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Colombian oil company Ecopetrol may spend up to \$5 billion this year

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BOGOTA (Reuters) - Colombia's state-run oil company Ecopetrol said on Wednesday its investment spending this year could reach between \$4.4 billion and \$5 billion, including projects in the United States and Brazil.



FILE PHOTO: A storage tank at Ecopetrol's Castilla oil rig platform, in Castilla La Nueva, Colombia June 26, 2018. REUTERS/Luisa Gonzalez/File Photo

The figure is more than the original organic investment projection of \$3.5 billion to \$4 billion for this year by the company, which has ambitious plans to boost production and exploration to replenish dwindling oil reserves.

Organic investments will total up to \$3.9 billion during 2019, Chief Executive Felipe Bayon said during a call with investors, while spending on the Gato do Mato project in Brazil and in a joint venture with Occidental Petroleum Corp in the Permian Basin in the United States will contribute the rest.

"We do see an increase in capex, we see it from the point of view of what we have today in cash, in our financial situation," Bayon said.

"We had said in last year's plan that we should be between \$12 billion and \$15 billion during 2019 to 2021, which is an average of \$4 to \$5 billion (per year), so eventually we are going to see a small increase but when we have a defined plan we will communicate it," he added.

Ecopetrol's third-quarter results released on Tuesday showed that the company had invested \$2.32 billion up to the end of September, with just over 80% focused on exploration and production.

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But a presentation on Wednesday showed Ecopetrol will invest between \$1.2 and \$1.6 billion during the fourth quarter, taking the company to within its original investment target.

The presentation showed that the Brazil and U.S. investments will get an additional \$900 million to \$1.1 billion in spending.

The company has said its Occidental joint venture will allow it to develop the capabilities it needs to possibly tap shale deposits in Colombia.

Ecopetrol will participate in fracking pilot projects it says are set to start in the second half of 2020.

The company's third-quarter net profit rose 8.5% to about \$890 million because of a favorable exchange rate and despite a fall in crude prices.

Crude production during the quarter fell 0.7% to 720,000 barrels per day (bpd), Ecopetrol said, putting it just within the target range of 720,000 to 730,000 bpd.

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But Bayon assured investors fourth quarter production is set to rise to between 734,000 and 740,000 bpd.

Ecopetrol perforated 13 new oil wells through September, operational vice president Alberto Consuegra said, and hopes to finish the year with 17, five more than planned.

Reporting by Nelson Bocanegra and Julia Symmes Cobb; Editing by Susan Fenton and Jane Merriman
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