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Message from Federico Restrepo Solano  
Administration and Corporate Affairs Vice-president PRE



**Federico Restrepo Solano**  
Administration and Corporate Affairs Vice-president PRE

## Message from Jorge Alfredo Rodríguez Corporate Social Responsibility Manager PRE

Pacific Rubiales Energy believes firmly in its main purpose: the construction of a business that will last and be sustainable. So, the commitments we have made with all of you – investors, partners, the PRE team, the community in general, suppliers, Government agencies and NGOs. We have demonstrated this in the application of our corporate values and through socially- responsible actions.

The consolidation of a clear CSR policy that matches the thoughts and actions of the company and our awareness of the social work we must do to strengthen growth and welfare among our community and surroundings are constant elements in the Company's mind. We know that the generation of mutual trust and benefit over the long term is the best seed we can sow.

So, between all of us, we daily progress towards the objective of including best practices in our value-chain for sustainable development and the consolidation of Pacific Rubiales Energy over time. We act in harmony with our strategic intentions, working to high standards of competitiveness; and today our project is that we will be one of the most important extractive businesses in Latin America.

This document is our Social and Environmental Action Report whose basic principles are respect for the rights of our workers, institutions, the law, and the environment as an asset of mankind.

I take this opportunity to draw attention to the high level of performance, commitment and effort that each of you has shown, and to thank you for it. And I want to recognize your valuable support in ensuring that our processes and actions will reflect the thoughts and acts of this Company and its philosophy: it has enabled us to be an example to the country.



**Jorge Alfredo Rodríguez**  
Corporate Social Responsibility Manager PRE

# OUR VALUES



## Integrity

We are consistent in our thoughts, actions, decisions and attitudes, which are developed on the principles of rectitude, honesty, transparency and truthfulness and for the welfare of the countries where we operate. We recognize life and the environment as our most valuable resources and we protect them.



## Innovation

We seek new ways of creating value. We are flexible and open to experimenting on different ways of doing things, of seeing new opportunities to improve our processes. We are alert to opportunities and challenges to develop our economic, social and environmental surroundings.



## Diversity and Inclusion

Our team reflects inclusion. We value all kinds of ideas, talents and experience. We respect and value the races, sexes, religions and cultures with which we work.



## Excellence

We offer the best that each of us can give to achieve our own objectives and the objectives of the organization and of its stockholders. We are an agile company; we construct relationships of trust and mutual benefit with the government, suppliers, partners and the communities where we work.



## Leadership

We have great dreams and our actions follow them. We support the integral development of our people and we understand that the success of others is our own success. We inspire authenticity and transformation with our efforts. We generously transmit our knowledge, aware of the progress that this generates in people and in the company.



# ¿WHO WE ARE?

Pacific Rubiales Energy is a Canadian oil and gas exploration and production company with operations in Colombia and Peru.

The Company was created in 2008 with the merger of Pacific Stratus Energy and Petro Rubiales Energy. The objective was to make us the leading independent oil and gas company in Latin America.

Our strategic objectives are based on the idea of constructing a competitive, viable and profitable business.

We are encouraged by our ability to adapt to changing circumstances, which has been decisive in the direction and pace of growth of the Company.

In constructing this project we took on the challenge of “dreaming big” and making a reality of our commitments to our stakeholders: government, communities, employees, shareholders and partners.



2004

Pacific Stratus Energy sets up in Colombia.

Petro Rubiales acquired Rubiales Holding and Meta Petroleum (Operator of Rubiales field).

2007

2008

Pacific Stratus Energy and Petro Rubiales merged to create Pacific Rubiales Energy – PRE.

## OUR SUCCESS FACTORS

- Our focus on the conversion of resources into wealth has made us the most dynamic E&P company in Colombia, with greater growth in operator production than any other company in Colombia.
- In 2008, we increased production by 36,571 BOED. This growth in production was achieved by acquisitions (8,673 BOED) and development of assets (27, 898 BOED).
- We have human capital of 802 individuals (at August 31, 2009), forming a highly competent and experienced team in both management and technical areas.
- We are stockholders in the pipeline Oleoducto de los Llanos (ODL), with 35%, and work with Ecopetrol for the construction and operation of this 235 km line which will transport crude from Rubiales to the Monterrey station in Casanare.
- We have the second largest exploration portfolio in Colombia, and the 10th position in the Peru, with a total of 34 blocks.
- By the end of 2009, we expect to have achieved net production of 100,000 barrels bopd in Rubiales, and 10,000 bopd in the other fields. We also expect to produce 60 MM BTU/D of natural gas.

Pacific Rubiales Energy operates as an integrated company with oil and gas production assets and major potential in exploration.

2009

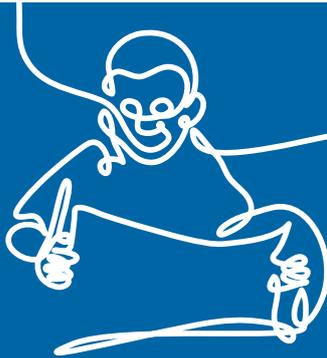
The new company brings together high-synergy assets, unique talents in exploration, production and technology to underpin results and solutions already achieved in the sophisticated oil and gas industry.

Kappa Energy Holdings acquired PRE thus increased its assets in the sub-Andean region countries from 21 to 34.

# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT



The corporate social responsibility policy (CSR) of Pacific Rubiales Energy (PRE) is based on corporate values. It recognizes our employees and their families as the essential basis for the consolidation of sustainability in the business, and encourages the strengthening of institutions, as a means of implementing sustainable high-social-impact projects, with an emphasis on education.



In Pacific Rubiales Energy, corporate social responsibility is expressed with the integration into our operations of a profound sense of respect for our employees, communities, institutions and the environment.

We seek to do what we do sustainably and harmoniously, we respect and observe the law, and we work strategically to strengthen our value chain.

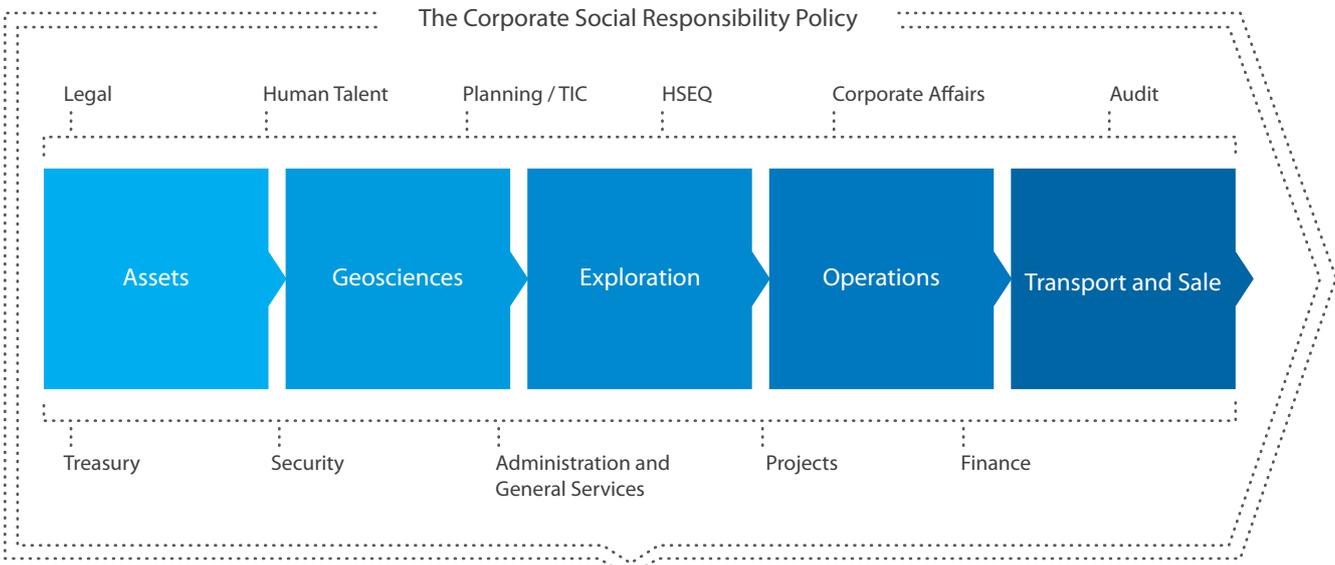
**Principles:**

1. To recognize the individual as the cornerstone of the family and the community.
2. To observe current legislation, respecting cultures and their traditions.
3. To play an active part as a member of the community.
4. To make strategic alliances.
5. Not to take the place of the state.
6. To recognize environment as mankind fundamental right.

**ACTORS**



**VALUE CHAIN**



SUSTAINABLE / SOCIALLY RESPONSIBLE BUSINESS  
 \* Conceptual structure, prepared by PRE/CSR

# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## VOLUNTARY SOCIAL INVESTMENT PROJECTS PACIFIC RUBIALES FOUNDATION

Our conviction, to have dreams of  
greatness...  
Our purpose, to make them a  
reality



PRE uses the Foundation as a means of contributing to sustainable human development, through the implementation of programs and projects of a social, economic or cultural nature, with priority to regions where PRE is present. The Foundation encourages the establishment of strategic alliances with governmental and non-governmental organisations.



The Pacific Rubiales Foundation is a non-profit organization which implements all PRE CSR voluntary investment projects according to its CSR Policy.





