

Investing

Ecopetrol Returns to Bond Market to Fund Debt Buyback

By Andrea Jaramillo

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The [Ecopetrol](#) Barrancabermeja refinery in Barrancabermeja, Colombia, on Tuesday, Feb. 15, 2022. [Ecopetrol](#) says it expects organic investments in the range of \$17b-\$20b for 2022-2024, of which 69% is expected to be for upstream projects. Photographer: Ivan Valencia/Bloomberg (Ivan Valencia/Bloomberg)

(Bloomberg) -- Colombia's state oil company is tapping international debt markets for as much as \$2 billion while moving to buy back bonds for the second time this year.

[Ecopetrol](#) SA is selling dollar notes due in about seven years to help fund the repurchase of existing bonds maturing in 2026 and prepay loans. The new debt was expected to price Tuesday and yield around 8% under initial guidance, according to person familiar with the matter who asked not to be named.

Fitch Ratings said in a statement that the issuance would raise as much as \$2 billion. All three major ratings companies rate [Ecopetrol](#) one notch below investment grade.

The company's American depositary receipts slipped 4.3% in New York trading, while the bonds due in 2026 rose after the announcement was made in a regulatory filing.

[Ecopetrol](#) last sold overseas bonds in January, raising \$1.85 billion to help fund the purchase of debt with a shorter maturity.

The offers come as the state-controlled driller invests heavily in offshore exploration while the Andean nation struggles to plug a natural gas shortfall expected to start next year.

gas should be expected to start next year.

Equity analysts questioned **Ecopetrol**'s decision earlier this year to pull out of a \$3.6 billion deal to buy a stake in Texas shale-oil assets from Occidental Petroleum Corp. The move prompted two members of its board to quit.

The buyback offer expires on Oct. 15 at 5 p.m. New York time. BBVA Securities Inc., JPMorgan Securities and Santander US Capital Markets are managing the new deal.

(Updates with amount of sale starting in first paragraph.)

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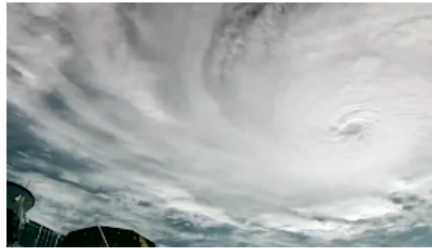
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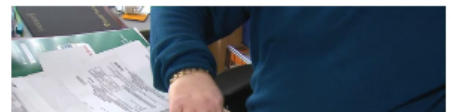
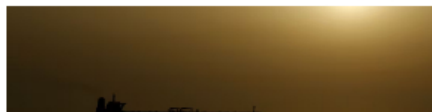
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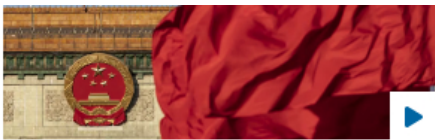
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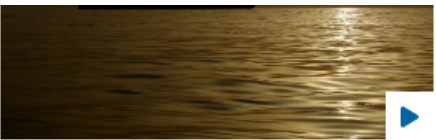
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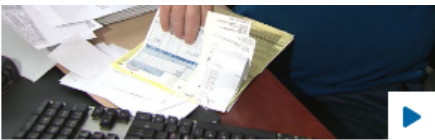
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