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Canada's Parex, Ecopetrol among winners in Colombia oil round

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Companies including Canada's Parex Resources and Ecopetrol SA won contracts to operate oil blocks in Colombia's auction round on Thursday, as the Andean nation seeks to reinvigorate its petroleum sector.

by Oliver Griffin

BOGOTA, Dec 5 (Reuters) - Companies including Canada's Parex Resources PXT.TO and Ecopetrol SA ECO.CN won contracts to operate oil blocks in Colombia's auction round on Thursday, as the Andean nation seeks to reinvigorate its petroleum sector.

Ecopetrol and its subsidiary Hocol SA, Frontera Energy Corp FEC.TO and Amerisur Resources Plc AMER.L were all awarded one contract each, the national hydrocarbons agency (ANH) said, after their initial bids did not receive counter-offers.

Other successful bidders included Gran Tierra Energy GTE.TO, and Parex, who were awarded two contracts each, while CNE Oil and Gas SAS CNE.TO was awarded three contracts.

A consortium of Ecopetrol and Parex was awarded one contract, as was a consortium of Hocol and Geopark LLA.

Block SN 26 was awarded to a consortium of La Luna and Captiva, whose bid beat a rival submission from Hocol.

Just one counter-offer was received for block Llanos 124 by Parex. In earlier bidding, the block received bids from Parex and a consortium of Geopark and Hocol.

Last year Colombia's crude reserves rose 9.9% to 1.96 billion barrels, equivalent to 6.2 years of output. The government wants to increase reserves to at least 10 years equivalent.

Average oil production is about 860,000 barrels per day, half of which is exported.

"Six years of oil reserves and less than 10 years of gas reserves is very low for Colombia," Luis Miguel Morelli, head of the ANH, said. However, after securing some 31 contracts this year, Morelli said he expects 2020 "to bring a radical change" to the country's oil sector.

Previously, the ANH had hoped to generate investment of around \$800 million in this auction, the second this year, from a targeted 20 bids.

However, just 10 companies placed 17 bids in the first round of the auction for just 15 of the 59 blocks available in November, which the ANH said it expected to draw more than \$500 million in investment.

The first auction in June awarded 11 oil contracts to six companies, which the ANH expects to generate some \$500 million in investment.

Earlier this year, companies including Royal Dutch Shell Plc RDSA.L, Noble Group Ltd, Exxon Mobil Corp XOM.N, Repsol SA REP.MC and Parex signed on to operate new blocks.

The ANH said investment from the contracts awarded in 2019 have a current value of \$2.71 billion, although this could rise, depending on the outcome of today's one counter offer.

(Reporting by Oliver Griffin Editing by Daniel Flynn and Chris Reese)

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