Q3 2006 Earnings Call

Company Participants

- Almir Guilherme Barbassa, CFO and IR Officer
- Eduardo Alessandro Molinari, Coordinator for Portfolio Management of Exploration
- Raul Campos, Executive IR Manager

Other Participants

- Christian Audi, Analyst
- Marc Mccarthy, Analyst
- Tereza Mello, Analyst
- Unidentified Participant
- Unidentified Speaker

Presentation

Operator

Ladies and gentlemen. thank you for standing by. Welcome to the Petrobras conference call to discuss the Third Quarter results. At this time all lines are on listen-only mode. Later there will be a question-and-answer session. And instructions will be given at that time. (Operator Instructions) As a reminder, this conference is being recorded.

Today with us, we have Almir Guilherme Barbassa, CFO and IR officer. And his staff. At this time, I would like to turn the conference over to Mr. Raul Campos, Executive Investor Relations Manager of Petrobras, who has some additional comments. Please go ahead, Mr. Campos.

Raul Campos {BIO 17251399 <GO>}

Good morning, to those in New York. Good afternoon to anyone in London. Welcome to our conference call to discuss 2006 Third Quarter results. We have a simultaneous webcast on the Internet that could be accessed at the site www.Petrobras.com.br/ri/english. Additionally, on the webcast registration screen you may download and print the presentation and download the financial market report. Also you can send your questions to us by Internet, clicking on the icon Question to Host, any time during this event.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Petrobras 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 Petrobras. And results could differ materially from those expressed in such forward-looking statements.

Finally, let me mention that this conference call will discuss Petrobras' results prepared in accordance with Brazilian GAAP. At this moment we are unable to discuss any issues related to U.S. GAAP results.

This conference call will be conducted by our CFO and Investor Relations officer, Mr. Almir Guilherme Barbassa. He will comment on the Company's operating and financial highlights and the main events during this quarter. Afterwards he will be available to answer any questions you may have. Mr. Barbassa, please begin.

Almir Guilherme Barbassa {BIO 1921476 <GO>}

Good morning. Good afternoon, ladies and gentlemen. It's a pleasure to be here with you and have the opportunity to talk about Petrobras 2006 Third Quarter results. Starting with the domestic production of oil and NGL, we had, quarter to quarter, an increase of 1.3% in production. And this is contributed to the increase of net sales of the Company. But the most important here is that this increase was impacted by the production of P-50 that had some mechanical problems. And so there were delays in the production of P-50 at Albacora Lest Field.

There were some problems, as well, in the Golfinho platform and field. So the production was not as high as expected. But this was already resolved. And at this moment the P-50 is producing 164,000 barrels of oil per day. But during the Third Quarter, when compared with the second, the P-50 added only 18,000 barrels of oil per day.

Going next, please, the oil price that E&P sold its production -- there were a slight increase of about $0.50 per barrel in the price of the E&P sales. This is going to add some profit to E&P but will increase the cost of supply area we are going to see next. The spread between the price that E&P sales and the brand has reduced a little bit. And during the Third Quarter was in the range of $10.08 per barrel when compared with $11.42 in the Second Quarter.

The lifting cost without government participation increased about $0.50. And this was due to the more intense use of workover drilling intervention in the wells through workover drilling rigs. And seismic as well as transportation. There were some corrective maintenance and, as I mentioned, the fact that Albacora Lest and Golfinho did not perform or did not produce as much as were expected. We had an increase in the average cost of lifting. But this shall be as we reach the higher production, the maximum volume of these two platforms, the average cost will reduce.

Next, please. The lifting cost, including government participation -- the government participation was about the same after last quarter, since brand price that is used to calculate this government participation as well as foreign exchange and production was quite stable during the quarter. So there were no much increase in the government participation.

The refining and sales in domestic markets -- we had decrease in the capacity utilization of the refineries in Brazil compared with the Second Quarter. There were a decrease of 4%. And these, as we are going to see in the next slides, was one of the causes that is going to increase the refining costs of the Company.

We had a reduction in the utilization of domestic oil in the refining process that was a reduction of 1% and was caused by a smaller production of Golfinho, that is a light oil that were planned to be used in our refining process, as well as the spread between the domestic oil and the fuel oil.

