evaluation Plan for Block BM-J-2 and the final decision is expected to be announced by the end of next month.

Turning to slide 13, as you can see, we have a steady flow of milestones. This year we will conclude the contracting of the FPSO for Atlanta and will start drilling at Carcará. We will conclude our activities at Carcará's appraisal well in 2015 and we will run a Drill Stem Test at this well. This is essential to define the Field's full development.

We expect the first oil from Atlanta for the end of 2015 and this will provide further cash flow to support the projects in our portfolio. Looking further ahead, there will be other exploratory drilling, including those at the blocks awarded in ANP's 11th Bidding Round, as well as development drilling at Carcará.

Between 2018 and 2021, we expect to see first oil from Carcará and also from the Oliva Field in Block BS-4.

Before we close the call, I would like to emphasize that we will continue all our activities with the same diligent approach that has distinguished us as one of the strongest E&P independent companies in Brazil.

I would like to highlight our major change in terms of value considering that we at least doubled our certified proven reserves.

Operator, with that we would like to open the floor to the question-and-answer session.

Q&A Session

Operator: Excuse me, ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please, press start one. If at any time you would like to remove yourself from the questioning queue, please press star two.

Our first question is from Ms. Paula Kovarsky, Itaú BBA.

Ms. Paula Kovarsky: Good morning everyone. I have two questions following-up Atlanta certification.

My first question is just to make sure we are understanding the concept correctly. This certification is based or refers to results of the first well, right, following the idea that you have a well or you assume a radius and based on the definition of this radius you have definition for 1P, 2P and 3P reserves. If my assumption is correct, then a second well might considerably increase these volumes, am I right to assume this?

My second question is about the report; it mentions a small gas volume, but the intention is to do an 80 km gas pipe. What if there is no way to have an outflow; can you reinject the gas? Do you know if this gas will really be sold or not?

Mr. Guardado: Thank you for the question, Paula. That's a very timely question. I'll ask Danilo to give you more detail and explain why the 1P and the draining radius, that are not necessarily applicable to everything, and as to the gas pipe, particularly the timing of the operation.

Mr. Danilo Oliveira: Good morning Paula, Danilo speaking. Let us talk about Atlanta's reserves first. Atlanta Field has a very good seismic mapping and also mapping of the volumes. So, the volume remained slightly the same from the 3P contingent we had in Gaffney & Cline. So, the certification based on the first well leaves no doubt about the production capacity and productivity of the wells. So it does bring 1P reserves based on the fact that these wells will be drilled and therefore will produce with an error margin of 10%. That's for 1P.

If we take into account the next wells to be drilled, what might happen is that 1P may get closer and closer to 3P for every well drilled and assuming we maintain all the assumptions said before, what we expect to see is an increase in 1P and 2P getting closer to 3P, if our assumptions are correct.

Now what might also increase the 3P volume is the recovery factor and this will come later once the field is up and running and once our study shows that our recovery is actually higher than expected and then under this scenario we might have new reserves.

But at first, what might happen is 1P getting closer to 3P.

Ms. Kovarsky: Perfect.

Mr. Oliveira: Now, the second question is about the gas pipe. In the Early Production System there won't be any gas exports. All the gas produced in the first two wells will be used in generation and also in the plant's system.

Now, once the Full Development is up, at first there will be exports that is already being negotiated with Petrobras, it considers a gas pipe with a small diameter, 85 km with a Petrobras unity that is under negotiation.

We believe there we will have a favorable decision, but if we fail to come to a good decision then we might reinject the gas into the field, but I don't believe this will happen.

Ms. Kovarsky: Okay, thank you.

Operator: Our next question comes from Frank McGann, Bank of America.

Mr. Frank McGann: Hi, good day. Two questions, if I might. One is on the Electrical Submersible Pump on the seafloor versus in the well. I was just wondering if you could go into more detail under how much that can reduce operating costs and how that would affect both costs over the near-term and the long-term as you start up production and go out a few years?

And then secondly, in terms of SG&A, should we assume that the level of SG&A you had in this quarter is indicative of what is sustainable over time or with a higher number closer to what you've been reporting previously?

Mr. Oliveira: Good morning, Frank, I'll answer your question about the Electrical Submersible Pump. In terms of cost, in our Development Plan of Atlanta Field we take into account all the pumps inside the well and also intervention costs related to the replacement of this pump in the well.

