

Abstract:

The Operation of the Petrobras Brazilian Oil Monopoly,<sup>1</sup>

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The Petrobras law was passed in Brazil in 1953 and gave the company an exploration monopoly. Prior to this there was no oil law in Brazil.

Under the banner of "The Oil is Ours" Brazil passed this law and began to systematically explore the country. The writer was hired to set up an exploration department to do this job. Before this law was passed the Conselho Nacional de Petroleo was carrying on this work. The Consulting firm of DeGolyer and MacNaughton was used as exploration advisors, Drilling and Exploration to drill wells and develop the fields, United Geophysical, GSI and Askania were used for geophysical work.

The law was designed to create an oil company which would operate as a private enterprise and pay its own way. It was also supposed to be free of all political pressure. By the very nature of the setup whereby the president of the company was appointed by the president of the Republic, politics was bound to become important. During my six years and three months in Brazil the company had four presidents and a complete change of board members several times. When the writer left Brazil the board consisted of a president who was trained in the army intelligence and was a Brigadier General, an economist without oil or other business experience, a financial man who had never been in business and who was head of governmental accounting prior to his appointment to the board after a resignation, and a navy commander who had been running a boat on the artificial lake in Brazilia. It was composed of men who had no oil or business experience and was entirely a political board.

This company, which now has a production of around 100,000 barrels per day in a small area, has a payroll of permanent employees of more than 20,000 people not counting the contracted personnel of the contractors. These people work in exploration, refining and the fleet. They are not in marketing at this time.

The first two presidents of the company kept it out of politics. The third injected the company into politics in a big way and played on the strong nationalistic feelings of the nation. It is possible that this might have been corrected under the new president of the company, Geniosa Barroso, who was manager in the Bahia fields. He is the only president who ever had oil experience. All the other presidents were military men.

(Editor's note: Since Mr. Link prepared the abstracts on his talks, Barroso was ousted, the workers struck in protest, and later Carvalho do Amaral, a politician, was named president. Amaral has been replaced by Francisco Mangabeira, son of the president of the Brazilian Socialist Party. And that sorry mess is soaking up dollars you pay in taxes that go for foreign aid. Write to your Congressman about it!)

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<sup>1</sup>Presented before the Houston Geological Society, February 12, 1962

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