

OPEN ROUND COLOMBIA 2010 Prelaunch

Bogotá, October 15th 2009



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- 1. Process Presentation**
 - 2. Geological characteristics of the areas**
 - 3. Legal Aspects**



The object of this selection process is to assign blocks in areas of Type 1, 2 and 3 and to sign the corresponding Exploration and Production (E&P) contracts and/ or Special Technical Evaluation Agreement (Special TEA) with awarded companies.



Area (Ha) Number of
 Blocks

Type 1
E&P
MINIROUND

4.347.052

74

Type 2
E&P

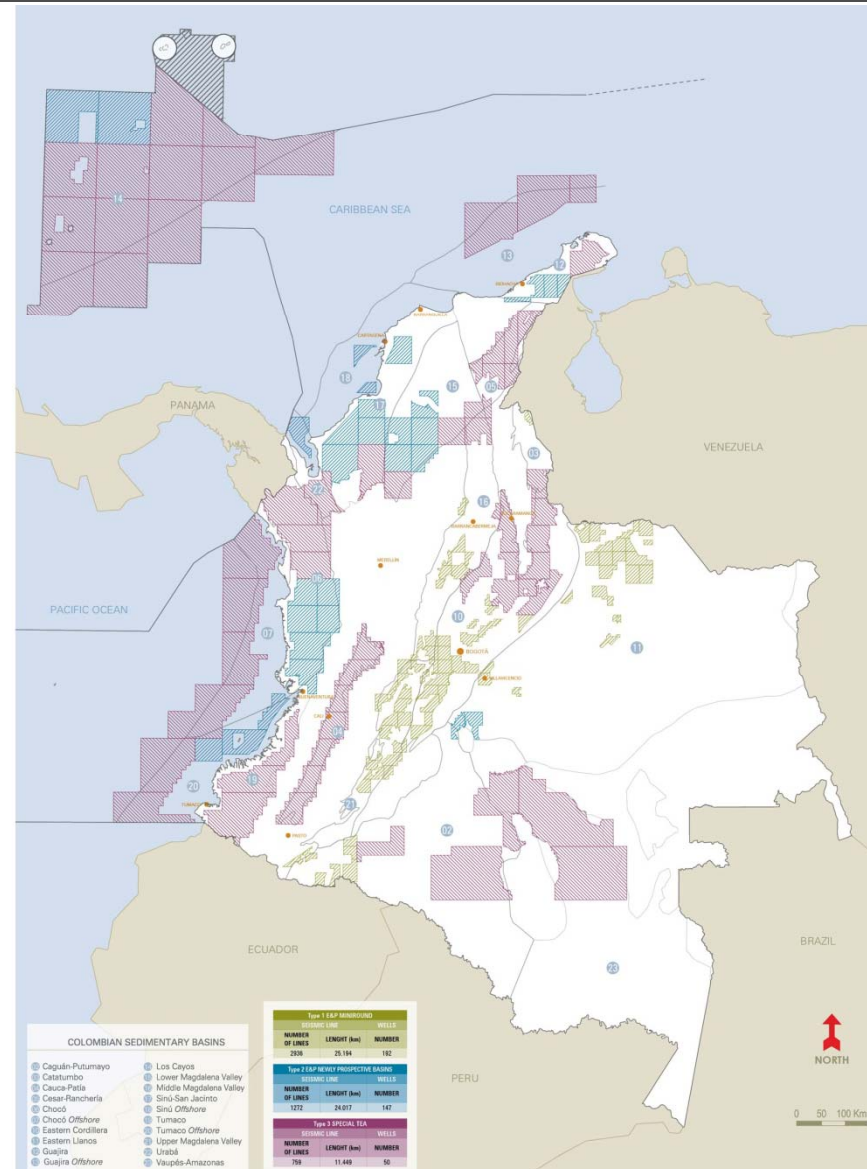
8.457.927

31

Type 3
TEA

39.057.767

63



Activity	Date
First Draft of the Terms of Reference	15th October 2009
Pre-Launch	15th October 2009
Launch	2nd December 2009
Road Show	November 2009 to May 2010
Reception and opening of offers Ceremony	21st June 2010

- Information Packages Price :
 - ✓ Type 1 Areas: US\$20.000 IVA included
 - ✓ Type 2 and Areas: US\$100.000 IVA included
- Exploratory Programs:
 - ✓ The minimum exploratory program of areas object of this process shall be expressed in Unitary Prices (PU), previously established by ANH.
 - ✓ Additional investment shall only be performed in seismic and wells and shall be proposed based on the corresponding Unitary Prices Table.

Capacity Qualification

- Legal, financial, technical, operational, environmental and social corporate responsibility capacity.

Qualification Types

- Qualified Companies: Legal and financial qualification for qualified companies.
- Operator Qualified Company: Legal, financial, operational, environmental and social corporate responsibility qualification.
- Restricted Operator Qualified Companies: Legal, financial, technical, environmental and social corporate responsibility qualification. (only for Type 1 Areas).

Participants

- Legal Persons.
 - ✓ National.
 - ✓ Foreign
 - Foreign companies without branches in Colombia.
 - Representative in Colombia with power.
 - Establish a branch in Colombia if awarded.
- Plural bidders.
 - ✓ Consortiums.
 - ✓ Temporary Unions.

Required Documents

- Letter expressing the intention to participate, signed by the legal representative or by a person entitled to contract. (Mandatory in all cases).
- Documents for legal, financial, technical, operational, environmental and corporate social responsibility qualification.
- Original documents in spanish language or translated bearing the stamp of an official translator.
- Apostille requeriments shall only be necessary to submit documents of foreign companies at the time the corresponding contracts are to be executed.

Required Documents

- Document stating that the company is not in held in inability, incompatibility or prohibition to contract.
- Prove that the company is safe and clear with Social Security obligations and payroll taxes.
- Sign a transparency commitment.



Legal Capacity

Proof of existence and legal representation

- National and Foreign Legal Persons with branch in Colombia
 - ✓ Chamber of Commerce Certificate
- Foreign Legal Persons without branch in Colombia
 - ✓ Document from the country of origin
- For operators, object allowing them carry out inherent activities.
- For qualified companies, possibility to make investments in Exploration and Production contracts and/ or Special Technical Evaluation Agreement, in their social object.
- Duration should not be less than the term of the contract plus one more year.
- Faculties of the Legal Representative.

Consortiums or temporary unions

- Agreement determining the object, parties, rules, etc. or the respective letter of intent.
- Participation of Operator not less than 40%.
- Duration of validity of the E&P contract and/ or Special TEA plus one more year.
- Each participant or its members shall be individually evaluated.

No participant may submit more than one bid for the same area or be part of more than one association or plural bidder for the same area, under penalty of rejecting all bids incurring in this prohibition.

Financial Capacity

Exempt:

- Bidders appearing as bidders of the integrated or "Upstream" type in the last publication of "The Energy Intelligence Top 100: Ranking the World's Top Oil Companies" issued by "Petroleum Intelligence Weekly" are exempted.
- Companies receiving during the last year a risk qualification equal or higher than:

Risk Qualifying Agency	Grade
Standard & Poor's	BBB
Moody's	Baa
Duff & Phelps	BBB

Financial Capacity

Prove that the company has enough financial resources to fulfill current obligations and those that it would acquire in accordance with the new contract, according with the interest block:

- Type 1 Area: US\$2 MM Total Equity
- Type 2 Area: US\$20 MM Total Equity
- Type 3 Area: US\$200 MM Total Equity

Financial Statement with notes, Results from the last three (3) years in USD, dully audited.

- Limit: Total Equity requested for each Type of Area, per block awarded.

Technical Capacity

Only for Restricted Operator.

- Proven through submittal of a work team conformed by at least a Petroleum Engineer, a Geologist and a HSE Professional.



Operational Capacity

Participants should prove it has the operational capacity necessary to carry out the operations of the future E&P and/ or TEA Special contract, in accordance with good practices of the oil industry.

Those participants appearing in the last issue of "The Energy Intelligence Top 100: Ranking the World's Top Oil Companies" are understood as qualified.

Type 1 area: Having drilled at least two (2) wells in the last three (3) years

Have own proven reserves, reported in its financial statements, not under one million barrels of oil equivalent (1 MBPE), for 2008 end.

Have a minimum production of five hundred barrels of oil per day (500 BPED). To convert gas production to oil equivalent, the following conversion factor shall be used: 1 BPE equals to 5700 gas cubic feet.

Type 2 area:

Onshore and Offshore: Proven own reserves, reported in its financial statements, not under five million barrels of oil equivalent (5 MBPE), for 2008 end.

Minimum production of five thousand barrels of oil equivalent per day (5000 BPED). To convert gas production to oil equivalent, the following conversion factor shall be used: 1 BPE equals to 5700 PCG.

For deep water blocks it should prove that operates the same minimum daily production of five thousand (5.000) barrels or equivalent from offshore fields located in waters with a minimum depth of 300 mt.

Type 3 area: *Onshore and Offshore:* Proven own reserves, reported in its financial statements, not under 50.000.000 barrels of oil equivalent, for 2008 end.

Minimum own operated production of 20.000 barrels of oil equivalent per day.

For deep water blocks it should prove that operates the same minimum daily production of 20.000 barrels or equivalent from offshore fields located in waters with a minimum depth of 300 mt.



Restricted Operational Qualification

- It shall only operate for blocks in Type 1 areas.
- When the participant does not have the minimum reserves and other requirements of the terms of reference but fulfills all other capacities, it may only apply for a single E&P contract.
- In case the participant has the conditions requested in these terms of reference and proves it has an Total Equity equal or higher than US\$ 100.000.000, it may be awarded, as operator, up to 3 E&P contracts as a result of this selection process.

Environmental and corporate social responsibility

- Submittal of the environmental policy document of the participant company
- Last environmental management annual report.
- Submittal of the document comprising the corporate social responsibility policy.
- Last corporate social responsibility annual report

Capacity qualification through the Parent Company

- Branches or Subsidiaries not fulfilling any capacity requested may decide to prove such capacity through their Parent Company or Controller, in the terms of Colombian Law.
- Participant companies should attach all documents proving the Parent Companies control, dully legalized.
- The Parent Company should grant a joint and several responsibility guarantee.

Bid Contents

- Bid Submittal Envelopes
- Bid Submittal Letter
- Minimum Exploratory Program Proposed
- Additional Investment proposed
- "X" Participation Percentage in production
- Commitment or letter of intent to conform a consortium or temporary union, if applicable
- Bid Bond

Awarding Criteria

- Type 1 and 3 Areas: The first criterion shall be additional investment in exploration proposed over the minimum exploratory program established by ANH and the second criterion shall be the higher participation percentage in production (X%) offered.
- Type 2 Area: The first criterion shall be the higher participation percentage in production (X%) offered. The second criterion shall be additional investment in exploration proposed over the minimum exploratory program established by ANH for the first phase.

In case of draw with the first criterion, second criterion shall be applied. If the draw persists, equal participations shall be offered to draw bidders, if they accept them unanimously. Otherwise a raffle shall be carried out using ballots. The winner shall be the one who draws the higher number.

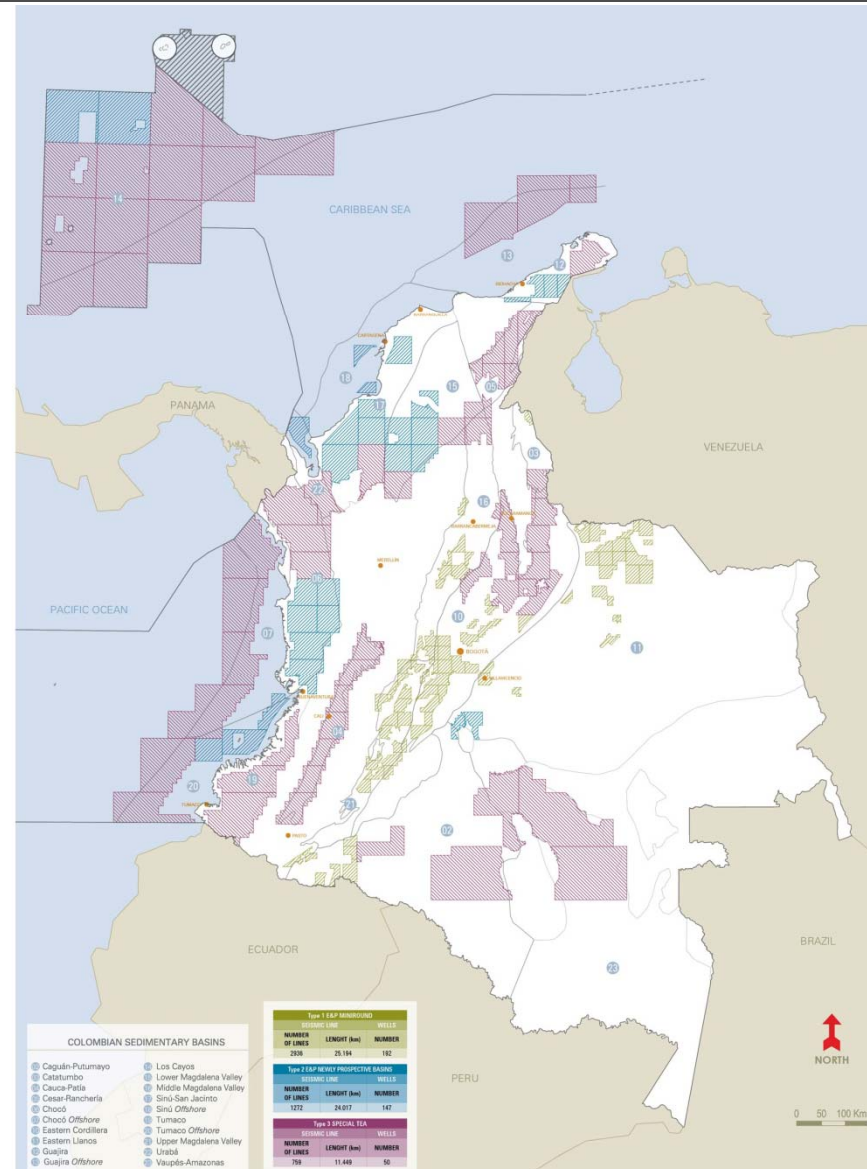
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	Area (Ha)	Number of Blocks
Type 1 E&P MINIROUND	4.347.052	74
Type 2 E&P	8.457.927	31
Type 3 TEA	39.057.767	63

	Number of Wells	Seismic (Km)
Type 1 E&P MiniROUND	192	25.194
Type 2 E&P New prospective basins	147	24.017
Type 3 Special TEAS*	50	11.449
Total	389	60.660

*TEA: Technical Evaluation Agreement

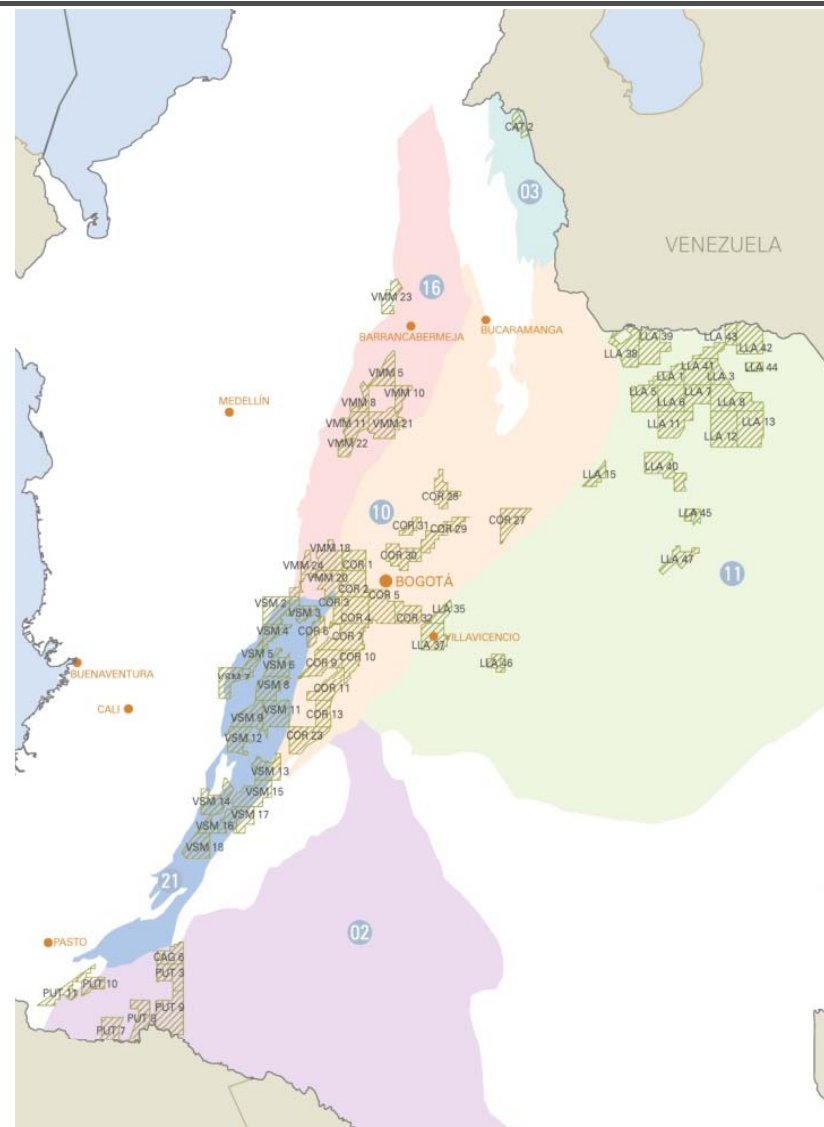


Blocks in mature basins (Mini-Round), over which E&P contracts shall be signed.

TYPE 1	
BLOCKS	AREA (Ha)
TOTAL	
74	4'347.052

SEISMIC LINES		WELLS
NUMBER OF LINES	LENGHT (km)	NUMBER
2.936	25.194	192

- 02 Caguán-Putumayo
- 03 Catatumbo
- 10 Eastern Cordillera
- 11 Eastern Llanos
- 16 Middle Magdalena Valley
- 21 Upper Magdalena Valley



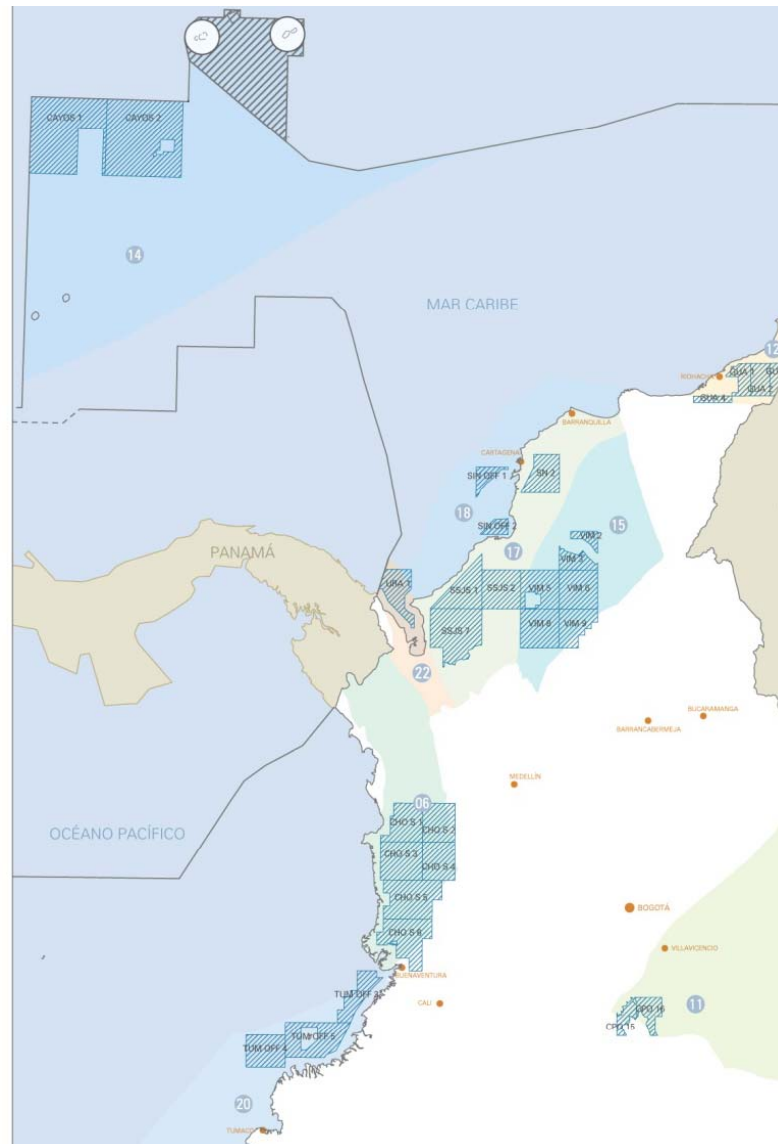
Type 1	
Basins	Activities
All Basins	<p>Phase I (36 Months)</p> <p>Reprocessing and re-interpretation of 200 km of existing seismic. 20 km of 2D seismic for each 10.000 Ha or its equivalent in 3D. Conversion factor for 2D/ 3D seismic is 1.6. Drilling of one (1) well which may be stratigraphic.</p> <p>Phase II (36 months)</p> <p>Drilling of two (2) wells, one (1) of which may be stratigraphic.</p>

Basins with new prospectivity

Blocks in basins with new potential, over which E&P contracts shall be signed.

