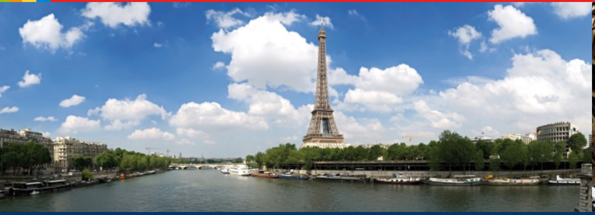
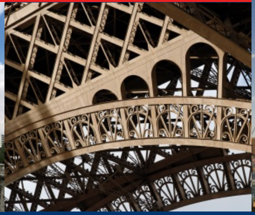
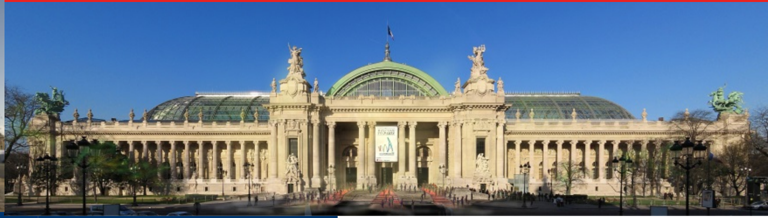
26th World Gas Conference

1 – 5 June 2015, Paris, France







OVERVIEW OF THE NATURAL GAS INDUSTRY IN THE SOUTHERN CONE

Gisele Mello Senra Rodrigues
Gisela Andrade de Oliveira
Petrobras

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Background - South America & Southern Cone

Great heterogeneity among countries

South America

SOCIO-ECONOMIC INDICATORS					
Country	Population (Million) (2013)	GDP (Current US$ Billion) (2013)	GDP *per Capita* (Current US$) (2013)	HDI Rank (2014)	Natural Gas (NG) Demand per Capita (m^3) (2013)
Argentina	41.4	609.9	14,715.2	49° (very high)	1,158.4
Bolivia	10.7	30.6	2,867.6	113° (medium)	314.7
Brazil	200.4	2,245.7	11,208.1	79° (high)	187.8
Chile	17.6	277.2	15,732.3	41° (very high)	246.5
Colombia	48.3	378.4	7,831.2	98° (high)	221.5
Ecuador	15.7	94.5	6,002.9	98° (high)	38.1
Paraguay	6.8	29.0	4,264.7	111° (medium)	0.0
Peru	30.4	202.3	6,661.6	82° (high)	216.2
Uruguay	3.4	55.7	16,350.7	50° (high)	29.4
Venezuela	30.4	438.3	14,414.8	67° (high)	1,004.0

Sources: The World Bank; United Nations Development Programme (UNDP), Human Development Report, 2014; BP Statistical Review, 2014 and Petrobras.

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Aims

The aims of the study were:

- To present a historical account of the main events that have affected NG supply and demand in the Southern Cone;
- To describe and analyse the efforts undertaken to resolve NG suppy-demand imbalances in the region since the end of the 2000s;
- To analyse the development of the NG market in the region, focusing on Brazil, Argentina and Bolivia.

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Summary/Conclusions - Bolivia

- Hub of NG integration in the Southern Cone;
- Export commitments assumed with Brazil and Argentina;
- Hydrocarbon exports play a crucial role in Bolivia’s trade balance;
- Empowerment of native communities.

Summary/Conclusions - Argentina

- Largest NG market in the Southern Cone;
- Declining conventional production and growing demand;
- NG and LNG imports are increasingly necessary to meet Argentina's energy needs;
- Huge unconventional oil and NG potential and challenges to be overcome and/or met.

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Summary/Conclusions - Brazil

- Significant role of Bolivian NG and LNG;
- Growing importance of NG-fired generation to meet electricity demand;
- Great potential in pre-salt reservoirs;
- Incipient exploration of unconventional NG reservoirs and challenges to be overcome and/or met.

