



Asociación Colombiana
del Petróleo y Gas



OIL & GAS SECTOR

Colombian Energy Transition

18th April 2024

OUR ASSOCIATED COMPANIES



We gather

38% National oil production

27% Gross Natural Gas production

37% Marketed Natural Gas production

90% local liquid fuels market

ACP is positioned to contribute defining the energy transition path in Colombia



- ✓ We have contributed to the country's energy security and sustainability for 58 years.
- ✓ Our associates have the experience and skills to participate in the energy transition



ACP works in hand with different actors

Local



International



Joint working agendas



Despite of its advances, Colombia still has economic and social challenges to solve



5 regions, 32 departments and 1 capital district (Bogotá D.C.) and 1.122 municipalities

Surface area (Km ²)	Population (2024)	Population density
1.141.748	52.695.952	45,43 Habs/Km ²

Source: Terridata - Departamento Nacional de Planeación

Demography

Urban	76,1% (40.123.631)
Rural	23,9% (12.572.321)
Indigenous	4,7% (2.489.189)
African-Colombia	7,2% (3.777.314)
Total ethnic	12,0% (6.309.863)

Oil & Gas

% FDI	36%
Royalties 2023 - 2024	10 BUSD
GDP	4%

Poverty (2022)

Monetary poverty rate	36,6%
Extreme monetary poverty rate	13,8%
Multidimensional poverty index	12,9%
GINI index	0,556
Households with electricity access	97%

GDP & FDI

GDP value (2023 prices)	363,2 USD bill.*
Real GDP 2022-2023 growth	0,6%
Foreign Direct Investment (2023)	17.446 USD mill.**
FDI 2022-2023 growth	0,3%

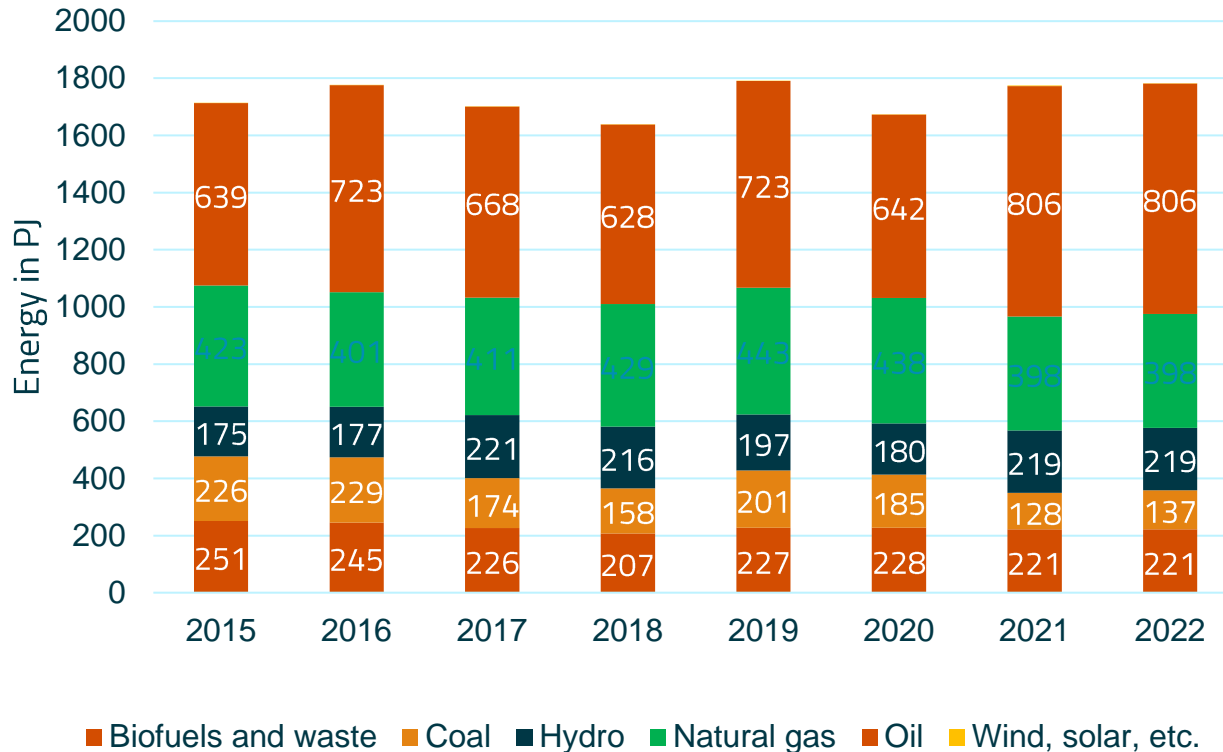
There is not one "correct" pathway to energy transition

Multidimensional Energy Transition

- Multispeed, multifueled, multi-technology energy transition and focused on territorial reality. Not only one pathway.
- Should the focus be on emissions, not fuel sources!
- The enemy are not fossil fuels = The enemy are the emissions. Therefore, an urgent need is to decarbonize fossil fuels.
- The priority should be energy security. Investments in oil and gas will guarantee supply for an increasing demand.
- Oil and Gas industry is playing a key role in the energy transition due to its investments in decarbonization technologies (CCUS) and new energy sources (offshore wind, low carbon hydrogen).

Colombia has a healthy energy matrix with diverse sources

Total energy supply in Colombia



Based on IEA Data Services info, Colombia generated 1782,8 PJ of energy, 0,5% more than 2021.

