Form 51-101 F1

Pacific Rubiales Energy Corp.

Statement of Reserves Data

And Other Oil and Gas Information

As of December 31, 2011

Table of Contents

Glossary of Terms

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Working interest means those lands in which the Company receives its acreage share of net production revenues.

Gross reserves means, in relation to a reporting issuer's interest in production or reserves, its "company gross reserves", which are the reporting issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the reporting issuer.

Net reserves means, in relation to a reporting issuer's interest in production or reserves, the reporting issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the reporting issuer's royalty interests in production or reserves.

Future net revenue means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using: (i) forecast prices and costs; and (ii) at the option of the reporting issuer, constant prices and costs.

Proved reserve means those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves means those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Developed reserve means those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Producing reserve means those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Non-prod reserve means those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown.

Stb/stock tank barrel A 42-US gallon barrel of crude oil at standard conditions of 1 atmosphere and 60 ^{o}F.

M Thousand (1,000).

MM Million (1,000,000).

Mbbl 1,000 barrels of oil and/or natural gas liquids.

MMBtu A unit of heat energy equal to one million British thermal units.

Mcf 1,000 cubic feet of natural gas.

Bcf One billion (1,000,000,000) cubic feet of natural gas.

boe Disclosure provided herein that is expressed in barrels of oil equivalent (boe) is derived by converting natural gas to oil in the ratio of five thousand seven hundred cubic feet (Mcf) of natural gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 5.7 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this Annual Information Form, the Company has expressed boe using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy.

bbl or **barrel** A 42-US gallon barrel of crude oil or natural gas liquids.

Undeveloped reserve means those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

$ All references to dollars or $ are to United States dollars unless otherwise specified.

Form 51-101 F1

Statement of Reserves Data and Other Oil and Gas Information for Pacific Rubiales Energy Corp.

Part 1 Date of Statement

Item 1.1 Relevant Dates

1. Date of Statement: March 14, 2012
2. Effective Date: December 31, 2011
3. Preparation Date: March 13, 2012

The following information is related to the Company's reserves, future net revenue and discounted value of future net cash flow of associated and non-associated ("A&NA") gas, light & medium ("L&M") oil, and heavy oil. RPS Energy Canada Ltd. ("RPS"), independent qualified evaluators of Calgary, Alberta and Petrotech Engineering Ltd. ("Petrotech"), independent qualified evaluators of Burnaby, British Columbia estimated these reserves effective December 31, 2011. The Company used these reserves in the preparation of the Financial Statements for the fiscal year ended December 31, 2011.

All of the Company's oil and gas reserves are onshore in the country of Colombia.

The reserves on the properties described herein are estimates only. Actual reserves on the properties may be greater or less than those calculated.

The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves. There is no assurance that forecast prices and costs assumed in the RPS and Petrotech evaluations will be attained, and variances could be material. Assumptions and qualifications relating to costs and other matters are summarized in the notes to the following tables.

The following tables provide the reserves data and the breakdown of future net revenue by commodities and reserve category using forecast prices and costs, based on the Company's working interest portion before royalties (gross) and/or after royalties (net) (see "Glossary of Terms").

The pricing used in tables that reflect forecast price evaluations is in Items 3.1 and 3.2. All cash flow data is in U.S. dollars.

In certain instances, numbers may not total due to computer-generated rounding. In such cases, differences are not material and amounts presented are as shown in the RPS and Petrotech Reports.

Part 2 Disclosure of Reserves Data

Item 2.1 Reserves Data (Forecast Prices and Costs)

Item 2.1.1 Breakdown of Reserves

	L&M Crude Oil		Heavy Oil		Natural Gas Liquids		Natural Gas[(1)]	
Reserve Category	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (Bcf)	Net (Bcf)
Proved Producing	1,506	1,430	66,109	52,627	477	443	201.9	185.8
Proved Non-Prod.	-	-	15,624	12,465	-	-	-	-
Proved Undeveloped	294	280	215,409	173,035	3	3	192.8	177.4
Total Proved	**1,800**	**1,710**	**297,142**	**238,127**	**480**	**446**	**394.6**	**363.1**
Total Probable	542	515	109,042	87,584	2	1	94.5	86.9
Proved + Probable	**2,343**	**2,225**	**406,184**	**325,712**	**481**	**447**	**489.1**	**450.1**

Notes:
(1) Natural gas is a combination of the associated and non-associated gas.

Item 2.1.2 Net Present Value of Future Net Revenue

	Before Tax NPV @				
Reserve Category	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved Producing	6,655,004	5,157,217	4,319,384	3,793,261	3,429,772
Proved Non-Prod.	825,103	760,773	705,889	658,811	617,992
Proved Undeveloped	9,556,136	7,739,491	6,410,415	5,409,475	4,636,251
Total Proved	**17,036,243**	**13,657,480**	**11,435,689**	**9,861,547**	**8,684,016**
Total Probable	4,017,579	2,882,593	2,122,694	1,598,661	1,227,322
Proved + Probable	**21,053,822**	**16,540,072**	**13,558,382**	**11,460,208**	**9,911,337**

	After Tax NPV @				
Reserve Category	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved Producing	4,708,510	3,639,793	3,042,321	2,667,243	2,408,468
Proved Non-Prod.	553,122	510,015	473,246	441,720	414,339
Proved Undeveloped	6,979,923	5,629,450	4,645,088	3,906,270	3,337,419
Total Proved	**12,241,555**	**9,779,258**	**8,160,655**	**7,015,233**	**6,160,226**
Total Probable	2,858,755	1,982,831	1,405,530	1,014,069	741,549
Proved + Probable	**15,100,311**	**11,762,088**	**9,566,185**	**8,029,302**	**6,901,776**

Item 2.1.3 (a) (b) Additional Information Concerning Future Net Revenue

Reserve Category	Revenue (MM$)	Oil Royalties [1] (Mbbl)	Oil & Gas Royalties (MM$)	Operating Costs (MM$)	Development Costs (MM$)	Abandon Costs (MM$)	Future Net Revenue Before Income Tax (MM$)	Future Income Tax Expenses (MM$)	Future Net Revenue After Income Tax (MM$)
Total Proved	28,885	13,891	3,211	6,022	2,520	96	17,036	4,795	12,242
Total Proved + Probable	37,049	32,843	3,320	7,706	4,784	185	21,054	5,954	15,100

Notes:
(1) Oil royalties are paid in kind with the exception of the Rubiales and Quifa SW fields where RPS has converted the amount of the oil royalties payable into dollars.

Item 2.1.3 (c) Unit Value of Net Present Value of Future Net Revenue based on Forecast Prices and Costs

Unit Value of the NPV of Future Net Revenue based on Net Share, Forecast Prices and Costs before deduction of income tax and discount rate of 10%

Onshore Colombia

	L&M Oil $/bbl	Heavy Oil $/bbl	Associated and Non-Associated Natural Gas $/Mcf
Proved	42.51	42.69	2.70
Proved + Probable	43.29	37.64	2.70

Item 2.2 Supplemental Disclosure of Reserves Data (Constant Prices and Costs) - Not applicable.

Item 2.3 Reserves Disclosure Varies with Accounting - Not applicable.

Item 2.4 Future Net Revenue Disclosure Varies with Accounting - Not applicable.

Part 3 Pricing Assumptions

Item 3.1 Constant Prices Used in Supplemental Estimates - Not applicable.