## RUBIALES FIELD SCHOLARSHIP PROGRAM FOR HIGHER EDUCATION

The local population has limited access to higher education; in 2005 PRE started to play a part in the generation of opportunities and improvement of the quality of life for the community and implemented its university scholarship award program.

Twelve young people from the municipality of Puerto Gaitan, distinguished by their strong academic performance and results in the state secondary school test (ICFES) have benefited from the program. Each year, the Foundation awards scholarships to three new students, depending on their academic placement in that examination.

The top candidate may have a scholarship to pay semester fees of COP 3.0 million, and the second and third obtain an award of COP 1.5 million per semester each.

The award winner must report good academic performance and an average of not lower than 3.5 in order to maintain the scholarship. He may not fail any subject, and must maintain family connections with the municipality of Puerto Gaitan if he is to continue with the program.

The investment so far has been COP 39,104,666. It has contributed to the professionalization of young people from the municipality, and sown the

seeds of progress and development in the region.

The foundation brought its scholarship program to other areas of influence, that is the case of the municipality of San Pedro at the Sucre region in Colombia. In 2008 the Foundation rewarded the three best students with a scholarship of 80% of the matriculation fees for professional courses of study; this represented an investment of approximately COP13 million.

These students are currently enrolled in programs for Electronic Engineering, Industrial Engineering and Medicine.

Puerto Gaitán award winners list

Student	Scholarship Value	Starting Date	Degree
Adriana Arenas	\$ 3.000.000	2.005	Medicine
Jorge Andrés García	\$ 1.500.000	2.005	Systems & Information Tech Administration
Yamile Vallejo	\$ 1.500.000	2.005	Environmental Resources Administration
Cristian Camilo Villalobos	\$ 3.000.000	2.006	Petroleum Engineering
Marlon Cárdenas	\$ 1.500.000	2.006	Civil Engineer
Leonor Montealegre	\$ 1.500.000	2.006	Environmental Resources Administration
César Augusto Herrera	\$ 3.000.000	2.007	Mechanical Engineer
Cristian Alexis Duque	\$ 1.500.000	2.007	Systems Engineer
Edian Andrés Herrera	\$ 3.000.000	2.008	Biology
Luis Angel Gualtero	\$ 1.500.000	2.008	Public Administration
Andrea Estefanía Mejía	\$ 1.500.000	2.008	Environmental Engineer
Angel Baudilio Cortes	\$ 1.500.000	2.008	Electronic Engineering

# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## SCIENTIFIC AND TECHNICAL COOPERATION AGREEMENT

### Why Biotechnology<sup>1</sup>?

According to studies made by the Secretariat for the Convention on Biological Diversity of Rio de Janeiro, this technology offers a very powerful tool for socioeconomic development, when it is properly integrated into other technologies for food production, farm production and services, helps to satisfy the needs of a growing world population which is increasingly living in the cities.



Based on our commitment to high social impact and sustainable projects, with an emphasis on education, the Foundation arranged a scientific and technical cooperation agreement signed with the secondary school Colegio Jorge Eliecer Gaitán, the biotechnology institute of Universidad Nacional, and the Mayor of Puerto Gaitán, for active participation in the strengthening of the first biotechnology laboratory in Puerto Gaitán.

With the laboratory, students at the Jorge Eliecer Gaitán School research and implement valuable instruments for achieving sustainable development in agriculture, fishing and forestry, which are very important sectors in the municipal economy of Puerto Gaitán. For this reason, and to help

create alternatives for professional development of students, the Foundation invested some COP 48 million in 2007-8.

The agreement includes a number of projects, such as the implementation of community gardens and training in the handling of organic waste, amongst other things. The benefits of the Center will also spread to agro-industrial businesses with an important presence in the region and have all the biotechnological advances at their command to implement them in their activities.

(1) Agreement "Convention on Biological Diversity" Secretariat of the Convention, Rio de Janeiro (1992) Article 2.



## HEALTH BRIGADES FOR RURAL COMMUNITIES

Given the limited access to specialized medical services in remote rural communities, we have arranged medical and surgical campaigns to attend to communities around the Rubiales Field.

30 professionals were engaged in the first campaign, with the collaboration of the Colombian Air Force and the foundation Angelitos de Luz in the fields of general medicine,

gynaecology, dentistry, paediatrics, surgery, ultrasound scan, respiratory therapy and others.

As a result of this event, some special health cases were identified, such as facial asymmetry, convulsion syndrome, and club-foot. These cases were evaluated and monitored. We also obtained a real diagnosis for future health brigade actions in these communities.



### Services provided

- 284 Consultations
- 40 Dental surgeries
- 2 Gynaecological surgeries
- 8 General surgeries
- 100 Individuals vaccinated
- 7 Ultrasound scans
- 180 Hairdressing services

### Donaciones

- 50 Pieces of clothing
- 20 Packs of household supplies for families
- 250 Kg of rice
- 259 School utensils kits



# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## THE NEW SCHOOL AT RUBIALES



The number of pupils enrolled increased significantly. In 2006, there were 35 pupils; in 2007 enrolments increased to 57, and again in 2008, to 69.



The infrastructure project for the Rubiales School, in the rural district of that name, 170 kilometers from the town of Puerto Gaitán was an initiative to improve the conditions of the school-age population around the Rubiales Field.

The project began in 2006 with an investment of COP 686 million from our Foundation, contributions from the Company's contractors, and the donation of 4 ha of land. In April 2007, the first phase of the Rubiales School was handed over with two classrooms, sleeping accommodation for 60 children, kitchen, cafeteria, toilets and rooms for two teachers.

In 2009, the intention is to deliver the final phase of the project, which includes a larger cafeteria facility, a second module for accommodation, five classrooms, a systems room and a play-room. This is also includes a library and an auditorium for cultural and academic activities of the School.

The estimated investment cost of the new works is COP 1,022 million. Arrangements are currently being made to for an agreement between the Governor of the Department of Meta, the Mayor of Puerto Gaitán and the Foundation, to define commitments which will guarantee the sustainability of the school, and increase its capacity

to be able to provide education up to Grade 9, and implement an ethno-education program.

The number of pupils enrolled at the school has increased significantly. In 2006, there were 35 of them, in 2007 there were 57, and in 2008, 69. These children belong to indigenous families who live in the area around the Rubiales Field.

### Teaching method

#### Multigrade teachers:

The teacher accompanies the learning process in various grades at the same time. He acts as a facilitator of individual and group working strategies.

He integrates the previous knowledge of the pupils with teaching guides, which let the pupil move forward at his own pace.

This model encourages active, participatory and cooperative learning, allowing pupils to progress from one grade to the next through flexible promotion.

It offers continuity in the education process in the event of temporary absence from school.



## FOOD SECURITY

The voluntary investment of PRE, through its Foundation, can be seen in the indigenous reservations Vencedor Piriri, El Tigre and Unuma-Meta, and they are designed to develop integral community farming projects in these communities, to improve the quality of life and generate food security, without damaging any of their customs or traditions; indeed, they help the conservation of their current lifestyles.

Specialist technicians provide instructions to the community to make efficient use of natural resources using principles of sustainable production and conservation of the environment.

During 2007, the Foundation invested COP117.4 million in 2007, and COP 247,960, 449 in 2008, giving continuity to each of the productive projects in the following beneficiary communities:

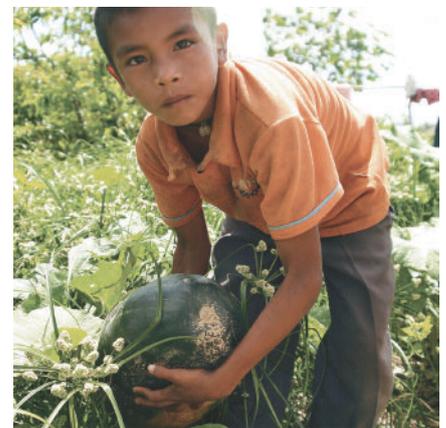
- Lindatán, Chaparral, Morichalito, Araguatos and El Bambu, in the Vencedor Piriri reservation.
- San Juanito, Tairona, Weweriane, El Retiro and San Luis, in the El Tigre reservation.
- Morelia, La Villa, Tosokobo and San Vicente, in the Unuma reservation.

During the short time of the execution the commitment of leaders has been secured in each community for the maintenance and appropriate use of

contributions made, and the expansion of the project to new communities in each reservation, where projects seek to create awareness of the need to look for alternative forms of agricultural production and promote a long-term economic and social view.

At present, these communities are generating sustainable production of sweet yucca, batata, yams, water-melons and pineapple; and are rearing lesser breeds, such as camuros and pigs. Some communities such as that of Chaparral, in the Vencedor Piriri reservation, have started activities in the sale of corn-meal and cassava.

Part of our duty is to guarantee the sustainability of initiatives and secure the multiplication of results achieved so far. Therefore, we are working on alliances with the national training service SENA, Universidad de los Llanos, and other private sector interests who have business in the municipality of Puerto Gaitan. This generates additional impact, to the extent that when State agencies come to form part of the project, we contribute to the strengthening of government and institutional presence in the Indian indigenous reservations.



Part of our duty is to guarantee the sustainability of initiatives and secure the multiplication of results achieved so far.



# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## ADVISORY SERVICES IN THE IMPROVEMENT OF CRAFT TECHNIQUES

We provide support for this group to be self-sufficient in creating their own new articles, increase production and sales of their craft products.



