

# Ronda Colombia 2012

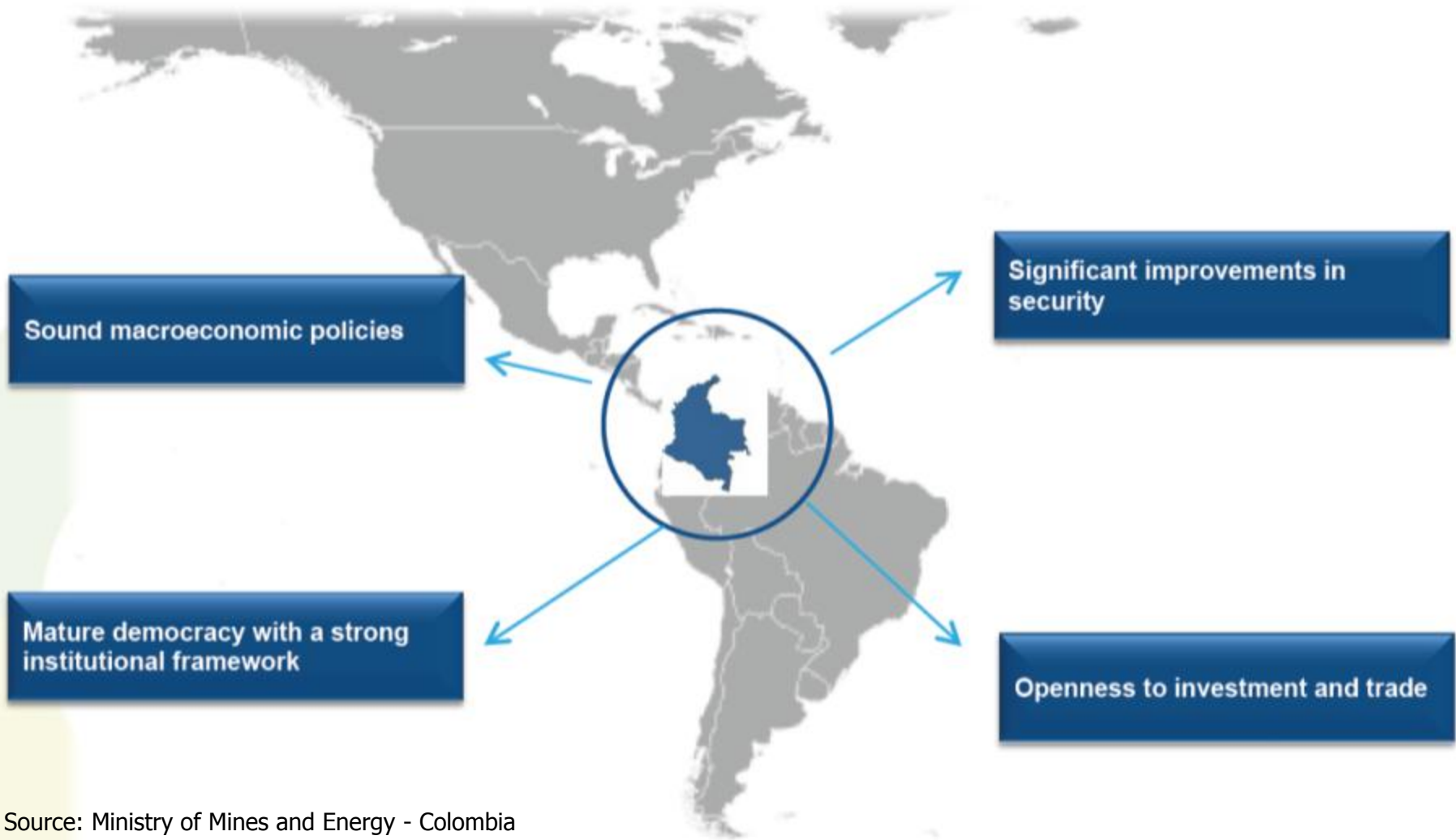


# Content



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

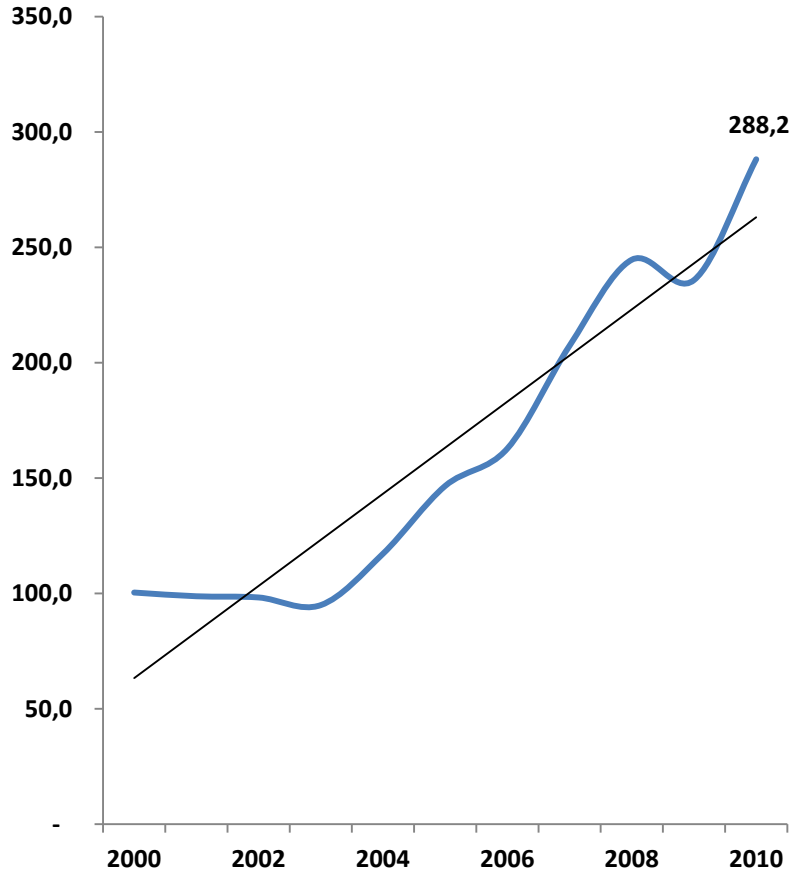
# Colombia has strong fundamentals on which to build prosperity



Source: Ministry of Mines and Energy - Colombia

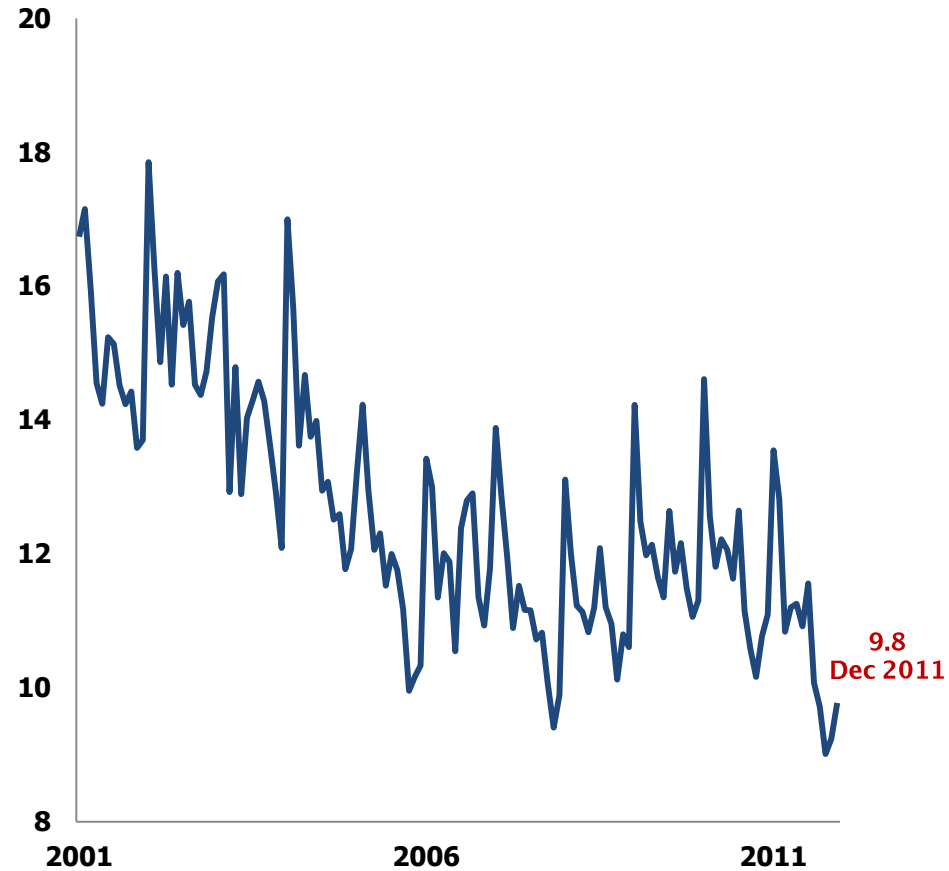
# This is shown by its recent economic performance

