

# COLOMBIA

## GROWTH, CONFIDENCE AND OPPORTUNITIES TO INVEST



### OIL GOODS AND SERVICES SECTOR IN COLOMBIA

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GOVERNMENT OF COLOMBIA



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## SECTOR AT A GLANCE

Colombia is within the top twenty oil-producing countries, producing over one million barrels of oil.

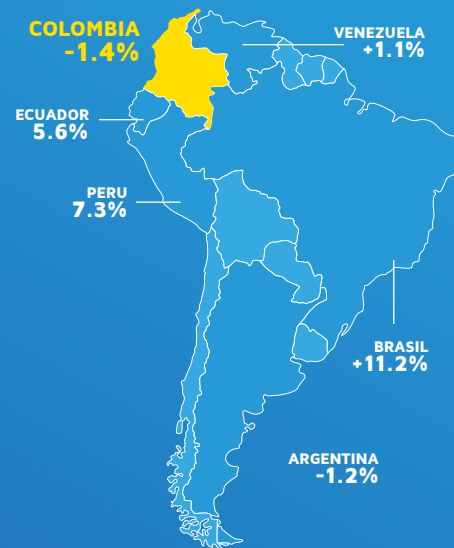
Colombia has become the third largest oil producer in Latin America surpassing Argentina, Ecuador and Peru. BP Statistical Review of World Energy 2014.

Colombia recorded 2.4 KMBD of proven reserves, ranking as the fourth country in the region with the highest number of proven oil reserves by 2014.

Between 2011 – 2014, the investment in the oil sector accounts for 30% of FDI received in the country. *Central Bank, 2015*

Extraction of oil and related activities accounted as the third main activity that contributes the most to Colombian GDP (9%). *DANE, 2015*

%Chg. production 2014/2013



Oil production, 2014 - (MBPD)



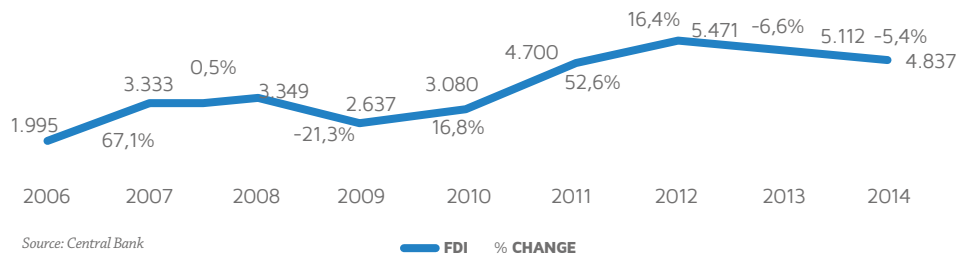
The Central and South American region increased its oil production by 3.9% during 2014. This year the production share was 9.3% of the world total.

Source: BP Statistical Review of World Energy 2015

# OIL FDI TO COLOMBIA, 2006 – 2014 (US\$ MILLION)

Oil exports have increase an average of 14.2% (yearly) between 2010 and 2015. In 2015, exports decreased explained mainly due to the sudden drop in oil price during this year.

However, during 2015 exports of petroleum and petroleum products accounted for 39.9% of total exports.



## MAIN OIL OPERATORS IN COLOMBIA

COMPANY	BPDC+ 2014
 ECOPETROL S.A.	354,242
 META PETROLEUM	241,957
 OCCIDENTAL DE COLOMBIA INC.	50,307
 EQUION ENERGIA LIMITED	42,361
 MANSAROVAR ENERGY COLOMBIA LTD	39,491
 PERENCO COLOMBIA LIMITED	24,749
 CEPSA COLOMBIA S.A. - CEPCOLSA	24,152
 GRAN TIERRA ENERGY COLOMBIA LTD	23,666
 PETROMINERALES COLOMBIA TD	23,198
 HOCOL S.A.	19,765



**In 2014**, the 10 largest oil companies in Colombia produced 85% of oil in the country.



Meanwhile, Ecopetrol has established itself as the leading company in Colombia, both in quantity of oil extracted as operating revenue.