Our estimates show that if we have the pump outside the well the intervention cost is about 50 times lower. So we are speaking of something around 1 to 50 in maintenance costs, even though the cost of installation of the pump in the seafloor is five times higher than the cost required to place the pump inside the well.

So the economic balance for all purposes favors the placement of the pump at the seafloor, particularly if you take into account our high productivity in the well. Assuming this, we can easily have high productivity with the pump at the seafloor compared to our expectations and amounts for the pump placed inside the well.

Today we are assessing again our production curve; we are working on our economics in order to come to a decision as how to work with the development of the field. Now I'll turn the floor to Paula so she can answer your second question.

Mrs. Costa: Good morning Frank, Paula speaking. As to our SG&A, actually this level of this first quarter of this year is sustainable. That's a sustainable level. That's what we should expect for the next quarters. Maybe you compared it to the fourth quarter of last year, when we had a higher impact of related to a profit sharing provision and that's why it was slightly higher.

Over the last two years we had a concentration of this provision in the last quarter and that's why there was something like a decoupling effect, but when we consider the average for the year this quarter is a sustainable amount and that is more reasonable.

Mr. McGann: Okay guys, thank you very much.

Operator: Our next question comes from Vicente Falanga, Bank of America.

Mr. Vicente Falanga: Good morning everyone. I have two questions. What are the mechanisms to be considered in a future reserves report that could increase its recovery factor and increase 1, 2 and 3P reserves? Would water injection be one of the options?

And my second question is: On SG&A, in your release you elaborated that the fact that you are the operator reduces the SG&A in the consolidated results. Could you elaborate a little bit? Thank you.

Mrs. Costa: Hello Vicente, this is Paula speaking. As for the SG&A, since we are the operator we allocated part of our SG&A to the projects where we are the operator with partners.

On the other hand, there was an increase and we have seen this happening in recent years. Particularly in production, for the development of Atlanta we've had an increase in our number of employees to be able to execute the project.

The trend is that things will be compensated since we had this increase in headcount, which was reflected in our G&A, now that we have more operated projects, such as the 11th Bidding Round Blocks and even Atlanta Field, we are able to pass this through and pass through the increase in our headcount in the teams dedicated to the corresponding project. For this reason, allocated projects in this quarter was greater. This is perhaps the quarter that reflects reality the best looking forward.

Mr. Oliveira: Well, Vicente, going back to the question about the reserves. 1P, 2P and 3P reserves, considering the current recovery factor, which is at 17%, will change as we drill wells with production capacities according to our estimates.

The fact that we drill wells and good wells will move 1P reserves towards 3P reserves. As for the recovery factor, our estimate is 17% and it is based on experience of analogues and we were quite conservative. We will only be able to increase the recovery factor after some time producing, after we follow production performance.

In other words, we will see how the reservoir behaves, the mass balance, how much it is producing, how much production is dropping so that we can come to a conclusion about increasing the recovery factor and it will not be by water injection. Water injection is not being considered for the Atlanta Field because the aquifer alone is sufficient to maintain the pressure.

Mr. Falanga: Thank you, Danilo, this was perfect.

Operator: Our next question comes from Mr. Luiz Carvalho, HSBC.

Mr. Luiz Carvalho: Good day everyone, thank you for the call. I actually have two questions. One is about Manati. Production was around 6 million m³ per day and I think that this was positively surprising. Was this production increased perhaps because there was a greater demand from thermal power plants or was it because the Field responded better than expected?

And my second question: you have net cash close to R\$830 million and when we look at Capex for 2014 and 15 we get to Capex of R\$650 depending on the exchange rate you use, not considering cash generation.

So, looking forward, can we consider a possible acquisition or will you concentrate on developing the assets that you already have in the next two years? Thank you.

Mr. Oliveira: Hello, well, the first question you asked was about Manati production of 6 million m³ per day in the first quarter. Well, indeed it was a surprise. We expected production to be slightly lower and that the higher end of 6 million would have been in December, but that didn't happen, so we are starting to see a slight decrease in volume now in the second quarter, but we didn't push the reservoir at all. No. You know, when you open the wells, the reservoir will give you what it will give you, you cannot pull out more from it and then less, it behaves in a linear way.

In the first three months it produced around 6 million m³ per day, in the coming quarter it should be a little bit less, but we will continue to get everything it has to get because the thermal power plants will continue to demand due to the drought period that will continue to require the thermal power plants to operate.

So, we are not asking too much from the field; we are getting out of the field what it can give us.

