Can Colombia’s New Government Reverse the Nation’s Oil and Gas Decline?

By Matthew Smith - Jul 11, 2026, 12:00 PM CDT

- **Colombia’s new president intends to restore oil and gas investment to reverse declining production and reduce reliance on costly fuel imports.**
- **The administration plans to allow tightly regulated fracking pilot projects while maintaining Ecopetrol’s central role in the energy sector.**
- **Officials hope increased hydrocarbon production will strengthen economic growth, improve energy security, and ease inflationary pressures.**

In a closely contested presidential election in Colombia, controversial far-right candidate Abelardo de la Espriella emerged victorious. After an official recount, his opponent, left-wing senator Ivan Cepeda, conceded defeat. This was a hard-fought campaign which split the community, sparking much controversy across Colombia. While debate rages over De la Espriella's policies and ascension to power, it is clear his presidency will be a godsend for Colombia's beaten-down, economically critical oil industry.

After the closest election in Colombia's modern history, president-elect De la Espriella emerged victorious after a recount with a narrow margin of less than one percent. Considerable controversy surrounds his victory despite left-wing contender Ivan Cepeda conceding defeat after the recount by

Colombia's electoral authority, the National Electoral Council (CNE). There are fears that De la Espriella will clamp down on law and order in such a radical manner that it will lead to widespread human rights violations and crimes.

Central to the president-elect's platform is his plan to revive Colombia's fiscally strained economy and achieve annual gross domestic product (GDP) growth of 7%. To pursue that goal, he is supported by Vice President JosÃ© Manuel Restrepo Abondano, who served as Colombia's Minister of Finance and Public Credit from May 2021 to August 2022 under President IvÃ¡n Duque. Alongside fiscal austerity aimed at bringing Colombia's ballooning fiscal deficit, expected to reach 7 to 8% of GDP, under control, De la Espriella plans to revive the economically vital oil industry.

A key factor behind Colombia's recent economic malaise is the collapse of the once-dominant hydrocarbon sector. Indeed, over the last decade, oil and natural gas production has declined sharply, sparking fears of an energy crisis, especially with costly liquified natural gas (LNG) imports spiraling ever higher. By April 2026, oil output of 724,910 barrels per day is well below the 915,087 barrels per day lifted for the same month 10 years earlier. Falling production and limited refining capacity are forcing Colombia to import considerably more diesel, mainly for agriculture and transport.

The marked drop in natural gas production poses a dire threat to the economy and the electricity grid. In April 2026, Colombia lifted 694 million cubic feet of natural gas per day, which is close to a multidecade low. It is also significantly less than the 1 billion cubic feet per day produced for the same period a month earlier. The widening supply gap between domestic demand and production forced Bogota, during December 2016, to start importing liquefied natural gas (LNG).

Growing dependence on costly natural gas imports is fueling inflation, which rose to an annualized rate of 5.84% in May 2026, its highest level since 2024. This sparked a cost-of-living crisis, which is impacting low-income households, where natural gas is a key source of energy. The rapidly growing volume of costly LNG and petroleum product imports is also creating structural problems for Colombia's balance of payments while undermining energy sovereignty at a crucial time with conflict in the Middle East constraining global LNG supplies.

The Andean country already imports nearly a third of the natural gas that it consumes. The surge in natural gas imports has driven prices up by 25% to 36% in many parts of Colombia. This will seriously threaten affordable electricity generation when severe El NiÃ±o-driven droughts lower water levels, thereby reducing hydroelectric output, which will force gas-fired plants to cover the shortfall. Higher natural gas and electricity prices will further strain Colombia's fragile, fiscally pressured economy.

De la Espriella's policies aim to mitigate this and other economic risks by promoting investment in Colombia's flagging oil patch and driving higher hydrocarbon production. The president-elect will defend Ecopetrol as a key government-controlled asset, while promoting natural gas as the interim fuel for the clean energy transition. He also intends to reactivate exploration and production activities after Colombia's first-ever left-wing President Gustavo Petro ceased issuing new drilling contracts on taking office in August 2022.

De la Espriella intends to resurrect the controversial unconventional oil extraction technique, hydraulic fracturing, called fracking, in Colombia. This will, however, be restricted to pilot operations controlled by strict regulations. Key will be the requirement for those projects to only operate on geologically stable land without seismic risk where there are no hazards to waterbodies, the local environment or indigenous rights. A social license must be sought by the operator, where local communities consent to the fracking pilot operating within their district.

Those strict conditions mirror those set out by the Council of State, Colombia's highest administrative tribunal, when permitting fracking pilots during the Duque presidency. Indeed, in a 2022 ruling, the Council of State endorsed the government's right to regulate fracking when it rejected a lawsuit that sought to overturn BogotÃ¡'s right to permit fracking in Colombia. Colombia is believed to possess tremendous unconventional oil and gas potential.

Estimates vary, but Colombia's oil regulator, the National Hydrocarbons Agency (ANH), says the country holds 3 billion recoverable barrels of shale oil and 34 trillion cubic feet of shale gas. If confirmed, fracking will significantly boost Colombia's waning proven reserves, which fell again in 2025. Higher oil and natural gas production will mitigate the economic risks arising from insufficient domestic supply. De la Espriella's planned security crackdown, including military strikes against illegal structures, will improve the prospects of reviving Colombia's economically crucial oil industry.

By Matthew Smith for Oilprice.com

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