Using the domestic oil, we produce more fuel oil that we have to export; we are a net exporter of fuel oil. As fuel oil price was lower and the crude oil, they have crude oil, we produced was higher, was better to export what we produce and import part more of light oil to mix with our own and produce the right blend to produce more diesel then fuel oil, because diesel was important this season, Third Quarter mainly, that is the agricultural higher demand to prepare the land for next crop.

Next, please. The domestic refining costs -- we had an increase of about 20% in these costs and was mainly due to the scheduled stoppage of three of the four largest refineries in Brazil. This was programmed, it was scheduled; but, due to the size of this refinery, had a large impact. We have some restriction on the oil supply of these refineries due to the maintenance and the logistics that reduced the supply of feedstock to the refinery. And this was a cause of the reduction in the utilization of the refineries in Brazil, as average as well.

Next, please. We have here the realization price, it shows that Petrobras is using the right (policy) to adjust the price to the long run instead of day to day. We are realizing the average of the market result, the transference to the domestic market of the up and downs of the international market. So we are shaving the peaks and valleys of the international oil price, keeping an average that allows Petrobras to produce the profits in average like the other oil companies that works internationally.

Next, please. The sales volume -- when compared to the two quarters, we had in the oil products an increase of 4%. But if we add the alcohol, nitrogen and others, we had an average 5% increase. This is going to help increasing our net sales in the income of the Third Quarter.

In the course of this increase in the oil products sales, was due to high consumption of diesel in the agriculture and the high demand for gasoline since the alcohol, ethanol, is mixed in a lower proportion to gasoline, as has been done since February or March of this year.

Next, please. The net revenue of the quarter increased by 14%. But this is in line with the increase of domestic sales, as I said, of 5% plus the increase in exports, since we were not able to use more of domestic oil. Part of it was exported. And the increase of the production was another fact that helped to increase the exports of oil. The increase in the average realization price of 2% -- all this together made it possible to increase the net revenue by 14.3%.

The cost of goods sold -- we had two items, exceptional items, that occurred during the Third Quarter. These -- one of them was a new interpretation of the special participation in the Marlim Field by the National Petrol Agency. The cause of it was that part of the costs we have with the financing of the Marlim Field is adjusted according to the oil price. We were assuming all these costs as part of the cost of the services provided by -- in Marlim Field. We had to adjust these retroactively to 2002. And this was solved by an agreement and paid the total of $R420.

There were another expense that were attributed to the gas that is reinjected to the gas fields. But we are carrying with that part of the cost of production. So this was adjusted to not have this gas that was reinjected and then became a reserve again to carry the cost of the former, the first-time production.

So this was an adjustment that is not going to happen again; was an adjustment due to the accounting procedure and was done since we found that the cost was not appropriately attributed to the gas reinjected.

So we had effects on the EBITDA and operating profit due to these two adjustments. But the net income was in line with the Second Quarter because we had interest provision on the interest on the own capital. And this produced almost $R1.5 billion in results. We had a negative impact on the financial results, about $R120 million due to the buyback, bonds buyback. The excess on face value was taking as cost. And this was entered as a reduction in the financial results.

The operating expense -- we had the increase in sales expenses by 14%, is in line with the increase in net revenue. So no news there. The G&A is very well-behaved. And exploratory costs -- in this point we had some write-offs, dry wells in Brazil and outside, that have increased the cost when compared with the Second Quarter.

And in others we had an increase of about $R450 million due in part to the final settlement of the contract we had with (Engina), a hedge contract that were finalized due to the changes in the business environment in Bolivia. So we have to recognize a loss of future income of this hedge of $R467 million. Besides that, we have an increase in the consulting and technical consulting costs we had in the period of about $R208 million. And this is due to the growth of the Company. The Company is growing fast. And we need to count on the external help to better program and execute all our projects.

Next, please. The operating profits on the (E&T) was impacted mainly by the two extraordinary items I just mentioned, the gas reinjection and Marlim participation calculation. Of course, the average cost of goods sold was increased due to the increase in the lifting costs of the Company.