## GDP (PIB US\$ Billion)



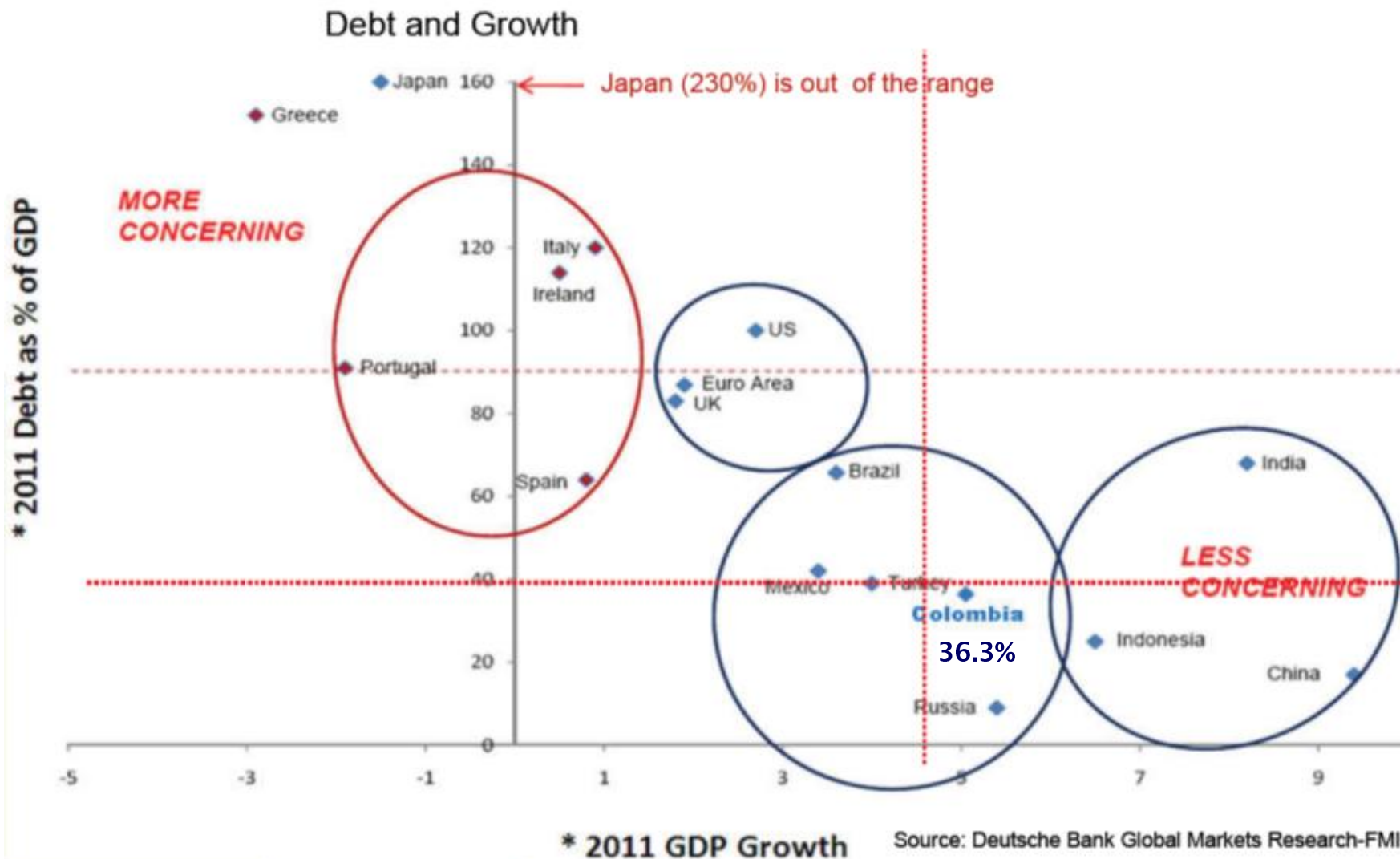
Source: World Bank

## Unemployment Rate (National total)



Source: Statistical Department of Colombia – DANE

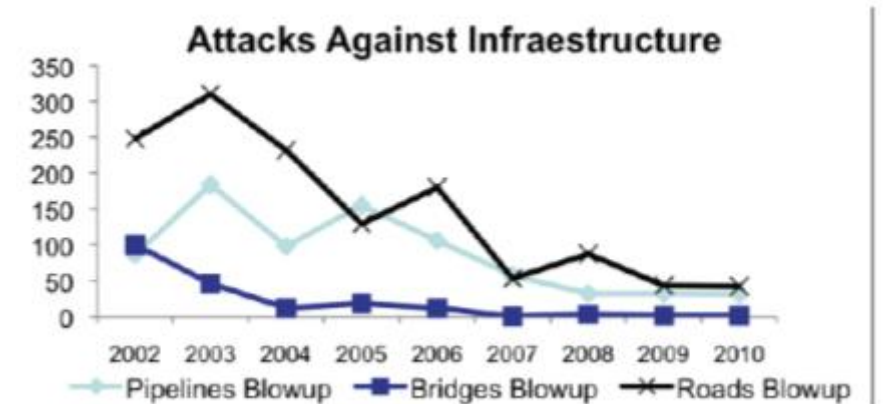
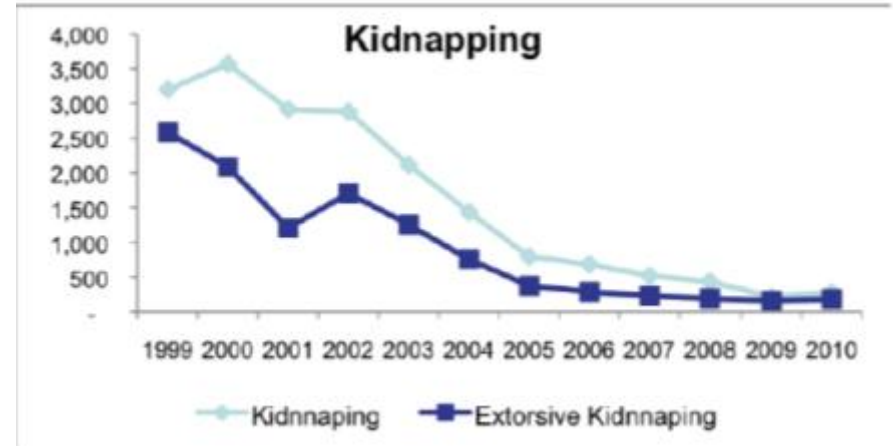
# Debt and Growth



# Improving Security

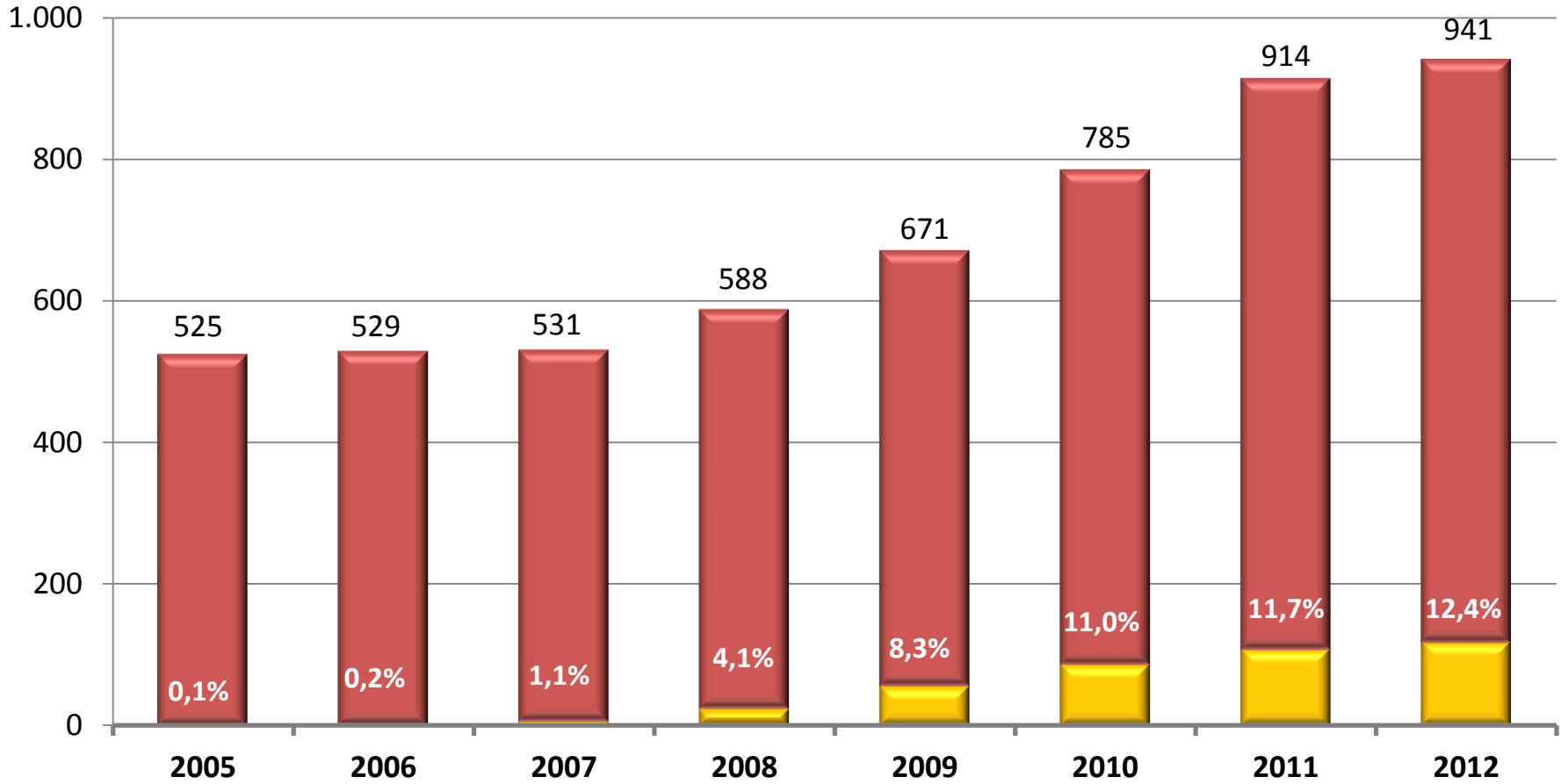
## Colombia's security strategy is constantly adjusting to maintain security improvements

- Include security considerations in energy planning
- Local security analyses for greater efficiency
- Increase troops as needed