Source: Colombian Oil Association (ACP in ESP)

# INVESTMENT OPPORTUNITIES

## UPSTREAM

### Offshore

- Exploration: 23 blocks
- Round results (2014): 5 block awarded
- Potential offshore resources in Colombia multiply by six oil reserves and gas reserves would tripled.

### Non-conventional

- Seven oil and gas basins currently.
- Colombia is the third country in South America with the greatest potential in shale gas and shale oil after Brazil and Argentina.
- Six blocks awarded in Round 2012 and 18 blocks offered in the 2014 round
- Legal framework approved: Resolution 90341
- Environmental regulation: Resolution 0421.
- Colombian Petroleum Association (ACP): 36 oil wells expected between 2014 and 2016.

### Enhanced recovery

- Colombia currently has an enhanced oil ( EOR ) of 18% compared to the world that has an average of 36 % EOR recovery. This represents an opportunity to increase oil reserves by applying methods of primary, secondary and tertiary recovery.

## MIDSTREAM

- Extension of the pipeline network: the network of pipelines in the country is 5,325 km, with transport capacity of 1,268 kbpd, reach the 3,106 km pipeline capable of transporting refined kbpd 336,000. (Cenit 2014)

## DOWNSTREAM

- Investment in oil refineries .

## ROUND 2014 – RESULTS

- Ronda Colombia is a competitive process where bids are received by both national and international investors, in order to compete for the exploration and exploitation of hydrocarbons in different areas of the country.
- In 2014, 95 blocks were offered. From these, 58 blocks had prospectively for conventional reservoirs, 18 for unconventional and 19 where offshore.

Ronda Colombia 2014		
Offered Areas	Hectares	Blocks
Conventional Onshore	7'061.223	58
Conventional Offshore	8'627.372	19
Non-conventional - Shale Oil and Shale Gas	1'553.989	18
Non-conventional - Coal Bed Methane (CBM)	1'037.628	To be defined
<b>Total</b>	<b>18'280.212</b>	<b>95</b>

Source: ANH, 2014

**DURING THE ROUND, ANH (HYDROCARBONS NATIONAL AGENCY) RECEIVED OFFERS FROM 19 COMPANIES FOR 26 BLOCKS.**

**11** areas of undeveloped and discovered deposits – Offers from 10 companies. | **9** areas, conventional – Offers from 8 companies.

**1** area, non-conventional – Offers from 2 companies. | **5** areas, offshore - Offers from 4 companies.

**THE PROJECTED INVESTMENTS OF THESE AWARDS ARE APPROXIMATELY US\$ 1.400 MILLION:**

\* US\$ 1.000 million - minimum exploration program.

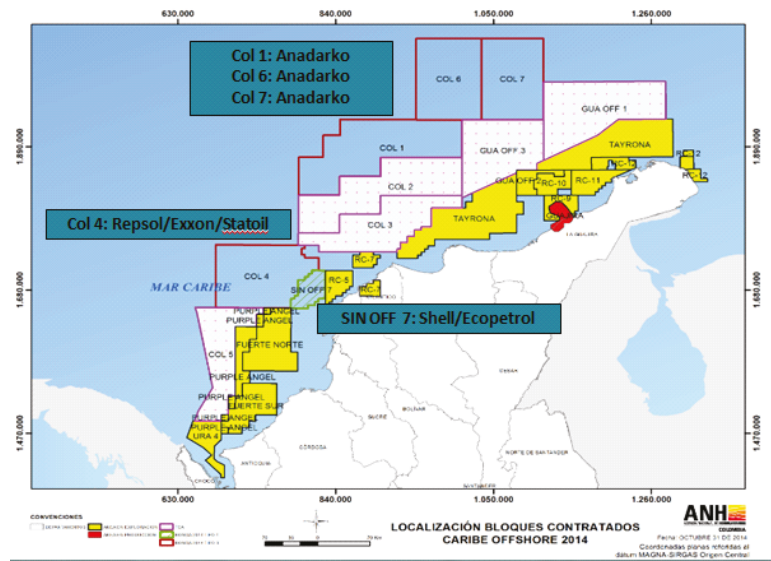
\* US\$ 400 million – Additional exploration program.

