



Petro Vista Energy achieves success in Brazil

It wasn't that long ago that major offshore discoveries were changing the oil business and reducing the alarm of peak oil doomsayers. The biggest discovery in decades, found off the coast of Brazil in the Tupi field by Brazilian state-owned megacorp **Petroleo Brasileiro SA** (aka PetroBras) [PBR-NYSE], was hailed as a national treasure and boasted an initial production potential of 100,000 bbls/day. But that was the news in 2007, which was before the economic downturn and pre-Gulf of Mexico spill. Much has happened since then.

Flash forward to 2010, and PetroBras continues to make headlines, including the announcement of a discovery in the offshore Sergipe basin, boasting reservoirs that are exhibiting good quality thickness, permeability and porosity. In the same announcement, PetroBras CEO Jose Sergio Gabrielli, announced a new major deep and shallow water drilling program in the Sergipe-Alagoas Basin, all but eliminating the possibility of foreign interests developing projects in those lucrative deeper zones.

But for California-based **Petro Vista Energy Corp.** [PTV-TSXV], these restrictive conditions come as good news. CEO Read Taylor and his team already had their rights secured upon the company's creation in 2008, and recently announced the successful drilling of their own Sergipe-Alagoas well which the company hopes to bring onto production before the year end. Petro Vista has a 37.5% working interest (27.23% net revenue interest) in the Tartaruga Block in partnership with Petrobras Brasilia S.A., and operator UP Petroleo Brasil Ltda.

"We drilled the well, finding 101-111 feet of pay, 10 zones to shoot for, and overall it came in as we'd hoped, so we're looking forward to putting that on production," says Taylor. "We think that well, based on previous results in the nearby region, could produce anywhere from 800

to 1,500 bbls/day gross. And for us, that's a great number because that gives us 300-500 bbls/day net just out of that one well."

For a junior-sized company with only 80 bbls/day in current production coming from their other Brazilian well, an increase of 300-500 barrels a day is indeed a company maker. With these results, Taylor and his company have experienced a change in tone since the days that they started pitching their Brazilian projects to the market, along with their other South American ventures located in Colombia.

"When we started Petro Vista I would go to present to the markets in either Toronto, New York or London and everybody would say, 'So tell me Read, what have you got in Colombia?'" Taylor says with a grin. "This was at a time when **Petrominerales Ltd.** [PMG-TSX] was doing fantastic and was on everybody's radar."

"What you've seen in the last four or five months, thankfully, was the market finally gaining an appreciation for Brazil," adds Taylor. "I've been working in Brazil for 10 plus years, and have been pounding the table because there's just a huge opportunity in Brazil and it wasn't getting the attention it deserved. There are 27 basins that have hardly been explored, and only a couple of them really have any activity in them. It's just a huge opportunity, so I think we can thank PetroBras for all those huge results offshore; which got the market thinking about Brazil."

Petro Vista's excitement over the future production of their Tartaruga well in the Sergipe-Alagoas basin can be looked upon as two successes. First off, the numbers rolling in from the initial testing have been pleasing to the junior company eager to move from being an explorer to a producer. Secondly, the capital saved by drilling into a pool 800 metres offshore, through side-tracking an existing onshore well saved the company over \$5 million in drilling



Drilling the Tartaruga well in the Sergipe-Alagoas basin, offshore Brazil. Photo courtesy Petro Vista Energy Corp.

costs, proving to their financiers that the company has the wherewithal to stretch the value of a dollar.

"The transition period of going from being an explorer to being a producer will take a few months to sort out," concludes Taylor. "But my estimate is that by the end of the year, when both of those projects (Brazil and the company's work in Colombia) are on production, we'll be a lot healthier and will be able to drill more wells without going to the market, and that's our biggest goal right now, to put ourselves into that position."

Petro Vista survived the rough capital markets during their first year of incorporation (2008), and are rightfully celebrating the successes of their persistence. Though their timing seemed to be off at the start, now it seems that their time has come and their insistence on the viability of Brazil is justified. While PetroBras captures the big headlines, Petro Vista has no problem reaping the rewards. ■