

## Shell & Ecopetrol Sign Deal To Develop Offshore Colombian Gas

by Loren Moss February 8, 2020

Colombia's state controlled petroleum producer **Ecopetrol S.A.** (BVC: **ECOPETROL**, NYSE: **EC**) and **Shell** (AMS: **RDSA**, NYSE: **RDS.A**) through Shell subsidiary Shell EP Offshore Ventures Limited, signed a deal which will see Shell acquire a 50% stake in the **Fuerte Sur**, **Purple Angel** and **COL-5** blocks, located in deep water off the Colombian Caribbean coast where a new gas province was discovered including the **Kronos** well drilled in 2015, and the **Purple Angel** and **Gorgon** wells drilled in 2017.

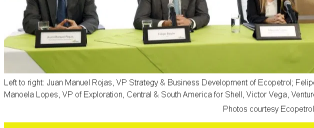
The agreement includes Shell's financing of Ecopetrol's investments by Shell, and Shell taking over operation of the blocks, drilling of an appraisal well in the area by the end of 2021 and the completion of the first production test, once the approvals from the authorities are received. If these activities provide positive results, the discoveries could be further developed and consequently, expand the country's gas supply in the medium term, potentially exceeding 3 TCF (trillion cubic feet) according to Ecopetrol's estimates.

*Ecopetrol had a previous agreement with Anadarko Petroleum but that deal ended last year as Anadarko was taken over by Occidental Petroleum.*

"This agreement with a first class ally like Shell, recognized for its experience operating in ultra-deep waters and in the development and commercialization of high-impact gas projects allows us to prove the production capacity of these reservoirs, and their possible future development," said Felipe Bayón, the president of Ecopetrol. "We are very satisfied with this alliance that allows us to augment the reserves and production of an environmentally friendly fuel, key in our energy transition, and strengthening the strategic relationship with Shell, a company with whom we are already working in el Presal de Brazil, and in the US Gulf of México."

"This position is a significant step for Shell in Colombia and South America. The agreement unites the regional knowledge of Ecopetrol with Shell's experience in deep waters and integrated natural gas solutions," said Ana María Duque, president of Shell in Colombia. "We have collaborated with Ecopetrol in multiple opportunities since its creation, and we are very happy to continue demonstrating our commitment of over 84 years working with Colombia in its energy resources."

The agreement between Ecopetrol and Shell is subject to approval by the **National Hydrocarbon Agency (ANH)** and the fulfillment of other customary transaction conditions.



Left to right: Juan Manuel Rojas, VP Strategy & Business Development of Ecopetrol, Felipe Bayón, President of Ecopetrol, and Victor Vega, Venture Manager for Shell

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**About the Author**

Loren Moss is the founder and publisher of Finance Colombia. He has over 20 years of international business experience, including over a decade of experience in securities, insurance, and commercial real estate, at the institutional and international level.

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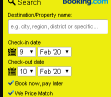
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