



333.8232

E558e1

Ej.1





REPUBLICA DE COLOMBIA



MINISTRY OF MINES AND ENERGY



EMPRESA COLOMBIANA
DE PETROLEOS
ECOPETROL

INTRODUCTION

Petroleum is the principal energy source in the country. Colombian economic and social development depends to a large extent on the efficient and well-planned use of fossil fuels. The Colombian Oil Company, Ecopetrol, an agency authorized by the National Government, is the governmental entity that administers, co-ordinates and implements the petroleum policy designed by the Ministry of Mines and Energy. Ecopetrol publishes a series of documents which familiarize the domestic and international communities with the nature of the petroleum industry, one of the economic and industrial mainstays of the country, and with Colombian Oil Company operations.



Chuchupa Platform

This pamphlet is a short, simple and concise document containing a summary of the events leading up to the creation of Ecopetrol, the development of the Colombian oil industry and the organization and management structure of Ecopetrol in its role as a public commercial and industrial company.



Mamonal Industrial Zone

HISTORICAL ACCOUNT

The history of petroleum in Colombia dates back to the Colonial period when the Spanish came across black oil, a type of shoe polish, oozing out of the earth in Magdalena Medio area and used by the local Indians in a wide variety of handicrafts.

Several centuries later colonel José Joaquín Bohórquez, a veteran of the Thousand Day War, well aware of the market potential for the substance, began to commercialize petroleum. In 1905, the first steps were taken towards petroleum exploration, when the Colombian government headed by General Rafael Reyes authorized the first exploration and production concessions. The "De Mares" field was assigned to the Colombian citizen Roberto de Mares and covered a large area around the South of the country, including the first black oil sources found by the Spaniards and the municipality that today is Barrancabermeja in the Department of Santander.



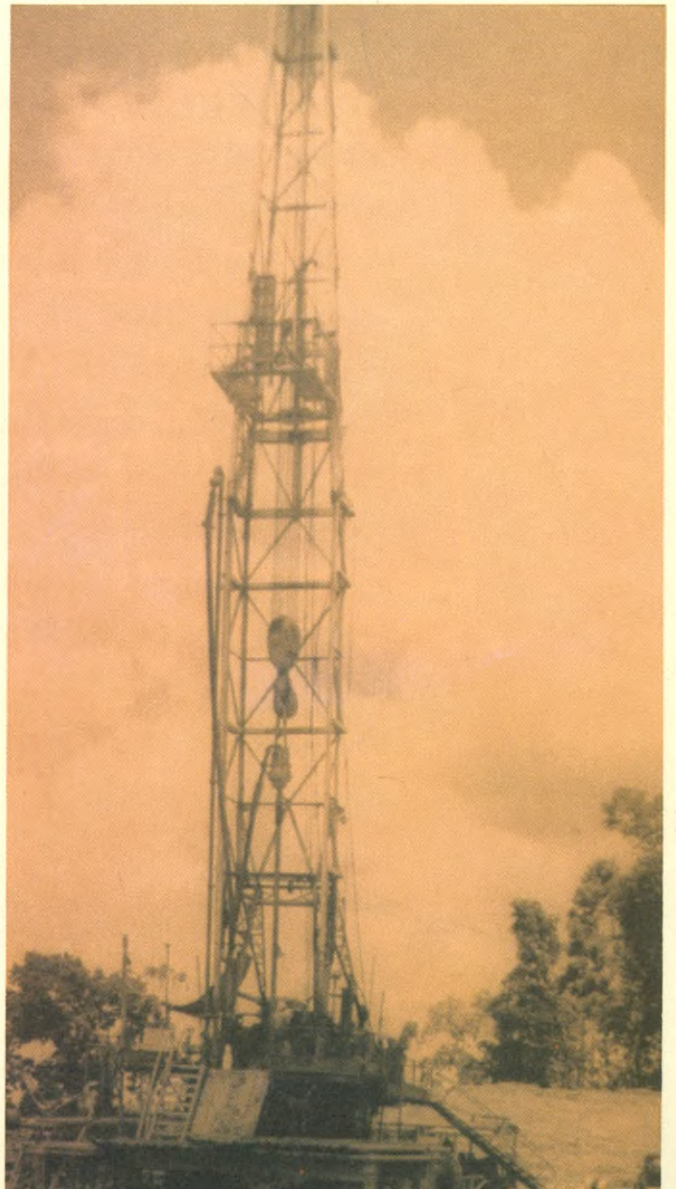
Later De Mares transferred the rights to the Tropical Oil Company (TROCO), a foreign company that discovered one of the most important oil fields in the zone yet to be found in Colombia. The fields were named “La Cira Infantes” and it had reserves in excess of 1 billion barrels. On August 25, 1951 the contract expired and the “De Mares Concession” was returned to the Colombian public domain.

Several years before this date the central government and the Colombian Congress made preparations and created a national petroleum company to manage fields that later were to be converted back into state property.

On this date the Colombian Oil Company (Ecopetrol) was born.

ECOPETROL

The real history of Colombian petroleum managed by Colombian nationals begins at its moment.