We believe that the preservation of their indigenous traditions and customs is an essential part of collective memory and cultural identity, and we have developed a project to recover craft knowledge handed down from generation to generation in the Sikvani community.

The project in design consultancy for the technical improvement of basketwork and weaving in Cumare, Moriche and Juajua helps to organize the Mawi Majürana Craft Group among the craftsmen of the Unuma, El Tigre and Vencedor Piriri reservations.

The initiative is designed to develop a self-sufficient group to create new pieces and increase production and sales of their work. This will create economic welfare and employment for the craft-workers and foster their culture and traditions.

During 2006 there was a stage of strengthening of knowledge of crafts which was reinforced in 2007 with cycles of group instruction to develop a new line of products. Mawi Majürana took part in the indigenous pavilion of



the most important annual crafts fair in Bogotá; their efforts were rewarded by the sale of 80% of the work they exhibited. They took part again in 2008

With an investment of COP \$34,157,181 in 2007 and COP \$38,873,464 in 2008, the Foundation has contributed to the conservation of the craft tradition.



## LA CRECIENTE FIELD

It is always been part of our interest to be able to contribute to the quality of life within the communities to which we are related, and we have made capital investment of COP800 million in projects which generate a positive impact on the area of influence of La Creciente Field. The following are the most important:

### PEPE MENDOZA LIBRARY

During the first half of 2008, PRE remodelled and adapted the Pepe Mendoza municipal library in San Pedro, Sucre, in the area of influence of the Creciente gas deposit. There were negotiations, and agreements were reached with local authorities and community, and the Company made an investment of COP370 million, to improve the building itself, and to install computers with Internet connections, furnishings, the provision of some 1000 books and the construction of a log cabin where a number of cultural activities of various kinds now take place.

The Pepe Mendoza library is now visited by an average of 50 people a day, and has become the main institution of its kind in the area.

### THE SUPPORT FOR THE ROYALTY INVESTMENT MONITORING COMMITTEE, DEPARTMENT OF SUCRE (CSIR)

The royalty investment for monitoring committee is a body proposed by the Office of the Comptroller General, in which representatives of public and private organisations seek to promote civic participation in controlling the investment of royalty funds, and to secure transparency and efficiency in investment.

During 2008, we led the process of formation of the CSIR Sucre, and succeeded in engaging the Departmental Governor and four other oil sector companies operating locally. With this activity in institutional strengthening, and contributions from the Company of COP 40 million, the members of the Committee received training on the regulations for investment royalties, the rules of the public and private sector and the tools for monitoring and evaluating plans, programmes and projects executed with these funds.

# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## CONSTRUCTION OF A SCHOOLROOM

The project was presented by the community itself, as being a need to improve the quality of life of school children in the area of Bajo de la Alegria - San Pedro. It has benefited more than 250 of them, a cost of approximately COP \$40 million.

## RECONDITIONING OF THE FOOTBALL FIELD

Sport and recreation are basic to the healthy development of children and the young, and for integration in the community. We invested COP \$20 million in remodelling the football field, benefiting more than 600 people including children, the young and adults in the Sábanas de Beltrán district of Los Palmitos.

## REPAIRS TO THE CHURCH

The only place where people can meet for Recreation in San Mateo – San Pedro district, is the central church that is why we donated COP \$45 million in repairing it, benefiting 300 people.

## REMODELLING OF THE PARK

The park of Granada district of Sincé is the only space which the community has to encourage sport and recreation. We made an investment of COP \$50 million and benefited some 500 people.

## CONDITIONING OF THE COMMUNITY WELL

We donated COP \$41 million to recondition the community well in the rural district of La Graciela-Los Palmitos. The decision was made in the light of the great importance of the well to the local community: during the dry season it supplies water to over 250 people and has other functions such as fish breeding.



### CONSTRUCTION OF A COMMUNITY STORE

The community needed somewhere to buy food, which also serves as an alternative source of employment. The project benefits more than 20 families in the Chijetes district of San Pedro, with an investment of COP \$40 million.

### DONATION OF MEDICINES TO THE HEALTH CENTRE

A donation of COP \$50 million was made to the San Pedro health centre, the municipality and the community, in response to health problems.

### CONSTRUCTION OF THE COMMUNITY CAFETERIA FACILITY

The school in the Los Borrachos – San Pedro district has a very small and insufficient space to prepare food for the pupils. We invested COP \$40 million to build a more salubrious cafeteria facility. More than 80 children benefited.

### RECONDITIONING OF 28 WATER WELLS

Water is one of the greatest needs of the region, and the company supported three rural districts in the constructing 28 water wells to remedy a shortage, particularly in the dry season. The investment totalled COP \$42 million, and has had a very positive impact benefiting more than 700 individuals in the rural area of San Pedro.

# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## DINDAL - RIO SECO BLOCKS

The following are some of the most important projects executed to support communities in the direct area of influence of the operation:

### RURAL SCHOOLS WITH QUALITY FOR A MORE DIGNIFIED EDUCATION

The aim was to use education initiatives and projects to contribute to the social and economic development of the region, and therefore joined the project "Rural schools with quality, for a more dignified education" in Guaduas led by the Mayor.

The project calls for the provision of materials for recreation, instruction and computer equipment. We provided COP \$5 million in computer equipment for the school in the Carbonera rural district.

### REGIONAL HIGHER EDUCATION CENTRE (CERES)

As part of our ongoing commitment to education we joined the CERES project, which aims to facilitate access for local people to receive higher education. The project is led by the Mayor. It benefits students of the three municipalities of the province of Lower Magdalena-Guaduas, Caparrapí and Puerto Salgar, and the towns of Viani and Chaguari. The Foundation invested COP \$70 million in this project, in an agreement with the Town Hall.



## MORICHE BLOCK

During production operations in Moriche Block, PRE engaged in the following support activities for the community in the direct area of influence of operations, as follows:

### HALLOWEEN AND CHRISTMAS, 2008

We wished to offer the community in the rural district of Mariara a space for amusement and recreation on dates of importance to children; and we arranged the celebration of Halloween and of Christmas for the entire community the foundation invested COP \$5 million.

### DELIVERY OF CUNAGUARO LEAFLETS AND THE ENVIRONMENTAL CONTINGENCY PLAN

The Foundation worked to capitalize the efforts made in environmental activities, and held a lunch for the community of the rural district of Mariara, where it delivered instruction leaflets and a compilation of environmental talks which had been made there during the year. This opportunity was also used to present the Environmental Contingency Plan to the community

# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## ABANICO FIELD

We delivered some bicycles under a loan for use arrangement with parents of children over 7, for transport and recreation.



### PROGRAM AGAINST RURAL SCHOOL DESERTION

As part of the corporate social responsibility policy, and to attend to problem expressed by the local administration in relation to desertion from the local primary schools, PRE has since 2006 implemented a joint program against desertion.

The program has been implemented annually with actions which allow access to the tools required for the proper execution of education programs, such as the delivery of school kits to five rural schools, and improvements to physical and technological infrastructure.

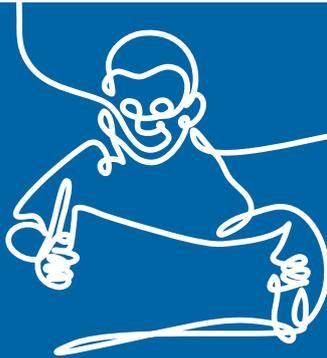
The difficulty of travelling to school was one of the reasons which influenced those who decided to desert, and this issue was approached by making an agreement with the municipality of El Espinal to make a free loan of a bicycle to the parents of children over seven, to be used as a means of transport and recreation.

In 2008 we decided to encourage artistic development among pupils in five schools, within an academic timetable provided by the local Education Office. Workshops in painting and filigree-work were arranged, and were very popular with both children and teachers.

### TRAINING PROGRAM

Education is a vital issue in our CSR activities. So, and in response to the problem of unemployment and lack of opportunity which is generalized in the region, we promoted a SENA training program with members of the community who wished to take part. In December 2008, the training for the first group of 17 members of the community was completed, and a second group was programmed for some 35 people.

We looked at the results of these training programmes as an opportunity to create new projects. Therefore, we are at the moment analysing new business cases so that we can define the company's support plans with associated groups with sustainable projects.



## PACIFIC RUBIALES FOUNDATION - CORPORATE PROJECTS



### BEIJING PARALYMPICS 2008

PRE is interested in contributing to human development through educational, social, economic and cultural projects and together with the Foundation PR, Angelitos de Luz and the Colombian Paralympic Committee, joined efforts to promote the inclusion of sportsmen with physical, metal or sensory handicaps.

This was done by sponsoring Colombia's best twelve handicapped athletes in the Beijing Paralympics 2008 in six sporting disciplines.

At The Bird's Nest Stadium used for Beijing 2008, Moises Fuentes and Elkin Serna won bronze medals in the 100m breaststroke and full marathon, respectively. PRE contributed US\$50,000 for sports equipment needed to improve sports performance and capabilities.

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# CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

## THE RIGHT TO HAPPINESS

The family welfare agency ICBF has launched the project “The Right To Happiness” as a means of sensitizing society to the right which children and adolescents had to grow up in an environment of happiness, love and comprehension, and to commit the State, society and the family in the generation of opportunities which facilitate the proper use of time, physical, mental and emotional development of those groups.