TYPE 2		
BLOCKS	AREA (Ha)	
TOTAL		
31	8'457.927	
SEISMIC LINES		WELLS
NUMBER OF LINES	LENGHT (km)	NUMBER
1.272	24.017	147

- 06 Chocó
- 11 Eastern Llanos
- 12 Guajira
- 14 Los Cayos
- 15 Lower Magdalena Valley
- 17 Sinú - San Jacinto
- 18 Sinú Offshore
- 20 Tumaco Offshore
- 2 Urabá



Type 2	
Basins	Activities
On-shore: Guajira, Sinú – San Jacinto, Lower Magdalena Valley, Eastern Llanos Basins	<p>Phase 1 (36 months)</p> <p>Reprocessing and re-interpretation of 200 km of existing seismic. 20 km of 2D seismic for each 10.000 Ha or its equivalent in 3D. Conversion factor for 2D/ 3D seismic is 1.6.</p> <p>Drilling of one (1) well which may be stratigraphic.</p> <p>Phase II (36 months)</p> <p>Drilling of two (2) wells, one (1) of which may be stratigraphic, or Drilling of one (1) well in 24 months and devolution of 50% of the area.</p>

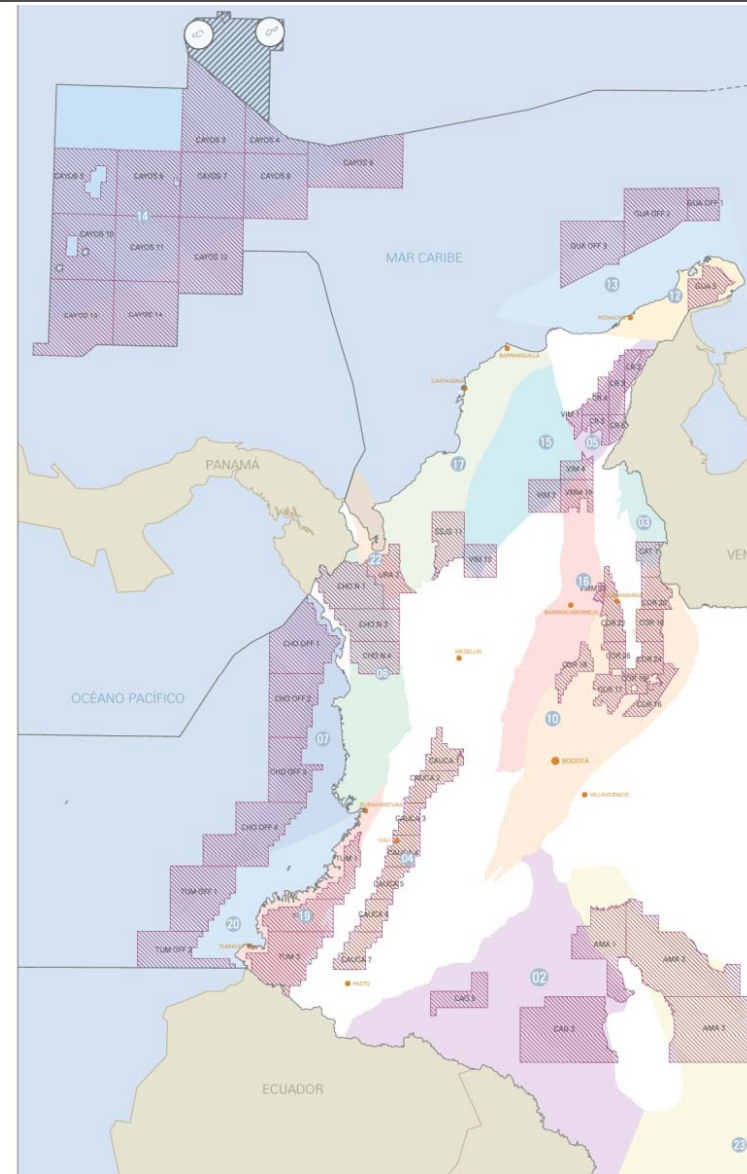
Type 2	
Basins	Activities
On-shore: Chocó	<p>Phase 1 (36 months)</p> <p>Covering of 100% of the area with high resolution indirect methods: multi-spectral analysis or high density aerogeophysics (5 km side grid) 10km 2D seismic for each 10.000 Ha or its equivalent in 3D. Conversion factor 2D/3D seismic is 1.6.</p> <p>Phase II (36 months)</p> <p>Drilling of two (2) wells, one (1) of which may be stratigraphic.</p>

Type 2	
Basins	Activities
On-shore: Los Cayos, Tumaco Off-shore, Urabá Off-shore, Sinú Off-shore	<p>Phase 1 (36 months)</p> <p>Covering of 100% of the area with multi-spectral analysis and piston core sampling, one for each 20.000 Ha.</p> <p>Phase II (36 months)</p> <p>15 km² 3D seismic for each 20.000 Ha.</p> <p>Drilling of one (1) well, which may be stratigraphic.</p>

Blocks in frontier basins, offered for Special Technical Evaluation contracts.

TYPE 3		
BLOCKS	AREA (Ha)	
TOTAL		
63	39'057.767	
SEISMIC LINES		WELLS
NUMBER OF LINES	LENGHT (km)	NUMBER
759	11.449	50

- 01 Caguán-Putumayo
- 02 Catatumbo
- 03 Cauca - Patía
- 04 Cesar - Ranchería
- 05 Chocó
- 06 Chocó *Offshore*
- 07 Eastern Cordillera
- 08 Guajira
- 09 Guajira *Offshore*
- 10 Los Cayos
- 11 Lower Magdalena Valley
- 12 Middle Magdalena Valley
- 13 Sinú - San Jacinto
- 14 Tumaco
- 15 Tumaco *Offshore*
- 16 Urabá
- 17 Vaupés - Amazonas

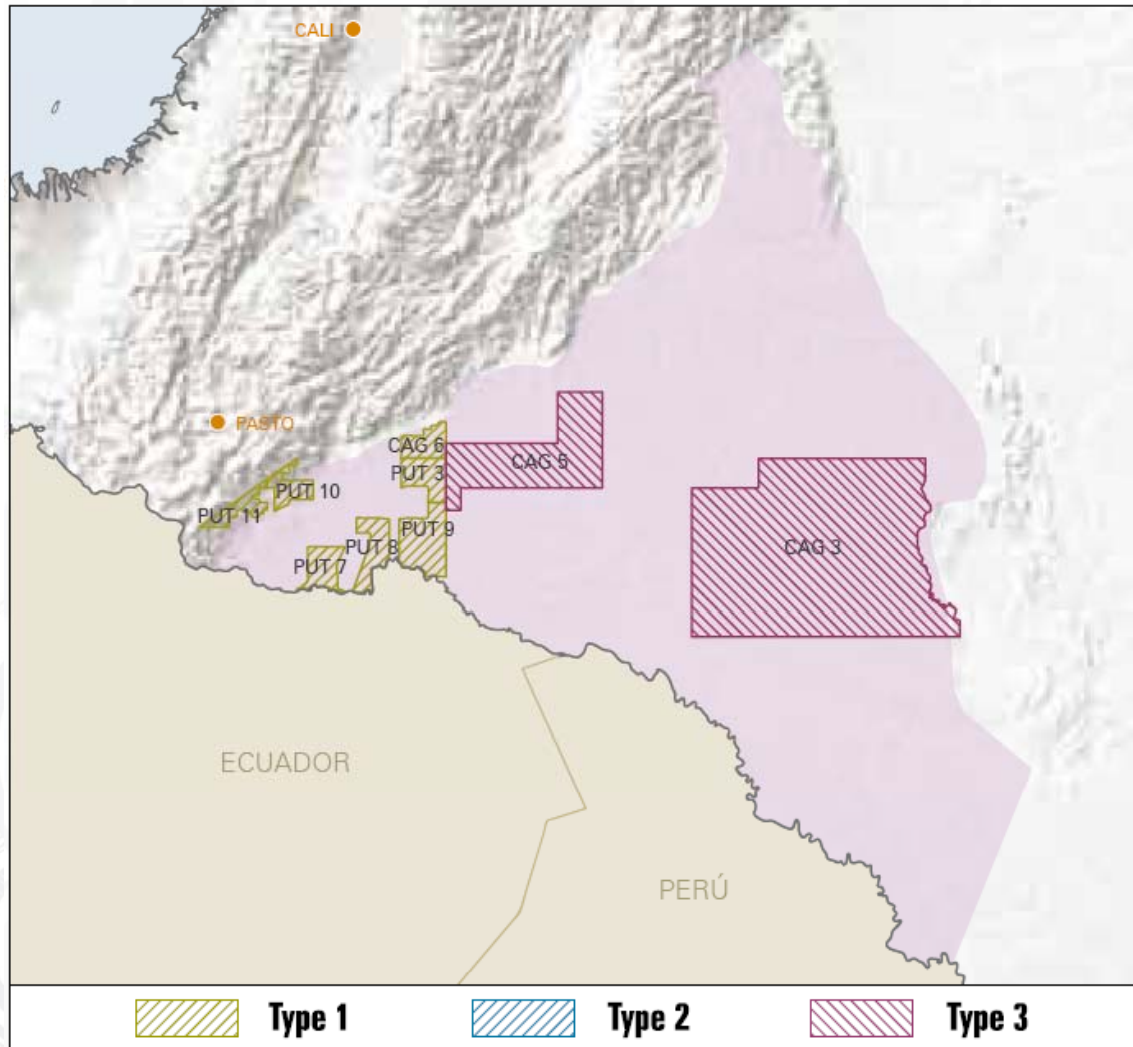


*TEA: Technical Evaluation Agreement

Type 3	
Basins	Activities
<p>On-shore areas: Guajira, Cesar – Ranchería, Cauca – Patía, Lower Magdalena Valley, Middle Magdalena Valley, Catatumbo, Eastern Cordillera, Urabá, Sinú – San Jacinto</p>	<p>The exploratory program should be developed in a single thirty six (36) months phase.</p> <p>Two orthogonal seismic lines, in accordance with the design proposed by ANH and which may be revised by mutual agreement with the Technical Subdirection.</p> <p>Drilling of one (1) well, which may be stratigraphic.</p>

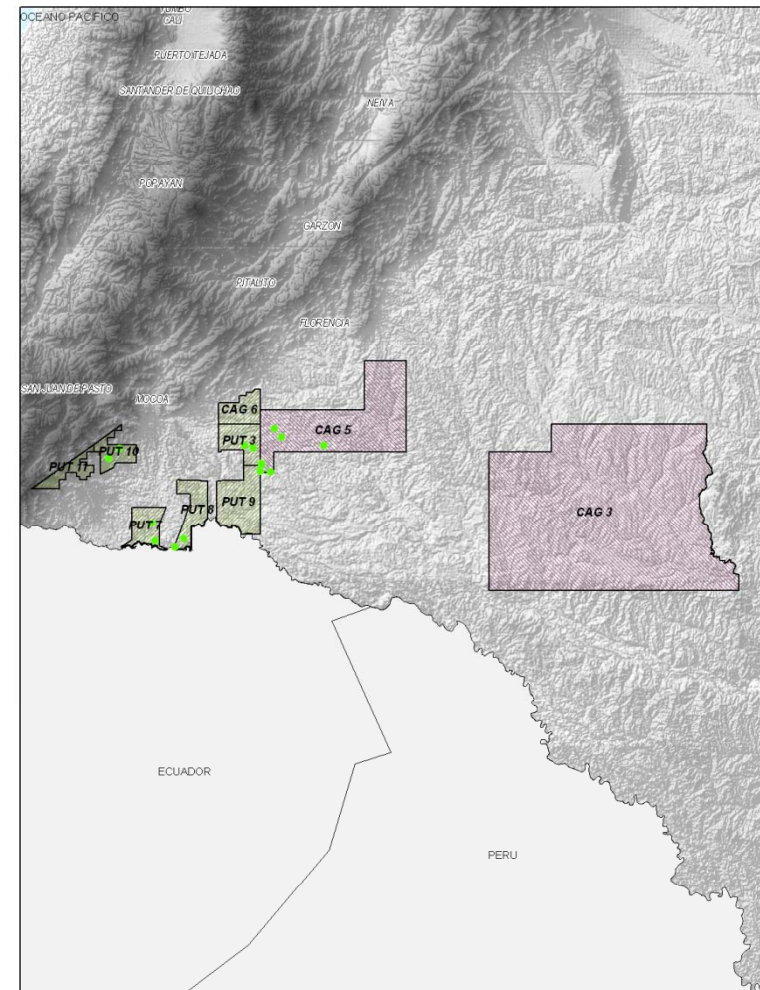
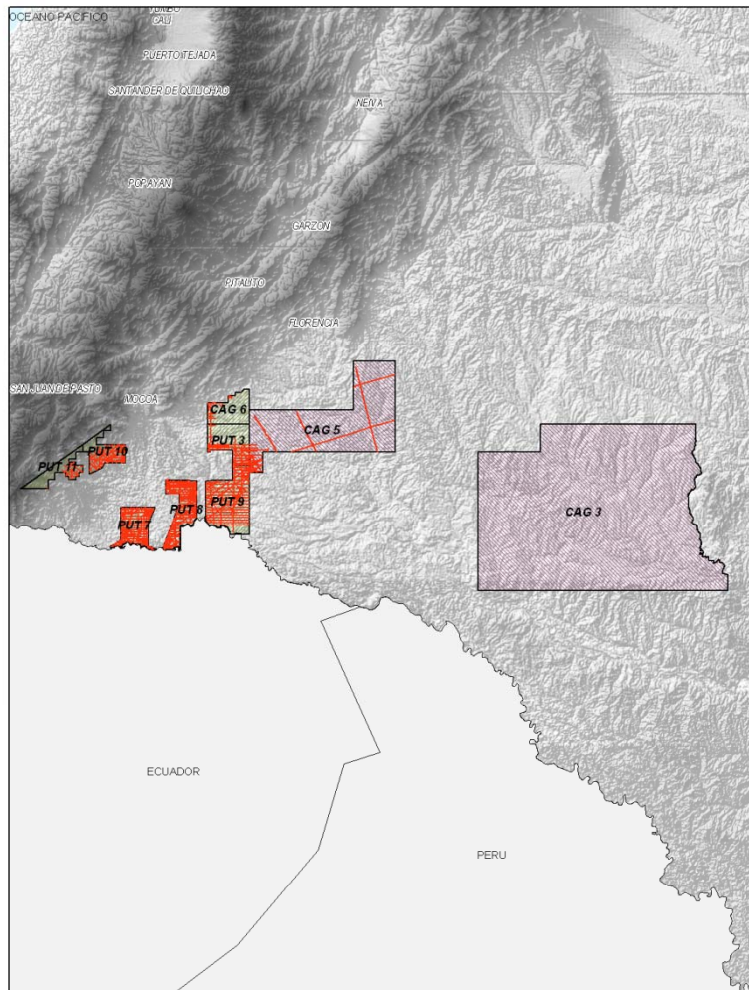
Type 3	
Basins	Activities
<p>On-shore Areas: Caguan – Putumayo, Vaupés Amazonas, Tumaco and Chocó-</p>	<p>The exploratory program should be developed in a single thirty six (36) months phase.</p> <p>Covering of 100% of the area with high resolution indirect methods: multi-spectral analysis or high density aerogeophysics (5 km side grid).</p> <p>Two orthogonal seismic lines covering the block. Design of the seismic line should be submitted to ANH for approval, after results from the previous point's analysis have been obtained.</p>

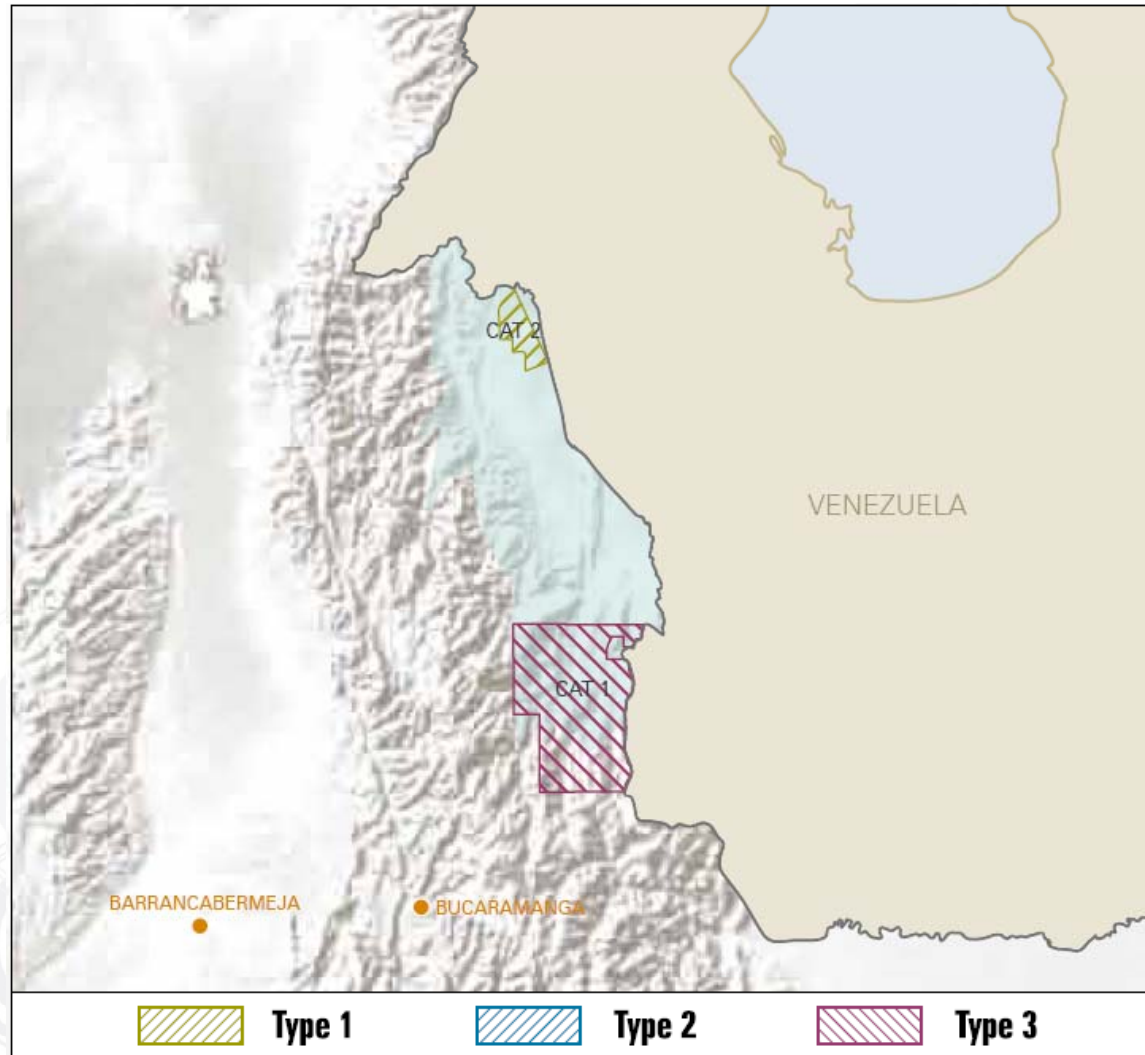
Type 3	
Basins	Activities
Off-shore Areas: Los Cayos, Colombia, Chocó Off-shore, Tumaco Off-shore, Guajira Off-shore-	<p>The exploratory program should be developed in a single thirty six (36) months phase.</p> <p>20 km 2D seismic for each 10.000 Ha or equivalent in 3D. Conversion factor 2D/3D seismic is 1.6.</p> <p>20 km high resolution batimetry for each 10.000 Ha.</p>



Total Hectares		
2.345.600		
Seismic Lines		Wells
Total	Km	Total
465	4.015	17

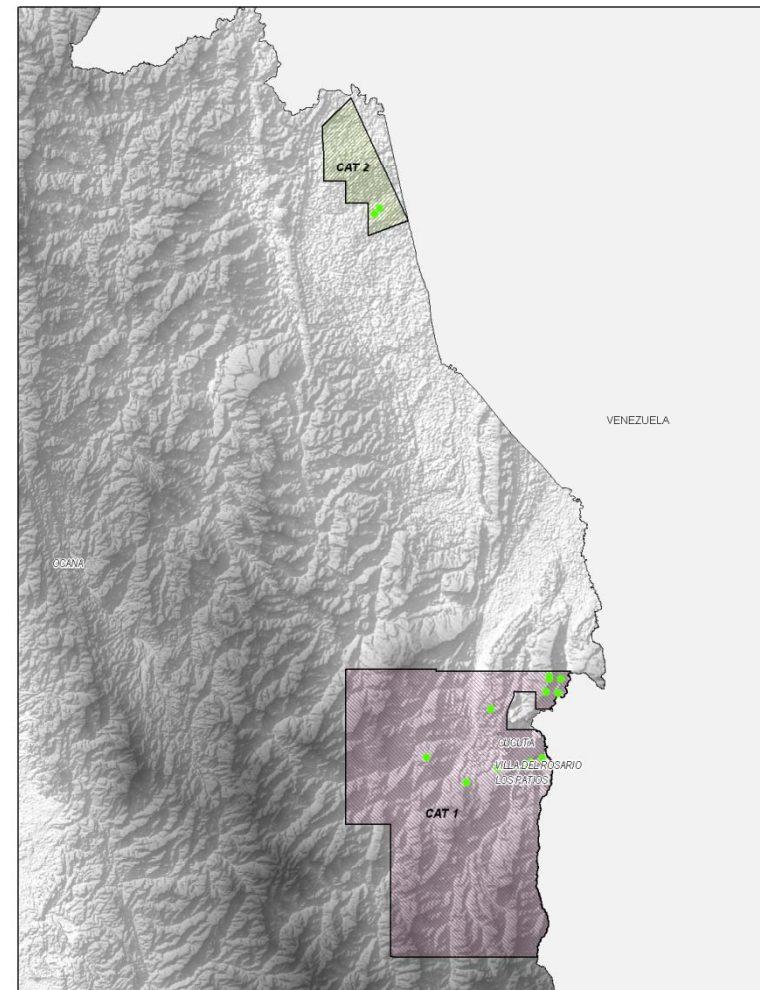
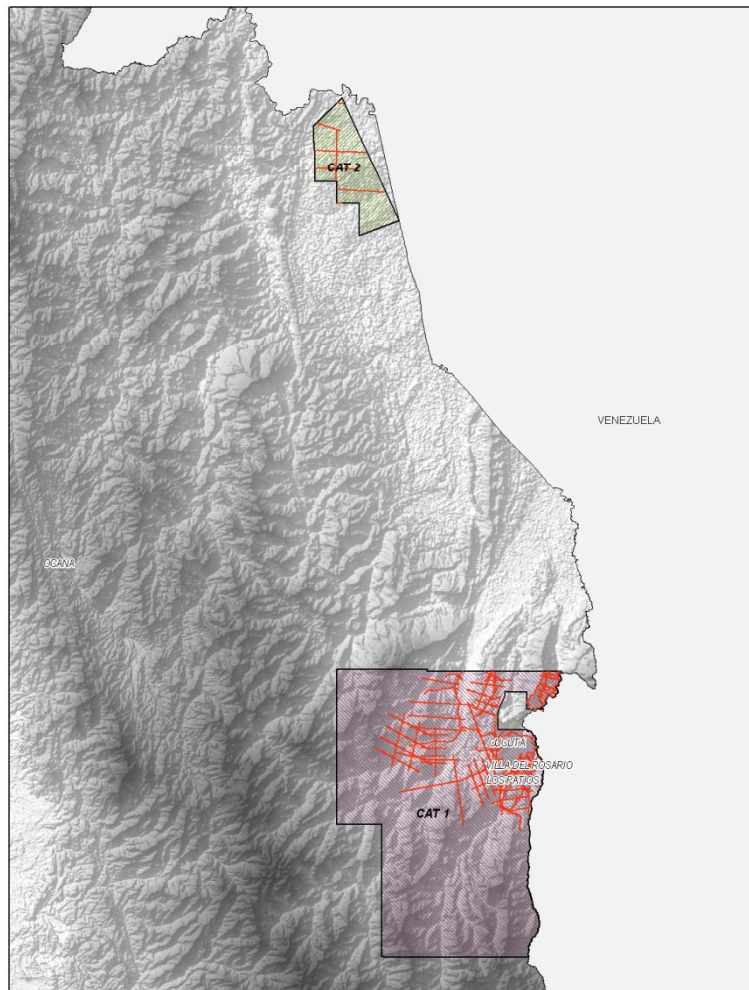
Seismic and Wells