COMPANY STRUCTURE



Drilling Tower

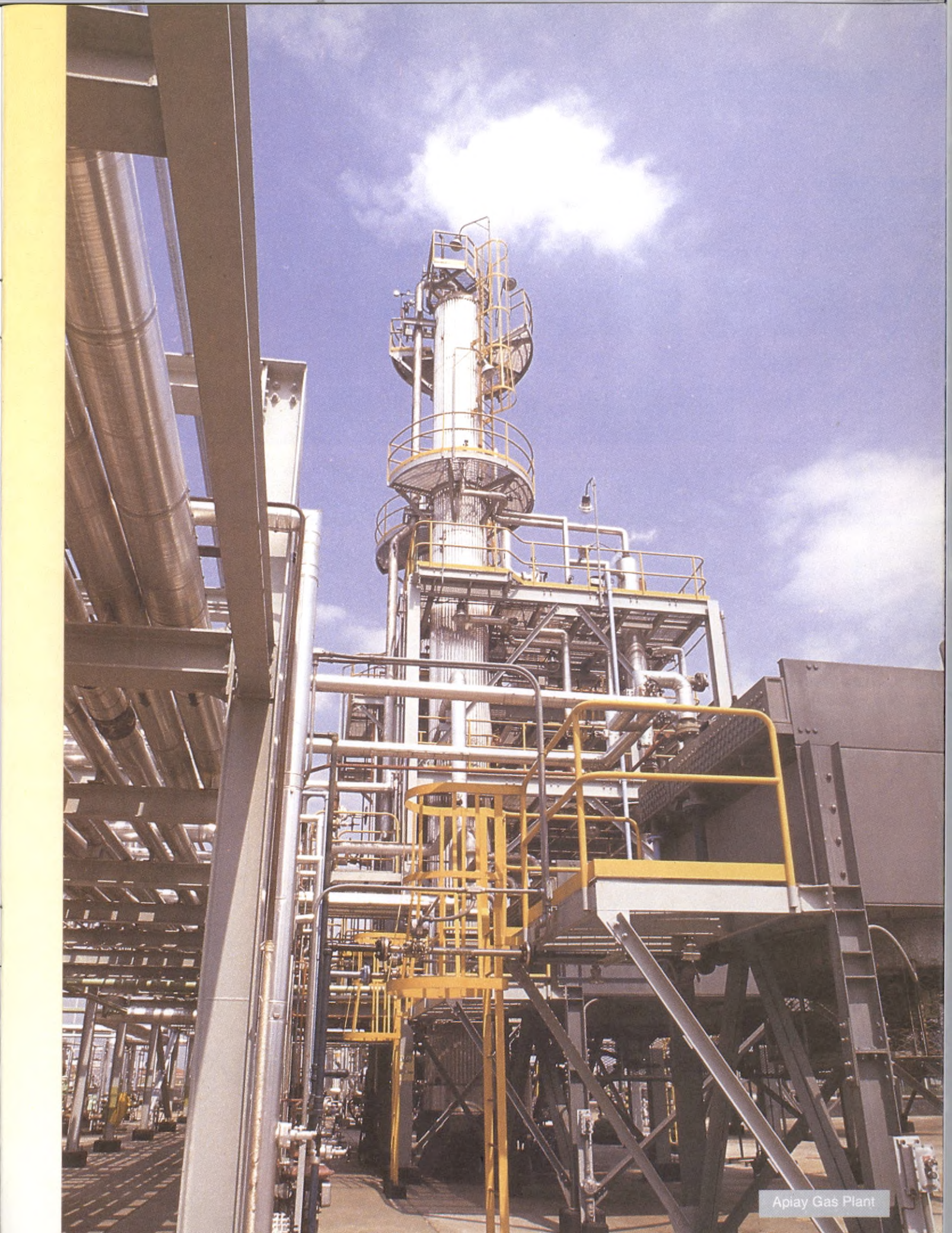
Ecopetrol was created by Law 165 of 1948 and its initial organization was defined by Decree 0030 of 1951. The Company's bylaws were approved by Decree 062 of 1970. Ecopetrol is an agency of the Ministry of Mines and Energy and operates as a state owned Industrial and Commercial Company, functioning as a licensed company. It is autonomous in administrative and executive affairs and it has independent control of its assets.

In order to do business dealings with third parties, Ecopetrol operates as a Commercial Partnership. Its purpose is to carry out programs associated with the petroleum industry and to market oil and other related products. Except as otherwise stipulated by the government or by corporate law, the Company is governed by special bylaws its public projects and security plans.

Activities in which the Company is involved are subject to fiscal control by the "Controlaria General de la Republica" (The National Comptroller's Office).

