

Queiroz Galvão Óleo e Gás Takes Delivery of the Alpha Star Ultra-Deepwater Semisubmersible Rig

- Signs US\$575 million Credit Agreement for Financing of Rig –

RIO DE JANEIRO, March 29, 2011 -- Queiroz Galvao Oleo e Gas (QGOG), the largest Brazilian privately-held provider of drilling and production services contractor, announced today that it has taken delivery of the Alpha Star, its newly-built, ultra-deepwater dynamically positioned ("DP") semisubmersible rig, and signed a US\$575 million credit agreement with a group of banks led by Banco Santander and Citibank to finance the construction of the rig. The rig was delivered by Keppel FELS to QGOG four months ahead of schedule. In June, QGOG intends to deliver the rig to Petrobras for additional testing and deployment. Petrobras has leased the Alpha Star for a six-year period with a renewal option for an additional six years.

The Alpha Star is a sixth generation, ultra-deepwater, state-of-the art semisubmersible drilling rig. Its Gusto DSS-38 design has been enhanced based on operating experience from the similar semisubmersible rig, the QGOG Gold Star. The Alpha Star is rated for water depth of 9,000 feet and drilling depth of 30,000 feet. Operating specifications include ten diesel-generator sets and eight thrusters, four 2,200-hp mud pumps, and a leading-edge drilling package built to perform in high seas, with a one million pound capacity motion compensator. The rig accommodates up to 130 personnel.

"Delivery of the Alpha Star four months ahead of schedule speaks to the strong collaborative relationship between QGOG and Keppel FELS. This is a significant accomplishment that further strengthens our position in the oil services industry and our leadership in the fast-growing Brazilian market," stated Leduvy Gouvea, Chief Executive Officer of Queiroz Galvão Óleo e Gás. "The Alpha Star is among the world's most technologically advanced ultra-deepwater drilling rigs and an important addition to our existing, fully deployed fleet."

QGOG currently operates six onshore and four offshore drilling rigs and has an interest in one FPSO. Two additional drillships and one FPSO, in which QGOG also has a participating interest, are under construction, in addition to three onshore rigs that are in transit; all have been contracted. Additionally, the Company recently delivered an offshore drilling rig, "The Lone Star", to Petrobras.

About QGOG

Queiroz Galvão Óleo e Gás (QGOG) is the largest Brazilian privately-held provider of drilling and production services contractor. Over the last 30 years of continuous operations, QGOG has built an unparalleled reputation for excellence in onshore and offshore drilling services, achieving ISO 9001, 14001 and OHSAS 18001 certifications for its quality management, environmental and safety records and systems. As part of one of Brazil's largest industrial groups Queiroz Galvão, QGOG enjoys synergies with group companies such as Queiroz Galvão Exploração e Produção (QGEP), the oil and gas exploration and production arm, as well as with one of Brazil's leading construction and engineering firms, Construtora Queiroz Galvão S.A., one of the shareholders and the operator of the largest shipyard in the Americas.

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