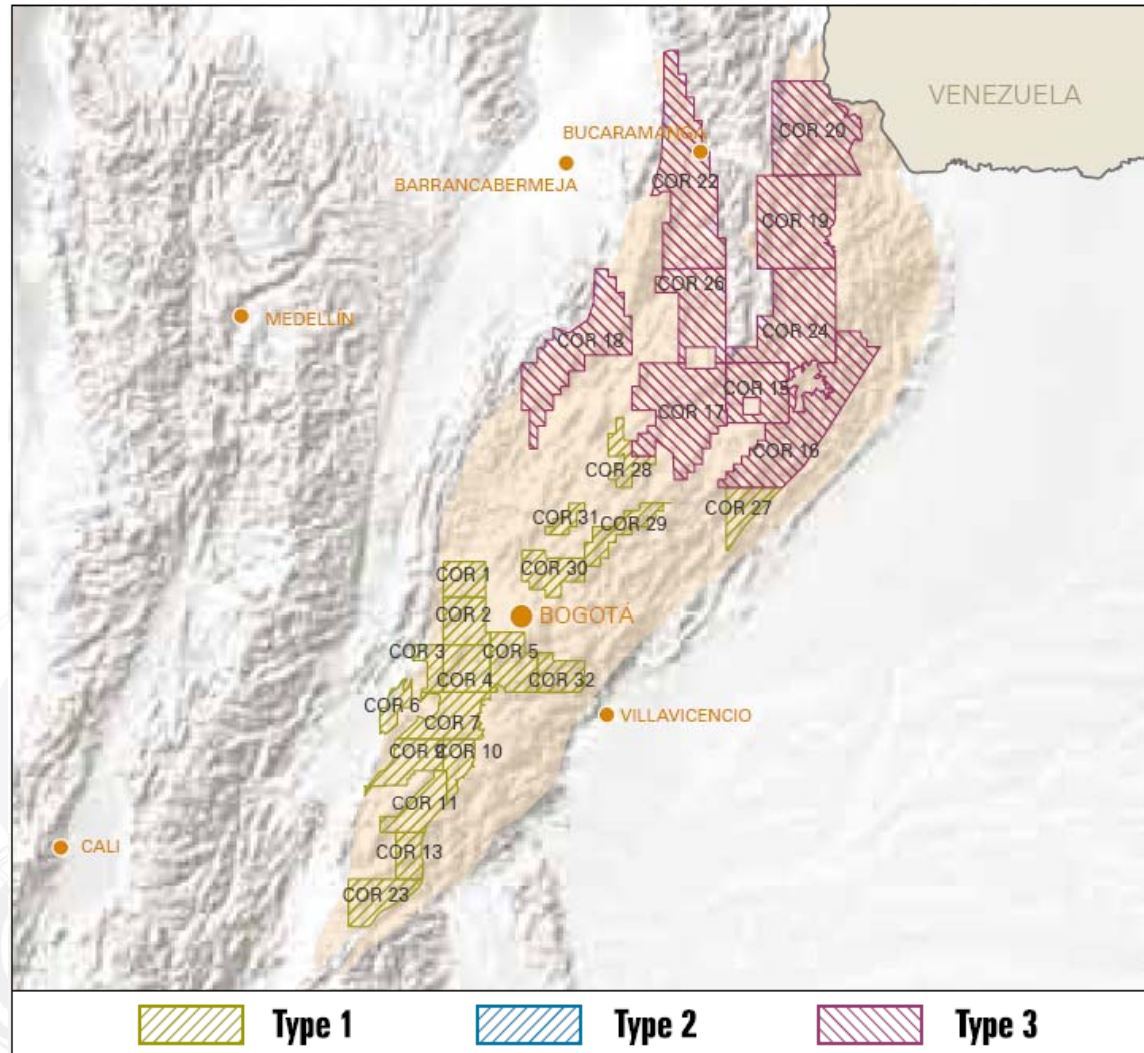




Total Hectares		
239.650		
Seismic Lines		Wells
Total	Km	Total
109	687	14

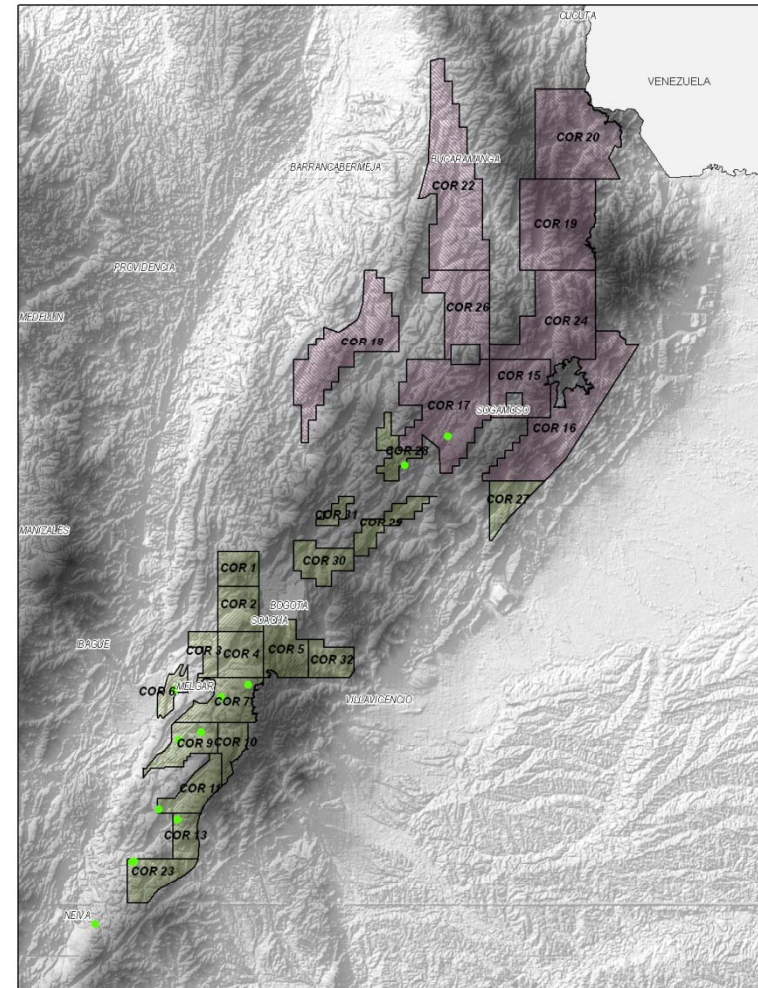
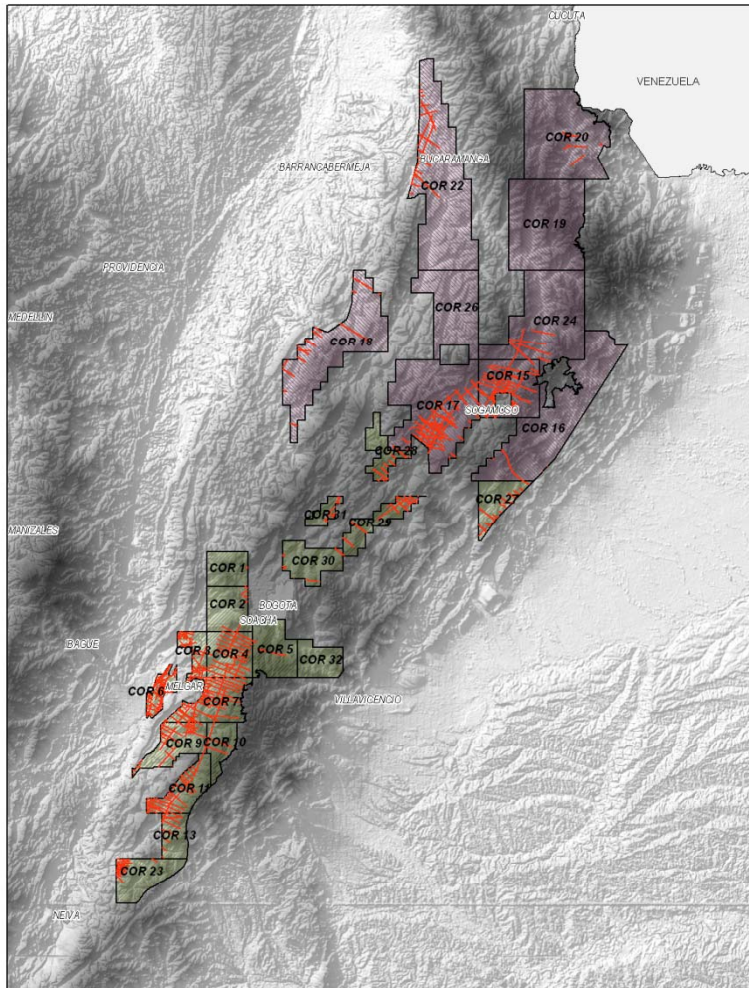
Seismic and Wells

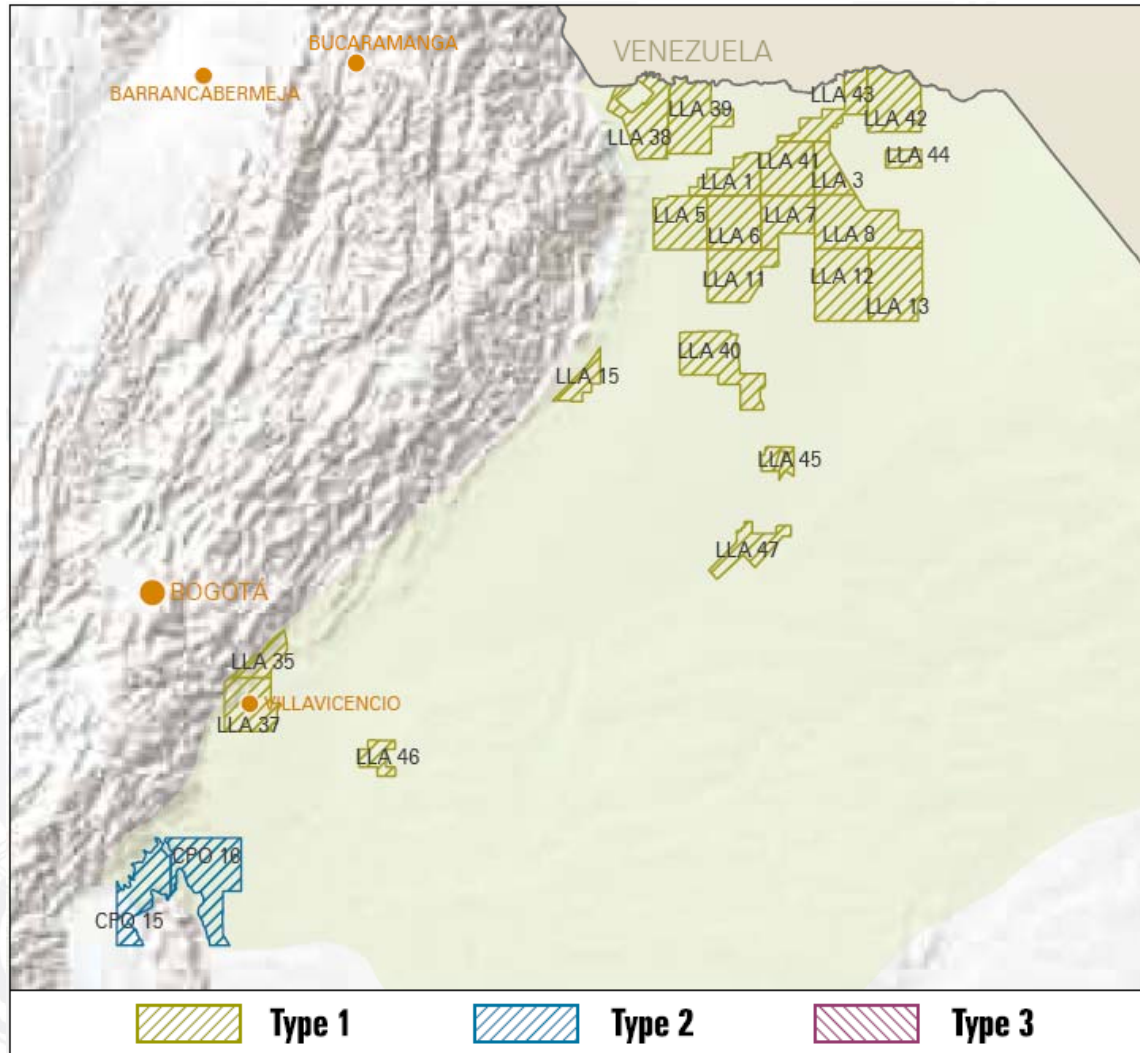




Total Hectares		
3.189.090		
Seismic Lines		Wells
Total	Km	Total
524	3.756	19

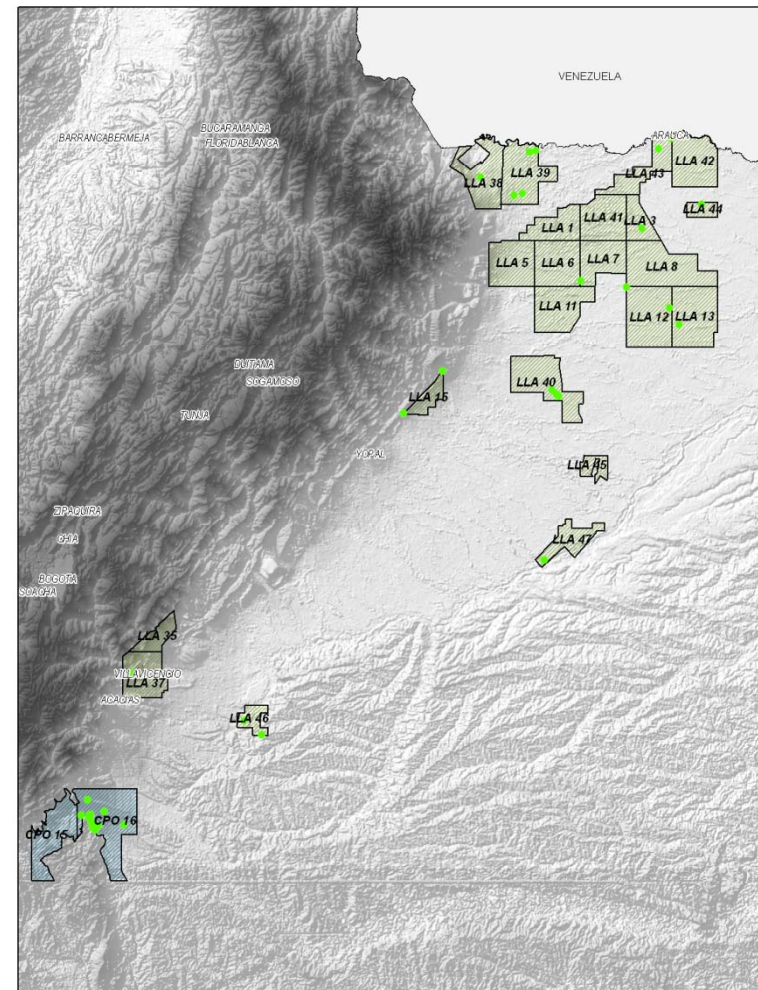
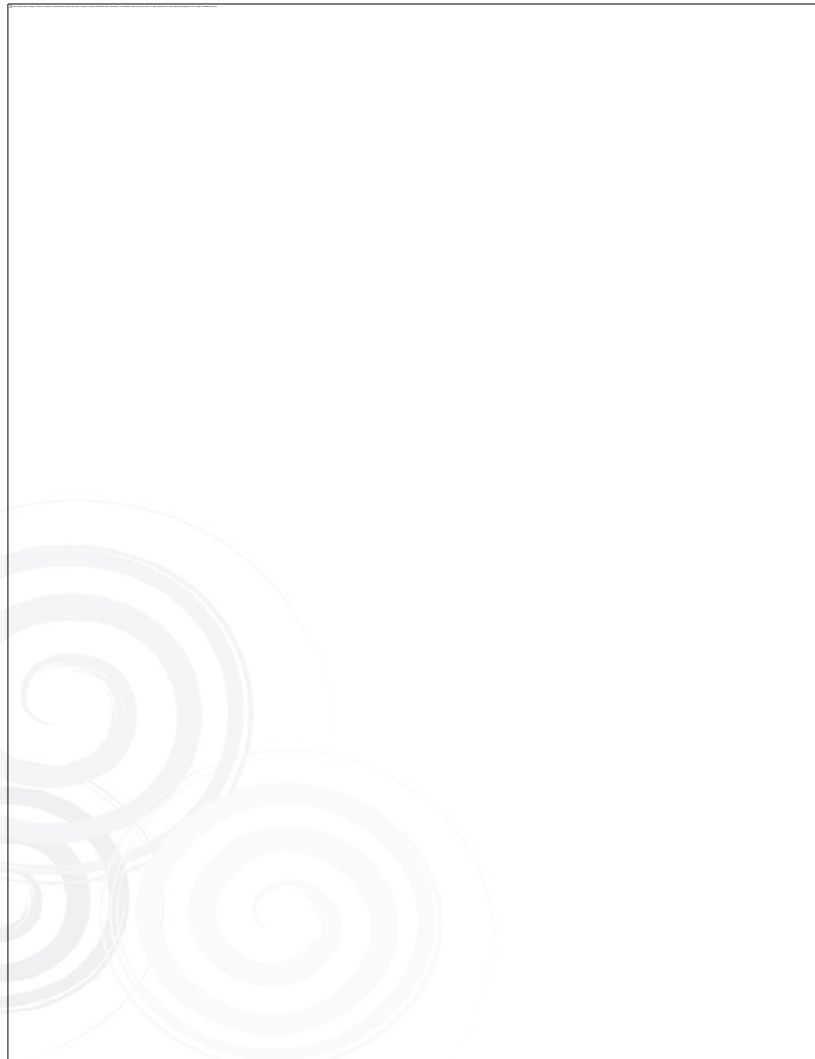
Seismic and Wells

