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Vale confirms hydrocarbon discovery

Vale confirms the existence of hydrocarbons in the Vampira exploration well, located in block BM-S-48 in Santos Basin. The company has a 12.5% stake in the consortium, which also includes Repsol (the operator, with 40%), Petrobras (35%) and Woodside (12.5%).

Two samples collected at between 4,821 and 4,841 meters of depth indicate, based on preliminary analysis, the presence of light petroleum and natural gas. Only after conducting further tests will it be possible to estimate the volume of hydrocarbons discovered.

The drilling work, which began last September at the Panoramix well before moving onto Vampira, will be interrupted for approximately two months and will then include at least one additional well during the rest of this year and into 2010.

Exploring for natural gas is a part of Vale's strategic objective to diversify and optimize its energy supply in order to reduce costs and mitigate risks. Accordingly, Vale has been working to identify new deposits in Brazil by holding stakes in consortia that are exploring for natural gas in Brazilian sedimentary basins.

Vale entered the oil sector in 2007, when it participated in the ANP's ninth bidding round for gas and oil exploration blocks, acquiring stakes in nine blocks in the Santos, Pará-Maranhão and Parnaíba basins.

During 2008 and 2009, the company acquired interests in a range of other blocks, through negotiations with companies including Repsol, ENI and Woodside.

Also in 2008, Vale acquired consulting company Petroleum Geoscience Technology (PGT), which had been providing support to the mining company's exploration and production activities. With this acquisition, PGT's employees joined the Vale workforce, allowing it to obtain useful technical knowledge about the sector.

In May 2009, Vale announced its Panoramix discovery - our first natural gas find in a Brazilian sedimentary basin.

In June 2009, Vale signed a memorandum of understanding with Petróleo Brasileiro SA, enabling Vale to have the exclusive right to acquire stakes in a further three blocks in the BM-ES-22 area off the northern coast of the state of Espírito Santo. According to the memorandum, Vale will be able to hold 25% of the natural gas exploration rights within the blocks.

Vale's present portfolio consists of 26 blocks, grouped into 14 offshore concession areas (seven in Santos Basin, three in Espírito Santo Basin and four in Pará-Maranhão Basin), as well as two onshore concession areas in Parnaíba Basin. (See attached table and map.)

In just two years Vale has built a substantial portfolio focused on areas of proven high potential, such as the Santos and Espírito Santo basins, as well as exploration frontier areas, both offshore (Pará-Maranhão Basin) and onshore (Parnaíba Basin). This portfolio already features three discoveries: Belmonte, in 2007, Panoramix, in the first half of this year, and now Vampira.

These figures place Vale among the largest holders of stakes in exploration blocks in Brazil, demonstrating the company's commitment to the country's economic development.

In 2008, we invested US\$ 116 million in natural gas exploration. This year, Vale will likely invest US\$ 261 million, of which US\$ 72 million was invested in the first half.

More information



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