Item 3.2 Forecast Prices Used in Estimates

Item 3.2.1(a)

RPS – Forecast Oil Prices for the Rubiales Field
Forecast Prices and Costs
as of December 31, 2011

Year	Oil Benchmarks		Reference Colombia Inflation Rate	Reference USA Inflation Rate	Infrastructure Inflation Rate	Operating Cost Inflation Rate	Drilling Inflation Rate
	RPS WTI Forecast	Net Selling Price After Tariff and blending uplift to price					
	US$/bbl	US$/bbl	%/annum	%/annum	%/annum	%/annum	%/annum
2012	101.00	91.18	2.0%	2.0%	2.0%	2.0%	2.0%
2013	98.50	87.13	2.0%	2.0%	2.0%	2.0%	2.0%
2014	96.00	84.63	2.0%	2.0%	2.0%	2.0%	2.0%
2015	97.80	86.43	2.0%	2.0%	2.0%	2.0%	2.0%
2016	100.80	89.43	2.0%	2.0%	2.0%	2.0%	2.0%
2017	103.90	92.53	2.0%	2.0%	2.0%	2.0%	2.0%

Petrotech – Forecast Oil and Gas Prices

The December 31, 2011 oil price for West Texas Intermediate (WTI) closed at $98.83 per barrel and the Vasconia oil price was at $103.11 per barrel (from Platts Latin American Posted Prices). The natural gas (Henry Hub) closed at $2.775 per MMBtu on December 31, 2011. All future commodity prices of crude oil, natural gas and heating oil prices were taken from NYMEX (www.cmegroup.com) on the last day of trading in 2011. The historical prices for oil and natural gas were taken from Sproule and Associates Inc. (no historical heating oil prices available). The following summarizes the NYMEX futures and the forecast oil prices of each block:

Forecast Crude Oil Prices

	WTI Light Sweet Crude	Brent Oil	Vasconia	La Creciente Condensate	Guaduas Field	Abanico	Sabanero[(1)]	Quifa	CPE 6	Puli	Guama Cond.	Buganviles
Year	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)	($/bbl)
2012	102.68	109.77	106.23	71.90	104.51	105.37	103.43	103.83	99.43	74.90	71.90	103.99
2013	98.84	104.50	101.67	68.81	100.03	100.85	98.99	99.37	95.16		68.81	99.53
2014	94.97	99.84	97.41	65.93	95.84	96.62	94.84	95.21	91.18		65.93	95.36
2015	92.61	96.59	94.60	64.03	93.08	93.84	92.11	92.47	88.55		64.03	92.61
2016	91.43	94.42	92.92	62.89	91.43	92.17	90.48	90.82	86.98		62.89	90.97
2017	91.18	93.51	92.35	62.50	90.86	91.60	89.92	90.26	86.44		62.50	90.41

Notes:
(1) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

The above forecast oil prices are based on a Vasconia posted price and the adjusted to the percentage of West Texas Intermediate on the NYMEX futures to 2017. There is also adjustment to the quality of the oil based on API gravity and salinity of the sales oil. In 2018, all oil prices are then escalated at 2% per year thereafter.

Forecast Natural Gas Prices

	Henry Hub Natural Gas	La Creciente Gas Field(1)	Guaduas Oil Field	Abanico Oil Field	Guama Gas Field	Cerrito Gas Field
Year	$/MMBtu	$/MMBtu	$/MMBtu	$/MMBtu	$/MMBtu	$/MMBtu
2012	3.25	4.70	4.85	4.69	4.23	4.18
2013	3.93	5.68	5.87	5.66	5.11	4.30
2014	4.34	6.27	6.47	6.25	5.64	4.43
2015	4.61	6.65	6.87	6.23	5.99	4.56
2016	4.86	7.02	7.25	7.00	6.31	4.70
2017	5.13	7.40	7.65	7.38	6.66	4.84

Notes:
(1) La Creciente – based on weighted average of firm and interruptible sales contracts volumes, escalated at NYMEX futures for heating oil, and based on regulated market price multiplied by adjustment of the sales gas contract.

Item 3.2.1(b)

The following table summarizes the weighted average historical product prices for important fields for the year-ending December 31, 2011:

Weighted Average Historical Prices – Year-Ending December 31, 2011, $/bbl

	Q1	Q2	Q3	Q4
La Creciente(1)	5.33	5.75	7.24	6.28
Quifa SW	84.86	101.94	94.10	105.35
Rubiales	84.86	101.94	94.10	105.35

Notes:
(1) Price at $ per Mcf.

Item 3.2.2

In the Petrotech Report, the Colombian Vasconia 25 °API FOB Coveňas crude oil is used as the benchmark reference price for determining oil sales price adjustments from West Texas Intermediate. The Vasconia 25 °API FOB Coveňas crude oil price on December

31, 2011 was $103.11 per barrel as reported by Platts Latin American Wire. The adjusted oil sales prices for December 31, 2011 and forecast oil prices are found in the Forecast Oil Prices table above. The forecast prices are based on the escalation of NYMEX WTI futures up to 2017 at which time the escalation is assumed to increase at 2% per year.

Item 3.2.3 - Not applicable.

Part 4 Reconciliations of Changes in Reserves

Item 4.1 Reserves Reconciliation

	Gross L&M Oil			Gross Heavy Oil			Gross A & NA Gas		
	Proved (Mbbl)	Probable (Mbbl)	Proved + Prob (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved + Prob (Mbbl)	Proved (Bcf)	Probable (Bcf)	Proved + Prob (Bcf)
Opening Balance (Dec. 31, 2010)	2,115.1	951.0	3,066.1	198,869	34,530	233,399	488.0	2.0	490.0
Extension & Improved Recovery	35.3	0.0	35.3	1,231	1,577	2,809	0.0	0.0	0.0
Technical Revisions	116.2	-408.6	-292.4	57,646	-1,769	55,877	5.9	0.3	6.2
Discoveries	0.0	0.0	0.0	73,198	59,035	132,234	10.7	0.0	10.7
Acquisitions	0.0	0.0	0.0	0	15,669	15,669	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	-246	0	-246	1.1	0.0	1.1
Production	-466.3	0.0	-466.3	-33,556	0	-33,556	-24.2	0.0	-24.2
Closing Balance (Dec. 31, 2011)	1,800.3	542.3	2,342.7	297,143	109,042	406,185	481.5	2.3	483.7

Notes:

(1) Figures may be rounded off.

(2) The Caguan Contract was relinquished at the end of 2011. Fields with discoveries were Quifa Norte, CPE 6 and Sabanero blocks.