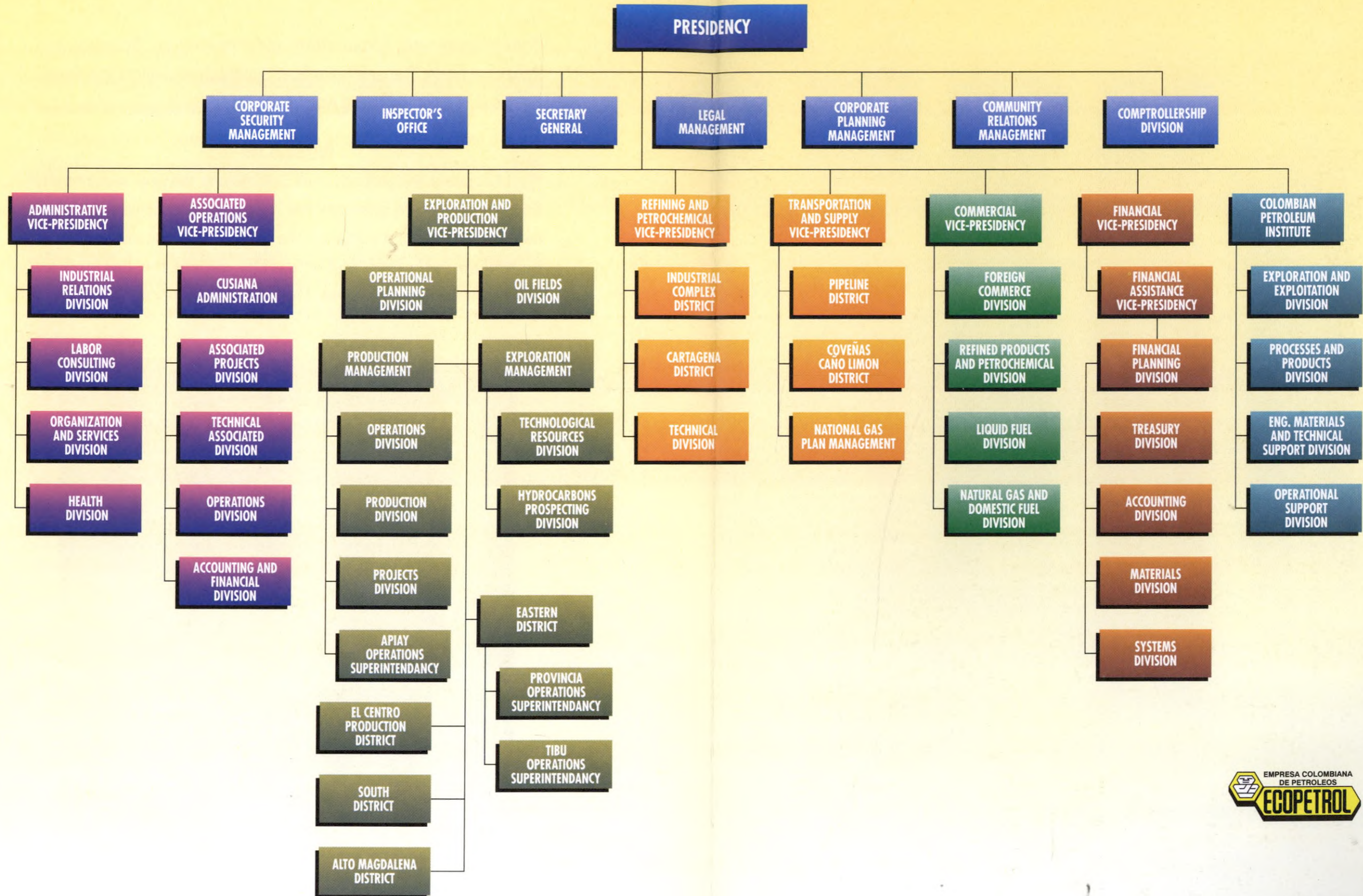
Top level administrative control is exercised by the Board of Directors (Junta Directiva) composed of four members and their alternates. They are named by the President of the Republic to two year terms. The Board of the Ministry of Mines and Energy presides, the boards and meets weekly. The executive President is the highest officer in Ecopetrol, and is also is also nominated by the President of the Republic.

The Executive President is the highest officer in Ecopetrol and is also named by the President of the Republic. The Executive President is the Company's Legal Representative in all situations. The administrative structure of Ecopetrol is divided into seven vice-presidencies corresponding to the principal areas of Company activity.



Apia Gas Plant

ECOPETROL GENERAL ORGANIZATION



These areas are: Exploration and Production, Refinery and Petrochemicals, Transportation and Supply, Associative Operations, Financial, Commercial and Administration.

MISSION

At Ecopetrol, the property of all Colombians, we work with integrity and enthusiasm to generate the maximum economic and social benefits possible for the country. We competitively administer national petroleum resources and efficiently satisfy the demand for hydrocarbons and derivatives. Our goal is Excellence.





PRINCIPLES

General principles

- Human dignity, the environment and the communities in which we operate are held at the foremost in all our activities.
- We take into account all foreseeable economic, social and political effects which stem from the Company's programs and projects.

Principles of social responsibility

- We work within the guidelines established by the National Government. We have a commitment to every Colombian citizen.
- We pay special attention to the conservation of the environment and natural resources.
- We respect and defend local property and culture.
- We form part of the local community and maintain a good neighbour policy in all the Company's zones of influence.
- We have work relations with national and international energy sectors in order that we may keep up with the advancements in the energy producing industry.

Principles of Corporate Responsibility

-Ecopetrol is a state Company and we work for results. We believe that:

People are the most important and valuable asset we have.

Productive labour generates riches for the country and is an important factor necessary to achieve individual and corporate progress.

Dialogue with all parties concerned is the correct way to resolve conflicts.

All our activities must be ethical and straightforward.



Praise for a job well done motivates the person and contributes to corporate development.

The participation of all members in the community makes Ecopetrol a better company.

Flexible organization and company structure will enable us to execute essential business activities in a rapidly changing and uncompromising environment.

Planning is an important part of our work and is at the root of dealing with change.

The quality of our products and services will make us the preferred supplier for our domestic and foreign clients.

Creativity, research and constant modernization in all corporate operational areas is essential in preserving excellent standards in the services provided by the Company.

Our emphasis on security and respect for the environment is incorporated in all our operations.



VALUES

I will loyally defend the company's assets.

I will perform my duties with utmost responsibility.

I will commit myself to my work and will fully contribute to executing the Company's objectives.

I will always be honest to the company and my colleagues.

I will help create a harmonious work environment by adopting an attitude of respect and tolerance towards different points of view and ideas.

I will share my knowledge with my colleagues so that decisions can be made as a team and based on mutual co-operation.

I will constantly improve the quality of my work: this is fundamental for my personal growth.

I will administer and use company resources in the most efficient manner possible.



Control Room

OPERATION

Ecopetrol performs its administrative and operational activities in ten Districts that are divided into different regions where petroleum is produced, processed and commercialized.

Head Office - Bogotá

Santafé de Bogotá is the headquarters for all administrative operations for the Board of Directors, the President, Vice-presidents and other employees.

The Production Division administers, from Bogotá, the operation of the Apiay (Meta), Ortega (Tolima), Palagua (Boyacá), Cicuco (Bolívar), Plato and El Dificil (Magdalena) fields.

The Apiay Complex, which produces crude and natural gas, also has a small asphalt refinery, a natural gas plant that supplies Santafé de Bogotá and the pump station at the Central Pipeline from “Los Llanos”.

