

Ronda Colombia 2012

Río de Janeiro



Ronda Colombia 2012

Orlando Cabrales Segovia
President
ANH Colombia

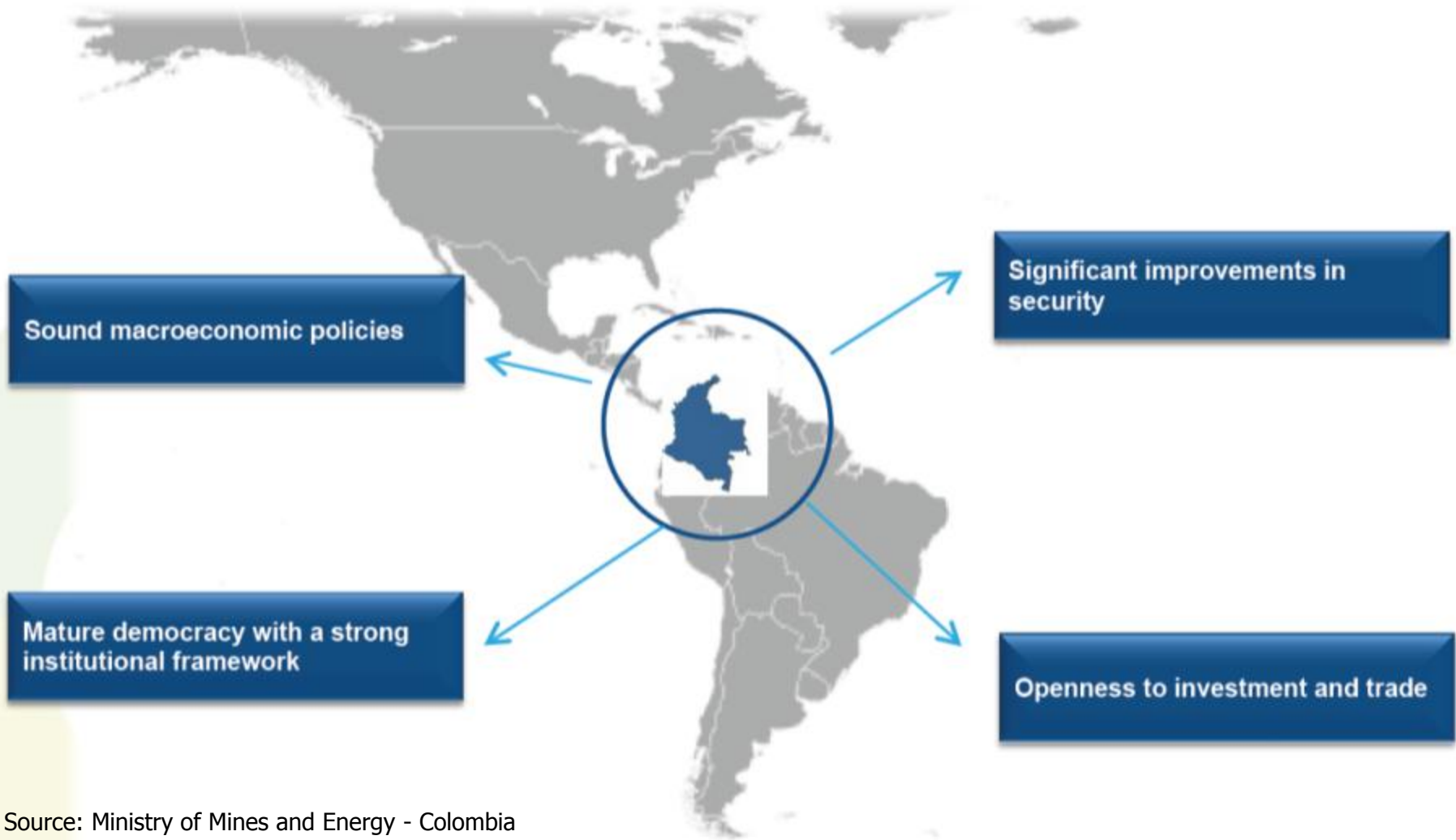


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- 1. Colombia – indicators / targets**
- 2. Potential**
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- 5. Terms of Reference – TOR**

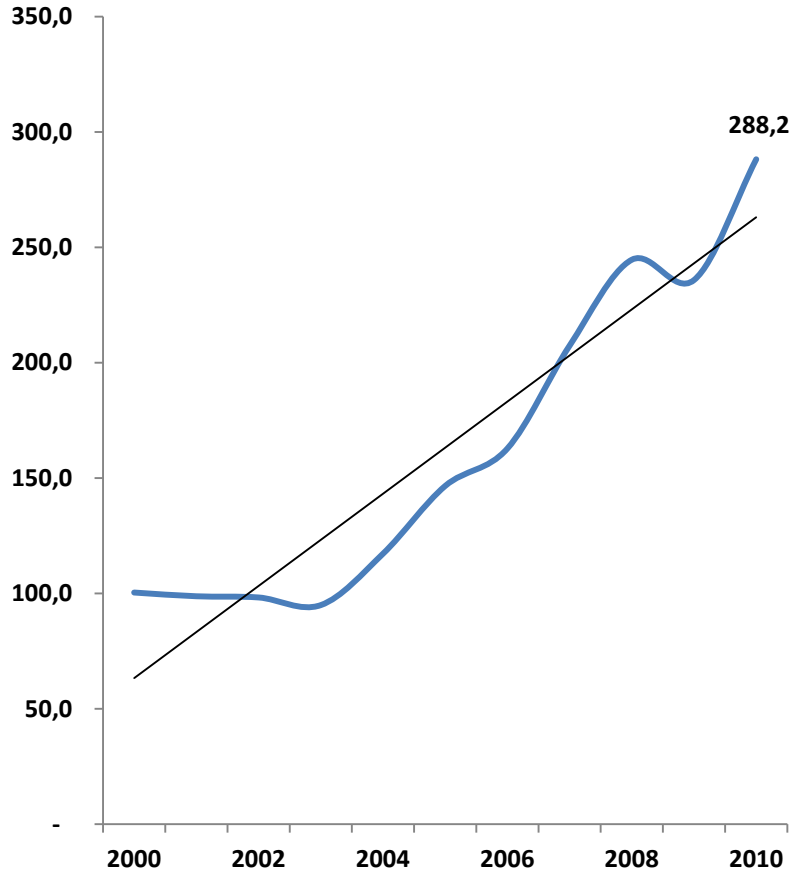
Colombia has strong fundamentals on which to build prosperity



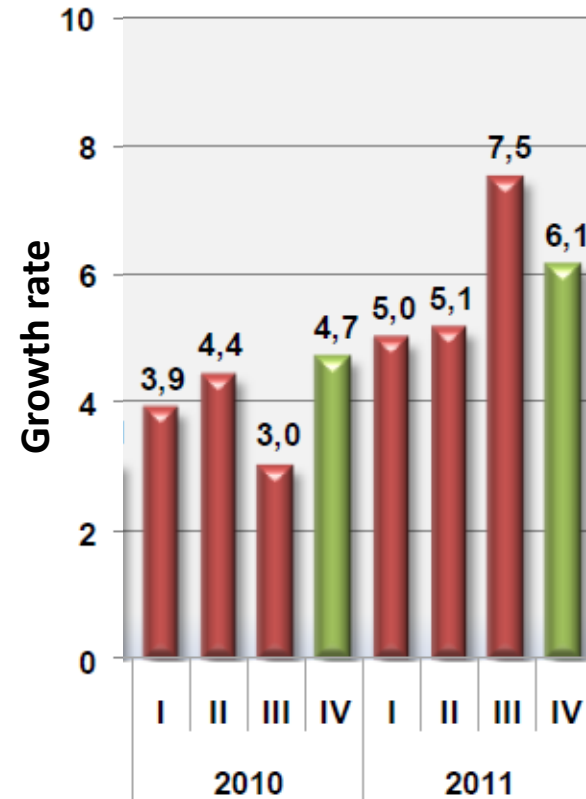
Source: Ministry of Mines and Energy - Colombia

This is shown by its recent economic performance

GDP (PIB US\$ Billion)