Source: IEA Data Services

OIL & GAS WILL PLAY A KEY ROLE IN THE COLOMBIAN ENERGY TRANSITION

Our Investment Report presents key figures



10th edition Investment trends and environment for O&G exploration and production (2023)

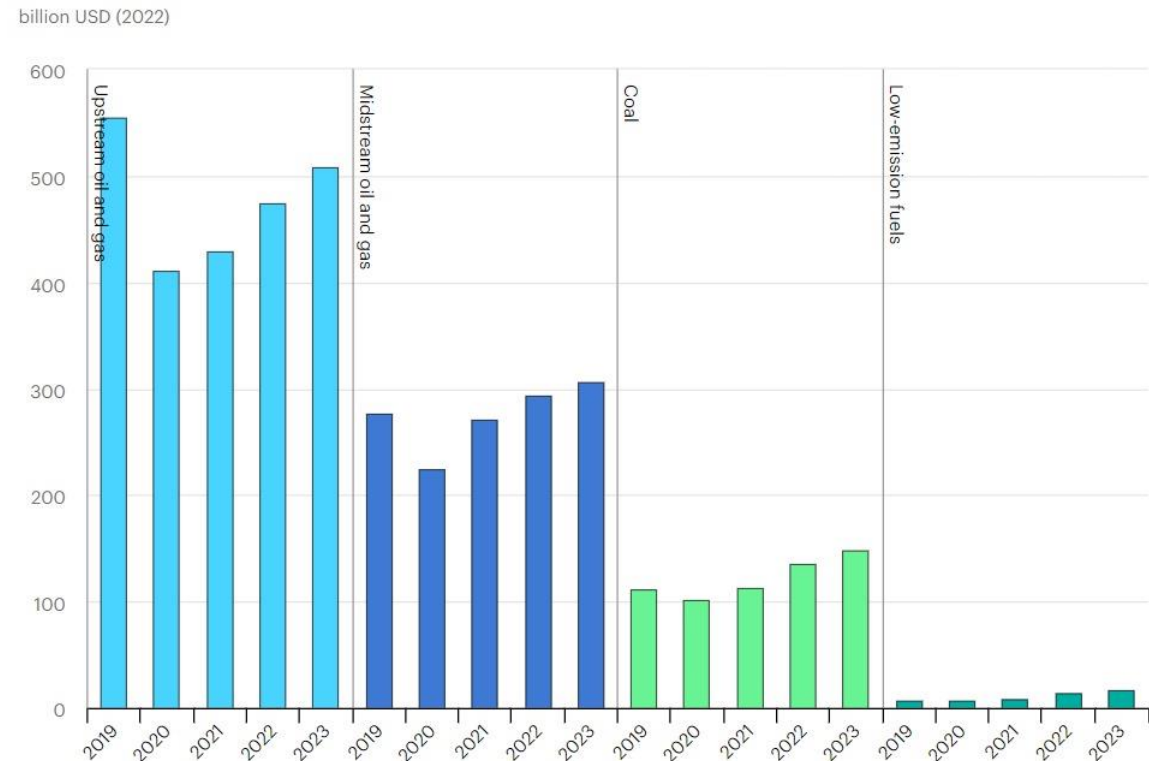
Based on Investment plans and direct opinion from CEO's and executive directors of:

- 95% Oil production companies (by volume)
- 97% Natural gas natural production companies (by volume)
- 94% O&G exploration activity

The world is still investing high amounts of capital in O&G

- Global inflation 6,8% less but far from expected (4%)
- Stable industry environment after Covid-19 and War
- Robust demand growth
- Mid-high BRENT Price (82,4 USD/bbl) allow debt payback and shareholders returns
- Focus on lower risk, high prospectivity and short cycle projects
- 508 BUSD for Upstream in 2023
Highest since Covid-19 but far from pre-pandemic levels

Fossil fuels investment (2019 – 2023)