El Centro Production District

This District was created in 1951 when the “De Mares Concession” was returned to public domain. It is located in the township called El Centro which is part of the Barrancabermeja Municipality and it is one of the largest crude producers in Ecopetrol. The fields from the first concession are under its management: De Mares and Lisama, Casabe (Yondó), San Pablo, Cantagallo, Cristalina, Galán and El Llanito.

The National Petroleum Museum, in which the history of petroleum in Colombia is preserved and represented, is also under the jurisdiction of this District.

Eastern District

The head offices of this District are located in Provincia, part of the Sabana de Torres Municipality (Santander). It manages the production fields that previously were part of the Esso Colombia concession in



Barrancabermeja
Refinery

the of Santander Department and the Tibú locations in the North Santander Department. These fields have now been returned to the public domain.

The Superintendency of Operations Tibú has a refinery with a production capacity of 5,000 barrels it is large enough to satisfy fuel demand in North Santander and it also has a natural gas plant capable of producing 60 million cubic feet a day.

Southern Production District

This District, created in 1980, managed the fields operated by the Texas Oil Company. It was later reverted to the state. Its Headquarters are in Orito, Putumayo.

It operates the production fields found in the Putumayo Department as well as the Transandinean Pipeline running between Orito and Tumaco, on the Pacific Coast. The pipeline is 310 kilometers long and can transport 300.000 barrels of oil a day.

The District also has a refinery which has a capacity of 3,000 barrels and it supplies gasoline and other fuels to the southern region of the country.

The Barrancabermeja Industrial Complex

The largest refinery in the country is located in the Barrancabermeja oil port, it has a daily processing capacity of 200,000 barrels of crude. This refinery produces gasoline, middle distillates, propane gas, dissolvents, fuel oil, aromatic tar, sulphur, asphalt, naphthanic acid, polyethylene, aromatics, ciclohexane, alquilbenzene 12, lubricants and paraffin.

Cartagena refinery

These installations are located at the Mamonal Industrial Area in the city of Cartagena. It has belonged to Ecopetrol since 1974 when it was bought from the Intercol Company. The refinery has a capacity of 70,000 barrels a day and produces motor gasoline, propane gas, medium distillates, fuel and asphalt.

The “Néstor Pineda” maritime terminal used by Ecopetrol for the importation and exportation of hydrocarbons, is also included in the District.

Caño Limón-Coveñas District

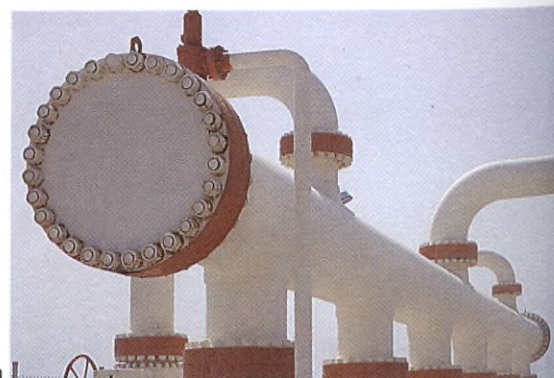
With headquarters in Cúcuta, this District was created in 1980 as a response to the development of the Caño Limón field.

It operates the Caño Limón-Coveñas and Colombia Pipelines, the most important hydrocarbon flowlines in the country.

The Caño Limón-Coveñas Pipeline goes from Caño Limón, in the Arauca Department, to the Port in Coveñas, located in the Gulf of Morrosquillo in the Sucre Department . The pipeline is 774 kilometres long and can transport up to 200,000 barrels of crude a day.

The Colombia Pipeline starts in Vasconia in the Magdalena Medio region and ends in Coveñas. It is 476 kilometers long and can transport up to 150,000 barrels a day.

This District also manages the operation of the Supertanker “FSU-Coveñas”. The vessel is moored 16 km off the coast of Coveñas and has a storage capacity of 2 million barrels. Most of the exportation of Colombian crude takes place from this ship.





Cartagena Refinery

The Pipeline District

The District headquarters are located in Santafé de Bogotá, and it manages the operation of 6,000 kilometers of flow line, which is approximately 54% of the entire pipeline and flowline network.

The head office administers 33 operation centres distributed around the nation. These satisfy domestic fuel demand.

The Gas Division is responsible for the development of the governmental project called “The Plan for Nationwide Natural Gas Consumption”.

Alto Magdalena District

This is the newest District in the Company. Its headquarters are located in the City of Neiva, Huila Department. It was created on November 18, 1994, when the Neiva 540 Concession was returned to the nation.

The Alto Magdalena District manages the Neiva, Palermo, Yaguará, Aipe and Villavieja production fields. These reach daily crude production levels of 16,500 barrels and 6.3 million cubic feet of related natural gas.

The Colombian Petroleum Institute (ICP)

The ICP, created in 1985, has its head office in Santander, Ecopetrol uses it in petroleum research and development.

The Institute’s mission is to facilitate the assimilation, adaptation and production of key technology in the exploration and use of hydrocarbons.

Environmental protection studies is also one of the Institute’s most important responsibilities. Results from these investigations are applied to the programs developed by Ecopetrol for use in its various Districts.