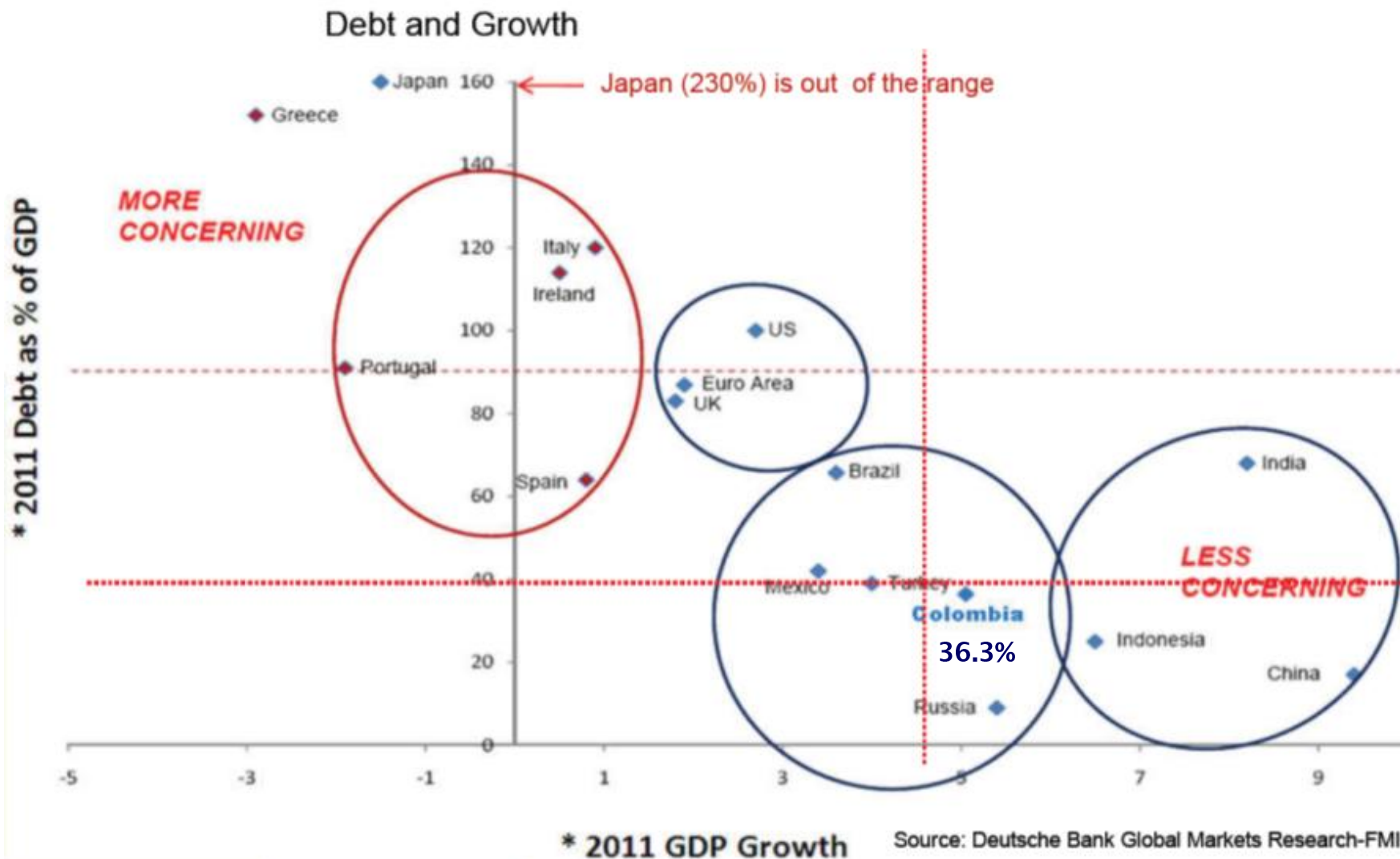
Source: World Bank



Source: Statistical Department of Colombia – DANE

During the fourth quarter of 2011, GDP grew by 6.1% versus 4.7% in the same period last year

Debt and Growth



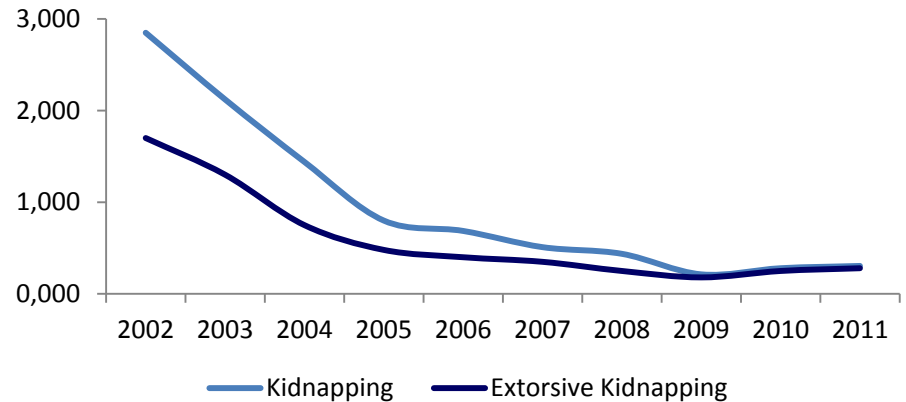
Improving Security

The security strategy is constantly adjusting

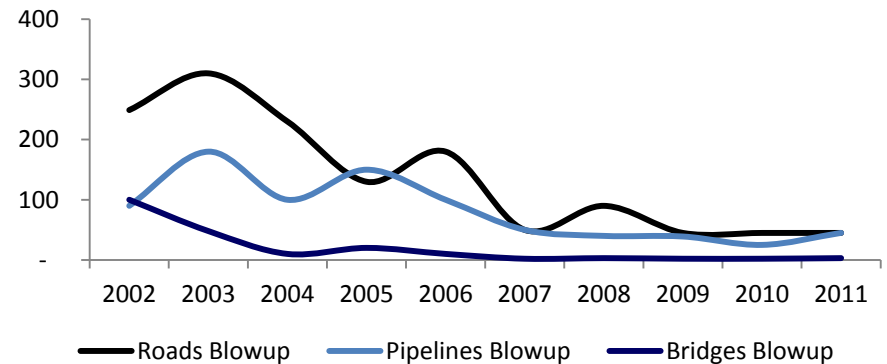
- Include security considerations in energy planning
- Increase troops as needed



Kidnapping



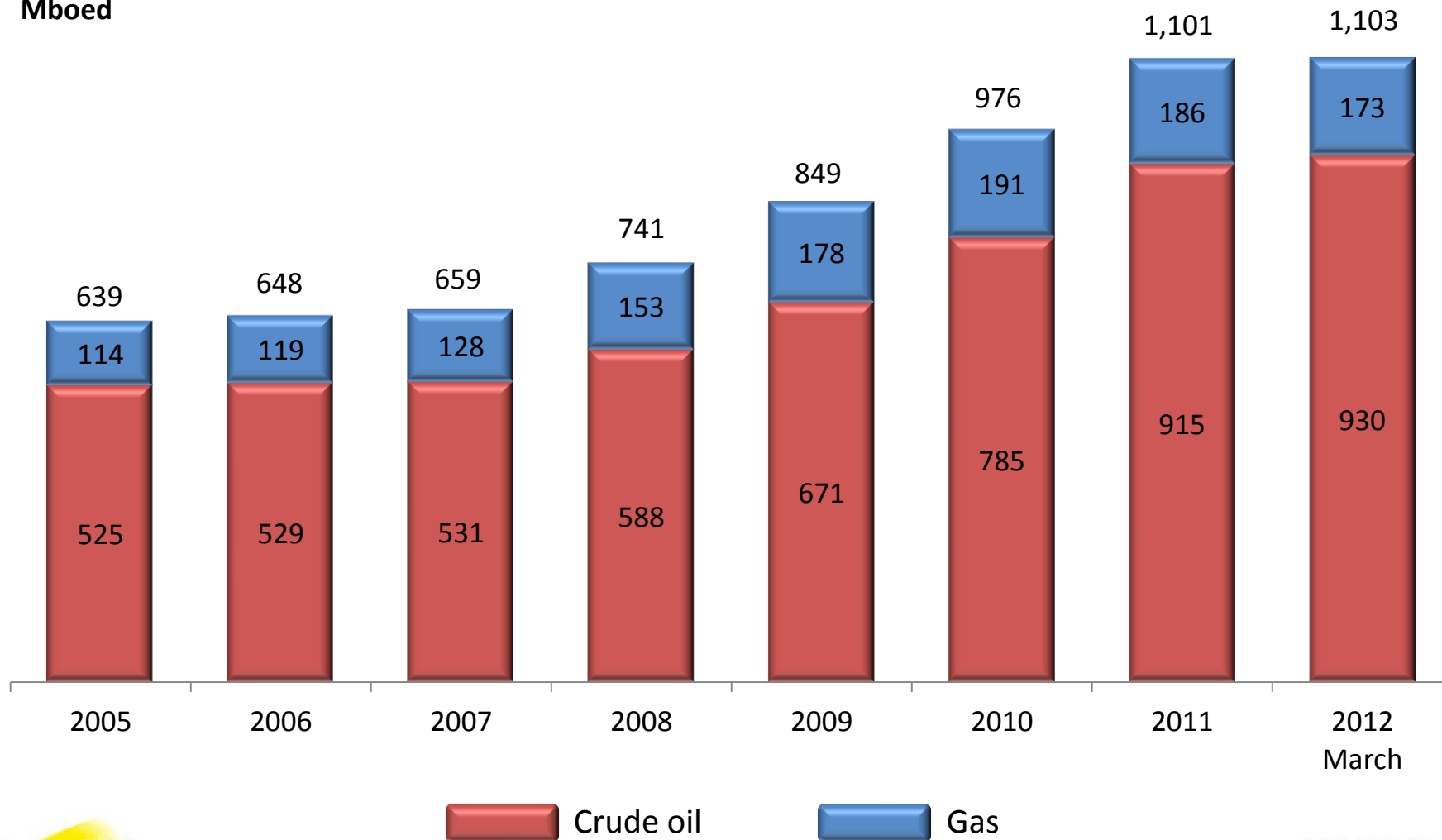
Attacks Against Infrastructure



Equivalent oil production in Colombia



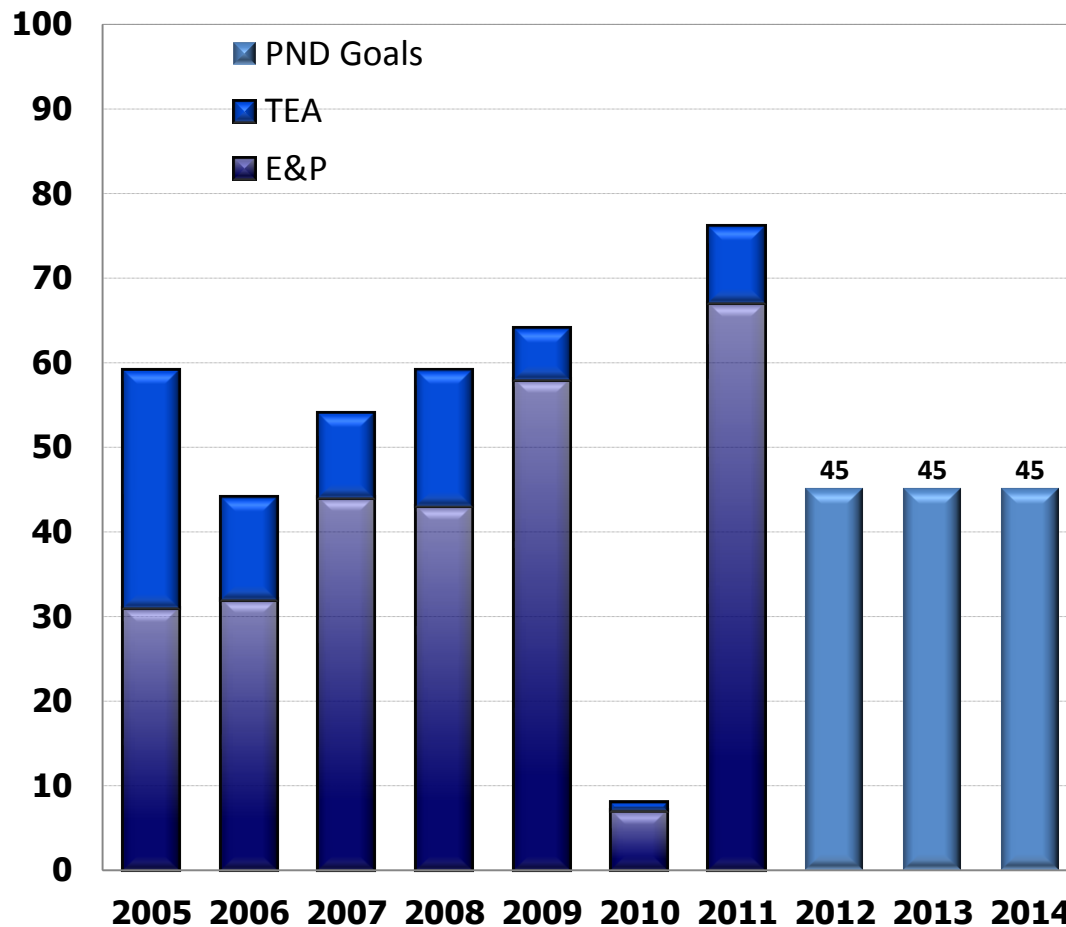
Mboed



Executed Contracts

Year	TEA	E&P	Total
2005	28	31	59
2006	12	32	44
2007	10	44	54
2008	16	43	59
2009	6	58	64
2010	1	7	8
2011	9	67	76