(3) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

Part 5 Additional Information Relating to Reserves Data

Item 5.1 Undeveloped Reserves

Item 5.1.1 The following tables outlines the proved undeveloped reserves attributed to the Company's onshore Colombian properties:

Onshore Colombia (Forecast Case) - Proved Undeveloped Reserves									
	Gross L&M Oil			Gross Heavy Oil[1]			Gross A&NA Gas		
	First Attributed	Revisions	Cumulative	First Attributed	Revisions	Cumulative	First Attributed	Revisions	Cumulative
Year	(MMbbl)	(MMbbl)	(MMbbl)	(MMbbl)	(MMbbl)	(MMbbl)	(Bcf)	(Bcf)	(Bcf)
2005	0.1	0.0	0.1	0.0	0.0	0.0	2.4	0.0	2.4
2006	2.7	-0.1	2.7	0.0	0.0	0.0	0.0	-2.4	0.0
2007	0.4	-1.1	2.0	49.6	0.0	49.6	147.8	0.0	147.8
2008	0.5	-0.4	2.1	68.7	-15.2	103.1	7.1	-123.1	31.8

2009	0.3	-0.4	2.0	35.7	-1.4	137.4	0.0	-31.8	0.0
2010	0.0	-1.6	0.4	9.7	-23.3	123.8	3.4	0.0	3.4
2011	0.0	-0.2	0.3	103.3	-1.1	226.0	0.0	0.2	3.6

Notes:

(1) Newly attributed PUD was related to Sabanero block, Quifa SW field, and Quifa Norte field (which is comprised of the Jaspe, Azabache and Amber-Opalo fields).

Item 5.1.1 The following table outlines the probable undeveloped reserves attributed to the Company's onshore Colombian properties:

Onshore Colombia (Forecast Case) - Probable Undeveloped Reserves									
	Gross L&M Oil			**Gross Heavy Oil(1)**			**Gross A&NA Gas**		
	First Attributed	Revisions	Cumulative	First Attributed	Revisions	Cumulative	First Attributed	Revisions	Cumulative
Year	(MMbbl)	(MMbbl)	(MMbbl)	(MMbbl)	(MMbbl)	(MMbbl)	(Bcf)	(Bcf)	(Bcf)
2005	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2006	2.6	0.0	2.6	0.0	0.0	0.0	508.3	0.0	508.3
2007	0.2	-1.1	1.8	58.2	0.0	58.2	9.9	-372.2	146.0
2008	1.2	-0.0	2.9	1.3	-26.3	33.2	15.9	-136.1	25.8
2009	0.6	-1.0	2.6	36.7	-14.1	55.8	0.0	-25.8	0.0
2010	0.1	-1.7	1.1	24.4	-42.1	38.1	1.8	0.0	1.8
2011	0.0	-0.1	1.0	81.5	0.7	120.4	0.0	0.2	2.0

Notes:

(1) Newly attributed PUD was related to Sabanero block, Quifa SW field, and Quifa Norte field (which is comprised of the Jaspe, Azabache and Amber-Opalo fields).

Item 5.2 **Significant Factors or Uncertainties**

Item 5.2.1

The process of evaluating reserves is inherently complex. It requires significant judgements and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices, and economic conditions. These factors and assumptions include among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performances, prices, economic conditions, and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance, and geologic conditions or production. These revisions can be either positive or negative.

Item 5.3 Future Development Costs

Item 5.3.1 (a) (b)

The table below sets out the future development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves using forecast prices and escalated costs:

Onshore Colombia (Forecast Case)		
	Proved	+ Probable
Year	$MM	$MM
2012	623.2	694.2
2013	695.7	1,091.8
2014	367.4	625.3
2015	324.6	513.2
2016	177.8	356.6

Item 5.3.2

(a) The Company intends to primarily use internal general cash flows to fund future development costs. The only cost of funding future development is the interest associated with the Company's debt financing. The interest associated with debt financing is not included in the reserves and future net revenue estimates and would reduce reserves and FNR to some degree depending on the funding source utilized. The Company does not expect that interest or other funding costs could make development uneconomic.

Item 5.3.3 - Not applicable.

Part 6 Other Oil and Gas Information

Item 6.1 Oil and Gas Properties and Wells

ODL Pipeline (Onshore Colombia): the ODL pipeline is 235 km in length and 24 inches in diameter and runs from the Rubiales Field in the Meta Department to Monterrey in the Casanare Department. It has an additional 29 km extension to the Ocensa Station in Cusiana, so oil may be delivered to both locations (Monterrey and Cusiana). The pipeline ships Rubiales Field production and has a transporting capacity of 340 Mbbl/d. The Company has a 35% interest in this pipeline.

Guaduas PF1 and PF2 (Onshore Colombia): these are two production facilities connected by a 10 inch pipeline 3.8 km in length both located in Guaduas (Cundinamarca Department). PF2 is a receiving and mixing crude oil facility of 40 Mbbls per day capacity. PF1 receives production from PF2 and Guaduas Field and then pumps it to OGD Pipeline up to 40 Mbbl per day. The Company has a 90.6% interest.

OGD Pipeline (Onshore Colombia): is located between Guaduas (Cundinamarca Department) and La Dorada (Caldas Department) 64 km in length and 10 inches in diameter, shipping Guaduas Field production and other light oil production. It has a capacity 40 Mbbl per day and delivers to the OAM Pipeline at La Dorada Station. The Company has a 90.6% interest.

OAM Pipeline (Onshore Colombia): is located between Tenay Station in Neiva (Huila Department) and Vasconia Station in Puerto Boyacá (Boyaca Department) 396 km in length and 20 inches in diameter with a capacity of 110 Mbbl per day, shipping all crude oil production from Upper Magdalena Fields and received production from OGD Pipeline at La Dorada Station. The Company has a 1.2% interest and uses it to ship crude oil from La Dorada Station to Vasconia Station.

ODC Pipeline (Onshore Colombia): is located between Vasconia Station in Puerto Boyacá (Boyaca Department) and the Caribbean Port of Coveñas (Cordoba Department) 483 km in length and 24 inches in diameter with a capacity of 210 Mbbl per day, shipping crude oil production from Vasconia Station to Coveñas for international exportation. The Company has a 1.0% interest and uses it to export its production to international market.

OBC Pipeline (Onshore Colombia): will run from Araguaney, in the Casanare Department of central Colombia, to the Coveñas Export Terminal in the Caribbean. The OBC Pipeline is planned to be executed in four phases:

Phase 0:	Truck off-loading facility in Banadia with a capacity of 40,000 bbl/d
Phase 1:	Pipeline Araguaney – Banadia, 120,000 bbl/d
Phase 2-3:	Pipeline Banadia – Coveñas, 330,000 bbl/d

Phase 0 was completed in 2011. Construction of Phase 1 is in progress and it is expected to be operational by the second half of 2012.

Phase 1 of the OBC Pipeline will include: (i) the construction of a 230 km pipeline with (42 inch diameter), between the stations of Araguaney and Banadia that will have a capacity of 600,000 bbl/d; (ii) the construction of two tanks at the Araguaney storage station with a capacity of 150,000 bbl each; (iii) a third storage tank at the Banadia station with capacity of 50,000 bbl; and (iv) two storage tanks with a capacity of 600,000 bbl at the Coveñas export terminal.

OCENSA Pipeline (Onshore Colombia): During the last quarter of 2009, the Company signed two agreements with Oleoducto Central S.A. ("**OCENSA**") in order to secure firm transport capacity for its share of the production from the Rubiales field. The agreements provide the Company with: (i) firm capacity to unload up to 10,000 bbl/d of diluent at the Cusiana station during a five year period commencing on April 2010 as well as the use of the OCENSA system from the Cusiana station to the export terminal of Coveñas; and (ii) firm capacity to transport up to 160 MMbbl of oil from Cusiana station to the export terminal of Coveñas during a ten year period commencing in February 2010, with an upper limit of 50,000 bbl/d during 2010, 60,000 bbl/d between January 2011 and January 2017, and 20,000 bbl/d between February 2017 and January 2020.