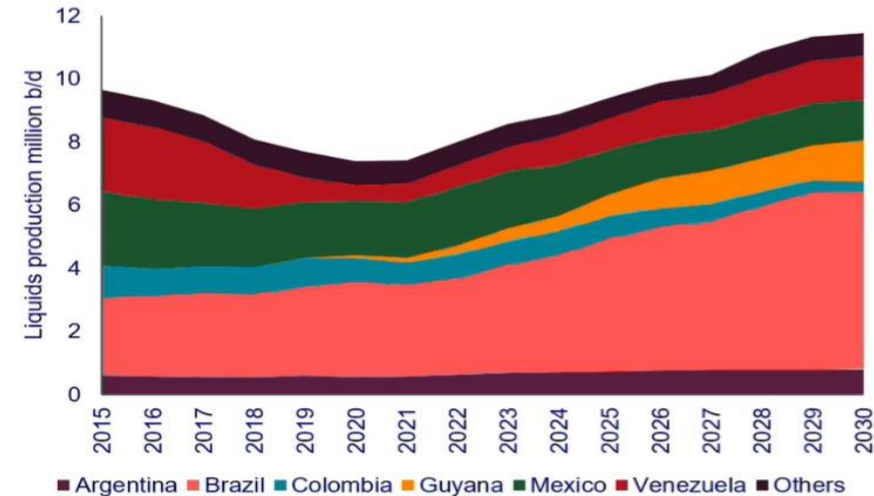


Source: IEA

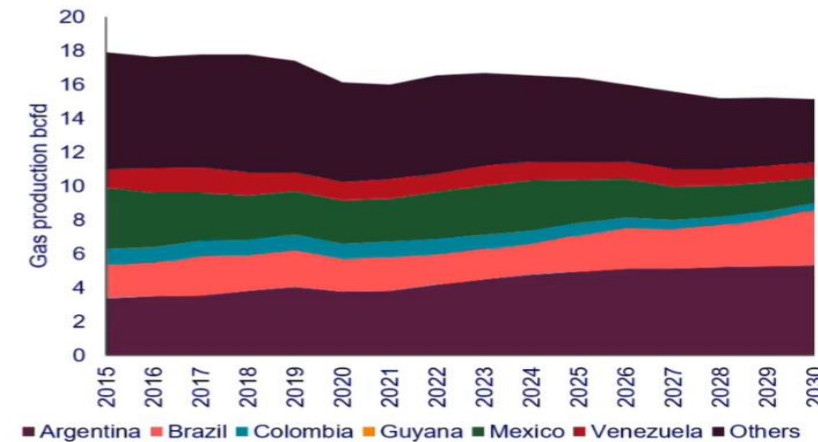
Latam oil production will increase and gas will decrease slightly

- Market advantages:
 - Away from geopolitical conflicts
 - Attractive geological potential
 - Low operating costs
- Oil production growing while gas is declining
- Offshore discoveries leading the way
- Highlighted:
 - Guyana, Brazil and Colombia offshore
 - Argentina's tight sands
- Good environment in countries with institutional strength and responsible fiscal perception of the energy transition

Liquids production in Latam



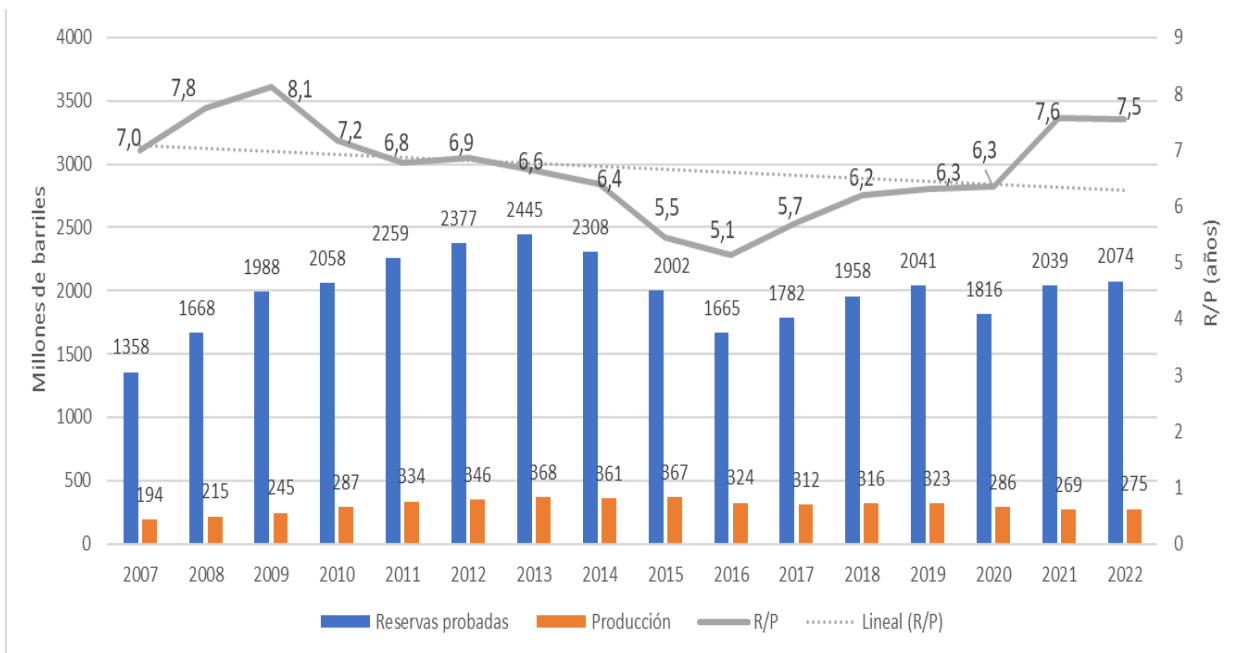
Gas production in Latam



Source: Wood Mackenzie

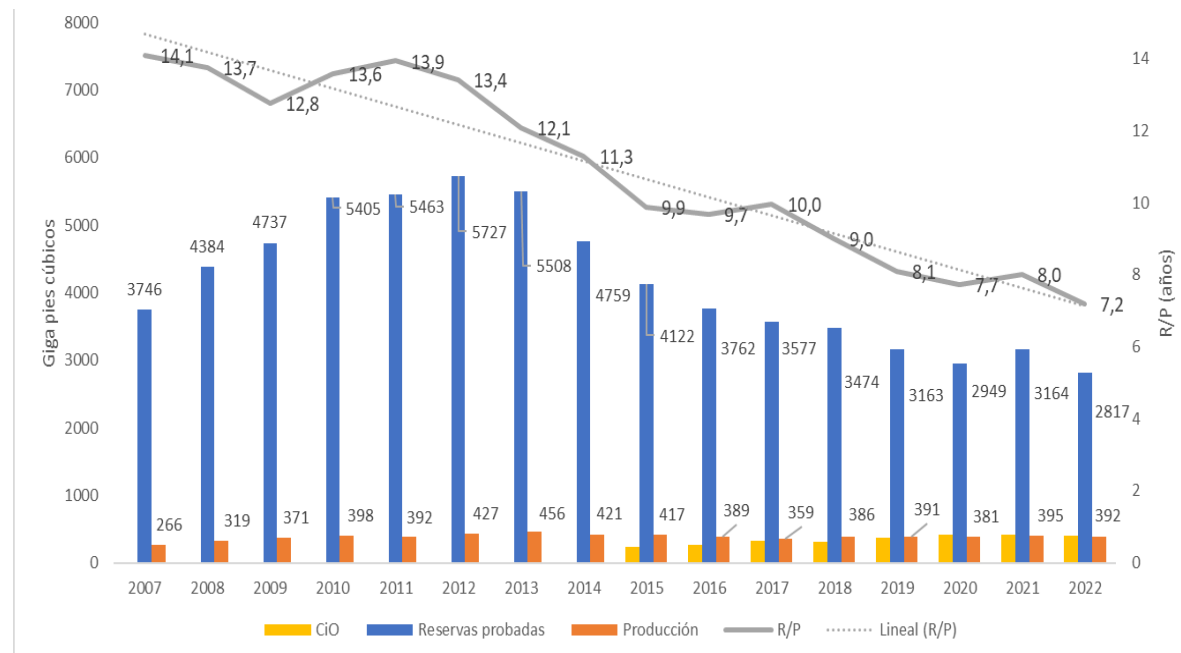
Colombian reserves are tight in oil and gas...