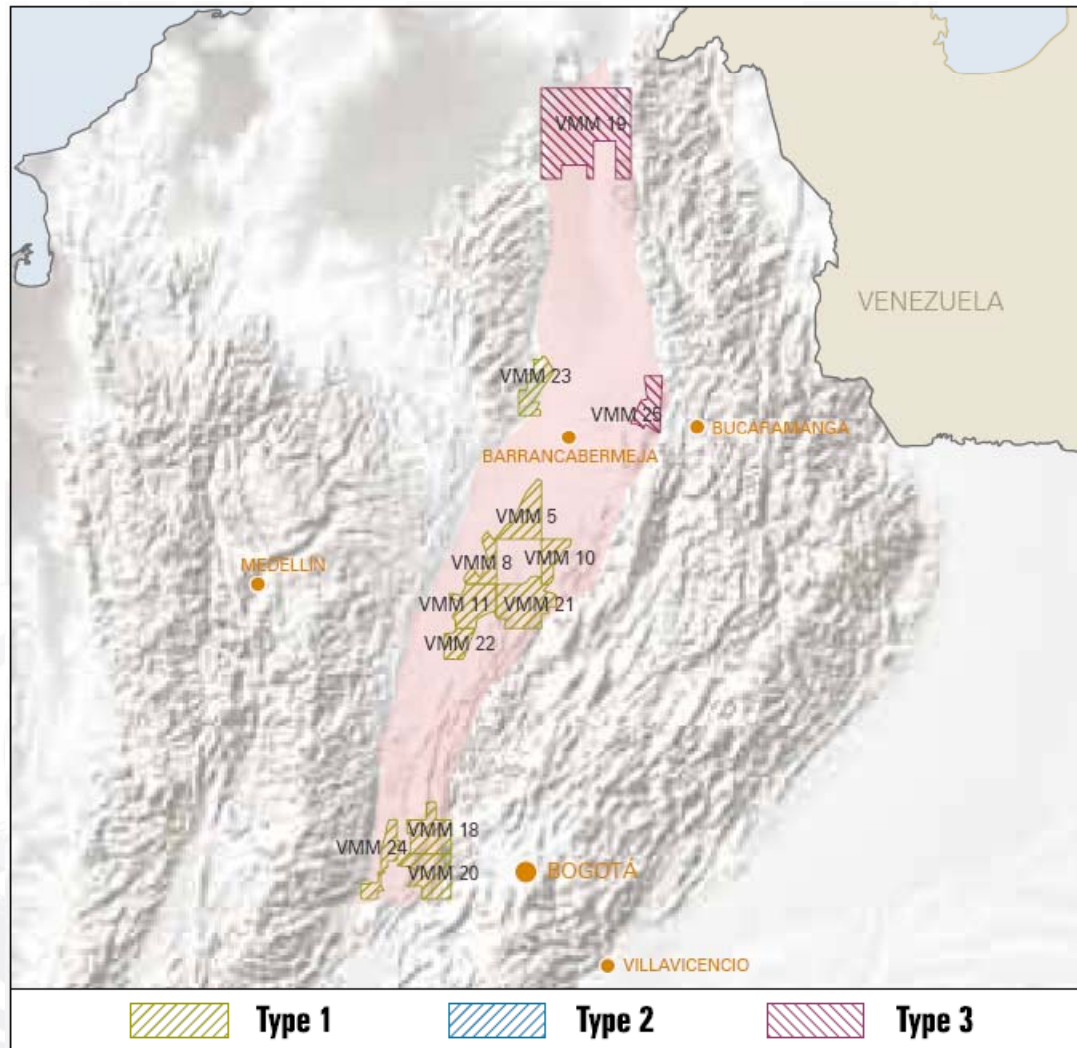




Total Hectares		
1.619.985		
Seismic Lines		Wells
Total	Km	Total
1.331	11.415	43

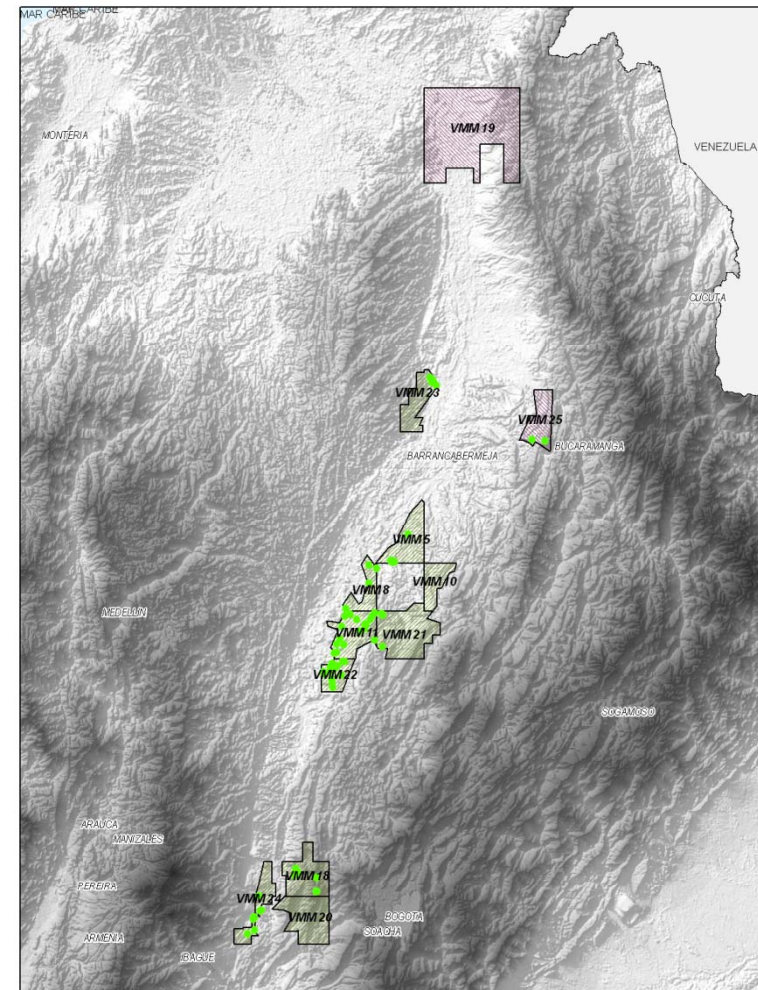
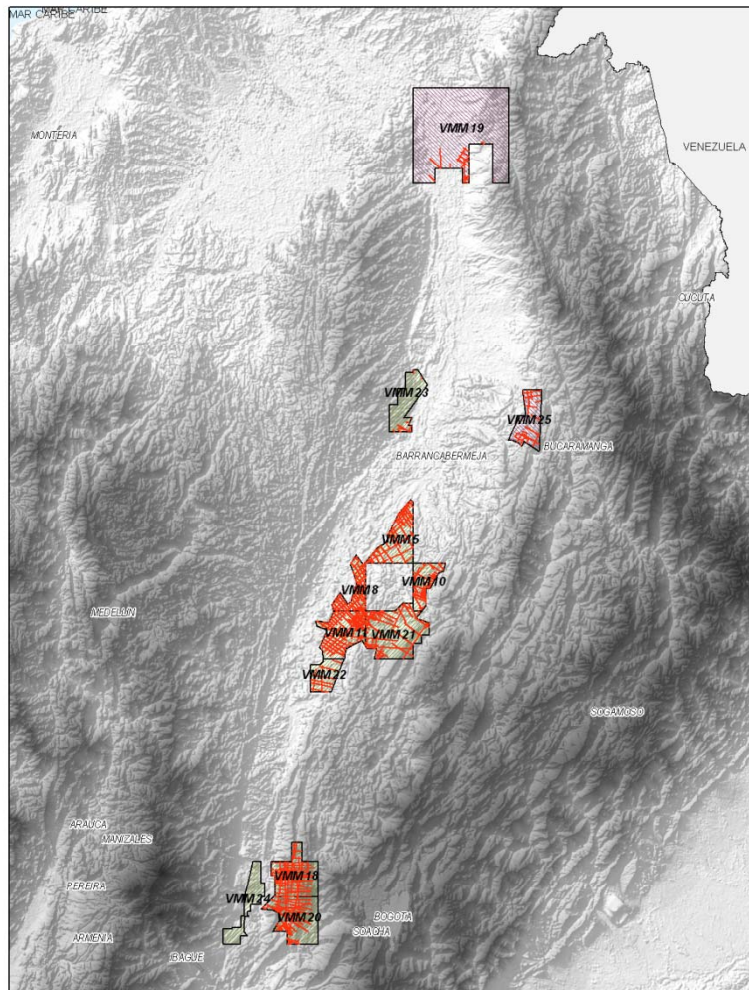
Seismic and Wells

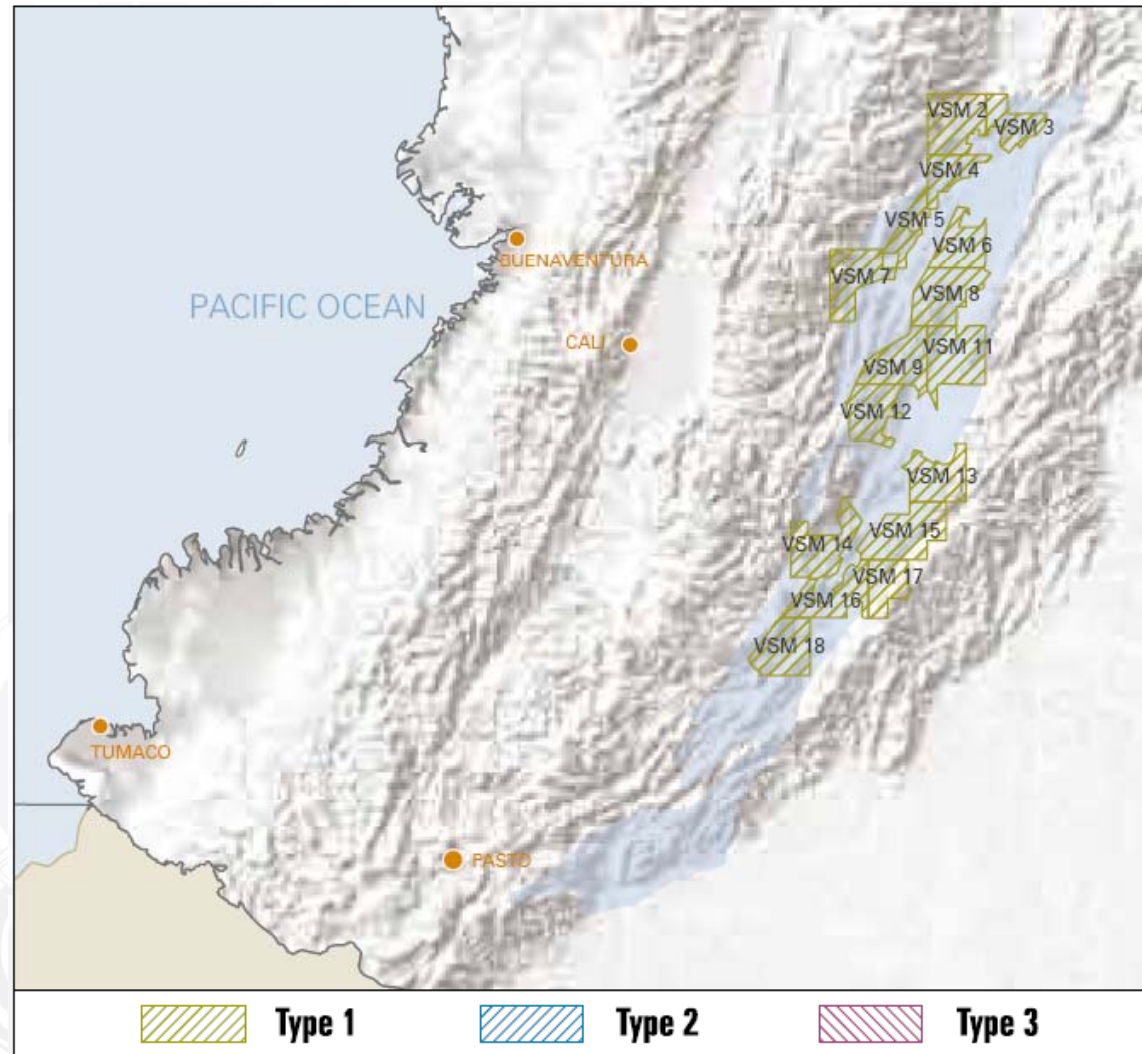




Total Hectares		
788.339		
Seismic Lines		Wells
Total	Km	Total
456	3.438	67

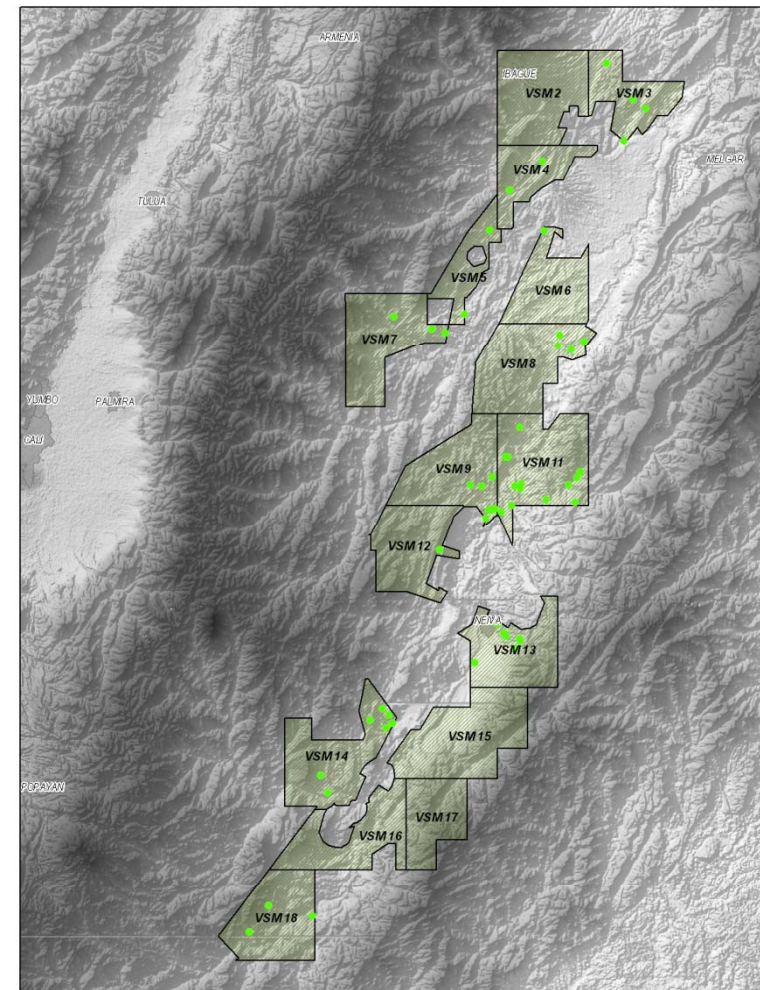
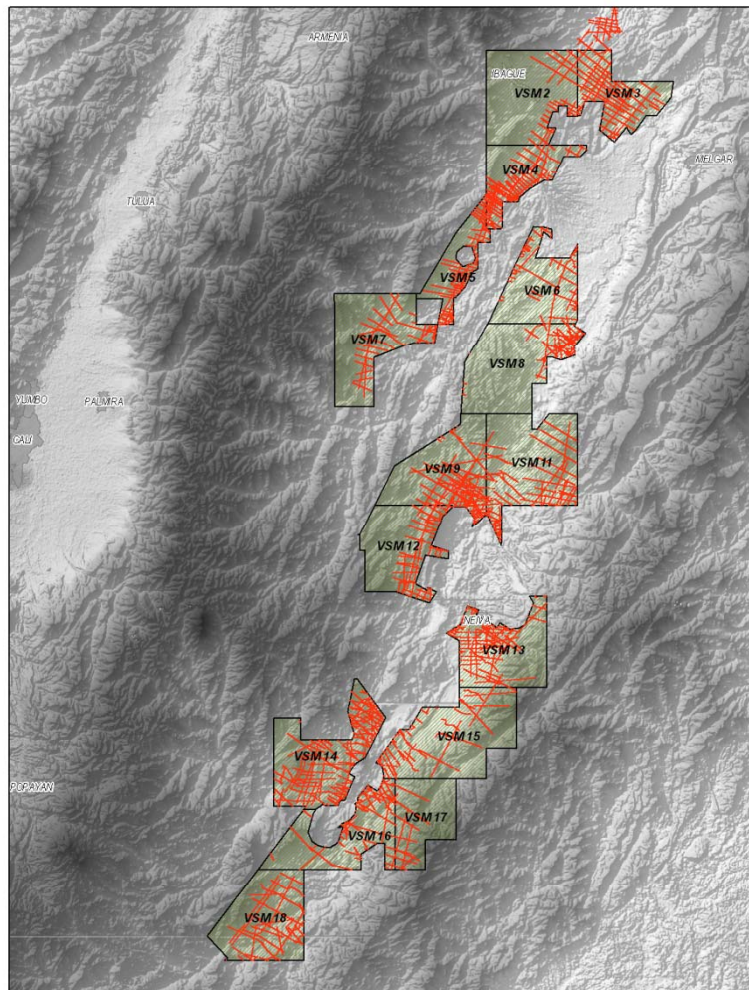
Seismic and Wells

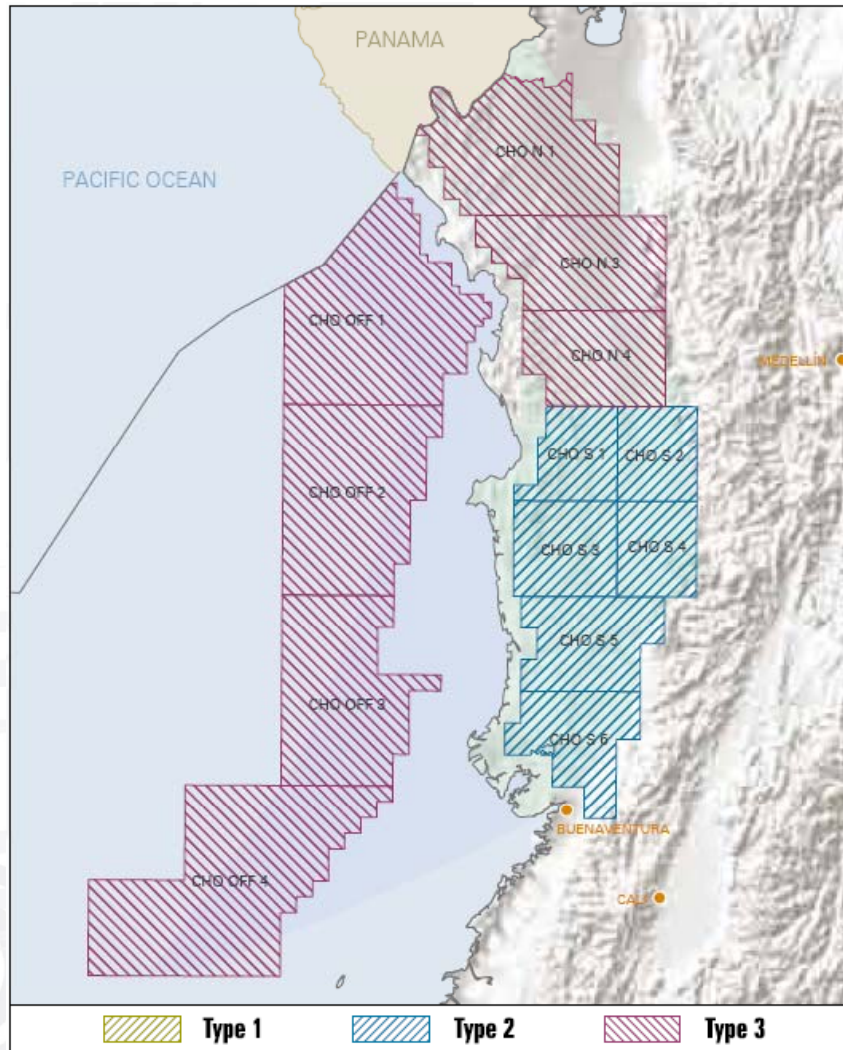




Total Hectares		
943.903		
Seismic Lines		Wells
Total	Km	Total
998	5.011	70

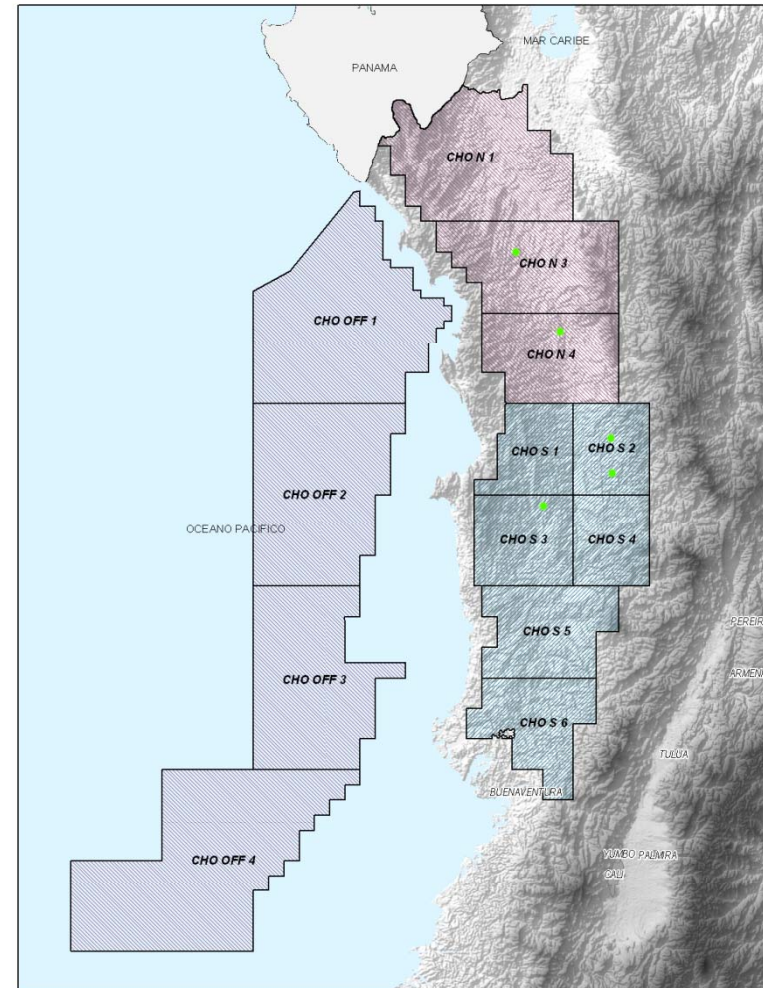
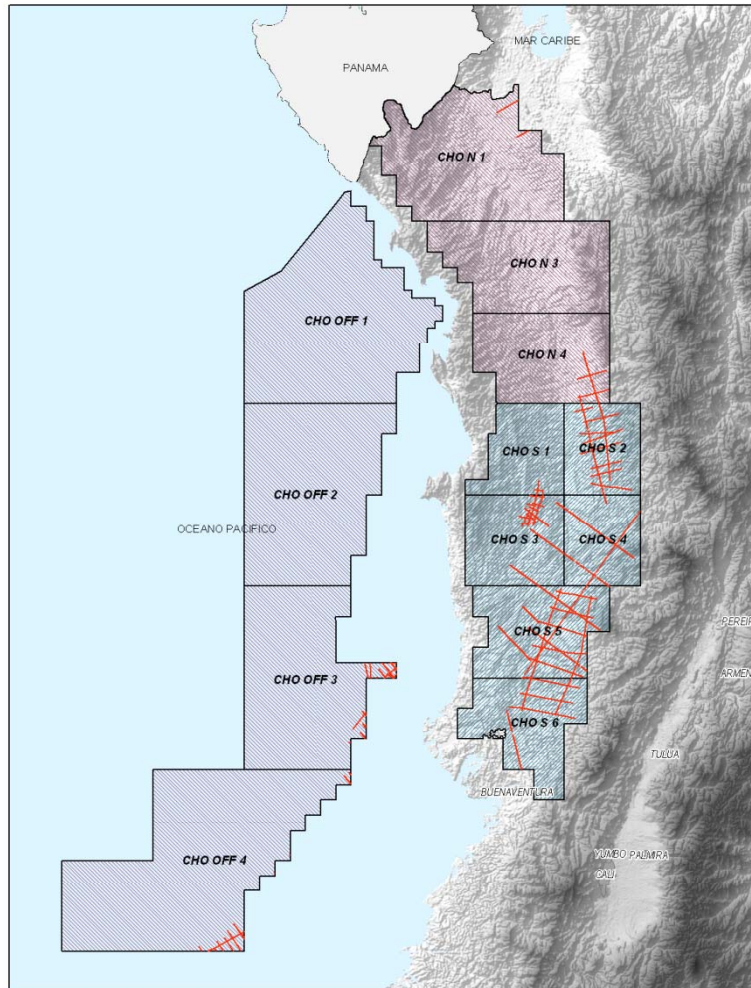
Seismic and Wells