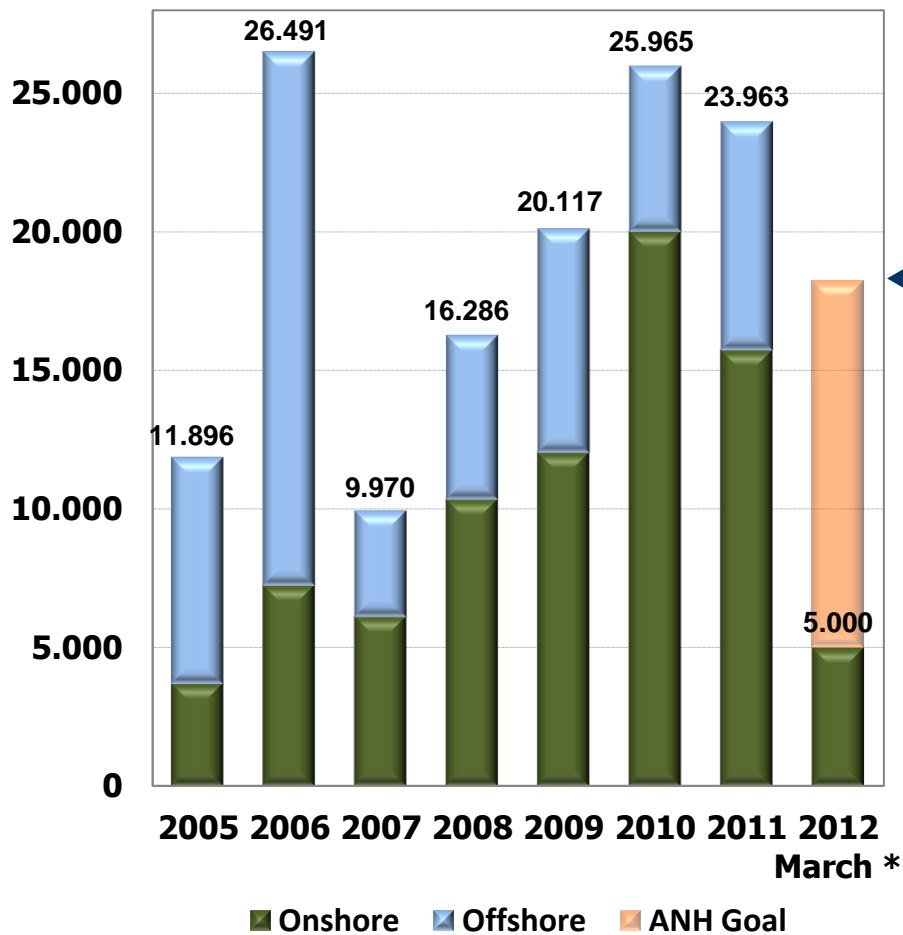
No. contracts



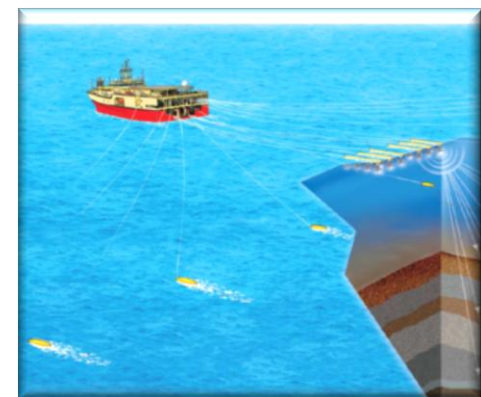
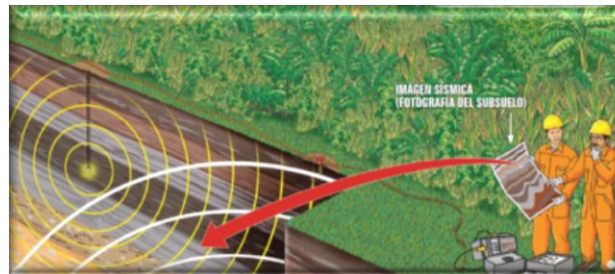
TEA: Technical Evaluation Agreement
E&P: Exploration and Production contract

Seismic acquisition

Seismic: km of 2D equivalent



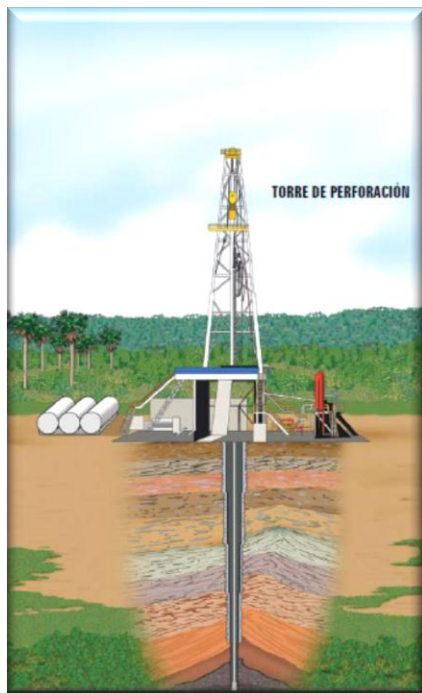
Goal: 18.222



Investment in seismic acquisition (2012)	560 USD million
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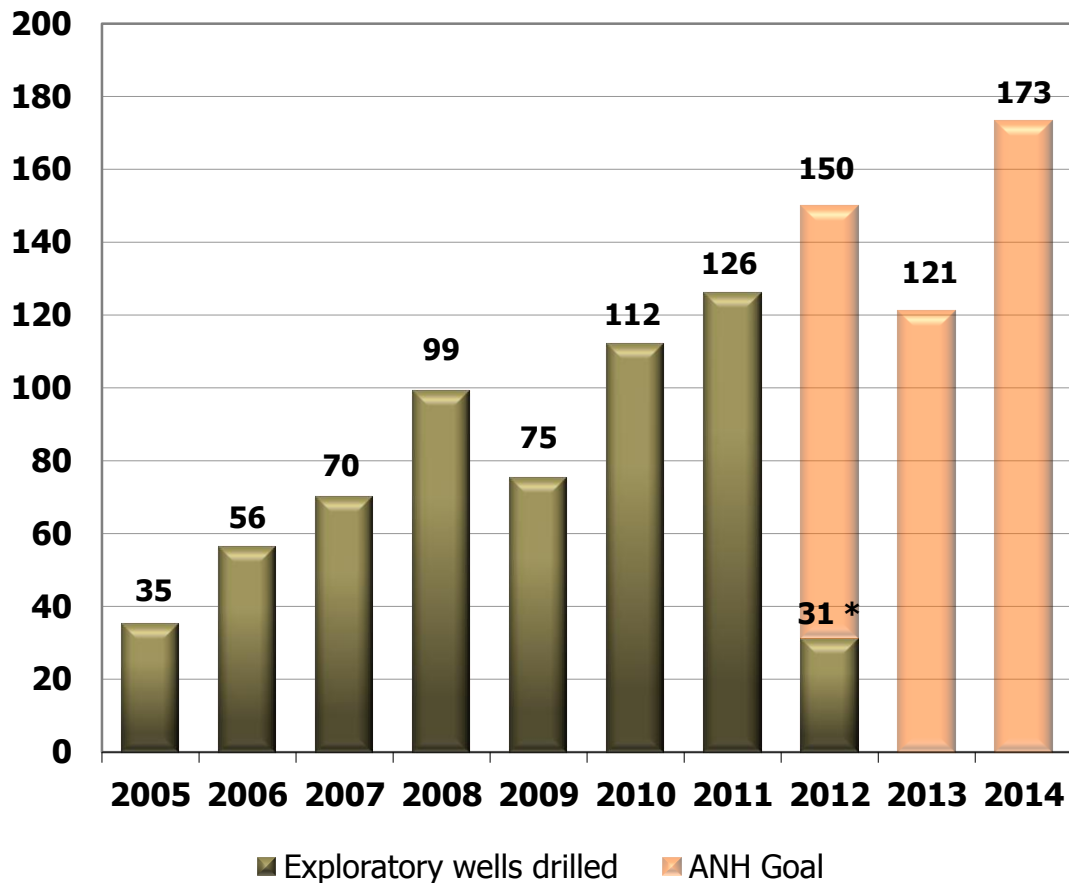
* Preliminary