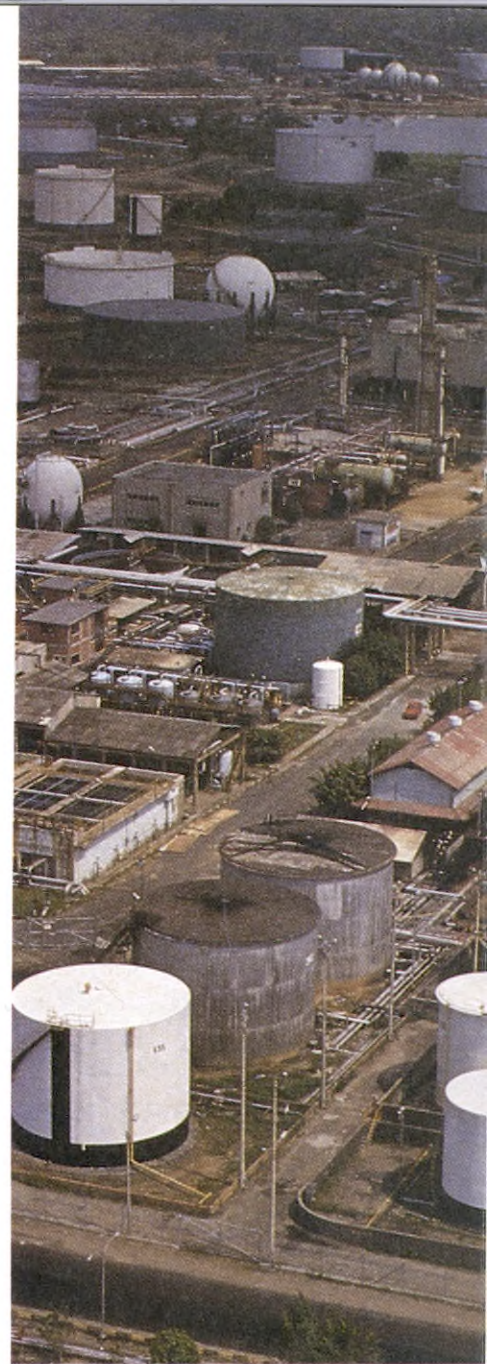
COMMERCIAL AREAS

In Colombia the subsoil and all non-renewable natural resources are considered government property. The national government designated Ecopetrol as the entity responsible for the administration and exploration of petroleum and natural gas. The Company can complete these tasks by using its own resources or in association with partners.

As a result, Ecopetrol is the official public oil company responsible for exploring, perforating, producing, refining, transporting, marketing and distributing of hydrocarbons.

Colombia has potential petroleum reserves distributed throughout 13 sedimentary valleys in over 89 million hectares. Petroleum and gas exploration and production take place using three possible operational systems:

1. Direct Operation. Ecopetrol performs jobs in different regions of the country employing its own human, technical and economic resources.
2. Associative Operation. It is applied when a domestic or international private company signs a partnership contract with Ecopetrol.
3. Concession Contracts. There are only a few fields in production under this system. Concessions were abolished in 1974 and all remaining contracts will return to the nation by the year 2005.



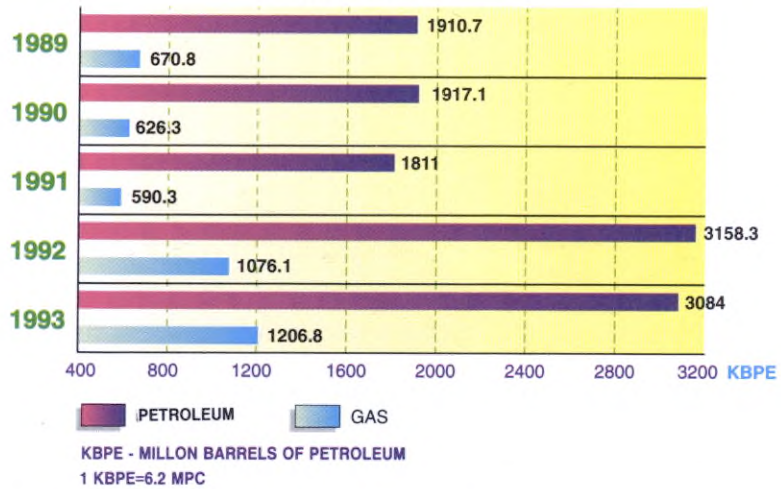


Barrancabermeja Refinery

PRODUCTION

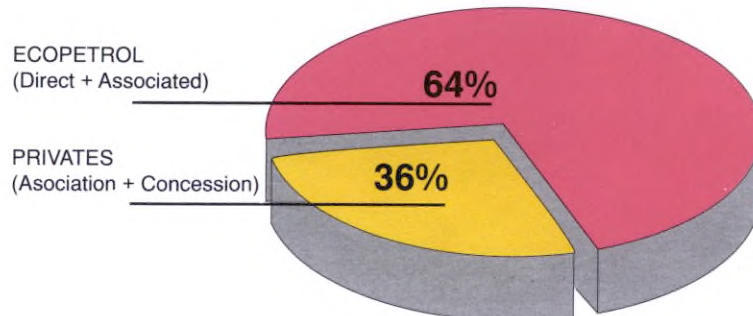
Colombia petroleum reserves are estimated at 3,000 million barrels of petroleum and 7,500 gig square feet of gas (See graph 1)

GRAPH 1
Reserves

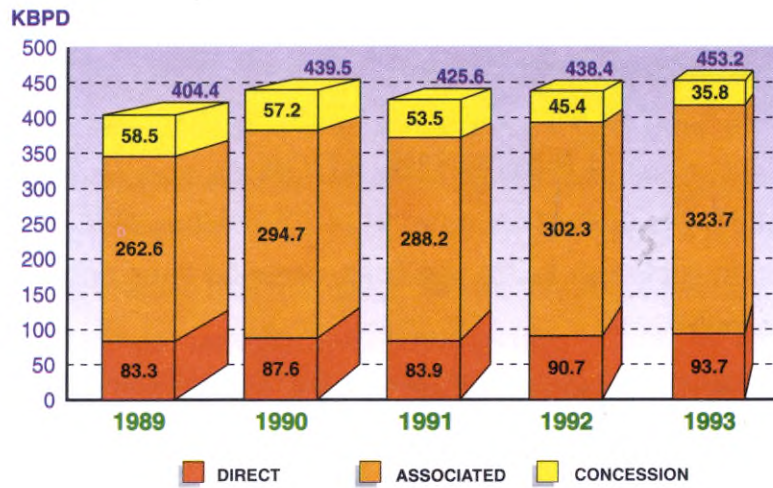


Ecopetrol generates more than 60% of total national petroleum production. This figure is calculated as the sum of direct production and of its participation in the association production system (See Graphs 2 & 3).