Next, please. In the supply area, we had an increase in price, as I mentioned, of about 2% in the average realization price in Brazil. And this accounted for about $R1 billion increase in sales. We had an increase in volume of about 60%. So 6% is three times what -- 2%. 2% produced $R1 billion; 6% produced $R3 billion in total revenue. Due to this volume of sales, we had an increase in volumes effect on the cost of goods sold.

The average cost effect on goods sold is the point that we are affected by the increase of refining in Brazil and due to the use of inventories that were carrying a higher price. At the end of Third Quarter we had the market with lower-cost spot. The inventory, that supply we are using, were built during second and Third Quarter where price were higher. So these were one of the causes of increase in the volume of cost of goods sold.

Next, please. The net profit -- we had about the same, ($)100 million more than previous quarter. This was due to three facts, three items here -- the extraordinary items of E&P, 824, as I mentioned; the bonds buyback accounts for 321. And the taxes, where the interest on capital paid or the provision for interest to be paid accounts for the tax reduction of near 1.5 billion. So at the end, if we take the increase in production of 1.3, the increase in price of 2%, we are about keeping the same net profit at the end of the Third Quarter.

Next, please. The balance between exports and imports -- we had an increase on oil exports due to the increase in production, the smaller usage of domestic oil in this supplying of refineries in Brazil. So we were able to reduce the imports of oil products, reduce the exports of oil products because we had a larger demand in domestic market and a lower production due to the use of refineries in Brazil.

On the imports side, we had an increase on the oil because we needed the light oil to substitute for the light oil that were not produced in Golfinho as well as due to the strategy to refine, to produce more diesel for this season. So we imported more of light oil.

The oil products we had to increase even though aiming to produce more diesel were not enough to supply the (market). So we had to increase the import of diesel. But the balance between import and export is still positive in 54,000 barrels of oil per day.

Next, please. The leverage ratio of the Company is going down since one year ago. We are underleveraged here; we are looking for alternatives to manage this situation. At this moment we are working, since beginning of this year we are working the administration of the liabilities, where we are buying back some debts where it's possible or renegotiating the costs of the loans. So we are looking to optimize the financial situation of the Company.

Next, please. The cash flow statement shows an increase of free cash flow of $R1.8 billion and this was transferred to the cash balance because the financial activity was about -- we had a small impact in the use of funds in the period. So all the money were transferred to cash balance, where we ended with a very large cash balance of $R24.5 billion at the end of the quarter.

Please, next. Investments -- the increase from nine months of last year when compared this year with last year, was in total investment 34%. This is in line with our program. And most of this investment is addressed, as you can see, to E&P that accounts for 51% of the total investment in the period. Followed by international, that this was due to the acquisition of the refinery in Texas, the Pasadena, that happened in this Third Quarter.

But the Fourth Quarter, as usual, is a tradition in Petrobras, shall be higher than the other ones. So we are aiming to invest the total we have programmed to the end of the year. With these huge investments we are aiming to increase and to keep up with the production increase we have established in our business plan.

This is all we have today. If you have any questions, we will be available. Thank you.

Questions And Answers

Operator

(Operator Instructions) Christian Audi, Morgan Stanley Dean Witter.

Q - Christian Audi {BIO 1825501 <GO>}

I have some clarified questions, I will take one at a time with respect to these items that were extraordinary. First, with respect to the special participation tax, which was higher, can you tell us how many other projects that have a similar project financing structure as Marlim could be impacted by a similar change?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

We have only Marlim Field under this structure of financing. We have no other one.

Q - Christian Audi {BIO 1825501 <GO>}

So you're not concerned about this impacting any other project that you currently have in your portfolio?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Yes, there is no other project that has the same kind of structuring.

Q - Christian Audi {BIO 1825501 <GO>}

With respect to the reinjection of gas issue, how much could that impact your future lifting cost target? In other words, given that you have now changed how you allocate some of these costs, is this a big change in the potential targets that you already have for lifting costs? Or is it so small that it won't make a difference?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

No, it's not going to have an impact in the future because this is the result of two years of gas injection. It happened due to some export process from the field to the final users. If we start, for example, when we start producing Golfinho, at that moment we had no pipeline to export the gas. So it was reinjected. But as the pipeline was finished, was ready to be used, we will start exporting it. So we do not expect this situation happening in the future or even having an impact on the production lifting costs.

