

# COLOMBIA ROUND 2021

**APRIL 29TH, 2021**

# Project New Contract Draft

General bases of the new contract draft

Contractor's Rights

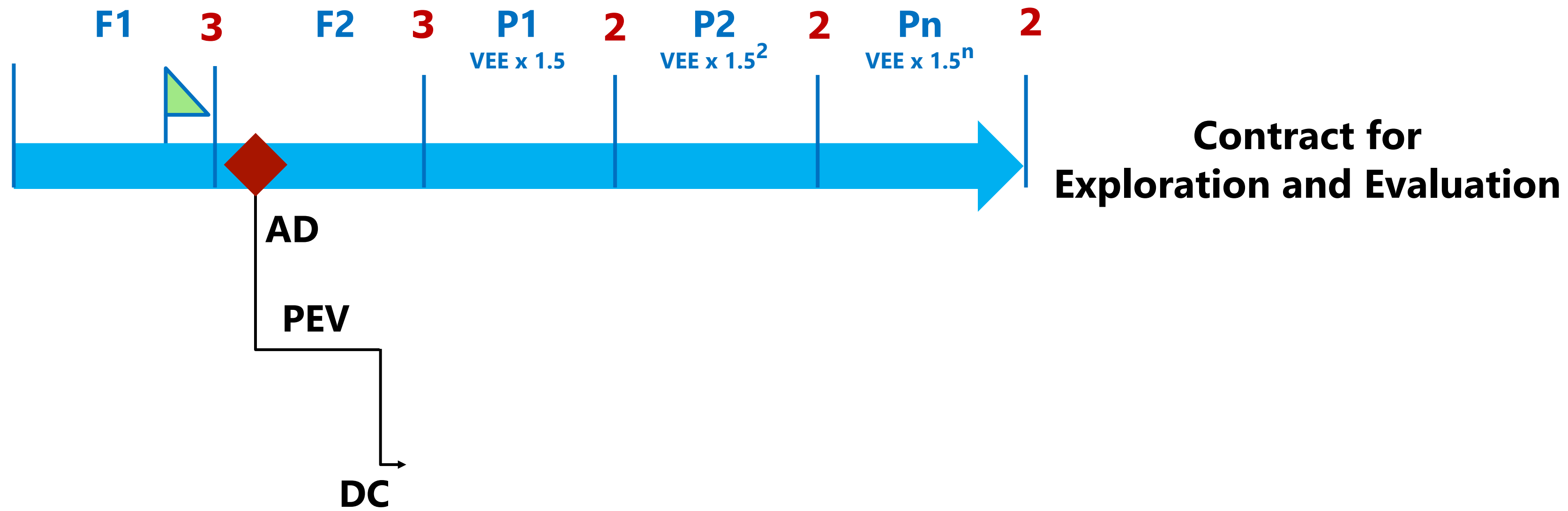
Contractor's Obligations

Some specific clauses

Production Contract

## General bases for the new contract draft

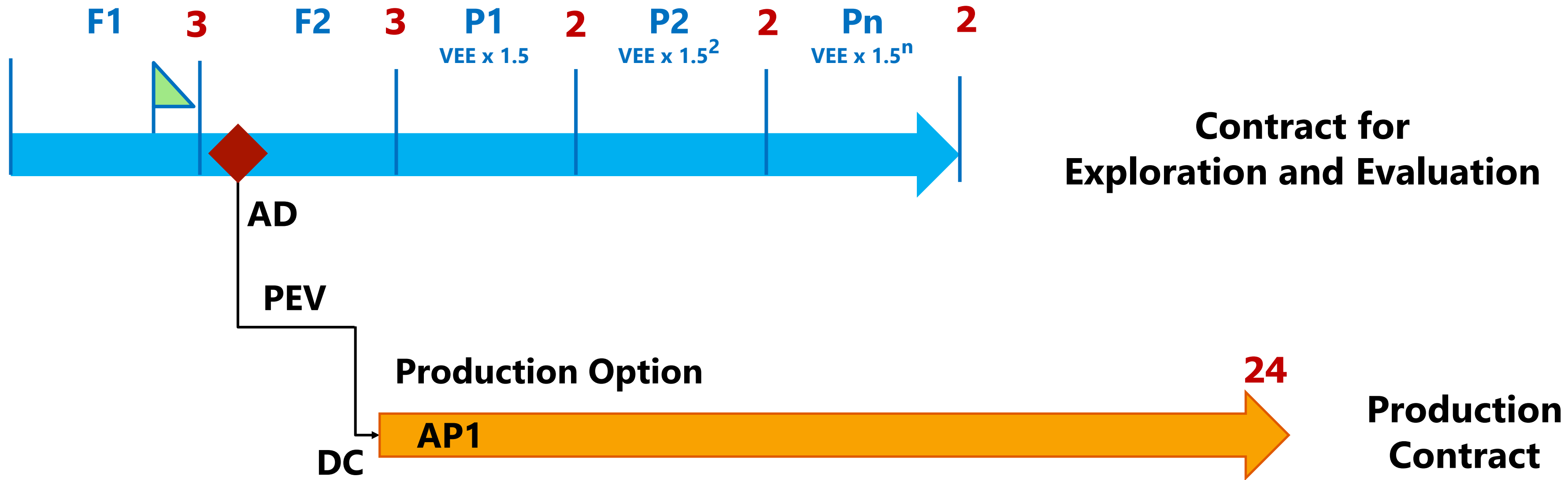
- Exclusive permit to explore and evaluate the hydrocarbon resources of the State
- Payment of the Economic Value of Exclusivity - VEE and economic rights
- The VEE is 100% refundable for the drilling of A3 and A2 exploratory wells
- The Effective Date is the day the contract is signed
- The Exploration Period is 6 years, with 2 phases of 36 months each, extendable
- No minimum or additional exploratory program is established
- The Evaluation Program - PEV keeps the same terms of an E&P contract



	<b>Resignation</b>
<b>AD</b>	Announcement of Discovery
<b>AP</b>	Area of production
<b>DC</b>	Declaration of Commercial Viability
<b>F</b>	Phase
<b>P</b>	Extension
<b>PEV</b>	Evaluation Program
<b>VEE</b>	Economic Value of Exclusivity

### **The contractor will be able to:**

- Execute exploratory activities of their choice during the exploratory period
- Extend the exploratory period under previously defined criteria
- Waive passage to Phase 2 with 50% VEE reimbursement
- Receive reimbursement of the VEE for the drilling of A3 and A2 exploratory wells
- Make use of production during the PEV, net of royalties and economic rights
- Cede the rights to a third party
- Invoke arbitration for the settlement of disputes
- Exercise the option to enter into a Production Contract



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<b>VEE</b>	Economic Value of Exclusivity

## Contractor's Obligations

### The Contractor agrees to:

- Perform all activities at your own cost and risk
- Obtain all required permits
- Indemnify the ANH free of all liabilities
- Exercise the best practices of the oil industry
- Deliver the information obtained and submit reports
- Return areas as established in the contract
- Grant guarantees\*
- Economic Rights, Technology Transfer and Programs for the benefit of the communities

\* (*compliance, extra-contractual civil responsibility, labor liability*)