EXMAR Pipeline (Onshore Colombia): On April 26, 2011, the Company partnered with EXMAR N.V., a gas transportation company, to develop a liquefied natural gas project in northern Colombia. This project includes the construction of a 45 km gas pipeline from Sincelejo to Coveñas, a port on the Caribbean coast of Colombia, for the transportation of up to 120 MMcf/d from the La Creciente field.

Cartagena to Coveñas Pipeline (Onshore Colombia): The Company holds a 22.7% equity interest in Pacific Infrastructure Inc., which is developing a new crude oil and products terminal and port in Cartagena, as well as a new pipeline that will link Coveñas with Cartagena in the Caribbean region. With a relatively small investment, the Company has secured alternative storage and port capacity for both its imports and growing exports.

A table summarizing the Company's important properties is found on the following page.

<table>
<tr><th>Description</th><th>Block/Area</th><th>Block/Area Gross Area (acres)</th><th>Block/Area Net Area (acres)</th><th>Total Cumulative Production for year ended Dec. 31, 2011</th><th>Contract Type</th><th>Contract Expiration</th><th>Additional Details</th></tr>
<tr><td>Rubiales Field (Piriri Contract)</td><td>Llanos Basin</td><td>62,432</td><td>31,216</td><td>51,061 Mbbl</td><td>Ecopetrol Association Contract</td><td>July 1, 2016</td><td></td></tr>
<tr><td>Rubiales Field (Rubiales Contract)</td><td>Llanos Basin</td><td>88,463</td><td>35,385</td><td>109,025 Mbbl</td><td>Ecopetrol Association Contract</td><td>July 1, 2016</td><td></td></tr>
<tr><td>La Creciente Field</td><td>La Creciente block, Lower Magdalena Valley</td><td>30,665</td><td>30,665</td><td>71.91 Bcf of natural gas and 36.1 Mbbl of condensate</td><td>ANH E&P Contract</td><td>December 31, 2033</td><td></td></tr>
<tr><td>Guaduas Field</td><td>Dindal and Rio Seco block, Middle Magdalena Valley</td><td>47,668</td><td>43,187.2</td><td>8,255 Mbbl of heavy oil and 21.4 Bcf of natural gas</td><td>Ecopetrol Association Contract</td><td>February 1, 2021</td><td>Cumulative production of active wells</td></tr>
<tr><td>Rio Ceibas Field</td><td>Caguan block, Upper Magdalena Valley</td><td>16,761</td><td>4,571</td><td>21,914 Mbbl of light oil and 41.94 Bcf of natural gas</td><td>Ecopetrol Association Contract</td><td>December 31, 2011</td><td></td></tr>
<tr><td>Pulí-7 Well</td><td>Pulí block Upper Magdalena Valley</td><td>1.0 well</td><td>0.5 well</td><td>192.97 Mbbl of light oil</td><td>Ecopetrol Association Contract</td><td>February 29, 2012</td><td></td></tr>
<tr><td>Moriche, Maurtía E</td><td>Moriche block, Llanos Basin</td><td rowspan="4">4,660</td><td rowspan="4">4,054</td><td>112.50 Mbbl of heavy oil</td><td>ANH E&P Contract</td><td>Exploitation up to 24 years, extendable up to the economic limit of the commercial field</td><td>Mirador formation</td></tr>
<tr><td>Moriche, Maurtía Norte-2 ST</td><td rowspan="3">Moriche block, Llanos Basin</td><td>1.25 Mbbl</td><td rowspan="3">ANH E&P Contract</td><td rowspan="3">November 20, 2032</td><td>Mirador formation</td></tr>
<tr><td rowspan="2">Moriche, Maurtía Norte-1</td><td>116.11 Mbbl of heavy oil</td><td>Mirador formation</td></tr>
<tr><td>22.70 Mbbl</td><td>Ubaque formation</td></tr>
<tr><td>Abanico Oil Field</td><td>Abanico block, Upper Magdalena</td><td>62,528</td><td>15,632</td><td>8,125 Mbbl of light oil and 3.41 Bcf of</td><td>Ecopetrol Association</td><td>July 1, 2024</td><td>Cumulative production for active wells</td></tr>
</table>

Description	Block/Area	Block/Area Gross Area (acres)	Block/Area Net Area (acres)	Total Cumulative Production for year ended Dec. 31, 2011	Contract Type	Contract Expiration	Additional Details
	Valley			natural gas	Contract		
Cerrito Gas Field	Cerrito block Catatumbo Basin	10,159	8,127	3.53 Bcf of natural gas	Ecopetrol Association Contract	July 1, 2032	Cumulative production of Cerrito – 1 only active well
Quifa Norte (Ambar-Opalo)	Quifa block, Llanos Basin	377,275	226,365	13.38 Mbbl of heavy oil	Ecopetrol Association Contract	May 20, 2034	Quifa North: The production forecasts are based on analogue well models from the Rubiales an Quifa SW fields
Quifa Norte (Jaspe)	Quifa block, Llanos Basin			1.51 Mbbl of heavy oil	Ecopetrol Association Contract	May 21, 2034	Quifa North: The production forecasts are based on analogue well models from the Rubiales an Quifa SW fields
Quifa Norte (Azabache)	Quifa block, Llanos Basin			0.05 Mbbl of heavy oil	Ecopetrol Association Contract	May 22, 2034	Quifa North: The production forecasts are based on analogue well models from the Rubiales an Quifa SW fields
Quifa – SW Heavy Oil Field	Quifa block Llanos Basin			Quifa SW 15,182 Mbbl of heavy oil	Ecopetrol Association Contract	May 20, 2034	Commercial Area
Pedernalito 1X Well	Guama block, Lower Magdalena Valley	186,634	186,634	Pedernalito well has not started production	ANH E&P Contract	N/A	The fracture-simulation treatment was performed in November 2011 resulting in the removal of the skin damage and increased in production rates (see Figure VIII-9) of gas and condensate. The treatment intervals were from 5,868 to 5,872 feet and from 5,902 to 5,906 feet. Productivity has increased from the extended test rate of 860 Mcf of gas per day to 1,600 Mcf of gas per day and from a wellhead flowing pressure of 440 psig to 1,366 ps. In addition, the condensate rate went from 12 barrels per MMcf of gas to 30 barrels per MMcf of gas