GRAPH 2
National Crude Oil Production

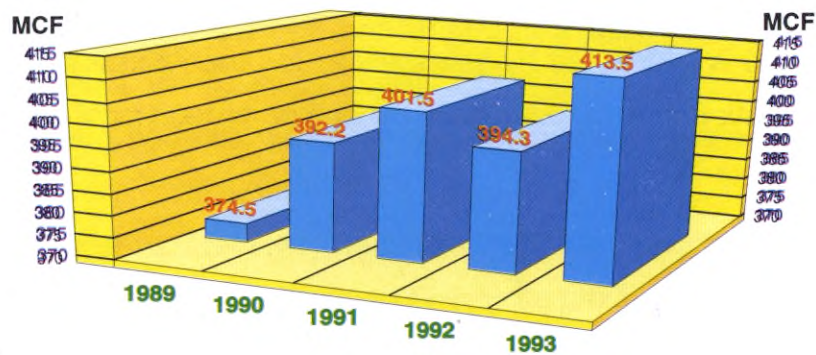


GRAPH 3
National Crude Oil Production



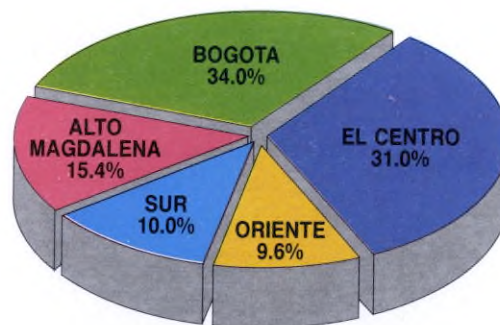
Direct production of crude is done in the Santander, Antioquia, Meta, Putumayo, Tolima, Boyacá, Bolívar, Huila and Córdoba fields. Natural gas is produced in the Magdalena, Huila and Santander fields (See Graph 4)

GRAPH 4
Natural Gas Production



Divided into Districts, the largest share comes from Bogotá, with 34% of all direct production, while El Centro is responsible for 31%, the Alto Magdalena District for 15.4%, the Southern District for 10% and the Eastern for 9.6% (See graph 5).

GRAPH 5
Direct Ecopetrol Production



Associated Production is done in Arauca, Huila, Meta, Putumayo, Casanare, Antioquia, Boyacá, Santander, Cesar, Tolima, Guajira (gas) and Sucre (gas).

Petroleum is produced under the concession system in Santander, Antioquia, Cesar, North Santander, Casanare and Huila.

REFINING

Ecopetrol produces and supplies the country with a wide variety of derivatives from the petroleum refineries located in Barrancabermeja, Cartagena, Tibú, Orito and Apiay. The total capacity of these refineries is close to 300,000 barrels of crude.

TRANSPORTATION

Ecopetrol is the operator and owner of 70% of the entire network of oil lines, multiple use lines, gas lines, propane lines and fuel oil lines in Colombia.

Other hydrocarbon transportation systems are used on a smaller scale, including maritime, river and land.

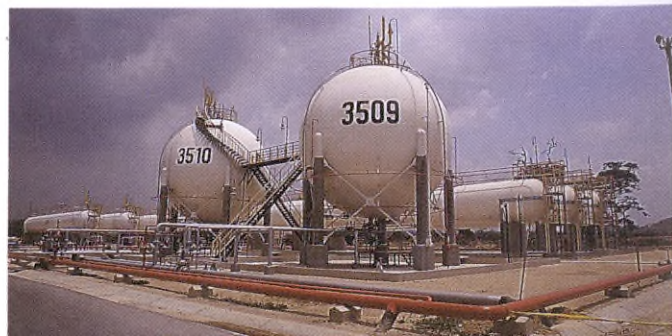
COMMERCIALIZATION AND DISTRIBUTION

Colombia exports through Ecopetrol, crude oil, fuel oil, diesel, naphthanic acid, paraffin, benzene and other hydrocarbons. It also supplies jet fuel, aviation fuel, marine gasoil and diesel for boat transportation and refueling of aircraft on international flight routes. These types of stopover sales are considered exportations.

Ecopetrol is responsible for the importation of fuel used in domestic consumption which mainly consist of gasoline for automobiles.

Petroleum derivatives are usually distributed by wholesalers.

Natural gas is distributed by gaspipelines to urban centers, where the distributor brings the fuel to the consumer through local delivery networks.



PLANNING

Ecopetrol is a company that looks towards the future. Strategic planning controls the rhythm of development in its principal operational areas.

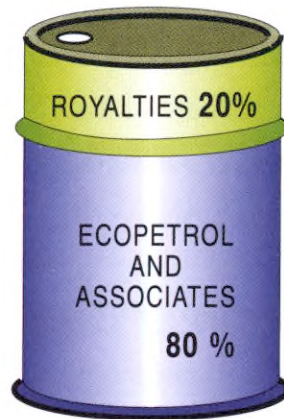
The Plan for Dynamic Adjustment (PAD) is the planning tool used by the company. It is a quinquennial plan which year after year is examined and adjusted according to the circumstances of the moment and to new circumstances present in the Company and the country. This guarantees that the plan will be respected and allows the Company to use its resources productively.

DISTRIBUTION OF RESOURCES

20% of petroleum production is designated as royalties to be delivered to Ecopetrol in kind (petroleum) at the production field. Ecopetrol transfers the profits to the National Government and to the Departments and Municipalities where the petroleum was produced. Additional contributions are made to other regions which are entitled to receive support as beneficiaries of the National Royalties Fund. The central government and territorial entities finance a substantial part of their expenses and projects thanks to these royalties.