This project initiated actions to help build appropriate spaces for the happiness of children in Colombia. The family welfare agency ICBF called on all sectors of civil society to promote positive action for children and hence, guarantee their rights.

The program has directly engaged 35 private organizations. The Foundation is one of them. The program will be publicized to business, the media and the public in general, in order to position the Company and promote support for it across the country.

### RIVER PLATE YOUTH CUP 2009

In order to support the Compensar 1997 football academy, working for the construction of a better society through sporting formation of talented boys from poor families and the promotion of future high-performance sportsmen, the Foundation contributed COP18,012,000.

The donation was used to equip a Colombian team of 22 12-year-olds who took part in the 2009 River Plate Youth Cup last July.

The high-performance sports academy is a program of the Compensar family compensation agency. Its intention is that children will bring about change in the social surroundings and the community in general through the implementation of integral values through sports.

“The effort and dedication of this talented youth group was demonstrated in five victories of six matches played; additionally, they beat San Lorenzo de Almagro easily, and beat River Plate with ten of them on the field.”<sup>2</sup>

### FORUM OF EDUCATION AND CULTURE IN CSR

Aware of the great importance of CSR in business management, we were present at the Forum of Education and Culture in CSR 2009 with commercial sponsorship of COP \$2,500,000 and with speakers.

The purpose of the forum was to arouse the interest of Colombia’s business sector in the strengthening of education in their CSR policies and the Forum was attended by important executives of companies in various sectors of the economy, government, the universities and directors of institutions in the culture sector.

The event was organized by Fundación Enrique Grau-Araujo, a foundation engaged in the promotion, sponsorship and dissemination of the works of the master-painter Grau at home and abroad, and to support the acquisition, maintenance, restoration custody and dissemination of art in public and private places for the benefit of the community.

(2) Marcela Gomez, Director of the Pacific Rubiales Foundation.



## DISSEMINATION OF FUNDAMENTAL RIGHTS

As a contribution to the strengthening of the State institutions, the Foundation joined the Guaduas Ombudsman to produce a leaflet explaining fundamental rights, addressed to the public in general and particularly the young people in Guaduas, for the protection and materialization of their rights.

The Foundation worked with the Guaduas Ombudsman to produce a leaflet on fundamental rights, addressed to the public in general and to the young of Guaduas.

This leaflet provides vital information on human rights and the mechanisms of the Colombian constitution to avoid violations of those rights. As part of the mechanisms, we draw particular attention to the action from the protection of fundamental rights (tutela), the model of habeas corpus, and the right of petition. The Guaduas Ombudsman visited all the schools and each of their classrooms in the municipality, to teach students how to use these mechanisms.

## METROPOLITAN MUSICAL FOUNDATION

The Pacific Rubiales Foundation believes that it is important for the young in Colombia to develop and practice musical skills and to encourage the culture of music and to foster future

talent in the art. It has made a donation of US\$10,000 to Fundación Musical Metropolitana for the Colombian Federation of Masonic Lodges, based in Barranquilla. The donation will be used to support sponsorship for more than 200 children receiving appropriate infrastructure, equipment and instruments to cultivate the art of music.

## THE BARRANQUILLA CARNIVAL AND THE WORKSHOP FOR A CULTURAL CHRONICLE OF THE VALLENATO FESTIVAL

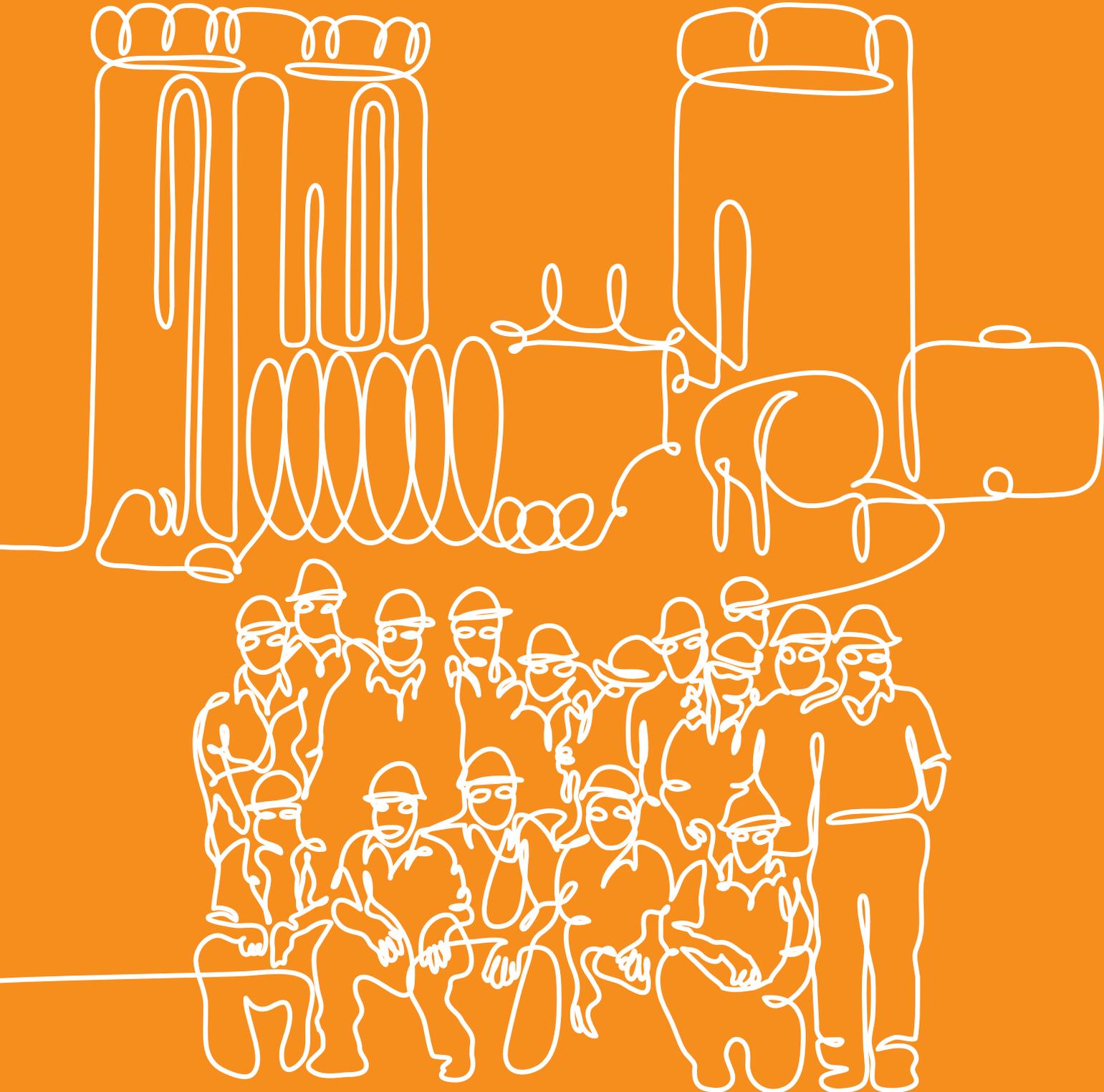
We are interested in supporting and contributing to the conservation of Colombia's cultural heritage, and the Foundation has been present with a donation of US\$30,000 for a major national event, the Barranquilla Carnival.

With the same interest, the Foundation contributed US\$15,000 to a workshop for a Cultural Chronicle of the Vallenato Festival, led by the IberoAmerican Press Foundation FNPI, held from April 28th to May 3rd 2009. Its purpose was to generate stories for the production of an anthology of public festivals in Colombia. The famous composer and Vallenato researcher Jorge Oñate, winner of the 1997 Vallenato festival took part in the workshop.

## DONATION TO THE MUSEUM OF MODERN ART IN BOGOTA (MAMBO)

Fundación Pacific Rubiales decided to contribute to the work of MAMBO, a cultural center for the exhibition of local and foreign contemporary art; it has donated five computers for use in the area of photography and design in the Museum as support for its activities and work related to publicity, design and promotional material and to record and catalog photographic material.

# HUMAN TALENT MANAGEMENT



The Corporate Policy for Human Talent is designed to define the strategic steering of employees in line with the organization's needs, managing processes through the standardisation of best practices and the innovation of successful policies which will produce a favourable working climate, and contribute to the achievement of corporate objectives.



The human talent policy has been designed to attract, encourage, retain, relocate and motivate the best working team available, increasing its productivity and satisfaction in the performance of their duties.

The corporate policy for human talent is based on corporate values of integrity, diversity, inclusion, leadership, innovation and excellence. These are the backbone of PRE organizational culture and are materialized in the attitudes and conduct of our people.

We are aware that our people are a valuable element in attaining our objectives and successes, and they are remunerated in the light of best practices for the sector. We have designed benefit programs focused on the basis of equity, competitiveness, improvement in the quality of life, benefits providing long-term value, financial security, protection and assistance for the employee and welfare benefits for the family too.

We are structuring welfare programs so that our people can achieve a healthy balance between work and personal life. With events such as the "Olympiads" and Family Day, we encourage integration among employees and participation of the family.

PRE has defined a human talent development policy which allows the employee to enhance and develop his competences, generating personal and professional growth.

The Company supports employees in the school opportunities program for employees, for those completing primary and secondary schooling, and with the formal education reimbursement policy we support professional and technical development for those who want technical and university programs and postgraduate studies.