<table>
<tr><th>Description</th><th>Block/Area</th><th>Block/Area Gross Area (acres)</th><th>Block/Area Net Area (acres)</th><th>Total Cumulative Production for year ended Dec. 31, 2011</th><th>Contract Type</th><th>Contract Expiration</th><th>Additional Details</th></tr>
<tr><td>Visure 1X Well</td><td>Buganviles block, Upper Magdalena Valley</td><td rowspan="2">77,721.0</td><td rowspan="2">38,375</td><td>Visure 1X well has not started production</td><td>Ecopetrol Association Contract</td><td>N/A</td><td>The well is currently suspended pending evaluation of the results of the production test and using different production methods to economically produce the heavy oil encountered. The well should be able to produce at a high rate with artificial-lift method. If a successful stimulation method works, adjustment to the recovery factor will be made</td></tr>
<tr><td>Delta-1 Well</td><td>Buganviles block, Upper Magdalena Valley</td><td>29.155 Mbbl of light oil</td><td>Ecopetrol Association Contract</td><td>November 17, 2028</td><td>Total current production is 50 bbl/d</td></tr>
<tr><td>Samarkanda Oil Field</td><td>Chipalo block. Upper Magdalena Valley</td><td>31,823.0</td><td>15,911.5</td><td>19.3 Mbbl of heavy oil from Samarkanda-1</td><td>Ecopetrol Association Contract</td><td>February 27, 2026</td><td>Currently the production from Samarkanda-1 well is uneconomical</td></tr>
<tr><td>Lisa-1 Well</td><td>Guasimo block, Upper Magdalena Valley</td><td>854.6</td><td>854.6</td><td>5.1 Mbbl of light oil</td><td>ANH E&P Contract</td><td>November 11, 2023</td><td>Tested 100 bbl/d in early 2009</td></tr>
<tr><td rowspan="3">Las Quinchas</td><td rowspan="3">Middle Magdalena Valley</td><td rowspan="3">61,436</td><td rowspan="3">30,718.0</td><td>7.04 Mbbl of heavy oil</td><td rowspan="3">Ecopetrol Association Contract</td><td rowspan="3">July 11, 2024</td><td>Arce Field</td></tr>
<tr><td>32.94 Mbbl of heavy oil</td><td>Acacia Field</td></tr>
<tr><td>14.38 Mbbl of heavy oil</td><td>Baul Field</td></tr>
<tr><td>Sabanero[(1)]</td><td>Llanos Basin</td><td>107,141</td><td>53,571</td><td>12.7 Mbbl of heavy oil</td><td>ANH E&P Contract</td><td>Exploitation up to 24 years, extendable up to the economic limit of the commercial field</td><td>Tested on December 2011
The production forecasts are based on analogue well models from the Rubiales an Quifa SW fields.</td></tr>
</table>

Notes:

(1) Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

Item 6.1.2 Gross and net oil and gas wells:

Onshore Colombia	Producing Wells				Non-Producing Wells					
	Oil Wells		Gas Wells		Oil Wells		Gas Wells		Injection Wells	
Description	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Rubiales Heavy Oil	297	124.7	-	-	163	68.5	-	-	22	9.2
Quifa SW	95	49.4	-	-	12	6.2	-	-	0	0
Quifa North	4	2.4	-	-	8	4.8	-	-	0	0
Sabanero[1]	2	1	-	-	8	4	-	-	1	0.5
La Creciente Natural Gas Field			5	5			1	1		
Guaduas Oil Field	6	5.4			8	7.2			2	1.8
Rio Ceibas Oil Fields	45	12.3			20	5.5			19	5.2
Pulí block	1	0.5								
Moriche block	0	0			3	2.1			1	1
Abanico Oil Field	25	6.6	1	0.5	6	1.6			3	0.8
Acacia Este Heavy Oil Field					8	4.5				
Buganviles block	1	0.2			1	0.2				
Chipalo block	0	0			1	1				
Cicuco block[2]										
Cerrito block			2	1.6			1	0.8		
Guásimo block	1	1								
Guama block							1	1		
TOTAL	**477**	**203.5**	**8**	**7.1**	**238**	**105.6**	**3**	**2.8**	**48**	**18.5**

Notes:

(1) Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

(2) This contract terminated on November 11, 2011.

Item 6.2 Properties with No Attributed Reserves

The following table summarizes the Company's unproved properties:

Block/Area	Gross Area (acres)	Net Area (acres)	Contract Type	Contract Expiration	Current Work Commitment (by Phase)	Future Work Commitments (by Phase)
Arauca, Llanos Basin	428.3	343.1	**ANH** – Exploration & Production	Exploration Period: Six (6) years.	Phase 2 (24 months): Drilling of two (2) exploratory wells	Phase 3 (12 months): One (1) exploratory well

Block/Area	Gross Area (acres)	Net Area (acres)	Contract Type	Contract Expiration	Current Work Commitment (by Phase)	Future Work Commitments (by Phase)
			Contract	Exploitation period: 24 Years, extendable up to the economic limit of the commercial field for successive periods of 10 years Dec-29-2039	(US$9,000,000) Phase expires: Dec-29-2013	US$4,500,000 Phase 4: One (1) exploratory well US$4,500,000
Arrendajo, Llanos Basin(1)	78,102.6	25,83.3	**ANH** – Exploration & Production Contract	Dec-15-2035 Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field (by fulfilling some conditions)	Concluded on Feb-20-2012: Phase 5 – 6 Merged (24 Months): Acquisition 114 km^2 of 3D seismic US$5,000,000 Drilling of one (1) exploratory well US$750,000	Presented Evaluation Plan for Azor 1 to the ANH Presented Programa Exploratorio Posterior to ANH
CPE-1, Llanos Basin	2,446,252.0	244,625,203.1	**ANH** – Technical Evaluation Agreement	Jun-23-2012	Only Phase: (i) 438 km of seismic 2D, (ii) four (4) stratigraphic wells and (iii) 1,931 km SFD (total investment of US$31,117,000) Phase expires: June-23-2012	Option to apply for ANH Exploration & Production Contract
CPE-6, Llanos Basin	593	150,301,118.2	**ANH** – Exploration & Production Contract	Oct-5-2041	Phase 1 (36 months): (i) one (1) exploratory well A3 and (ii) 480 km 2D seismic or 300 km^2 3D seismic Phase expires: Oct-5-2014	Phase 2 (36 months): Three (3) exploratory wells (US$10,500,000)
CPO-1, Llanos Basin	152,651.8	76,325.9	**ANH** – Exploration & Production Contract	Exploration Period: Six (6) years Exploitation period: 24 Years, extendable up to the economic limit of the commercial field June-23-2039	Phase 1 (36 months): 200 km of 2D seismic (US$5,000,000) One (1) exploratory well (US$3,500,000) and G&G Studies (US$100,000) Phase expires: June-23-2012	Phase 2 (36 months): Three (3) exploratory wells (US$10,500,000) and G&G Studies (US$100,000)
CPO-12, Llanos Basin	708,765.0	283,506.0	**ANH** – Exploration & Production	Exploration Period: Duration of six (6) years. Exploitation period: 24	Phase 1 (36 months): (i) 370.98 km of 2D seismic, (ii) 300 km	Phase 2 (36 months): (i) three (3) exploratory

Block/Area	Gross Area (acres)	Net Area (acres)	Contract Type	Contract Expiration	Current Work Commitment (by Phase)	Future Work Commitments (by Phase)
			Contract	years, extendable up to the economic limit of the commercial field June-23-2039	of 3D seismic, (iii) three (3) exploratory wells A3 and 48 km of 2D seismic. Phase 1 expires: June-23-2012	wells A3 or its equivalent in seismic (US$10,500,000) and (ii) G&G Studies (US$200,000)
CPO-14, Llanos Basin	517,656.2	323,535.1	**ANH** – Exploration & Production Contract	Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field	Phase 1 (36 months): Acquisition 850 km of 2D seismic US$21.500.000 three exploratory wells (US$10,500,000) G&G Studies (US$100,000) (Currently suspended from June 24, 2009 until previous consultation processes are officially registered)	Phase 2 (36 months): Three (3) exploratory wells (US$10,500,000) and G&G Studies (US$200,000)
Tacacho, Caguan-Putumayo	598.0	301,994.0	**ANH** – Exploration & Production Contract	Exploration Period. Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field. May-9-2040	Phase 1 (24 Months): Acquisition, processing and interpretation 480 km of 2D seismic (US$8,160,000) Phase expires: May-9-2012	Phase 2 (24 months): Two (2) exploratory wells (US$11,000,000) Phase 3 (24 months): Two (2) exploratory wells (US$11,000,000)
Terecay, caguan, Putumayo	586.6	586.6	**ANH** – Exploration & Production Contract	Exploration Period: Duration of six (6) years. Exploitation period : 24 years, extendable up to the economic limit of the commercial field May-9-2040	Phase 1 (24 Months): Acquisition, processing and interpretation 476 km of 2D seismic (US$8,092,000)	Phase 2 (24 months): Two (2) exploratory wells (US$11,000,000) Phase 3 (24 months): Two (2) exploratory wells (US$11,000,000)
CR-1, Cesar-Rancheria Basin	307,384.3	184,430.6	**ANH** – Exploration & Production Contract	June-23-2039 Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field	Phase 1 (36 Months): 278 km of 2D seismic (include US$6,950,000) and one (1) exploratory well (US$5,000,000) Phase expires: June-23-2012	Phase 2 (36 months): Two (2) exploratory wells (US$10,000,000) and G&G Studies (US$100,000).