Exploratory wells drilled



Investment in drilling (2012)	770 USD million
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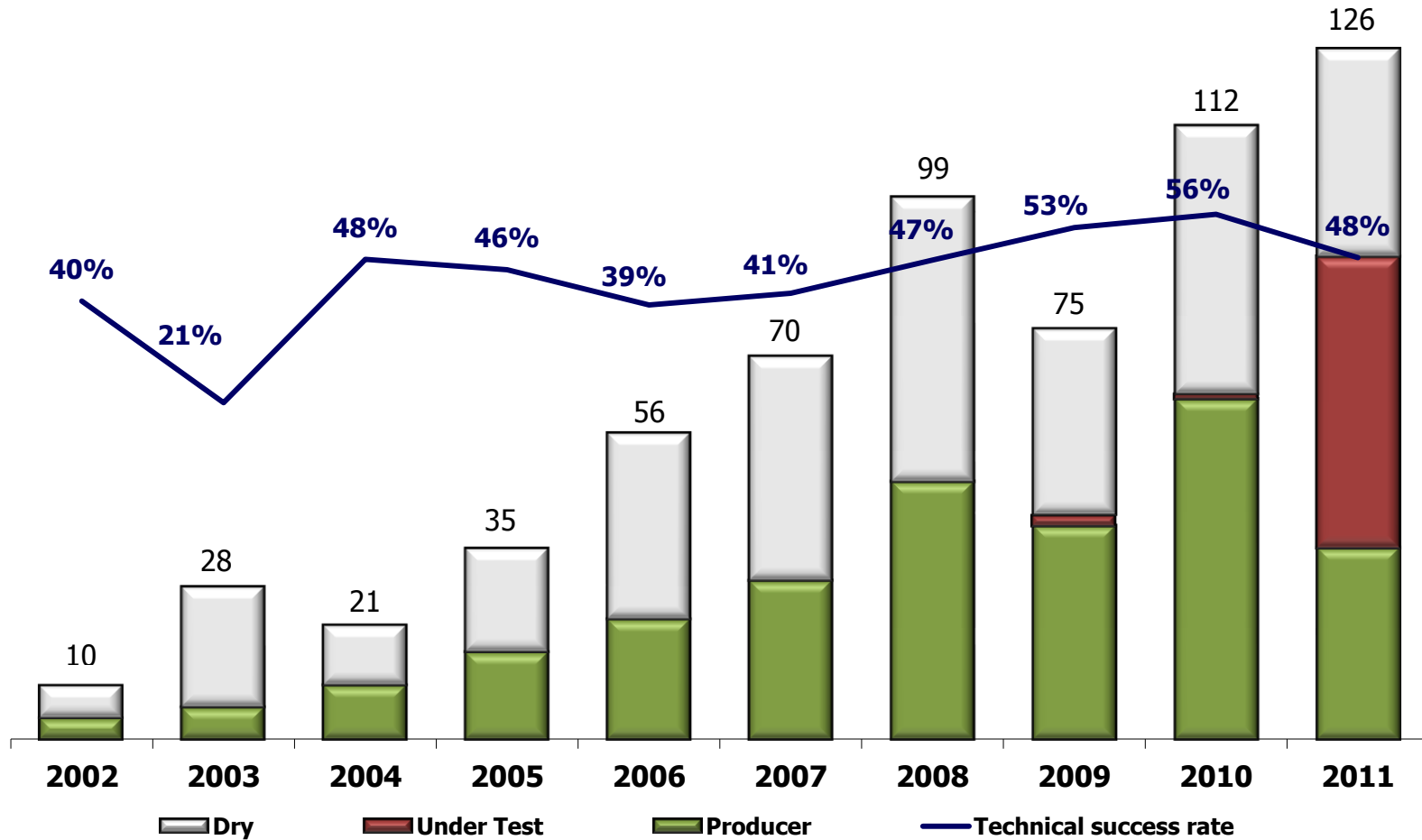
Number of exploratory wells drilled