We seek to construct a culture based on high levels of performance by our employees in key processes, with objectives to allow them to identify their achievements and points to improve, all based on compliance with the Code of Ethics which is the context of all our actions and decisions taken.

External and internal audits review the strengths and weaknesses of our systems, and we make sure that we are observing employment legislation in our administration of human talent.

Additionally, we look forward to constantly improve work conditions to benefit personal, social and labor development of our people.



# HUMAN TALENT MANAGEMENT

## GENERATION OF REGIONAL EMPLOYMENT RUBIALES FIELD

When Meta Petroleum, the present operator of the PRE project, arrived, it saw an opportunity to generate employment in the region of Puerto Gaitán. Those who today form part of company's team are not only grateful for the opportunity of employment, but also for the professional growth which they have been able to achieve within the company.

We have designed development and promotion policies, for which all employees are eligible, and which are applied in accordance with a six-monthly performance assessment, and monitoring of the achievement of objectives. Personal and professional merits are both taken into account in evaluating promotion.

In addition to the generation of employment opportunities, PRE - Meta Petroleum has made a commitment to the professional development of its employees through the implementation of personnel training plans which provide tools to improve performance and growth of the individual.

Among these plans, there is in particular the program for basic primary education, which began with a group of 12 employees, some of whom could not read or write, but now, with effort and dedication, continue with their education after the end of the working day. Nine of them have already graduated from Grade 5, and the other three are about to do so.

PRE Meta-Petroleum has also given continuity to the integral development of its employees, with its secondary completion program, addressed to those who are completing their primary school studies. In this cycle, in particular Luis Enrique Baicue and Luis Alejandro Alvarado, who are students from the first promotion of graduands and who are already taking steps to continue with higher education.

This last phase of formation is also supported by PRE Meta Petroleum through its formal education policies. Part of this policy includes the completion of an education program, and as a result, employee Edinson Aguilera is now in his second semester



of Industrial Engineering in the University UNAD; and with his excellent performance, has been promoted to Senior Operator with Luis Ferney Morales in the formal process of internal promotion.

The company also has technical programs, in particular, it has designed a seven-month program to obtain the certification of employees as Operators. At the same time, over the year, training programs in English have been conducted, and workshops have been held to improve skills in communications and the formation of high-performance teams.

## HIRED LABOUR

Puerto Gaitán is a municipality with one of the highest concentrations of indigenous communities in the country, and therefore it is quite common to find representatives of these ethnic groups on our payroll, in skilled and unskilled posts.

Among the commitments acquired by PRE-Meta Petroleum with the local population in its area of influence, there is the hiring of 100% of unskilled labour in the region, a commitment which also extends to contractor companies.

In 2008, 2,114 individuals from Puerto Gaitán were employed in Rubiales as unskilled labourers, and 23 as skilled labourers. Some of them have already been promoted to positions of greater responsibility as a result of good performance. (see chart)

### Generation of unskilled labour 2008

Company	# of people
ICC	142
CATERING	211
KENVITUR	48
ELECTRICA DE MEDELLÍN	38
SETEM PROING	71
CONSORCIO MVE	38
JM MONTAJES	149
MORENO VARGAS	102
SETEM – MPL	492
SETEM – SWACO	4
MANOS – SWACO	2
SETEM - EDOSPINA	18
SETEM GRADEX	5
GSS QUIFA / RUBIALES	635
SETEM GEOINGENIERIA	4
CONSORCIO RUBIALES	72
PETROWORKS	12
DUFLO	33
MAG LTDA	38
<b>Total</b>	<b>2114</b>

The company also has technical programs, in particular, it has designed a seven-month program to obtain the certification of employees as Operators.



In 2009 we continue with our commitment to create jobs locally. Our first PRE sustainability report, to be published next year, will give facts and figures on this point.

# HUMAN TALENT MANAGEMENT

## OUR PEOPLE, A COMPETITIVE ADVANTAGE FOR PRE

### SANDRA MILENA BERNAL GACHA

Joined in February 2003 as a secretary. Five years later, promoted to Environmental Professional. She is now responsible for checking compliance with environmental management plans and environmental responsibility policy in Rubiales Field.

### LUÍS ALEJANDRO ALVARADO ARÉVALO

Luis Alejandro has been working in Rubiales Field for seven years, where he started as a general labourer. He completed his primary studies and today he is studying Grades 8 and 9 in the secondary school Luis Antonio Perez in Puerto Gaitan. His employment performance has been enhanced by participation in Company training programs for oil production.

### HERNANDO AMAYA

A member of the Morelia indigenous community in the Unuma Alto reservation. He began to work in Rubiales Field four years ago, and for three years has been an internal control assistant.

### LUIS ANTONIO GAITÁN

Born in the Unuma reservation, he started to work in Meta Petroleum and was subsequently promoted to Environmental Brigade Member, which he has been for the last three years.

### ALFONSO CALDERÓN

Joined Meta Petroleum in June 1999. He started as a general labourer in the construction work. Then, he was a cook, and promoted to be a restaurant administrator. Subsequently, he became part of a drilling crew, and is today a Junior Operator in Rubiales Fields. He has received special recognition for his efforts and working spirit, having now completed his basic primary education and basic levels of English at the same time; and today, he is finishing his secondary studies.



## CRECIENTE FIELD

PRE's operation in La Creciente Field has helped to create employment in the municipal districts of San Pedro, Los Palmitos, Sincé, Ovejas and Buenavista, all of which are part of the project's area of influence. The drilling and production phases which took place during 2008 generated a significant demand for labour, with the result that we hired 816 people for unskilled labour. (see chart)

Skilled labour hiring in the region, 115 welders, master-builders, pipe-handlers, nurses, auxiliary nurses, technical assistance, painters, etc were taken on during the year.

### Hiring of unskilled local labour 2008

Activity	# of people
DRILLING	420
PRODUCTION	60
FLOW LINE CONSTRUCTION	300
REFORESTATION	36
<b>Total</b>	<b>816</b>

In 2009 we continue with our commitment to create jobs locally. Our first PRE sustainability report, to be published next year, will give facts and figures on this point.



# HUMAN TALENT MANAGEMENT

## DINDAL - RÍO SECO BLOCKS

The engagement of unskilled labour in Dindal-Rio Seco Blocks has been arranged through the local temporary services company, SETEG formed by the Association community of Guaduas (ASOCOVI).

This allowed the Community Action Boards to play an active part in the choice and rotation of personnel. The Action Boards also had a share in the profits generated distributed annually and in proportion to the amount of labour supplied in each Municipality.

During 2008 there was a total of 407 unskilled labourers of whom 341 were contracted through SETEG (see chart).

They worked in the unloading area, civil works, testing, wellsite, maintenance engineering, contingency, instruments, operations, general services and as drivers, battery operators, station supervisors etc.

In the hiring of skilled labour in the region, PRE showed its commitment to the generation of employment by hiring 105 people – almost 70% of skilled labor in 2008.

### Hiring of unskilled local labour 2008

Company	# of people
SETEG	341
MANOS	62
KW SERVICIOS INTEGRADOS	4
Total	407

In 2009 we continue with our commitment to create jobs locally. Our first PRE sustainability report, to be published next year, will give facts and figures on this point.



## MORICHE BLOCK

Drilling, production and road maintenance in Moriche Block, Municipality of Orocué, Department of Casanare during 2008 created work for 151 people, five of them as skilled labor.

### Hiring of unskilled local labour 2008

Company	# of people
OCCIEQUIPOS	40
MANOS	48
PRODUCCIÓN MORICHE	39
GRVC	19
<b>Total</b>	<b>146</b>

In 2009 we continue with our commitment to create jobs locally. Our first PRE sustainability report, to be published next year, will give facts and figures on this point.

## ABANICO FIELD

Abanico Field generated 697 skilled and unskilled jobs in 2008. The jobs most in demand were for security guards, drilling and civil works.

We should mention Andres Ramirez, born in the rural district of Santa Ana: he joined us in 2003. He is now an Operator.

# HSEQ MANAGEMENT

(HEALTH, SAFETY, ENVIRONMENT AND QUALITY)



We recognize life and the environment as our most valuable resources.



### Integral HSEQ Policy

We will use best industry practices for the production of oil, gas and for other activities. Our priority is personal safety, the protection of the environment and the mitigation of risks and impacts associated with our actions.

In line with our corporate values, we strengthen commitments to our employees, partners and contractors, encouraging excellent relations with individuals and entities associated with the business, and strict compliance with regulations and standards.

In 2008, the strategy for handling environmental risk and industrial safety was mainly concentrated on the following:

- The integrated structure and management of industrial safety policies, occupational health, environment and quality, with a certified system under ISO 9001, ISO 14001, and OHSAS 18001.
- The management and conservation of the environmental programmes which strengthen the commitment of contractors and employees, and the optimisation of compliance with the law.
- The consolidation and expansion of industrial safety programmes to all our operations.



# HSEQ MANAGEMENT

## (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

### INTEGRATED MANAGEMENT SYSTEM AND CERTIFICATIONS

We understand the HSEQ integrated management system as a means of obtaining maximum value, through continuous improvement, definition of standards from the organisation and the allocation of human, material and financial resources, required to comply with the integral HSEQ policy.

Throughout our history, our subsidiaries have earned important certifications for their quality and environmental management systems:

PRE-Meta Petroleum: Quality Management System ISO 9001, and it is currently implementing ISO 14001 and OSHAS 18001.

