



April 8th, 2021

Zoomcast: Qualification Requirements Colombia Round 2021

1. Can you please expand the cut-off range of stage 3? Are the companies that are currently qualified will continue to be so?

A: The Permanent Process for Area Allocation, which includes the guidelines for the Colombia 2021 Round, provides the benefit that once the qualification is granted, it is not lost, but is subject only to the updating of information, which includes financial and operational information according to the last cut of the fiscal year. This update must be made in accordance with the schedule provided by the Agency.

It is important to note that due to the COVID-19 Pandemic, the ANH provided the opportunity to submit at a later date, those documents that require apostille. This was in consideration that nowadays the procedure in some countries is more cumbersome. For such purpose, the interested parties must submit the corresponding request indicating this difficulty and, in such case, the Entity will grant later dates to submit the documents in question.

2. How does the subject of capacities for the qualification of branches of foreign companies work?

A: The regulations for the Allocation of Areas do not allow a branch of a foreign company to participate independently in this process, since they are considered only as commercial establishments that depend on their main office to develop and demonstrate the legal status with which they could participate in the Colombia 2021 Round. Consequently, those companies -foreign companies- that have already established a branch office in Colombia must participate in the name of the main office, which is the one that has the legal standing.

However, the participating company may delegate through the branch office the representation in the process to the legal representative of the branch office. This, as long as it is granted by the main office in a clear and specific manner, emphasizing that in addition to being the legal representative of the branch office, he/she is authorized to participate in the process and commit the legal entity which, in this case, would be the foreign company.

Thus, it is clarified that the branches alone cannot participate in the process but must prove the legal personality of its parent company or its main office - where it has been incorporated - in order to be able to demonstrate the legal personality required within this 4th cycle.



3. Can the technical and operational capacity be proven with association contracts with Ecopetrol and not only with E&P and TEAS contracts?

A: The regulations allow that, in order to demonstrate technical and operational capacity, documents related to hydrocarbon exploration and production contracts both inside and outside the country may be submitted.

Within the modalities that have existed in Colombia, old concession contracts, association contracts or contracts of other modalities that have been signed with Ecopetrol and that certainly include hydrocarbon exploration and production activities may be submitted. Likewise, contracts entered into with the National Hydrocarbons Agency that comply with the above described may also be submitted.

It should be noted that such experience must be accredited.

4. Do the areas of coordination and concurrence influence the areas postulated by the companies?

A: The Nation-Territory Coordination and Concurrence Process must be developed in all the areas that are part of the process. Consequently, once the coordination and concurrence procedure has been carried out, it is up to the ANH to determine which are the polygons that may be offered within the process.

5. Those holders of TEA contracts that were awarded in the framework of previous Rounds will be able to take advantage of the new contract draft approved by the Board of Directors and to be published by the ANH?

A: This is a matter that is currently under discussion and analysis to evaluate its convenience. However, for the fourth cycle at this time there is no regulation that so provides. Even so, it cannot be ruled out that something could be included in the modifications. Likewise, this will be taken into account when making adjustments.

6. Many companies have most of their investments in Colombia, so their long-term debt carries Colombia's rating. Can the criteria for Colombia's rating to be adjusted be revised?

A: The qualification required is for the companies. Companies that wish to take advantage of the exception in order not to be evaluated must have within their risk ratings the ratings indicated in the mentioned table. Those that have the risk rating indicated therein or higher may present this condition to the Agency to be excluded from the evaluation in relation to financial capacity.



7. For this new cycle will the ANH offer areas or will they only be requests for incorporation?

A: The ANH plans to offer a broad portfolio of 32 areas, 12 of them for TEAs and 20 E&P areas. Additionally, the Permanent Process of Area Allocation foresees the possibility for the interested parties to request the incorporation of those areas of their interest from the qualified participants.

8. Can the qualification of the parent company be credited for the purpose of certifying financial capacity?

A: The regulation allows those companies that wish to use the attributes of their parent company or even of subsidiaries belonging to the same corporate group, to do so.

However, when the parent or subsidiary company is used, a joint and several debtor guarantee must be provided by the company that is lending the attribute in order to comply with the economic and financial capacity requirements.

9. What are the requirements to be fulfilled in order to access the Data Rooms of the Colombia 2021 Round?

A: To date, the companies that are qualified will be able to access the Data Rooms. The requirements and procedures to access this information will be posted on the ANH's web page.

10. Have you thought about enabling individual investors or is it essential to be part of a plural participant?

A: The process allows for individual or plural participation. If it is individually, it means that the participant meets the requirements of the five capabilities to participate in the process, but if not, it may participate jointly with one or more other companies so that all of them meet the required capabilities.

11. Considering that the qualification requirements for the recent CEPI process were more demanding than those required to qualify for this fourth cycle of the permanent round, is it foreseen that companies that have qualified to submit bids in the CEPIs can be considered qualified?

A: This possibility is not contemplated. The main reason is that the Special Research Project Contracts - CEPI, have a totally different condition than the Colombia Round 2021 process. This condition is that it is a special research project with very particular characteristics, so there is no way to extend the qualifying requirements to the PPAA.



12. In the technical qualification must the two conditions be met at the same time of reserves in barrels equivalent to two million or operated in two years? That is to say, quantity of barrels and time at the same time?

A: The two conditions must be met concurrently. In order to demonstrate technical-operational capacity, the volume of reserves and the company's own operated production must be accredited.

13. Since the qualification requirements are similar to other ANH processes such as CEPI contracts, will it be possible to qualify by simply updating financial information?

A: See response to number 11.

14. Companies that recently submitted all the documentation to obtain participation in the quality of operator can base their qualification on that information since it is already in the ANH?

A: If a company submitted documentation but did not obtain qualification for any reason, it must resubmit the required documentation. Whoever submitted the documentation and was already qualified in the PPAA, must not resubmit all the documentation, but only the update that will be provided in the terms of reference and in the schedule.

It should be noted that the condition of qualified participant is informed in the corresponding cut-offs, reason why only the companies that register as qualified in the fifth cut-off of cycle 3, currently published in the ANH's web page, are the ones susceptible to submit an update of their information, the other companies must submit their qualification again.

15. In this cycle does the mechanism of expression of interest and initial proponent apply?

A: For the 4th Cycle, there will be no remaining areas from previous cycles, which is why the expression of interest mechanism will not be applicable for this opportunity.

16. In relation to branch offices, is it possible to credit the experience of reserves and financial statements of the branch office to qualify the parent company or one of the companies of the same business group that is wholly controlled by the same parent company?

A: When a company wants to rely on the condition or attribute of its parent company, it must show that the parent company meets the minimum requirements. Consequently, in the case of economic-financial capacity, the parent company must show that it has the necessary residual net worth, debt and coverage ratios to be able to comply with the minimum requirements of the area of interest.



17. Given that the option to match or improve the most favorable counteroffer will be a right of the company that submitted the best offer at the first opportunity, is there any right of preference or advantage for the companies that submitted the request for incorporation of the area?

A: : Yes. The company that results in the incorporation of a free area to the PPAA is the only company entitled to submit the initial proposal and is the company whose proposal is made public for counter-bids to be submitted.

With respect to the Agency's initiative areas, the initial proponent will be the one that submits the best initial proposal at the time determined by the schedule of the process.

18. Is there any cost for the data package?

R: No. The information packages of the areas offered at the initiative of the ANH may be viewed without payment through access to the Data Room. Additional information on these areas or others of interest to the participants must be acquired from the Colombian Geological Service, according to the acquisition manual of this entity.

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