Oil



Stable R/P index
97% for reserves replacement

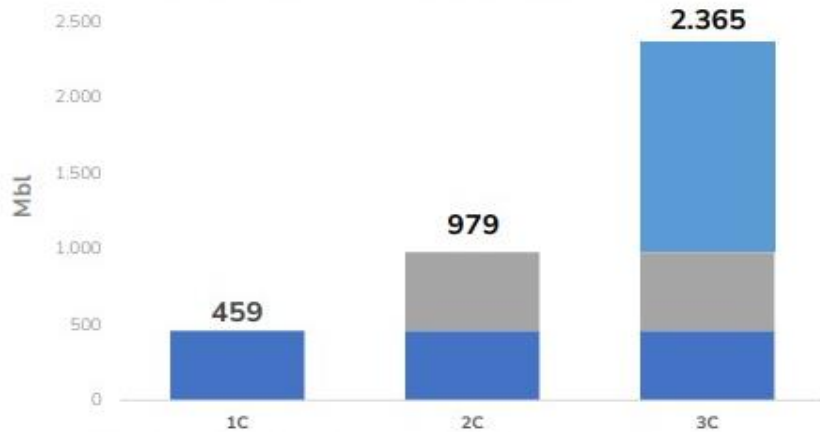
Gas



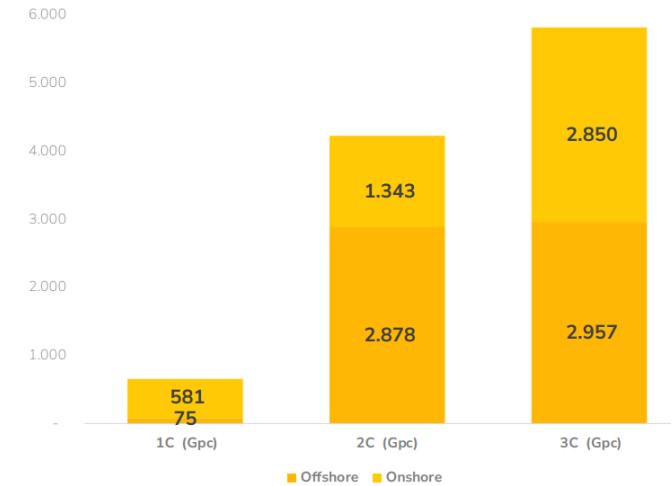
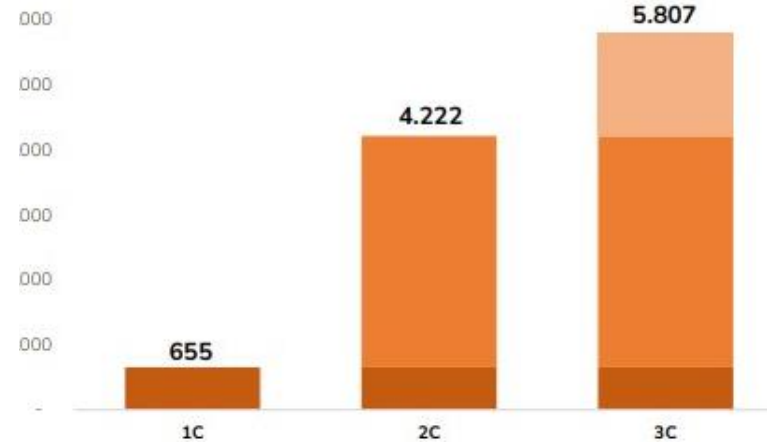
High declining R/P index
36% for reserves replacement

... which could be increased by solving technical, market, environmental and social issues