Q - Christian Audi {BIO 1825501 <GO>}

Of these extraordinary items, is it correct that the only cash out -- well, cash disbursement have to do with the higher special participation tax and the others, or just accounting changes? Or correct me if I'm wrong there.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Yes, you are right. This was the only one and, of course, the one that was due to the bond buyback. This was a cash impacted as well.

Q - Christian Audi {BIO 1825501 <GO>}

The maintenance shutdowns -- can you give us an update? The ones that you had during the Third Quarter have already been completed and do you foresee in 2007 already a program shutdown that affects so many of your big refineries such as, in this case, the three out of four of the big ones were impacted?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

I will have someone from the supply area give us this information in more detail.

Q - Unidentified Speaker

In the last quarter we think we will have some programming stoppage in our refineries. But the cost is not going to increase very much.

Q - Christian Audi {BIO 1825501 <GO>}

So you don't expect -- and how about next year? Do you have something programmed where you would take such large refineries and at the same time have to shutdown at least two or three of them at the same time?

Q - Unidentified Speaker

Next year, you say?

Q - Christian Audi {BIO 1825501 <GO>}

Right.

Q - Unidentified Speaker

We will have some stoppage. But not in the beginning of the year, I think.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Just to add here, this Third Quarter, three of the four largest refineries in Brazil were stopped. So at least the largest ones were maintained during this year in this quarter.

Operator

Marc McCarthy, Bear Stearns.

Q - Marc Mccarthy {BIO 1542384 <GO>}

I have two questions. One is really on the CapEx side. We have been seeing a lot of exploration charges during the past, really, several years. I guess we're anticipating it to continue. I was wondering if you can give us some sense of where you are in your exploration budget for this year and how much of the actual spending has actually been capitalized via success? Give us some sense of the breakdown of E&P CapEx between exploration and development.

The second question is more on the inventory situation. We have talked about this in quarters past, where you had been building up inventory. You clearly worked it down in the Third Quarter. According to the numbers that I see, it seems as though you really just worked down crude oil inventory, whereas you must have just replaced oil product inventory; and yet it didn't seem as though you really ran the refineries to kind of workdown that oil. I'm kind of curious if, in fact, you actually sold much of the imported oil back out to the export market or what happened.

If you could just give us a little bit more color in terms of what has happened to the inventory balance and how we should envision that through the Fourth Quarter, if you expect to continue to work inventory down as you get through the seasonal strength.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Regarding the exploration charges, as you well know, we are in the process of, as you can see now our business plan, we had programmed an increase on the exploration expenditure. Of course, as we go ahead, we may have larger exploring charges due to the un-success. And this is normal on the exploring phase. But I am going to transfer to Molinari, he maybe can give us more light on these points or clarify better what you asked. With that, can you help us, please?

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

On the exploration side, this year we plan to invest $1.5 billion on exploration. So we are increasing very much the budget for exploration. Therefore, we may have increased these exploration costs. But what is important is the success rate. Last year we had the success rate drilling, exploratory drilling success rate of 55%, which was very good, a record for the Company.

Q - Marc Mccarthy {BIO 1542384 <GO>}

So this year, it seems as though you're on track to charge off about almost $800 million through the expense line. So we will have to assume that those are dry holes or unsuccessful drilling were about 50% of your $1.5 billion?

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

Yes, not only dry holes but also seismic and surveys and other exploration costs.

Q - Marc Mccarthy {BIO 1542384 <GO>}

I guess my question is are you working with a similar sort of success ratio as nine months through the year? I guess my other key question is we've seen in years past where you get to the sort of Fourth Quarter and you charge off everything else that you have not been able to -- sort of the cleanup quarter. It happened last year with a $600 million charge in the Fourth Quarter; it happened back in 2003 as well. Can we expect a substantial spike in exploration in the Fourth Quarter?

