

NON-RATING ACTION COMMENTARY

# Natural Gas Supports Colombian Hydrocarbon Outlook Amid Energy Transition

Thu 21 Sep, 2023 - 11:15 a.m. ET

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In the short term, Colombia will still need to rely on crude to meet its energy needs, especially for transportation, and to maintain economic growth, government spending and foreign currency inflow.

While strong crude prices and a robust pipeline of existing contracts will support the Colombian energy industry in the short and medium term, Colombia's crude oil reserves are expected to be flat or decrease slightly in the next few years. Additionally, the lack of bidding rounds for new exploration licenses raises questions about the industry's longevity.

Colombia has established its commitment to decarbonization, with leading oil and gas company **Ecopetrol** S.A. (BB+/Stable) developing natural gas reservoirs for the transition and non-traditional renewable sources, including solar, wind and hydrogen. The development of gas reserves will require costly investments of time and capital, funded primarily from the hydrocarbon industry, which has the largest financial and technological resources at its disposal.

The full report "What Investors Want to Know: Colombian Energy and Power Utilities" is available at [www.fitchratings.com](http://www.fitchratings.com) or by clicking the link above.

Contact:

Jose Luis Rivas  
Senior Director  
+57 601 241 3236  
[joseluis.rivas@fitchratings.com](mailto:joseluis.rivas@fitchratings.com)  
Fitch Ratings Colombia  
Calle 69 A No. 9-85 Bogota

Adriana Eraso  
Director  
+1 646 5824572  
[adriana.eraso@fitchratings.com](mailto:adriana.eraso@fitchratings.com)

Media Relations: Elizabeth Fogerty, New York, Tel: +1 212 908 0526, Email: [elizabeth.fogerty@thefitchgroup.com](mailto:elizabeth.fogerty@thefitchgroup.com)

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MEDIA CONTACTS

Elizabeth Fogerty  
New York  
+1 212 908 0526  
[elizabeth.fogerty@thefitchgroup.com](mailto:elizabeth.fogerty@thefitchgroup.com)

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