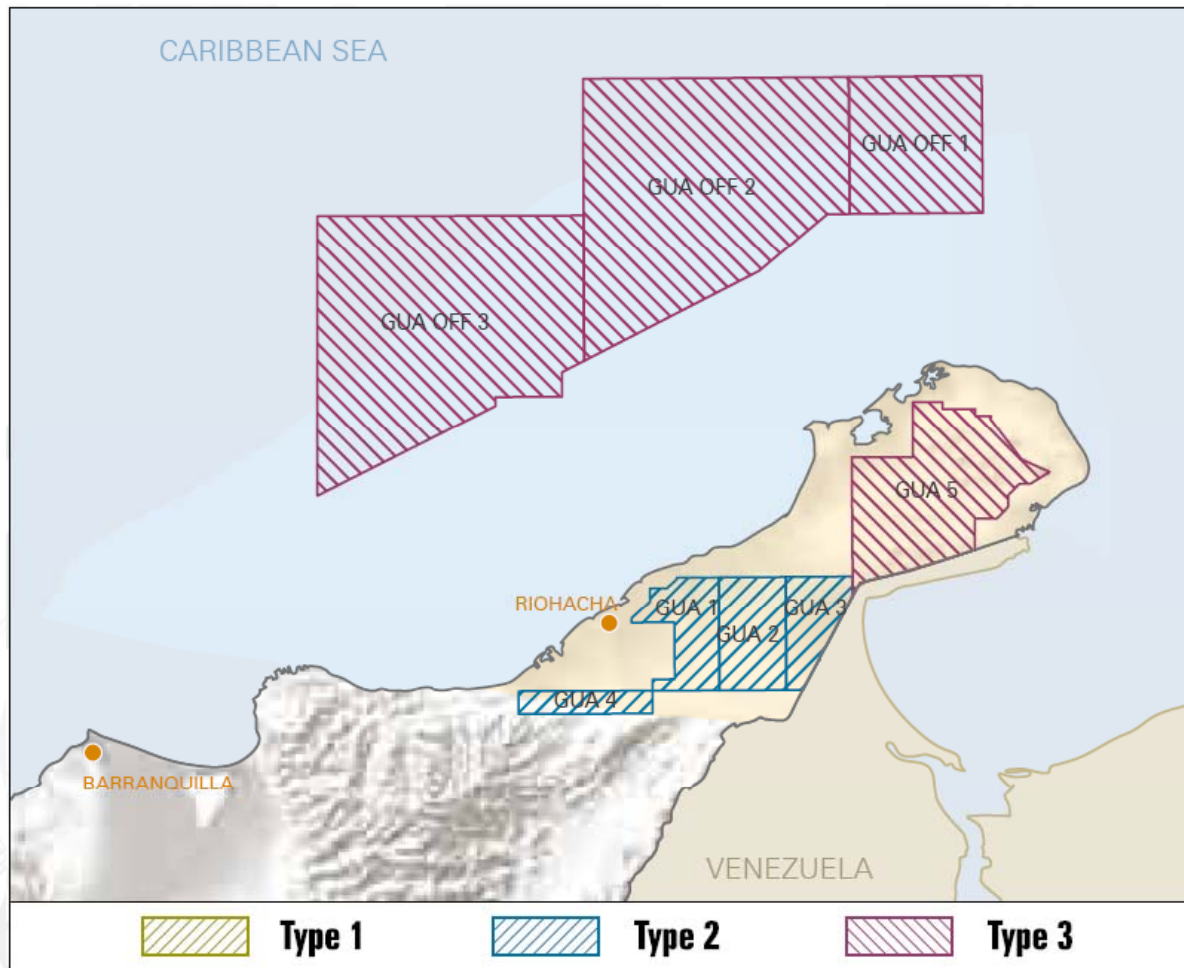




Total Hectares		
7.368.393		
Seismic Lines		Wells
Total	Km	Total
91	1.579	5

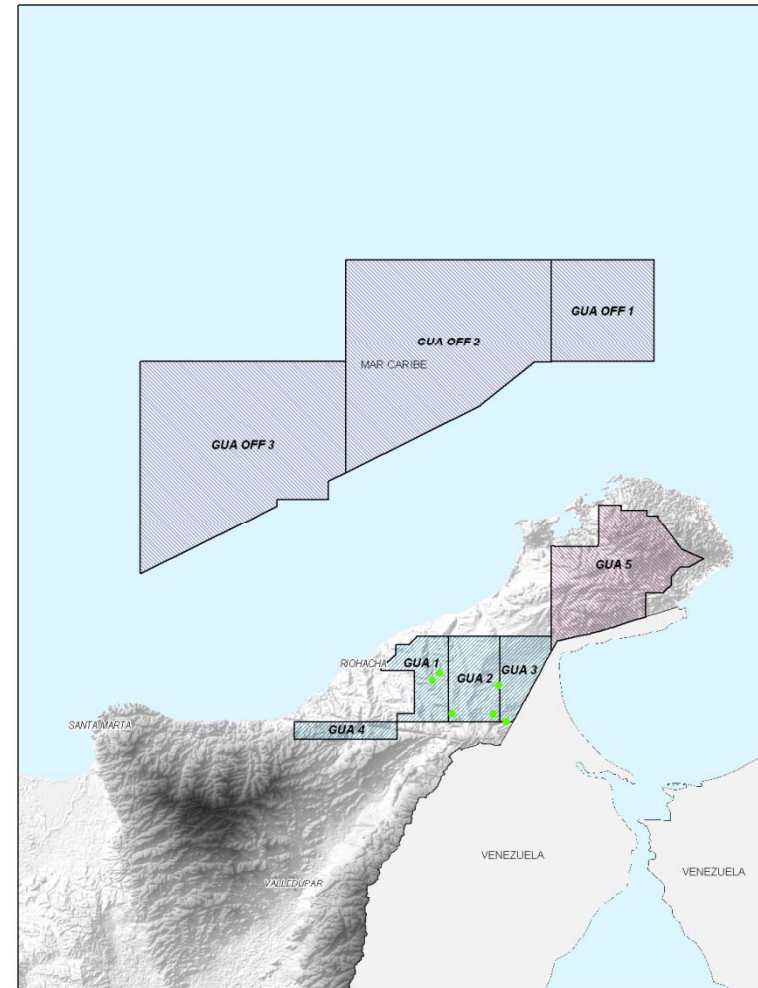
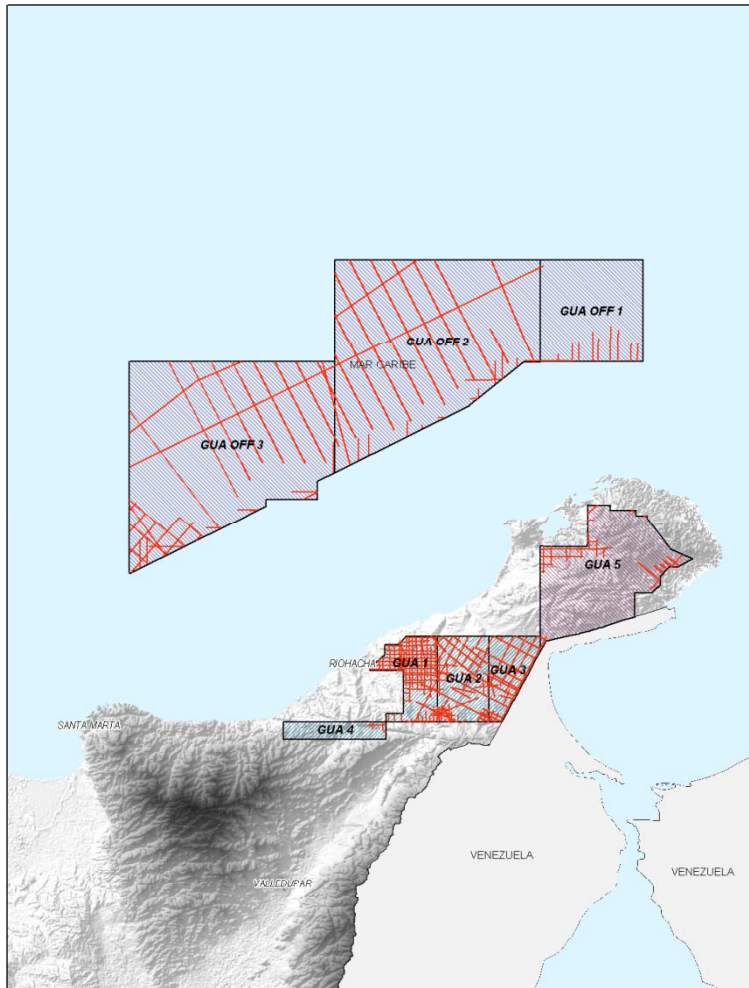
Seismic and Wells

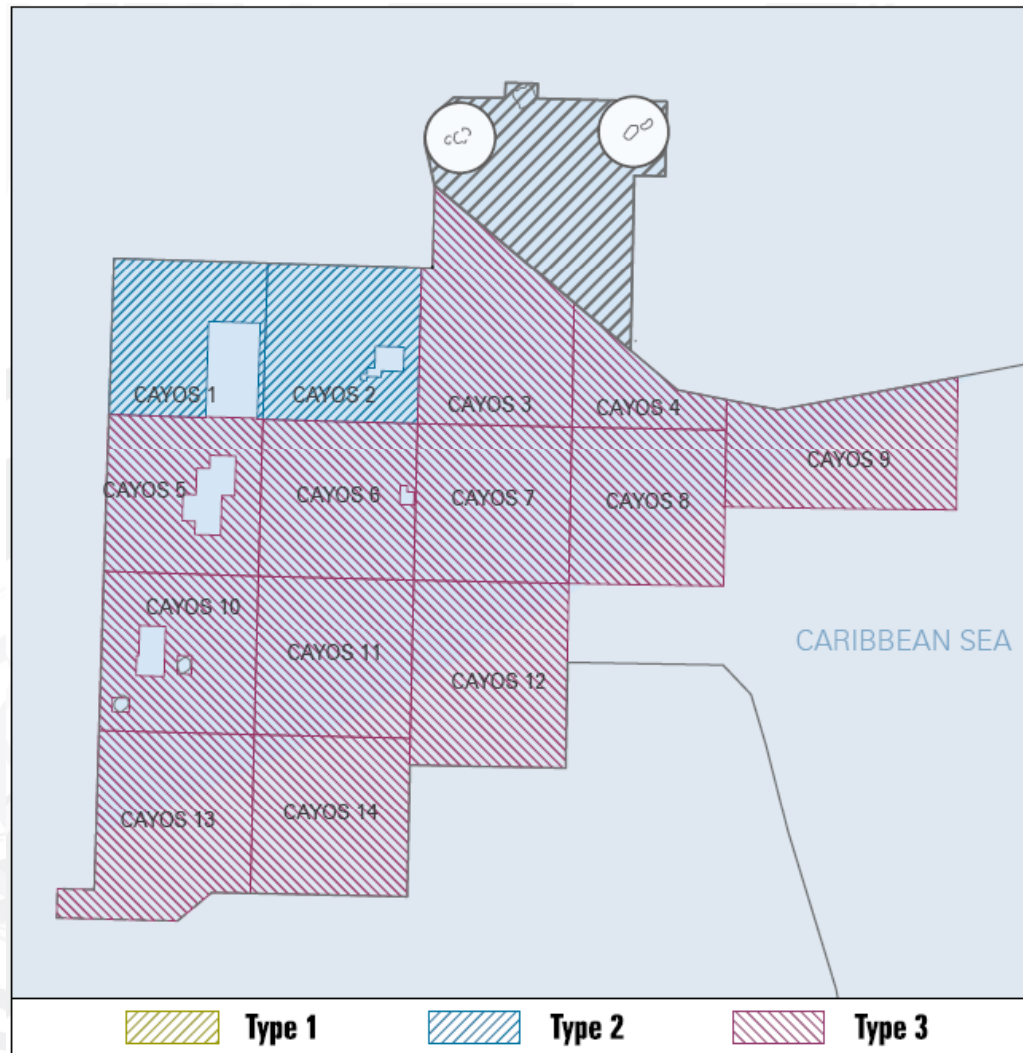




Total Hectares		
2.891.822		
Seismic Lines		Wells
Total	Km	Total
265	4.551	6

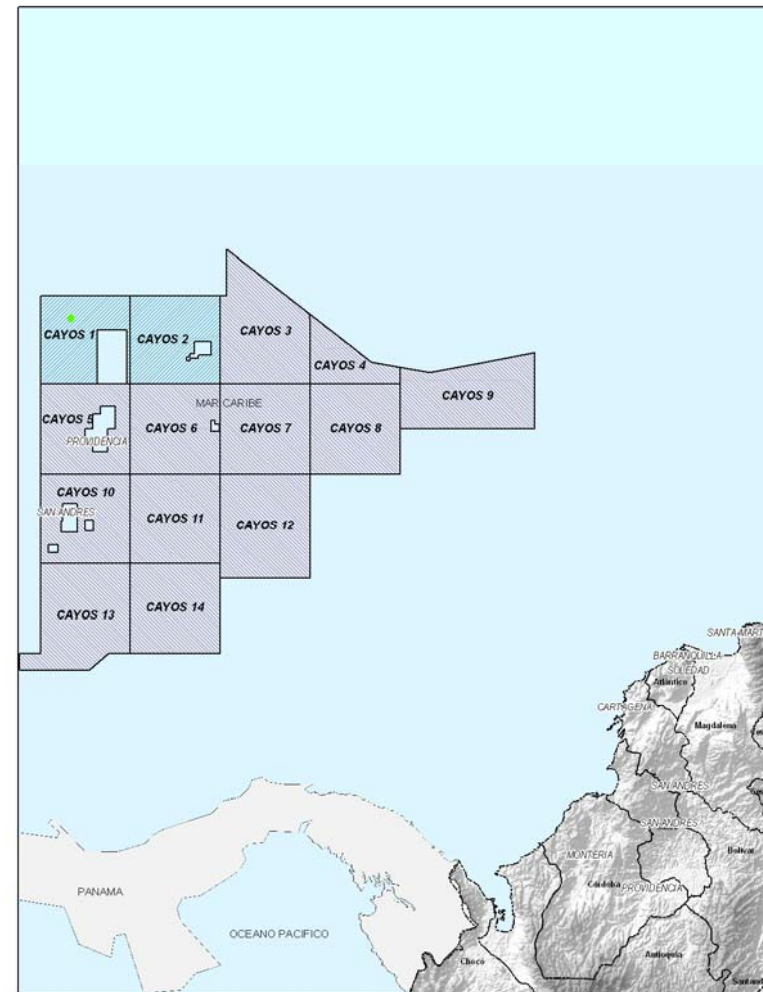
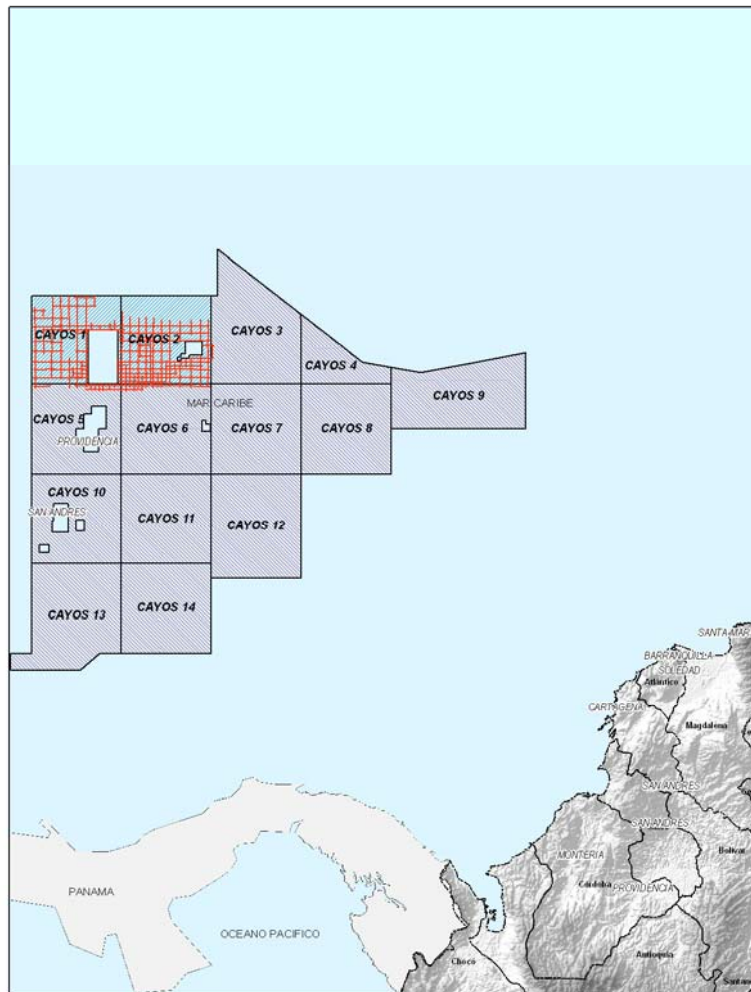
Seismic and Wells



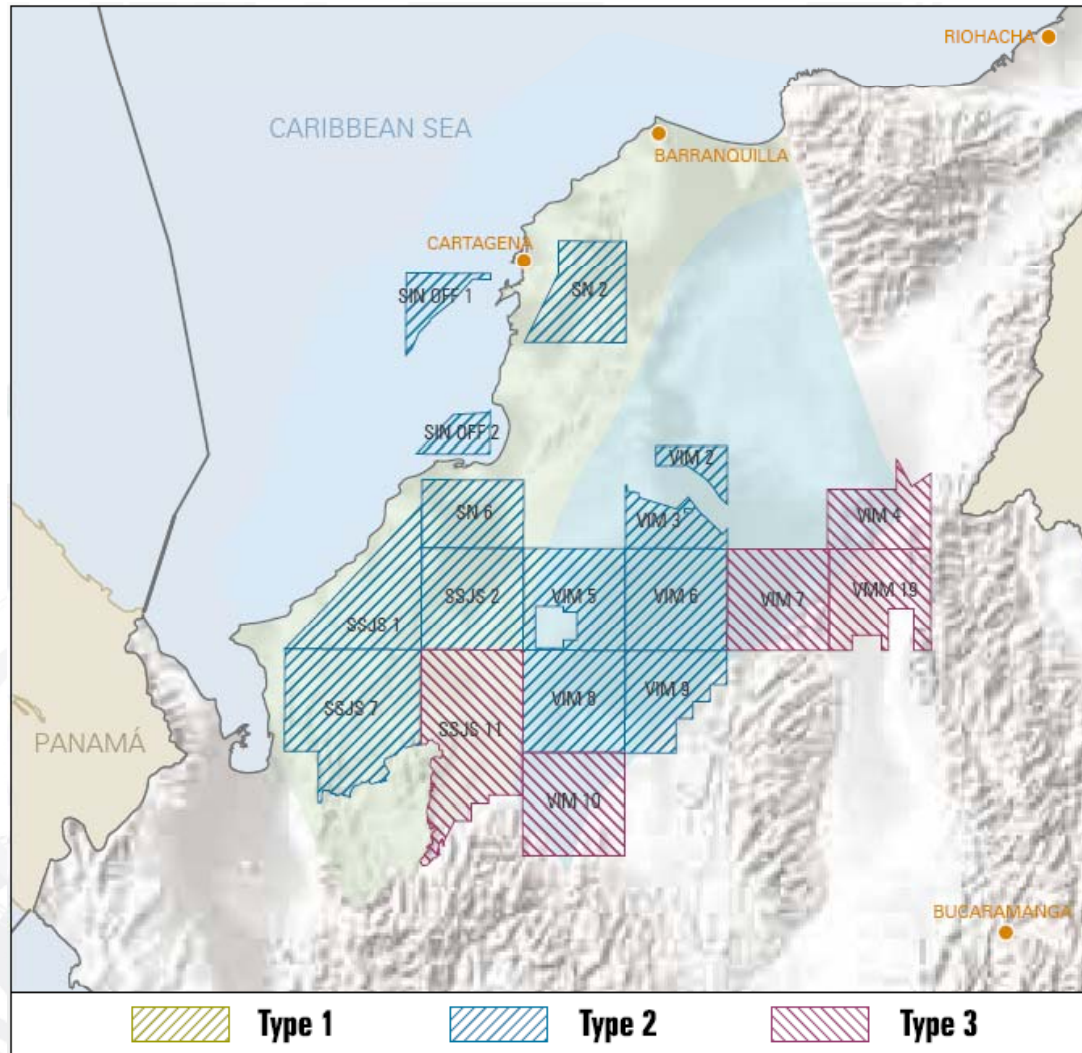


Total Hectares		
16.348.013		
Seismic Lines		Wells
Total	Km	Total
145	4.029	2

Seismic and Wells

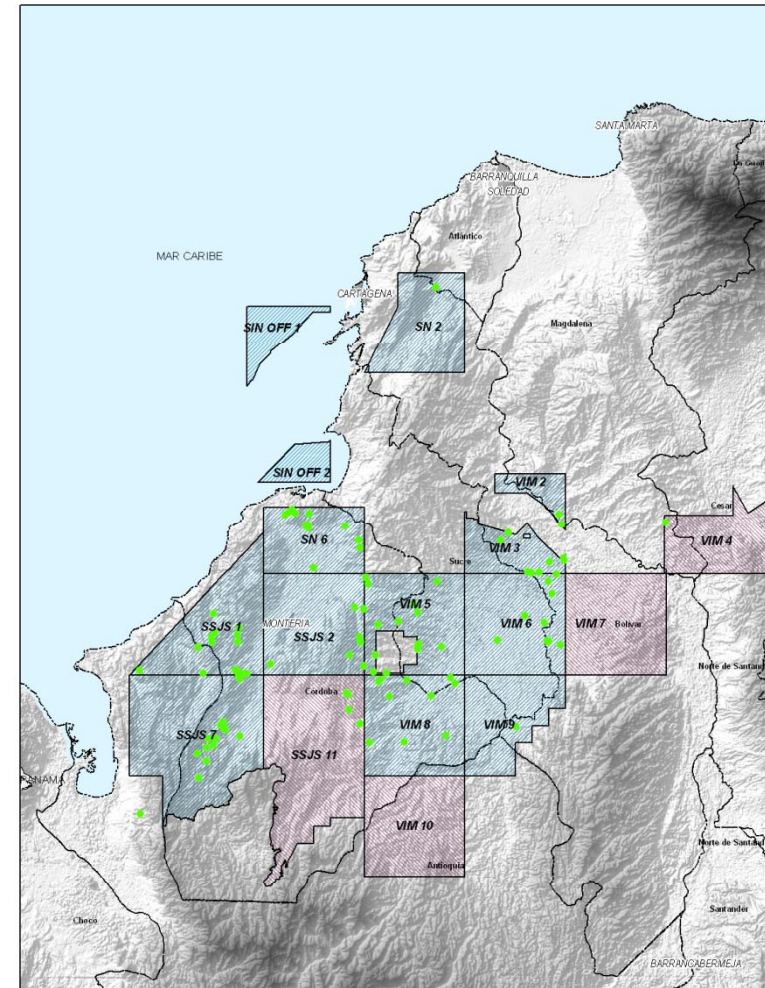
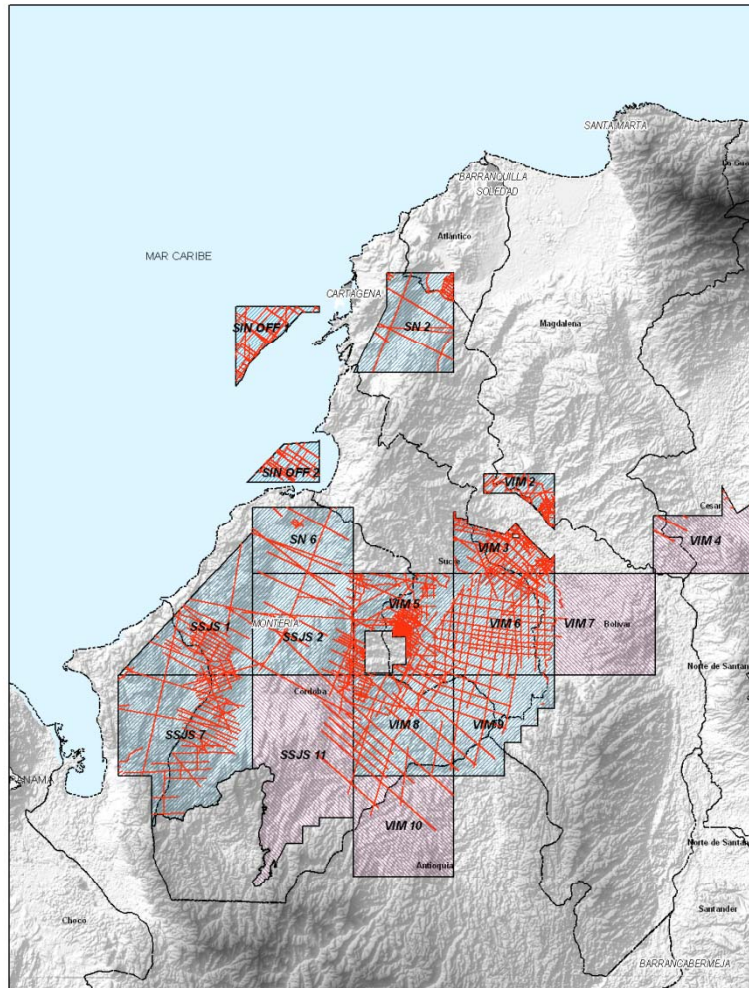