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

Well, regarding the success rate, we expect to have a very good success rate this year as well. As I said, we have got 55% last year. And it was increasing, three years increasing. So increasing the exploration expenditures, we also increased these exploration costs. Seismic -- we are doing a lot of seismic surveys. And we have also dry holes.

Q - Marc Mccarthy {BIO 1542384 <GO>}

So should we expect a spike into the Fourth Quarter? Then, as another aside, last year you had very good success rations. But you really only booked 250 million barrels of new oil as (1-T) in Brazil. Can we anticipate some more success in booking reserves, based upon this two years of strong success ratios?

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

Sorry, we cannot give you projections on that.

Q - Marc Mccarthy {BIO 1542384 <GO>}

How about the Fourth Quarter?

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

The same; we cannot give you forecast on that.

Q - Marc Mccarthy {BIO 1542384 <GO>}

Almir, I don't know if -- the inventory question?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Regarding -- yes, the inventory question. I am going to have (Alvis) here that manages this cost in the accounting may give us some clarification on your question. (Alvis), please.

Q - Unidentified Speaker

If I understood your question, in fact we had a decrease in our inventories of oil products because consider what Barbassa said -- we had some great schedule stoppages in this quarter. The supply area had to use parts of the inventory formed in previous months, okay, is one reason, in terms of volumes.

In terms of value, we have to consider the decrease of oil, mainly imported oil at the end of September; that supply area keeps in inventories at the end of the month. Then we have two reasons to decrease our inventories. One of them is related with volumes, as I explained. The other, the decrease of international prices at the end of September.

Q - Marc Mccarthy {BIO 1542384 <GO>}

So as I look at inventories, they dropped $540 million for crude oil and only $94 million for products. I can follow up with you offline; I'm just curious if, in fact, there was more of a rotation in crude oil and if we should anticipate that into the Fourth Quarter.

Obviously, it was a working capital inflow that was helpful to drive net debt and drive CapEx and what have you. I'm anticipating even more of the same in the Fourth Quarter and I'm trying to get some sense if that should be expected?

Q - Unidentified Speaker

I don't know if I understood your point.

Q - Marc Mccarthy {BIO 1542384 <GO>}

My question is, do you anticipate to continue to work down inventories into the Fourth Quarter?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Let's have the supply area to give us some indication on this item.

Q - Unidentified Speaker

Yes, sure.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

We are going to have a reduction on the inventory of crude oil. We intend to work on this direction.

Q - Marc Mccarthy {BIO 1542384 <GO>}

We'll follow up offline.

Operator

(Operator Instructions) (Kevin Mohan), RBC Capital Markets.

Q - Unidentified Participant

I have a question regarding your debt buyback program. You recently registered with the SEC to conduct another debt buyback operation for your 2008, 2010, 2011, 2013 U.S.-denominated notes. Do you intend to go ahead with this buyback program this year?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

We have applied for SEC. We did not receive any approval. So we have no decision so far to go or not to go ahead. It all depends on our decision after we get the approval of SEC. As I said, we are working in the management of our liabilities. This may be one of the operation we are going to do; but at this point, there is no decision on to do or not.

Q - Unidentified Participant

Do they expect to do that within the next year, if not immediately? Or --?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

I don't know. Would you repeat it again?

Q - Unidentified Participant

With respect to the debt buyback program, do you expect to do this within the next year? Or like when do you expect to do this?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

We have no time to do. Of course, we have to have present at the time to take the decision to go ahead or not, we have to have present there many conditions. Among them, we have to have the possibility to have success. As you know, as you buy and we retired $1.2 billion now. The renaming of the bond that is in the market, the outstanding -- it's not so liquid. There is no liquidity.

The holders, many of the opportunity -- they prefer to keep the bonds themselves instead of selling back to the Company. So the liquidity is falling. And there are other conditions we have to observe as well. So we are looking to manage our debt portfolio. But we have no date, no previous program to do. We are following the opportunities.

Operator

(Operator Instructions) Tereza Mello, Citigroup.