Block/Area	Gross Area (acres)	Net Area (acres)	Contract Type	Contract Expiration	Current Work Commitment (by Phase)	Future Work Commitments (by Phase)
Guama	183.7	183.7	**ANH** – Exploration & Production Contract	Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field	Phase 4 (12 Months): One (1) exploratory well (US$2,900,000) and relinquish 15% of contracted area Phase expires: March-8-2012	Phase 5 (12 months): One (1) exploratory well (US$2,900,000) and relinquish 15% of contracted area. Phase 6 (6 months): One (1) exploratory well
SSJN3, Sinu-San Jacinto	634,364.0	634,364.0	**ANH** – Exploration & Production Contract	June-23-2039 Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field	Phase 1 (36 Months): Acquisition 500 km of 2D seismic (US$12,500,000), G&G studies (US$100.000) and one (1) exploratory well (US$8,000,000) Contract is suspended G&G Studies (US$100,000)	Phase 2 (36 months): Four (4) exploratory wells (include US$32,000,000) and G&G Studies (US$100,000)
SSJN7, Sinu-San Jacinto	668,919.3	334,459.6	**ANH** – Exploration & Production Contract	June-23-2039 Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field	Phase 1 (36 Months): 590 km of 2D seismic (US$16,520,000) and one (1) exploratory well (US$8,000,000) Phase expires: June-23-2012 G&G Studies (US$80,000)	Phase 2 (36 months): Four (4) exploratory wells (include US$32,000,000) and G&G Studies (US$100,000)
Peru 135, Maranon Basin	2,521,440.3	2,521,440.3	Exploration & Production Contract with Perupetro	Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years).	Phase 2 (18 Months): 789 km of 2D seismic Force majeure since December 1, 2011 until approval of easment	Phase 3 (24 months): One (1) exploration well $15,000,000 Phase 4 (24 months): One (1) exploration well $15,000,000

Block/Area	Gross Area (acres)	Net Area (acres)	Contract Type	Contract Expiration	Current Work Commitment (by Phase)	Future Work Commitments (by Phase)
Peru 137, Maranon Basin	1,109,339.4	1,109,339.4	Exploration & Production Contract with Perupetro	Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years)	Phase 1 (18 Months): 200 km of 2D seismic @ $6,000,000 Force majeure	Phase 2 (18 months): Acquisition 200 km of 2D seismic and drilling one (1) exploration well $17,500,000 Phase 3 (24 months): One (1) exploration well $17,500,000 Phase 4 (24 months): One (1) exploration well $17,500,000
Peru 138, Ucayali Basin	1,023,561.0	1,023,561.0	Exploration & Production Contract with Perupetro	Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years)	Phase 2 (18 months): 300 km of 2D seismic @ $9,000,000 and one (1) exploration well – $15,000,000 Force majeure since January 5, 2012 until Environmental Management Plan is approved	Phase 3 (18 months): One (1) exploration well $15,000,000 Phase 4 (18 months): One (1) exploration well $15,000,000 Phase 5 (18 months): One (1) exploration well $15,000,000
Topoyaco, Upper Magdalena Valley	64,357.0	32,178.5	**ANH** – Exploration & Production Contract	Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field	Phase 4 & 5 UNIFIED: (24 months): two (2) exploratory wells (US$15,000,000) Phase expires: Sept-2-2012	Phase 6 (12 months): One (1) exploratory well (US$8,800,000)

Notes:
(1) On November 16, 2011, Pacific Stratus Colombia Corp. entered into a conditional assignment agreement with a subsidiary of PetroMagdalena Energy Corp. ("**PetroMagdalena**") whereby the Company agreed to transfer its interest in the Arrendajo block for U.S.$10 million upon approval of the ANH. Under the terms of the transaction, PetroMagdalena agreed to assume a full carry obligation of Pacific Stratus under the Arrendajo contract until the assignment is approved.

Item 6.3 Forward Contracts

The Company has in place a hedging program to cover the risk associated with oil price fluctuations during 2011. The Company regularly enters into risk management contracts to hedge oil price risk. Most of the hedge structure is in the form of what is customarily referred to as a "zero cost collar" or similar strategies that consist of a put option and a call option, establishing a price band for the West Texas Intermediate Light Sweet Crude Oil price, with floor and ceiling prices for an agreed volume. If prices fall below the floor price, the company is compensated in volume and price for the fall in income. The opposite is true when prices rise above the ceiling price.

The Company had the following oil price risk management contracts as at December 31, 2011:

Instrument	Term	Volume (bbl)	Floor/ceiling or strike price ($/bbl)	Benchmark		Fair value
Call option	February 2012 to December 2012	8,790,000	109.50 -120	WTI	$	(29,353)
Sold put	August 2012 - December 2012	5,350,000	61.5 - 64	WTI	$	(8,732)
Zero cost collars	January 2012 to December 2012	10,051,404	70-80 / 115 - 121	WTI		(1,798)
	Total				**$**	**(39,883)**
	Short-term				$	(39,883)
	Total				**$**	**(39,883)**

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

The following table summarizes the abandonment and reclamation costs (net of salvage) applied to the reserves disclosed in Item 2.1 – Reserves Data (Forecast Prices and Costs):

Onshore Colombia	Forecast Case	
	Proved	Proved + Probable
Year	$MM	$MM
2012	0.15	0.15
2013	0.25	0.25
2014	0.84	6.86
All Years	31.45	97.72
Discount @ 10%	12.69	31.15

The following table summarizes the gross and net wells for which the Company expects to incur the abandonment and reclamation costs as shown in the table above:

Onshore Colombia	Forecast Case	
Property	Gross Wells	Net Wells
La Creciente	0.00	0.00
Guaduas	9.00	8.15
Abanico Main	23.00	5.70

Abanico Norte	7.00	4.50
Quifa Norte	344.00	206.40
Quifa SW	85.00	51.70
Sabanero(1)	118.00	59.00
CPO 6	356.00	178.00
Puli	0.00	0.00
Guama	4.00	4.00
Buganviles	5.00	1.00
Rubiales	6.00	4.80
Total	957.00	523.25

Notes:

(1) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

Item 6.5 Tax Horizon

Through each of its business units, the Company has accrued $513.3 million in Income Taxes during the taxable year 2011 as follows:

Rubiales Holdings Corp.	$497.6 million
Pacific Stratus Energy Colombia Corp.	$ 15.2 million
Other taxable entities	$ 0.5 million
Total	**$513.3 million**

The Company expects to pay income tax in the coming years at the statutory rate of 33%.

