

BRAZILIAN PETROLEUM CORP
Form 6-K
February 04, 2005

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, 2005

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
20035-900 - 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

Contingency payment: Macaé Merchant Thermoelectric Power Plant

(Rio de Janeiro, February 1, 2005). PETRÓLEO BRASILEIRO S/A - PETROBRAS, [Bovespa: PETR3/PETR4, NYSE: PBR/PBRA, Latibex: XPBR/XPBRA], a Brazilian international energy company, informs that it signed a consortium contract and associated participation agreement with El Paso to operate the MacaéMerchant Thermoelectric Power Plant on a joint basis. During the course of these contracts, the so-called Contingency Payment, to be paid by Petrobras from time to time according to need, has become permanent - reflecting structural changes in the market - and thus excessively onerous to the Company, provoking an inequitable financial and economic relationship between the parties to the contract.

In the light of this situation and after lengthy discussions to solve the question, on January 11 2005, Petrobras notified El Paso as to the extreme and undue burden it is currently bearing. The Company announced its intention to negotiate a solution to the dispute on an amicable and once and for all basis. Should a negotiated solution prove impossible within 30 days, Petrobras will submit the dispute to arbitration as contractually provided.

To guarantee rights and obligations of both Petrobras and also El Paso, the Company also requested a court injunction, suspending the above mentioned Contingency Payment against the deposit of a court deposit of the value allegedly still payable. Given that the injunction has been subsequently rejected, Petrobras is now studying appropriate measures to ensure that its contractual and legal rights are protected. The Company understands that it is in no way failing to comply with its obligations in seeking both through negotiation (based on the provisions of the law and contractual rules and term) and also litigation (according to its established legal rights) to safeguard its legitimate interests.

<http://www.petrobras.com.br/ri/english>

Contacts:

Petróleo Brasileiro S.A PETROBRAS
Investor Relations Department
Raul Adalberto de Campos Executive Manager
E-mail: petroinvest@petrobras.com.br
Av. República do Chile, 65 - 4th floor
20031-912 Rio de Janeiro, RJ
(55-21) 2534-1510 / 2534-9947

This document may contain forecasts 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 forecasts. 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 1, 2005

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: */s/ José Sergio Gabrielli de
Azevedo*

**José Sergio Gabrielli de
Azevedo
Chief Financial Officer and
Investor Relations Director**

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and 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.