# Oil production

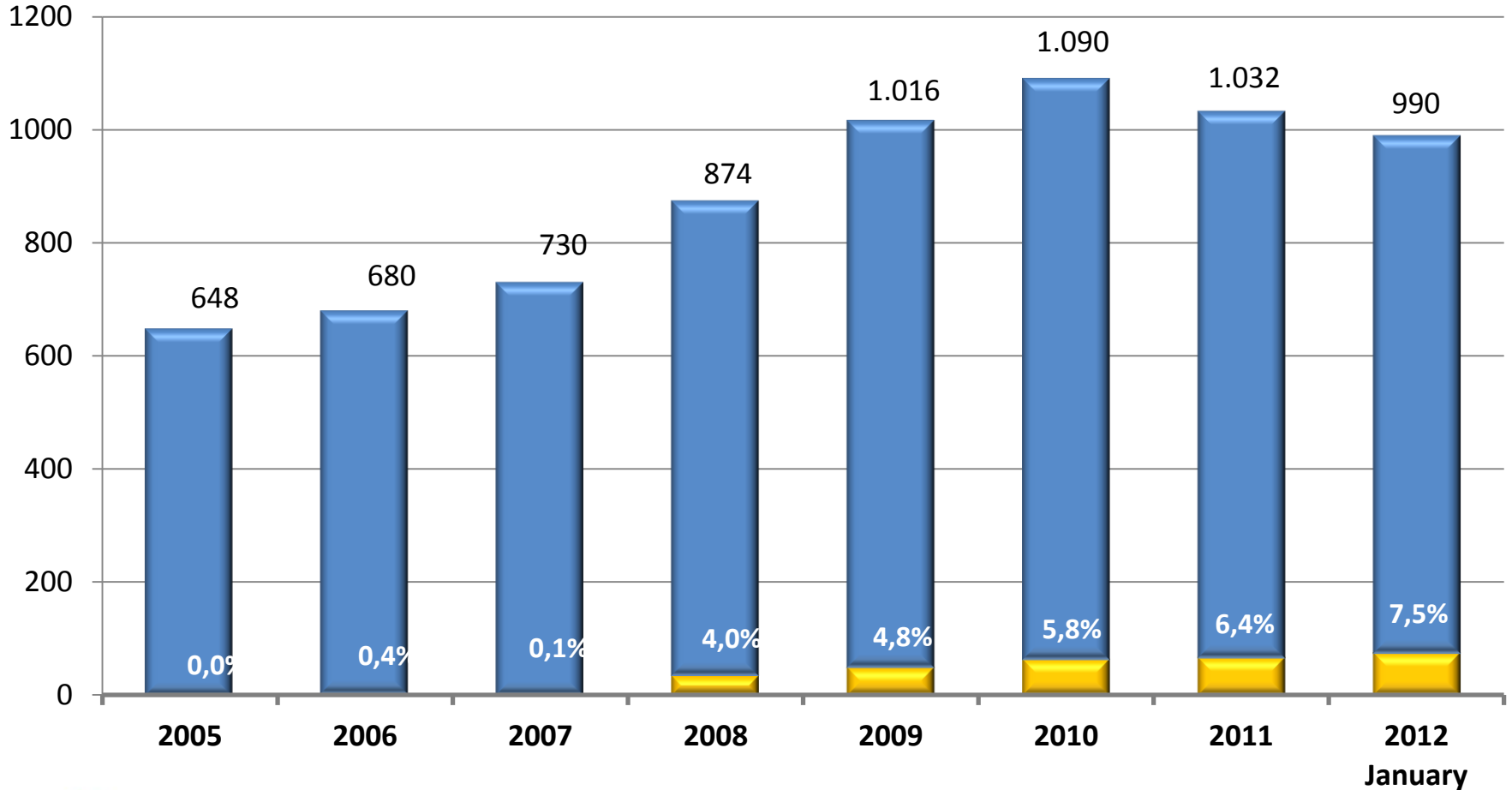
Thousand barrels per  
day



January

# Gas production

Million cubic feet per  
day

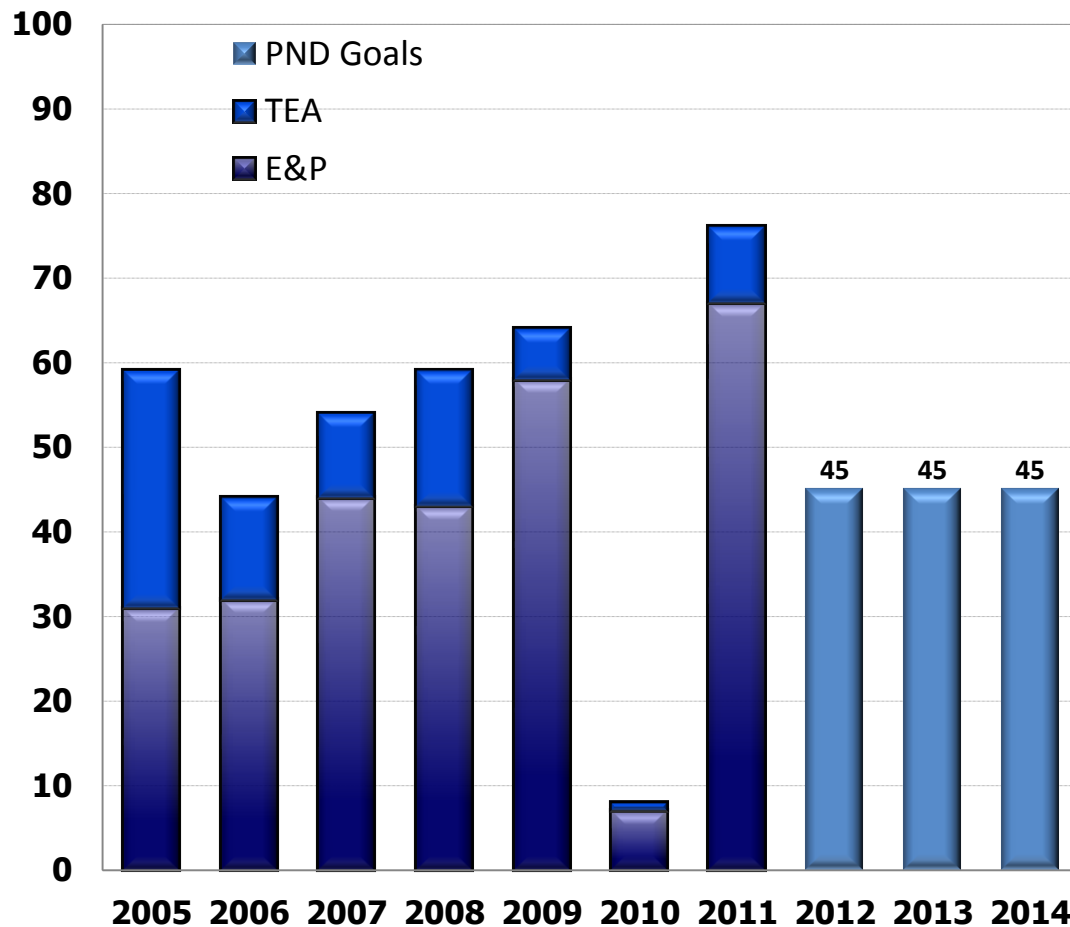




# Executed Contracts

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

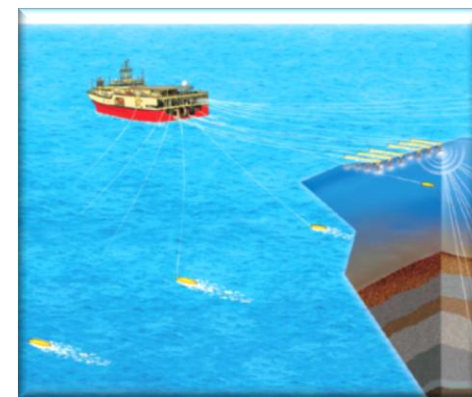
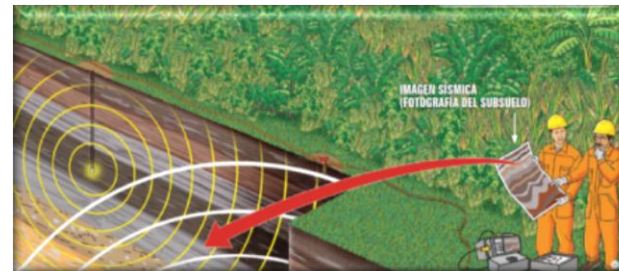
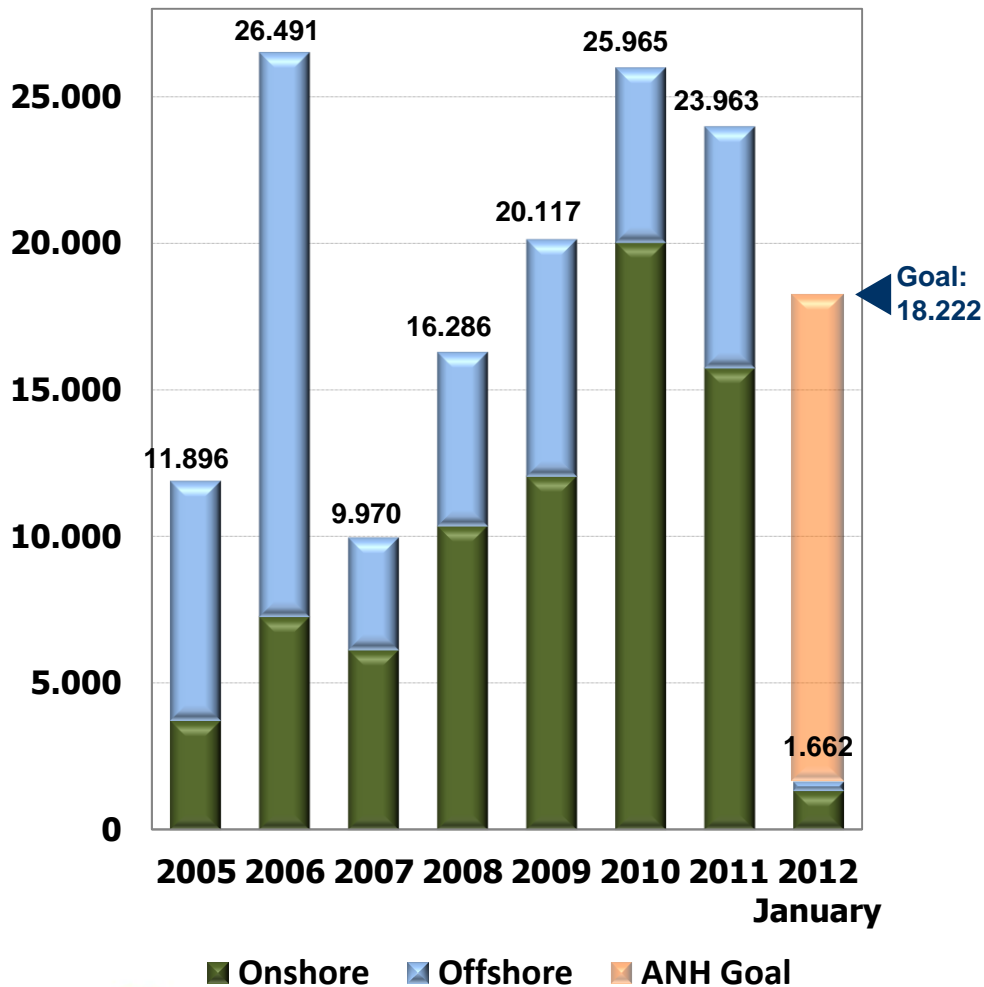
No. contracts



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

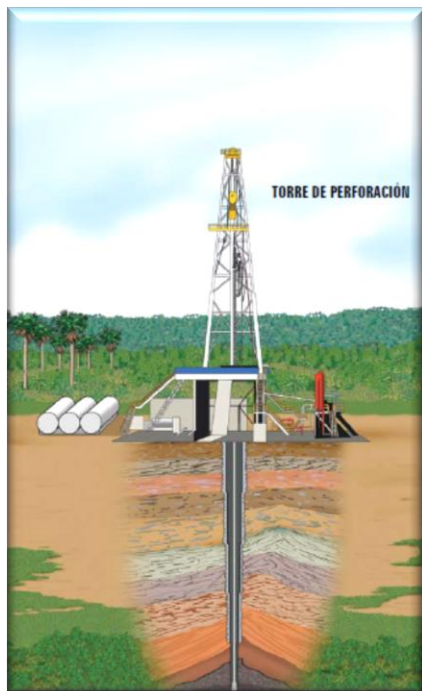
# Seismic acquisition

Seismic: km of 2D equivalent



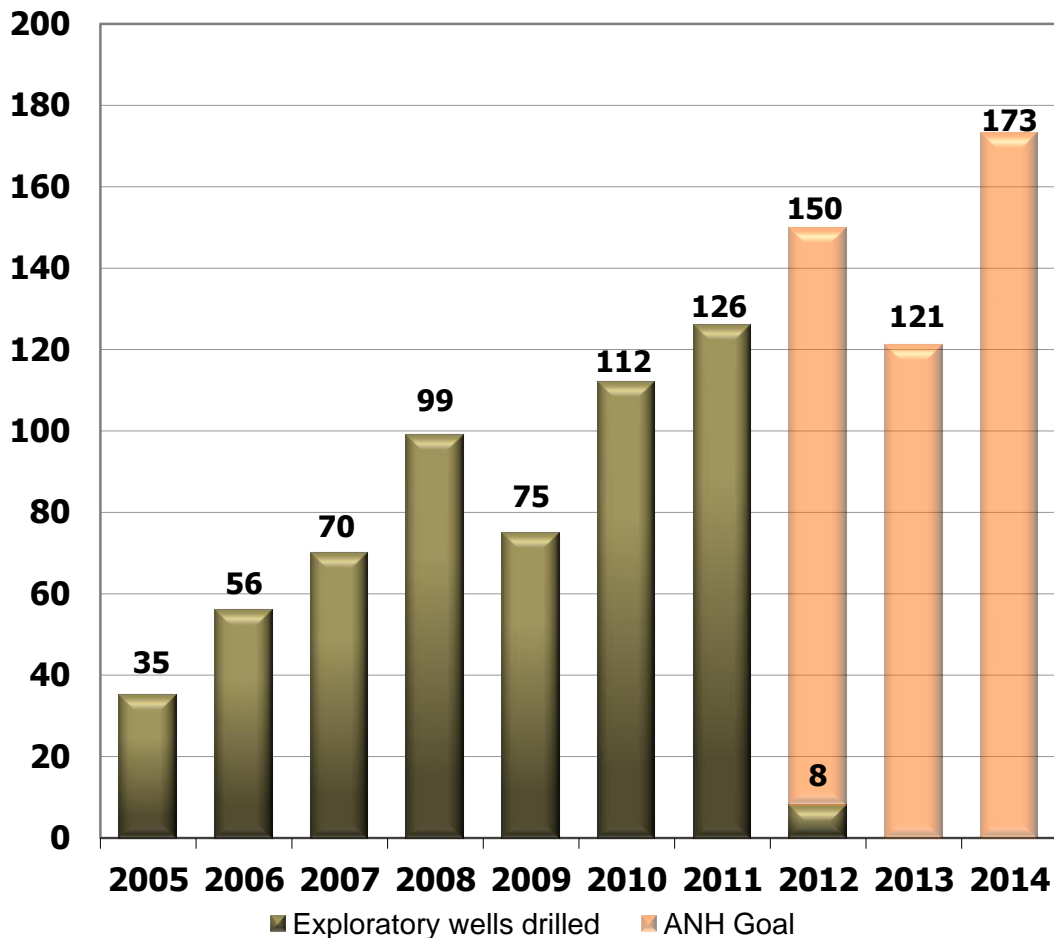
Investment in seismic acquisition (2012)	560 USD million
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# Exploratory wells drilled



<b>Investment in drilling (2012)</b>	<b>770 USD million</b>
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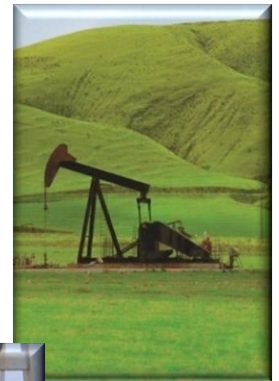
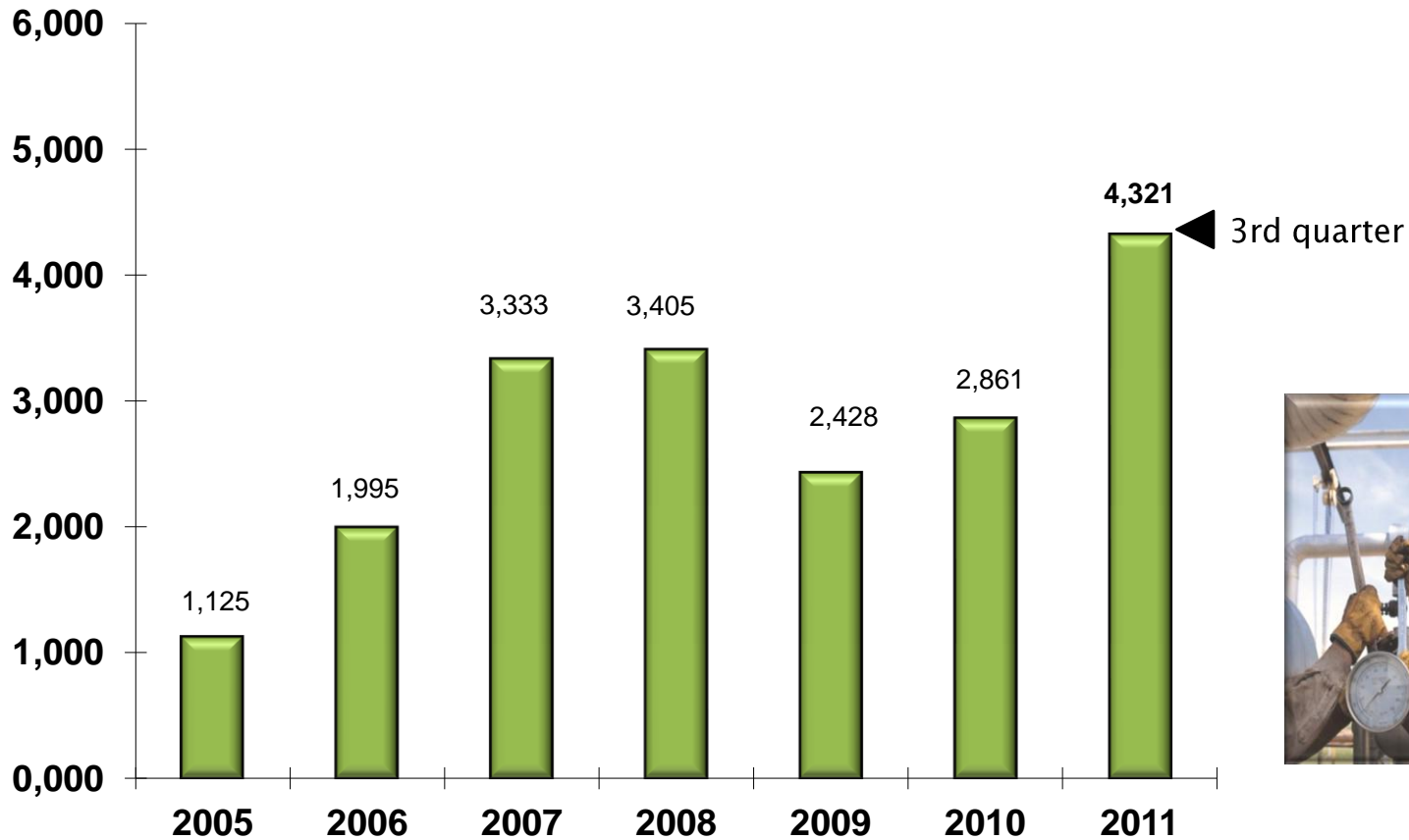
**Number of exploratory wells drilled**



