

## Latin America Energy Outlook Report

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### Summary

2020 was a year of resilience and reset for Latin America, as it was one of the hardest hit regions by the COVID-19 pandemic. Despite global, political and social challenges, there were positive signs of exploration, drilling and production activity in major Latin American countries. The region is also embracing the energy transition through increased focus on hydrogen and decarbonization efforts in select markets.

Sproule's report provides an overview of key trends and M&A activity and metrics in the Latin American energy market in 2020. It also offers insights into key developments in 2021 and how the energy transition is affecting investment patterns in the region.

### Report Highlights

- Review of upstream M&A transactions in Latin America in 2020
- Key upcoming developments in Latin American energy markets in 2021
- Energy transition trends in Latin America

### Key Results, Observations, Conclusions

Latin America has seen renewed interest from companies and investors. As most of the region's production comes from conventional reservoirs, the industry has a strong understanding of how to suspend and resume production wells and facilities. Conventional reservoirs remain an important component for companies wanting to rebalance their portfolios.

Financing new projects will not come without challenges. While local banks are stepping up, it tends to be in smaller volumes with shorter maturity. The industry in general has been downgraded with increased credit risk. This is a time where governments and multilateral banks need to take a more active role in financing infrastructure investment to help fuel progress.

The energy transition is gathering momentum in the region, but there is still an infrastructure deficit and markets remain disconnected. Several opportunities are emerging in distributed generation, wind and photovoltaic solar projects, which have progressed in several countries. The magnitude of investment in energy transition remains lower than for truck connection lines (pipes and wire).

Despite the challenges faced in Latin America during 2020, corporate and asset transactions totaled US\$2.7 billion of disclosed value. The number of acquisitions was in line with five-year averages, led by Brazil, which accounted for 21 of the 43 announced upstream transactions, primarily driven by Petrobras' active divestment program.

**Top 10 Upstream Transactions in Latin America in 2020**

Date	Buyer	Seller	Value (US\$ MM)	Details
May 31, 2020	Petrobras	Shell, Total, Petrogal	805	47.6% WI in Atapu field, offshore Brazil
			700 (upfront)	
Oct. 10, 2020	Carlyle Group	Occidental Petroleum	825 (Total)	Onshore Colombia assets
Jan. 31, 2020	Equinor, Shell	Schlumberger	355	Joint acquisition of 49% interest in Bandurria Sur block
Dec. 17, 2020	3R Petroleum	Petrobras	250	Interests in 14 onshore fields in the state of Bahia, Brazil
Aug. 16, 2020	Gas Bridge SA	Enauta Participacoes SA	103	45% WI in Manati field, offshore Brazil
Nov. 19, 2020	PetroRio SA	BP	103	Interests in the Wahoo and Itaipu fields, offshore Brazil
Aug. 21, 2020	3R Petroleum	Petrobras	94	100% WI in Rio Ventura cluster in Brazil
May 1, 2020	Petrobras	Undisclosed	84	Additional 2.6% WI in Tupi field, offshore Brazil
Aug. 27, 2020	Karavan SPE Cricaré S.A.	Petrobras	37	Stake in 27 onshore concessions in Brazil
Aug. 14, 2020	3R Petroleum	Petrobras	35	Two Potiguar Basin fields in Brazil

*Source: Sproule Analysis and Enverus*

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Upstream Transaction Figures were derived from Enverus.