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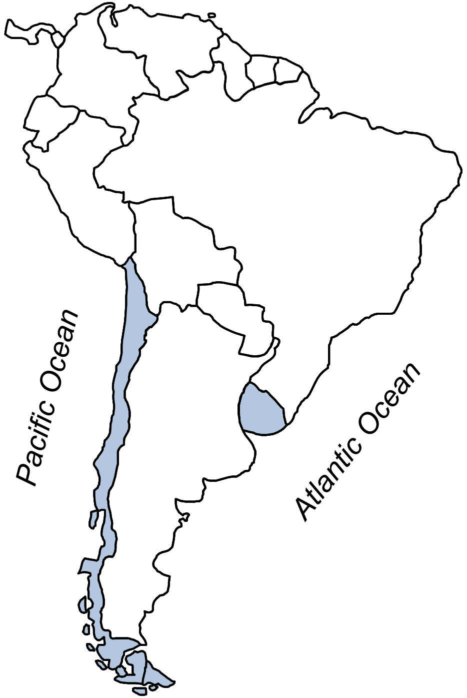
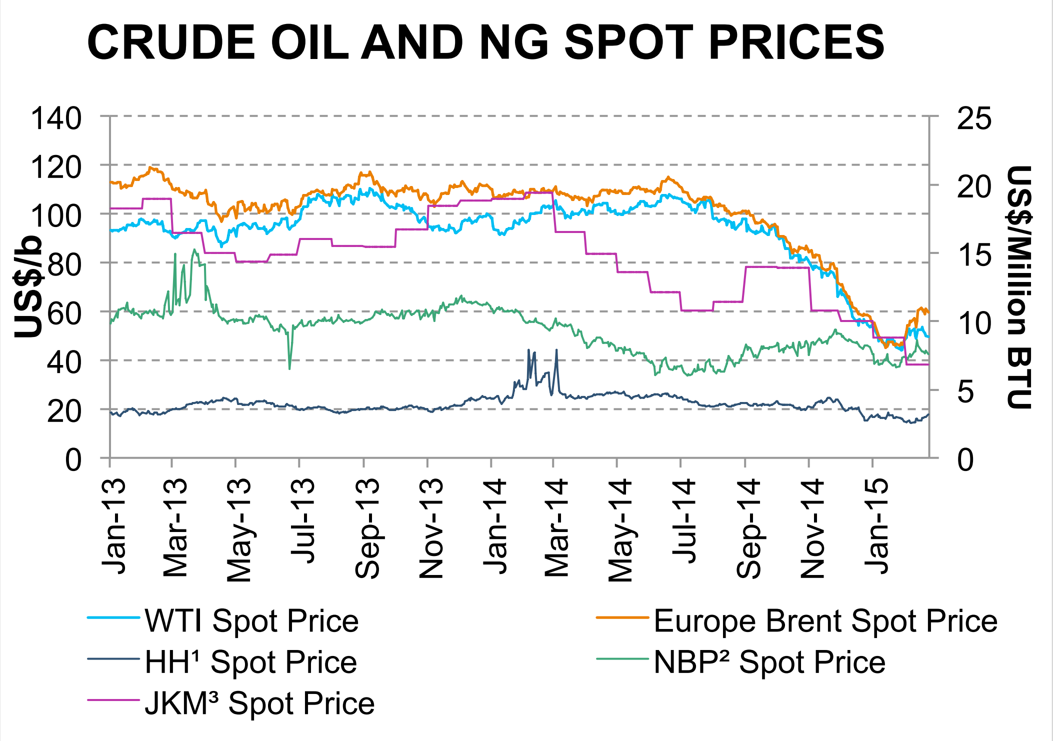
Summary/Conclusions - Chile & Uruguay



- Net energy importers;
- **Uruguay:** new regas plant;
- **Chile:** expansion of existing plants and use of virtual pipelines.

Final Remarks

- The impact of the decline in the oil price may affect E&P projects in the Southern Cone.
- LNG imports in the region may likely continue in the short and medium term.



Notes: [1]Henry Hub. [2] National Balancing Point. [3]Japan Korea Marker.
Sources: EIA and Petrobras.

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Thank you!