Mr. Guardado: Well, Luiz, as for the cash, we always mentioned the cash that we have, but it's always a binary thing; it's the cash versus our commitments. We always look at this 2 to 3 years ahead. We look at our cash and we see how we should outlay our cash.

We will continue to have a good cash generation because of Manati. Atlanta will add to it and we imagine that with the investments to be made in the future for the next two or three years we will be getting closer to US\$600 million and that is coupled to the efforts in developing not only Atlanta, but also Carcará.

So we will keep looking at this. And we worry about how we can structure our future investments. We are always looking into that and obviously we consider possible acquisitions in the market.

We participated in ANP's 11th Bidding Round with exactly that kind of standpoint and will continue to look at the market, and if there is any acquisition that makes sense to our portfolio we will be considering it, but always thinking about our governance and financial discipline.

We definitely count on going to the market for the development phase. As you know, our financial department has been considering that and is acting in that sense, so that we can have some space for leveraging if there is any market opportunity.

So we are always keeping our ears and eyes open and our cash is always being associated to our current investments, the ones we are committed to make in the near future to structure our development for Atlanta or Carcará.

But we are considering anything that comes up.

Mr. Carvalho: Thank you very much.

Operator: Our next question is from Luana Helsinger, GBM.

Ms. Luana Helsinger: Good afternoon Lincoln, Paula and Danilo. I have two questions. First question: do you have any idea, if there is any problem or failure in the ESP, what is the percentage drop in the well flow?

And the second question is to Paula: What about the rest of the debt; would it also be included in the second quarter? Thank you.

Mr. Oliveira: Good morning, Luana. The failure of an ESP in Atlanta Field tends to bring production down to zero in the well; however, we have a contingency of gas lift.

In other words, when the pump breaks down we have a system that allows that, if the pump is broken down for up to two wells simultaneously, these two wells keep on producing with this gas lift system. So we pump the gas, it goes to the bottom of the well, it is mixed with the oil and brings the oil to the surface.

In this case the well flow goes down to half of our original production. So this is our intention; if there is any failure in the pump we use the gas lift system until the pump is replaced, ok?

Ms. Helsinger: Okay, perfect.

Ms. Costa: Luana, answering your question about the debt, about FINEP's financing, which is the financing we have to disburse right now, the next drawdown is expected to happen in the second quarter and the final drawdown will be closer to the receipt of the operator's license, so probably by the end of next year. So for this year we have another disbursement at FINEP.

As to new debt, now we are speaking of the structuring of Atlanta's development. We have already analyzed a couple of leverage alternatives, but effectively the idea is to have another loan as close as possible to first oil because then we can greatly reduce the risk perception by creditors and, therefore, improve our funding cost.

Ms. Helsinger: Thank you.

Operator: Our next question is from Gustavo Gattass, from BTG Pactual.

Mr. Gustavo Gattass: Good morning. I have two questions. My first question is: I want to have a better understanding, now that you already have the compression contract and also the new reserve report from Manati, I wonder if you could share your view about production levels. You mentioned that you could come back to 6 million starting mid next year, but could you give us more color as to what happens beyond this?

Now, the second question is on Gaffney's report about Atlanta, I have two questions. One of them is very easy, I would like to understand if you had a financial assessment and would you be interested in disclosing it?

And secondly, this is more to Danilo: from the conceptual standpoint, do you see any difference in the development assumption from 1P, 2P and 3P? Anything that is actually different or is that only something related to the well performance? Thank you.

Mr. Oliveira: Let us start with Manati's production factor. We have an amendment to be signed with Petrobras that was set for three or four years ago and it defined a production level of 6 million until 2017 and from then onwards another five years of 4 million and from then onwards there would be a reassessment of the production curve to adjust the levels again.

Although we haven't entered into this agreement, this is what we virtually follow. In previous years we had 6 million and this year there will be a slight drop because the compression plant took longer to be contracted, but at first we expect to give this 6 million up to 2017 or early 2018 and from then onwards five years at 4 million and then we can renegotiate based on the effective production we experience in the next 8 to 9 years.

Now, moving to Atlanta, about financial assessment and costs. We don't want to disclose anything right now, we do have some financial analysis, but they virtually dependent on the result of the bidding of the FPSO.

So what we've been discussing in house is that as soon as the FPSO is defined, and we don't know if it will be the small or the final one because there is a lot of variation in Capex from one circumstance to another, so probably we will disclose that in the earnings release of the second quarter of the year, July or August, as we will define which system will be adopted according to the FPSO contracted and then we will disclose our estimates Capex, Opex and perhaps the production curve for the system that we have in mind.