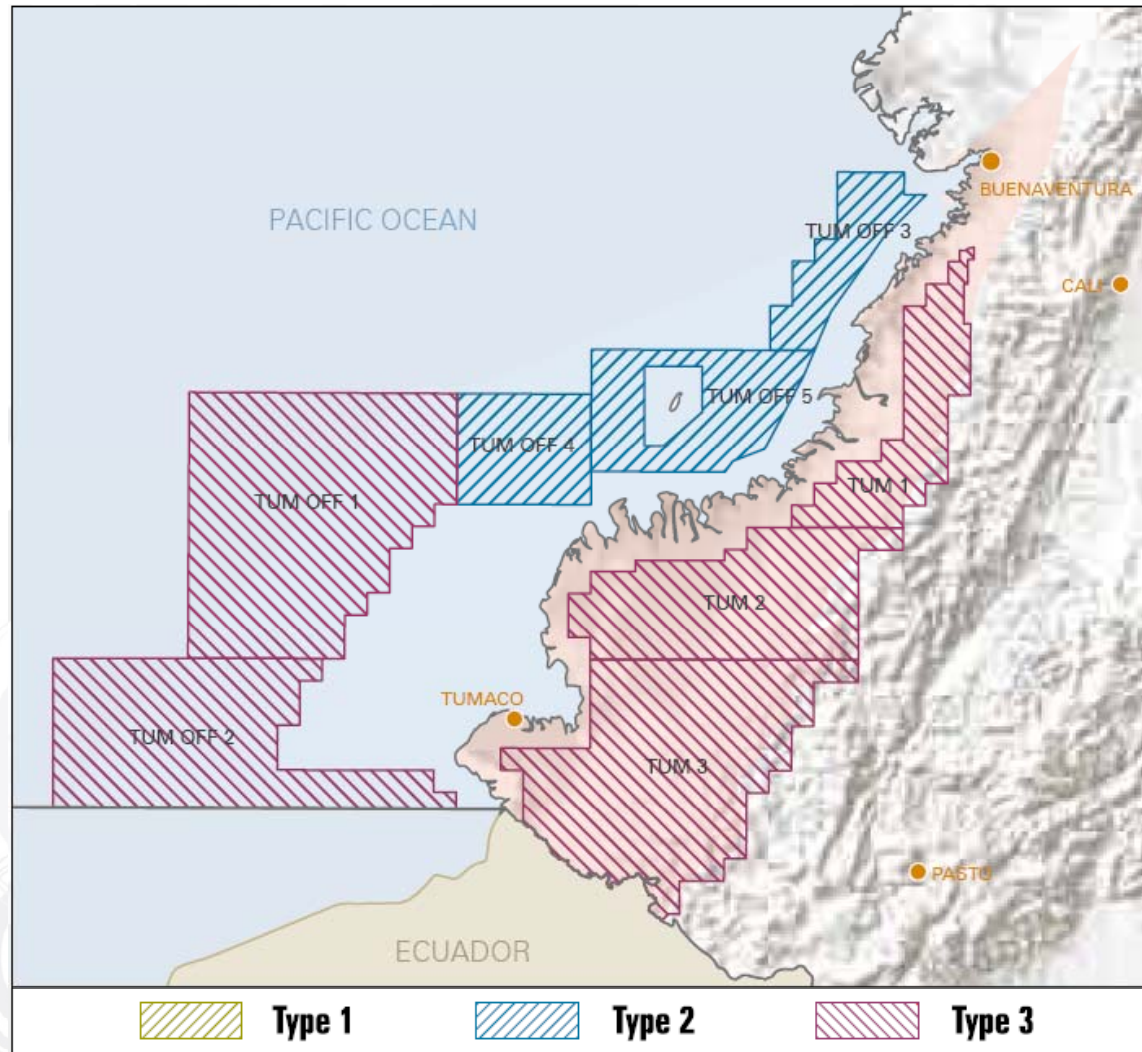
Sinú-San Jacinto- Lower Magdalena Valley



Total Hectares		
4.198.410		
Seismic Lines		Wells
Total	Km	Total
774	10.037	121

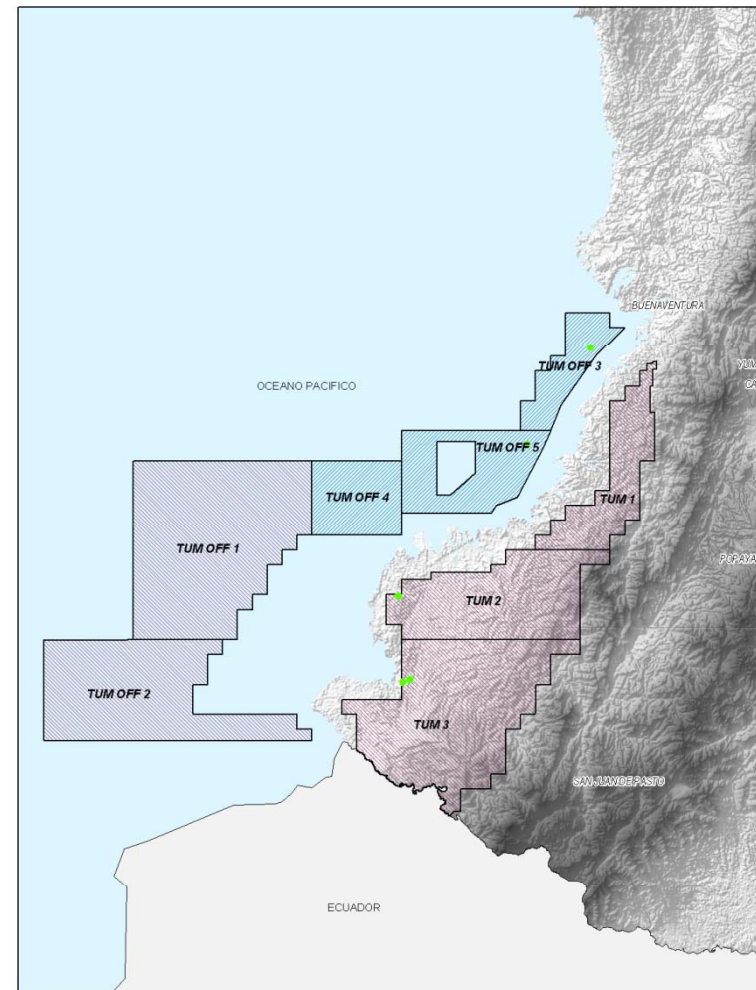
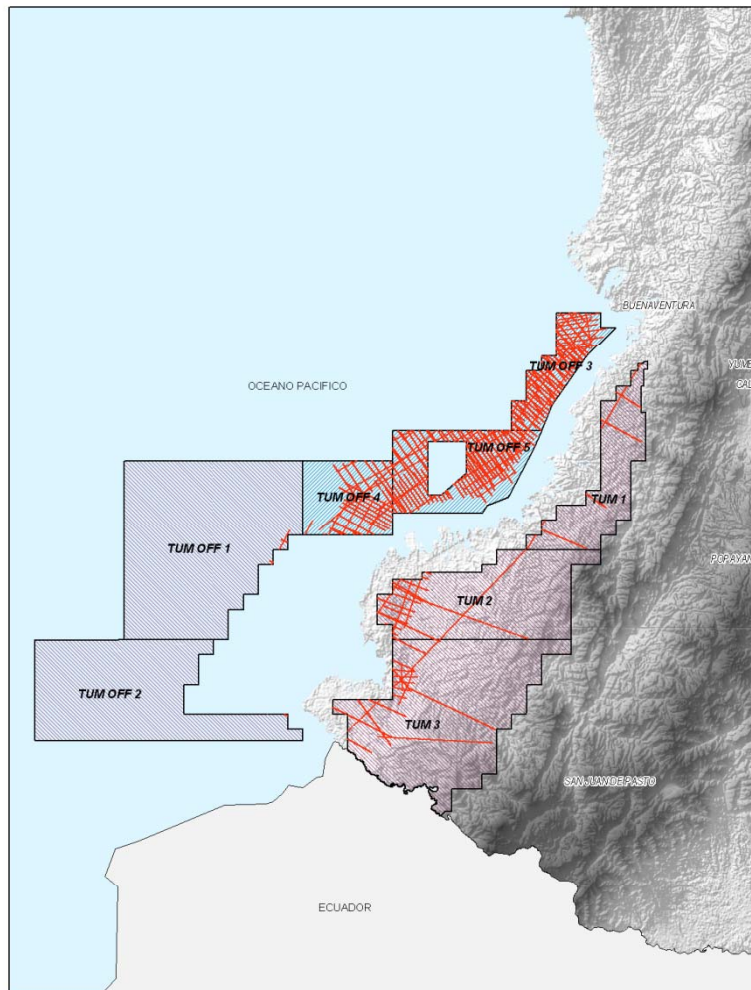
Seismic and Wells

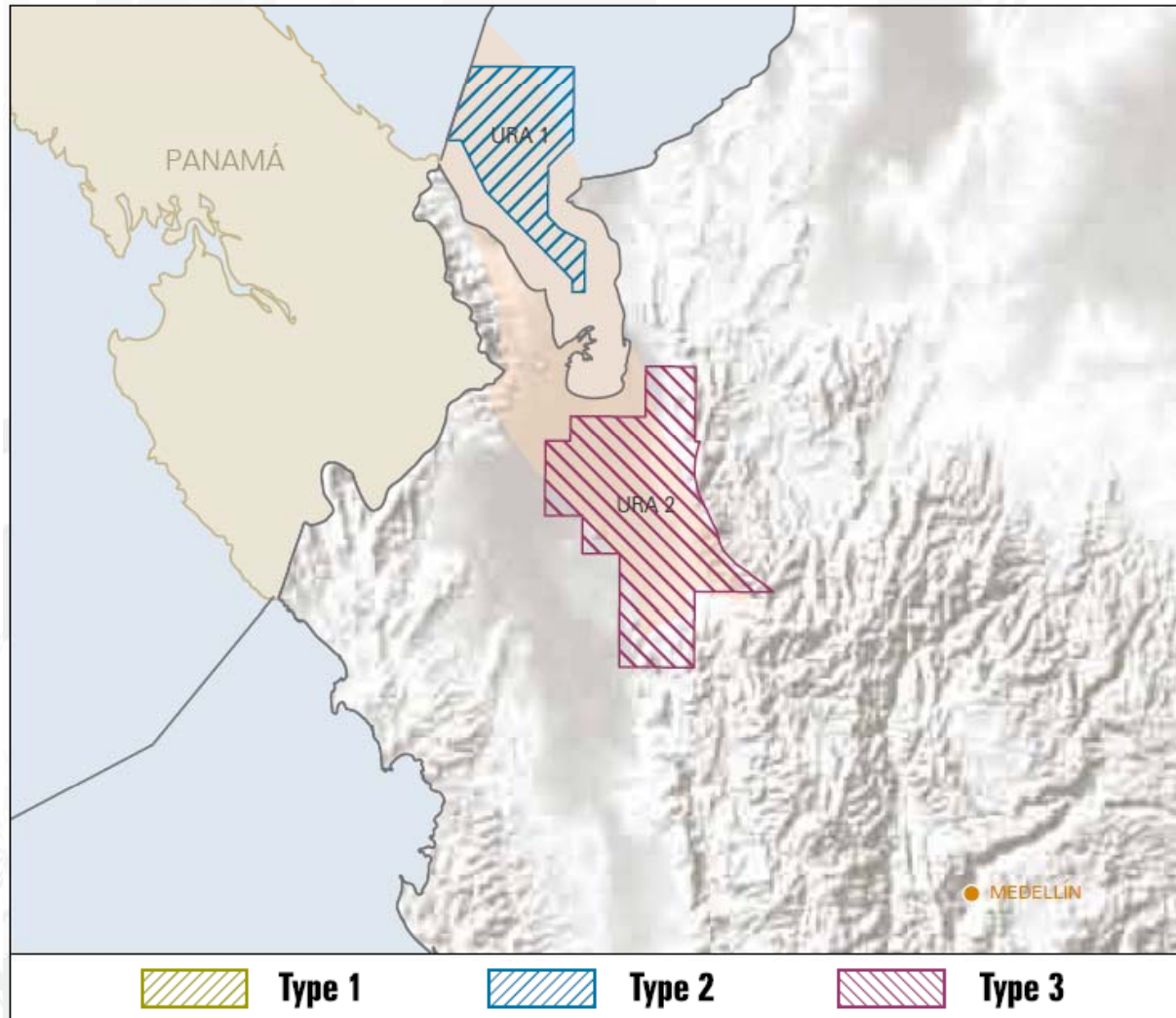




Total Hectares		
4.297.471		
Seismic Lines		Wells
Total	Km	Total
248	5.174	5

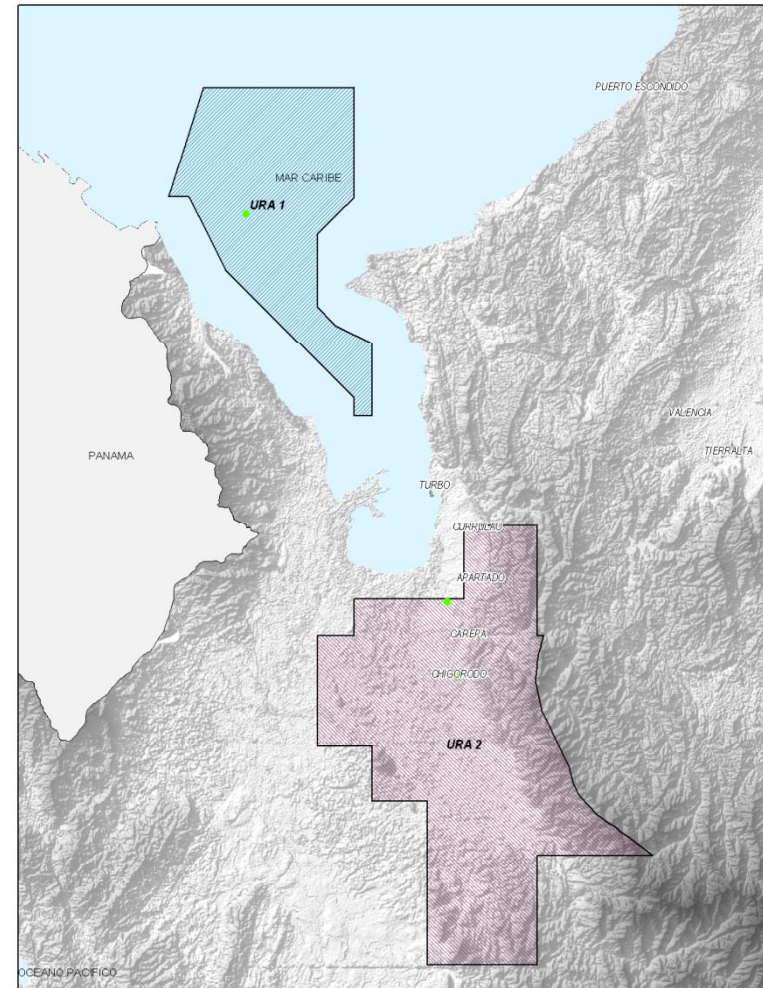
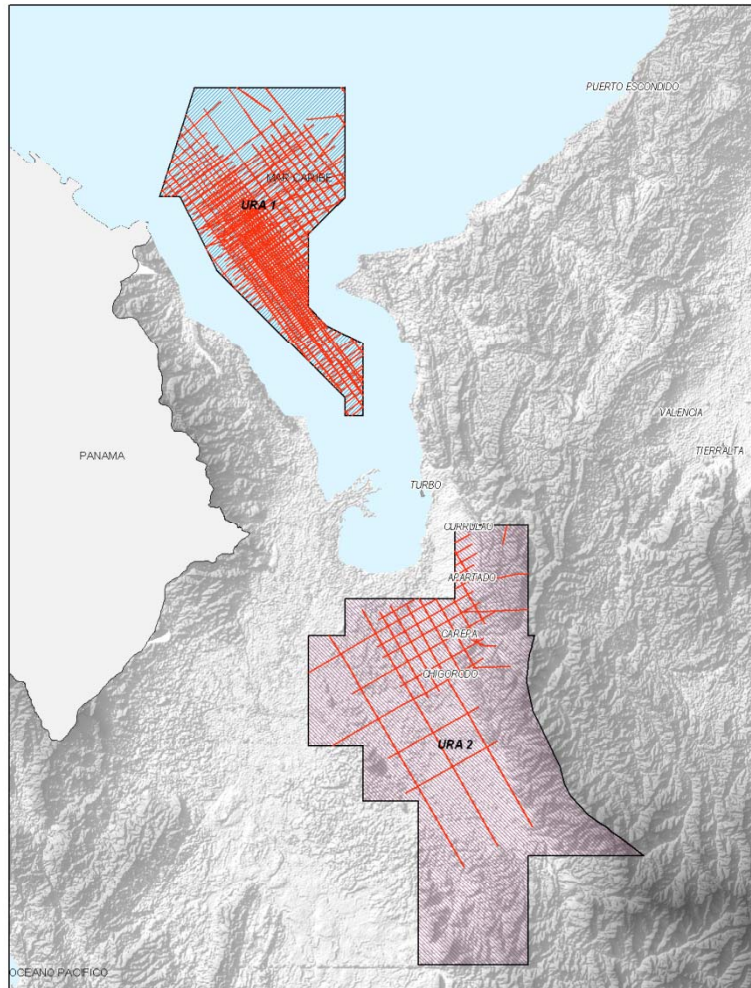
Seismic and Wells

