



## ACIPET congress

The Colombian Association of Petroleum Engineers (ACIPET) organized its XVII oil and gas Colombian congress in Bogota. Representatives of the sector and the government inaugurated this event and HCC bring a brief summary of what they said.

Julio Cesar Vera, President of ACIPET, said this has been a transition year for the sector, after two difficult years as a result of low oil prices. This situation forced the industry to "show transformation."

He recalled that the sector was drilling between 120 and 130 exploratory wells up until a couple of years ago, but the crisis reduced this metric substantially.

Vera said the association will continue to defend the rights of the sector that are being affected by popular consultations.

"We will continue to present the necessary legal actions to guarantee our rights," Vera said.

He recalled that the country is betting on peace and everyone must participate in this new environment to the country's development.

Vera commented that the sector and oil engineers need more "determined help" from the government to defend this industry.

"All Colombians lose in a country without an oil industry," said Vera.

German Arce Zapata, MinMinas, pointed out that ACIPET has defended the sector decidedly in this difficult situation.

Arce said that this industry is 100 years old and "no sector has so many years without going through many problems". He said the industry has faced difficult situations, even stronger than the current one and it managed to overcome them.

He emphasized that the contribution of the sector has gone beyond the economic in the country, since there new sectors, cities and regions have been developed during the 100 years of operation.

"If we can explain what this industry has contributed to the country, we will be able to explain the relevance of the sector for the next few years," Arce said.

Arce said that the sector has been responsible with the environment; otherwise, it would not be close to turn 100 years in the country.

He commented that the industry has to learn to talk with communities and go to producing regions, instead of staying only in Bogota.

"We have to learn to talk to communities. We have to get out of here (Bogotá), our comfort zone," said Arce.

Orlando Velandia, President of the National Hydrocarbons Agency (ANH), said that oil is associated with almost everything in common life and some people "irresponsibly" are saying that the country can live without oil but this is false.

"We cannot live without oil, but we cannot produce it without responsibility," Velandia said.

Velandia commented that water and oil have lived peacefully for 100 years in the country, and this discussion is "outdated."

He said that offsetting state oil revenues through taxes is a difficult task. In addition, some people are saying the sector is putting at risk public finances, but they use these types of accusations when they run out of technical arguments.

Felipe Bayón, president of Ecopetrol (NYSE: EC), said that the country must understand oil's role in the post-conflict process, but there are many challenges to overcome first.

"This industry has been fundamental for the country, and it will continue to be in the future," Bayón said.

Bayón noted that all members of the oil sector should be proud of their activities, as this has contributed to the growth and development of the country.

**Bottom-Line:** This government refuses to admit that root cause of many current problems is the change in royalty distribution. Without a clear economic benefit from participating in the oil industry, it is hard to convince communities that whatever environmental risks might be present they are compensated by their economic benefit – not the country's – their personal economic benefit.

But then all of the decision-makers at this time are the architects of this disastrous policy so it would be naïve to expect them to admit they made a mistake. They are politicians after all.

Berating the companies is getting very tired. Most oil companies we know do send their senior leadership teams to the field.

Arce is right, Bogota is the comfort zone for many, especially politicians, and there is no oil in the capital city. Problems are happening in producing regions and that is where the government has to be, with oil companies, to overcome this social crisis.