Q - Tereza Mello {BIO 6448187 <GO>}

Just two very brief questions. First, could you provide an update on your plan, the stock updates for the platforms in 2006, on your platforms in 2006 and 2007? And second, on the pension plan that was approved for the new employees since 2002, when do you expect this to be effectively implemented. And when and how much should be the retroactive payment related to this pension plan?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

The pension plan -- we are in the process of having and collecting all the authorization we have to -- in the Brazilian authorities. We expect to have offered to the employees before the end of this year. But of course, it is not under our control. It depends on the third party to give the approval of it. Regarding the platforms for 2006, 2007, I will have Molinari to give us information on that.

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

For 2006 we have the platform P-34, which is starting production end of this month with a capacity of 60,000 barrels per day. In December we have a gas field coming up on stream, which is (Manache) in Paria, with a capacity of 6 million cubic meters a day. We have also, in December, the (spoken in Portuguese), starting production end of December with a capacity of 100,000 barrels per day of oil.

For 2007 we have (spoken in Portuguese), northeast of Brazil, it's a small platform with 20,000 barrels per day capacity, they're starting production in April. Then we have Golfinho, (margin of two), FPSO (spoken in Portuguese) with 100,000 barrels per day capacity starting production in May. Then we have two platforms, two (FPCO's) in the Roncador Field, P-52 and P-54, both with 180,000 barrels per day capacity, starting production in September.

Q - Unidentified Participant

Both of them?

A - Eduardo Alessandro Molinari {BIO 21023582 <GO>}

Both of them.

Operator

(Operator Instructions) Marc McCarthy, Bear Stearns.

Q - Marc Mccarthy {BIO 1542384 <GO>}

I was hoping for a little bit of an international update, if you could give us some more details about your plans both in terms of work program in Angola, the CapEx plan and what you're kind of hoping for in terms of production over the next three, five years.

The second is, reading some reports about your plans or intentions in China to do some sort of a deal with CNOOK in the deepwater there. And then the last thing is, if you could provide us some update on the refinery with PDVSA and the (Comperge) heavy oil petrochemical project in Rio?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Let's start by the end. The petrochemical refinery in Rio de Janeiro -- we are working in the design, basic design of the refinery. We are conducting all activity, all works that we can do at this moment to have the refinery in production as we have programmed. The Northeast refinery in Pernambuco, in association with PDVSA -- we are, as well, working the basic designs. And we have received the land where the refinery is going to be established, as well as here in Rio, there were already the assignment of the area to Petrobras. We are working to have them working as programmed, in due time. Regarding --

Q - Marc Mccarthy {BIO 1542384 <GO>}

Almir, just to put things into perspective, the dates that were previously spoken about seem a bit aggressive at this stage. Have you better defined the start up dates? (Comperge) was sort of 2011, 2012. Maybe that's a little bit later now? Same thing with the Northeast refinery?

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

You mean for both of them?

Q - Marc Mccarthy {BIO 1542384 <GO>}

Yes.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

No. We are working on the schedule that we have made public. We have no change so far. We are working to have it on due time, on the time that we have established. There is no reason. So far, to change that.

Regarding China, we have nothing yet in the area of exploration deepwater with Sinopec. We have a memorandum of understanding signed with Sinopec. But there is nothing yet firm or concrete on the exploration area.

Regarding Angola, yes, we signed five contracts for five different blocks in Angola. And I'll have (Claudia) that is from the International area to tell us something about if we have some information on this are.

Q - Unidentified Speaker

Well, we are now discussing with our partner. And we are doing our plan. We don't have yet numbers of CapEx or expectations. We are discussing these plans.

Q - Marc Mccarthy {BIO 1542384 <GO>}

Do you have a minimum work program?

Q - Unidentified Speaker

Not yet.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

A minimum working program according to the --?

Q - Marc Mccarthy {BIO 1542384 <GO>}

According to the contract you signed. I'm sure it exists. But it's --

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

We don't have it in our hands right now.

Operator

(Operator Instructions) Mr. Barbassa, there appears to be no further questions.

A - Almir Guilherme Barbassa {BIO 1921476 <GO>}

Okay. So thank you all for being here with us. I hope that next quarter we can have as good results as we had this time. Have you all a good afternoon or good day until next quarter. Thank you.

Operator

Thank you. This does conclude today's conference call. You may now disconnect your lines at this time. And have a wonderful day.