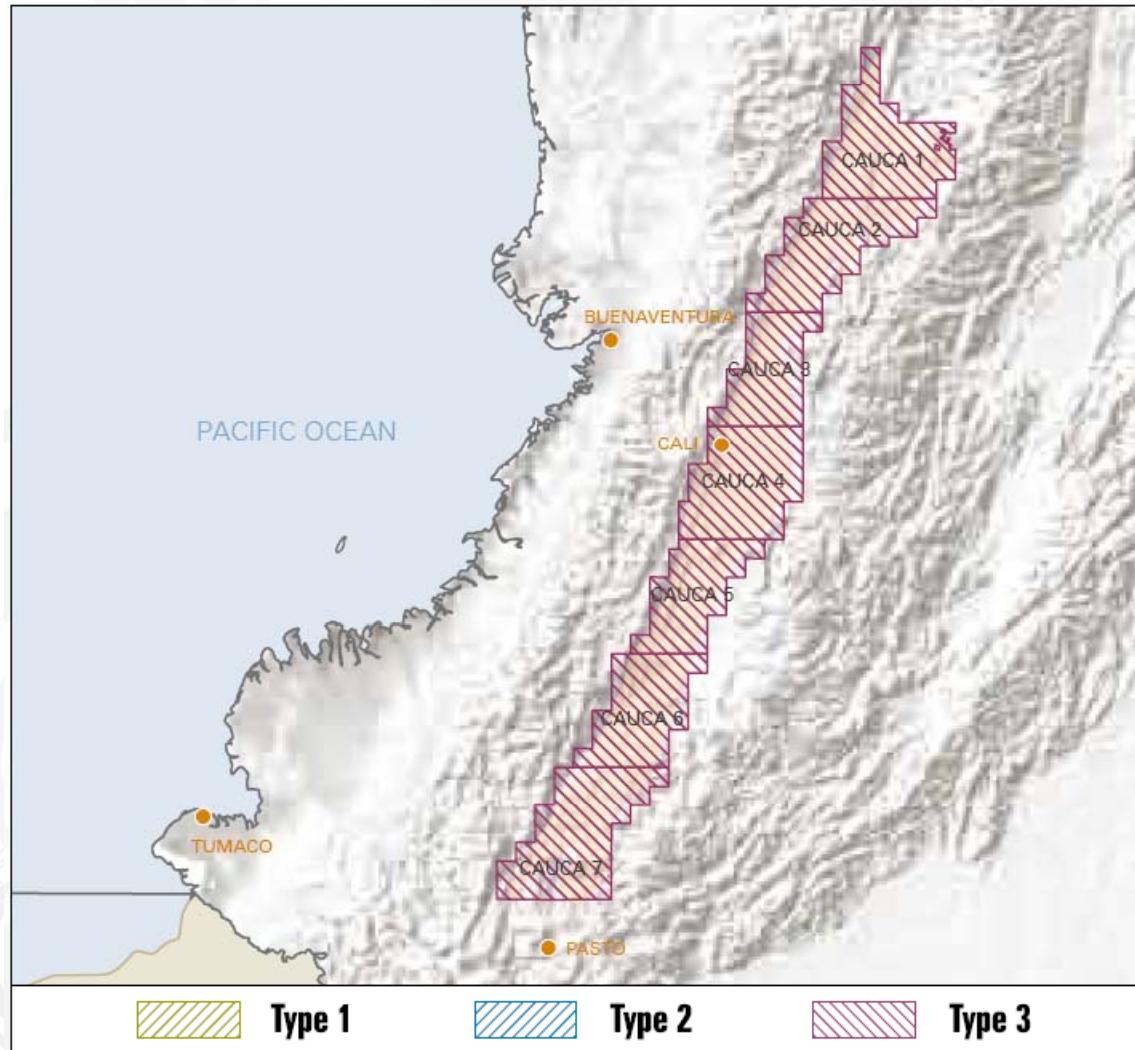




Total Hectares		
664.891		
Seismic Lines		Wells
Total	Km	Total
206	3.874	5

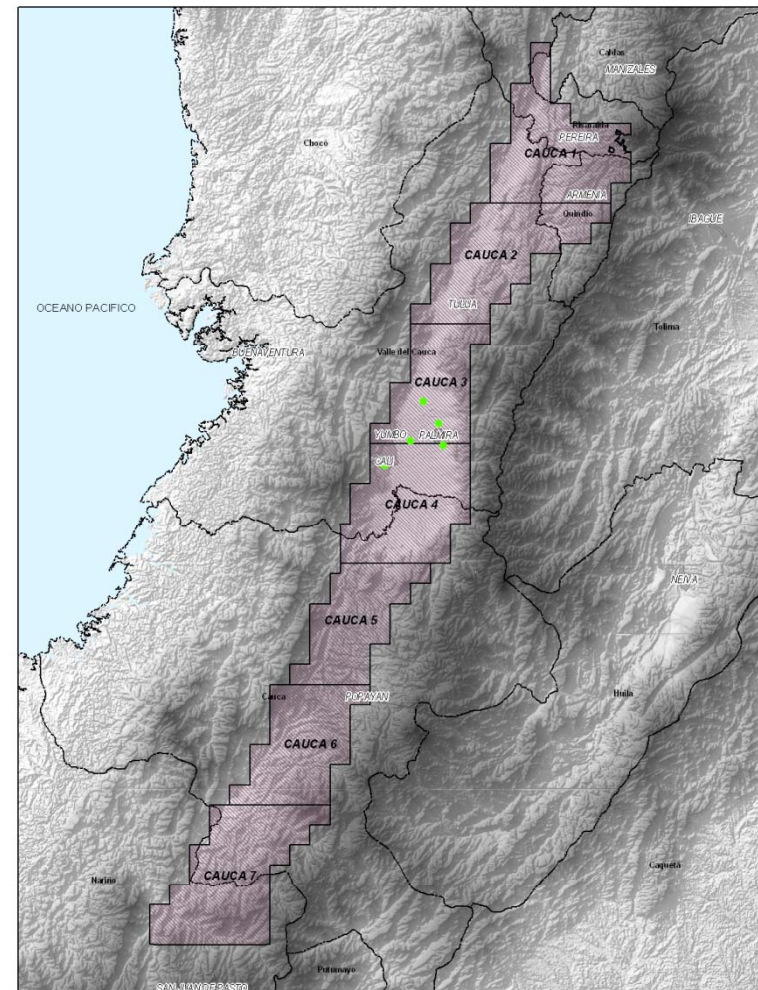
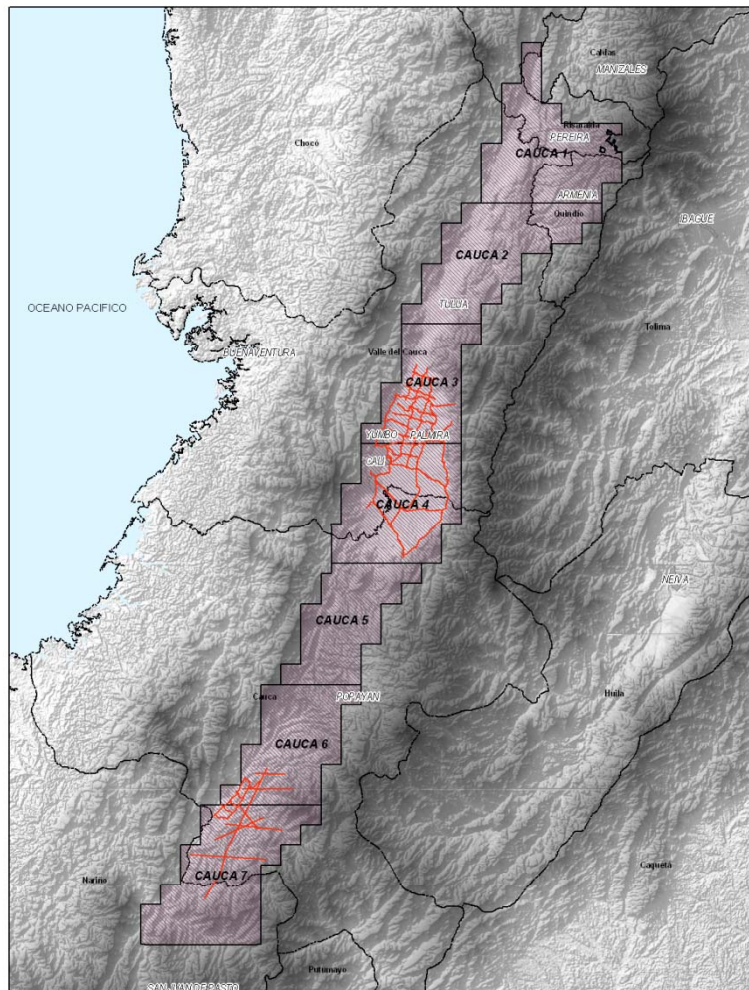
Seismic and Wells

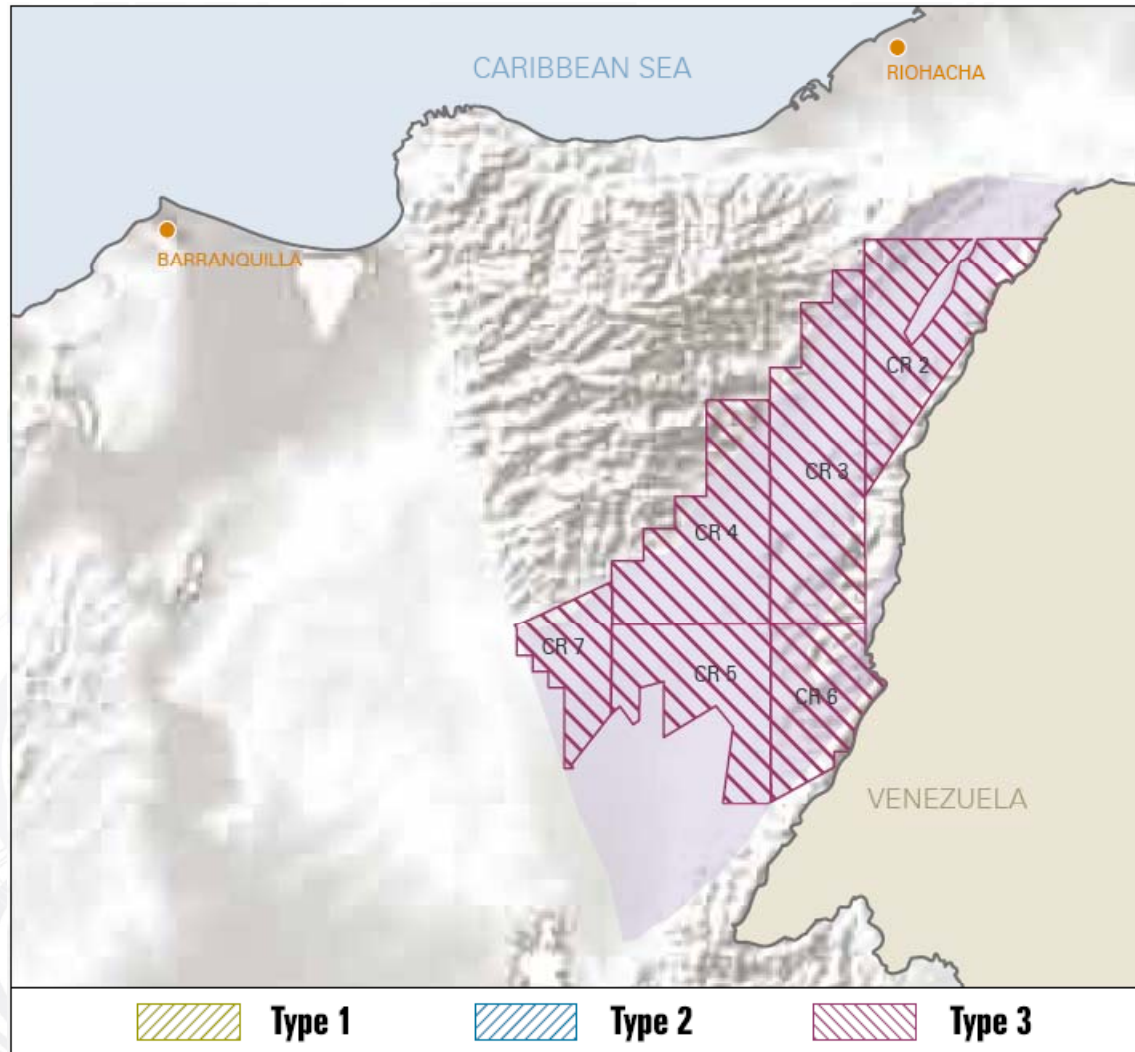




Total Hectares		
1.778.845		
Seismic Lines		Wells
Total	Km	Total
85	969	5

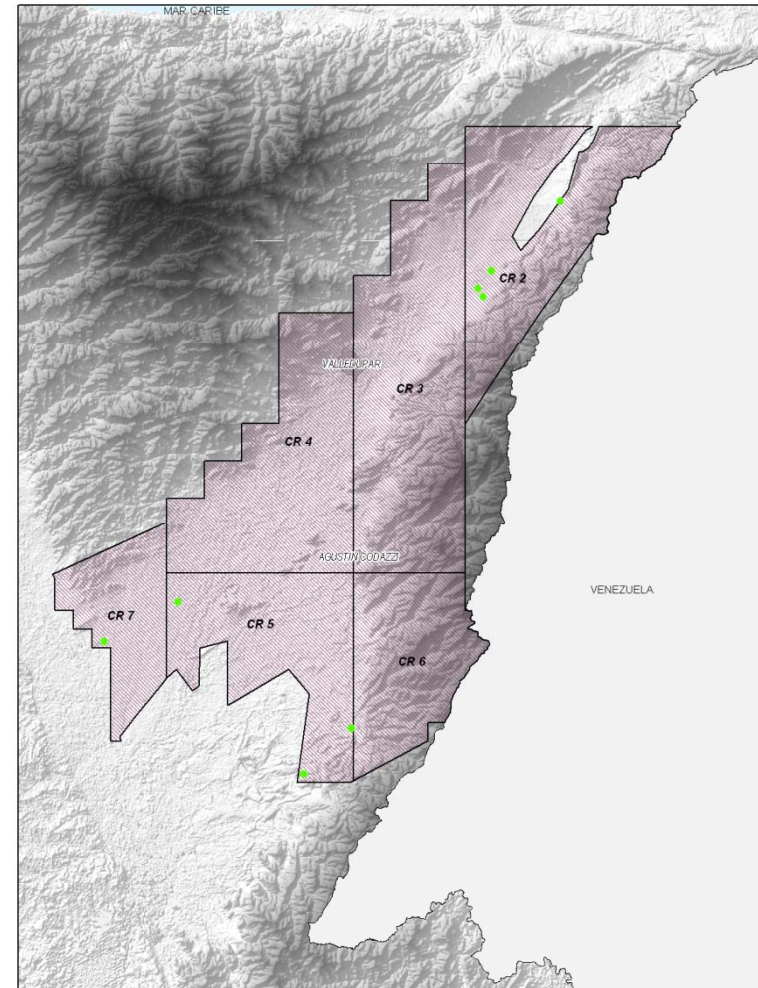
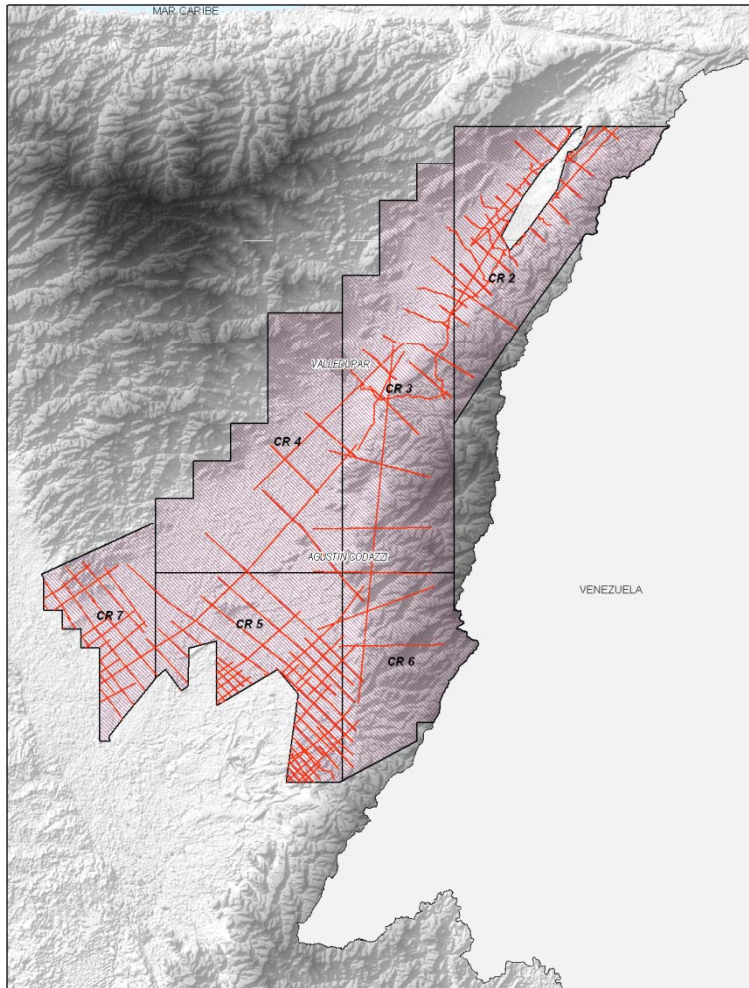
Seismic and Wells

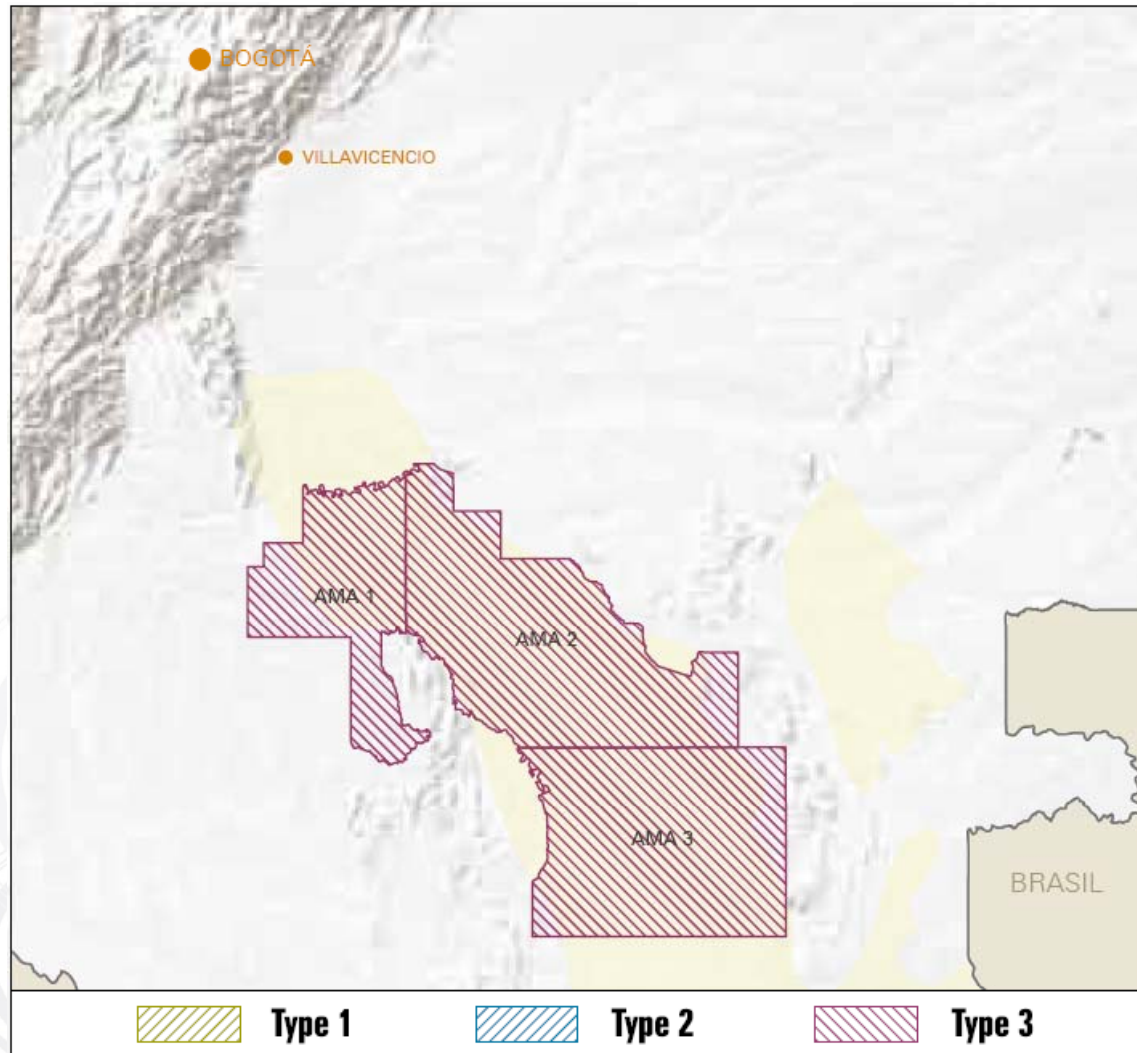




Total Hectares		
959.130		
Seismic Lines		Wells
Total	Km	Total
154	1.912	10

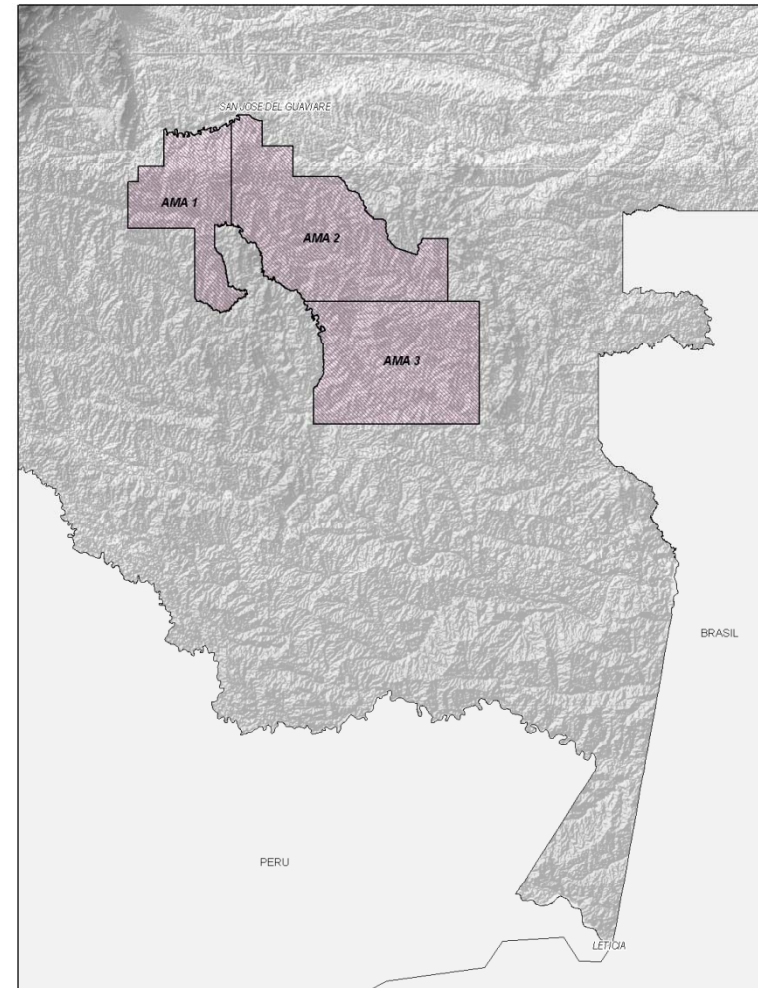
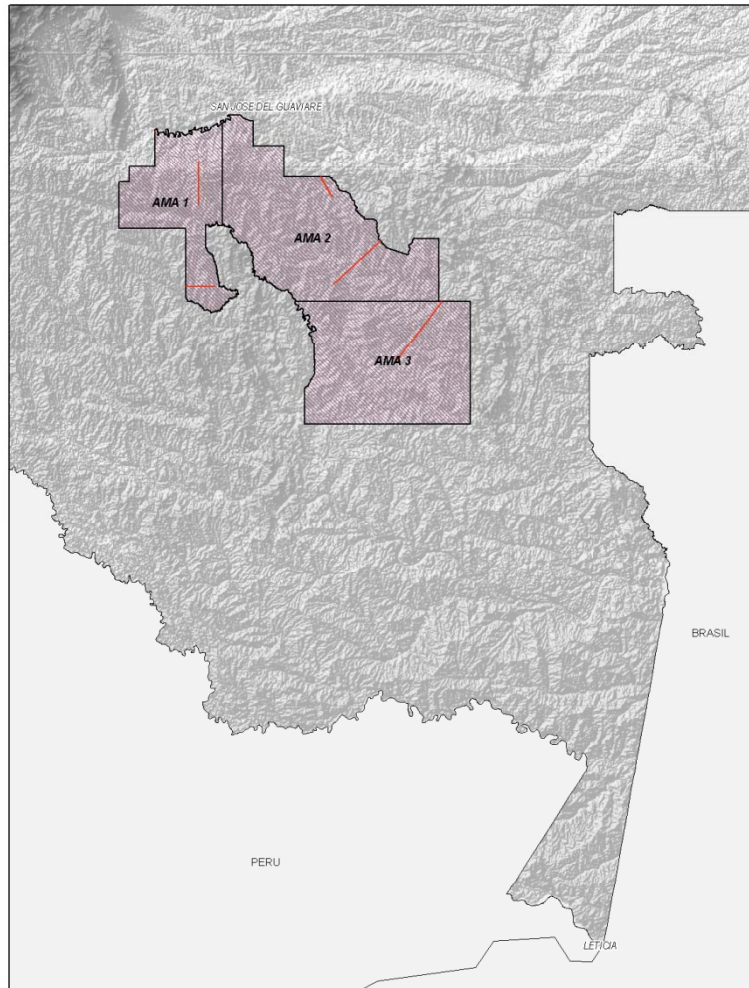
Seismic and Wells