Income tax expense increased significantly during 2011, which is in line with the increased revenues and operating income.

The Colombian Congress passed the Law 1430 December 29, 2010 establishing the continuation of the "Net Equity" tax and imposing a 25% surcharge to the current rate increasing it from 4.8% to 6% to fund the recovery of the areas in the country affected by the floodings during 2010. This particular tax was computed based on the Net Taxable Equity tax payers had as of December 31, 2010.

Item 6.6 Costs Incurred

The following table (Item 6.6.1) outlines the costs incurred to the Company for acquisitions of proved and unproved properties, exploration and development for the fiscal year ending December 31, 2011:

Onshore Colombia				
	Property Acquisition Costs		Exploration Cost	Development Cost
	Proved	Unproved		
Block	($million)	($million)	($million)	($million)
Abanico			4.28	4.19
Arauca			33.77	
Arrendajo			1.48	

Buganviles			2.82	0.32
Cordillera 24			0.33	
CPE-1			3.26	
CPE-6			19.44	
CPO1 (1)			0.14	
CPO12			3.55	
CPO14			0.45	
CR1			1.99	
Dindal-Rio Seco			14.55	0.62
Guama			8.76	
La Creciente			18.90	17.36
Llanos 55			0.36	
Llanos 7			0.38	
Quifa			36.13	262.83
Rubiales Piriri			6.71	396.32
SSJN-3			2.47	
SSJN-7			3.56	
Tacacho			1.12	
Terecay			0.45	
Topoyaco			13.73	
Other exploration projects			1.13	83.84
Acquisition of interest in Maurel & Prom Colombia B.V.			63.40	
Maurel & Prom Colombia B.V. properties (Muisca, Sabanero, Cor 15, CPO17, SSJN9)			74.36	
Peru			11.99	
Guatemala			1.01	
Total			**330.52**	**765.48**

Item 6.7 Exploration and Development Activities

The following table (Item 6.7.1) outlines the number of gross and net wells contributed to oil, gas, service and dry holes drilled in the fiscal year ending December 31, 2011:

Onshore Colombia												
	Exploration Wells						**Development Wells**					
Block	**Oil Wells**		**Gas Wells**		**Dry Holes**		**Oil Wells**		**Gas Wells**		**Dry Holes**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Abanico					1.0	1.0	2.0 (3)	0.50				
Arauca	1.0	1.0			1.0	1.0						
Arrendajo												
Buganviles												
Caguan												
Caguan-5												
Caguan-6												
Cerrito												
Chipalo												
Cicuco												

Cord-15[(1)]												
Cord-24												
CPE-1												
CPE-6 E&P	4.0	2.0										
CPE-6 TEA[(1)]	2.0	1.0										
CPO-1												
CPO-12												
CPO-14												
CPO-17[(2)]												
CR-1												
Dindal – Rio Seco					1.0	1.0						
Guama			1.0	1.0								
Guasimo												
Guatemala – A-7-98												
La Creciente			1.0	1.0								
Las Quinchas												
Moriche												
Muisca[(2)]					1.0	0.5						
Peru – 135												
Peru – 137												
Peru – 138												
Puli-B												
Putumayo-9												
Quifa North	11.0	6.6			1.0	0.6						
Quifa North[(1)]	4.0	2.4			1.0	0.6						
Quifa SW	19.0	11.4			1.0	0.6	49.0	13.9				
Rubiales	11.0	4.4			1.0	0.4	109.0	43.4				
Sabanero[(2)]	2.0	1.0										
Sabanero[(1)(2)]	4.0	2.0										
SSJN-3												
SSJN-9[(2)]												
Tacacho												
Terecay												
Terecay												
Topoyaco					1.0	0.5						
Total	**58.0**	**31.8**	**2.0**	**2.0**	**9.0**	**6.2**	**160**	**57.8**				

Notes:

(1) Stratigraphic well.

(2) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

(3) Includes an injector well.

The Company's most important current and likely exploration and development activities are as follows:

(1) The increase in gross operated production of the Company during 2011 was a significant achievement, averaging 218,450 boe/d (86,497 boe/d net after royalties) for an increase of 74,144 boe/d (29,523 boe/d net after royalties), or 52% greater than the production in 2010. This growth in operated production is

mostly the result of the drilling of wells and increase in production capacity at the Rubiales and Quifa heavy oil fields, in tandem with the construction of new facilities at both fields to process crude oil. For more details please see "Discussion of Fourth quarter and Annual Results – Production" on page 17 of the Company's Management Discussion & Analysis dated March 14, 2012 for the year ended December 31, 2011. During 2011, the Company drilled 121 producing wells at the Rubiales field and 62 producing wells at the Quifa field. This, together with the upgrades of the Central Processing Facilities at Quifa and Rubiales, allowed the company to increase the gross production capacity to 235,000 boe/d, which will be fully realized as the expansion of OCENSA pipeline is completed.

(2) In the northern part of the Quifa block, the exploratory campaign of a total of 20 wells confirmed the prospectivity for this part of the block, where the Company has estimated 290 MMbbl of resources and 165.02 MMbbl of 2P reserves.

(3) In the northern part of the Quifa block, the exploratory campaign of a total of 17 wells confirmed the prospectivity for this part of the block, where the Company has estimated 290 MMbbl of resources and 165.02 MMbbl of 2P reserves.

(4) In the CPE-6 E&P block, four stratigraphic wells were drilled, and the results confirmed reserves certification of 115.3 MMbbl of 2P reserves.

(5) In the Sabanero block, Maurel & Prom Colombia B.V., operator of the block, drilled a total of 9 wells, including stratigraphic and appraisal wells. Based on the well results, the Company certified 31.5 MMbbl of 2P reserves.

(6) In Guama block, exploration well COTORRA-1X was spudded on December, 2011, and by December 31, 2011, the well was in progress at 3,694 feet. The well is located on the flank of an incipient diapiric structure with help of seismic attribute analysis, in the same region where well PEDERNALITO-1X discovered gas condensate in 2010. The COTORRA-1X well reached TD at 210 feet in January 2012, resulting in a second discovery of gas condensate. Also, a pilot hydraulic work was carried out between September, 2011 to October, 2011 on one of five short-tested intervals on the PEDERNALITO-1X well. The results were satisfactory as PI was tripled. The well was left ready for extended test.

(7) In the Dindal block, the well CAPIRA-1X was spudded on April 16, 2011, reaching TD at 9,887 feet MD in the Cordoba Formation on July 5, 2011. The well was drilled as an exploration well south of the ES-6ST2. The well was swab tested in the Cimarrona Formation and, after additional geological studies was plugged and abandoned.

(8) In the La Creciente block, the delineation of the Apamate-2 well was initiated with drilling on December 1, 2011 and by December 31, 2011 the well was in progress at 8,263 feet. The target of the well was gas sands in the Cienaga de Oro

Formation in an interpreted stratigraphic trap where gas associated seismic anomalies had been interpreted. The well reached TD at 12,012 feet in January 2011.