PRE-KAPPA Resources: a environmental management system ISO 14001, and it is currently implementing ISO 9001 and OSHAS 18001.

PRE-Pacific Stratus Energy: started implementation of ISO 9001, ISO14001 and OHSAS18001 standards.

As a corporation, we are implementing an integrated HSEQ management system to meet world standards in quality, environment, industrial safety and occupational health.

In line with the standards and norms mentioned, HSEQ management is a strategic activity with the following mechanisms.





## HAZARD, RISK AND IMPACT MANAGEMENT

We are committed to the identification, evaluation and control of risks, hazards and impacts which threaten health, safety at work and the environment. We have therefore adopted measures and practices which effectively help to prevent disease, accidents at work and environmental impact.

We have the physical means and human talent to implement investigations and responses, and to adopt corrective and preventive measures to avoid HSEQ incidents as far as possible.

In addition, our management system for hazards, risks and impacts enables us to make use of a culture, and processes and structures for the proper handling of emergencies.

## PROGRAM MANAGEMENT

We have developed programs to provide appropriate attention to the organisation's needs in all specialty areas which form the HSEQ management and control.

**Industrial safety:** Road safety, critical tasks, development competences and personal protection

**Occupational health:** Preventive medicine, industrial health and hygiene, and medicine at work

**Environment:** The rational use of resources, appropriate handling and disposal of waste, recovery of vegetation and landscaping.

**Quality:** Integral monitoring of performance indicators and actions designed to obtain continuous improvement in processes.

We have the physical means and human talent to implement investigations and responses, and to adopt corrective and preventive measures to avoid HSEQ.



## MANAGEMENT OF INSPECTIONS AND AUDIT

This program covers two aspects: internal areas, to check compliance with standards laid down, and to define actions we should take to secure improvements; and the external area, which focuses on contractors, and aims to ensure that they comply with both Colombian law and their contractual commitments to the Company.

# HSEQ MANAGEMENT

## (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

In 2007 and 2008 we made great efforts to ensure that employees and contractors reached appropriate levels of aptitude in HSEQ.



### POLICY AND STANDARDS MANAGEMENT

Through centralized treatment of corporate HSEQ standards and practices we seek to comply with all laws, regulations, rules and codes applicable.

We have therefore implemented a management system that includes the implementation of Company procedures and policies, and control of information and documentation.

### QUALITY ASSURANCE MANAGEMENT

This activity is the maintenance of the system, through the monitoring of the results of processes, action plans, corrective and preventive action, and the implementation of programs.

### MANAGEMENT ACTION

In 2007 and 2008 we made great efforts to ensure that employees and contractors reached appropriate levels of aptitude in HSEQ, such that their work was done in line with company policies, norms, procedures and expectations of conduct.





## ENVIRONMENT

During 2008, there were no incidents of environmental contamination in any of the organisation's subsidiaries. This is the result of the successful implementation of programs designed to prevent environmental emergencies.

### REPLANTING AND LANDSCAPING

#### Rubiales Field

In line with our commitment to the conservation of natural resources, we secured the support of the environmental authorities for all activities, including the programmes for compensation and investment.

During 2008, we executed replanting programs on 5.17 ha of Rubiales Field, and planted 14,170 plants. Further, we sowed 40 ha in order to conserve areas which protect bodies of water. At the same time, we implemented a pilot project to sow fruit trees in the area, in order to promote and encourage such practices in the community.

#### La Creciente Field

In the La Creciente Field, we planted 16 ha of local species. Pacific Stratus Energy and CARSUCRE agreed on the selection of a property in the jurisdiction of the latter, to implement a programme of forest compensation, in accordance with the terms of the Global Environmental Licence. The agreement was approved in the first instance by the Ministry of Environment, Housing and Regional Development. (According to the settled official communication 2400-E2-124845 of December 3rd, 2008)

# HSEQ MANAGEMENT

## (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

The remaining resources of the investment plan were used on three maintenance exercises in 2008, covering 52 reforested hectares in the properties La Montaña, El Topacio, Madrid, Bella Vista, El Recreo, San Miguel and La Poderosa, all of them belonging to the rural district of Chipautá in the municipality of Guaduas.



### Dindal - Río Seco Blocks

During 2008, we conducted the second reforestation maintenance exercise on 22 ha of Cárcava de Llanadas, authorized by Order 1264 of July 6, 2006 of the Ministry of Environment, Housing and Regional Development (MAVDT) as a part of the 1% investment fund of the Guaduas - La Dorada pipeline.

We contributed to the environmental restoration of La Charca de Guarincito, by extracting aquatic species which had invaded it. This work was performed under a co-operation agreement with the fishing community of La Charca. (Auto 1762/2006 MAVDT)

The remaining resources of the investment plan were used on three maintenance exercises in 2008, covering 52 reforested hectares in the properties La Montaña, El Topacio, Madrid, Bella Vista, El Recreo, San Miguel and La Poderosa, all of them belonging to the rural district of Chipautá in the municipality of Guaduas.

Additionally, we contributed to the reforestation of more than 70 Ha of the reserve protecting the hydro graphic basin of the San Francisco River in Guaduas, Cundinamarca.

### Moriche Block

This is joint work with the local company Agroforestal de Oriente. We executed the compensatory reforestation programme over 31 ha, located in the municipal district of Mani, the farm El Diamante, rural district of La Floresta (14 ha), La Libertad (10 ha) and Filadelfia (7 ha) in the district of Belgrado. These areas were allotted to us by CORPORINOQUIA, which is responsible for the management and protection of environmental resources in the Departments of the Orinoco basin in Colombia.

### Abanico Field

During 2008, we reforested 60.98 ha in EL Espinal, Chaparral, Carmen de Apicalá and Roncesvalles in the Department of Tolima, as part of our compensation and 1% investment programs.



## INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH

With our commitment to life, industrial safety and occupational health are constant values to secure the sustainability of the people who work for our organisation and its projects. Therefore, in 2008, we structured the HSEQ philosophy, and we have decided to improve our practices in normal conditions, and strengthen measures against possible emergencies.

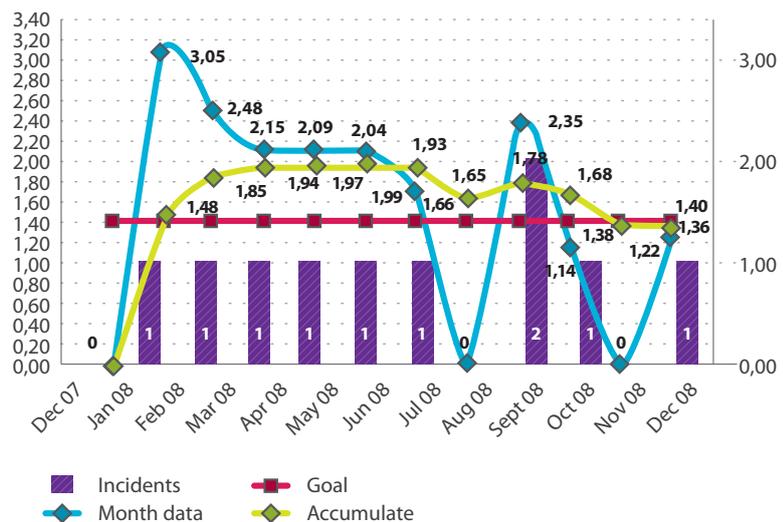
### Rubiales Field

We implemented the safety programme based on the past record, with the intention of promoting security as a self-care discipline, which will allow individual leadership and an attitude of questioning and open communication between different levels of the organisation.

We adopted monitoring strategies with the support of specialist contractors, to ensure that drivers drove safely inside the field and outside it. Therefore, the only people authorised to drive in this field are those who have a special permit, in vehicles with speed controllers.

We conducted legal audits on contractors to check compliance with social security requirements, identify opportunities for improvement, and implement action plans to secure compliance with the law and corporate standards.

Lost Time Incidents Frequency Index



The implementation of best sector practices and high HSEQ standards are the subject of ongoing effort for us. The figures for 2009 for our HSEQ performance will be published next year in the first HSE sustainability report.

# HSEQ MANAGEMENT

## (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

### La Creciente Field

During 2008, the HSE inspectors were responsible for checking compliance with civil works activities, such as the construction of locations and the repairing of access roads, following the terms of the Environmental Management Plan.

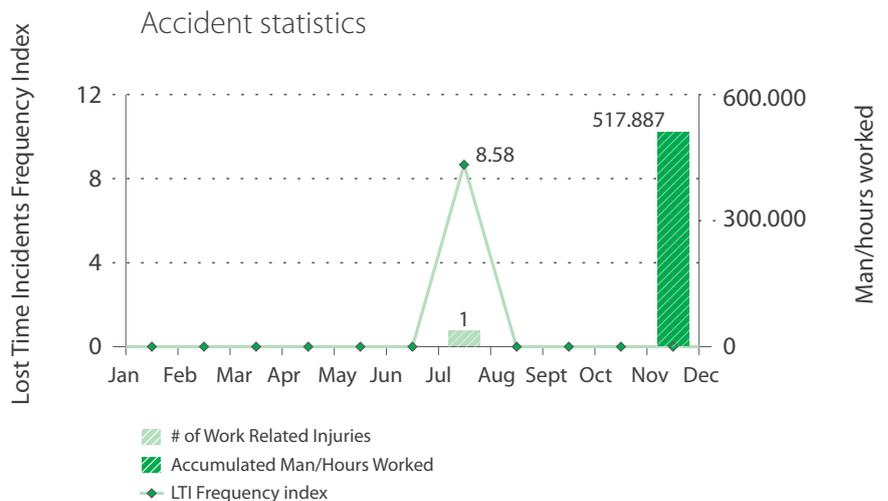
Other notable activities were:

- Occupational health examinations
- Training in the Taproot methodology for the investigation of accidents and incidents, amongst other things
- Implementation of the permit system for the La Creciente Field, in which procedures were included for hot and cold work, work in confined spaces; and the isolation of hazardous energy.