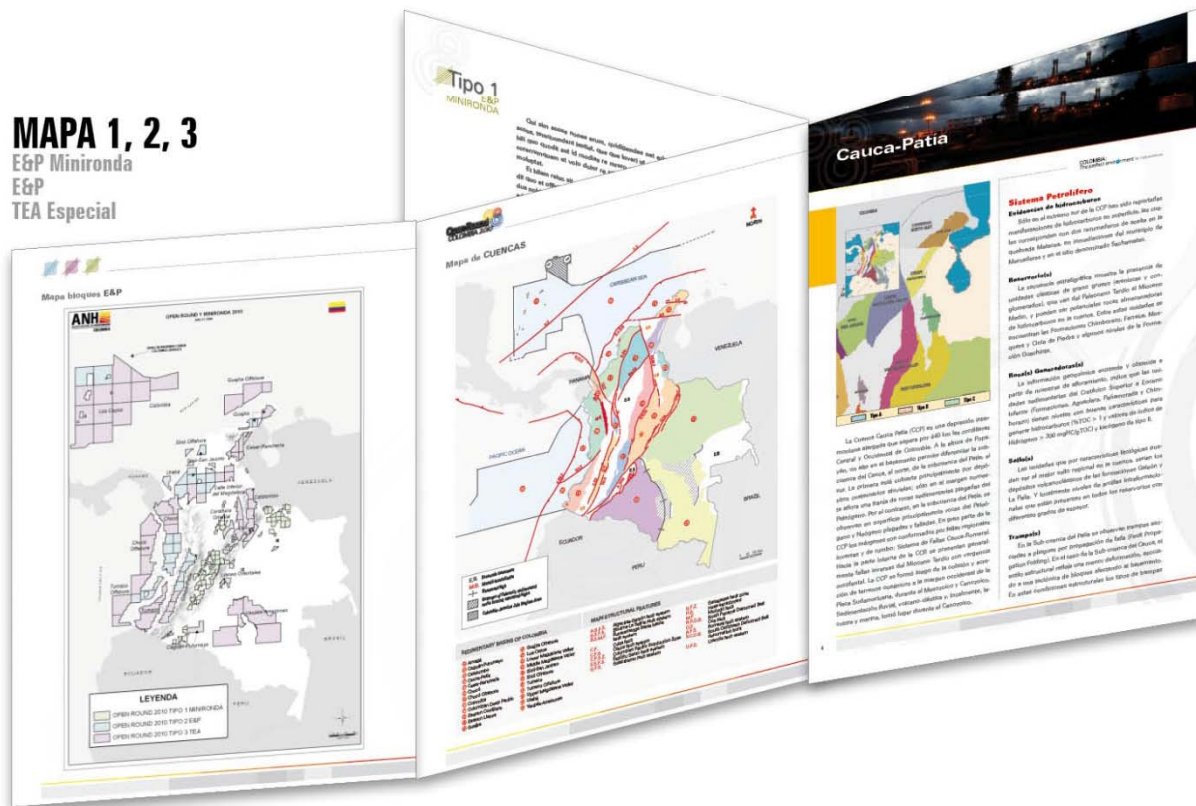
Total Hectares		
4.229.202		
Seismic Lines		Wells
Total	Km	Total
6	216	0

Seismic and Wells



CONTRAPORTADA
INTERIOR

MAPA 1, 2, 3
E&P Minironda
E&P
TEA Especial



ÁREAS

MAPA INFRAESTRUCTURA

COLOMBIA:
The perfect environment for Hydrocarbons

Open Round
COLOMBIA 2010

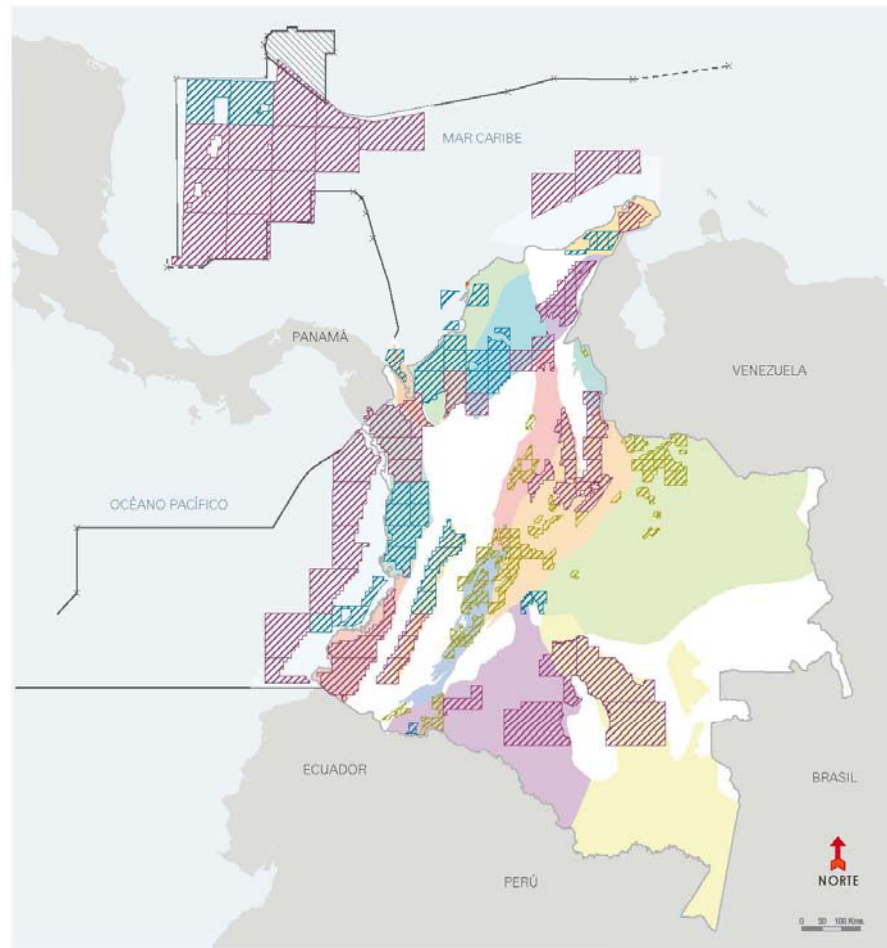


Español | English

COLOMBIA:
The perfect environment for Hydrocarbons



- Tipo 1**
E&P
MINIRONDA
- Tipo 2**
E&P
- Tipo 3**
TEA



Tipo 2 E&P | CORDILLERA ORIENTAL



Generalidades	Marco Geológico	Geología del Petróleo	Geoquímica	Sísmica Representativa	Inf. Socioambiental	Anexos
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Cordillera Oriental



Generalidades

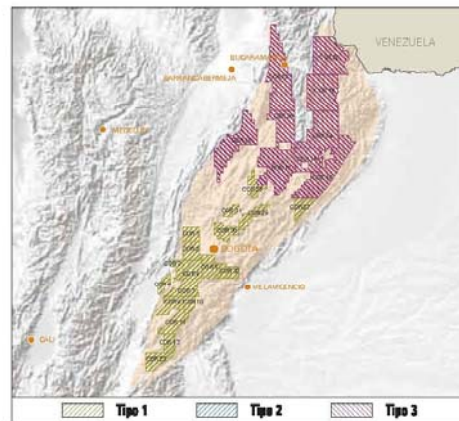


FIGURA 1. Mapa de ubicación del área y de los bloques.

ASPECTOS CLAVE

Cuenca	▶ Cordillera Oriental
Tipo de cuenca	▶ Graben invertido / Cinturón Plegado
Área de la cuenca	▶ 71 766 km ² / 7 176 620 Ha
Área disponible	▶ 31 891 km ² / 3 189 112 Ha
Pozos perforados	▶ 146
Espesor máx. cobertura productiva	▶ 7000 m
Sísmica 2D	▶ 1000 km
Campos descubiertos	▶ 10
Roca Generadora	▶ Simití-La Luna/Rosablanca
Roca Reservorio	▶ Una-Guadalupe/Gusdúas
Roca Sello	▶ Guadúas-Guadalupe-Chipaqué-Une
Tipo de hidrocarburo	▶ Petróleo y gas

La Cuenca Cordillera Oriental-cinturón plegado tiene una extensión de 71 766 km². Se encuentra localizada entre el valle del río Magdalena y la Cuenca de los Llanos Orientales (Figura 1). La exploración en la cuenca comenzó en los alrededores de Tunja donde existen múltiples rezumaderos de petróleo. En este sector fueron hallados hidrocarburos líquidos en estructuras anticlinales. Sin embargo, el mayor interés exploratorio de la cuenca en las últimas tres décadas ha sido principalmente orientado a las trampas estructurales del piedemonte.

Durante el Triásico-Jurásico y el Cretácico tardío, esfuerzos tensionales/trans tensionales, produjeron un sistema de cuencas semigrabens que fueron llenados con depósitos marinos y continentales. Durante el Cenozoico la deformación se dio principalmente en tres eventos: 1) un evento Eoceno tardío-Oligoceno temprano que produjo pliegues de contracción asociados a fallas. El cinturón plegado fue erodado y cubierto por depósitos del Oligoceno superior. 2) Un evento



TIPO 1	TIPO 2	TIPO 3	Guía para la Contratación de Áreas	Colombia: Expandingo las Fronteras de los Hidrocarburos	Información General y Mapas	ANH
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-
1. Process Presentation
 2. Geological characteristics of the areas
 - 3. Legal aspects**



- Political Constitution, articles 101, 102 and 332.
- Law 80 of 1993, Article 76.
- Law Decree 1760 of 2003.
- Accord 008 of 2004 and its amendments.



- A permit is granted to remove from its natural bed and extract to the surface, the resources owned by the State and that are found in the subsoil.
- Contractor carries out the activities at its exclusive cost and risk.
- Contractor is obliged to obtain at its own account and risk all the licenses, authorizations and permits required to develop the operations object of the contract.
- Indemnity.
- Oil industry good practices.
- National goods and services.

- The exploratory program comprises the minimum program established by the ANH and the additional investment related activities.
- The amount of the exploratory program activities is determined by the unit prices established by the ANH.



Contract periods

- Duration: 30 years.
 - ✓ 6 years of exploration.
 - ✓ 24 years of production.
- Exploration periods.
 - ✓ Two phases of 36 months each.
 - ✓ The first phase is mandatory.

Onshore blocks exploratory program

- First phase (mandatory)
 - ✓ Reprocessing and reinterpretation of the current seismic.
 - ✓ Acquisition of 2D or 3D seismic.
 - ✓ Exploratory or stratigraphic well.
- Second phase
 - ✓ Drilling of exploratory or stratigraphic wells.

Offshore blocks exploratory program

- First phase (mandatory)
 - ✓ Multispectral analyses and piston core sampling.
- Second phase
 - ✓ Drilling of exploratory or stratigraphic wells.



Evaluation program.

- The evaluation program must be submitted within six (6) months following the discovery.
- Maximum duration of the evaluation is one (1) year or two (2) years if it includes exploratory wells.
- Extensions:
 - ✓ 1 additional year for non-planned exploratory wells.
 - ✓ 2 years in case of natural gas or heavy crude.
- The evaluation results must be submitted 3 months after completion with a clear commerciality indication.

Production period

- During 24 years.
- It starts with the commerciality declaration.
- Development plan.
- Possible extension of the term in case of available production, subject to certain conditions.



Development plan

- It must be submitted within 3 months following the commerciality declaration.
- It should cover all development and production aspects of the area.
- Contents (among others):
 - ✓ Suggested production area map
 - ✓ Estimation of reserves
 - ✓ Annual production estimate

Economic rights

- For subsoil use:

- ✓ Exploration areas, it is an amount in dollars that results from multiplying the hectares under exploration by the amount determined by the ANH, during each phase.

It shall be caused in the eighteenth (18) month after commencing the E & P contract's first phase or when contractor decides to continue the performance thereof.

- ✓ Evaluation and production areas, right for production unit owned by contractor which results from multiplying the hydrocarbon production that corresponds to contractor by the amount in dollars determined by the ANH in the contract minutes.

- For high prices

It is a participation percentage in the net production of royalties, which contractor hands over to the ANH and that applies:

- ✓ In the case of crude, from the accumulated production of 5 million barrels if the WTI price exceeds the reference base price, P_0 .
- ✓ In the case of gas, as of the 5th year of production: for gas export; and if the Henry Hub price exceeds the base price (P_0).



Participation due to high prices

- It applies based on an accumulated production of 5 million barrels and if the WTI price exceeds the P_o value.
- The participation in the production (Q) is equivalent to:

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

Where:

- ✓ P = WTI Price
- ✓ P_o = Base price
- ✓ S = Participation percentage

API Gravity	Po (USD\$/NI) (Year 2009)
Under 10°	N/A
>10° and ≤15°	46.50
>15° and ≤ 22°	32.56
>22° and ≤ 29°	31.39
>29°	30.22
Discoveries at more than 300m water depth	37.20

P	S
$P_o \leq P < 2P_o$	30 %
$2P_o \leq P < 3P_o$	35 %
$3P_o \leq P < 4 P_o$	40 %
$4P_o \leq P < 5P_o$	45 %
$5P_o \leq P$	50 %

- It applies as of the 5th year of production for gas export; and when the Henry Hub reference price exceeds the base price (P_o).
- Participation 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

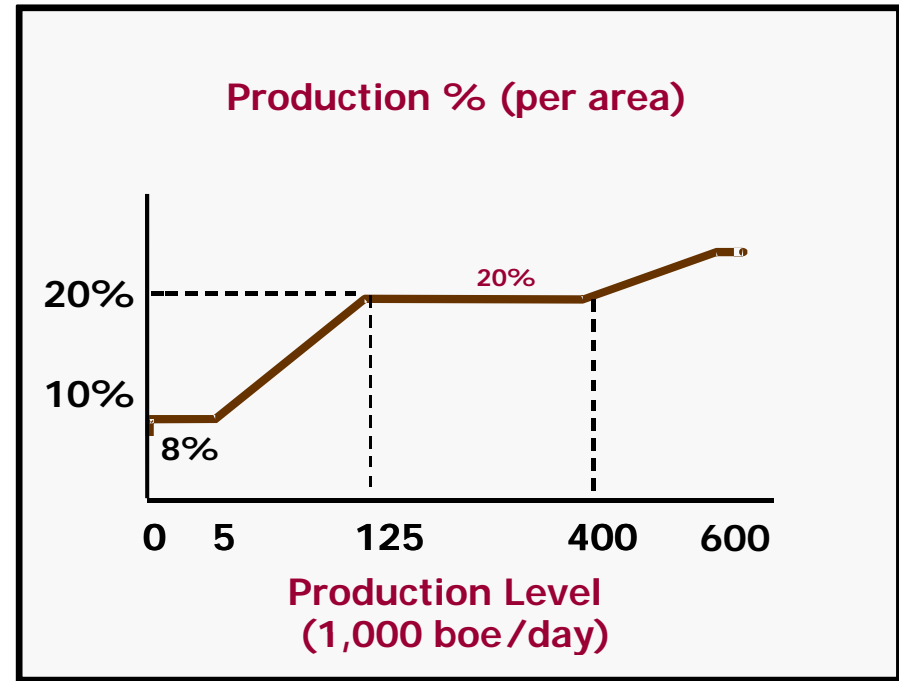
Straight line distance between the shipping port and destination port (km)	P_o US\$/MMBTU (Year 2009)
>0 and \leq 500	\$6.98
>500 and \leq 1000	\$8.13
>1000 or LNG plant	\$9.30

- Participation percentage of the total production after royalties, offered by contractor.
- Technology transfer.



Royalties

- Payable on a monthly basis
- Based on the hydrocarbon gross production amount of each field or area
- Payable in cash/in kind to ANH's choice
- Applicable to all areas in line with contract terms



Discount relative to light crude rates

Gas	- 20%
Heavy Crude < 15° API	- 25%
Gas offshore (> 1000 ft)	- 40%

Breach of the contract consequences:

- Penalties

- ✓ Obligations with a determined amount up to the amount of the non-fulfilled activity,
- ✓ Obligations without a determined amount, up to USD\$50.000 and until reaching the guarantee amount

- Contract termination

Contract termination events

- Withdrawal
- Expiration of exploration period
- Expiration of production period
- Mutual agreement between the parties at any time
- Breach declaration
- Unilateral termination of the contract
- Expiration date or termination pursuant to the Law

- Confidentiality of information
 - Any information data acquired (seismic, processing, etc.) and interpreted for each phase shall be returned to the ANH at the end of each exploration phase and/or each year (during the production phase)
 - All data are subject to confidentiality agreements
 - ✓ Seismic 5 years
 - ✓ Wells 5 years
 - ✓ Information interpretation 20 years
- Or until contract termination or return of the area

Object and Evaluation Program.

- Object: perform technical evaluation operations geared towards the evaluation of its potential and the identification of prospective areas.
- Duration: Thirty six (36) months.
- Contract extension: by mutual agreement.



- Economic rights
 - ✓ Amount resulting from multiplying an amount in dollars determined by the ANH for each hectare and for each year or fraction of the contract validity term.



Exploratory program

- The exploratory program comprises the Minimum Program established by the ANH and the Additional Investment related activities.
- The amount of the Exploratory Program activities is determined by the unit prices established by the ANH.
- Onshore Blocks
 - ✓ Seismic lines.
 - ✓ Exploratory or stratigraphic well.
 - ✓ Indirect high resolution methods.
- Offshore blocks
 - ✓ Seismic
 - ✓ Bathymetry

Evaluator's rights:

- Reserve an extensive area to carry out exploration activities
- Select an area for an E&P contract
- Match a third party's proposal for an E&P contract, or
- Select a second area, waiving its matching right
- Nominate additional areas
- Participate in third parties nominations
- Exclusivity, third parties shall not have the right to nominate areas until the evaluator selects one area for E&P or until the Special TEA term

Third party's rights:

- Propose an E&P Contract once exclusivity right has been lifted.
- Nominate additional areas.
- Participate in competitive processes of third parties nominations.



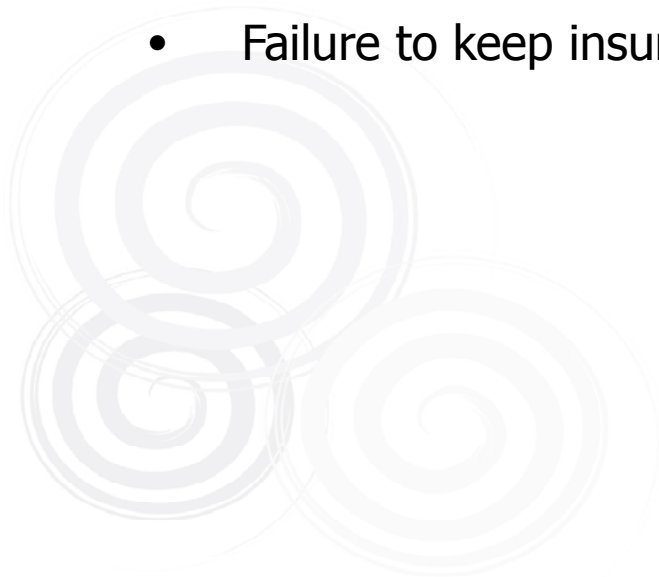
Confidentiality:

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



Breach of contract events

- Contract assignment without ANH's prior authorization.
- Unjustified suspension.
- Failure to deliver technical information or said information presents errors or is insufficient.
- Failure to keep insurances.



Breach of contract consequences:

- Penalties

- ✓ Obligations with a determined amount up to the amount of the non-fulfilled activity,
- ✓ Obligations without a determined amount, up to USD\$50.000 and until reaching the guarantee amount.

- Contract termination.

- Contract termination events
 - ✓ Expiration of the contract term
 - ✓ Withdrawal
 - ✓ Mutual agreement between the parties.
 - ✓ Breach declaration.
- Unilateral termination events
 - ✓ Liquidation procedure
 - ✓ Law causes
 - ✓ Breach declaration

- Assignment
- Additional proceedings
 - ✓ Prior consultation.
 - ✓ Environmental Management Plan or Environmental License.
- Dispute resolution.
- Voluntarily restitution of areas.

Within the first eighteen months of the E&P contract's first phase or the Special TEA contract term, contractor may perform restitution of up to 50% of the contracted area, pursuant to the conditions of the relevant clauses in each contract.

- Performance Guarantee

Contractor must establish at the commencing of the contract a performance bond equivalent to ten per cent (10%) of the minimum exploration program amount and with a validity term equivalent to the duration of the First Phase or the contract, as applicable, plus 6 months.

Additionally, it must establish another performance bond equivalent to 100% of additional exploration program amount, as follows:

- ✓ 50% commencing the First Phase covering the first 18 months.
- ✓ In case the contract is to continue, one (1) month before expiration of the first half of the first phase duration, contractor shall extend the value of the bond for the remaining fifty per cent (50%) of the additional exploration program amount and it shall extend its validity up to the remaining eighteen (18) months and six (6) additional months.

This last guarantee can be reduced in the equivalent amount of the executed activities, throughout the duration of the respective phase, or the contract, as applicable, once the resulting technical information has been submitted to the EPIS.

- Contract withdrawal

Within the first 18 months of the first phase, in the case of E & P contracts or, to half the duration of the Special TEA contract, Contractor must communicate in writing to the ANH of its intention to continue with or withdraw from the contract.

In case of withdrawal, it shall transfer to the ANH 50% of the value of all non-fulfilled activities of the Minimum Exploratory Program and 100% of the non-invested additional investment of the relevant phase.

Thanks!

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