* Preliminary

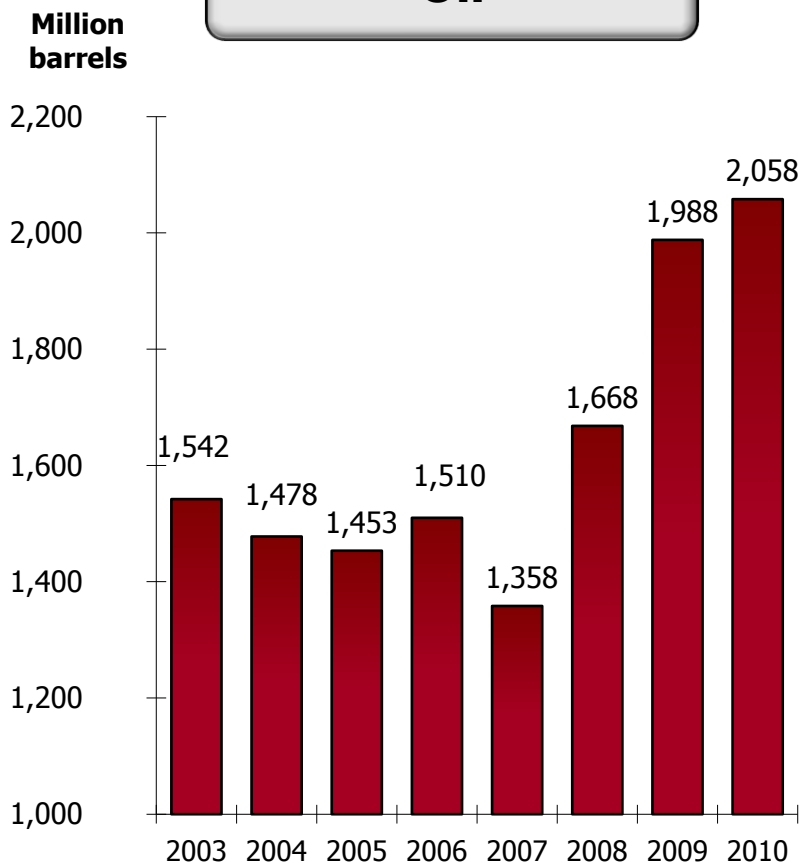
Exploratory wells in Colombia

The success rate



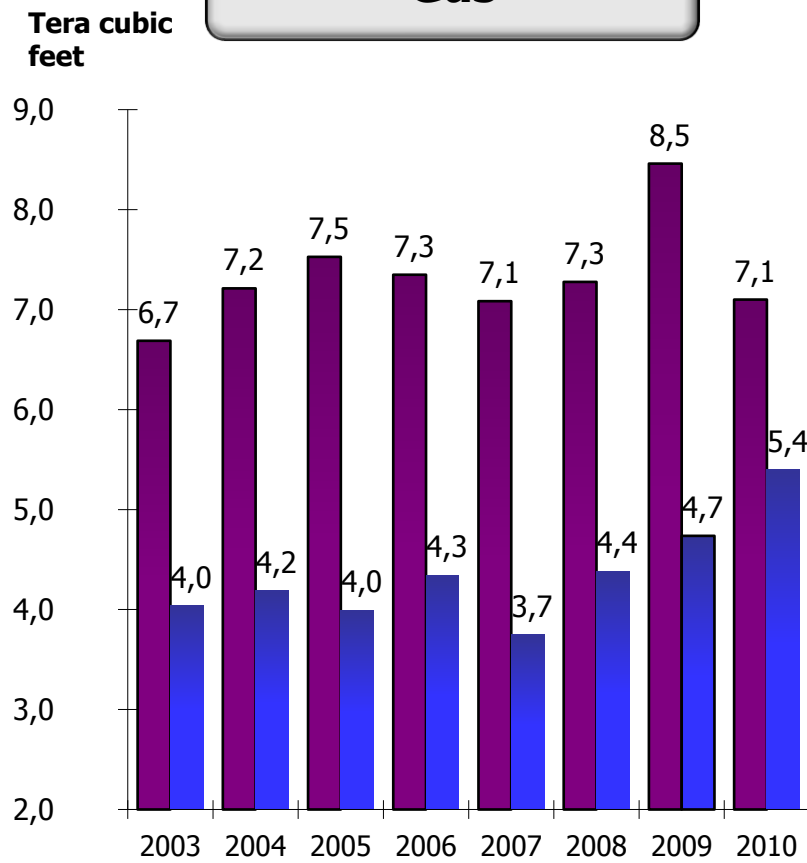
Reserves

Oil



■ Proven

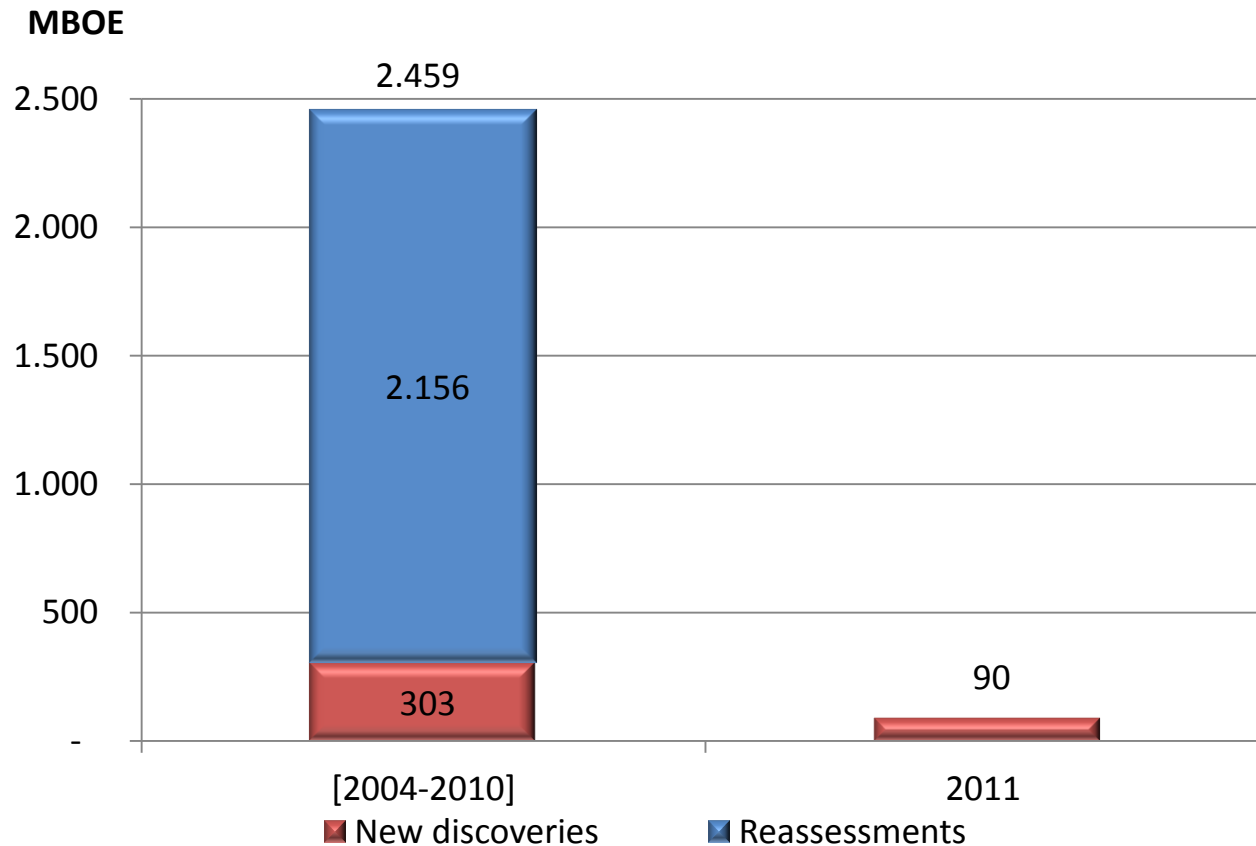
Gas



■ Totals ■ Proven

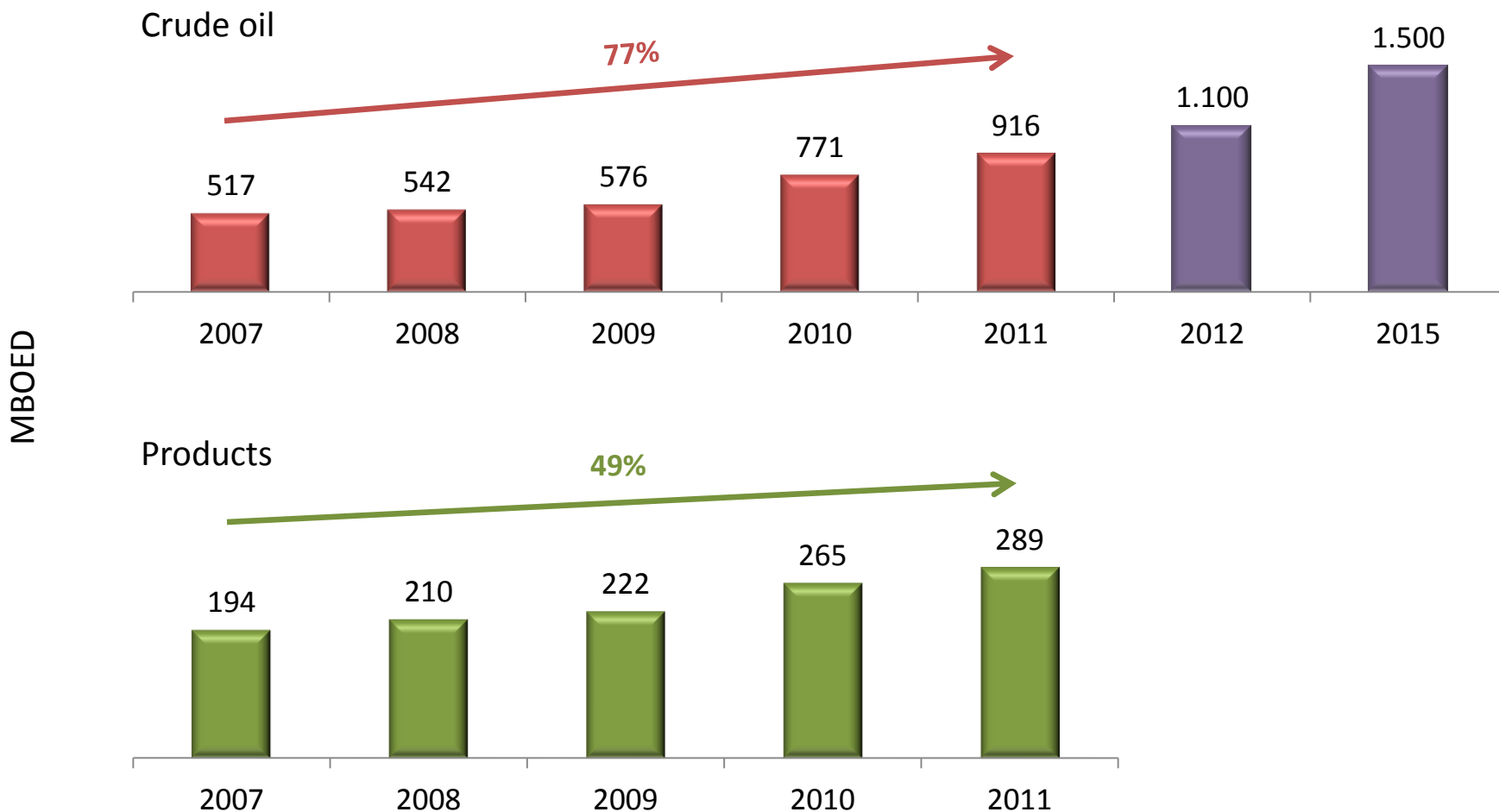
Proved reserves incorporated

Million barrels of oil equivalent

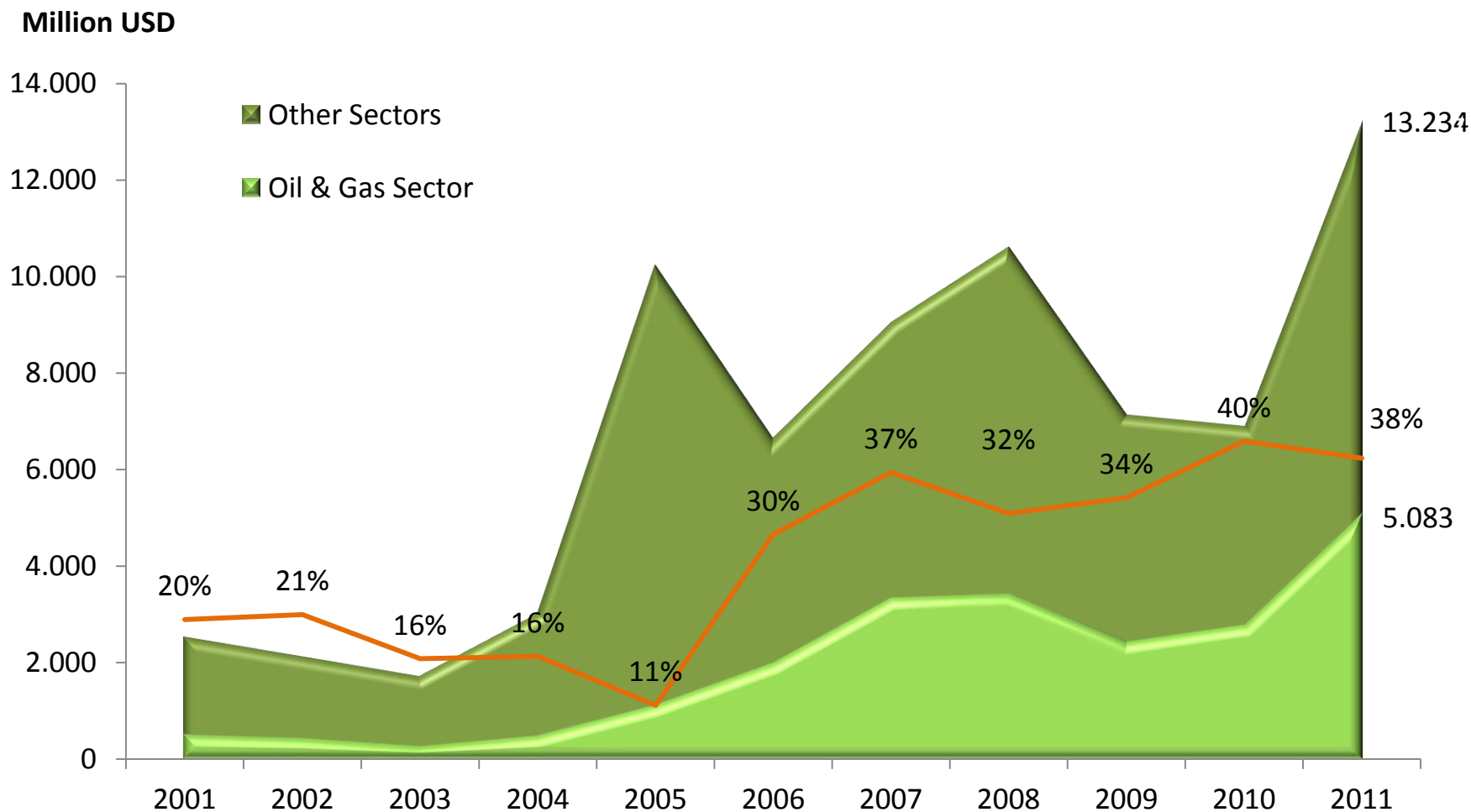


The figure of 2011 is the incorporation expected and correspond to areas of E&P contracts in the same year declared commerciality.