## Some Particular Clauses Executive Instance

**Original Structure**

⋮

**Executive instance**

+

**Expert opinion**

**Current Situation**

⋮

**Executive instance**

+

**Superior instance**

**New Draft Proposal**

⋮

**Executive instance**

+

**Expert opinion**

## Some Particular Clauses Unilateral Termination and Expiration

### **Previous Contract Drafts (Ej. 2010)**

Unilateral Termination  
and Forfeiture on Specific  
Grounds

### **Current Situation (PPAA)**

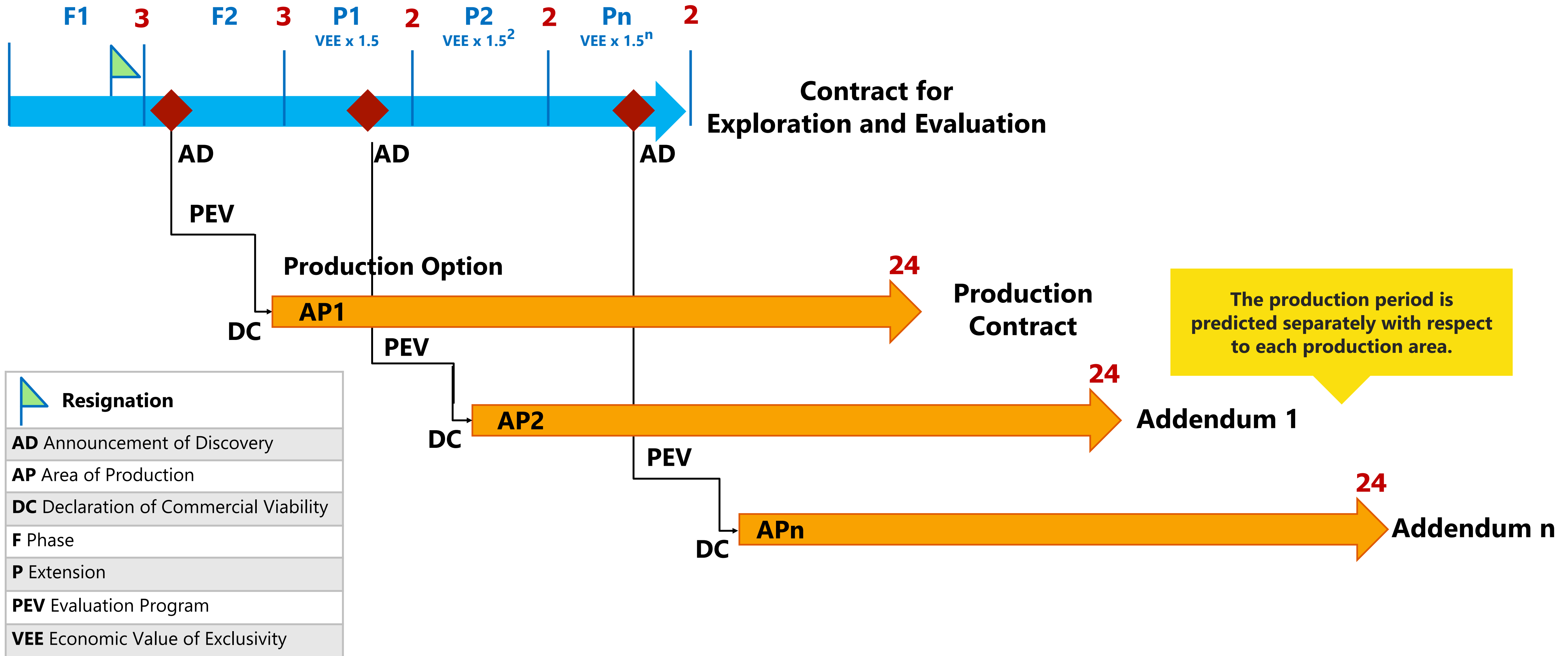
Unilateral Termination  
and Forfeiture as  
exorbitant clauses

### **New Contract Draft Proposal**

Unilateral Termination  
and Forfeiture on Specific  
Grounds

- The terms of the Production Contract are an annex to the Exploration and Evaluation Contract
- In order to exercise the option, the Company must have declared its commerciality and be authorized to subscribe it
- As from the second declaration of commerciality, the new production areas will be incorporated by means of an addendum to the first production contract and will become part of the contracted area
- It grants the permit to extract from the subsoil the hydrocarbons owned by the State
- The production period will be 24 years for each production area, extendable for 10 years
- The Contractor must constitute the abandonment fund guarantee and grant guarantees\*
- Economic Rights, Technology Transfer and Programs for the Benefit of Communities

\* *(compliance, extra-contractual civil responsibility, labor liability)*



**Thank you**  
**[www.anh.gov.co](http://www.anh.gov.co)**