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Ecopetrol CEO calls for Colombia to drop ban on new oil exploration

Andrea Jaramillo, Bloomberg May 11, 2023

(Bloomberg) - **Ecopetrol** SA's top manager called for Colombia's government to drop its opposition to new oil exploration, apparently revising his view that the ban was responsible.



Chief Executive Officer Ricardo Roa told investors that he hoped more oil contracts and bidding rounds for exploration blocks would be forthcoming.

"That's what gives an oil company long-term stability," Roa said Wednesday, on a call following the announcement of first-quarter earnings. "In order to increase reserves, it is necessary to have areas to explore for oil and gas."

Shares plunged after Roa took over at the end of April, signaling he wouldn't push the Colombian government for new drilling. Roa is a close ally of President Gustavo Petro, who won the 2022 election pledging to phase out oil and coal, which account for about half of Colombia's exports.

Ecopetrol shares fell 0.6% in Bogota trading to 2,075 pesos. The company has lost about a quarter of its market capitalization since Petro's victory in June.

Colombia's oil and gas reserves currently stand at the equivalent of 8.7 years of output. **Ecopetrol** needs to accelerate its energy transition without losing focus on its traditional oil business, Roa said Wednesday.

Ecopetrol reported net income of 5.66 trillion pesos, down 14% from a year ago amid lower crude prices and Petro's tax hike on oil producers.

Roa also said he won't back a change in Colombia's formula for setting local fuel prices if its detrimental to the company.

His comments come after Energy and Mines Minister Irene Velez said this month that the government will consider reducing gasoline prices instead of keeping parity with international prices.

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