Petroleum production is distributed in the following manner: 20% is converted into royalties and distributed between the Central Government and territorial entities and the other 80% corresponds to Ecopetrol and associated companies and it is calculated according to the profit conditions of each field. In any event, of this 80%, Ecopetrol will not receive less than 50% of the proportion and in the best of cases it will receive up to 75% of the production. In case there is an associate or partner company, the corresponding post royalty production percentage is determined based on accumulated income

balanced against the investment and costs required to generate the oil field. Usually the share taken by the partner company will be between 25% and 50% of the production after royalties.



ECOPETROL AND ITS EFFECT ON THE ECONOMY

As part of its function administering national petroleum resources, Ecopetrol not only generates employment and wealth for the country, but it also contributes to economic growth in the communities where it operates, encourages technology transfer, is active in environmental preservation and makes an important general contribution to the economy as a result of petroleum related activities.

-Foreign commerce in hydrocarbons is one of the Company's main sources of revenue and at the same time generates foreign currency for the nation and thereby helping strengthen the balance of payments and foreign exchange. During the last three years the average value of exportations from the petroleum sector has represented about 19%

of all Colombian exports. Ecopetrol contributed 60% of the production generated in this sector, which translates to a 12% Ecopetrol contribution in the total value of all Colombian exports. This confirms the important role that Ecopetrol plays in the petroleum sector in the national economy (See graph 7). Development in the Cusiana and Cupiagua fields will fortify this type of economic contribution.

-Because of its position as manager of the Colombian oil industry, Ecopetrol makes large payments, transfers and contributions to the state. In the last 3 years these have represented 2.5% of the GNP and hopefully will rise to more than 3% of the GNP by the end of the decade (See graph 8). These contributions are divided into the following categories:



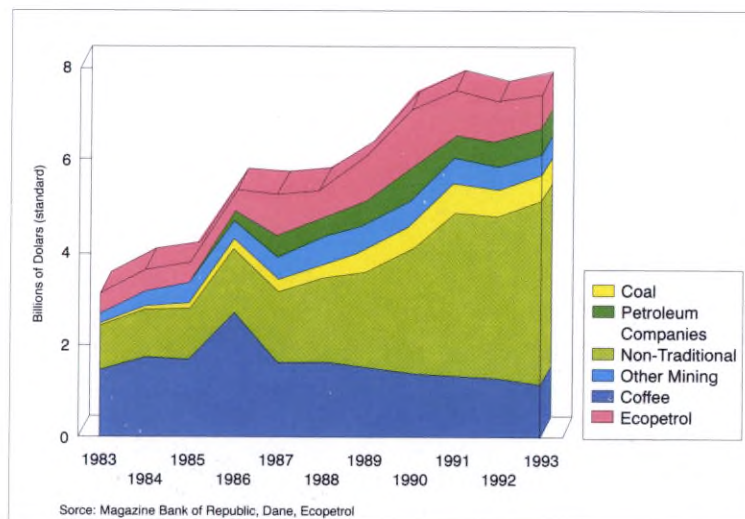
Orito Refinery

-Pays and transfers to the state based on the earnings from petroleum and gas royalties, direct and indirect taxes, and special shares and dividends. The values of these special contributions are determined by the Government and are based on the profits obtained in each production area.

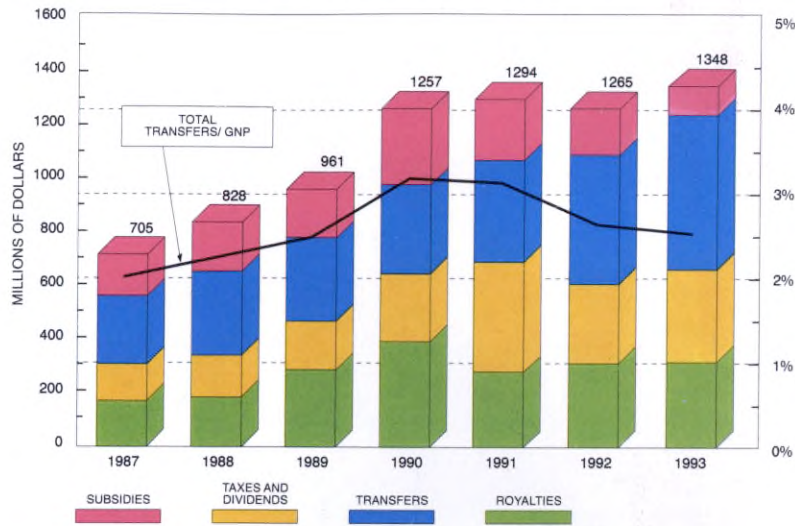
-Collects and transfers to the State based national tax, sales tax and the recently created decentralisation tax revenues, all of which are incorporated into the sale price paid by the public.

-Incorporates into all financial statements the cost of subsidies when gasoline and other fuels are sold below market prices (See graph 9).