# Investment

*Oil & gas sector*

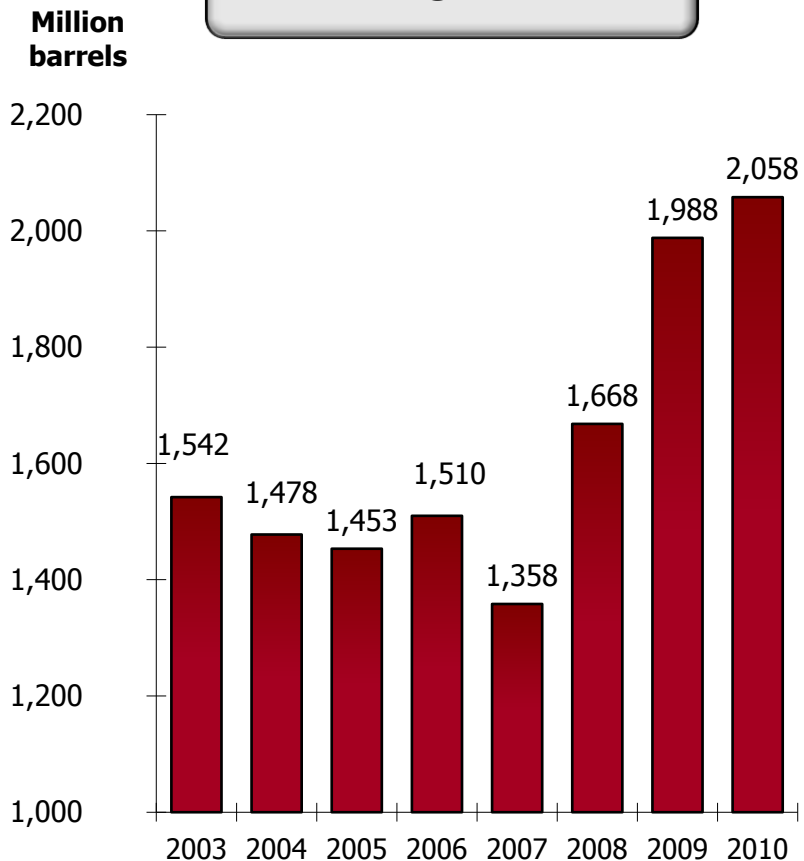
Million USD



Source: Banco de la República

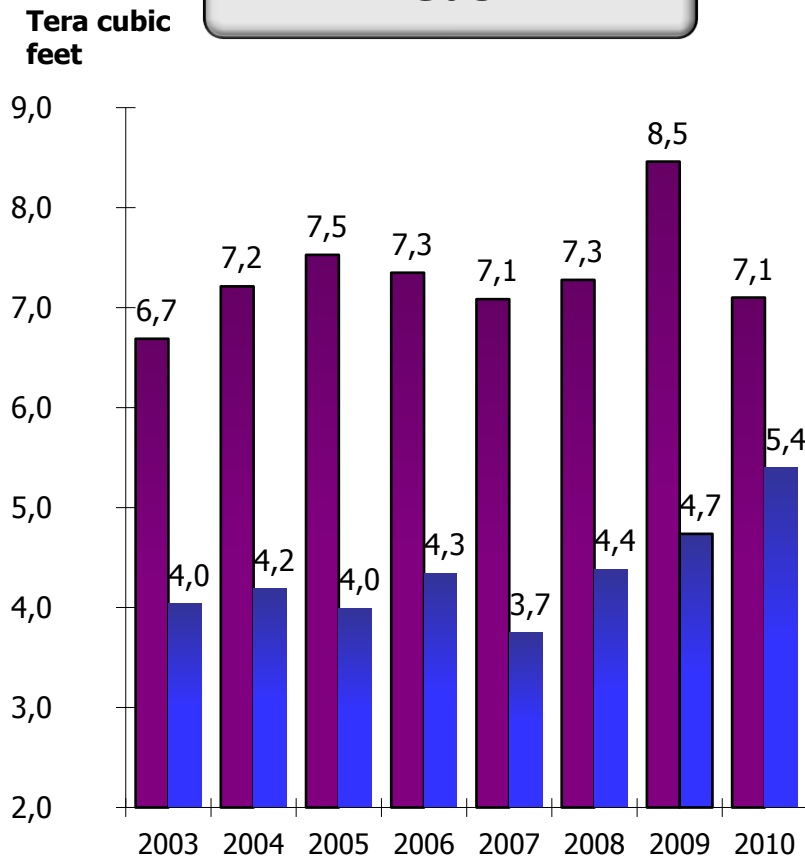
# Reserves

**Oil**



■ Proven

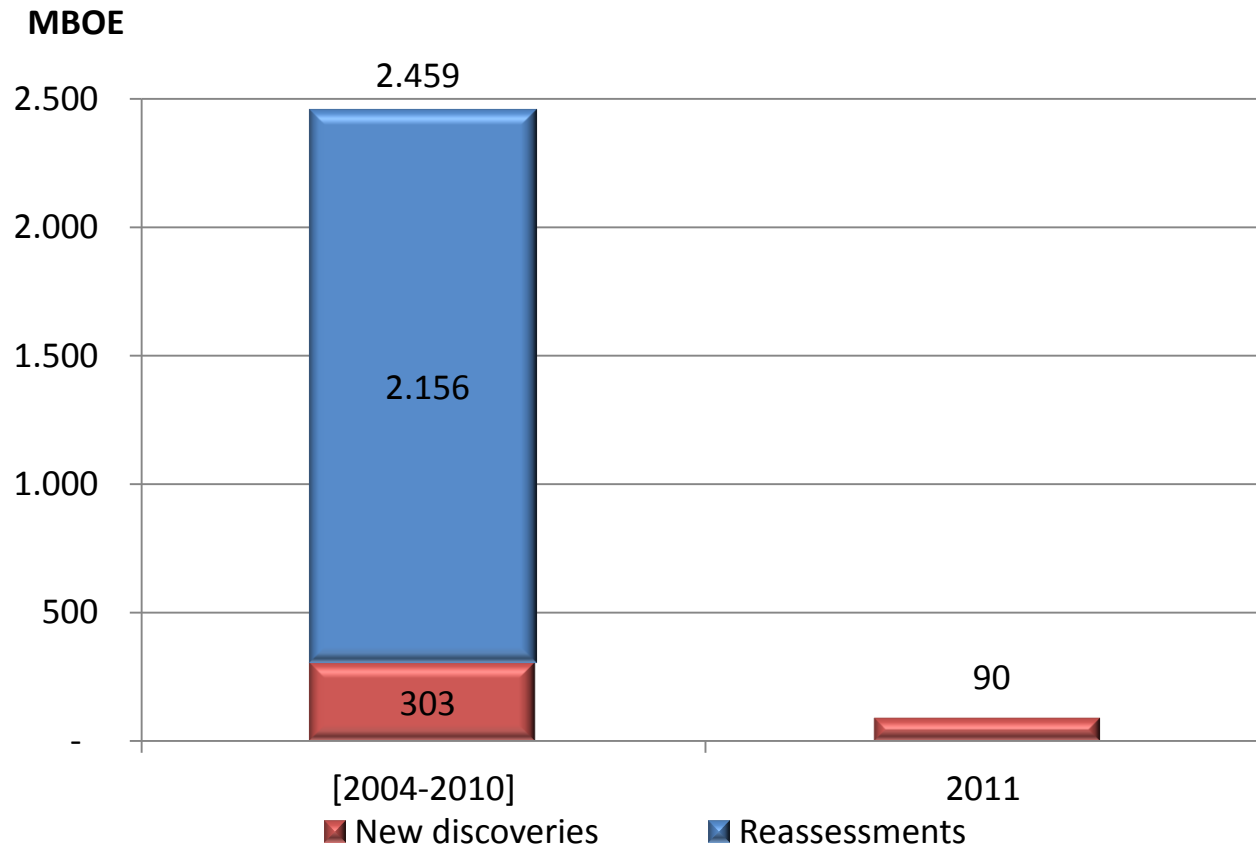
**Gas**



■ 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.

# New E&P discoveries



# Content



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# Potential

Basin / Resource (MMbbl / Tcf)	Convencional crude			Gas (Associated and free, Bcf)			Heavy Oil (MMbbl)		
	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>
<b>OFFSHORE</b>	<b>276.413,0</b>	<b>75.815,0</b>	<b>12.570,0</b>	<b>205,8</b>	<b>20,6</b>	<b>1,9</b>			
Cayos	43.050,0	11.774,0	1.950,0	21,8	2,6	0,3			
Chocó Offshore	12.589,0	3.453,0	575,0	58,9	4,4	0,1			
Colombia	90.992,0	24.923,0	4.138,0	39,9	4,9	0,6			
Guajira Offshore	18.721,0	5.131,0	855,0	10,0	1,1	0,1			
Pacifico Profundo Colombiano	92.961,0	25.566,0	4.224,0	39,4	4,7	0,6			
Sinú Offshore	8.182,0	2.248,0	377,0	10,4	1,0	0,1			
Tumaco Offshore	9.918,0	2.720,0	451,0	25,3	2,0	0,1			
<b>ONSHORE</b>	<b>153.952,0</b>	<b>42.148,0</b>	<b>7.436,0</b>	<b>289,4</b>	<b>25,6</b>	<b>1,8</b>	<b>388.653,0</b>	<b>71.386,0</b>	<b>14.224,0</b>
Amagá	804,0	233,0	75,0	3,3	0,3	0,0			
Choco	13.444,0	3.682,0	607,0	14,2	1,3	0,1	3.454,0	1.145,0	313,0
Caguán-Putumayo	419,0	137,0	34,0	15,8	1,9	0,2	21.500,0	5.794,0	1.628,0
Catatumbo	213,0	59,0	17,0	8,8	0,7	0,0			
Cauca Patía	4.553,0	1.247,0	208,0	60,5	4,3	0,1			
Cesar Ranchería	4.137,0	1.135,0	189,0	9,7	0,8	0,0			
Cordillera Oriental	22.653,0	6.221,0	1.030,0	44,9	3,6	0,2	5.467,0	3.052,0	1.369,0
Guajira	4.777,0	1.307,0	218,0	17,4	1,3	0,0			
Llanos Orientales	3.250,0	892,0	148,0	40,2	4,4	0,5	319.455,0	46.735,0	6.806,0
Sinú San Jacinto	13.469,0	3.697,0	614,0	15,5	1,3	0,1			
Tumaco	4.486,0	1.651,0	611,0	6,6	0,6	0,0			
Urabá	4.413,0	710,0	159,0	3,9	0,3	0,0			
Valle Inferior del Magdalena	13.177,0	3.609,0	602,0	12,3	1,1	0,1			
Valle Medio del Magdalena	11.885,0	3.252,0	539,0	7,2	0,6	0,1	22.459,0	10.216,0	3.526,0
Valle Superior del Magdalena	999,0	274,0	45,0	10,5	0,9	0,0	16.318,0	4.444,0	582,0
Vaupés Amazonas	51.273,0	14.042,0	2.340,0	18,6	2,2	0,3			
Áreas no Prospectivas o aledaña a cuenca									
<b>TOTAL</b>	<b>430.365,0</b>	<b>117.963,0</b>	<b>20.006,0</b>	<b>495,1</b>	<b>46,3</b>	<b>3,8</b>	<b>388.653,0</b>	<b>71.386,0</b>	<b>14.224,0</b>