- Preparation and implementation of a contingency plan for field operations. This included operational procedures for fire fighting, and containing spills or leaks into the environment, and the plan to provide attention to casualties or injured, and their transport.
- Formation and training for the integral emergency brigade, fire fighting drills, and the of issue instructions for attention to spills

It should be noted that all these activities were undertaken by specialist personnel from the Fire Brigade and the Colombian Red Cross.

During 2008, the HSE inspectors were responsible for checking compliance with civil works activities.



The implementation of best sector practices and high HSEQ standards are the subject of ongoing effort for us. The figures for 2009 for our HSEQ performance will be published next year in the first HSE sustainability report.

No. of accidents occurred (1). Root cause of accident: inadequate application of operating procedures. Accident suffered by SWACO operator, open fracture of the right index finger. Indicator of injury injuries causing loss of working time: 8.58. 517,887 man hours worked to December 15, 2008.



## Dindal - Rio Seco Blocks Guaduas-La Dorada Pipeline

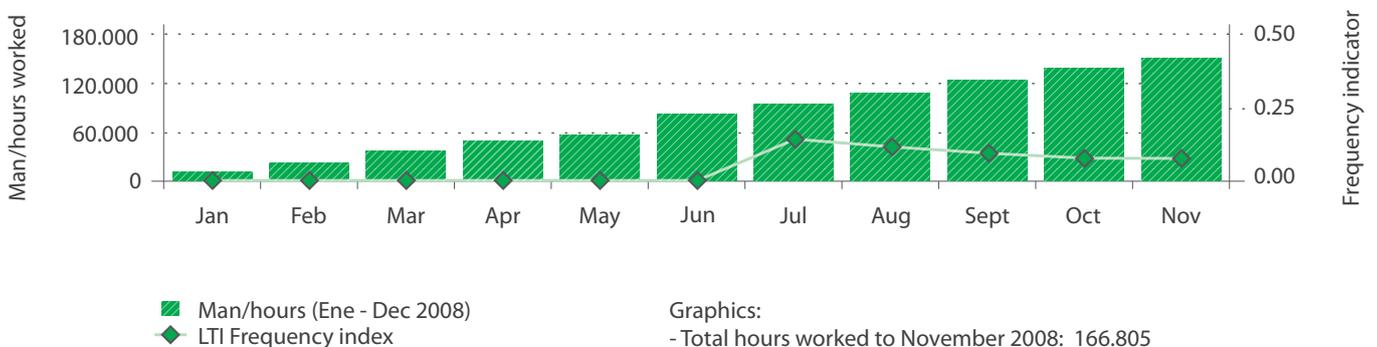
We note the following activities undertaken as part of our obligations under the Environmental Licence and permits:

We acquired equipment to work in explosive atmospheres and confined spaces, as required by law and internal corporate standards. With this, the intention was to isolate the individual from the source of risk, generating a safety barrier which would make it impossible for pathogens to come into contact with the worker. On this line too, some emergency equipment (self-contained) was supplied for the rescue

of personnel trapped in such spaces or conditions.

In addition, and to comply with the law, we prepared a procedure for reporting and investigating accidents and incidents; we also held theoretical and practical workshops to train operating personnel, covering attention to emergencies due to chemical spills or leaks. The local Disaster Attention and Prevention Committee (CLOPAD), the Civil Defence, the Colombian Red Cross, and personnel from the San José Hospital in Guaduas participated in these workshops.

Accident statistics, Guaduas Field and Pipeline



The implementation of best sector practices and high HSEQ standards are the subject of ongoing effort for us. The figures for 2009 for our HSEQ performance will be published next year in the first HSE sustainability report.

# HSEQ MANAGEMENT

## (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

### MORICHE BLOCK

During 2008, the well Mauritia Norte-1 in the Moriche Block was the scene of the following industrial safety activities:

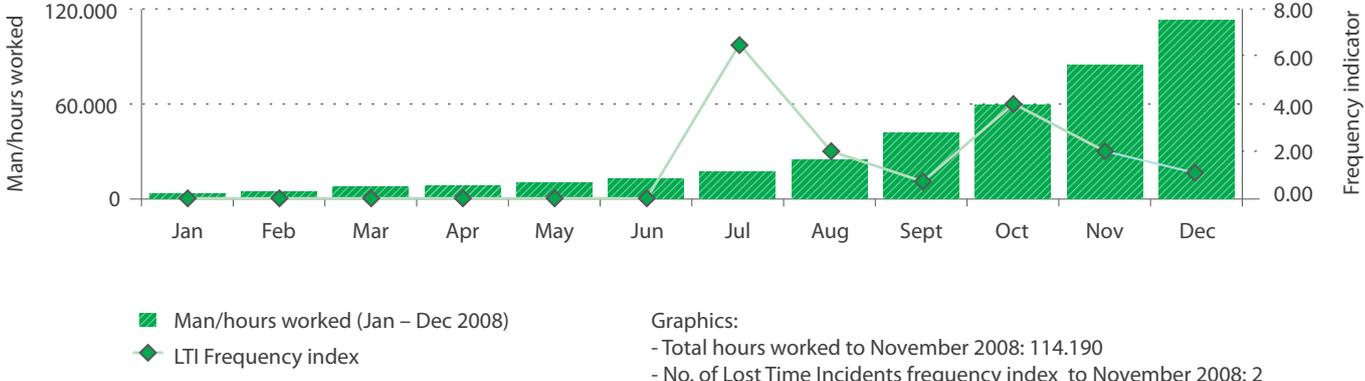
- The construction of a soundproof hut for the generators, which provided a barrier to reduce the noise produced by this equipment by about 30%, thus making sound levels within those laid down in current legislation.
- Influenza vaccination day
- Implementation of a procedure for work permits, implementing good practices, identification of risks and hazards in work, and making people aware of their responsibility for safety and preservation of operations.
- We acquired new equipment to deal with emergencies and work in confined spaces
- We prepared and implemented a contingency plan for field production facilities.





During 2008, the well Mauritia Norte-1 in the Moriche Block was the scene of the following industrial safety activities.

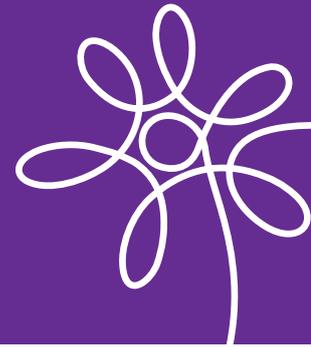
Block Moriche Accident Statistics



The implementation of best sector practices and high HSEQ standards are the subject of ongoing effort for us. The figures for 2009 for our HSEQ performance will be published next year in the first HSE sustainability report.

# NEW PROJECTS





## QUIFA BLOCK EXPLORATION:

In 2008 we began preparations to drill an exploratory well in the Quifa block, to the north of the Rubiales field. Part of the block is in the Vencedor Piriri indigenous reservation; and therefore, as required by Colombian law, we started a process of prior consultation with the indigenous communities in the reservation.<sup>3</sup>

This is a process of intercultural negotiation and dialogue, learning and mutual knowledge, in which the parties acquire commitments for the development of the project. The coordination of the prior consultation process has been in the hands of the Ministry of Interior and Justice, with the participation of the Ministry of Environment and the regional environmental development agency Cormacarena

"It is a constant priority and a focal point of our social activities to implement projects following the guidelines of the constitution and international law, such that the cultural identity of the community's where we operate is preserved."<sup>4</sup>

## THE VENCEDOR PIRIRI RESERVATION

This reservation, formed by 500 people in 13 communities, lives in the plains to the south of the Planas river, around the Piriri stream. Although contact with these communities with western culture was first made many decades ago, they still keep their traditions and their language alive.

Their traditional economic activities include collecting, hunting, fishing, and work in their small holdings, where the principal crop is yucca, with which they make corn-meal and cassava.



(3) The consultation process is required by the Constitution, Articles 7 and 330, and regulated by Law 21/1991 and Decree 1320/1998.

(4) Jorge Alfredo Rodriguez, PRE CSR Manager.

