INFRASTRUCTURE AND ENERGY

OIL INDUSTRY AND ENERGY TRANSITION: CHALLENGES AND OPPORTUNITIES FOR BRAZIL

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The energy transition will be one of the key topics at COP30, to be held in 2025 in Belém do Pará. While the subject is often associated with reducing reliance on fossil fuels, this does not mean the end of oil. On the contrary, the oil industry continues to play a strategic role in ensuring energy security and advancing Brazil's sustainability agenda.

This article summarizes the main insights from a special episode in our COP30 videocast series, featuring **João Vitor Moreira**, Vice President of Commercial Operations at PetroRecôncavo, alongside our partners **Fernando Xavier** and **Daniel Szyfman**.

THE IMPORTANCE OF OIL IN THE ENERGY TRANSITION

Oil remains essential to the global energy mix. Beyond its role as fuel, it is a key raw material for a wide range of industrial products. In Brazil, revitalizing mature fields has extended the useful life of assets, ensuring sustainable production while creating both economic and social value.

According to João, increasing the recovery factor—the percentage of oil that can be extracted from a reservoir—represents a major opportunity. Each additional percentage point in the recovery factor is, in practice, equivalent to a new discovery, but with a lower environmental impact since it relies on existing infrastructure.

NATURAL GAS: A TRANSITION FUEL

Another central theme in the discussion is the role of natural gas. Recognized as the least carbon-intensive fossil fuel, it plays a fundamental role in stabilizing Brazil's electricity matrix, which is predominantly renewable but depends on firm energy sources to offset the intermittency of wind and solar generation.

PetroRecôncavo has invested heavily in developing natural gas reserves, from vertical integration and infrastructure for processing and transportation to expanding its participation in the free market. Today, natural gas accounts for 40% of the company's reserves, underscoring its importance in Brazil's energy transition.

THE ROLE OF INDEPENDENT PRODUCERS AND REVITALIZATION OF MATURE FIELDS

In recent years, the entry of independent producers has transformed Brazil's onshore oil industry. At PetroRecôncavo, for example, the company acquired several onshore fields and succeeded in doubling production in some hubs in just 24 months, while also maintaining a reserve replacement rate above 100%.

This strategy strengthens energy security while also generating significant social impact. In some Northeastern municipalities, up to 50% of local revenue comes from oil activities, supporting improvements in public services such as education and healthcare.

REGULATORY CHALLENGES AND NEXT STEPS

Despite this progress, regulatory hurdles remain, slowing the agility required for projects in mature fields. Issues such as environmental licensing and tax rules continue to be bottlenecks. Moreover, ANP regulations apply the same framework to massive offshore fields and smaller onshore fields alike, creating a disproportionate burden for independent operators managing small or mature assets.

Adapting regulations to reflect the reality of independent companies is critical for unlocking new investments and boosting the sector's competitiveness. With the right incentives, Brazil can expand exploration in mature basins, leverage accumulated technical expertise and existing infrastructure, and foster integration with renewable sources—creating a more sustainable and resilient energy ecosystem.

The energy transition does not mean the end of oil. Rather, it represents a transformation in how oil is produced and integrated into the broader energy matrix. Brazil's onshore industry demonstrates that it is possible to combine efficiency, sustainability, and positive social impact—showing a viable path forward in the global transition to clear energy.