# Potential

Basin / Resource (MMbbl / Tcf)	Gas Hydrates (Tcf)			Coal bed methane (Bcf) <sup>1</sup>			Tar Sand		
	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>
<b>OFFSHORE</b>	<b>75,6</b>	<b>19,1</b>	<b>4,9</b>						
Cayos									
Chocó Offshore	46,9	11,8	3,0						
Colombia	1,9	0,5	0,1						
Guajira Offshore	12,2	3,1	0,8						
Pacífico Profundo Colombiano	3,7	0,9	0,2						
Sinú Offshore	5,8	1,5	0,4						
Tumaco Offshore	5,2	1,3	0,3						
<b>ONSHORE</b>				<b>77.510,7</b>	<b>14.612,0</b>	<b>725,4</b>	<b>151.173,8</b>	<b>20.428,8</b>	<b>3.455,2</b>
Amagá				516,0	96,0	4,0	318,6	43,1	7,3
Choco							2.187,7	295,6	50,0
Caguán-Putumayo				167,0	31,4	1,8	14.203,0	1.919,3	324,6
Catatumbo				682,3	128,2	6,6	816,9	110,4	18,7
Cauca Patía				720,7	134,9	7,0	711,9	96,2	16,3
Cesar Ranchería				17.713,0	3.296,0	161,0	756,1	102,2	17,3
Cordillera Oriental				4.585,2	867,1	43,7	22.109,1	2.987,7	505,3
Guajira				832,4	156,3	7,8	1.035,9	140,0	23,7
Llanos Orientales				573,0	107,3	5,3	16.526,0	2.233,2	377,7
Sinú San Jacinto				33.286,6	6.338,5	313,1	9.067,2	1.225,3	207,2
Tumaco							753,9	101,9	17,2
Urabá							1.027,7	138,9	23,5
Valle Inferior del Magdalena				252,0	47,0	2,0	4.174,3	564,1	95,4
Valle Medio del Magdalena				4.448,0	830,0	42,0	18.650,3	2.520,3	426,3
Valle Superior del Magdalena				11.177,7	2.099,8	106,8	25.404,0	3.432,9	580,6
Vaupés Amazonas							4.752,8	642,3	108,6
Áreas no Prospectivas o aledaña a cuenca				2.556,9	479,5	24,3	28.678,4	3.875,4	655,5
<b>TOTAL</b>	<b>75,6</b>	<b>19,1</b>	<b>4,9</b>	<b>77.510,7</b>	<b>14.612,0</b>	<b>725,4</b>	<b>151.173,8</b>	<b>20.428,8</b>	<b>3.455,2</b>

# Potential

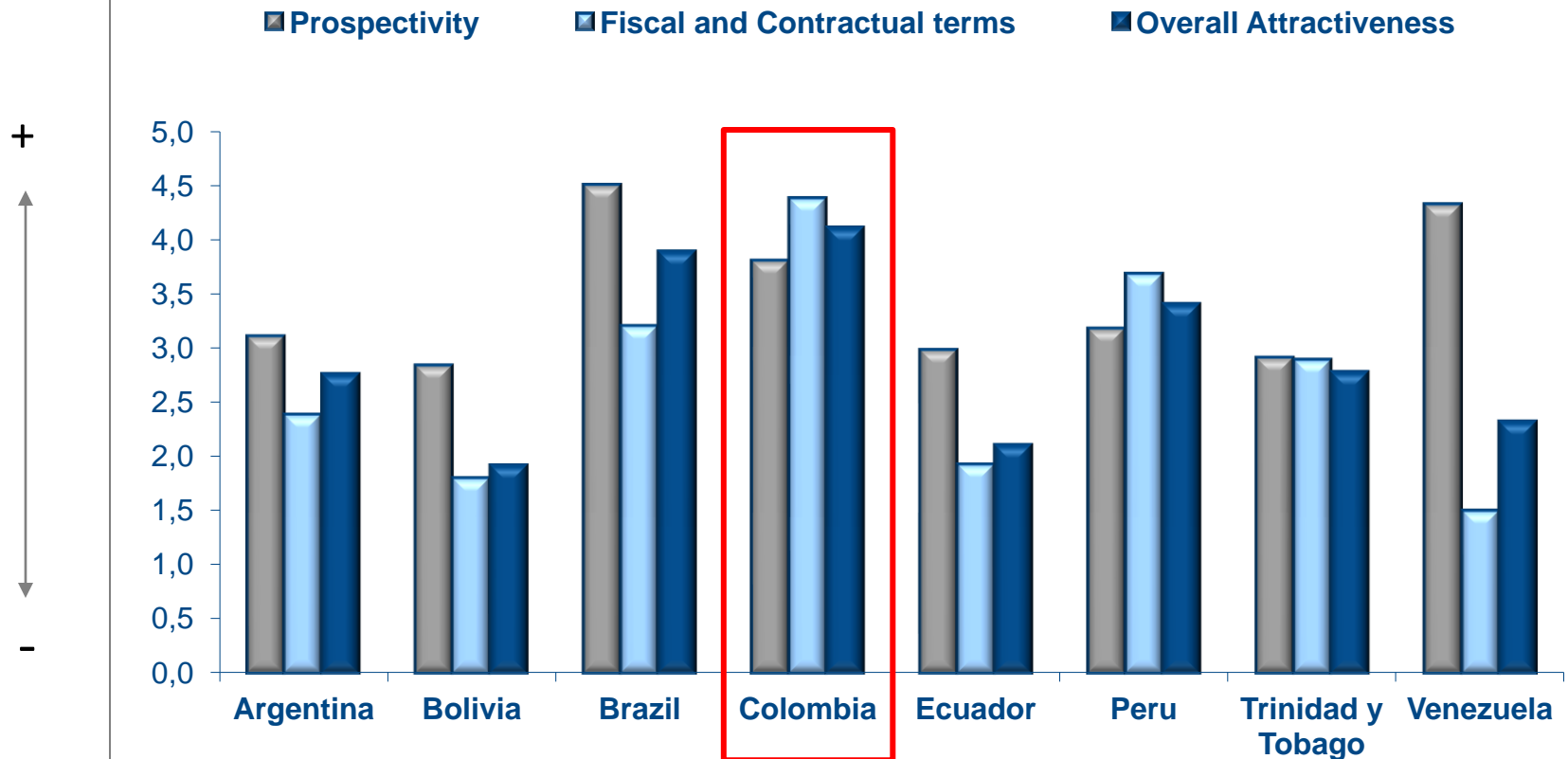
Basin / Resource (MMbbl / Tcf)	Oil Shale <sup>3</sup>			Shale Oil <sup>4</sup>			Shale Gas <sup>4</sup>		
	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>
<b>OFFSHORE</b>									
Cayos									
Chocó Offshore									
Colombia									
Guajira Offshore									
Pacífico Profundo Colombiano									
Sinú Offshore									
Tumaco Offshore									
<b>ONSHORE</b>	<b>91.078,0</b>	<b>2.220,1</b>	<b>60,5</b>	<b>151.524,0</b>	<b>19.607,4</b>	<b>3.090,6</b>	<b>2.050,7</b>	<b>265,5</b>	<b>33,8</b>
Amagá	3,5	0,1	0,0	14,4	4,2	0,6	0,2	0,1	-
Choco	412,2	10,9	0,3	235,2	71,4	11,4	3,2	1,0	0,2
Caguán-Putumayo	259,1	5,0	0,0	27.802,8	1.319,4	142,8	376,3	17,9	1,9
Catatumbo	85,0	3,6	0,1	1.918,2	403,2	50,4	26,0	5,5	0,7
Cauca Patía	240,2	7,8	0,2	295,8	88,2	13,8	4,0	1,2	0,2
Cesar Ranchería	622,9	13,9	0,3	1.108,2	294,6	43,2	15,0	4,0	0,6
Cordillera Oriental	294,6	9,5	0,3	7.543,8	2.137,8	327,0	102,1	28,9	4,4
Guajira	10.443,3	198,7	1,2	1.373,4	365,4	54,0	18,6	4,9	0,7
Llanos Orientales	798,9	33,3	1,2	68.478,6	10.783,8	1.297,2	926,7	145,9	17,6
Sinú San Jacinto	1.135,1	47,5	1,9	4.565,4	1.171,2	169,2	61,8	15,9	2,3
Tumaco	2.678,0	99,3	3,0	586,8	175,8	27,6	7,9	2,4	0,4
Urabá	1.950,3	97,1	4,1	943,8	241,8	34,8	12,8	3,3	0,5
Valle Inferior del Magdalena	12.166,0	220,4	3,8	1.255,2	362,4	55,8	17,0	4,9	0,8
Valle Medio del Magdalena	39.432,2	549,6	7,3	1.539,0	450,0	69,6	20,8	6,1	0,9
Valle Superior del Magdalena	5.986,4	240,9	8,5	469,2	139,2	21,6	6,4	1,9	0,3
Vaupés Amazonas	14.564,9	682,2	28,3	33.394,2	1.599,0	771,6	451,9	21,6	2,3
Áreas no Prospectivas o aledaña a cuenca	5,5	0,3	0,0						
<b>TOTAL</b>	<b>91.078,0</b>	<b>2.220,1</b>	<b>60,5</b>	<b>151.524,0</b>	<b>19.607,4</b>	<b>3.090,6</b>	<b>2.050,7</b>	<b>265,5</b>	<b>33,8</b>

# Potential

Basin / Resource (MMbbl / Tcf)	Gas in Tigh sands <sup>5</sup> (Tcf)		
	P <sub>10</sub>	P <sub>50</sub>	P <sub>90</sub>
<b>OFFSHORE</b>			
Cayos			
Chocó Offshore			
Colombia			
Guajira Offshore			
Pacífico Profundo Colombiano			
Sinú Offshore			
Tumaco Offshore			
<b>ONSHORE</b>	<b>43,7</b>	<b>5,5</b>	<b>1,0</b>
Amagá	0,1	0,0	0,0
Choco	0,9	0,1	0,0
Caguán-Putumayo	6,7	0,9	0,1
Catatumbo	0,5	0,1	0,0
Cauca Patía	0,3	0,0	0,0
Cesar Ranchería	0,8	0,1	0,0
Cordillera Oriental	5,0	0,6	0,1
Guajira	1,0	0,1	0,0
Llanos Orientales	15,6	2,0	0,3
Sinú San Jacinto	2,5	0,3	0,1
Tumaco	0,5	0,1	0,0
Urabá	0,7	0,1	0,0
Valle Inferior del Magdalena	2,6	0,3	0,1
Valle Medio del Magdalena	2,1	0,3	0,0
Valle Superior del Magdalena	1,5	0,2	0,0
Vaupés Amazonas	3,0	0,4	0,1
Áreas no Prospectivas o aledaña a cuenca			
<b>TOTAL</b>	<b>43,7</b>	<b>5,5</b>	<b>1,0</b>

# 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
- Freedom for the marketing of oil and gas overseas
- Exporters will be recognized the opportunity cost of natural gas exports whenever there are interruptions due to internal needs
- A window of opportunity