We have increased the volume transported

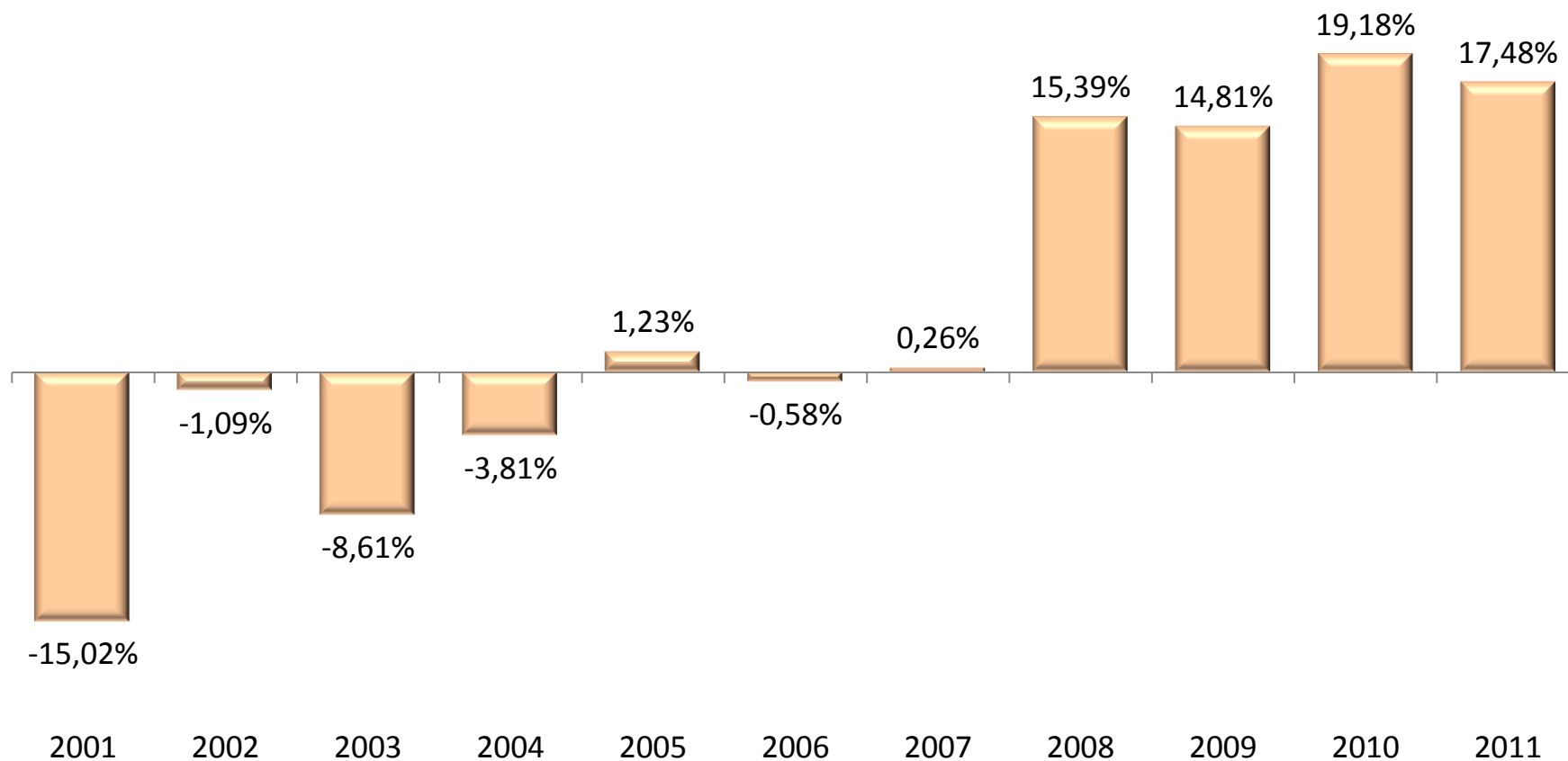


Foreign Direct Investment



Source: Banco de la República

Growth of Oil and Gas sector



Source: Statistical Department of Colombia – DANE

Content



1. Colombia – Indicators / targets
- 2. Potential**
3. Colombia Round 2012
4. Environmental and Social aspects
5. Terms of Reference – TOR

Potential

Basin / Resource (MMbbl / Tcf)	Conventional crude			Gas (Associated and free, Bcf)			Heavy Oil (MMbbl)		
	<i>P₁₀</i>	<i>P₅₀</i>	<i>P₉₀</i>	<i>P₁₀</i>	<i>P₅₀</i>	<i>P₉₀</i>	<i>P₁₀</i>	<i>P₅₀</i>	<i>P₉₀</i>
OFFSHORE	276,413.0	75,815.0	12,570.0	205.8	20.6	1.9			
ONSHORE	153,952.0	42,148.0	7,436.0	289.4	25.6	1.8	388,653.0	71,386.0	14,224.0
TOTAL	430,365.0	117,963.0	20,006.0	495.1	46.3	3.8	388,653.0	71,386.0	14,224.0

Basin / Resource (MMbbl / Tcf)	Gas Hydrates (Tcf)			Coal bed methane (Bcf) ¹			Tar Sand		
	<i>P₁₀</i>	<i>P₅₀</i>	<i>P₉₀</i>	<i>P₁₀</i>	<i>P₅₀</i>	<i>P₉₀</i>	<i>P₁₀</i>	<i>P₅₀</i>	<i>P₉₀</i>
OFFSHORE	75.6	19.1	4.9						
ONSHORE				77,510.7	14,612.0	725.4	151,173.8	20,428.8	3,455.2
TOTAL	75.6	19.1	4.9	77,510.7	14,612.0	725.4	151,173.8	20,428.8	3,455.2

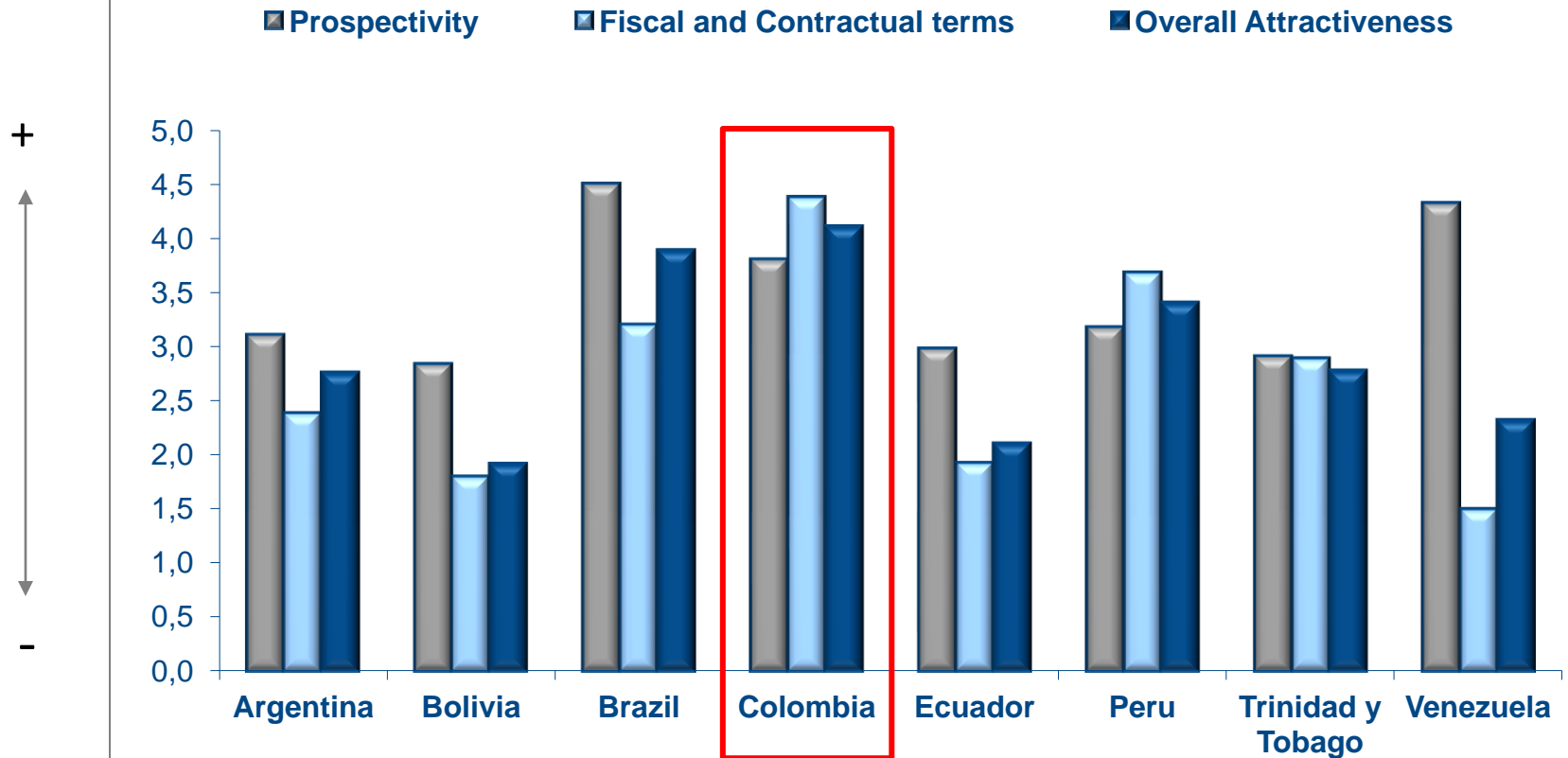
Potential

Basin / Resource (MMbbl / Tcf)	Oil Shale ³			Shale Oil ⁴			Shale Gas ⁴		
	<i>P</i> ₁₀	<i>P</i> ₅₀	<i>P</i> ₉₀	<i>P</i> ₁₀	<i>P</i> ₅₀	<i>P</i> ₉₀	<i>P</i> ₁₀	<i>P</i> ₅₀	<i>P</i> ₉₀
OFFSHORE									
ONSHORE	91,078.0	2,220.1	60.5	151,524.0	19,607.4	3,090.6	2,050.7	265.5	33.8
TOTAL	91,078.0	2,220.1	60.5	151,524.0	19,607.4	3,090.6	2,050.7	265.5	33.8

Basin / Resource (MMbbl / Tcf)	Gas in Tigh sands ⁵ (Tcf)		
	<i>P</i> ₁₀	<i>P</i> ₅₀	<i>P</i> ₉₀
OFFSHORE			
ONSHORE	43.7	5.5	1.0
TOTAL	43.7	5.5	1.0

Investors Perception

Perception of Attractiveness in LATAM



Source: ADL 2011

Colombia offers good business opportunities

- A prolific geology
- A good business environment
- A tradition of contractual stability
- A competitive institutional framework
- Competitive fiscal and economic terms
- Competitive and transparent rounds
- Oil and Gas marketing freedom overseas
- Opportunity cost will be covered to natural gas exporters whenever there are interruptions due to internal needs
- A window of opportunity



