



Petrobras acquires additional participation and will operate fields in the Gulf of Mexico

(Rio de Janeiro, August 15, 2006). – PETRÓLEO BRASILEIRO S/A - PETROBRAS, [Bovespa: PETR3/PETR4, NYSE: PBR/PBRA, Latibex: XPBR/XPBRA, BCBA: APBR/APBRA], a Brazilian international energy company, announces that Petrobras America Inc., a wholly owned subsidiary of Petróleo Brasileiro SA, based in Houston (TX), acquired additional participation of 25% in the Cascade field and 26.67% in the Chinook field, from BHP Billiton, both located in the Gulf of Mexico (GOM).

Petrobras also agreed to buy up to the 15% interest that Hess holds in the Chinook field. Upon completion of these transactions the company will own 50% and up to 71.67% in Cascade and Chinook, respectively, and will be the operator of the two field developments. The remainder participations in Cascade and Chinook will be respectively held by Devon Energy and Total E&P USA, Inc.

Both Cascade and Chinook fields will be developed using a Floating Production Storage and Offloading facility (FPSO), a development concept so far never deployed in the American waters of the Gulf of Mexico, although this technology is largely dominated by Petrobras in its operations offshore Brazil. Given the technological and operational challenges that producing oil at depths of around 27,000ft (paleogene reservoirs) pose, Petrobras will pursue a fast track, phased development approach, with first oil scheduled for 2009. Initially, two Cascade wells and at least one Chinook well will be completed and brought on stream through a FPSO. Subsequent wells and facilities will be designed in accordance with the initial production results.

Both Cascade and Chinook are located in the Walker Ridge OCS leasing area in water depths ranging from 7,000 to 9,000ft. Subsequent appraisal wells confirmed the extension of the Cascade oil reservoirs while an appraisal well is being planned for Chinook in the near future.

Petrobras is also the operator of the Cottonwood gas field, in Garden Banks area, with 80% participation. Consisting of a subsea tie back to existing facilities in shallower water, the production start up is scheduled for the beginning of 2007.

In order to deliver such program, Petrobras recently awarded a contract to a drilling contractor for a rig capable of operating in water depths of 10,000ft, and is in negotiations for another rig – both rigs to be allocated to Petrobras GOM operations.

In addition to these two field developments Petrobras is conducting a very aggressive exploration campaign in the GOM, which includes acquisition of additional acreage and participation in wells being drilled or planned for the near future. This campaign includes also promising areas in the deep gas shelf play, in the Garden Banks and the Corpus Christi, and in ultra deep water regions of Gulf of Mexico.

With these developments, Petrobras consolidates its position as one of the leading players in the ultra deep waters of the Gulf of Mexico, benefiting from its deepwater expertise and technology developed offshore Brazil.

<http://www.petrobras.com.br/ri/English>

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