# NEW PROJECTS

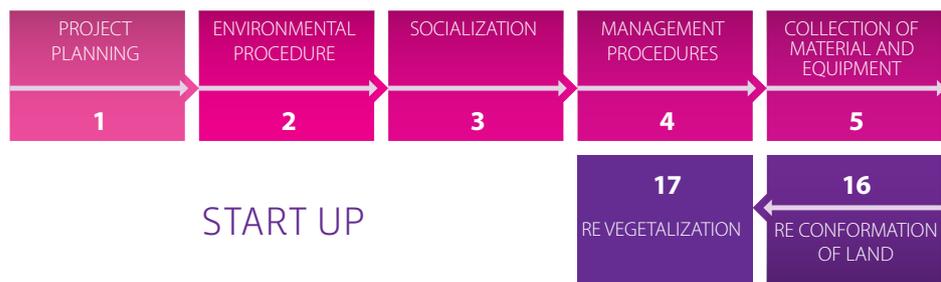
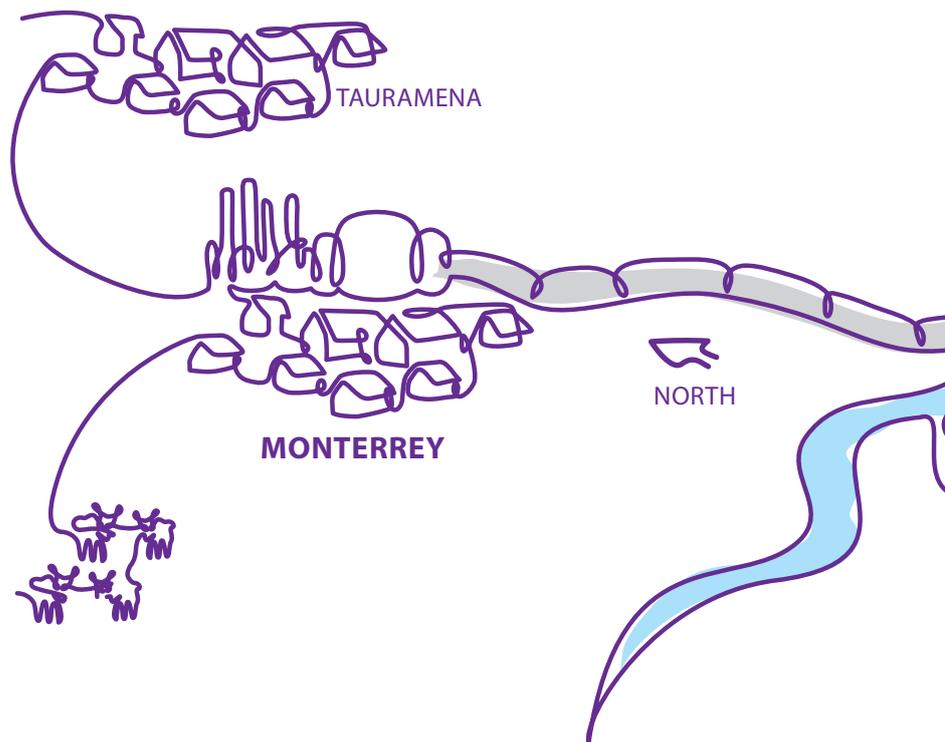
The ODL pipeline is 235 km long, and is a strategic project for Colombia. It forms part of the crude carrying network which connects the east of Colombia with the Caribbean export ports.

The pipeline benefits the Departments of Meta and Casanare, and their municipalities Puerto Gaitán, Puerto López, Tauramena and Monterrey, through tax collection, the sourcing of goods and services, the generation of infrastructure, and direct and indirect employment.

In the particular matter of taxes, during the operating stage the pipeline will generate transport tax for an estimated COP \$7.000 million a year, benefiting the municipalities along its course

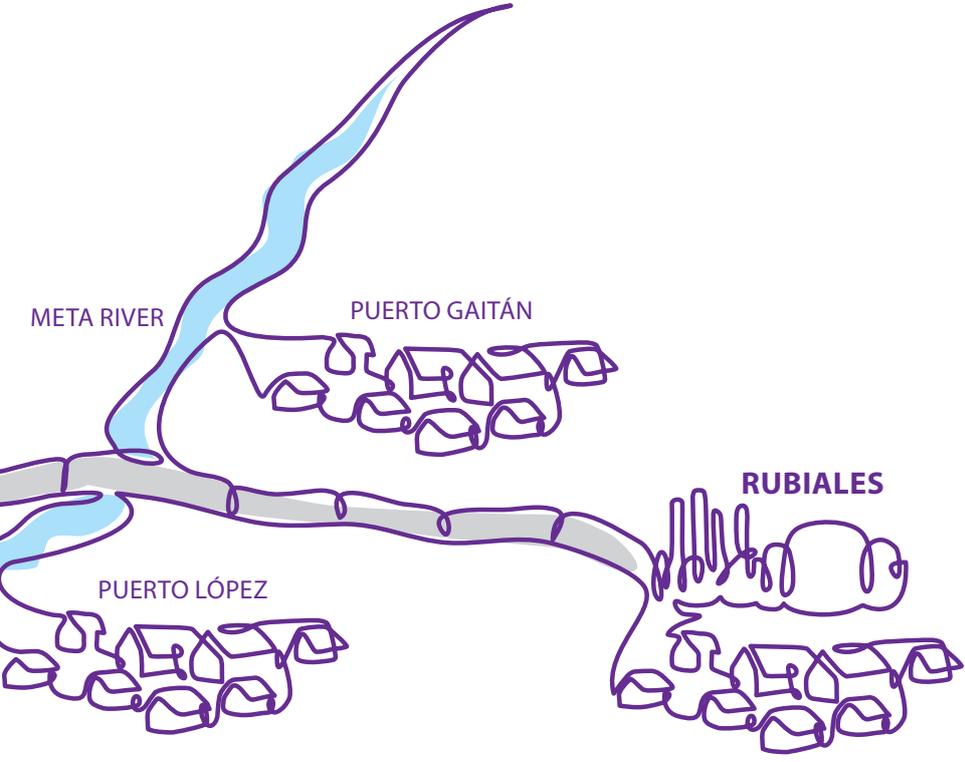
There will be a substantial increase in royalties, from COP \$146 million to COP252 million. The Department of Meta will receive COP \$149 million, compared to COP \$87 million. This will come about because when the pipeline comes into operation, the production from Rubiales and Piriri will increase.

The ODL project was executed using the highest standards of quality and technology. One example of this was the constructive procedure used for Directional Drilling Horizontal, which consisted of drilling below the beds of the Planas, Manacacias, Yucao and Meta Rivers. The major benefit was that there was no impact on watercourses, banks or woodlands nearby.



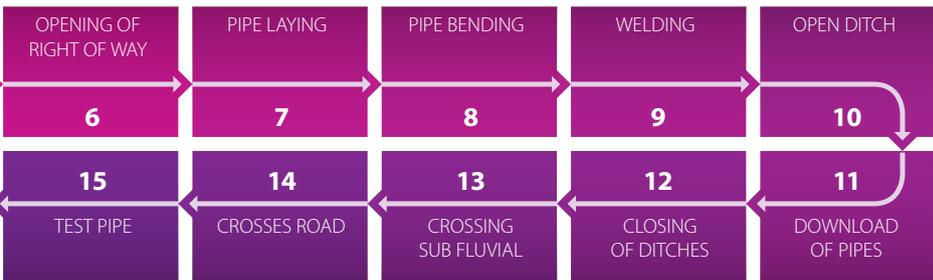


ODL: infrastructure for grow of our Company and strategic project for Colombia.



**IN PERSPECTIVE:**

- The partners in ODL are Ecopetrol, with 65% and PRE with 35%.
- The ODL team has some 70 members, working in Bogota and in the field, in technical, administrative, environmental and social tasks.
- The construction of the pipeline has generated 1,800 jobs.
- There have also been contracts for the sourcing of goods and services, generating additional economic benefits.
- The project will be finished between December 2009 and January 2010.
- The pipeline will provide a transport service to other fields in south-eastern Colombia, improving road safety and reducing environmentally-damaging emissions.
- The pipeline will enable Rubiales production to be increased from 60,000 to 160,000 bopd, and reduce cut transport costs.



# NEW PROJECTS

## CSR POLICY OF ODL:

For ODL, CSR is seen as an active commitment in its relationship with all stakeholders, in environmentally-responsible actions and attention to the communities which form part of its area of interest, seeking to generate opportunities for progress and welfare for all.

## Our aim is:

- To generate opportunities for participation with the community and regional organisations
- To contribute to regional development through cooperation with the regional organisations and State institutions
- To give communities in the area around the project a part to play in construction, as a means of promoting their economic and social development.

“In ODL, social responsibility is a commitment which we assume every day. Contractors, partners, employees and the community, all of us are working together to keep the project socially responsible”.<sup>5</sup>

(5) Elsie Uribe, CSR Manager, ODL.



## ODL PROJECT, SOCIAL INVESTMENT

A total of COP \$2.400 million in social investment projects

COP \$500 million for each municipality in which the pipeline passes through: Puerto Gaitán and Puerto López in Meta, and Tauramena and Monterrey in Casanare

22 rural districts benefit from it, 11 in Meta and 11 in Casanare

1042 families benefited in:  
Basic sanitation: 410  
Education: 285  
Improved housing: 95  
Institutional strengthening: 224  
Recreation: 28

The ODL project has developed a plan with the communities it in its area of influence, which has been laid out in accordance with PRE and Ecopetrol policies. The total value of the social investment projects is approximately COP \$2.400 million, of which ODL contributes more than 60%.

During the next three years, ODL will plant 633 ha in the Departments of Meta and Casanare with trees native to these regions.



## ODL AND THE ENVIRONMENT

Compliance with environmental regulations is an essential part of this project, and therefore we work hand in hand with the regional and national authorities to mitigate possible risks and to manage impacts.

**SOCIAL AND ENVIRONMENTAL REPORT 2008-2009**

This report is a publication of the Corporate Affairs Team  
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