(9) In the Topoyaco block, the Yaraquí-1X exploratory well found traces of heavy oil in the Neme sands of the basal Rumiyaco formation and fresh water in the Villeta sands; thus, it was considered a dry hole. The well targeted a sub-thrust structure underlying previously tested thrust anticlines that also resulted in heavy oil and fresh water. The well reached TD at 10,651 feet in November 2011.

(10) In Peru, the Company finished the acquisition of 559 km of 2D seismic data in Lot 138, in the Ucayali Basin, as part of the exploration commitment with Perupetro. The data was processed and interpreted, resulting in the identification of six exploratory prospects in Paleozoic and Cretaceous sections.

(11) In 2011, the Company executed following contractual commitments with the ANH: (i) drilled four (4) exploratory wells, (ii) drilled two (2) stratigraphic wells, (iii) started the acquisition of 300 km2 of 3D seismic; and (iv) acquired 1,011 km of 2D seismic.

Item 6.8 Production Estimates

Gross production (forecast case) of the Company from December 31, 2011 to December 31, 2012:

Onshore Colombia	Light & Medium Oil		Heavy Oil		A & NA Gas	
	Proved	Probable	Proved	Probable	Proved	Probable
Property	Mbbl	Mbbl	Mbbl	Mbbl	Bcf	Bcf
La Creciente	0.0	0.0	0.0	0.0	22.2	0.0
Guaduas	0.0	0.0	231.0	17.3	0.8	0.0
Sabanero(1)	0.0	0.0	846.0	116.0	0.0	0.0
Abanico Main	225.8	17.5	0.0	0.0	0.0	0.0
Cerrito	0.0	0.0	0.0	0.0	0.2	0.0
Quifa Norte	0.0	0.0	2,326.0	871.1	0.0	0.0
Quifa SW	0.0	0.0	9,942.1	171.0	0.0	0.0
CPE 6	0.0	0.0	0.0	52.3	0.0	0.0
Puli	2.7	0.0	0.0	0.0	0.0	0.0
Guama	0.0	0.0	0.0	0.0	0.2	0.0
Buganviles	0.0	0.0	6.5	0.0	0.0	0.0
Rubiales	0.0	0.0	32,330.9	0.0	0.0	0.0
Total	228.5	17.5	45,682.5	1,227.7	23.6	0.0

Notes:

(1) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

Item 6.9 Production History

The following table outlines the daily average production from January 1, 2011 to December 31, 2011 from the Company's producing fields.

Onshore Colombia	Light & Medium Oil Rates				Heavy Oil Rates				A & NA Gas Rates			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Property	Mbbl/d	Mbbl/d	Mbbl/d	Mbbl/d	Mbbl/d	Mbbl/d	Mbbl/d	Mbbl/d	MMcf/d	MMcf/d	MMcf/d	MMcf/d
La Creciente	0.03	0.03	0.03	0.02					59.15	59.39	61.72	47.65
Guaduas					0.61	0.64	0.60	0.57	0.55	0.67	0.78	0.70
Rio Ceibas	0.49	0.48	0.46	0.47								
Abanico	0.64	0.55	0.47	0.43					0.25	0.72	1.05	0.75
Sabanero (1)								0.04				
Quifa SW					20.10	21.49	21.98	21.05				
Quifa N							0.02	0.06				
Rubiales					60.94	69.96	68.96	74.90				
Total	1.16	1.06	0.96	0.92	81.65	92.09	91.56	96.62	59.95	60.78	63.55	49.1

Notes:
(1) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block. Production is from December 17, 2011 to December 31, 2011.

The following table (Item 6.9.1b) outlines as an average per unit volume (for example, $/bbl or $/Mcf), the Company's prices received, royalties paid, production costs, and resulting netback:

	2011 Heavy Oil Unit Values							
	Q1				Q2			
Onshore Colombia	Price Received	Royalties Paid	Opex[2]	Net Back	Price Received	Royalties Paid	Opex[2]	Net Back
Property	$/bbl	Mbbl[3]	$/bbl	$/bbl	$/bbl	Mbbl[3]	$/bbl	$/bbl
Quifa SW	84.86	147.34	17.93	66.93	101.94	162.79	16.93	85.01
Rubiales	84.86	1096.84	35.80	49.06	101.94	1273.18	46.71	55.23

	2011 Heavy Oil Unit Values							
	Q3				Q4			
Onshore Colombia	Price Received	Royalties Paid	Opex[2]	Net Back	Price Received	Royalties Paid	Opex[2]	Net Back
Property	$/bbl	Mbbl[3]	$/bbl	$/bbl	$/bbl	Mbbl[3]	$/bbl	$/bbl
Quifa SW	94.10	161.36	28.28	65.82	105.35	166.62	21.13	84.22
Rubiales	94.10	1268.82	39.94	54.16	105.35	1361.88	36.15	69.20

	2011 Natural Gas Unit Values							
	Q1				Q2			
Onshore Colombia	Price Received	Royalties Paid	Opex[2]	Net Back	Price Received	Royalties Paid	Opex[2]	Net Back
Property	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf
La Creciente	5.33	0.25	0.53	4.55	5.75	0.26	0.56	4.94

	2011 Natural Gas Unit Values							
	Q3				Q4			
Onshore Colombia	Price Received	Royalties Paid	Opex[2]	Net Back	Price Received	Royalties Paid	Opex[2]	Net Back
Property	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf	$/Mcf
La Creciente	7.24	0.28	0.20	6.76	6.28	0.21	1.15	4.92

Notes:
(1) Condensate for La Creciente included in estimates above (1 boe = 5.7 Mcf).
(2) Pipeline tariff is not included in the operating costs.
(3) In case of royalties for oil, it is paid in kind and the amount is estimated in cash.

These tables are also presented using a conversion factor of 1 boe to 6.0 Mcf as given below. In the case of La Creciente, condensate totals are sufficiently low that there is no significant difference between using 1 boe to 5.7 Mcf and using 1 boe to 6.0 Mcf.

The following table (Item 6.9.1) outlines for each important field, and in total, the Company's production volumes for the most recent financial year ending December 31, 2011, for each product type:

Onshore Colombia	L&M oil		Heavy Oil		A & NA Gas		A & NA Gas BOE @ 5.7:1		A & NA Gas BOE @ 6:1	
Property	Gross Mbbl	Net Mbbl	Gross Mbbl	Net Mbbl	Gross Bcf	Net Bcf	Gross MBOE	Net MBOE	Gross MBOE	Net MBOE
La Creciente	11.16	10.27			22.40	20.50	3929.82	3,596.49	3,733.33	3,416.67
Guaduas			244.22	178.80	1.43	0.20	250.00	34.56	237.50	32.83
Rio Ceibas	648.60	141.80			1.68	0.01	294.04	1.58	279.33	1.50
Abanico Main	522.12	124.01			0.39	0.04	67.72	6.39	64.33	6.07
Abanico North	170.69	56.85			0.24	0.03	41.40	5.75	39.33	5.47
Sabanero[(1)]			12.65	5.69			-	-	-	-
Quifa SW			7,984.52	6,450.14			-	-	-	-
Quifa North			8.06	7.78			-	-	-	-
Rubiales			25,295.43	20,002.90			-	-	-	-
Total	**1,352.58**	**332.92**	**33,544.88**	**26,645.31**	**26.12**	**20.78**	**4,582.98**	**3,644.77**	**4,353.83**	**3,462.53**

Notes:
(1) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.