Content

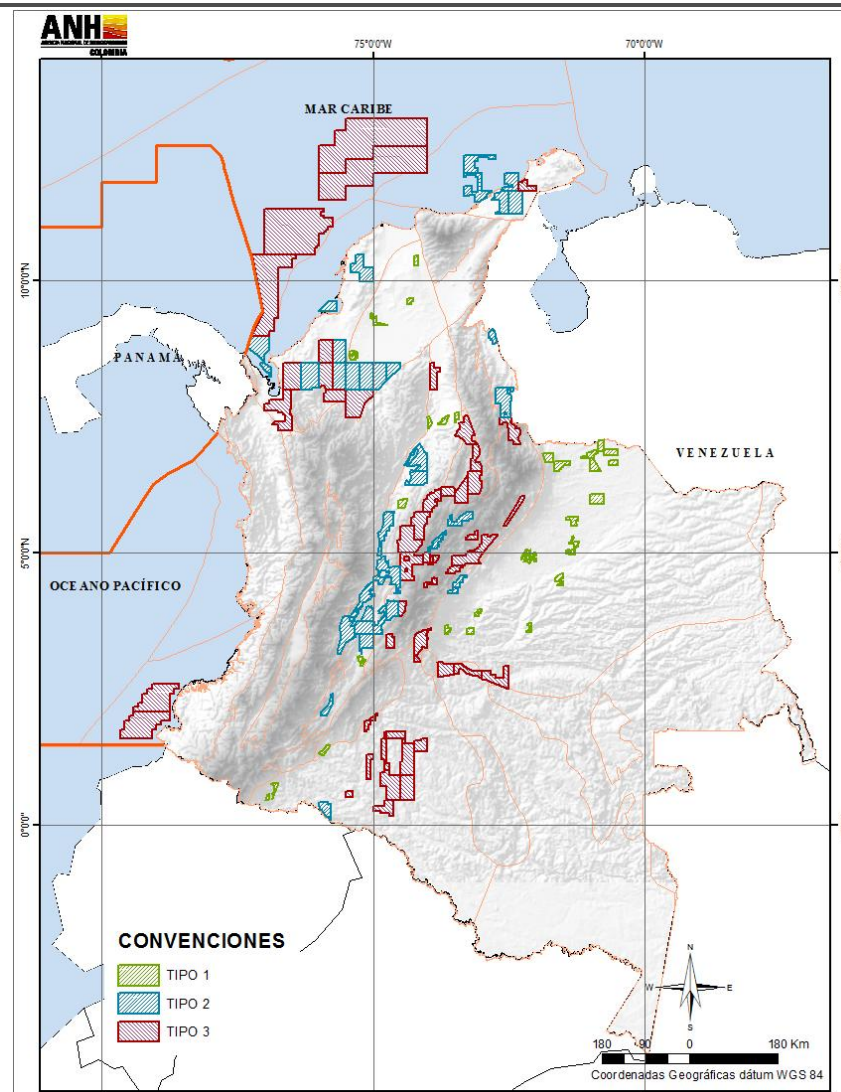


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Colombia Round 2012

Blocks - Ronda 2012

Basin	Type 1	Type 2	Type 3	Total
VAU AMAZ			2	2
CAT		2		2
COL			4	4
COR		4	19	23
GUA		2	1	3
GUA OFF		3		3
LLA	17	2	2	21
CAG PUT	3	1	9	13
SIN OFF		1		1
SIN SJ		4	4	8
TUM OFF			2	2
URA		1	1	2
VIM	4	4	1	9
VMM	4	4	1	9
VSM	1	6		7
Total	29	34	46	109

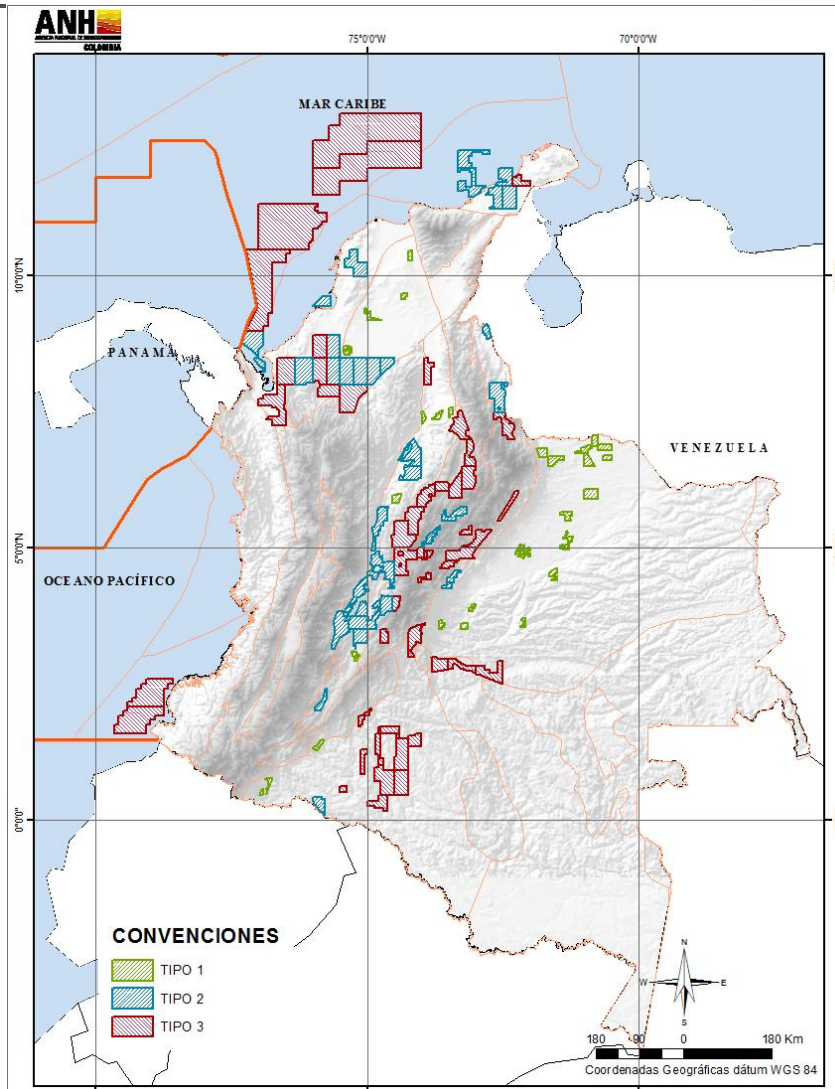


Colombia Round 2012



	On shore	Off shore
Type 1	29	
Type 2	29	5
Type 3	40	6
Total	98	11

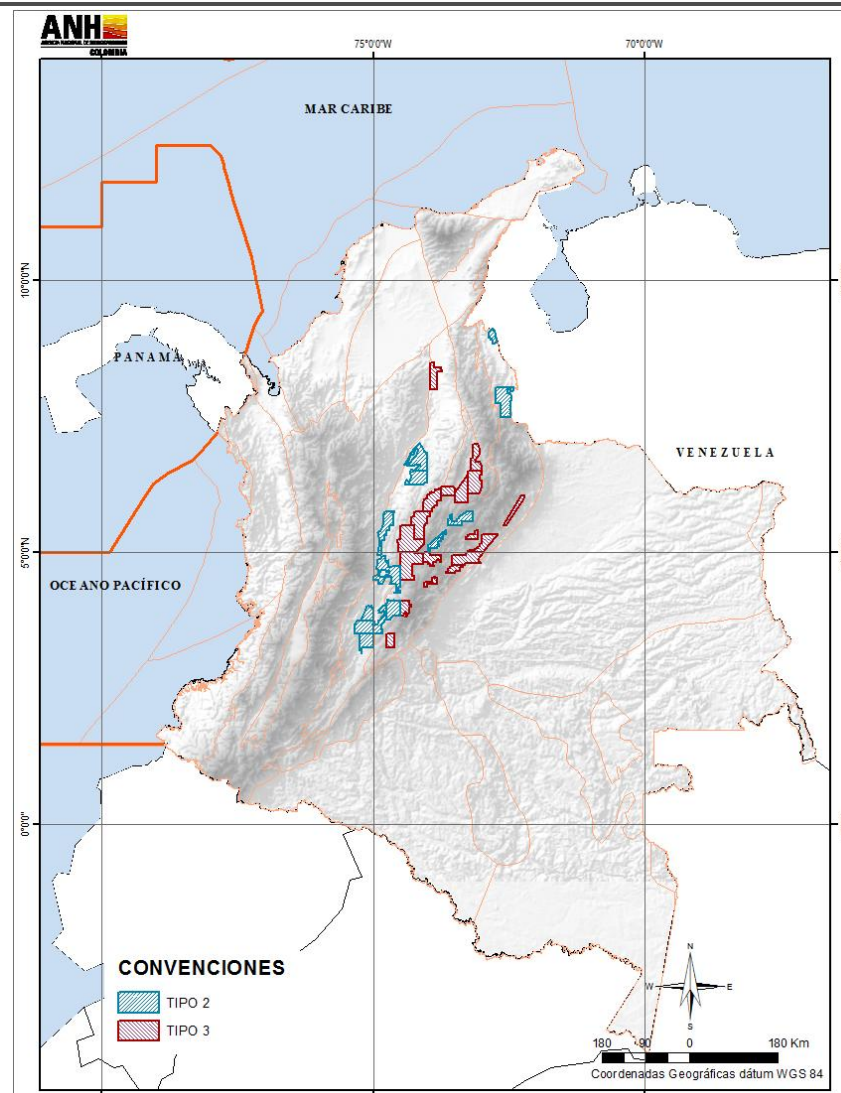
Type	Seismic 2D (km)	No. of Wells	Total (ha)
1	914	76	656.520
2	1.644	186	3.591.333
3	438	23	9.229.703
Total	2.996	285	13.477.556



Blocks located in basins with potential for Unconventionals

Total of blocks	Type 1	Type 2	Type 3
31	0	13	18

Basin	Type of block	Number of blocks
CAT	2	2
COR	2	4
	3	17
VMM	2	4
	3	1
VSM	2	3



Economics Incentives for Unconventionals



- 40% discount over royalty rates established for conventionals
- New P_o for Oil = 81 USD