OIL



GAS

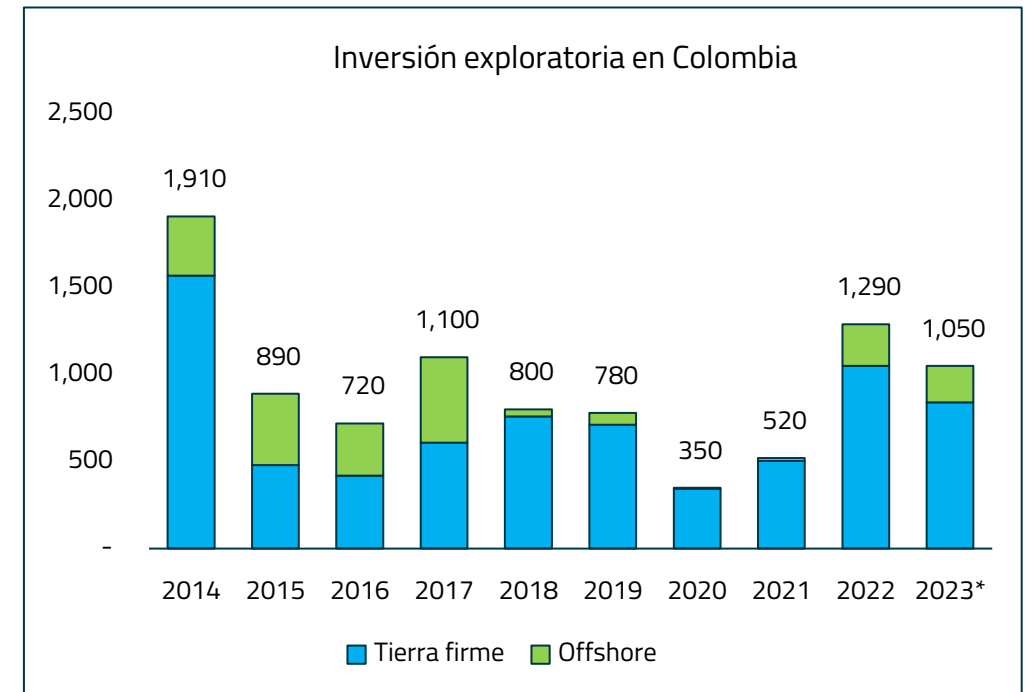
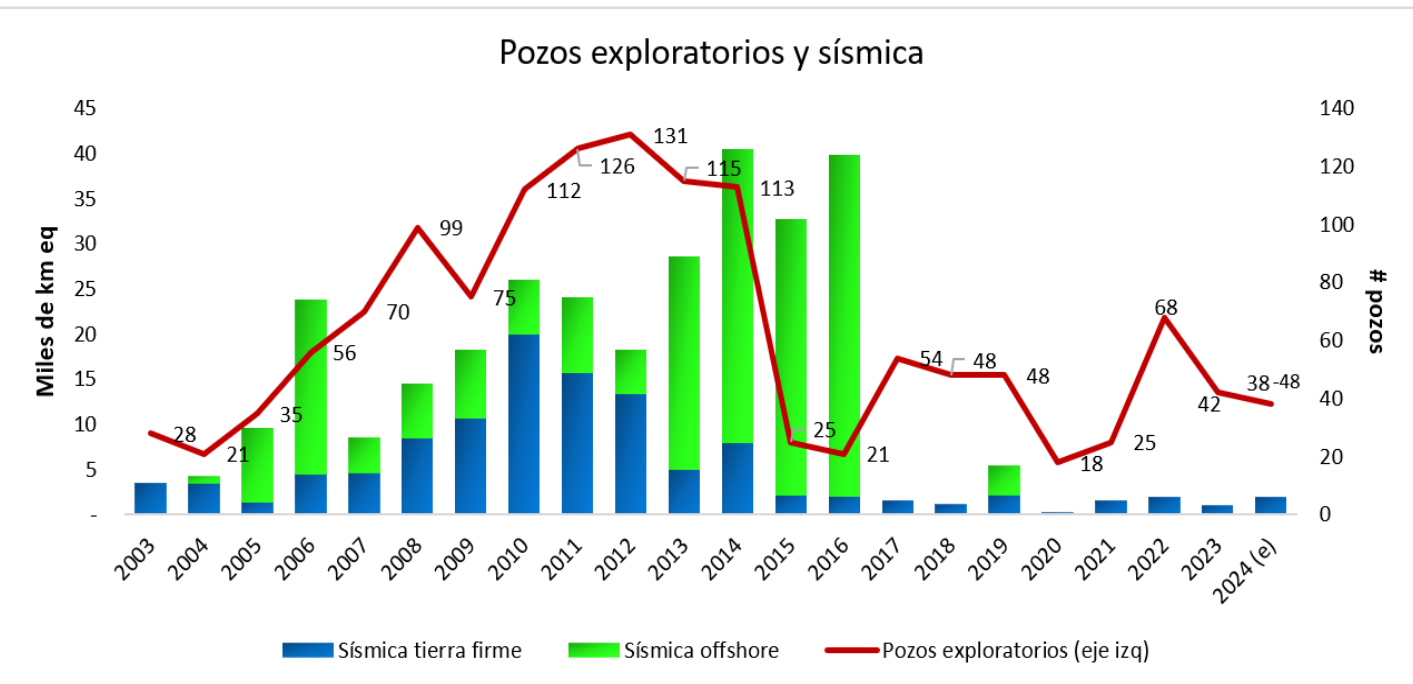


Most relevant contingencies

Midstream Infrastructure (pipelines), Environmental and social matters
Technical

Exploration has decreased...