# Content

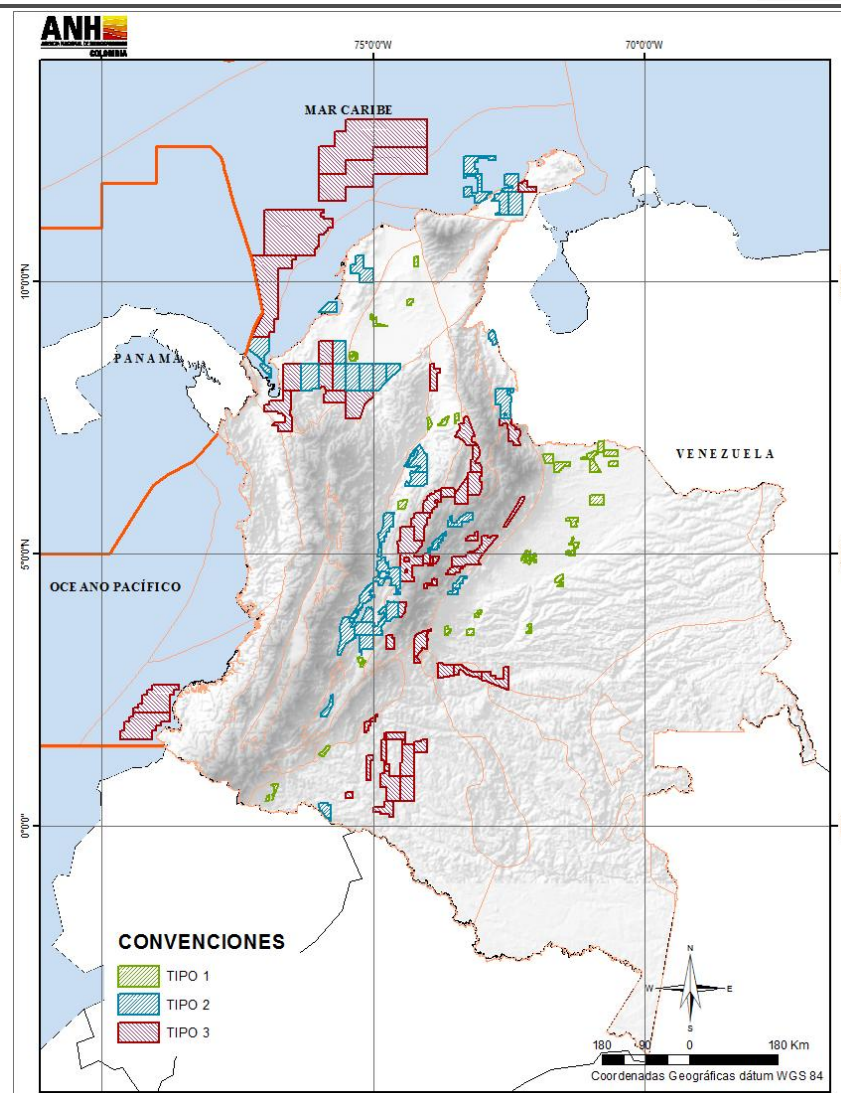


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# Colombia Round 2012

## 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
<b>Total</b>	<b>29</b>	<b>34</b>	<b>46</b>	<b>109</b>

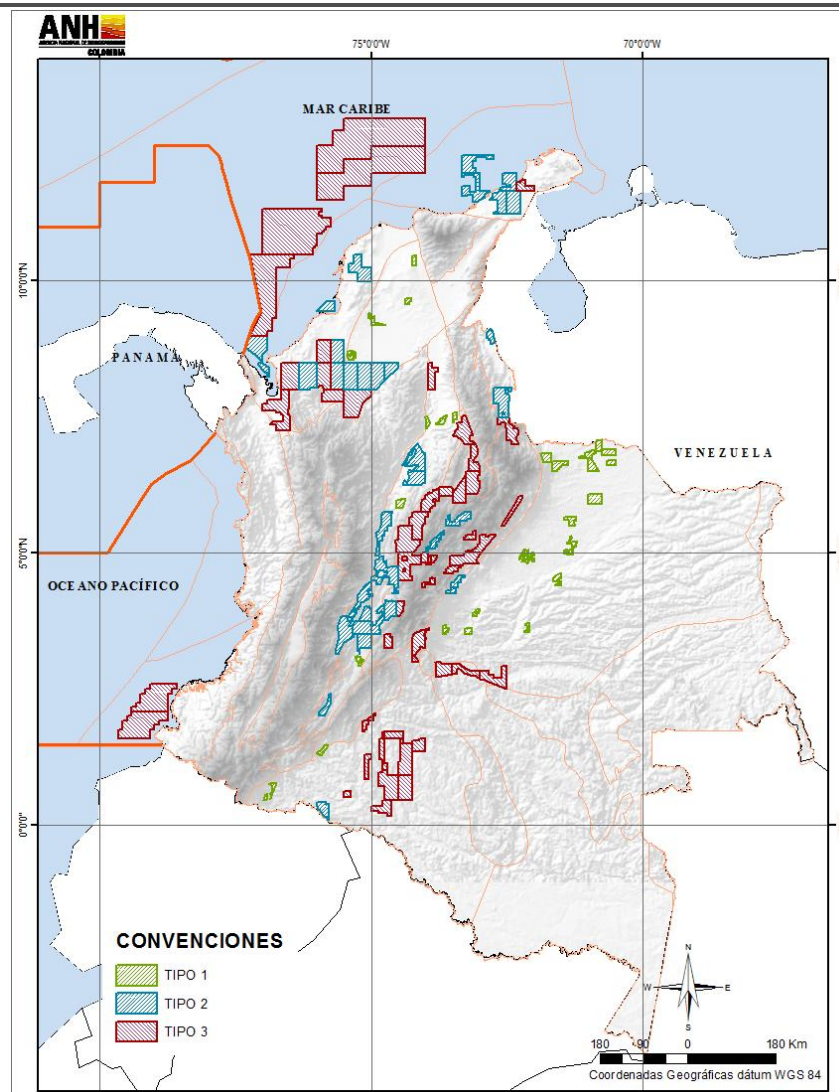




# Colombia Round 2012

	On shore	Off shore
Type 1	29	
Type 2	29	5
Type 3	40	6
<b>Total</b>	<b>98</b>	<b>11</b>

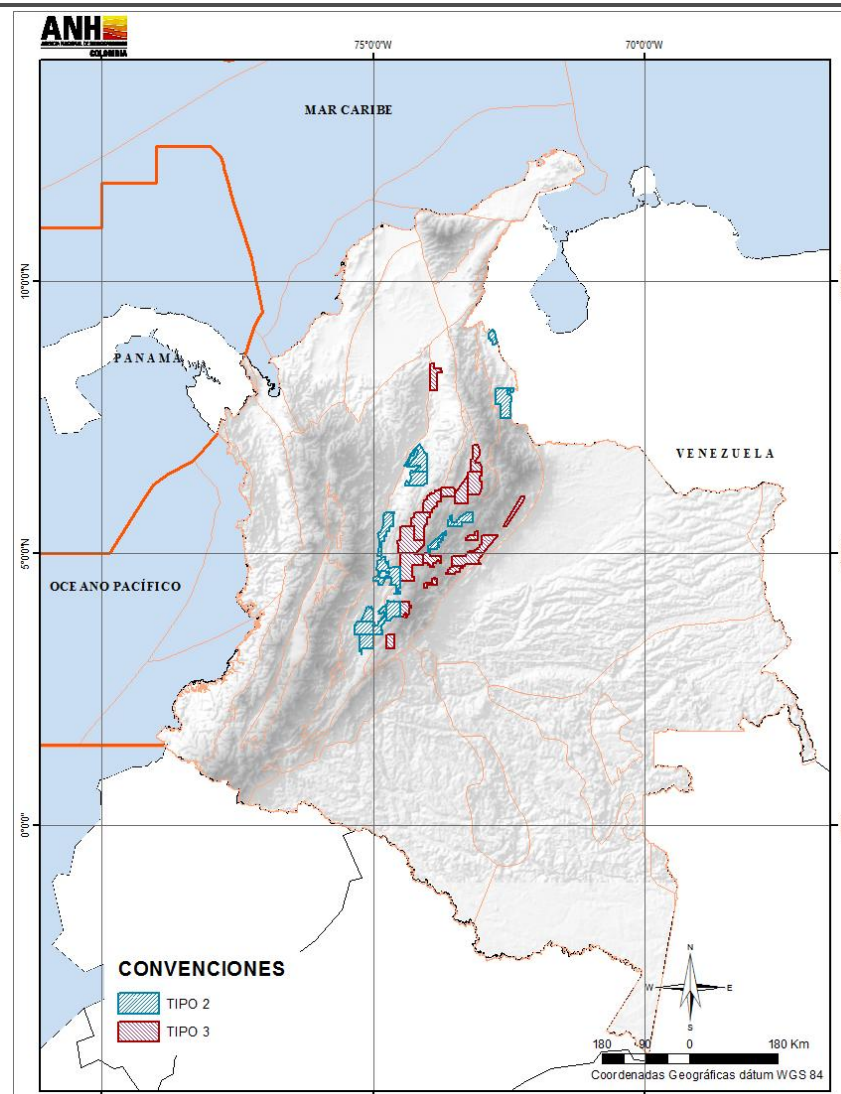
Tipo	Sísmica 2D (km)	Número de pozos	Total (Has)
Tipo 1	914	76	656.520
Tipo 2	1.644	186	3.591.333
Tipo 3	438	23	9.229.703
<b>Total</b>	<b>2.996</b>	<b>285</b>	<b>13.477.556</b>



# Blocks for Unconventional

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 on Conventional royalty rates
- New  $P_o$  for Oil = 81 USD

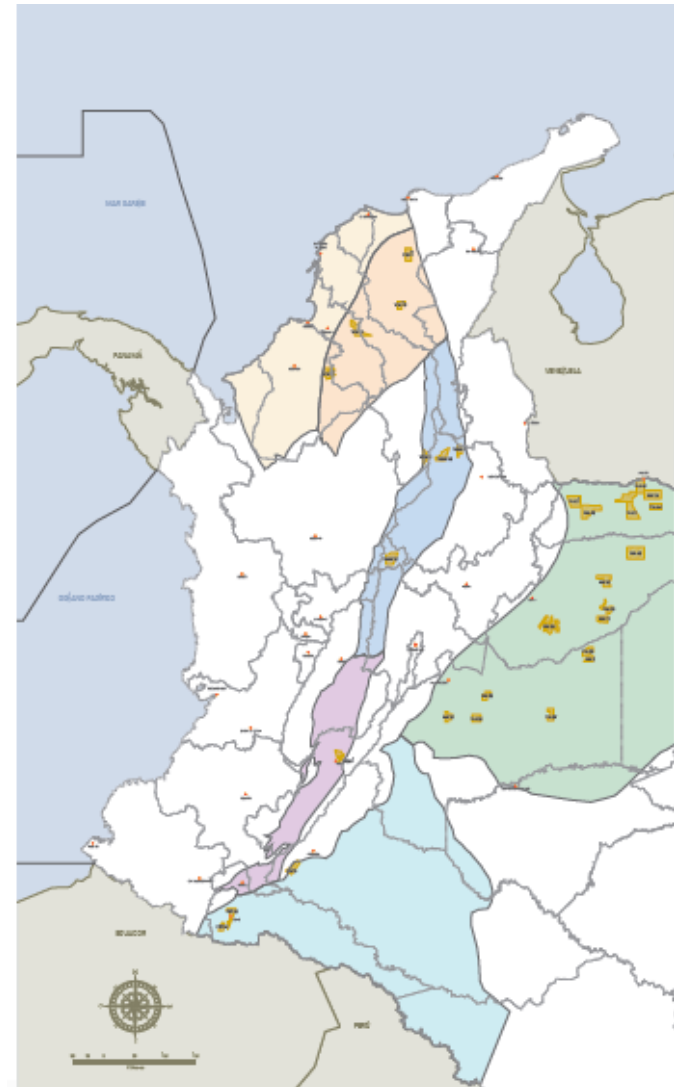
# Type 1 blocks

## Blocks in mature areas. E&P contracts will be subscribed

Type 1		
BLOCK	Total Area (Has)	Area Range (Has)
29	656,520	7,600 – 57,300

Seismic lines	Wells
Seismic 2D (km)	Number of wells
914	76

Basins
<ul style="list-style-type: none"> <li>• Lower Magdalena Valley</li> <li>• Middle Magdalena Valley</li> <li>• Upper Magdalena Valley</li> <li>• Caguán-Putumayo</li> <li>• Llanos</li> </ul>



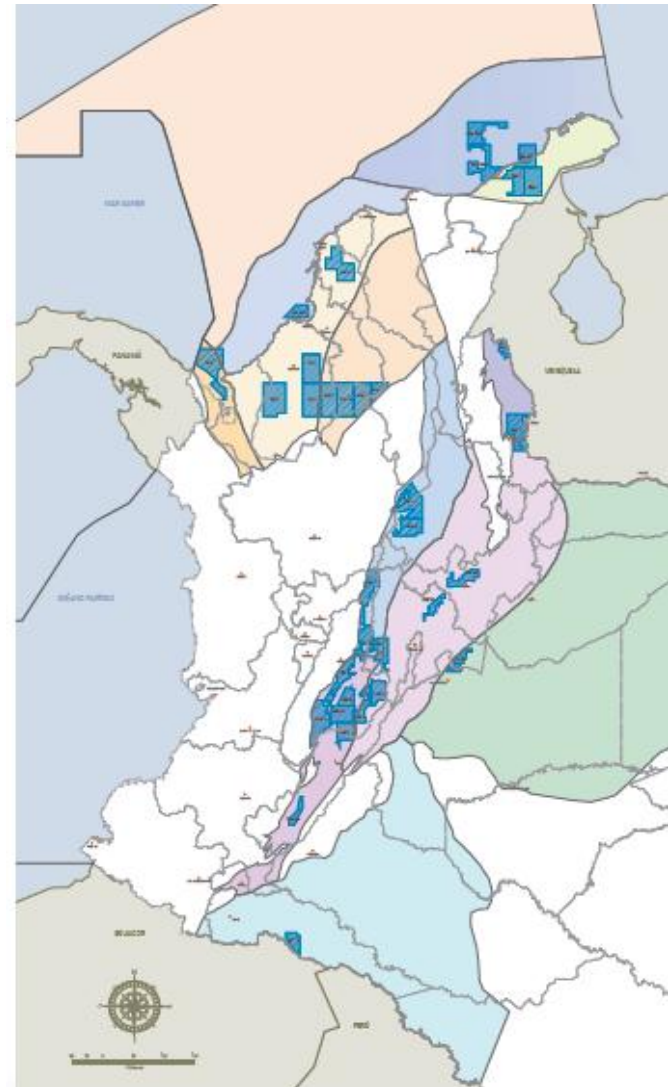
# Type 2 blocks

**Blocks with new prospectivity.  
E&P contracts will be subscribed**

Type 2		
BLOCKS	Total Area (Has)	Area Range (Has)
34	3,591,333	22,700 – 195,400

Seismic Lines	Wells
Seismic 2D (km)	Number of wells
1,644	186

Basins	
<ul style="list-style-type: none"> <li>• Guajira</li> <li>• Guajira Offshore</li> <li>• Sinú Offshore</li> <li>• Uraba</li> <li>• Sinú-San Jacinto</li> <li>• Lower Magdalena Valley</li> </ul>	<ul style="list-style-type: none"> <li>• Middle Magdalena Valley</li> <li>• Upper Magdalena Valley</li> <li>• Caguán-Putumayo</li> <li>• Llanos</li> <li>• Cordillera</li> <li>• Catatumbo</li> </ul>