Operator: Our next question comes from Mr. Auro Rosenbaum, from Bradesco.

Mr. Rosenbaum: Good morning everyone, actually, good day. I was absent in the beginning of the call so I apologize if this question has been asked before.

My first question is about the production at Manati. You said you were positively surprised with the pressure in the first quarter, and the projection was maintained

at 6 million m³ per day. Why are you expecting 5.5 million for the year? This is my first question.

Mr. Oliveira: Hello, Auro. Our estimate of 5.5 was based in the beginning of production at 6 and in the end of the year producing 5, getting everything out of the field, it would average 5.5.

With the 1Q at 6 million, we announced that it is very probable we will be producing more than 5.5. Today I would say that we should close the first half of this year with an average of 5.8/5.9 million and that tends to increase the average for the year.

We have said before that we were going to revisit this and see how production would behave in the 2Q, but I believe that we are going to review this upwards by the mid of the year.

Mr. Rosenbaum: That was my first question, thank you. Now the second question is about the certification report. I believe you said a little while ago that the recovery rate was based on similar fields.

Could you give us some color on that? What are the analogues and could you elaborate on the characteristics of the field; what is the faulted anticlinal, is it a characteristic of the analogues as well?

Mr. Guardado: Auro, your question has a double approach; one is geological, the other one is about the production of the reservoir. I will address the geological one.

The analogues that Danilo mentioned are located in several basins with heavy oil, *Siri, Papa-terra* and other producing fields with heavy oil of a similar nature, in the Northern Sea, for example.

So this 3P value with a 17.7, almost 18% recovery factor, that we estimated is obviously because of these similar fields that we were using to estimate our production, but this can change as production goes on. Perhaps the reservoir will behave better if porosities are better, if compressibility is better.

So when we talk about a faulted block, it is because there is a part of the reservoir - in the lower block - which is not being considered in the certification of volumes. So it is a fault, a geological fault that was important, as it took the oil from the very bottom to the reservoir. But this is being mentioned because in the lower block, below this fault we have oil at a smaller thickness that is not part of the certification of reserves which was presented to you and it was not even included in the first figures that we disclosed.

So the block with the fault is mentioned for that reason. And now Danilo will answer the second part.

Mr. Oliveira: This is Danilo. Yes, it's exactly that. When we talked about the plan, we said that the Field's oil in place is about 2 billion in volume, but our development plan would not include, as we said, all of the area of the Atlanta. We would be restricted to the right side of the Field. If you remember where the Field is, there is fault across the North and South and we would be working on the right side, so the 17% recovery factor refers exclusively to this part of the Field.

We are not considering the volumes nor any recovery in the part of the block that is to the left of the geological fault. So it all refers to the right side because our production system only includes wells on the right side.

It is possible that, later on, after we start production and if it behaves better than we expected, we might go to the lower part of the block, but for now we are limited to the right side.

Mr. Rosenbaum: Let me see if I understood this right. When you are talking about analogues, are you talking about similarities like type of oil or by structure of the reservoir?

Mr. Oliveira: Type of oil, the age, and type of reservoir. For example, friable sandstones with heavy oil and high porosity. This is the analog we are trying to compare with. Not the type of geological deposition, if it has a fault or whatever, nothing of the sort.

Mr. Rosenbaum: Thank you. Thank you very much for the clarification.

Operator: I would like to remind you that if you want to ask a question, please press start one.

This concludes today's question-and-answer session. I would like to invite Mr. Lincoln Guardado to proceed with his closing remarks. Please, go ahead, Sir.

Mr. Guardado: I would like to thank you all of you for participating, for devoting time to us, for your questions and I hope that we have been able to answer your questions adequately.

Again, I stress that our Investor Relations Department and that all of us are always at your disposal, always stressing that we are very happy with the results obtained so far from the operating standpoint.

This is important in the classification of the volumes and that's why we think it is so important to classify reserves into 1P, 2P, 3P, because this is certainty of the existence, of the economicity of the Fiels, and that's why this classification has a lot of meaning to an oil company and I hope that you devote sufficient attention to it.

We are very happy with the results and we expect to continue in the next six months with the successful FPSO bidding process. And we also hope to make the best decision possible so as to bring forward as much as possible this production so

that we can get back to our stakeholders with the results that we always seek; the good results.

Thank you very much and we remain available.

Operator: That does conclude QGEP's conference call for today. Thank you very much for your participation and have a good day.