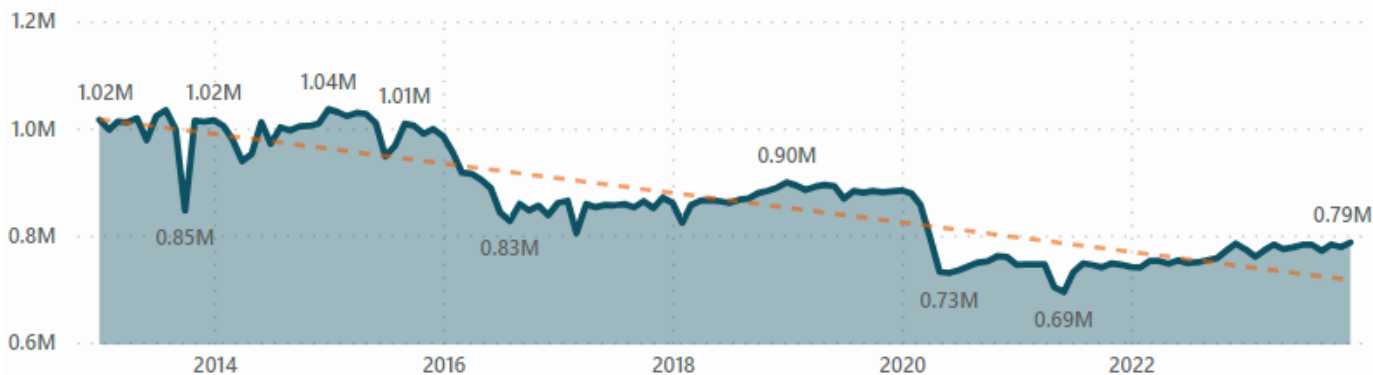
- Still a way to go in Drilling and seismic activity
- Activity is highly drive by contractual obligations



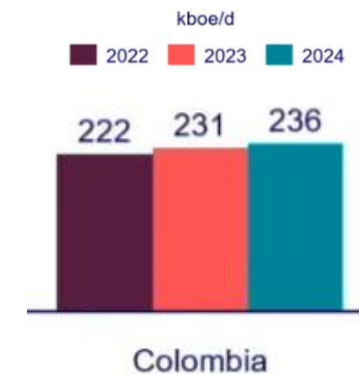
Colombia's long term energy independence and security rely on exploration activity, we need to increase it

The country produced 1Mbbld in 2014 and 2016 – Our Mid-caps play a key role

10 years production curve

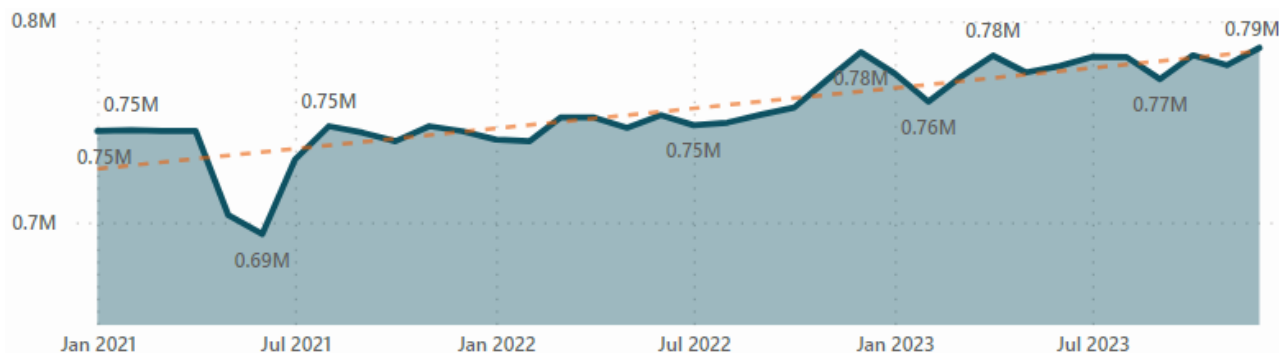


Mid-caps hydrocarbon production



Source: Wood Mackenzie

Post pandemic production curve



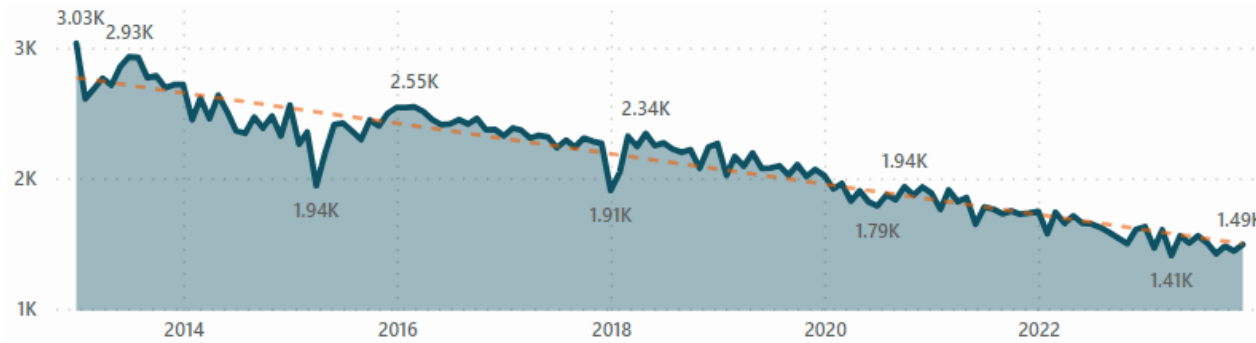
- Government target is to reach **0,8 – 1 Mbbld** in the short-mid term by:

- Incremental production
- EOR
- New technologies
- Near field exploration

With existing E&P acreage

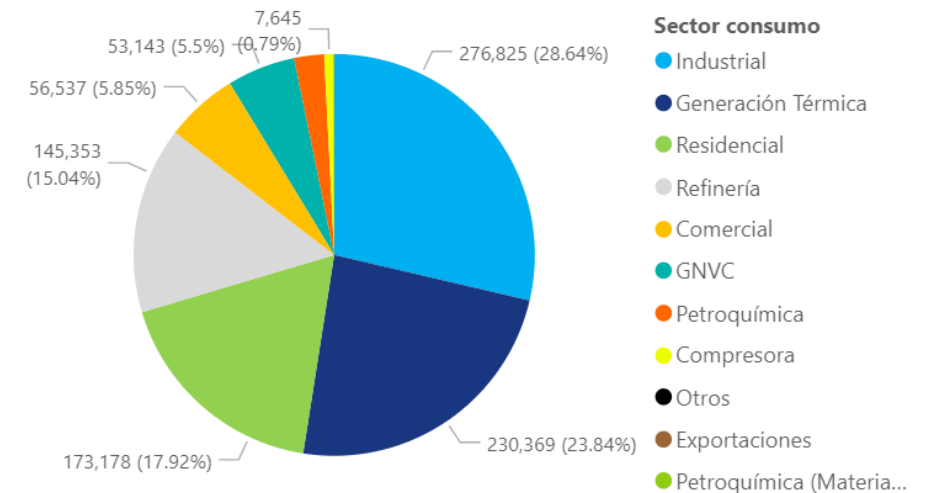
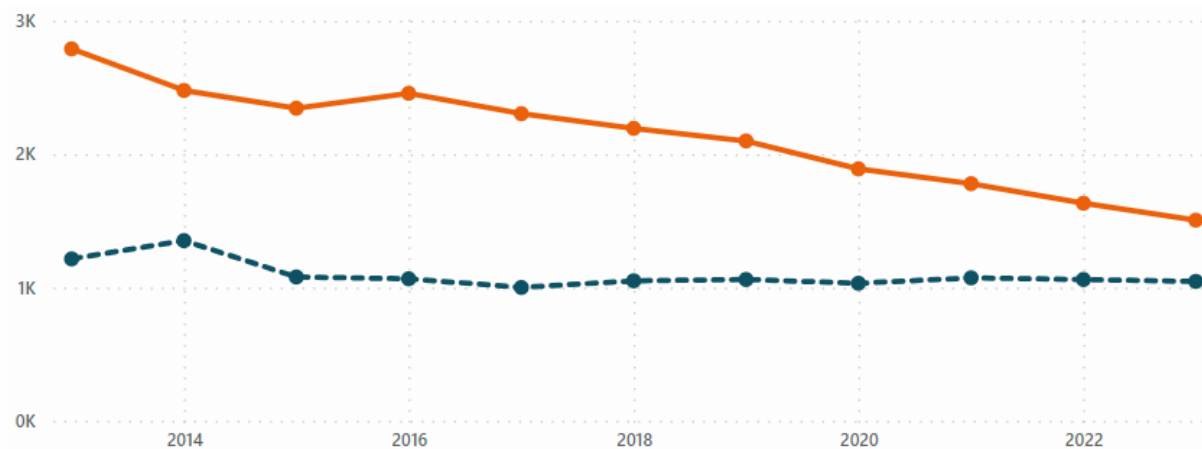
Our gas production has been falling, but we have promising recent discoveries

10 years production curve



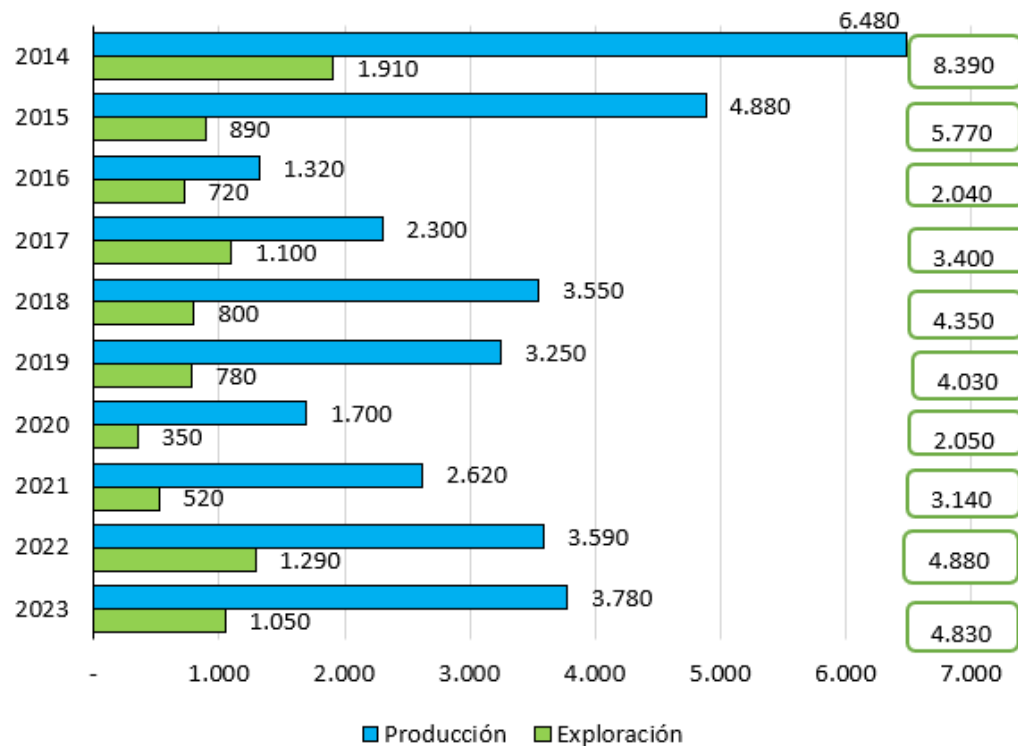
- Big fields starting final declining phases
- Relevant onshore new discoveries with lacking infrastructure
- High potential offshore on stream for 2027-2030
- 2-3% annual demand growth
 - Thermal and mobility main contributors