# Type 3 blocks

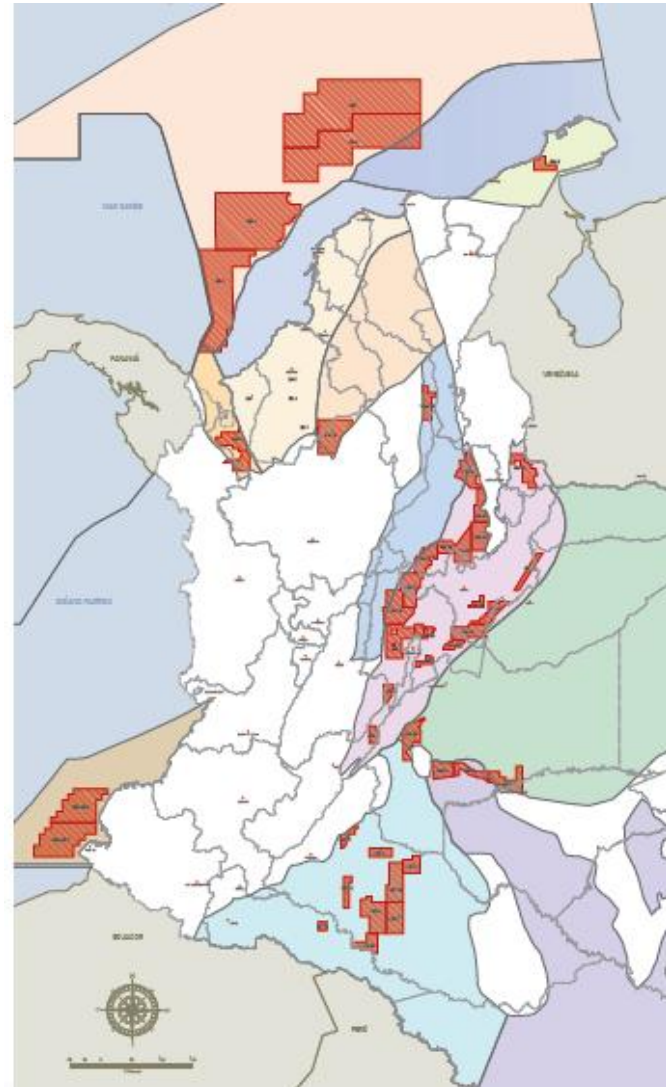
## Exploration Blocks in frontier areas for Technical Evaluation Agreements (TEA)

Type 3		
BLOCKS	Total Area (Has)	Area Range (Has)
46	9,229,703	18,600 – 1,427,500

Seismic Lines	Wells
Seismic 2D (km)	Number of wells
438	23

### Basins

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Guajira</li> <li>• Guajira Offshore</li> <li>• Colombia</li> <li>• Uraba</li> <li>• Sinú-San Jacinto</li> <li>• Lower Magdalena Valley</li> </ul> | <ul style="list-style-type: none"> <li>• Vaupés-Amazonas</li> <li>• Middle Magdalena Valley</li> <li>• Caguán-Putumayo</li> <li>• Llanos</li> <li>• Cordillera</li> </ul> |
|--|---|



# Information pack



## Data packs

Area type	Cost USD *
1	20.000
2 & 3	100.000

# Content



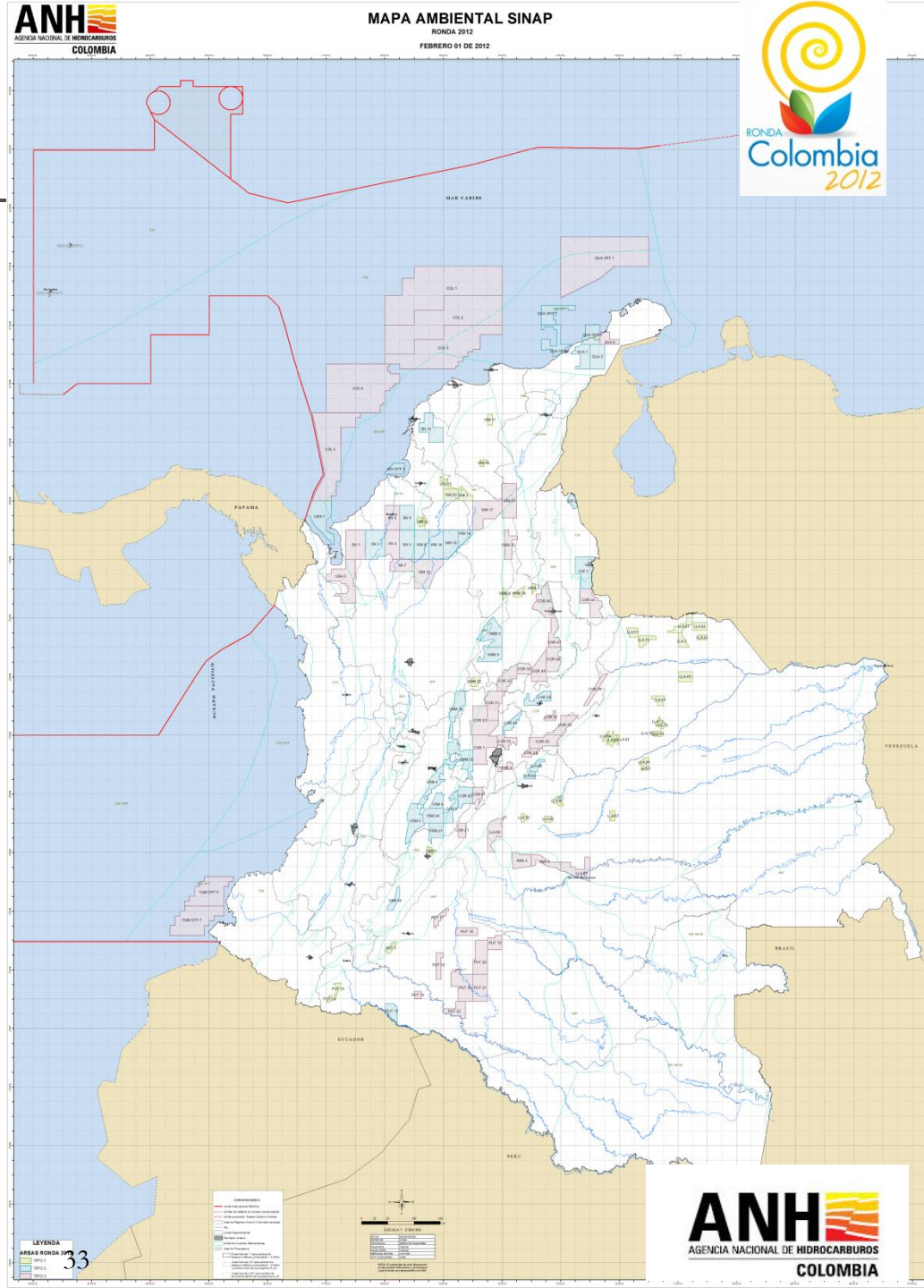
1. Colombia – Indicators / targets
2. Potential
3. Colombia Round 2012
- 4. Environmental and Social Aspects**
5. Terms of References – TOR
6. ANH Contracts



# Environmental and Social Aspects

## The importance of social and environmental aspects when planning the Colombia Round 2012

- Compliance with environmental regulations and social legislation
- Transparency and clear rules
- Viability of Operation
- Sustainable Development Model



# Colombia Round 2012 planning

1. Update of the information that lies in the ANH's information system
2. Verification of the areas of special social and environmental restrictions within the blocks of the Colombia Round 2012
3. Interinstitutional coordination took place with the competent authorities of the country on social, security and environmental matters
  - Ministry of Mines and Energy
  - Ministry of Foreign Affairs
  - Ministry of Environment and Sustainable Development
  - Ministry of Interior
  - Ministry of National Defense
  - National Planning Department
  - Environmental Licensing Authority
  - Colombian National Natural Parks

# Social-Environment charts for each of the Blocks Colombia Round 2012



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**

<b>Áreas de Manejo Especial</b>	<ul style="list-style-type: none"> <li><b>Áreas Presentes:</b> Área de Manejo Especial La Macarena</li> <li><b>Definición:</b> Es área de manejo especial la que se delimita para administración, manejo y protección del ambiente y de los recursos naturales renovables.</li> <li><b>Autoridad Ambiental Competente:</b> Ministerio de Ambiente y Desarrollo Sostenible.</li> <li><b>Tipo de Restricción:</b> No tiene restricción explícita, pero deberá consultarse la zonificación con la autoridad ambiental competente.</li> <li><b>Normatividad relacionada:</b> Decreto Ley 2811 de 1974, Artículo 308</li> </ul>
<b>Reserva Forestal Ley 2ª de 1952</b>	<ul style="list-style-type: none"> <li><b>Áreas Presentes:</b> Reserva de la Amazonia</li> <li><b>Definición:</b> 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</li> <li><b>Autoridad Ambiental Competente:</b> Ministerio de Ambiente y Desarrollo Sostenible.</li> <li><b>Tipo de Restricción:</b> Sujeta a sustracción, solicitada por el interesado ante la autoridad ambiental.</li> <li><b>Normatividad relacionada:</b> Ley 2ª de 1959, Artículo 1</li> </ul>
<b>Distritos de Manejo Integrado</b>	<ul style="list-style-type: none"> <li><b>Áreas Presentes:</b> Ariari Guayabera La Macarena Norte</li> <li><b>Definición:</b> 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.</li> <li><b>Autoridad Ambiental Competente:</b> Corporaciones Autónomas Regionales con jurisdicción en el Bloque.</li> <li><b>Tipo de Restricción:</b> No tiene restricción explícita, pero deberá consultarse la zonificación con la autoridad ambiental competente.</li> <li><b>Normatividad relacionada:</b> Decreto 2372 de 2010, Artículo 14</li> </ul>

**ANH**  
AGENCIA NACIONAL DE HIDROCARBUROS

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

# Content



1. Colombia – Indicators / targets
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6. ANH Contracts

# Index



- Qualification Criteria
  - legal capacity
  - Financial Economic Capacity
  - Technical and Operational Capacity
  - Environmental capacity
  - Capacity in CSR
- Proposal Review and Validation
- Award Criteria
- Changes from Colombia Round 2010
- Timeline

# Qualification

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

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

# Legal capacity

- **Corporations**, Nationals and foreign
  - Individual participant, 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

# Legal capacity

- Provide accurate and truthful information and authorize the **ANH**, at any time, to verify all information submitted for participating in the Bid Round.
- Execute undertakings on anticorruption and anti money laundering, as well as against terrorist financing and other criminal activities.

In any case, the ANH reserves the right to check the background of corporations and their partners, except those listed on stock exchanges, in databases, such as "World Check" and "World Compliance".



# Economic and Financial Capacity

Average of equity on the last three (3) years, for Area:

	US\$
• <b>Type 1:</b>	6,000,000
• <b>Type 2:</b> (Except off shore and unconventional)	20,000,000
• <b>Type 3,</b> 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.

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

# Technical and operational capacity

Type of Área	Reserves Boe	Production* Boed
<b>1 *</b>	2.000.000	1.000
<b>2</b> (Except offshore and unconventional)	5.000.000	5.000
<b>3</b> (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.

