

HERBERT SMITH FREEHILLS ADVISES THE LENDERS TO KAROON GAS ON THE FINANCING OF ITS ACQUISITION OF BRAZILIAN OIL AND GAS ASSETS FROM PETROBRAS

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Deals and cases

Herbert Smith Freehills has advised the lenders to Karoon Gas on the financing of its acquisition of Brazilian oil and gas assets from Petrobras.

The reserve-based lending facility, now under long-form documentation phase, has enabled Karoon Petróleo e Gás Ltda, a subsidiary of Australian listed oil and gas company Karoon Gas, to enter into the Purchase and Sale Agreement for the Baúna oil field in Brazil's Santos Basin from Petrobras, the Brazilian government-controlled oil company. The Baúna field has been in operation since February 2013 and currently produces over 35,000 barrels per day. The purchase and sale agreement and preliminary finance documents were signed by Karoon Petróleo e Gás Ltda. on 24 July 2019.

The acquisition is part of the ongoing Petrobras divestment plan with the oil company intending to sell 70% of its 254 assets located in mature and shallow water fields offshore Brazil. The move reinforces the commitment of the new Brazilian administration, which took office in January, to make the company more business oriented and financially healthier.

This transaction further reinforces the firm's position as the leading international law firm in the Brazil oil and gas market, having in the last six months [supported Trident Energy on its financing and acquisition of the Pampo and Enchova clusters](#) involving a reserve-based lending facility – the first of its kind in the Brazil market.

Herbert Smith Freehills' team was led by [Pedro Rufino Carvalho](#) and [Martin Kavanagh](#), supported by associates [Sarah Stock](#) and [Mika Morissette](#).

London-based Energy finance partner, Pedro Rufino Carvalho, commented "*supporting the lenders on this deal - which follows our role on a stream of high profile transactions in the E&P sector in Brazil in the last 12 months - is testament to the strength and depth of our energy practice. We are excited about the future of the market and the opportunities that it will bring and look forward to supporting investors in the Latin American energy sector.*"

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