Gross to market production curve



Our industry is still committed to investing in E&P

E&P Total investment



4.830 MUSD in 2023

- Stable from 2022
- Execution delayed by
 - Environmental licensing and social conflicts

Cash is mainly flowing to maintain production and accomplish contractual obligations

Investing environment will improve moving forward



Boosters:

- › Respect for contractual terms
- › Good E&P contract frame
- › Incentives and mobility for investment
- › Democracy and political independence
- › Strong and well-defined institutions
- › Geological potential
- › High offshore potential (Gas)
- › Developed internal markets

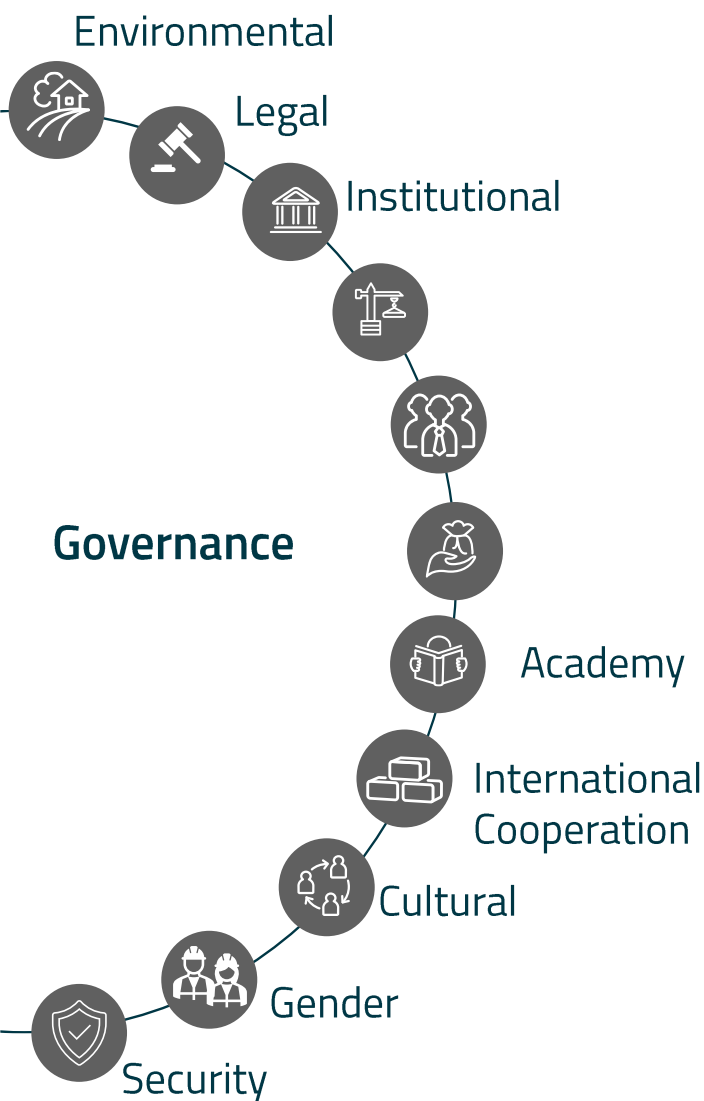


Weakeners:

- › Government narrative
- › Increase of social disagreements
- › No new acreage or contracts
- › Strengthening environmental requirements
- › Long land negotiations
- › Tax uncertainty*

OIL & GAS IS KEY TO GENERATE INVESTMENT AND DEVELOPMENT IN COLOMBIAN REGIONS AND CLOSING GAPS WHILE FINANCING ENERGY TRANSITION

Our approach is to be part of territorial development



Our working pillars



Stackholders in Colombian Territories

- National Government
- Municipal and Department governments
- National institutions
- Regional institutions
- Private operators
- Other economic sectors
- Social organizations
- NGO's
- Academy
- Associations

Our joint intervention model in territory through a comprehensive model

Implementation phases

Diagnosis

- Territorial presence
- Environmental baselines
- Socioeconomic baseline
- Different stakeholders
- Political analysis
- Connectivity
- Access to public services
- Infrastructure

Project development based on SDG's

- Viability analysis
- Option analysis
- Citizen participation
- Sectorial tables
- Stakeholders involvement
- Budget and resources
- Role designation

Project Development

- Permitting
- Contracts
- Activities
- Project development through stakeholders involvement

Follow up, evaluation and final delivery

- Transparency and access to information
- Audit
- Promotion of citizen oversight
- Impact measurement
- Lessons learnt
- Replicability to other territories

O&G generates benefits in Colombian territories

SierraCol: Housing improvement and construction projects in Arauca and Arauquita.



Chevron: Program to prevent violence against children in Colombia.

GeoPark: Medical Surgical Brigades to the population of Puerto López, Meta.



O&G increases well being in Colombian territories

Parex: Strengthening agricultural productive projects in **Casanare**.

Gran Tierra: Social program in **Putumayo** that benefits more than 8,000 children.

Canacol: Project to strengthen women leaders and entrepreneurs in **Sucre**.

Key fact: 80% of our investment are voluntary contributions





• **Thank you**
