

# America Now!

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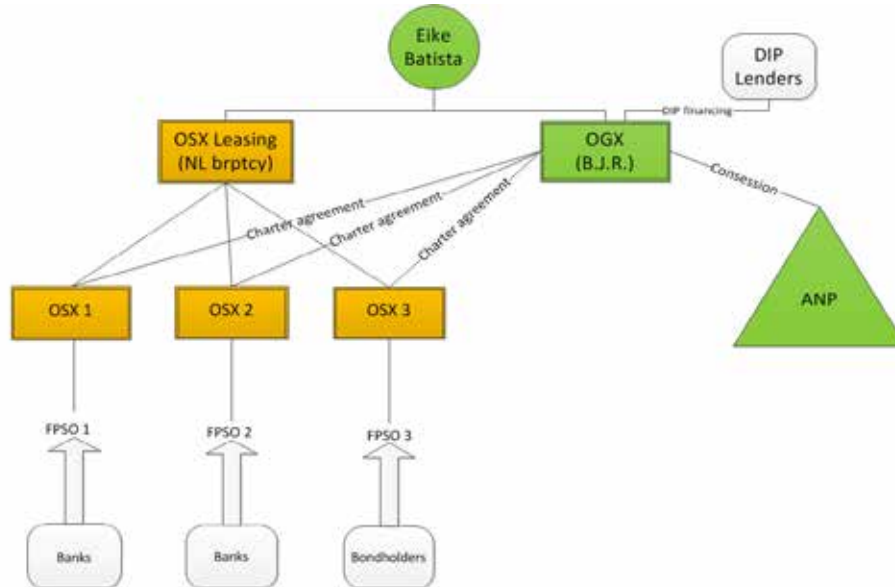
# ABI Panel Discussion

23 October 2015

Wouter Jongepier



## Corporate chart OGX/OSX (simplified)



# Brazilian and Dutch Insolvency Proceedings – Timeline

- Dutch holding structure chosen for fiscal purposes - REPETRO Act
- OGX Brasil under court supervised restructuring 30 October 2013 (Brazilian Judicial Recovery Proceedings)
- OSX Brasil in Brazilian Judicial Recovery Proceedings 11 November 2013
- OSX Leasing Netherlands in bankruptcy proceedings 15 July 2015

## OSX 1 Case Study

- USD PM facility with Lenders (banks syndicate) for financing of FPSO 1
- OGX concession – bare boat charter agreement with OSX 1
- Lender security amongst others Liberian law mortgage FPSO 1 and pledge on shares of OSX 1
- FPSO 1 designed production capacity is max 60.000 BOE per day, it is 271.75 meters in length and storage of up to 900,000 barrels

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## FPSO's, DPU's and Generators



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## FPSO – Connection to Seabed



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## OSX 1 Case Study

- OSX 1 in default – Lenders seek repayment through sale FPSO 1
- Sale of FPSO 1 outside of Brazilian territory is advised – transfer to Norway
- Release of FPSO 1 to Norway requires additional financing:
  - (i) Decommissioning costs; related to disconnection of vessel
  - (ii) Abandonment costs; ANP guarantee for possible after-incurred (enviromental) costs

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## OSX 1 Case Study

- Decommissioning costs USD 14 mln
- Abandonment costs USD 54 mln in escrow
- Majority of costs financed by Lenders, part through excess sale proceeds (if any)
- Running costs (insurance, crew, maintenance, etc)

## OSX 1 Case Study

- After agreement with ANP and termination of concession, FPSO 1 needs to leave Brazilian waters imminently to avoid tax liability
- Consent bankruptcy trustee sought for additional security
- Note difference of approach Lenders to Bondholders in OSX 3

## General Findings - Thusfar

- For Brazilian (lower) Courts, residual value of vessels and oil proceeds considered to form part of Brazilian Judicial Recovery proceedings, not the Dutch bankruptcy (“home cooking”);
- Even rights of mortgagee seem considered subordinated to Brazilian creditors;
- Lack of recognition of foreign bankruptcy proceeds may leave foreign assets exposed to recovery by creditors in that jurisdiction;

## General Findings - Thusfar

- Enforcing security on FPSO's requires considerable financial injection;
- From start escrow reservation for decommissioning / abandonment costs advisable.