Content

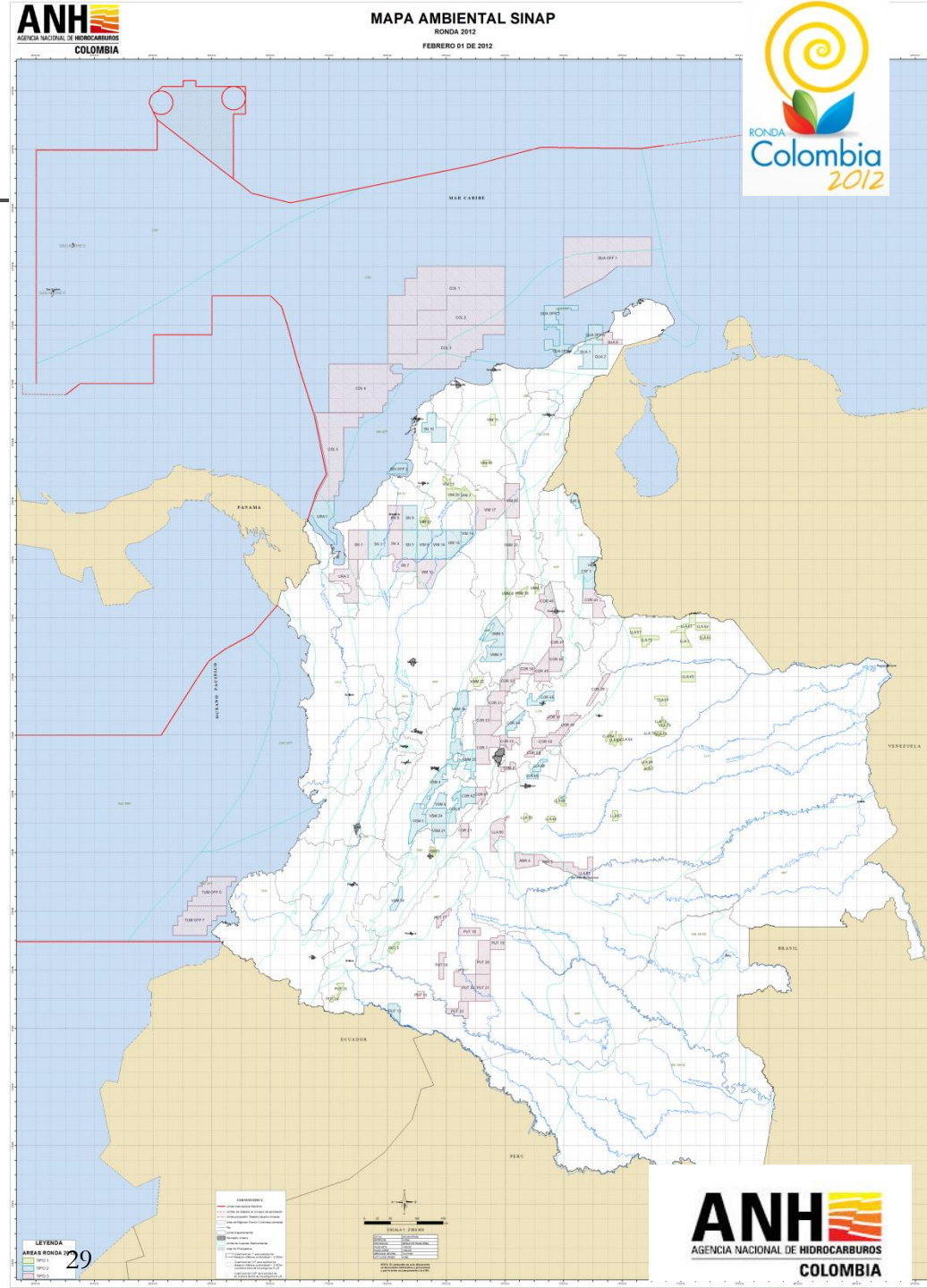


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Environmental and Social Aspects

The importance of social and environmental aspects in the Round 2012

- Compliance with environmental and social regulation
- Transparency and clear rules
- Viability of operations
- Sustainable development model




Colombia Round 2012 planning

1. Update of the information system of the ANH
2. Verification of the areas with special social and environmental restrictions
3. Interinstitutional cooperation of social, environmental and security authorities:
 - Ministry of Mines and Energy
 - Ministry of Foreign Affairs
 - Ministry of Environment and Sustainable Development
 - Ministry of Interior
 - Ministry of National Security
 - National Planning Department
 - Environmental Licensing Authority
 - Colombian National Natural Parks

Social and Environmental charts of each block

COLOMBIA:
The perfect environment for Hydrocarbons
exploration and production



Nombre del Bloque	AMA 4	
Tipo de Bloque	Tipo 3	
Departamento(s)	Meta	
Municipio(s)	Puerto Rico, Vistahermosa	
Corporación(es) Autónoma(s) Regional (es) con jurisdicción en el Bloque	Corporación para el Desarrollo Sostenible del Área de Manejo Especial La Macarena – CORMACARENA	

Áreas Protegidas	Áreas de Manejo Especial	Descripción
	Reserva Forestal Ley 2ª de 1952	<ul style="list-style-type: none"> Áreas Presentes: Reserva de la Amazonia Definición: Son áreas definidas para el desarrollo de la economía forestal y protección de los suelos, las aguas y la vida silvestre, se establecen con carácter de Autoridad Ambiental Competente: Ministerio de Ambiente y Desarrollo Sostenible. Tipo de Restricción: Sujeta a sustracción, solicitada por el interesado ante la autoridad ambiental. Normatividad relacionada: Ley 2ª de 1959, Artículo 1
	Distritos de Manejo Integrado	<ul style="list-style-type: none"> Áreas Presentes: Ariari Guayabera, La Macarena Norte Definición: Espacio geográfico, en el que los paisajes y ecosistemas mantienen su composición y función, aunque su estructura haya sido modificada y cuyos valores naturales y culturales asociados se ponen al alcance de la población humana para destinarlos a su uso sostenible, preservación, restauración, conocimiento y disfrute. Autoridad Ambiental Competente: Corporaciones Autónomas Regionales con jurisdicción en el Bloque. Tipo de Restricción: No tiene restricción explícita, pero deberá consultarse la zonificación con la autoridad ambiental competente. Normatividad relacionada: Decreto 2372 de 2010, Artículo 14

ANH
AGENCIA NACIONAL DE HIDROCARBUROS

1. Name of Block
2. Block Type
3. Departments, Municipalities
4. Environmental authority having jurisdiction in the Block
5. Ethnic Communities (Indigenous communities, and minority groups)
6. Protected areas (National System of Protected Areas, Special Management Areas, Forest Reserves)
7. Strategic Ecosystems (wetlands, corals, High lands, Marine pastures, mangroves)

Content



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- Timeline

Data Package

Block type	Cost USD
1	20.000
2 & 3	100.000

- The acquisition of the Data Package gives the company the right to bid if qualified.
- Data room sessions are currently available in Bogotá until June 30th 2012

Qualification

- Operator (in cases of Joint Ventures must have and maintain at least 30% share)
- Other JV Members

Qualification	Others	Operator
Legal	√	√
Economic and Financial	√	√
Technical and operational		√
Environmental		√
CSR		√

Legal capacity

- Nationals and foreign corporations can participate
 - Individually, or
 - Different types of Joint Ventures

Requirements:

Corporate purpose

Individual Participants or Operator: Exploration and Production of hydrocarbons.

JV Members : Related Exploration and Production activities.

Time of incorporation

Operator: Five (5) years

JV Members: One (1) year

Economic and Financial Capacity

Average equity over the last three (3) years, per block:

	US\$
• Type 1:	6.000.000
• Type 2: (Except off shore and unconventional)	20.000.000
• Type 3, off shore and for unconventional	200.000.000

According to Financial statements duly audited with its notes, for Colombian Corporations; or Financial statements, with Certificates, under the "*International Financial Reporting Standards –IFRSs*" or "*Generally Accepted Accounting Principles- US GAAP*" , Duly audited, for foreign legal corporations.

Economic and Financial Capacity

Corporations included in “*The Energy Intelligence Top 100: Ranking the World's Top Oil Companies*” by “*Petroleum Intelligence Weekly*” as Upstream, and those able to endorse a risk qualification equal or higher than those mentioned below will qualify automatically, although they need to submit their financial information in any case.

Risk Qualifying Agency	Grade
Standard & Poor's	BBB
Moody's	Baa
Fitch Ratings ⁽¹⁾	BBB
(1) Rating equivalent to AAA level in the case of Colombia	

Technical and operational capacity

Type of Área	Reserves Boe	Production* Boed
1 *	2.000.000	1.000
2 (Except offshore and unconventional)	5.000.000	5.000
3 (offshore and unconventional)	50.000.000	20.000

*At least two (2) wells drilled during the last three (3) years.

The information about reserves should be endorsed under the 'System Management of Petroleum Resources', SPE-PRMS by an independent auditor, or by the competent authority in each country.

Technical and operational capacity

- Corporations included in *“The Energy Intelligence Top 100: Ranking the World's Top Oil Companies”* in the upstream by *“Petroleum Intelligence Weekly”*, will qualify automatically.

- Exception

Bidders who fulfill one of the following criteria:

- E&P operators which have had contracts during the past 10 years with investments over five hundred million US dollars (USD\$500,000,000) , or
- E&P operators with assets over one billion US dollars (U.S. \$ 1,000,000,000) which, at the moment of submitting the qualification documents, have to be operators of at least five (5) E&P Contracts.

Environmental capacity

Documents to endorse an environmental management system and the measures taken by the participant to mitigate the impact on natural resources and the environment, based on:

- ISO 14001 or an equivalent certification
- Document that endorses the environmental management **system of the participant, implemented or in execution** signed by the Legal representative and an independent auditor.

In any case, the participant or the operator, of a JV has the obligation to obtain an environmental certification during the first three (3) years of the contract execution.

Capacity on Social Responsibility

Documents endorsing participants' policies on **Social Responsibility** based on:

- ISO 26000 or an equivalent certification
- A document that endorses the implementation of programs on **Social Responsibility** signed by the legal representative and an independent auditor.

Award criteria

Area type	Criteria	
	Primary	Secondary (*)
1 & 2 Offshore included	Participation in production (X%)	Additional investment in exploration phase I
3 and Unconventionals	Additional investment in exploration phase I	Participation in production (X%)

(*) In case of a tie S1, and in any case, it is mandatory

Main changes from previous Colombia Round 2010



- The possibility of qualification as "Restricted Operator" is no longer allowed
- Participants can bid for adjacent blocks
- Higher requirements are set for technical and operational capacity in the case of Type 1 blocks
- Offshore areas and unconventional require participants with financial, technical and operational requirements established for type 3 blocks

Colombia Round 2012

Schedule



Activities	Date
Pre – Kick off (Bogotá)	22-11-2011
Kick off (Bogotá)	21-02-2012
Initial technical packages sale	22-02-2012
Publication of "TOR" Project	01-03-2012
"Road Shows"	29-02-2012 Toronto 01 and 02-03-2012 Calgary 08-03-2012 - Houston 22 and 23-03-2012; London 26 and 27-03-2012 - Beijing 29 and 30-03-2012 - Seoul 03 and 04-04-2012 - Tokyo 17-04-2012 - Río de Janeiro 01-05-2012 - Mumbai 20-03 to 30-06-2012 ("Data Room") Bogotá
Opening and publication of definitive TOR´s and contracts	23-04-2012
Submission of documents for qualification processes	16-06 until 16-07-2012
Study documents and publishing preliminary list	16-07 until 16-08-2012
Comments on the preliminary Bidders List	17-08 until 24-08-2012
Publication of definitive Bidders list	14-09-2012
Submission of Proposals, Bid Guarantees and Public Opening Act	17-10-2012
Preliminary List of Proposals	01-11-2012
Comments to the Preliminary List	02-11 until 13-11-2012
Awarding of areas	26-11-2012
Signing of contracts	November and December de 2012

Thank you !

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