GRAPH 6
Breakdown of Colombian Exports

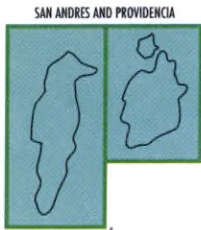


GRAPH 7
ECOPETROL
Total Transfers to the Nation

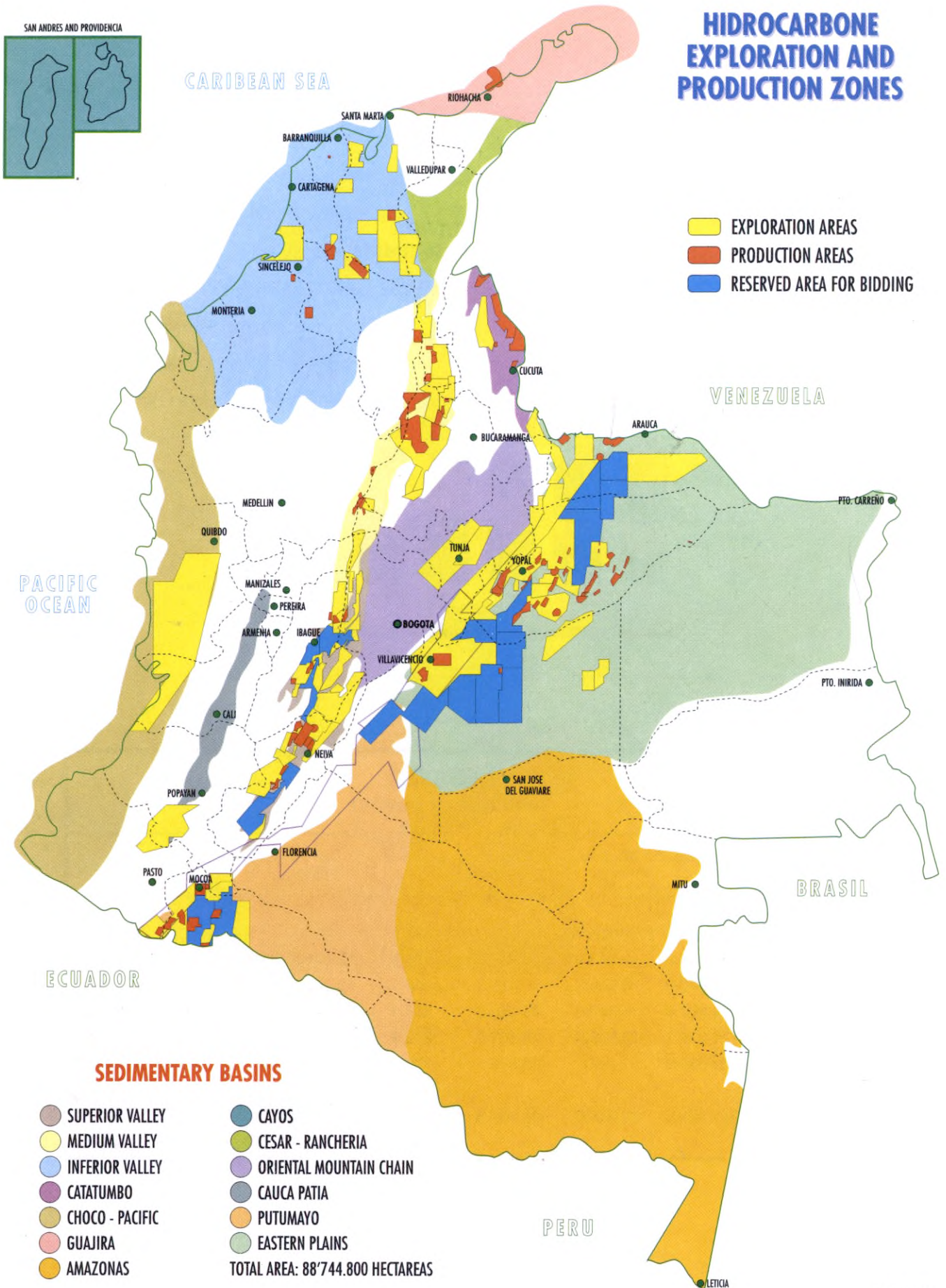


CUADRO 1

SUBSIDIES (Millions of pesos)							
Year	Gasoline	Cooking Fluid	Electric Generation	Transport	Jet Fuel	Natural Gas	Total
1988	24.299.2	6.908.0	11.193.2	617.8	2.533.7	2.635.2	48.187.1
1989	40.993.8	9.556.1	13.249.0	664.1	2.805.3	2.049.6	69.317.9
1990	87.640.9	15.545.8	19.421.8	656.2	12.993.7	1.223.2	137.421.6
1991	84.897.8	15.382.6	25.343.6	535.6	9.591.2	2.072.4	137.823.2
1992	71.244.7	12.239.4	29.887.9	212.2	547.8	0	114.132.0
1993	42.521.6	7.197.7	33.972.1	373.5	0	0	84.064.9
Totals	351.598.0	66.829.6	133.067.6	3.059.4	28.411.7	7.980.4	590.946.7



HIDROCARBONE EXPLORATION AND PRODUCTION ZONES



SAN ANDRES AND PROVIDENCIA



CARIBBEAN SEA

GAS, OIL AND MULTIPLE PIPELINES NATIONAL NETWORK



PACIFIC OCEAN

VENEZUELA

ECUADOR

BRASIL

PERU

CONVENTIONS

- MULTIPLE PIPELINES
- IN PROJECT PIPELINES
- OIL PIPELINES
- IN PROJECT OIL PIPELINES
- PRESENT PIPELINES FUTURE GASLINES
- FUEL PIPELINE
- GASLINES
- IN PROJECT GASLINES
- SEA PLATFORM
- REFINERIES
- OIL FIELDS
- GAS FIELDS
- IN OUT
- CISTERNA SHIP
- MUNICIPALITIES
- CAPITALS

(To Lago Agrio)

Published by the Department
of Public affairs, Ecopetrol
Fax: 285 21 75
Graphic Design: E. Masullo & Associates
Photos: Ecopetrol Archives
Santafé de Bogotá, D.C. January 1995

Ecopetrol/Empresa Colombiana de
petróleos.Ecopetrol

333.8232 E558e1 Ej.1

CATALOGADO POR: HELP FILE LTDA

FECHA

PRESTADO A

FECHA

MINISTERIO DE MINAS Y ENERGIA



01004671

BIBLIOTECA