

THE BICENTENNIAL PIPELINE



One of the most prominent challenges in the upstream market is the lack of infrastructure to handle increasing output from Colombia's most productive basins. While prices are high and exploration and production companies are steadily increasing production levels through new discoveries, infrastructure bottlenecks have required the use of trucking to evacuate crude oil from the fields. This process has proven to be very expensive and inefficient, effectively keeping production levels well below capacity. Because of these challenges, increasing pipeline capacity has been one of Ecopetrol's highest priorities. Per this demand, Ecopetrol incorporated a new company to construct the longest pipeline in the country. The 960-kilometre Bicentennial Pipeline will stretch from Casanare, in the heart of the Llanos Basin, to the Caribbean port of Coveñas. The pipeline will cost an estimated \$4.2 billion and will have a predicted capacity of 450,000 barrels of oil per day (bopd). The Bicentennial Pipeline is slated to begin operation in December 2012.

In early 2010 58 companies were approached about the Bicentennial Pipeline project and 29 were ultimately invited to invest in the project. In November 2010, after a six-month promotional campaign, Ecopetrol announced that the new pipeline company, the Sociedad Oleoducto Bicentenario de Colombia had seven shareholders that will finance and assist in the production of the Bicentennial Pipeline. State oil company Ecopetrol owns a controlling share of 55 percent. The largest private stakeholders are Canadian firm Pacific Rubiales, which owns 33 percent, and Petrominerales, which owns 10 percent. The remaining shareholders are Hocol, Rancho Hermoso, C&C Energia and Vetra Exploracion and Producción Colombia, each of which owns less than 1 percent of the new company that will build the Bicentennial Pipeline.

The completed pipeline will have a 42-inch and 36-inch bore and will be constructed in three stages to ultimately create a northwesterly arc parallel to the Venezuelan border. The first stage will lay 226 kilometre of pipe from Arguaney to Banadía as well as equipping the port of Coveñas for its increased role as an oil terminal. Basic engineering for phase one has already been completed. In stage two engineers will construct 387 kilometres of pipe between Banadía and Ayacucho and in stage three the final 310 kilometres to Coveñas will be constructed. The engineering procurement and construction bidding round has concluded and contracts will be awarded in the first half of 2011. With more exploration and construction companies finding significant reserves in the Llanos, all eyes are on the Bicentennial Pipeline, the centrepiece of Colombia's infrastructure overhaul.

- **Project:** construction of the Bicentennial Pipeline
- **Cost:** \$4.2 billion
- **Owners:** Ecopetrol (55 percent), Pacific Rubiales (32.88 percent), Petrominerales (9.65 percent), Hocol (0.96 percent), Rancho Hermoso (Canacol), C&C Energia, Vetra (0.5 percent each)
- **Pipeline route:** Casanare to Coveñas in three stages – Arguaney-Banadía (226 kilometres), Banadía-Ayacucho (387 kilometres), Ayacucho-Coveñas (310 kilometres)
- **Dimensions:** 960 kilometres in length with a 42-inch and 36-inch bore
- **Capacity:** 450,000 bopd
- **Estimated date of completion:** December 2012