**THE ANH HIGHLIGHTS TWO IMPORTANT RESULTS OF THE ROUND:**

- Anadarko's proposal is very interesting for Colombia, because they have an exploration plan that aims to develop 3D seismic in 20.000 Km offshore (2D approximately 32.000 kilometers), which equals the entire seismic that is done in Colombia during a year. This activity will be the largest seismic program ever undertaken in the world in an offshore block.
- In addition, the round marks the entry of the Norwegian multinational "Statoil", the 25th largest oil company in the world in accordance with the publication "The Energy Intelligence Top 100".

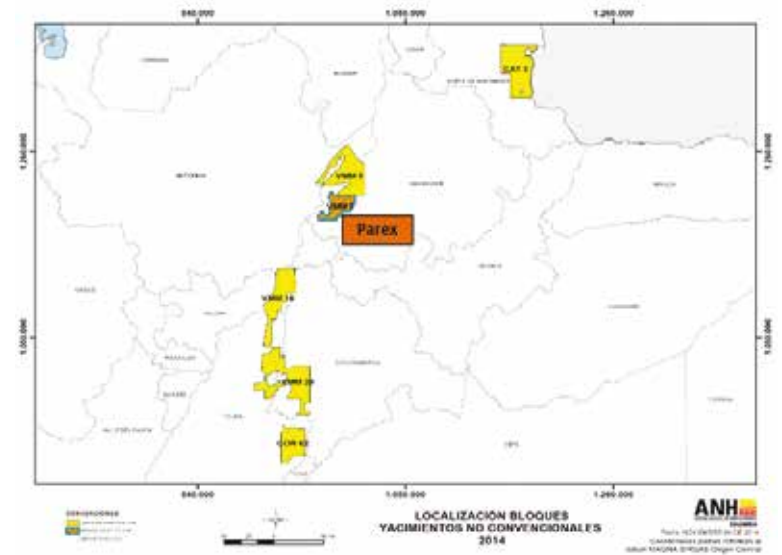
# THE FOLLOWING GRAPHS SHOW THE LOCATION OF THE AWARDED BLOCKS IN RONDA COLOMBIA 2014.

## OFFSHORE:



Source: ANH, 2014

## NON CONVENTIONAL



Source: ANH, 2014

## INVESTMENT CASES



- **Jereh:** The group of companies specializing in services for the oil industry, since 2007 have been seeking new strategic partnerships with Colombian companies to expand its coverage in the domestic market.



- **Halliburton:** The Company arrived to Colombia in 1943. They offer general provision of services for the oil industry and develop several projects related with and supporting the oil sector process.



- **EMSA:** The Peruvian company, leader in fixed and temporary building solutions, has developed projects in temporary housing and other infrastructure for the oil and mining sector.



- **Estrella International Energy Services:** The Canadian signed an agreement to acquire all of the shares of SAI Colombia. Estrella will take control of 37% of oil platforms in the Colombian market and become the largest operator of holes in the country.

## RELATED ENTITIES



- **National Hydrocarbons Agency (ANH):** The ANH is the authority responsible of promoting the optimal use of the oil resources, comprehensively managing them and harmonizing the interests among the society, the national government and the companies.



- **Campetrol:** The association brings together domestic and foreign companies that offer oilfield services. Their role is to facilitate the identification of common problems of companies, seek solutions, ensuring subsector strengthening of goods, services and supplies to benefit the country.



- **UPME:** The Mining and Energy Planning Unit UPME is a Special Administrative Unit of the National Order, technical, attached to the Ministry of Mines and Energy. This entity is in charge of Plan holistically energy mining development, support the formulation of public policy and coordinate sectorial information with agents and stakeholders. UPME