

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
February 10, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of February, 2012

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS
(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS
(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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This report on Form 6-K is incorporated by reference in the Registration Statement on Form F-3 of Petróleo Brasileiro -- Petrobras (No. 333-163665).

Approval of 26 drilling rigs contract

Rio de Janeiro, February 9th, 2012 – Petróleo Brasileiro S.A. – Petrobras announces the result of the negotiation with Sete Brasil and Ocean Rig, which had submitted offers for the charter and operation of drilling rigs to be manufactured in Brazil.

The Company approved the contract for 21 offline rigs with Sete Brasil, at the average daily rate of US\$ 530 thousand and the contract for 5 dual activity rigs with Ocean Rig, at the average day rate of US\$ 548 thousand, both for a 15-year term.

All units, which have local content requirements ranging from 55% to 65%, are to be delivered within 48 to 90 months, according to the schedules established in the contracts. The project includes the construction of new shipyards in the country and the use of existing infrastructure.

The contract also includes the possibility of reducing average daily rates if PIS/COFINS exemption is granted and depending on the final financing conditions agreed between the companies and the Brazilian Development Bank – BNDES. Petrobras expects to reduce the average daily rates to US\$ 500 thousand for the Sete Brasil contract and to US\$ 535 thousand for the Ocean Rig contract. These amounts may suffer further reductions if the parties detect and agree to mechanisms that reduce operating costs.

With these contracts, the Company completes the plan to contract 28 (twenty-eight) drilling rigs to be built in Brazil to meet the demands of the long-term drilling program, primarily for use in pre-salt wells. Based on the conditions submitted by the companies and on the current demand for the development of future projects, the Company chose to take advantage of the negotiated conditions and contract five additional which were not originally planned.

www.petrobras.com.br/ri/english

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This document may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 10, 2012

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and Investor Relations
Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that are not based on historical facts and are not assurances of future results. These forward-looking statements are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this press release. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.