# 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 to endorse the 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 (*)
<b>1 &amp; 2 Offshore included</b>	Participation in production (X%)	Additional investment in exploration phase I
<b>3 and Unconventionals</b>	Additional investment in exploration phase I	Participation in production (X%)

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

# Changes in relation to Colombia Round 2010



- The possibility of qualification as "Restricted Operator" is removed
- Participants can bid for adjacent areas
- Higher requirements are set for technical and operational capacity in the case of Type 1 Areas
- Offshore and unconventional areas require participants with economical, financial, technical and operational requirements established for type 3 areas



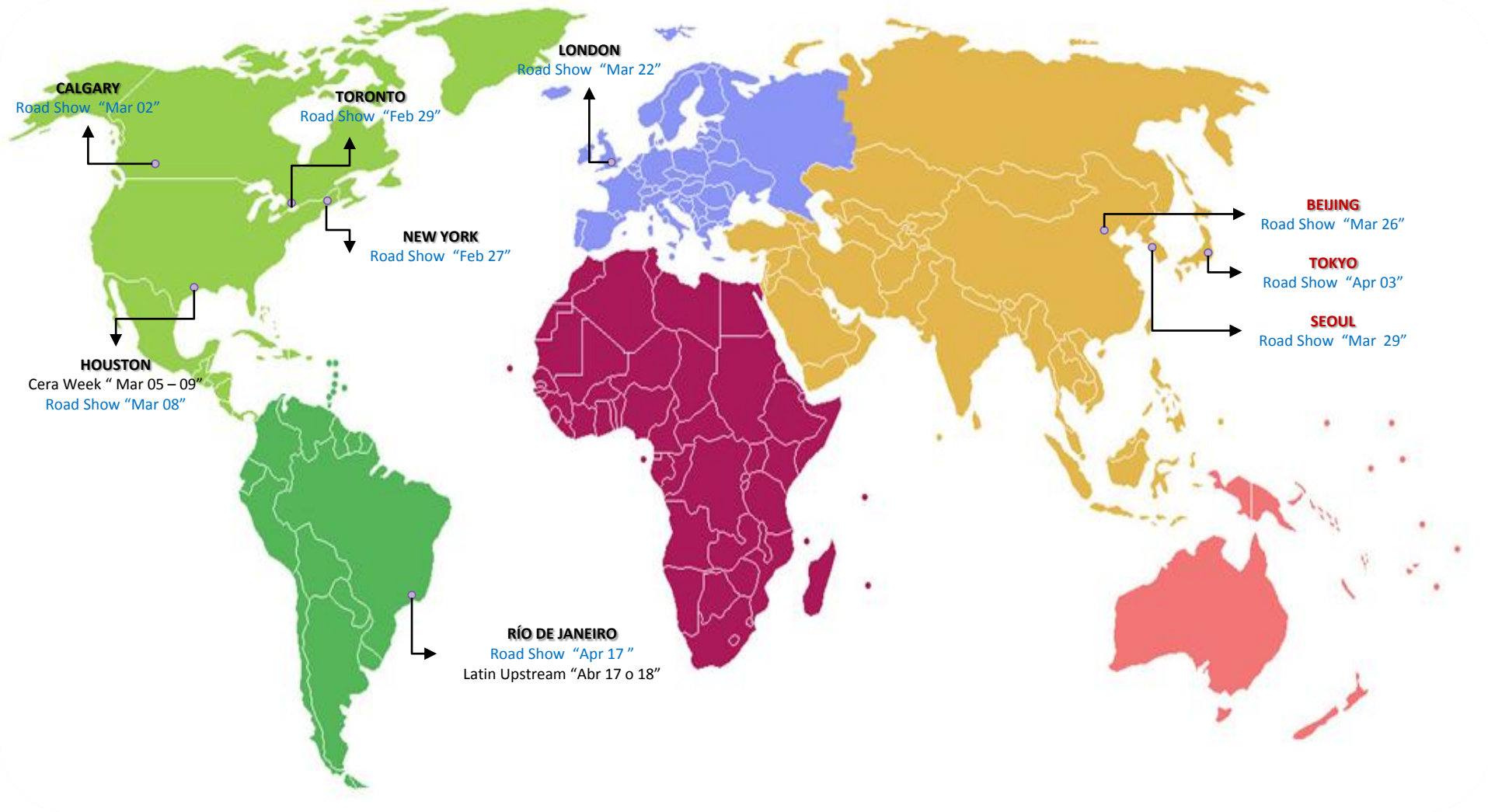
# Colombia Round 2012

## Schedule



<b>Activities</b>	<b>Date</b>
Pre – Launch (Bogotá)	22-11- 2011
Launch (Bogotá)	21- 02-2012
Initial technical packages sale	22 -02-2012
Publication of "TOR" Project	27 -02-2012
"Road Shows"	29-02-2012 Toronto 01 and 02-02-2012 Calgary ("Data Room") 08-03-2012 - Houston ("Data Room") 22 and 23-03-2012; London 26 and 27-03-2012 - Beijing ("Data Room") 29 and 30-03-2012 - Seoul 03 and 04-04-2012 - Tokyo 17-04-2012 - Río de Janeiro <b>20-03 to 30-06-2012</b> <b>("Data Room") Bogotá</b>
Opening and publication of definitive TOR´s and contracts	23- 04-2012
presentation applications and qualification documents by proponents	23-04 a 15-06- 2012
Enabling Publishing Bidders List	12 -07-2012
Comments on the Bidders List Enabling	Until 19-07-2012
Publication of Final List of Bidders Enabling	03-08-2012
Submission of Proposals, Bid Guarantees and Public Opening Act	17-10-2012
Eligibility Release Preliminary List of Proposals	18-10-2012
Comments on the Formulation of Preliminary Eligibility List	Until 26-10-2012
Validation of Proposals	Until 31-10-2012
Award or desert statement of areas	November 2012
Signing of contracts	November and December de 2012

# Road Show



# Content



1. Colombia – Indicators / targets
2. Potential
3. Colombia Round 2012
4. Environmental and Social Aspects
5. Terms of Reference – TOR
6. **ANH Contracts**

# Contractual aspects



Contents:

1. E&P Contract
2. TEA Contract
3. E&P and TEA contracts common aspects

# E&P contract (I)

## Object

*The exclusive right to:*

- Explore the subsoil under the contracted area
- Produce the hydrocarbons owned by the state that are discovered under such area
- Own part of the production of the hydrocarbons within the contracted area

*The contractor shall:*

- Perform all activities at its own cost and risk
- Obtain all required permits
- Indemnify ANH of any claims related to contractors work
- Use best oil industry practices
- Procure national good and services when possible, under equal conditions

# Contract duration and stages



- Duration:
  - ✓ Exploration: 6 years conventional hydrocarbons / 8 years unconventional hydrocarbons
  - ✓ Production: 24 years
- Exploration period
  - ✓ Conventional Hydrocarbons: Two phases of 3 years each
  - ✓ Unconventional hydrocarbons: Two phases of 3 years each and one of 2 years.
  - ✓ First phase is mandatory.

# Unconventional hydrocarbons



- Modification of contractual periods
  - Exploration: Cartography, geochemistry, seismic and stratigraphic well (3 years).
  - Pilot program: 2 phases of exploratory drilling and hydraulic fracturing ( 5 years)
  - Devolution of areas when the 8 years exploration period is completed, excluding Development and Evaluation Areas

# Notice of discovery and evaluation program



- Presence of hydrocarbons shall be notified within 4 months following any discovery
- Submission of the evaluation plan will not be mandatory if commerciality is declared with reservoir delimitation **New !**
- Maximum duration of evaluation is one (1) year, with possible extensions:
  - ✓ 1 additional year when exploratory wells are included
  - ✓ 2 years in case of natural gas, heavy crude discoveries, or unconventional developments



# Production period



- 24 years and the possibility of a 10 years extension
- Declaration of commerciality declaration must include technical support with fields boundaries **New !**

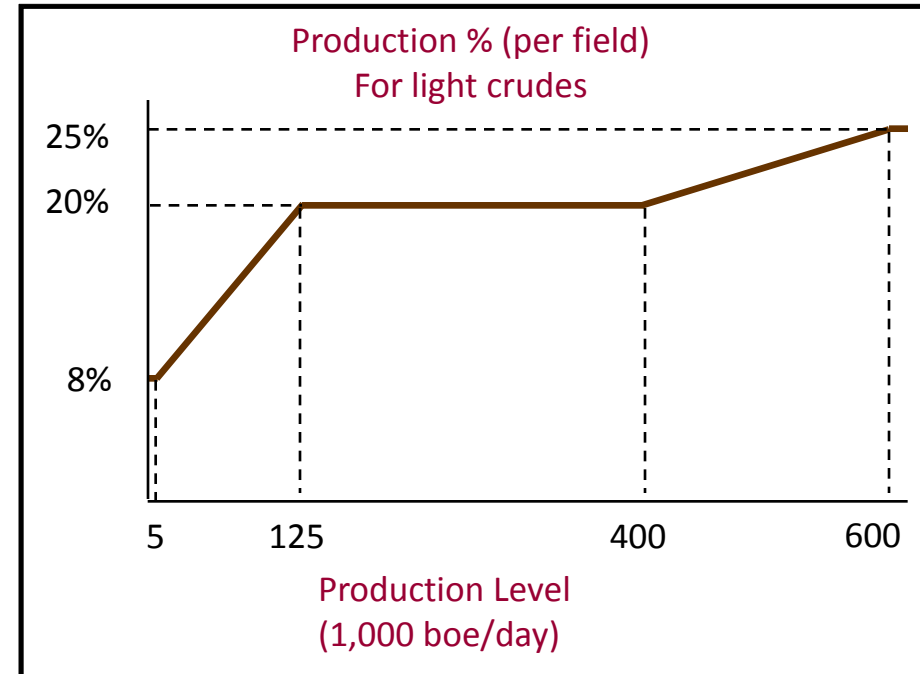
# Economic rights



Category	Form	Value
Royalties	Share of production	8% - 25%
Use of subsoil (administration)	Surface fee/ charge per boe	USD1,66 to 4,95 per Ha. Offshore: USD 0,82 Production: - US\$ 0,1255/bl
High prices	Share of the price upside	30% - 50% of WTI over trigger level - after first 5MMBls are produced
Technology transfer	Percent of Use of Subsoil payment	10% (Maximum USD100.000)

# Royalties

- Paid monthly
- Applied to gross average volume of production by field
- Paid in cash or kind at ANH's choice



## Discount relative to light crude rates

<b>Gas</b>	<b>- 20%</b>
<b>Heavy Crude &lt; 15° API</b>	<b>- 25%</b>
<b>Gas offshore (&gt; 1000 ft)</b>	<b>- 40%</b>
<b>Unconventional hydrocarbons</b>	<b>- 40%</b>

# High price participation (oil)

A share of production (Q) equivalent to the established percent (S) of the part of the average monthly reference WTI price (P) that exceeds a base price (P<sub>o</sub>), divided by the average monthly reference price (P) – applies after cumulative production reaches 5MMBl

$$Q = \frac{P - P_o}{P} \times S$$

Where:

P = WTI monthly average price (in USD)

P<sub>o</sub> = Base price (in USD) [table 1]

S = established percentage [table 2]

table 2

P	S
P <sub>o</sub> ≤ P < 2P <sub>o</sub>	30 %
2P <sub>o</sub> ≤ P < 3P <sub>o</sub>	35 %
3P <sub>o</sub> ≤ P < 4 P <sub>o</sub>	40 %
4P <sub>o</sub> ≤ P < 5P <sub>o</sub>	45 %
5P <sub>o</sub> ≤ P	50 %

table 1

API Gravity	P <sub>o</sub> (2012 USD\$/bl)
Under 10°	N/A
>10° and ≤15°	50.18
>15° and ≤ 22°	35.14
>22° and ≤ 29°	33.87
>29°	32.61
Discoveries at more than 300m of water depth	40.15
Unconventional Hydrocarbons	81

# High price participation (gas)

- Applies after the 5th year of production of gas for export, when the Henry Hub reference price exceeds the base price ( $P_o$ ).
- A share in production ( $Q$ ) is equivalent to:

$$Q = \frac{P - P_o}{P} \times S$$

Where:

- ✓  $P$  = Henry Hub Price, and
- ✓  $P_o$  = Reference base price (see table)
- ✓  $S$  = Participation percentage (same as oil)

Distance to destination port (km)	$P_o$ 2012 US\$/MMBTU
0 to 500	\$7.54
>500 to 1000	\$8.79
>1000 or LNG plant	\$10.04

# Confidentiality of information



- All technical information must be submitted to the ANH as it is produced (includes data interpretation and reports)
- All information subject to confidentiality agreements:
  - ✓ Data : 5 years
  - ✓ Interpretation and analysis : 20 years

# Contractual Aspects



- E&P Contract
- TEA Contract
- Common aspects of E&P and TEA contracts

# TEA Contract

## *Technical Evaluation Agreement*



- Object:  
  
To conduct technical evaluation activities for the selection of prospective areas for an E&P contract
- Duration: thirty six (36) months
- Economic terms:
  - ✓ Surface fee



# TEA Contract

## *Technical Evaluation Agreement*



### Appraiser 's rights:

- Exclusive extensive area to carry out technical evaluation activities
- Selection of one area for an E&P contract
- Exclusivity period until selection of an E&P contract, or end of term

# TEA Contract

## *Technical Evaluation Agreement*



### Confidentiality:

- During the duration of the TEA or,
- Until the TEA holder proposes an E&P

# Contractual aspects



- E&P Contract
- TEA Contract
- Common aspects of E&P and TEA contracts

# Common aspects

- The same contractual model will be adapted according to the development of conventional or unconventional oilfields.
- Area relinquishment:

Within the first eighteen months of the contract, contractor may relinquish up to 50% of the contract area.

- Obligation to:
  - Follow community consultation procedures when required
  - Obtain environmental license when required Right to assign interest to a third party
- Right to invoke arbitration for dispute resolution

# Guarantees

Bank letter of credit for:

- 50% of minimum exploratory program
- 100% of additional investment
  - ✓ 50% upon signature of the contract
  - ✓ 50% at end of each phase first half
- Additional investment guarantee may be reduced as the value of activities are credited after their completion

# Contract relinquishment



Opportunity: within the first half of the first phase

Condition: the contractor shall transfer to the ANH 50% of the value of all non-fulfilled activities of the Minimum Exploratory Program and 100% of the balance of additional investment not used in exploration.

# Main modifications



## CHANGE OF CONTROL.

- A definition about controllers and beneficial owner and those who are to be considered as such.
- Obligation to inform any Operator or Party change of control and obtain ANH previous authorization to continue as part of the Contract.

**Thank you !**

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